

To Rent or Own Your Propane Tank: The Pros & Cons Explained

We love propane, as do many millions of Americans. And there's good reason for this. Propane is an important part of America's energy mix and the advantages of propane over oil are plentiful.

A question that comes up frequently by existing and prospective customers is if owning or renting a propane tank is best for them. Here we take a look at the advantages and disadvantages of owning versus renting your propane tank.

There are several aspects to tank rental versus ownership, including differing policies among propane companies, and with individual customer circumstances varying too. But overall, we lay out the main factors to help explain the differences and assist you in making an educated decision. The pros and cons of renting or purchasing a propane tank that propane customers should consider before making a decision come down to 3 main things:

1. What is the cost to purchase versus rent the propane tank?
2. What are the terms of the lease contract? (And yes, **all** reputable propane companies have lease tank contracts and lease fees).
3. The customer chooses his/her preferred propane company to lease the tank, then obtains propane from that company.

Owning A Propane Tank

The purchase price of a propane tank and all required piping from the tank to the house, all regulators, fittings and other installation-related parts are the responsibility of the owner. These are common costs and should be explained to prospective propane tank owners before purchase and installation. Most likely, the propane company won't sell and install a propane tank without also filling it with propane. Additionally, dealers will not sell a propane tank to an unlicensed person for installation by themselves. By law, only authorized propane professionals who have gone through rigorous training and OSHA certifications are authorized to perform this service.

Prospective propane tank owners should discuss the warranty on the cylinder, its parts and labor prior to purchasing the propane tank. Propane cylinders come in assorted sizes and corresponding price. The propane company will help you determine the size best suited for your needs and assess appropriate cylinder placement.

Commonly, propane companies have financing available to qualified buyers, usually with one year approved-credit terms, or the tank can be paid for at the time installation. Propane tank owners are free to choose their propane provider. And upon future sale of the home, there is no burden to the next owner with acquiring propane service since the tank will be part of the sale.

Renting A Propane Tank

It is common for propane companies to have criteria for approval of propane tank leasing (company-owned tanks). A few of these include a required minimum annual propane use, that the total BTU load is at or above a minimum threshold, or that a certain number of appliances be on propane, plus a credit check to ensure credit-worthiness of applicants prior to approval. Before determining whether leasing is the right option for you, also consider: (1) all piping, fittings, parts and connections are usually purchased by the customer and not part of the lease; (2) company-owned tanks are maintained by the propane company so repairs to the tank are usually handled by the propane company; (3) the propane company often has the legal right to enter the property to inspect their tank at will, and they pay close attention to

their tanks for both the customers' and their protection; (4) customers moving to a new home are responsible for notifying their propane company of the relocation; and (5) the customer must purchase all propane from the company leasing the tank. Purchasing propane from another company may result in tank lease termination. Additionally, the propane company will most likely require that the tank be filled by automatic delivery. This is actually safer, more convenient and protective for the customer. On the whole, the main difference between tank ownership and lease is who will be responsible for the maintenance and any repair costs associated with the tank.

Now a little about tank type, size and capacity. There are two general types of tanks, aboveground and underground, each with varying sizes. Both aboveground and underground tanks are built to last harsh winters, oppressive summers and extreme natural elements. Underground tanks have additional advantages of being discrete and painted with a special coating that prevents corrosion lasting for years.

Both aboveground and underground cylinders come in assorted sizes and capacity. It's important to understand that the total cylinder capacity does not mean the tank holds that amount of gallons of propane. No matter what size the tank is, **all** propane tanks are designed to safely hold 80% of the total gallons of that tank's capacity. Known as the 80% fill rule, it's a preventative safety measure against the propane expansion fluctuations inside the tank. Propane has the ability to increase in volume almost 17 times over water at the same temperature increase. Filling the propane container to only 80% of its capacity allows for this expansion. Additionally, various rules and regulations dictate where cylinders of varying sizes may be placed. The breakdown below addresses the approximate dimensions of propane cylinders commonly found in the northeast part of the US.

Propane Cylinder Sizes and Dimensions

56-Gallon Cylinders are used for limited applications such as fueling ovens, ranges and clothes dryers. They stand 43 inches high and 24 inches in diameter, and hold 48 gallons of propane.

120-Gallon Cylinders are commonly used for smaller demand applications and general serve a single or small number of appliances, and have more flexible distance requirements than larger tanks.

250-Gallon Cylinders are popular for mid-size BTU demands, are capable for whole house and structure heating use depending on the square footage and number of occupants, and are available for aboveground and underground use.

500-Gallon Cylinders are capable of fueling multiple needs, can provide whole house heating for larger structures depending on square footage and number of occupants, are often installed for commercial use, and come in aboveground or underground types. These tanks are subject to distance requirements.

1000-Gallon Cylinders are the largest size available, can fuel large homes and are also used for commercial applications. 5 feet tall by 16 feet long, they can hold up to 850 gallons of propane and fuel spaces in the coldest of climates.

Lease Fees

Lease fees are standard in the industry. As with other reputable propane companies, Paraco charges a lease fee because of the high purchase, maintenance and replacement costs associated with investments in the equipment installed on customers' properties. The lease fee allows us to recover the costs associated with providing your propane tank when usage falls below the required minimum. Additional uses like heating or hot water might reduce your price of propane and the lease fee.

As previously mentioned, the lease fee is an industry standard. At Paraco, your safety is our top priority and we are transparent about our fees. When researching a prospective propane provider, ask if the company requires a lease fee and what are the other associated costs and potentially hidden charges.



Whether you're heating your home or powering appliances, we've got the right size tank to fuel your every day. For more details on propane tanks, their sizes, installation, and how we can help you assess the best cylinder and placement for your needs, see [Propane Cylinders](#).