

Propane Education & Research Council
July 13-14, 2011
Portland, Ore.
MINUTES

Proceedings for July 13

Chairman Bill Platz called the meeting to order at 1 p.m. Pacific Daylight Time.

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

Joe Armentano, Paraco Gas (Rye Brook, N.Y.)
Michael E. Barnes, BP Energy Co. (Houston)
Sharon Beemer, DCP Midstream (Houston)
Eric Benson, J.S. West & Co. (Modesto, Calif.)
Gregg Dighero, EnCana (Denver)
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.)
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.)
Jeff White, Aux Sable Liquid Products (Morris, Ill.)
Paula Wilson, AmeriGas (Valley Forge, Pa.)

Tom Van Buren, Ferrellgas (Overland Park, Kan.), joined the meeting by telephone.

Election of Officers

Mr. Platz announced the results of the election of officers to one-year terms:

Chairman: Joe Armentano, Paraco Gas (Rye Brook, N.Y.)
Vice Chairman–Marketers: Paula Wilson, AmeriGas (Valley Forge, Pa.)
Vice Chairman–Producers: Joe Gump, ConocoPhillips (Dacula, Ga.)
Treasurer: Gerry Misel, Georgia Gas Distributors (Sandy Springs, Ga.)
Secretary: Eric Benson, JS West & Co (Modesto, Calif.)

Mr. Platz, who served two consecutive terms as chairman, the most allowed under Council rules, passed the chairman's gavel to Mr. Armentano.

Chairman's Report

Council Appointments. Mr. Armentano announced the appointment of three new members of the Council. He said that the National Propane Gas Association appointed Mr. Van Buren to fill the seat vacated by Paul Grady. The Gas Processors Association appointed Ms. Beemer to fill the seat formerly held by David Wunch and Mr. White to fill the seat formerly held by Tim Stauff.

Code of Ethics and Conflict of Interest. Mr. Armentano directed councilors' attention to the PERC Code of Ethics and Conflict of Interest at their tables and instructed them to

review the code and sign it. He noted that the code had been modified this year to more closely conform to codes that have been adopted by commodity checkoff programs approved by the U.S. secretary of agriculture.

Approval of Minutes. Mr. Armentano directed the councilors' attention to the minutes of the April 2011 Council meeting. Upon a motion duly made and seconded, the Council approved the minutes.

Appointment of Advisory Committee Chairmen. Mr. Armentano said Darin Hunhoff, CHS (Inver Grove Heights, Minn.), had accepted the nomination to become the chairman of the Agriculture Advisory Committee and that Darren Engle, Blue Star Gas (Central Point, Ore.), had accepted the nomination to become chairman of the Residential and Commercial Advisory Committee. Upon a motion duly made and seconded, the Council approved the appointments.

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

To the Agriculture Advisory Committee: Chairman Darin Hunhoff, CHS (Inver Grove Heights, Minn.); Vice Chairman Kirk McCullick, Growmark (Bloomington, Ill.); Dan Beauvais, Agland (Lucerne, Colo.); Terry Davis, Country Propane (Milo, Iowa); Robert Elliott, National Propane Gas Association (Washington); Michael Faivre, Burkardt's L.P. Gas (Polo, Ill.); Greg Flint, Southern States Cooperative (Richmond, Va.); Roger Gruwell, AmeriGas (Cedar Rapids, Iowa); Robert Jacobs, Delta Liquid Energy (Paso Robles, Calif.); Steve Jaeger, Railroad Commission of Texas (Austin, Texas); John Kraft, Pacific Northwest Plains Marketing (Yankton, S.D.); Mike Welch, Cass County Butane (Linden, Texas); Council Member Michael Sheehan, Sheehan's Gas Co. (Bird Island, Minn.); Claude Zehnder, Bleyhl Farm Service (Grandview, Wash.).

To the Residential and Commercial Advisory Committee: Chairman Darren Engle, Blue Star Gas (Central Point, Ore.); Steve Ahrens, Missouri Propane Gas Association (Jefferson City, Mo.); Scott Brockelmeyer, Ferrellgas (Overland Park, Kan.); Len Caric, Amerigas (Monroeville, Pa.); Larry Doughty, American Welding and Tank (Mechanicsburg, Pa.); John Duchscherer, CHS (Inver Grove Heights, Minn.); Mike Gioffre, Paraco Gas (Rye Brook, N.Y.); John Ketchum, Gas Equipment Company Inc. (Earth City, Mo.); Christopher Kowalski, Osterman Propane (Whitinsville, Mass.); Ed LaCroix, BP (Houston); Bruce Leonard, Targa Liquids Marketing & Trade (Southlake, Texas); Doug McMaster, Thompson Gas (Middletown, Md.); Frank Mapel, Pacer Propane (San Marino, Calif.); Daryl McClendon, Ferrellgas (Willowbrook, Ill.); Shane McWhorter, Sequoia Gas (Arcata, Calif.); Council Member David Regan, Targa Resources (Houston); John Simcox, Inergy (Mechanicsburg, Pa.); Jennifer Tomb, National Propane Gas Association (Washington); Scott Vreeman, Siouxland Propane (Ireton, Iowa); Brandon Wade, Wade Sales and Service (Breese, Ill.); Ted West, Liberty Propane (Chalfont, Pa.); Council Member Paula Wilson, AmeriGas (Valley Forge, Pa.).

To the Engine Fuel Advisory Committee: Chairman Mike Taylor, Heritage Propane (Florence, Ky.); Mike Abrams, Ferrellgas (Overland Park, Kan.); Mike Alexander, Worthington Cylinders (Columbus, Ohio); Heather Ball, Railroad Commission of Texas (Austin); Mark Dmochowski, Georgia Gas Distributors (Sandy Springs, Ga.); Mark

Goldsmith, Bay Gas Service (Shirley, N.Y.); Kenneth Green, Oklahoma Liquefied Gas (Seminole, Okla.); Brian Grimm, AmeriGas (Valley Forge, Pa.); Steve Moore, Expo Propane (Long Beach, Calif.); Tom Overbaugh, Ehrhart Propane & Oil (Trumansburg, N.Y.); Tucker Perkins, CleanFuel USA (Richmond, Va.); Bill Platz, Delta Liquid Energy (Paso Robles, Calif.); Greg Roberts, Paraco Gas (Stratford, Conn.); Joe Schnichels, CHS (St. Paul, Minn.); Mike Schwartz, ConocoPhillips (Houston); Scott Seibert, Aux Sable Liquid Products (Morris, Ill.); Gary Shepard, Stanford LP Gas (Midland, Mich.); Mike Steward, Rutherford Equipment (Apopka, Fla.); Bruce Swiecicki, National Propane Gas Association (Frankfort, Ill.); Tim Wood, Northwest Propane (Dallas).

To the Research and Development Advisory Committee: Chairman Kirk Saunders, White Mountain Oil & Propane (North Conway, N.H.); Robert Blackwell, Independent Propane (Pine, Colo.); Donald Fernald, Superior Energy Systems (Columbia Station, Ohio); John Kamps, Kamps Propane (Manteca, Calif.); Dan Kelly, Texas Railroad Commission (Austin, Texas); Terry LeClair, SemStream LP (Tulsa, Okla.); Council Member Sam McTier, Propane Technologies (Lake Forest, Ill.); Bob Myers (Boulder, Colo.); Travis Ochs, Ferrell North America (Overland Park, Kan.); David Reynolds, Blossman Gas (Ocean Springs, Miss.); Jay Sells, Heritage Propane (Jacksonville, Fla.); Nevin Speicher, AmeriGas (King of Prussia, Pa.); Bill Stewart, Blue Star Gas (Garberville, Calif.); Bruce Swiecicki, National Propane Gas Association (Frankfort, Ill.); Don Tomiello, Targa Midstream Services (Houston); Steve Ward, Gardner Marsh (Raleigh, N.C.); Kenny Wheat, Gas Processors Association (Tulsa, Okla.); Burl Williamson, Williamson LP Gas (Clinton, N.C.).

To the Safety & Training Advisory Committee: Chairman Eric Kuster, Fairmont Specialty Group (Worton, Md.); Vice Chairman Randy Warner, Ferrellgas (Liberty, Mo.); Doug Auxier, Auxier Gas (Batavia, Ohio); Mike Calderera, National Propane Gas Association (Washington); Walter Cressman, Cress Gas Co. (Richlandtown, Pa.); Don Crowder, Corken Liquid Controls Group (Oklahoma City); Keith Hanchett, PERS (Ogden, Utah); Jay Hilliard, Revere Gas & Appliance (Hartfield, Va.); John Kamps, Kamps Propane (Manteca, Calif.); Ray Kazakewich, RegO Products (Elon, N.C.); Mike Konanz, Kamps Propane (Manteca, Calif.); Roger Leider, Minnesota Propane Association (Princeton, Minn.); Eric Leskinen, Griffith Energy (Rochester, N.Y.); Bryan Lewis, CHS Propane (Inver Grove Heights, Minn.); Paul Lindsey, Horizon Energy Holdings (Lebanon, Mo.); Jerry Lucas, Heritage Propane Partners (Sallisaw, Okla.); Bruce Montroy, Bergquist Inc. (Durand, Mich.); Ken Mueller, Nationwide Agribusiness (Chatham, Ill.); Council Member Russ Rupp, Suburban Propane Partners (Bonita Springs, Fla.); Jeff Shaffer, Shaffer's Bottled Gas (Hooversville, Pa.); Gary Smigaj, Heritage Propane (Kalispell, Mont.); Matt Terry, Mission Gas (San Antonio, Texas); Mike Walters, AmeriGas (Berea, Ohio).

Executive Committee. Mr. Armentano reported that the Executive Committee met by conference call on July 7 to conduct the annual performance review of the president and met again on the morning of July 13 to review personnel matters and to establish performance goals for the president for the next 12 months.

Treasurer's Report

Chief Financial Officer Jim Harris 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 six docket, with the funds returning to the general treasury (as follows).

Docket: 16451 (Residential and Commercial) \$250,000
Project: 2010 NAHB Builder 20 Clubs
Action: De-obligates the remaining balance of \$60,577 and returns these funds to the general treasury

Docket: 15717 (Industry Programs) \$581,271
Project: Market Growth Programs and Propane Industry Tools
Action: De-obligates the remaining balance of \$15,000 and returns these funds to the general treasury

Docket: 16455 (Industry Programs) \$1,341,000
Project: 2010 PERC, NPGA, and GPA Partnership Agreement
Action: De-obligates the remaining balance of \$100,294 and returns these funds to the general treasury

Docket: 15939 (Engine Fuel) \$125,000
Project: Propane Mowers Golf Industry Commercialization Project
Action: De-obligates the remaining balance of \$614 and returns these funds to the general treasury

Docket: 15945 (Engine Fuel) \$200,000
Project: Engine Fuel Advisory Committee (EFAC) Professional Services
Action: De-obligates the remaining balance of \$2,000 and returns these funds to the general treasury

Docket: 12470 (Research and Development) \$213,500
Project: Design a Portable Handheld Water Detector for Propane
Action: De-obligates the remaining balance of \$650 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 five 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: 17289
Principal Contractor: L.B. White Co. Inc.
Title: Agricultural Heating Systems Fuel Efficiency Improvements
Amount Requested: **\$135,000**
Action: **Approved**

Docket: 17331

Principal Contractor: The Sales Network
Title: EFAC Professional Services (July 2011 to July 2012)
Amount: **\$300,000**
Action: **Approved**

Docket: **17264**
Primary Contractor: Logica 3
Title: Heavy Snowfall Brochure and E-learning Module
Amount Requested: **\$42,950**
Action: **Approved**

Docket: **17211**
Primary Contractor: BGT
Title: 2011 Safety and Training Industry Outreach and Engagement
Amount Requested: **\$81,750**
Action: **Approved**

Docket: **17185**
Primary Contractor: CLMI Safety Training
Title: Workplace Injury Reduction Program
Amount Requested: **\$271,110**
Action: **Approved**

Docket: **17263**
Primary Contractor: Pennsylvania Propane Foundation
Title: Mobile Energy Education Training Unit Partnership
Amount Requested: **\$2,750**
Action: **Approved**

Docket: **17291**
Primary Contractor: New York PERC
Title: 2011 Engine Fuel Initiatives
Amount Requested: **\$9,043.64**
Action: **Approved**

President's Report

PERC President and CEO Roy Willis offered a report that included a review of the Council's authorizing statute, the Propane Education and Research Act of 1996, and the restriction of PERC activities under the law.

Measurement and Evaluation

Senior Vice President and Chief Marketing Officer Kate Caskin made a presentation on the 2010 measurement and evaluation reports for each market and program area at PERC.

2012 Business Plan and Budget

PERC Chief Commercial Officer Steve Wayne talked about the research and development program in the 2012 business plan.

Ms. Caskin summed up the training and safety initiatives in the 2012 business plan.

PERC Chief Information Officer Kay Howell described the information technology initiatives in the 2012 business plan.

Mr. Harris presented the proposed 2012 budget. Upon a motion duly made and seconded, the Council approved the publication of the 2012 budget plan for public comment.

By unanimous consent, the Council recessed for the day at 5:08 p.m. PDT.

Proceedings for July 14

Mr. Armentano called the meeting back to order at 8:36 a.m. PDT.

Operations Report

Mr. Armentano called on Dr. Wayne to start the operations report with an update on Propane Challenge.

Propane Challenge. Dr. Wayne reviewed the formation of Propane Challenge and offered a progress report.

Research and Development. PERC Director of Research and Development Greg Kerr introduced **Docket 17181**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket:	17181
Primary Contractor:	Nexight Group
Title:	Residential Commercial Demonstration Program
Amount Requested:	\$655,034
Action:	Approved

Engine Fuel. PERC Vice President Brian Feehan offered an update on the engine fuel program. Curtis Gorell of Bader Rutter reported on some successes in the commercialization of mowers and the communications connected with that program.

Mr. Feehan introduced **Docket 17134**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket:	17134
Principal Contractor:	Fiskars
Title:	Propane Powered Outdoor Power Equipment Development
Amount:	\$885,000
Action:	Approved

Mr. Feehan introduced **Docket 17132**. Upon a motion duly made and seconded, the Council approved an amendment to **Docket 17132** to commit half of the funding amount, or \$500,000, to the development of the F-650 and to make half of the funding, or \$500,000, contingent on the development of the F-750 or an equivalent product.

Upon a motion duly made and seconded, the Council approved **Docket 17132** as amended (as follows).

Docket: 17132
Principal Contractor: Roush CleanTech
Title: Ford F-650 6.8-Liter 3V Liquid Propane Injection Development
Amount Requested: \$1,000,000
Amendment: \$500,000 for the development of the F-650; \$500,000 contingent on the development of the F-750 or an equivalent product
Action: **Approved as amended**

Mr. Feehan introduced a change order to **Docket 16607**. Upon a motion duly made and seconded, the change order was approved (as follows).

Docket: 16607 (Change Order)
Principal Contractor: Blue Bird
Title: Second-Generation Propane Autogas Vision School Bus Development
Amount: \$500,000 (\$500,000 had been approved in 2010)
Action: **Approved**

Safety and Training. PERC Vice President Stuart Flatow told councilors about the progress of three of the Council's safety and training programs: Propane Emergencies and Industry Responders' Conferences; Bobtail Rollover Prevention; and Dispensing Propane Safely.

Industry Programs. PERC Director of Industry Programs Maryann Malesardi offered updates on the Partnership with States program.

Ms. Malesardi introduced **Docket 17292**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 17292
Principal Contractor: Propane Education & Research Council
Title: 2011-2012 Partnership with States Program
Amount Requested: \$1,500,000
Action: **Approved**

Industry and Public Comments

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

Old Business

Mr. Willis asked the Council to approve an amendment to the PERC Policies, Rules, and Procedures to make funding requests that exceed \$500,000 ineligible for the consent calendar. Upon a motion duly made and seconded, the amendment was approved, and PRP section 8.10. will now reads as follows:

8.10. Council Discretion. *Except as otherwise provided in this document, the Council shall decide, by majority vote, which projects shall be considered and/or funded and at what level. Each project of an amount exceeding \$500,000 shall be decided by a separate vote.*

Mr. Armentano announced that he had directed the president and CEO to ask for competitive bids on any ongoing contracts worth more than \$1 million.

New Business

Mr. Armentano directed councilors' attention to the 2012 Council meeting dates and locations.

Mr. Armentano announced that Council will next meet in Washington on October 13 and 14. He said the Executive Committee will meet on the morning of the October 13.

Upon a motion duly made and seconded, the amendment was approved, the Council adjourned at 11:08 a.m. PDT.