

**Propane Education & Research Council**  
**July 11, 2012**  
**Napa, Calif.**  
**MINUTES**

Chairman Joe Armentano called the meeting to order at 8:44 a.m. Pacific Daylight Time.

Mr. Armentano, Paraco Gas (Rye Brook, N.Y.), welcomed the Council members in attendance:

Michael E. Barnes, BP Energy Co. (Houston)  
Robert Barry, Bergquist (Toledo, Ohio)  
Eric Benson, J.S. West & Co. (Modesto, Calif.) — *Secretary*  
Gregg Dighero, EnCana (Denver)  
Joe Gump, ConocoPhillips (Dacula, Ga.) — *Vice Chairman, Producers*  
Sam Hawley, Enterprise Products Operating LLC (Houston)  
Sam McTier, Propane Technologies (Lake Forest, Ill.)  
Gerry Misel, Georgia Gas Distributors (Sandy Springs, Ga.) — *Treasurer*  
Bill Platz, Delta Liquid Energy (Paso Robles, Calif.) — *Immediate Past President*  
David Regan, Targa Resources (Houston)  
Russ Rupp, Suburban Propane (Bonita Springs, Fla.)  
Mike Sheehan, Sheehan's Gas (Bird Island, Minn.)  
John Simcox, Inergy (Mechanicsburg, Pa.)  
Jeff White, Aux Sable Liquid Products (Morris, Ill.)  
Paula Wilson, AmeriGas (King of Prussia, Pa.) — *Vice Chairwoman, Marketers*

Sharon Beemer, DCP Midstream (Houston), joined the meeting by telephone.

**Chairman's Report**

**Council Appointments.** Mr. Armentano announced the appointment of two new members of the Council, Mr. Barry and Mr. Simcox.

**Approval of Minutes.** Mr. Armentano directed the councilors' attention to the minutes of the April 2012 Council meeting. Upon a motion duly made and seconded, the Council approved the minutes.

**Appointment of Advisory Committee Members.** Mr. Armentano directed councilors' attention to the rosters of the Advisory Committee in the briefing materials and announced that he had appointed the members. The approved Advisory Committee members are as follows:

*To the Market Outreach and Training Working Group:* Chairman Darin Hunhoff, CHS Inc. (Minnesota); Vice Chairman Doug MacMaster, Thompson Gas (Maryland); Steve Ahrens, Missouri PERC (Missouri); Heather Ball, Railroad Commission of Texas (AFRED) (Texas); Scott Brockelmeyer, Ferrellgas (Kansas); Terry Davis, County Propane Inc. (Iowa); Mark Denton, Blossman Gas (Alabama); Mark Dmochowski, Georgia Gas Distributors (Georgia); Larry Doughty, American Welding & Tank (Vermont); John Duchscherer, CHS, Inc. (Minnesota); Brian Grimm, AmeriGas (Pennsylvania); Christopher Kowalski, E. Osterman Inc. (Massachusetts); Ed LaCroix, BP Energy Company (Texas); Terrance LeClair, Lansing NGL Services (Oklahoma); Bruce Leonard, Targa Liquids Marketing & Trade (Texas); Kirk McCullick, Growmark,

Inc. (Illinois); Shane McWhorter, Sequoia Gas (California); Raymond Murray, Ray Murray Inc. (Massachusetts); Tom Overbaugh, Ehrhart Propane & Oil (New York); Bill Platz, Delta Liquid Energy (California), Scott Siebert, Aux Sable Liquid Products (Illinois); Jay Sells, AmeriGas/Metro Lawn (Florida); John Simcox, Inergy (Pennsylvania); Jennifer Tomb, NPGA (Washington, DC); Scott Vreeman, Siouxland Propane Gas Co. (Iowa); Ted West, Liberty Propane (Pennsylvania); Paula Wilson, AmeriGas (Pennsylvania)

*To the Research and Technology Development Working Group:* Chairman Darren Engle, Blue Star Gas (Oregon); Mike Alexander, Worthington Cylinders (Ohio); Robert Blackwell, Independent Propane (Colorado); Nathan Ediger, Ferrellgas (Kansas); Michael Faivre, Burkardt's LP Gas (Illinois); Donald Fernald, Superior Energy Systems (Ohio); Mark Goldsmith, Bay Gas Service (New York); Ken Green, Green's Oklahoma Liquefied Gas (Oklahoma); Roger Gruwell, AmeriGas (Iowa); Bill Harris, Paraco Gas (New York); Dan Kelly, Railroad Commission (AFRED) (Texas); Sam McTier, Propane Technologies LLC (Illinois); Steve Moore, Expo Propane Inc. (California); Todd Mouw, Roush CleanTech (Michigan); David Reynolds, Blossman Gas (Mississippi); Kirk Saunders, White Mountain Oil & Propane (New Hampshire); Joe Schnichels, CHS Inc. (Minnesota); Mike Schwartje, Phillips 66 (Texas); Michael Sheehan, Sheehan's Gas Co. (Minnesota); Gary Shepherd, Stanford, LP Gas (Michigan); Mike Steward, Rutherford Equipment Co. (Florida); Bill Stewart, Blue Star Gas (California); Bruce Swiecicki, NPGA (Illinois); Don Tomiello, Targa Resources (Texas); Bill Van Hoy, Texas Propane Gas Association (Texas); Steve Ward, Gardner Marsh Gas Equipment Co. Inc. (North Carolina); Burl Williamson, BJ Williamson Inc. (North Carolina); Tim Wood, Northwest Propane Inc. (Texas)

*To the Safety and Training Working Group:* Chairman Eric Kuster, Fairmont Specialty Group (Maryland); Vice Chairman Randy Warner, Ferrellgas (Missouri); Mike Caldarera, National Propane Gas Association (Washington, D.C.); Walter Cressman, Cress Gas Co. (Pennsylvania); Keith Hanchett, PERS (Utah); Jay Hilliard, Revere Gas & Appliance (Virginia); Steve Jaeger, Railroad Commission (AFRED) (Texas); John Kamps, Kamps Propane (California); Ray Kazakewich, RegO Products (North Carolina); Mike Konanz, Kamps Propane (California); John Kraft, Plains Marketing (South Dakota); Roger Leider, Minnesota Propane Association (Minnesota); Eric Leskinen, Superior Plus Energy Services (New York); Bryan Lewis, CHS Inc. (Minnesota); Paul Lindsey, Horizon Energy Holdings Inc. (Missouri); Jacque McCracken, National Propane Gas Association (Washington, D.C.); Bruce Montroy, Bergquist Inc. (Michigan); Ken Mueller, Nationwide Agri-Business Insurance (Illinois); Barry Oden, MFA Oil Co. (Missouri); Russell Rupp, Suburban Propane Partners LP (Florida); Jeff Shaffer, Shaffer's Bottled Gas Corp. (Pennsylvania); Richard Steck, Delta Liquid Energy (California); Matt Terry, JP Energy Partners LP (Texas); Mike Walters, Superior Energy (Ohio)

**Executive Committee.** Mr. Armentano said the Executive Committee met by conference call on May 30 and met by conference call with the Budget and Finance Committee on June 27. The committee met in person on July 9 to discuss the president's performance evaluation and other personnel issues, and it met with the National Propane Gas Association's Executive Committee on July 10.

### **Chairman's Report**

Mr. Armentano offered some remarks about the partnership between PERC and the National Propane Gas Association and how the two groups are working together to help the propane industry during a challenging time.

Rick Roldan, president and CEO of the National Propane Gas Association, gave the Council an update on the association's attempts to get the Commerce Department to change the way it carries out the price analysis required by Propane Education and Research Act of 1996, making the analysis fairer to the industry and more consistent with the statute.

Darren Engle, chairman of the Research and Technology Development Working Group, gave the Council a report on the work of the Advisory Committee.

### **Treasurer's Report**

Mr. Misel provided highlights of the 2012 budget year surplus compared with the latest forecast as well as his investment management report.

Upon a motion duly made and seconded, the Council adopted the treasurer's report and approved a proposal to close out 19 docket, with the funds returning to the general treasury (as follows).

**Docket: 16584 (Residential and Commercial) \$1,000,000**  
**Project:** 2010 Construction Professionals Trade Shows and Conference  
**Action:** De-obligates the remaining balance of \$27 and returns these funds to the general treasury

**Docket: 16454 (Industry Programs) \$766,351**  
**Project:** 2010 Market Metrics Initiative Analysis Cycle  
**Action:** De-obligates the remaining balance of \$54,444 and returns these funds to the general treasury

**Docket: 16962 (Industry Programs) \$646,580**  
**Project:** 2011 Propane Market Research & Business Planning Initiative  
**Action:** De-obligates the remaining balance of \$84,616 and returns these funds to the general treasury

**Docket: 17020 (Industry Programs) \$1,351,000**  
**Project:** 2011 Partnership Agreement between PERC, GPA and NPGA  
**Action:** De-obligates the remaining balance of \$221,025 and returns these funds to the general treasury

**Docket: 17117 (Industry Programs) \$189,337**  
**Project:** 2010 API Survey and Report  
**Action:** De-obligates the remaining balance of \$25,187 and returns these funds to the general treasury

**Docket: 16903 (Engine Fuel) \$298,940**  
**Project:** Data Collection of Criteria and Global Warming Emissions from LPG-Fueled Buses and Equipment  
**Action:** De-obligates the remaining balance of \$822 and returns these funds to the general treasury

**Docket: 16966 (Engine Fuel) \$160,000**  
**Project:** 2011 EFAC Oversight & Operating Support

**Action:** De-obligates the remaining balance of \$475 and returns these funds to the general treasury

**Docket:** **17258 (Research and Development) \$15,000**  
**Project:** CSST Installation to Mitigate Adverse Lightning Effects  
**Action:** De-obligates the remaining balance of \$15,000 and returns these funds to the general treasury

**Docket:** **16736 (Research and Development) \$250,800**  
**Project:** Liquid Phase LPG Filter Technology Research  
**Action:** De-obligates the remaining balance of \$1,849 and returns these funds to the general treasury

**Docket:** **16935 (Research and Development) \$228,550**  
**Project:** 2011 R&D Outreach  
**Action:** De-obligates the remaining balance of \$110,861 and returns these funds to the general treasury

**Docket:** **11481 (Safety and Training) \$14,700**  
**Project:** Presentation and Additional Videos/DVD's  
**Action:** De-obligates the remaining balance of \$2,603 and returns these funds to the general treasury

**Docket:** **16401 (Safety and Training) \$215,000**  
**Project:** 2010 Propane Emergencies Activities  
**Action:** De-obligates the remaining balance of \$5,861 and returns these funds to the general treasury

**Docket:** **16527 (Safety and Training) \$605,700**  
**Project:** 2010 Safety in Outdoor Living  
**Action:** De-obligates the remaining balance of \$14,516 and returns these funds to the general treasury

**Docket:** **17209 (Safety and Training) \$136,670**  
**Project:** S&T Best Practices Pilot  
**Action:** De-obligates the remaining balance of \$47,034 and returns these funds to the general treasury

**Docket:** **17165 (Safety and Training) \$86,750**  
**Project:** 2011 Consumer Safety Research  
**Action:** De-obligates the remaining balance of \$15,741 and returns these funds to the general treasury

**Docket:** **12331 (Agriculture) \$96,500**  
**Project:** Introducing 90% Efficient Micro-Trigeneration Technologies to Texas Dairy Farming  
**Action:** De-obligates the remaining balance of \$18,320 and returns these funds to the general treasury

**Docket:** **15236 (Agriculture) \$131,933**  
**Project:** Stinger Efficacy & Economics Survey

**Action:** De-obligates the remaining balance of \$40,086 and returns these funds to the general treasury

**Docket:** **16865 (Agriculture) \$466,690**

**Project:** Propane FEED Program

**Action:** De-obligates the remaining balance of \$19,912 and returns these funds to the general treasury

**Docket:** **16906 (Agriculture) \$325,000**

**Project:** 2011 Agriculture Outreach

**Action:** De-obligates the remaining balance of \$29,639 and returns these funds to the general treasury

### **Consent Calendar**

Mr. Armentano directed councilors' attention to the consent calendar in their briefing materials and invited a motion to approve the funding requests on the consent calendar. He noted that the Council would take up several funding requests separately later in the meeting. They do not appear on the consent calendar.

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

**Docket:** **17439**  
**Principal Contractor:** Power Solutions Inc.  
**Title:** PSI 2.0 and 2.4-Liter Propane Engine Development and Certification  
**Amount Requested:** **\$154,000**  
**Action:** **Approved**

**Docket:** **17535**  
**Principal Contractor:** GSI Inc.  
**Title:** Advanced Efficiency, High Capacity Tower Dryer  
**Amount:** **\$400,000**  
**Action:** **Approved**

**Docket:** **17585**  
**Primary Contractor:** SWRI  
**Title:** Diesel-Propane Dual-Fuel Evaluation Project  
**Amount Requested:** **\$450,000**  
**Action:** **Approved**

**Docket:** **18024**  
**Primary Contractor:** Roush–New Eagle  
**Title:** Large Spark Ignited Engine Evaluation  
**Amount Requested:** **\$200,000**  
**Action:** **Approved**

**Docket:** **18037**  
**Primary Contractor:** Dunlap Group  
**Title:** CARB Certification Road Map 2012  
**Amount Requested:** **\$50,000**

<b>Action:</b>	<b>Approved</b>
<b>Docket:</b>	<b>18114</b>
<b>Primary Contractor:</b>	Dashe & Thomson
<b>Title:</b>	CETP Update Railcar and IM Tank (3.6 and 3.7)
<b>Amount Requested:</b>	<b>\$244,918</b>
<b>Action:</b>	<b>Approved</b>
<b>Docket:</b>	<b>18131</b>
<b>Primary Contractor:</b>	Sales Transformation Now
<b>Title:</b>	Marketer Technology & Sales Training
<b>Amount Requested:</b>	<b>\$356,500</b>
<b>Action:</b>	<b>Approved</b>
<b>Docket:</b>	<b>18142</b>
<b>Primary Contractor:</b>	None
<b>Title:</b>	2012 Industry Outreach (Aug-Dec)
<b>Amount Requested:</b>	<b>\$160,000</b>
<b>Action:</b>	<b>Approved</b>

#### **President's Report**

PERC President and CEO Roy Willis reviewed some of the changes at PERC since July 2011, including the Council's requirement that staff get bids on all contracts worth more than a \$1 million, the creation of a dashboard for Councilors, the re-engineering of staff along functional lines, and the revamping of the Advisory Committee's structure, roles, and operations.

#### **Code of Ethics and Conflict of Interest**

Mr. Willis directed councilors' attention to the PERC Code of Ethics and Conflict of Interest at their tables and instructed them to review the code, sign it, and return it to PERC staff. He noted that councilors sign the code each year.

#### **Budget Plan for 2013**

PERC Chief Financial Officer Jim Harris reported on the development of the budget plan for 2013 and reviewed the Council's compliance under the Propane Education and Research Act of 1996 related to the plan.

PERC Chief Business Development Officer Tucker Perkins reviewed PERC's recent market development and technology development activities and summarized the proposed budget for those activities in 2013.

PERC Chief Information Officer Kay Howell reviewed PERC's recent achievements in industry programs and information technology and summarized the proposed budget for those areas in 2013.

PERC Vice President Stuart Flatow reviewed PERC's recent safety and training achievements and summarized the proposed budget for safety and training programs in 2013.

PERC Director of Communications Gregg Walker reviewed changes in the communications program at PERC and summarized the communications budget priorities for 2013.

Mr. Harris presented the proposed 2013 budget. Upon a motion duly made and seconded, the Council approved the publication of the 2013 budget plan for public comment before August 1, as required by law.

#### **Partnership with the States**

Ms. Howell reported on the PERC Partnership with States program and introduced **Docket 18135**. Upon a motion duly made and seconded, the funding request was approved (as follows).

<b>Docket:</b>	<b>18135</b>
<b>Primary Contractor:</b>	None
<b>Title:</b>	2012-2013 Partnership with States Program
<b>Amount Requested:</b>	<b>\$2,700,000</b>
<b>Action:</b>	<b>Approved</b>

#### **Communications Report**

Mr. Walker talked about the market outreach and communications program for the second half of 2012.

Brent Schott and Katie Sands of Swanson Russell, the Council's lead communications agency, reported on several components of the 2012 communications program that they will help create and deliver, including thought leadership, branding refinement, and marketer resource kits.

Mr. Walker introduced **Docket 18173**. Upon a motion duly made and seconded, the funding request was approved (as follows).

<b>Docket:</b>	<b>18173</b>
<b>Primary Contractor:</b>	Swanson Russell
<b>Title:</b>	Market Outreach and Communications Program for the Second Half of 2012
<b>Amount Requested:</b>	<b>\$3,968,000</b>
<b>Action:</b>	<b>Approved</b>

#### **Markets and Operations Reports**

PERC Director of Engine Technology Alan McEwan reported on engine trends in the heavy-duty truck industry and on technology investigation in propane autogas.

Mr. Willis noted for the record that PERC's investment in engine research and development would not count against the statutory cap on over-the-road expenditures unless the project was for the development and certification of an engine that had been adapted by a vehicle manufacturer for over-the-road use.

Mr. McEwan introduced **Docket 17584**. Upon a motion duly made and seconded, the funding request was approved (as follows).

**Docket:** 17584  
**Primary Contractors:** GM Millbrook, SWRI, Livernois Vehicle Engineering  
**Title:** Spark Ignition Direct Injection (SIDI) Engine Investigation  
**Amount Requested:** \$552,500  
**Action:** Approved

PERC Director of Propane Autogas Business Development Michael Taylor reported on opportunities and challenges in the propane autogas market.

Mr. Taylor introduced **Docket 18179**. Upon a motion duly made and seconded, the funding request was approved (as follows).

**Docket:** 18179  
**Primary Contractor:** Certification Services International  
**Title:** 6.0L Heavy Duty Liquid Propane Engine  
**Amount Requested:** \$700,000  
**Action:** Approved

#### **Industry and Public Comments**

Mr. Armentano invited industry and public comments. There were none.

Mr. Willis conveyed a comment on behalf of Jeff Stewart, the president of the Western Propane Gas Association, who asked for PERC support for a project aimed at getting the California Air Resources Board to change its approach to certifying gaseous-fueled engines for operation in the state.

#### **Old Business**

There was no old business.

#### **New Business**

Mr. Armentano directed councilors' attention to the following 2013 Council and Advisory Committee meeting dates and locations:

- February 14: Council meeting, conference call.
- April 12: Council meeting, Atlanta.
- May 1-2: Advisory Committee meeting, Denver.
- July 10-11: Council meeting, New York City.
- October 9-10: Council meeting, Portland, Ore.
- October 22-23: Advisory Committee meeting, Indianapolis.
- December 10-11: Council meeting, Amelia Island, Fla.

Mr. Dighero urged PERC staff to modify the autogas website to include a product directory that covers available vehicles and conversion systems.

Mr. Armentano announced that Council will next meet in Colorado Springs, Colo., on October 3 and 4, 2012.

By unanimous consent, the Council adjourned at 2:48 p.m. PDT.