

Propane Education & Research Council
July 14-15, 2015
Park City, Utah
MINUTES

Chairwoman Paula Wilson, AmeriGas (Valley Forge, Pa.), called the meeting to order at 1 p.m. Mountain Daylight Time.

Ms. Wilson, who was limited by Council rules to two one-year terms as chairwoman, handed the gavel to Tom Van Buren, Ferrell North America (Overland Park, Kan.), marking the official transfer as he took over as chairman of the Council.

Mr. Van Buren thanked Wilson for her service and leadership and welcomed the Council members in attendance:

Robert Barry, Bergquist (Toledo, Ohio) — *Secretary*
Dan Binning, Kiva Energy (Arvada, Colorado)
Gene Bissell (Gladwyne, Pennsylvania)
Steven Breckon, Lone Star NGL (Houston)
Robert Chalmers, Meritum Energy Holdings (San Antonio) — *Treasurer*
Drew Combs, CHS (Inver Grove Heights, Minnesota) — *Vice Chairman, Marketers*
Gregg Dighero, EnCana Oil and Gas USA (Denver)
Daniel Dixon, AmeriGas Propane (Florence, Alabama)
Randy Doyle, Blossman Gas (Ocean Springs, Mississippi)
Roxanne Fowles, MarkWest Energy Partners LP (Friendswood, Texas)
Robert Freeman, Freeman Gas (Spartanburg, South Carolina)
Robert Hemsworth, DCP Midstream, Houston
Bruce Leonard, Targa Liquids Marketing & Trade (Southlake, Texas) — *Vice Chairman, Producers*
Glenn Luce, Aux Sable Liquid Products (Morris, Illinois).
Doug Rinke (Oracle, Arizona)
John Simcox, Thompson Gas & Electric Service (Mechanicsburg, Pennsylvania)
Richard Williams, Suburban Propane Partners LP (Whippany, New Jersey)
David Wiseman, Williams Energy Resources LLC (Tulsa, Oklahoma)

Kasib Abdullah, BP (Houston), and Sam Hawley, Enterprise Products Operating LLC (Houston), joined by phone.

Mr. Van Buren noted the appointments of three new councilors, Mr. Abdullah, Mr. Dixon, and Mr. Doyle, and the reappointments of four others, Mr. Barry, Mr. Hawley, Mr. Leonard, and Mr. Simcox.

Chairman's Report

Approval of Minutes: Mr. Van Buren directed the councilors' attention to the minutes of the April Council meeting in Atlanta. Upon a motion duly made and seconded, the Council approved the minutes.

Officer Elections: Mr. Van Buren announced the new officers elected by the Council before this meeting: Mr. Combs, vice chairman representing marketers; Mr. Leonard, vice chairman representing producers; Mr. Chalmers, treasurer; and Mr. Barry, secretary.

Executive Committee: Van Buren said the Executive Committee met by conference call on April 9 with the Budget and Finance Committee to discuss the 2016 budget. The Executive Committee met the morning of July 14 to finalize the president's performance appraisal and review the yearly PERC staff report and discuss industry outreach.

Mr. Van Buren announced that the Executive Committee had created two new groups: the Consumer Education Task Force and the Project Portfolio Review Subcommittee.

Appointment of Advisory Committee Members. Mr. Van Buren directed councilors' attention to the Advisory Committee roster and Ms. Wilson's appointment of new members. The approved Advisory Committee members are as follows:

Market Outreach and Training Working Group:

Chairman Scott Brockelmeyer, Ferrellgas (Kansas)
Vice Chairman Kirk McCullick, Growmark Inc. (Illinois)
Steve Ahrens, Missouri PERC (Missouri)
Harris Baker, Pinnacle Propane & Alliant Gas/JP Energy Partners (Texas)
Becky Borkgren, Growmark Inc. (Illinois)
Casey Cramton, Dead River Co. (Maine)
Gordon Cunningham, MFA Oil (Arkansas)
Bill DeClerk, DeClerk LP Gas Inc. (Arkansas)
Mark Dmochowski, Georgia Gas Distributors (Georgia)
Adam Friedman, Superior Propane (Connecticut)
Laurie Irish Jones, Irish Companies (New York)
John Jessup, North Carolina Propane Gas Association (North Carolina)
Brilynn Johnson, AmeriGas (California)
Christopher Kowalski, E. Osterman Inc. (Massachusetts)
Matt Kumm, CHS Inc. (Minnesota)
Bruce Leonard, Targa Liquids Marketing & Trade (Texas)
Brian Mater, Ferrellgas (Kansas)
Jenni McKeen, Georgia Propane Gas Association (Georgia)
Shane McWhorter, Sequoia Gas (California)
Bill Moore, Conger Gas (Georgia)
Raymond Murray, Ray Murray Inc. (Massachusetts)
Mollie O'Dell, National Propane Gas Association (Washington, D.C.)
Keith Onderdonk, Suburban Propane (New Jersey)
Russell Porowski, AmeriGas Propane (Pennsylvania)
Derek Rimko, Superior Energy Systems LTD (Ohio)
Joseph Rose, Propane Gas Association of New England (New Hampshire)
Scott Seibert, Aux Sable Liquid Products (Illinois)
James Van Uden, R.H. Foster Energy LLC (Maine)
Brandon Wade, Wade Sales and Service Inc. (Illinois)
Ted West, Liberty Propane (Pennsylvania)
Paula Wilson (PaulaW Consulting, Philadelphia, Pennsylvania)
Mark Zimora, Energy Distribution Partners (Pennsylvania)

Research and Technology Development Working Group

Chairman Darren Engle, Blue Star Gas (Oregon)
Vice Chairman David Reynolds, Blossman Gas (Mississippi)
Mike Alexander, Worthington Cylinders Corp. (Ohio)
Robert Barry, Bergquist Inc. (Ohio)

David Bertelsen, Valley National Gases/Matheson Trigas (Ohio)
Dave Biggs, IPS Equipment (Michigan)
Michael DeVoe, Paraco Gas (New York)
Nathan Ediger, Ferrellgas (Kansas)
Martin Erne, Gas Processors Association (Oklahoma)
Michael Faivre, Burkardt's LP Gas (Illinois)
Donald Fernald, Superior Energy Systems Ltd. (Ohio)
Mark Goldsmith, Bay Gas Service (New York)
Ken Green, Green's Oklahoma Liquefied Gas (Oklahoma)
Roger Gruwell, AmeriGas (Iowa)
David Kennedy, Alliance Autogas (North Carolina)
Sam McTier, Propane Technologies LLC (Illinois)
Steve Moore, Expo Propane Inc. (California)
Bill Platz, Delta Liquid Energy (California)
Vince Rooney, Suburban Propane (New Jersey)
Kirk Saunders, White Mountain Oil & Propane (New Hampshire)
Jay Sells, Berquist Inc. (Ohio)
Michael Sheehan, Sheehan's Gas Co. (Minnesota)
Lynn Sheets, Key Cooperative (Iowa)
Gary Shepherd, Stanford LP Gas (Michigan)
Kenton Sonnenburg, CHS Inc. (Minnesota)
Bill Stewart, Blue Star Gas (California)
Charles Strawn, Red Seal Measurement Company (South Carolina)
Bruce Swiecicki, NPGA (Illinois)
Thomas Tarantin, Tarantin Industries Inc. (New Jersey)
Don Tomiello, Targa Resources (Texas)
Bill Van Hoy, Texas Propane Gas Association (Texas)
Erich Wolf, Cavagna North America (Ohio)
Jim Zuck, Marshall Excelsior Co. (Michigan)

Safety and Training Working Group

Chairman Randy Warner, Ferrellgas (Kansas)
Vice Chairman Bryan Lewis, CHS Inc. (Minnesota)
Doug Auxier, Auxier Gas (Ohio)
Ron Batey, CHS Inc. (Minnesota)
Byron Breda, Propane Gas Association of New England (New Hampshire)
Mike Calderera, National Propane Gas Association (Washington, D.C.)
Joseph Carey, Suburban Propane (New York)
Paula Cowart, Oklahoma LP Gas Research, Marketing, & Safety Commission (Oklahoma)
Baron Glassgow, National Propane Gas Association (Arizona)
Keith Hanchett, PERS (Utah)
David Hedrick, AmeriGas Propane LP (Michigan)
Jay Hilliard, Revere Gas & Appliance (Virginia)
John Kamps, Kamps Propane (California)
Ray Kazakewich, RegO Products (North Carolina)
John Ketchum, Gas Equipment Co. (Missouri)
John Kraft, Plains Marketing (South Dakota)
Eric Kuster, AMC Fairmont Insurance Services (Maryland)
David Latourell, Paraco Gas (New York)
Roger Leider, Minnesota Propane Association (Minnesota)
Tom Malek, Country Pride Cooperative (South Dakota)

Jacque McCracken, National Propane Gas Association (Washington, D.C.)
Bruce Montroy, Bergquist Inc. (Michigan)
Ken Mueller, CHS Inc. (Minnesota)
Barry Oden, MFA Oil Co. (Missouri)
Dennis Patrick, Crystal Flash Energy (Michigan)
Jeff Shaffer, Shaffer's Bottled Gas Corp. (Pennsylvania)
Earl Slacum, Tri Gas & Oil Co. Inc. (Maryland)
Matt Terry, JP Energy Partners LP (Texas)
Christopher J. Wagner, AmeriGas Propane (Pennsylvania)
Mike Walters, Superior Energy (Ohio)
Zoe Williams, Hawai'i Gas (Hawaii)

Advisory Committee Report. Mr. Brockelmeyer, chairman of the Market Outreach and Training Working Group, offered a report on the work of the Advisory Committee. He noted that the Advisory Committee consists of 97 members from 69 companies representing 31 states and that the committee's next meeting is September 23-24 in Minneapolis.

Chairman's Report

Mr. Van Buren elaborated on the Executive Committees' expectations for the newly created Consumer Education Task Force and the Project Portfolio Review Subcommittee.

Vice Chairman's Report

Mr. Combs offered a report that praised the Council for its success in bringing new propane-fueled equipment to the market and welcomed the lifting of the restriction of PERC's consumer education authority. He also reviewed some of the opportunities facing the propane industry, including growing the agricultural market, increasing infrastructure development, and moving storage closer to demand centers.

Treasurer's Report

Mr. Chalmers reviewed the 2015 budget year surplus compared with the latest forecast and the investment management report.

Upon approval of a motion duly made and seconded, the Council adopted the treasurer's report and approved a proposal to close out seven dockets, with the funds returning to the general treasury (as follows):

Docket: 18135 (Industry Programs) \$2,618,501
Project: 2012-2013 Partnership with States Program
Action: De-obligates the remaining balance of \$14,613 and returns these funds to the general treasury

Docket: 19245 (Industry Programs) \$399,850
Project: 2014 Propane Market Research Initiative
Action: De-obligates the remaining balance of \$4,862 and returns these funds to the general treasury

Docket: 17585 (Engine Fuel) \$450,000
Project: Diesel-Propane Dual Fuel Evaluation Project
Action: De-obligates the remaining balance of \$119,374 and returns these funds to the general treasury

Docket: 16723 (Engine Fuel) \$3,856,000
Project: 8-Liter LPG Engine
Action: De-obligates the remaining balance of \$124,467 and returns these funds to the general treasury

Docket: 18141 (Research and Development) \$900,000
Project: Residential Gas Heat Pump
Action: De-obligates the remaining balance of \$ \$65,000 and returns these funds to the general treasury

Docket: 19179 (Agriculture) \$100,000
Project: Origin Engines 9.1L Industrial Engine
Action: De-obligates the remaining balance of \$15,000 and returns these funds to the general treasury

Docket: 20244 (Agriculture) \$933,000
Project: Propane Irrigation Engine Market Development
Action: De-obligates the remaining balance of \$466,500 and returns these funds to the general treasury

Comment: This is a partial de-obligation to allow continued operation of the Farm Incentive Program in 2015 using approved budget funds. Docket 20244 is a two-year project and the intent is to reallocate these funds for 2016.

Consent Calendar

Mr. Van Buren asked the councilors to turn their attention to the consent calendar in the briefing materials.

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

Docket: 19200
Principal Contractor: To be determined
Title: 2014 Propane Farm Incentive Program
Amount Requested: \$466,500
Action: **Approved**

Docket: 20394
Principal Contractor: Southwest Research Institute
Title: Effect of Sulfur Level on TWC Performance and Durability
Amount Requested: \$104,600
Action: **Approved**

Docket: 20500
Principal Contractor: Mathews Co.
Title: Mathews Legacy Redesign
Amount Requested: \$100,000
Action: **Approved**

Docket: 20528
Principal Contractor: The Dunlap Group
Title: CARB Certification Roadmap 2015

Amount Requested: \$60,000
Action: Approved

Docket: **20508**
Principal Contractor: Logica 3
Title: Rail Transportation for First Responders & Community Outreach – Phase 1
Amount Requested: \$36,500
Action: Approved

Docket: **20527**
Principal Contractor: J.J. Keller
Title: Propane Driver Recruitment and Training – Phase 1
Amount Requested: \$25,000
Action: Approved

Docket: **20622**
Principal Contractor: MetroStudy
Title: Residential Market Data & Segmentation
Amount Requested: \$326,500
Action: Approved

Docket: **20625**
Principal Contractor: Sales Transformation Now
Title: Marketer Technology and Sales Training Digital Training
Amount Requested: \$242,500
Action: Approved

Propane Supply and Infrastructure Study

Ron Gist and E. Russell Braziel of RBN Energy Group offered a report on a propane supply and infrastructure study commissioned by the Council.

President's Report

PERC President and CEO Roy Willis offered a report on what he called a paradigm change in PERC activities, insofar as existing safety and training, outreach, and research and development programs will all be changed by the lifting of the restriction. He said the Council's commercialization program had made progress, noting that in the past three years more than 122,343 units of more than 40 different propane applications used approximately 283 million gallons of propane, assuming \$0.25 margin/gallon, generated \$70 million in value for the propane industry on a \$24 million investment.

Mr. Willis also noted the potential for propane autogas usage for school bus fleets, saying that there are 400 school districts using a total of 7,000 buses that run on propane autogas, just a fraction of American school districts nationwide.

Mr. Willis reported that he had approved funding requests under his presidential authority since the Council's last meeting.

Docket: **20576**
Principal Contractor:
Title: Task Force on Feasibility of PERC to Develop an Industry Refresher Training Course

Amount: \$30,500

Docket: 19135
Principal Contractor:
Title: Autogas Aftermarket Support Strategy
Amount: \$0 (No-Cost Change Order)

Docket: 19357
Principal Contractor:
Title: 2014 Workforce Training Initiative
Amount: \$0 (No-Cost Change Order)

Chief Business Development Officer’s Report

PERC Chief Business Development Officer Tucker Perkins offered a report on the ways that the lifting of the restriction has changed PERC’s thinking and its actions.

Director of Research and Development Report

PERC Director of Research and Development Greg Kerr presented a report on research and development topics and introduced **Docket 20492**. Upon a motion duly made and seconded, the Council approved the funding request (as follows).

Docket: 20492
Principal Contractor:
Title: Low Emission Autogas Refueling Equipment Replacement Pilot Program
Amount Requested: \$500,000
Action: **Approved**

The Council took a recess at 4:38 p.m. MDT.

Proceedings of July 15

Mr. Van Buren called the meeting back to order at 8:30 a.m. MDT.

Chief Information Officer’s Report

PERC Chief Information Officer Kay Howell made a presentation on digital strategy and introduced **Docket 20623**. Upon a motion duly made and seconded, the Council approved the funding request (as follows):

Docket: 20623
Principal Contractor: BSD
Title: Digital Strategy for Industry Engagement
Amount Requested: \$605,000
Action: **Approved**

2016 Budget Plan

Mr. Willis reviewed PERC’s strategic goals for the 2016 budget and noted that it maintains solid support for safety and training and assumes a reduction in product-development efforts. He said the shift in direction reflects the Council’s increased emphasis on funding consumer education efforts to promote the adoption of the nearly four dozen propane products currently (or soon to be) on the market as a result of recent product development investments.

Mike Sloan of ICF International discussed the 2016 market outlook and evaluated the possible effects of the activity described in the 2016 budget plan.

The Council approved a motion to establish water heating as a priority for promotion across multiple markets, including residential, commercial, and agricultural markets.

Ms. Howell reviewed the proposed 2016 budget for industry programs, and Mr. Perkins reviewed the proposed budget for the Residential, Commercial, Engine Fuel and Agriculture markets.

PERC Chief Financial Officer Mr. Harris reported on the 2016 budget, which will maintain the current assessment rate of four-tenths of a cent per gallon.

Upon a motion duly made and seconded, the Council approved the publication of the 2016 budget plan for public comment before August 1, as required by law.

Industry and Public Comments

Jeff Stewart of Blue Star Gas and Stuart Weidie of Blossman Gas, incoming chairman of the National Propane Gas Association, offered comments.

Old Business

There was no old business.

New Business

Mr. Willis drew the Council's attention to proposed amendments to the PERC Bylaws and the PERC Policies, Rules, and Procedures. The changes reflect the passage of the Propane Education and Research Enhancement Act (PEREA) of 2014. Upon a motion duly made and seconded, the Council approved changes to the bylaws and the Policies, Rules, and Procedures. The proposed changes to the Policies, Rules, and Procedures shall be published for industry and public comment, and ratification at the next Council meeting.

Mr. Van Buren directed councilors' attention to the proposed 2016 Council and Advisory Committee meeting dates and locations.

Feb. 18: Council meeting, conference call

April 7: Council meeting, Nashville, Tenn.

May 17-18: Advisory Committee meeting, Manchester Village, Vt.

July 12-13: Council meeting, Napa Valley, Calif.

Sept. 20-21: Advisory Committee meeting, Las Vegas, Nev.

Nov. 2-3: Council meeting, Naples, Fla.

Mr. Van Buren announced that the Council will meet next Nov. 5-6 in Boca Raton, Fla. By unanimous consent, the Council adjourned at 10:25 a.m. Wednesday MDT.

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