

Propane Education & Research Council
April 15, 2011
Atlanta

MINUTES

Chairman Bill Platz called the meeting to order at 8:30 Eastern Daylight Time.

Mr. Platz, Delta Liquid Energy (Paso Robles, Calif.), welcomed the Council members in attendance:

Joe Armentano, Paraco Gas (Rye Brook, N.Y.) — *Treasurer*
Michael E. Barnes, BP Energy Co. (Houston)
Eric Benson, J.S. West & Co. (Modesto, Calif.)
Paul Grady, Heritage (Florence, Ky.) — *Vice Chairman–Marketers*
Joe Gump, ConocoPhillips (Dacula, Ga.)
Sam Hawley, Enterprise Products Operating LLC (Houston)
Sam McTier, Propane Technologies (Lake Forest, Ill.)
Gerry Misel, Georgia Gas Distributors (Sandy Springs, Ga.)
David Regan, Targa Resources Inc. (Houston) — *Vice Chairman–Producers*
Doug Rinke (Columbia, Mo.)
T.J. Rinke, Conway NGL Storage & Fractionation, Williams Midstream (Tulsa, Okla.)
Russ Rupp, Suburban (Bonita Springs, Fla.)
Mike Sheehan, Sheehan's Gas (Bird Island, Minn.)
Tim Stauff, Aux Sable Liquid Products (Morris, Ill.)
Paula Wilson, AmeriGas (Valley Forge, Pa.)

Approval of Minutes

Mr. Platz directed the councilors' attention to the minutes of the December 2010 Council meeting in Houston and the February 2011 conference call. Upon a motion duly made and seconded, the Council approved the minutes.

Chairman's Report

Mr. Platz announced that David Wunch, SemStream LP (Tulsa, Okla.), had resigned his seat on the Council.

Officer Nominations. Mr. Platz said term limits would make three officers of the Council ineligible to seek re-election in their current offices: Mr. Redd, secretary; Mr. Regan, vice chairman–producers; and Mr. Platz, chairman. He said the other officers are eligible for re-election to another one-year term.

PERC President and CEO Roy Willis reviewed the nomination procedure.

Council Appointments. Mr. Platz announced that he appointed Nevin Speicher, AmeriGas (King of Prussia, Pa.), and David M. Reynolds, Blossman Gas (Ocean Springs, Miss.), to the Research and Development Advisory Committee. To the Safety & Training Advisory Committee he appointed Roger Leider, executive director of the Minnesota Propane Association (Princeton, Minn.). And he appointed three to the Engine Fuel Advisory Committee: Mike Abrams, Ferrellgas (Overland Park, Kan.), Brian Grimm, AmeriGas (Valley Forge, Pa.), and Todd Mouw, Roush CleanTech (Livonia, Mich.).

Budget and Finance Committee. Mr. Platz announced that he had appointed Tim Stauff to the Budget and Finance Committee seat being vacated by Mr. Wunch.

Executive Committee. Mr. Platz said the Executive Committee met April 14. They discussed the joint meeting of officers of the National Propane Gas Association and the Propane Education & Research Council. They discussed the president and CEO's goals for 2011, other personnel issues, and the Stage-Gate process for non-technology development projects.

Report of the Vice Chairman–Marketers

Mr. Grady made no report.

Report of the Vice Chairman–Producers

Mr. Regan made no report.

Treasurer's Report

Mr. Armentano provided highlights of the 2010 budget year compared with actual results.

Upon a motion duly made and seconded, the Council adopted the treasurer's report and approved a proposal to close out 20 docket, with the funds returning to the general treasury (as follows).

Docket: 16452 (Residential and Commercial) \$150,000
Project: 2010 Consumer Education Advisory Committee Oversight
Action: De-obligates the remaining balance of \$65,414 and returns these funds to the general treasury

Docket: 15300 (Industry Programs) \$100,000
Project: PERA Price Determination Support Activities
Action: De-obligates the remaining balance of \$1,975 and returns these funds to the general treasury

Docket: 16461 (Industry Programs) \$316,000
Project: Industry Communications
Action: De-obligates the remaining balance of \$51,192 and returns these funds to the general treasury

Docket: 16533 (Industry Programs) \$182,239
Project: 2009 API Survey
Action: De-obligates the remaining balance of \$11,748 and returns these funds to the general treasury

Docket: 12413 (Engine Fuel) \$1,071,975
Project: GM 6.0L LPG Engine Emissions Certification & Durability Development
Action: De-obligates the remaining balance of \$3,181 and returns these funds to the general treasury

Docket: 16116 (Engine Fuel) \$62,160
Project: Video Training Program for Propane Equipment

Action: De-obligates the remaining balance of \$2,384 and returns these funds to the general treasury

Docket: **16444 (Engine Fuel) \$160,000**
Project: 2010 EFAC Operating & Oversight Support
Action: De-obligates the remaining balance of \$10,191 and returns these funds to the general treasury

Docket: **12148 (Research and Development) \$536,200**
Project: Evaluating Possible Extension of Propane Cargo Tank Inspection Interval — Phase 2
Action: De-obligates the remaining balance of \$512 and returns these funds to the general treasury

Docket: **12380 (Research and Development) \$100,000**
Project: Propane Industry Component/System Testing Program Management
Action: De-obligates the remaining balance of \$32,122 and returns these funds to the general treasury

Docket: **15213 (Research and Development) \$95,000**
Project: Tankless Propane Air Handler Comparison Study
Action: De-obligates the remaining balance of \$406 and returns these funds to the general treasury

Docket: **16397 (Research and Development) \$230,000**
Project: 2010 RDAC Oversight and Advisory Committee Support
Action: De-obligates the remaining balance of \$17,517 and returns these funds to the general treasury

Docket: **16419 (Research and Development) \$195,000**
Project: 2010 Technical Communications and Outreach
Action: De-obligates the remaining balance of \$44,577 and returns these funds to the general treasury

Docket: **16575 (Research and Development) \$9,500**
Project: Investigate GREET Model
Action: De-obligates the remaining balance of \$2,009 and returns these funds to the general treasury

Docket: **12330 (Safety and Training) \$14,000**
Project: Safety and Training Brochure
Action: De-obligates the remaining balance of \$935 and returns these funds to the general treasury

Docket: **16068 (Safety and Training) \$45,924**
Project: Promotional Activities for CETP Certification Program
Action: De-obligates the remaining balance of \$32,611 and returns these funds to the general treasury

Docket: **16600 (Safety and Training) \$14,200**
Project: CSST Piping Outreach

Action: De-obligates the remaining balance of \$1,135 and returns these funds to the general treasury

Docket: **12315 (Agriculture) \$37,000**

Project: Propane Tankless Water Heater to Increase Energy Efficiency on a Dairy Operation

Action: De-obligates the remaining balance of \$1,511 and returns these funds to the general treasury

Docket: **16082 (Agriculture) \$120,000**

Project: 2009-10 Agriculture Research and Project Evaluation

Action: De-obligates the remaining balance of \$36,818 and returns these funds to the general treasury

Docket: **16393 (Agriculture) \$230,000**

Project: 2010 Agriculture Project and Partner Development and Support

Action: De-obligates the remaining balance of \$54,350 and returns these funds to the general treasury

Docket: **16417 (Agriculture) \$350,000**

Project: 2010 AGR Research Comm and Partnership (January 10)

Action: De-obligates the remaining balance of \$3,818 and returns these funds to the general treasury

Audit Committee

T.J. Rinke gave a report from the Audit Committee on the 2010 draft annual audit report. Upon a motion duly made and seconded, the draft report was approved to be issued as final.

Consent Calendar

Mr. Platz directed councilors' attention to the consent calendar in their briefing materials, noting that the Council would consider the five grant funding requests and one state rebate request on the consent calendar en bloc rather than taking them up one at a time. He advised councilors that two funding requests that do not appear on the consent calendar — **Dockets 17127** and **17243** — would be considered later in the meeting.

Upon a motion duly made and seconded, the Council approved the funding requests and state rebate request that appear on the consent calendar (as follows).

Docket: **17135**

Principal Contractor: Onyx Environmental Solutions

Short Title: Construction Equipment and Power Product Conversion to Propane-Driven Applications

Amount Requested: **\$400,000**

Action: **Approved**

Docket: **17209**

Principal Contractor: Propane Education & Research Council

Short Title: Phase 1 Qualitative Safety and Training Best Practices Survey and Information Gathering

Amount Requested: **\$136,670**

Action: **Approved**
Docket: **17148**
Principal Contractor: Colorado PERC
Short Title: 2009 Propane Tank Locator Safety Decal
Amount Requested: **\$3,469.58**
Action: **Approved**

Docket: **17136**
Principal Contractor: Miller Brooks
Short Title: 2011 Residential Media Outreach
Amount Requested: **\$200,000**
Action: **Approved**

Docket: **17137**
Principal Contractor: Propane Education & Research Council
Short Title: 2011 Residential Trade Shows and Conferences
Amount Requested: **\$500,000**
Action: **Approved**

Docket: **17212**
Principal Contractor: Propane Education & Research Council
Short Title: 2011 Residential and Commercial Attitude Tracking
Amount Requested: **\$151,000**
Action: **Approved**

Management Report

Mr. Willis offered a report on propane supply and demand and summarized the propane markets that the industry wants to protect, grow, and create.

PERC Senior Vice President and Chief Marketing Officer Kate Caskin explained the management team's approach to developing the business plan and budget for 2012. She told the Council that the PERC business unit leaders would cover topics in short reports including a 2010 look back (measurement and evaluation) at programs and projects and a look ahead at important issues and ideas to be considered in the future.

PERC Director of Residential Programs Tracy Burleson offered a report on the propane industry's residential and commercial programs, which involve the development of new propane applications for those sectors and training for construction professionals, among other initiatives.

PERC Director of Research and Development Greg Kerr talked about the new propane-fueled equipment and appliances under development for residential and commercial markets.

PERC Vice President Brian Feehan reported on PERC's programs to protect the forklift market, grow on-road and off-road fleet market segments, and create new markets for propane engine fuel.

PERC Director of Agriculture Programs Mark Leitman offered a report on research and development, training, and safety matters in agricultural propane.

PERC Vice President Stuart Flatow told councilors about the progress of the Council's safety and training program and talked about the strategy for 2012.

PERC Director of Industry Programs Maryann Malesardi offered a report on programs that are designed to support the Council's market development and safety and training initiatives while helping the Council fulfill its statutory obligation to coordinate its work with propane marketers and industry groups.

2012 Business Planning

Ms. Caskin reviewed the projected market wedge scenarios and how they shape business planning and budgeting at PERC for 2012 and beyond. She also reviewed the three propane market objectives: protecting core markets, growing existing markets, and creating new markets.

PERC Chief Commercial Officer Steve Wayne introduced the strategic choices that the executive management team has to make before submitting the 2012 business plan and budget proposal to the Council.

Ms. Caskin introduced a set of strategic priorities as a way to generate conversation about scenario planning. Mr. Willis led councilors in a discussion of the strategic choices and invited the Council to give the management team strategic guidance.

Propane Challenge

Dr. Wayne introduced the Council to the Propane Challenge, a highly visible outreach program that can help PERC manage gallon growth and attract high-potential breakthrough opportunities in propane research and development.

Ms. Caskin described the communications effort connected with the Propane Challenge, which she said will involve a campaign that tells the propane innovation story.

Dr. Wayne introduced **Docket 17127**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket:	17127
Principal Contractor:	Nexight Group; Bader Rutter
Short Title:	Propane Challenge
Amount Requested:	\$2.5 million
Action:	Approved

Operations Report

Mr. Willis reported that a task force on propane autogas training had convened to develop a plan to respond to an Energy Department request for training for operators and installers of propane autogas conversion kits. Mr. Willis introduced **Docket 17243**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket:	17243
Principal Contractor:	Propane Education & Research Council
Short Title:	Propane Autogas Maintenance and Training
Amount Requested:	\$340,730
Action:	Approved

Mr. Willis said that legal counsel has been helping PERC management write definitions of allowable PERC activities—namely, research and development, training, and safety matters. Mr. Willis said he would bring to the July Council meeting a draft of the definitions and would ask the Council for authority to publish the draft definitions for public and industry comment. Once the public and industry comment period expires, he would ask the Executive Committee to adopt the definitions and authorize their inclusion in the PERC Policies, Rules, and Procedures.

Mr. Feehan offered a report on the operations of the Council's engine fuel initiatives. Curtis Gorell and Anna Kirk of Bader Rutter offered a progress report on the engine fuel communications program. Ms. Kirk called councilors' attention to a packet of printed material about the engine fuel communications program.

Ms. Malesardi presented an analysis on the state rebate and partnership programs. PERC Propel Process Manager Grace Willis offered a report on recent changes to the Propel process.

Industry and Public Comments

Mr. Platz noted that there were no industry or public comments in the briefing materials. He opened the floor for comments.

Carl Hughes, chairman-elect of the National Propane Gas Association, urged Council members to challenge and criticize proposals as a service to PERC staff and partners.

Ray Murray, vice chairman of the National Propane Gas Association, commended the Council for its work.

Mark Sutton, executive director of the Gas Processors Association, offered a report on the last meeting of the association.

Old Business

Mr. Willis announced that he had approved the following grant funding requests since the last meeting of the Council:

Docket:	17165
Principal Contractor:	Propane Education & Research Council
Short Title:	2011 Residential Consumer Safety Outreach
Amount Requested:	\$86,750
Action:	Approved

Docket:	17183
Principal Contractor:	Propane Education & Research Council
Short Title:	A Different Approach to Providing Protection from Vehicle Impact
Amount Requested:	\$15,000
Action:	Approved

Docket:	17237
Principal Contractor:	ICF International

Short Title: Study of Propane Industry Impact on U.S. and State Economies
Amount Requested: \$89,000
Action: Approved

New Business

Mr. Willis made a report on plans to commission a study of the production of natural gas liquids from shale production and its effect on the propane industry.

Mr. Platz announced that the Council would next meet on July 13 and 14, 2011, in Portland, Ore. He also made farewell remarks and thanked his fellow councilors and the staff for their support and service to the propane industry.

Mr. Willis announced the nominees for Council offices: for chairman, Mr. Armentano (uncontested); for vice chairman–marketers, Ms. Wilson (uncontested); for vice chairman–producers, Mr. Gump (uncontested); for treasurer, Mr. Dighero, Mr. Misel, and T.J. Rinke; and for secretary, Mr. Benson and Mr. Sheehan.

The Council adjourned at 4:20 p.m. EDT.