

**Propane Education & Research Council**  
**December 8-9, 2011**  
**The Woodlands, Texas**  
**MINUTES**

**Proceedings for December 8**

Chairman Joe Armentano called the meeting to order at 1:02 p.m. Central Standard Time.

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

Michael E. Barnes, BP Energy Co. (Houston)  
Sharon Beemer, DCP Midstream (Houston)  
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)  
Ted Jeffcoat, Inergy LP (Rutland, Mass.)  
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 Chairman*  
David Regan, Targa Resources (Houston)  
Russ Rupp, Suburban Propane (Bonita Springs, Fla.)  
Mike Sheehan, Sheehan's Gas (Bird Island, Minn.)  
Tom Van Buren, Ferrellgas (Overland Park, Kan.)  
Jeff White, Aux Sable Liquid Products (Morris, Ill.)  
Paula Wilson, AmeriGas (Valley Forge, Pa.) — *Vice Chairman, Marketers*

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

**Executive Committee.** Mr. Armentano reported that the Executive Committee held a conference call November 12, 2011, and also met in person December 7, 2011, at the Woodlands, Texas.

**Audit Committee.** Mr. Misel gave the Audit Committee report on behalf of Mr. T.J. Rinke.

The Audit Committee met December 8, before the Council meeting. Mr. Misel explained that the Audit Committee reviewed and accepted the 2011 Annual Report on Internal Controls, by PERC Chief Financial Officer Jim Harris.

The Audit Committee also reviewed a draft of the 2011 Annual Report to Council. The Committee approved the draft report, which will be issued to Council in April 2012.

Upon a motion duly made and seconded, the Council approved the Audit Committee report.

### **Chairman's Report**

Mr. Armentano gave the chairman's report. He discussed his priority topics for the March 1 and 2 strategic planning meeting in San Diego, including portfolio management, industry engagement, PERC staffing and structure, developing strategy around communications and outreach, and strategy as it relates to state and regional propane gas associations, foundations, and research councils. Mr. Armentano announced that Mr. Van Buren had been appointed to the Audit Committee.

Mr. Armentano presented the three working groups that will make up the Council's new consolidated advisory committee. The working group volunteers will work with internal PERC staff members and others to help manufacturers bring products to market.

Upon a motion duly made and seconded, the Council approved the new advisory committee structure as well as the new chairmen of each working group, as follows:

- The working group on research and technology development will be led by Darren Engle, Blue Star Gas, Central Point, Ore., and Mike Taylor, Heritage Propane, Florence, Ky.
- The working group on market outreach and training will be led by Len Caric, AmeriGas, Monroeville, Pa., and Darin Hunhoff, CHS, Inver Grove Heights, Minn.
- The working group on safety and training will be led by Eric Kuster, Fairmont Specialty, Federalsburg, Md., and Randy Warner, Ferrellgas, Liberty, Mo.

### **Vice Chairmen's Reports**

Ms. Wilson yielded the floor to Rick Roldan, president and chief executive officer of the National Propane Gas Association, who offered a report on PERC's partnership with NPGA. Mr. Roldan explained that the partnership between PERC and NPGA has evolved over six years from rigid role delineations to cooperative roles for the sake of the industry.

Mr. Gump yielded the floor to Mark Sutton, executive director of the Gas Processors Association, who gave the GPA partnership report. Mr. Sutton introduced Dan Lippe of Petral Worldwide, who made a presentation on the outlook for propane supply and demand in North America through 2016.

### **Treasurer's Report**

Mr. Misel reviewed the budget forecast, noting that the projected carry-forward rose to \$8.8 million, and reported on the Council's investment operations.

Upon a motion duly made and seconded, the Council approved a proposal to return \$1.1 million to the general treasury from unused appropriations associated with the 22 dockets listed below.

**Docket: 16583 (Residential and Commercial) \$ 38,572**

**Project:** 2010 Construction Professional Media Outreach

**Action:** De-obligates the remaining balance of \$38,572 and returns these funds to the general treasury

**Docket: 16745 (Residential and Commercial) \$29,308**

**Project:** 2010 Commercial Market Research

**Action:** De-obligates the remaining balance of \$29,308 and returns these funds to the general treasury

**Docket: 16456 (Industry Programs) \$8,792**

**Project:** 2010 Industry Outreach Programs

**Action:** De-obligates the remaining balance of \$8,792 and returns these funds to the general treasury

**Docket: 11655 (Engine Fuel) \$24,143**

**Project:** PERC and the Dept of Energy

**Action:** De-obligates the remaining balance of \$24,143 and returns these funds to the general treasury

**Docket: 12568 (Engine Fuel) \$30,000**

**Project:** Engine Fuel Marketing Program (Mar 2008)

**Action:** De-obligates the remaining balance of \$30,000 and returns these funds to the general treasury

**Docket: 15922 (Engine Fuel) \$180,000**

**Project:** CARB Certification Process Development for Sequent Bi-Fuel System - PERC Phase 1

**Action:** De-obligates the remaining balance of \$180,000 and returns these funds to the general treasury

**Docket: 15647 (Engine Fuel) \$5,000**

**Project:** CARB Assistance for Roush Program

**Action:** De-obligates the remaining balance of \$5,000 and returns these funds to the general treasury

**Docket: 16332 (Engine Fuel) \$279,190**

**Project:** Type A School Bus NHTSA Self Certification Testing

**Action:** De-obligates the remaining balance of \$279,190 and returns these funds to the general treasury

**Docket: 12569 (Research and Development) \$108,512**

**Project:** Validation & Commercialization of NovelAire's Desiccant Dehumidifier (ComfortDry 400)

**Action:** De-obligates the remaining balance of \$108,512 and returns these funds to the general treasury

**Docket: 15203 (Research and Development) \$2,884**

**Project:** Testing of Pressure Relief Valves for Customer Tanks

**Action:** De-obligates the remaining balance of \$2,884 and returns these funds to the general treasury

**Docket: 15625 (Research and Development) \$193,566**

**Project:** Commercialization of Freewatt Micro-CHP System

**Action:** De-obligates the remaining balance of \$193,566 and returns these funds to the general treasury

**Docket: 16112 (Research and Development) \$905**

**Project:** Performance Testing of Remote Tank-Level Monitoring Systems  
**Action:** De-obligates the remaining balance of \$905 and returns these funds to the general treasury

**Docket: 12377 (Safety and Training) \$3,545**

**Project:** Safety Information for Propane Industry Communication Vehicles  
**Action:** De-obligates the remaining balance of \$3,545 and returns these funds to the general treasury

**Docket: 12431 (Safety and Training) \$38,028**

**Project:** CETP e-Learning, Vapor Distribution, Production  
**Action:** De-obligates the remaining balance of \$38,028 and returns these funds to the general treasury

**Docket: 12457 (Safety and Training) \$11,971**

**Project:** Static Discharge Outreach  
**Action:** De-obligates the remaining balance of \$11,971 and returns these funds to the general treasury

**Docket: 16323 (Safety and Training) \$19,998**

**Project:** Consumer Safety Education Outreach/Multi-Media CD  
**Action:** De-obligates the remaining balance of \$19,998 and returns these funds to the general treasury

**Docket: 16438 (Safety and Training) \$443**

**Project:** Consumer Safety Education Research  
**Action:** De-obligates the remaining balance of \$443 and returns these funds to the general treasury

**Docket: 16441 (Safety and Training) \$8,876**

**Project:** Dispensing Propane Safely 2nd Edition, Script and Text Development  
**Action:** De-obligates the remaining balance of \$8,876 and returns these funds to the general treasury

**Docket: 16480 (Safety and Training) \$20,135**

**Project:** Curriculum Alignment for CETP Course(s); Plant Operations  
**Action:** De-obligates the remaining balance of \$20,135 and returns these funds to the general treasury

**Docket: 16753 (Safety and Training) \$8,116**

**Project:** Initial OSHA/DOT Training Textbooks  
**Action:** De-obligates the remaining balance of \$8,116 and returns these funds to the general treasury

**Docket: 16294 (Agriculture) \$24,408**

**Project:** Training Propane Marketers to Conduct Farm Energy Audits  
**Action:** De-obligates the remaining balance of \$24,408 and returns these funds to the general treasury

**Docket: 16907 (Agriculture) \$85,000**

**Project:** Drying Separated Dairy Cow Bedding Sand Using Propane

**Action:** De-obligates the remaining balance of \$85,000 and returns these funds to the general treasury

Upon a motion duly made and seconded, the Council adopted the treasurer's report.

### **2012 Budget**

Mr. Harris presented the updated 2012 budget proposal. Mr. Harris cited added resources of \$6.6 million, \$5.5 million of these added resources being carry-forward funds from 2011.

Upon a motion duly made and seconded, the Council approved the 2012 budget.

### **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 11 funding requests that appeared on the consent calendar (as follows).

**Docket:** 17440  
**Principal Contractor:** Power Solutions Inc.  
**Title:** Prime/Mobile Industrial Propane Irrigation Engines  
**Amount Requested:** \$149,000  
**Action:** Approved

**Docket:** 17447  
**Principal Contractor:** TBD  
**Title:** Propane MaRC Upgrade  
**Amount:** \$250,000  
**Action:** Approved

**Docket:** 17511  
**Primary Contractor:** PERC  
**Title:** Industry Outreach- 2012 Regional Conventions  
**Amount Requested:** \$80,000  
**Action:** Approved

**Docket:** 17371  
**Primary Contractor:** Gas Technology Institute  
**Title:** Carbon Management Information Center Consortium 2012  
**Amount Requested:** \$50,000  
**Action:** Approved

**Docket:** 17458  
**Principal Contractor:** Colorado PERC  
**Title:** 2012 Colorado Cylinder Requalification CGA Pamphlets  
**Amount Requested:** \$7,421.60  
**Action:** Approved

**Docket:** 17461  
**Principal Contractor:** Interwest PERC

**Title:** 2012 Nevada Cylinder Requalification CGA Pamphlets  
**Amount Requested:** \$5,544  
**Action:** Approved

**Docket:** 17488  
**Principal Contractor:** Interwest PERC  
**Title:** 2012 Idaho Cylinder Requalification CGA Pamphlets  
**Amount Requested:** \$4,135.80  
**Action:** Approved

**Docket:** 17494  
**Principal Contractor:** Western PERC  
**Title:** California Low-Emission Equipment Rebate 2012  
**Amount Requested:** \$100,000  
**Action:** Approved

**Docket:** 17501  
**Principal Contractor:** Interwest PERC  
**Title:** 2012 Montana Cylinder Requalification CGA Pamphlets  
**Amount Requested:** \$6,365.45  
**Action:** Approved

**Docket:** 17502  
**Principal Contractor:** Interwest PERC  
**Title:** 2012 Utah Cylinder Requalification CGA Pamphlets  
**Amount Requested:** \$3,314.35  
**Action:** Approved

**Docket:** 17503  
**Principal Contractor:** Interwest PERC  
**Title:** 2012 Wyoming Cylinder Requalification CGA Pamphlets  
**Amount Requested:** \$4,605.20  
**Action:** Approved

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

PERC President and Chief Executive Officer Roy Willis gave a report on the re-engineering process and introduced the Council to the restructured PERC staff organizational chart. Mr. Willis presented a cross-functional approach to project implementation using the new reorganized staff plan and incorporating the roles of the new working groups. Mr. Willis presented a draft of the advisory committee charters as well as presented the new advisory committee appointments.

Mr. Willis introduced **Docket 17453**. Upon a motion duly made and seconded, the funding request was approved (as follows).

**Docket:** 17453  
**Principal Contractors:** Propane Education and Research Council  
**Title:** 2011 Partnership Agreement between PERC, GPA, and NPGA  
**Amount Requested:** \$1,311,000  
**Action:** Approved

Mr. Harris introduced **Docket 17465**. Upon a motion duly made and seconded, the funding request was approved (as follows).

**Docket:** 17465  
**Principal Contractors:** Not Applicable  
**Title:** 2012 Consolidated Advisory Committee and Program Support  
**Amount Requested:** \$673,000  
**Action:** Approved

Mr. Harris introduced **Docket 17454**. Upon a motion duly made and seconded, the funding request was approved (as follows).

**Docket:** 17454  
**Principal Contractors:** ICF International  
**Title:** 2012 Propane Market Research Initiative  
**Amount Requested:** \$424,580  
**Action:** Approved

Mr. Willis reported to the Council that he had used his presidential authority to approve the following change orders and funding requests.

**Docket:** 17374  
**Principal Contractor:** GOW-MAC Instrument Co.  
**Title:** Transfer of Water Detection Technology for Commercialization  
**Amount Requested:** \$13,000  
**Action:** Approved

**Docket:** 17178  
**Principal Contractor:** Bison Engineering  
**Title:** Forklift Cage Engineering Testing and Analysis  
**Amount Requested:** \$30,000  
**Action:** Approved

**Docket:** 17412  
**Principal Contractor:** PowerSteering  
**Title:** PowerSteering Project Portfolio Management  
**Amount Requested:** \$15,000  
**Action:** Approved

#### **PERC Business Processes Reengineering Report**

PERC Chief Information Officer Kay Howell presented an overview of new business strategy and processes on new product development. Ms. Howell presented PERC's new matrix design template for PERC research and development projects, offering a step-by-step guide to the process of how a project begins and ends based on the reorganized structure and process.

By unanimous consent, the Council recessed for the day at 5:26 p.m. Central Standard Time.

## Proceedings for December 9

Mr. Armentano called the meeting back to order at 8:08 a.m. Central Standard Time.

### Market and Operations Reports

Mr. Armentano called on PERC staff members to offer reports on selected markets and programs.

**Engine Fuel Strategy Overview.** Alan McEwan, PERC programs manager, engine fuel, presented an overview of PERC's engine fuel strategy. The report included sales forecast projections, an overview of on-road and off-road engines, and a review of engine market opportunities for propane autogas introduction, including new technologies like gasoline direct injection.

**Commercial Mower Market Update.** Jeremy Wishart, PERC projects manager, engine fuel, presented an update on the commercial mower market. Mr. Wishart presented commercial mower sales figures, reviewed past PERC success in commercial market mower growth, and discussed future needs in this market.

Mr. Wishart introduced **Docket 16723**. Upon a motion duly made and seconded, the funding request was approved (as follows).

**Docket:** 16723  
**Principal Contractors:** Freightliner Custom Chassis  
**Title:** 8.0L LPG Engine- Medium Duty Truck and Bus  
**Amount Requested:** \$1,000,000 (\$4,000,000 approved in 2010; \$5,000,000 program total)  
**Action:** Approved

Mr. Wishart introduced **Docket 16595**. Upon a motion duly made and seconded, the funding request was rejected (as follows).

**Docket:** 16595  
**Principal Contractors:** The Sales Network  
**Title:** Propane Options Partners  
**Amount Requested:** No Cost (Original funding amount- \$200,240)  
**Action:** Rejected

Mr. Wishart introduced **Docket 17443**. Upon a motion duly made and seconded, the funding request was approved (as follows).

**Docket:** 17443  
**Principal Contractors:** Propane Education and Research Council  
**Title:** Commercial Mower Dealer Demonstration Program  
**Amount Requested:** \$788,900  
**Action:** Approved

**Propane Challenge.** Steve Wayne, PERC chief technology officer, presented an update on Propane Challenge. Mr. Wayne described the progress made since the program was announced and talked about his goals for the program.



**Communications.** Gregg Walker, PERC director of communications, discussed changes to the communications program that are designed to control costs and lead to more consistent branding and messaging and more effective measurement and evaluation.

Mr. Armentano announced that the Council would form a task force to collaborate with PERC staff on the ongoing search for communications support services. He appointed Ms. Wilson chairman of the task force, and Mr. Misel and Mr. Van Buren volunteered to serve as members. Mr. Armentano said that Mr. Caric and Mr. Hunhoff, the chairmen of the new advisory working group on market training and outreach, would also work with task force.

Mr. Walker introduced **Docket 17508**. Upon a motion duly made and seconded, the funding request was approved (as follows).

<b>Docket:</b>	<b>17508</b>
<b>Principal Contractor:</b>	Hanley Wood
<b>Title:</b>	Stopgap Communications Program for Q1 2012
<b>Amount Requested:</b>	<b>\$1,470,363</b>
<b>Action:</b>	<b>Approved</b>

**Direct Industry Outreach.** Stuart Flatow, PERC vice president in charge of safety and training, presented a report on a new direct industry outreach program.

**Fuel Quality Projects Overview.** Greg Kerr, PERC director of research and development, announced that he would send Council members a white paper outlining 10 years of PERC research on fuel quality.

### **Industry and Public Comments**

There were no industry and public comments.

### **Old Business**

Mr. McTier gave an update on cabinet heaters.

Mr. Sheehan offered some thoughts on the threats and opportunities offered by liquefied natural gas.

### **New Business**

Upon a motion duly made and seconded, the Council approved an amendment to Section 14 of the Policies, Rules, and Procedures in respect to the new advisory committee and structure that will now include three working groups: Research and Technology Development, Market Outreach and Training, and Safety and Training.

Mr. Armentano announced that Council will next meet by conference call on March 1.

Upon a motion duly made and seconded, the Council adjourned at 10:36 a.m. CST.