

Propane Education & Research Council
December 5-6, 2012
Naples, Fla.
MINUTES

Proceedings of December 5

Chairman Joe Armentano called the meeting to order at 1:05 p.m. Eastern Standard 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.)
Gregg Dighero, EnCana (Denver)
Roxanne Fowles, MarkWest Energy Partners LP (Friendswood, Texas)
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)
Doug Rinke (Columbia, Mo.)
Todd Rinke, Williams Midstream (Tulsa, Okla.)
Russ Rupp, Suburban (Bonita Springs, Fla.)
Mike Sheehan, Sheehan's Gas (Bird Island, Minn.)
John Simcox, Thompson Gas & Electric Service (Mechanicsburg, Pa.)
Thomas Van Buren, Ferrell North America (Overland Park, Kan.)
Jeff White, Aux Sable Liquid Products (Morris, Ill.)
Paula Wilson, AmeriGas (Valley Forge, Pa.) — *Vice Chairwoman, Marketers*

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

Chairman's Report

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

Appointment of Vice Chairman of an Advisory Committee Working Group. Mr. Armentano nominated David Reynolds, Blossman Gas (Ocean Springs, Miss.), as vice chairman of the Research and Technology Development Working Group of the PERC Advisory Committee. Upon a motion duly made and seconded, the Council approved the appointment.

Appointment of Advisory Committee Members. Mr. Armentano announced that he had appointed the following members to the Market Outreach and Training Working Group of the Advisory Committee: John Jessup, executive director, North Carolina Propane Gas Association (Raleigh, N.C.), and Mollie O'Dell, director of communications, National Propane Gas Association (Washington, D.C.).

Executive Committee. Mr. Armentano reported that the Executive Committee met by conference call November 20 and also met again this morning to discuss the PERC's 2013-2015 strategic plan and budget, the strategic communications plan, and the Freightliner project.

Audit Committee Report

Mr. Armentano announced that Todd Rinke, who had served as chairman of the Audit Committee for three years, had turned over the chairmanship to Mr. Van Buren, who reported that the committee had reviewed and accepted Chief Financial Officer Jim Harris' annual report on internal controls.

Mr. Van Buren said the committee approved the draft 2012 annual report on business brought before the committee and its due diligence activities. The report will be issued to the Council with the April 2013 council meeting materials.

External auditors reported on the state of PERC's internal controls in the form of an annual management letter, Mr. Van Buren said, adding that there were no significant findings in the management letter covering the 2011 audit.

Chairman's Report

Mr. Armentano asked Council members to review carefully the draft 2013-2015 strategic plan and to bring their comments to the December Council meeting. He stressed the importance of getting industry reaction to the draft before the Council adopts a strategic plan at its next meeting.

Report of the Vice Chairman—Marketers

Ms. Wilson called on Phil Squair, senior vice president in charge of public and governmental affairs, National Propane Gas Association (Washington, D.C.), who offered some remarks on the ongoing partnership of the National Propane Gas Association with the Propane Education & Research Council and the Gas Processors Association.

After summarizing the benefits of the partnership agreement to the propane industry, Mr. Squair invited Bruce Swiecicki, senior technical adviser, National Propane Gas Association (Frankfort, Ill.), to offer remarks on new developments in regulatory and code matters affecting the propane industry.

Mr. Squair gave a report on NPGA's work with the Commerce Department to modify the way the department carries out the propane price analysis required by the Propane Education and Research Act of 1996.

Report of the Vice Chairman—Producers

Mr. Gump called on Mark Sutton, executive director, Gas Processors Association (Tulsa, Okla.), who offered some remarks on the partnership agreement of the Gas Processors Association with the Propane Education & Research Council and the National Propane Gas Association.

After noting that the Gas Processors Association uses most of the funding it gets through the partnership agreement on research, Mr. Sutton called on Karl Gerdes,

Chevron (Richmond, Calif.), the chairman of the GPA Research Committee, who offered an update on selected GPA research projects of interest to the propane industry.

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 seven docket, with the funds returning to the general treasury (as follows).

Docket: 16960 (Residential and Commercial) \$150,000
Project: 2011 Residential and Commercial Advisory Committee
Action: De-obligates the remaining balance of \$17,237 and returns these funds to the general treasury

Docket: 16598 (Industry Programs) \$2,000,000
Project: 2010 Partnership with States Program
Action: De-obligates the remaining balance of \$45,771 and returns these funds to the general treasury

Docket: 16961 (Industry Programs) \$700,000
Project: 2011 Marketer Technology Training
Action: De-obligates the remaining balance of \$48,992 and returns these funds to the general treasury

Docket: 17127 (Research and Development) \$2,500,000
Project: Propane Challenge
Action: De-obligates the remaining balance of \$1,225,000 and returns these funds to the general treasury

Docket: 17377 (Safety and Training) \$138,130
Project: Converting 4.1 and 4.2 E-Learning Programs to SCORM Compliant Framework
Action: De-obligates the remaining balance of \$11,622 and returns these funds to the general treasury

Docket: 15920 (Agriculture) \$274,000
Project: Innovative Propane Flaming Technology for Crop Production
Action: De-obligates the remaining balance of \$511 and returns these funds to the general treasury

Docket: 16692 (Agriculture) \$230,000
Project: 2010-2011 Agriculture Research and Project Evaluation
Action: De-obligates the remaining balance of \$109,975 and returns these funds to the general treasury

Later in the meeting, the Council approved a proposal to close out another docket, with the funds returning to the general treasury (as follows).

Docket: 17111 (Engine Fuel) \$650,000

Project: Club Car Program Development
Action: De-obligates the remaining balance of \$650,000 and returns these funds to the general treasury

President's Report

PERC President and CEO Roy Willis introduced **Docket 18306**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 18306
Principal Contractors: Gas Processors Association and National Propane Gas Association and
Title: 2013 Partnership Agreement between PERC, GPA, and NPGA
Approved Amount: \$1,369,500

Strategic Plan. Mr. Willis said the industry comment period on PERC's 2013-2015 Strategic Plan had expired, and he asked the Council to take final action on the plan. Upon a motion duly made and seconded, the Council adopted the 2013-2015 Strategic Plan.

Thought Leadership. Mr. Willis offered an update on the sustainability thought leadership campaign, which is designed to promote the propane industry's investment in research and development, safety, and training by connecting Mr. Willis, the campaign's spokesman, with top sustainability officers in business and government and with editors and reporters at national news media outlets. The campaign began in 2012 and is expected to accelerate and grow in 2013.

Presidential Approvals. Mr. Willis reported on presidential approvals he had made since the last Council meeting (as follows).

Docket: 15938 (no-cost change order)
Principal Contractors: Southwest Research Institute
Title: LPG Additive and Filter Effectiveness Studies
Approved Amount: \$0

Docket: 17181 (No-cost change order)
Principal Contractors: Swanson Russell
Title: Residential and Commercial Demonstration Program
Approved Amount: \$0

Docket: 18282
Principal Contractors: ICF International
Title: Propane Marine Market Study
Approved Amount: \$30,900

Docket: 18336
Principal Contractors: Club Car, LJS Strategic Research
Title: Propane Alternative Fuel Study
Approved Amount: \$99,000

Docket: 18348

Principal Contractors: Superstorm Sandy Recovery in New Jersey
Title: New Jersey Propane Gas Association
Approved Amount: \$25,000

Communications and Market Reports

PERC Director of Communications Gregg Walker offered a report on the communications program for 2013 and called on Brent Schott and Katie Sands of Swanson Russell to say a few words about Swanson Russell's strategic planning for the program.

Mr. Walker introduced **Docket 18271**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 18271
Principal Contractors: Swanson Russell
Title: 2013 Corporate Communications
Approved Amount: \$2,384,735

PERC Director of Business Development and Marketing Mark Leitman reported on the PERC plan for driving demand in the agriculture market.

Mr. Leitman introduced **Docket 18274**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 18274
Principal Contractors: Swanson Russell
Title: 2013 Agricultural Market Outreach Program
Approved Amount: \$739,800

Mr. Leitman introduced **Docket 18126**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 18126
Principal Contractors: New Holland Agriculture
Title: Propane-Fueled Tractor Proof of Concept Development
Approved Amount: \$965,000

Mr. Leitman reported on developments in PERC's partnership with Club Car, reminding the Council that the president and CEO had approved \$99,000 for a propane alternative fuel study in partnership with Club Car and LJS Strategic Research.

Mr. Leitman asked the Council to consider de-obligating funds that had been appropriated in 2011 for a product development partnership with Club Car.

Upon a motion duly made and seconded, the Council approved a proposal to close out **Docket 17111**, with the funds returning to the general treasury.

PERC Projects Manager Jeremy Wishart reported on the PERC plan to drive demand for new gallons in the commercial mowing market and other off-road markets.

Mr. Wishart introduced **Docket 18273**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 18273
Principal Contractors: Swanson Russell
Title: 2013 Off-Road Market Outreach
Approved Amount: \$994,000

Mr. Wishart introduced **Docket 18199**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 18199
Principal Contractors: The Sales Network
Title: Propane Mower Incentive Program (2013)
Approved Amount: \$1,242,500

The Council recessed at 5:22 p.m. EST.

Proceedings of December 6

Mr. Armentano called the meeting back to order at 8:44 a.m. EST.

Markets and Operations Reports

PERC Director of Autogas Business Development Michael Taylor reported on the Council's work to drive demand for propane autogas.

Mr. Taylor introduced **Docket 18165**. Doug Rinke drew councilors' attention to a comment submitted by Bob Myers (Boulder, Colo.) and a response drafted by the principal contractor, Roush CleanTech. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 18165
Principal Contractor: Roush CleanTech
Title: 3.7-Liter V-6 Dedicated Propane Autogas Ford Transit Fuel System
Approved Amount: \$1,675,000

PERC Projects Manager Ingrid Bechard reported on the plan for autogas market outreach in 2013.

Ms. Bechard introduced **Docket 18272**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 18272
Principal Contractor: Swanson Russell
Title: 2013 Propane Autogas Market Outreach
Approved Amount: \$696,805

PERC Director of Residential and Commercial Programs Bridget Scanlon made a report on a program designed to drive new demand for propane in residential and commercial markets in 2013.

Ms. Scanlon introduced **Docket 18275**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 18275
Principal Contractor: Swanson Russell
Title: Residential & Commercial Market Outreach (2013)
Approved Amount: \$3,000,000

PERC Chief Business Development Officer Tucker Perkins made a report on market development plans for 2013.

Mr. Perkins introduced a change order to **Docket 16723**. Upon a motion duly made and seconded, the change order was approved (as follows).

Docket: 16723 (Change Order)
Principal Contractor: Freightliner Custom Chassis Corp.
Title: 8-Liter LPG Engine — Medium-Duty Truck and Bus
Approved Amount: \$500,000

PERC Director of Industry Programs Patrick Hyland offered an update on PERC Marketer Technology and Sales Training and the 2012–2013 Partnership with States program.

Mr. Hyland introduced **Docket 18246**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 18246
Principal Contractors: Sales Transformation Now
Title: Marketer Technology and Sales Training
Approved Amount: \$575,000

Mr. Hyland introduced a no-cost change order to **Docket 18135**. Upon a motion duly made and seconded, the no-cost change order was approved (as follows).

Docket: 18135 (No-Cost Change Order)
Principal Contractors: Propane Education & Research Council
Title: 2012-2013 Partnership with States
Approved Amount: \$0

Mr. Hyland and Eric Kuster, AMC Fairmont Insurance Services, chairman of the Safety and Training Working Group and chairman of a PERC task force on expanding workforce training, made a report on the question of applying Partnership with States funding to CETP training and other proposals to increase the numbers of propane marketers who get CETP training.

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

Docket:	17262
Principal Contractor:	Generac
Title:	Propane Power Washer
Approved Amount:	\$125,000
Docket:	18170
Principal Contractors:	International Code Consultants
Title:	A Different Approach to Providing Protection from Vehicle Impact — Phase 2
Approved Amount:	\$106,600
Docket:	18213
Principal Contractor:	Southwest Research Institute
Title:	Fuel Sampling and Troubleshooting Program
Approved Amount:	\$50,000
Docket:	18258
Primary Contractor:	Generac
Title:	Propane Light Tower Project
Approved Amount:	\$54,714
Docket:	18289
Primary Contractor:	ICF International
Title:	Life Cycle Cost Analysis of Propane and Electric Forklifts
Approved Amount:	\$175,000
Docket:	18262
Primary Contractor:	National Park Service
Title:	Propane Total Solution Program with NPS & PERC
Approved Amount:	\$465,925
Docket:	18256
Primary Contractor:	The Sales Network
Title:	Propane Farm Incentive Program
Approved Amount:	\$479,650
Docket:	18298
Primary Contractor:	American Petroleum Institute
Title:	2012 API Survey and Report
Approved Amount:	\$177,382
Docket:	18299
Primary Contractor:	ICF International
Title:	2013 Propane Market Research Initiative
Approved Amount:	\$409,580
Docket:	18304
Primary Contractor:	N/A
Title:	2013 Advisory Committee and Program Support
Approved Amount:	\$497,000

Docket: 17292
Primary Contractor: N/A
Title: 2011-2012 Partnership with States
Approved Amount: \$67,850

Docket: 17453
Primary Contractor: N/A
Title: 2012 Partnership Agreement between PERC, GPA, and NPGA
Approved Amount: \$48,500

Docket: 18261
Primary Contractor: N/A
Title: Industry Outreach 2013
Approved Amount: \$286,000

Docket: 18251
Primary Contractor: Logica3
Title: Propane Autogas Service and Maintenance Garage Information Booklet
Approved Amount: \$22,900

Docket: 18238
Primary Contractor: Western PERC
Title: California Propane Forklift Safety Incentive Program 2013
Approved Amount: \$75,000

Industry and Public Comments

There were no industry and public comments.

Old Business

There was no old business.

New Business

There was no new business.

By unanimous consent, the Council adjourned at 11:06 a.m. EST.