

Propane Education & Research Council
July 11-12, 2017
Denver, Colorado
MINUTES

Chairman Tom Van Buren called the meeting to order at 1 p.m. Mountain Daylight Time.

Mr. Van Buren, Ferrellgas (Overland Park, Kan.), opened the meeting with prayer and the Pledge of Allegiance and announced this year's Executive Committee officers.

Drew Combs, CHS Inc. (Inver Grove Heights, Minn.), exchanged the gavel with Mr. Van Buren to become the new Council chairman.

Mr. Combs announced that PERC Chief Operating Officer Tucker Perkins would succeed Roy Willis as PERC president and CEO.

Mr. Combs welcomed the new councilors and those reappointed by the National Propane Gas Association and GPA Midstream. One producer position and one public member position are pending appointments.

He welcomed the Council members in attendance:

Kasib Abdullah, BP (Houston) — *Vice Chairman, Producers*
Robert Barry, Bergquist (Toledo, Ohio)
Gene Bissell (Gladwyne, Pa.)
Scott Brockelmeyer, Ferrellgas (Overland Park, Kan.)
Robert Chalmers, Meritum Energy Holdings (San Antonio) — *Vice Chairman, Marketers*
Daniel Dixon, AmeriGas (Florence, Ala.) — *Secretary*
Randy Doyle, Blossman Gas (Ocean Springs, Miss.) — *Treasurer*
Roxanne Fowles, MarkWest Energy Partners LP (Friendswood, Texas)
Gary France, France Propane Service Inc. (Schofield, Wis.)
Robert Freeman, Freeman Gas (Spartanburg, S.C.)
Sam Hawley, Enterprise Products Operating LLC (Houston)
Glenn Luce, Aux Sable (Morris, Ill.)
Richard Williams, Suburban Propane Partners LP (Whippany, N.J.)
David Wiseman, Williams Energy Resources LLC (Tulsa, Okla.)

Bruce Leonard, Targa (Southlake, Texas), joined by telephone.

Chairman's Report

Approval of Minutes. Mr. Combs directed the councilors' attention to the minutes of the April 2017 Council meeting. Upon a motion duly made and seconded, the Council approved the minutes.

Executive Committee. Mr. Combs announced that the outgoing and new Executive Committee members met the day before and the morning of the Council meeting to discuss a variety of topics, including strategic priorities, Mr. Perkins' vision as CEO, a forthcoming study of propane supply and deliverability by RBN, the efforts of the Industry Outreach Committee, the proposed 2018 budget, the consumer campaign, and planning for the next PERC and NPGA joint-officers meeting.

The new Executive Committee and Mr. Perkins discussed PERC staffing structure and compensation.

Industry Outreach Committee Report

Mr. Barry said the committee had one conference call since the last Council meeting. He reviewed three main projects being worked on by the committee. These include an analysis of industry engagement based on use of PERC materials, best practices for state association meetings, and a recap of the state foundation spending of rebate and Partnership with States dollars.

Audit Committee Report

Mr. Bissell replaced Randy Doyle as chairman of the Audit Committee. He reviewed the 401K retirement savings plan for PERC employees.

Mr. Bissell noted that it's the Council's responsibility to name the trustees of the 401K plan, and that current trustees are Mr. Willis and retired PERC Chief Financial Officer Jim Harris.

Mr. Bissell recommended that instead of the Audit Committee naming individuals as trustees, positions would be named.

A motion was made to appoint as trustees of the 401K plan and members of the 401K Committee, the president, the director of finance, and the director of administration and human resources.

Upon a motion duly made and seconded, the Council approved the new appointment of trustees by position.

Mr. Bissell said the Audit Committee would do research to present at the next meeting if there's a need to update past resolutions that include the names of Mr. Willis and Mr. Harris, or if a new resolution is needed to address that.

A motion was made that any resolution that names Mr. Willis now refers specifically to the president and chief executive officer position.

After Council discussion, the motion of changing past resolutions with Mr. Willis' name to the president and CEO position has been withdrawn, and PERC staff is asked to do a thorough review of the resolutions to find if there are any other PERC staff individuals and positions named so a review and vetting can be done by the Executive Committee. Staff will provide this information to the Executive Committee within 30 days.

Appointment of Advisory Committee Members. Mr. Combs encouraged councilors to attend an Advisory Committee meeting.

The chairman appointed the following industry members to the Advisory Committee:

To the Market Outreach and Training Working Group: Chairman Brandon Wade, Wade Sales and Services, Inc. (Illinois); Vice Chairman Christopher Kowalski, E. Osterman Inc. (Massachusetts); Steve Ahrens, Missouri Propane Education and Research Council (Missouri); Harris Baker, Pinnacle Propane (Texas); Zach Baugher, Growmark, Inc. (Illinois); Scott Brockelmeyer, Ferrellgas (Kansas); Jay Christie of New Century FS,

Collins (Iowa); Kevin Cobb, Suburban Propane (Idaho); Gordon Cunningham, Cunningham Propane (Arkansas); Derek Dalling, Michigan Propane Gas Association (Michigan); Bill DeClerk, DeClerk LP Gas Inc. (Arkansas); Mark Dmochowski, Georgia Gas Distributors (Georgia); Marc Foerster, Crystal Flash (Michigan); Michael Gioffre, Paraco South (North Carolina); Deb Grooms of Iowa Propane Gas Association in Des Moines (Iowa); Laurie Irish Jones, Irish Companies (New York); John Jessup, North Carolina Propane Gas Association (North Carolina); Brilynn Johnson, AmeriGas (California); Christopher Kowalski, Osterman Propane LLC (Massachusetts); John Kraft, Plains Marketing LP (South Dakota); Bruce Leonard, Targa Liquids Marketing & Trade (Texas); Brian Mater, Ferrellgas (Kansas); Jenni McKeen, Georgia Propane Gas Association (Georgia); Bill Moore, Conger Gas (Georgia); Raymond Murray, Ray Murray Inc. (Massachusetts); Mollie O'Dell, National Propane Gas Association (Washington, D.C.); Paige O'Dell of AmeriGas Propane, King of Prussia (Pennsylvania); Keith Onderdonk, Suburban Propane LP (New Jersey); Derek Rimko, Superior Energy Systems Ltd. (Ohio); Joe Rose, Propane Gas Association of New England (New Hampshire); Scott Seibert, Aux Sable Liquid Products (Illinois); Josh Simpson of Kamps Propane in Manteca (California); Dennis St. Aubin, CHS, Inc. (Minnesota); Joe Trefethen, Palmer Gas/Ermer Oil (New Hampshire); Jim Van Uden, R H Foster Energy Inc (Maine); Ted West, Liberty Propane (Pennsylvania); Emily Willis, Blossman Gas (North Carolina); Mark Zimora, Energy Distribution Partners (Pennsylvania).

To the Research and Technology Development Working Group: Chairman David Reynolds, Blossman Gas (Mississippi); Vice Chairman Kenton Sonnenburg, CHS Inc. (Minnesota); Mike Alexander, Worthington Cylinders (Ohio); Robert Barry, Bergquist (Ohio); Dave Bertelsen, Matheson Trigas (Ohio); David Biggs, IPS Equipment (Michigan); Aaron DeWeese, Illinois Propane Gas Association (Illinois); Nathan Ediger, Ferrellgas (Kansas); Darren Engle, Blue Star Gas (Oregon); Marty Erne, Gas Processors Association (Oklahoma); 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); Julie Johnson of Ted Johnson Propane in Baldwin Park (California); 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 LP (New Jersey); Kirk Saunders, White Mountain Oil & Propane (New Hampshire); Michael Sheehan, Sheehan's Gas Co. (Minnesota); Lynn Sheets, Key Cooperative (Iowa); Gary Shepherd, Stanford, LP Gas (Michigan); Bill Stewart, Blue Star Gas (California); Chuck Strawn, Red Seal Measurement Company (South Carolina); Bruce Swiecicki, National Propane Gas Association (Illinois); Don Tomiello, Targa Resources (Texas); Bill Van Hoy, Texas Propane Gas Association (Texas); Erich Wolf, Cavagna North America (Ohio); Jim Zuck, Marshall Excelsior Company (Michigan).

To the Safety and Technical Training Working Group: Chairman Bruce Montroy, Bergquist, Inc. (Michigan); Vice Chairman Jay Hilliard, Revere Gas & Appliance (Virginia); Leslie Anderson, PGANE (New Hampshire); Mark Anderson, Dead River Company (Maine); Doug Auxier, Auxier Gas Service Inc. (Ohio); John Barnett, U-Haul International (Arizona); Ron Batey, CHS Inc. (Minnesota); Dan Binning, Arizona, Colorado, New Mexico Propane Gas Associations (Colorado); Byron Breda, PGANE (New Hampshire); Mike Calderera, National Propane Gas Association (Washington, D.C.); Joseph Carey, PE, Suburban Propane (New York); Sam Fox, McCraw Propane (Texas); Keith Hanchett, PERS (Utah); John Kamps, Kamps Propane (California); Ray Kazakewich, RegO Products (North Carolina); John Ketchum, Gas Equipment Company

(Missouri); Ken Kraft, North Dakota Propane Gas Association CETP Instructor (North Dakota); Eric Kuster, National Propane Gas Association (Maryland); Paula Laney, OK LP Gas Research, Marketing, and Safety Commission (Oklahoma); Dave Latourell, Paraco Gas (New York); Kevin Matsako, Airgas USA, LLC (Ohio); Jacque McCracken, National Propane Gas Association (Washington, D.C.); Ken Mueller, Nationwide Agri-Business Insurance (Illinois); Tom Mullaney, Rockhill Insurance Group (Arkansas); Tim Myers, IPS Equipment, Inc. (Michigan); Barry Oden, MFA Oil Co. (Missouri); Dennis Patrick, Crystal Flash Energy (Michigan); Scott Pearson, CHS, Inc. (Minnesota); Jeff Shaffer, Shaffer's Bottled Gas Corp. (Pennsylvania); Earl Slacum, Tri Gas & Oil Co. Inc. (Maryland); Matt Terry, JP Energy Partners LP (Texas); Mark Veltri, Crestwood (West Virginia); Christopher Wagner, AmeriGas (Pennsylvania); Mike Walters, Superior Energy (Ohio); Randy Warner, Ferrellgas (Missouri); Zoe Williams, Hawaii Gas (Hawaii).

Advisory Committee Report

Bruce Montroy, chairman of the Safety and Training Working Group, shared details of work being done by each of the working groups, as well as an update about the most recent Advisory Committee meeting, in Detroit.

A motion was made to approve an official name change to the Safety and Training Working Group to now be the Safety and Technical Training Working Group.

Upon a motion duly made and seconded, the Council approved the name change.

NPGA Report

NPGA Chairman-Elect Chris Earhart reported on feedback he has received during the organization's strategic review process. He also reviewed progress to inform stakeholders of the industry's preparation for the upcoming season's propane supply.

GPA Midstream Report

GPA Midstream President and CEO Mark Sutton reported on participating in PERC's CEO selection process. He noted the producer appointment to the Council is still pending and reiterated the reappointments made already. Mr. Sutton said GPA Midstream asked NPGA to nominate this year's public member.

Chairman Comments

Mr. Combs said he wanted to continue the practice of councilors being highly engaged and participating in the Council's committees and task forces.

Mr. Combs reviewed Mr. Perkins' priorities, which include industry engagement, marketing communications, coordination with state and national associations, rebate programs, and staff development.

He announced the formation of a task force to review, develop, and implement a strategy to enhance the Market Outreach and Training Working Group's committee process. The task force will work with the Industry Outreach Committee and Executive Committee to improve the consumer awareness outreach, Partnership with States, and rebate program. Mr. Leonard will serve as chairman of the task force.

Treasurer's Report

Mr. Doyle reviewed the April financial summary and analysis, the 2017 budget year surplus compared with the latest forecast at the current assessment rate and at the

proposed assessment rate increase to \$0.005 per gallon, 2017 projected cash flow balances, and PERC's investment performance.

Upon approval of a motion duly made and seconded, the Council adopted the treasurer's report and approved a proposal to close out eight dockets comprising \$252,944, with the funds returning to the general treasury (as follows).

Docket: 20637 – \$2,166,000
Project: 2016 Residential and Commercial Market Outreach (Jan. 2016)
Action: De-obligates the remaining balance of \$1,042 and returns these funds to the general treasury

Docket: 19185 – \$0
Project: 2014 Partnership
Action: De-obligates the remaining balance of \$114,217 and returns these funds to the general treasury

Docket: 20195 – \$2,225,000
Project: 2015 Corporate Communications (Jan. 2015) (Change Order Nov. 2015)
Action: De-obligates the remaining balance of \$9,980 and returns these funds to the general treasury

Docket: 20203 – \$1,800,000
Project: 2015 Partnership with States (Jan. 2015)
Action: De-obligates the remaining balance of \$117,016 and returns these funds to the general treasury

Docket: 20690 – \$460,000
Project: 2015 Partnership Agreement between PERC, GPA, NPGA
Action: De-obligates the remaining balance of \$9,388 and returns these funds to the general treasury

Docket: 20691 – \$179,850
Project: 2015 API Survey and Report (Jan. 2016)
Action: De-obligates the remaining balance of \$360 and returns these funds to the general treasury

Docket: 20881 – \$237,900
Project: 2016 Professional and Support Services (April 2016)
Action: De-obligates the remaining balance of \$66 and returns these funds to the general treasury

Docket: 20674– \$150,000
Project: 2016 Corporate Communications (Jan. 2016)
Action: De-obligates the remaining balance of \$875 and returns these funds to the general treasury

Consent Calendar

Mr. Combs 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 four funding requests that appear on the consent calendar (as follows).

Docket: 20893
Principal Contractor: WVU, CAFEE
Title: In-Use Emissions and Performance Testing of Propane-Fueled Engines
Amount Requested: \$199,200
Action: Approved

Docket: 21267
Principal Contractor: SMTI
Title: Commercialization of Thermally Driven Heat Pumps for Residential Space and Water Heating
Amount Requested: \$75,000
Action: Approved

Docket: 20621
Principal Contractor: Dashe & Thomson
Title: 2016 CETP Maintenance
Amount Requested: \$59,474
Action: Approved

Docket: 20636
Principal Contractor: Dashe & Thomson
Title: Cylinder Requalification
Amount Requested: \$25,000
Action: Approved

Chief Executive Officer's Report

PERC President and CEO Tucker Perkins gave an overview of three future strategies for the organization. These include a refocus on the propane marketer, a recommitment to the Council's partnership with state associations, and a recommitment to working with the National Propane Gas Association and GPA Midstream.

He also talked about bringing back a national thought leadership campaign to position propane as a vital part of America's energy portfolio. He asked the Council to consider a shift in the national consumer campaign and the use of Partnership with States dollars.

Mr. Perkins reviewed **Docket 21257**, which allows the Council to have data about the benefits of propane for discussions with manufacturers. PERC Director of Research and Development Greg Kerr was on the phone to share more details about the Fuel Sampling Program and to answer councilor questions.

A motion was made to send **Docket 21257** back to the Advisory Committee.

Upon a motion duly made and seconded, the Council approved to send **Docket 21257** back to the Advisory Committee.

GPA Midstream asked Mr. Perkins to add a GPA Midstream staff member to the project.

Docket: 21257
Principal Contractor: Southwest Research Institute (SwRI)
Title: Fuel Sampling Program 2017
Amount Requested: \$100,000
Action: Approved

Chief Information Officer's Report

PERC Chief Information Officer Kay Howell gave an update on industry engagement initiatives, including using social media, newsletters, emails, videos, podcasts, webinars, trade shows and state association meeting presentations and face-to-face meetings, MTST, the product catalog, and websites to engage with the industry.

Propane Supply and Infrastructure Report

Rusty Braziel and Kelly Van Hull of RBN reported on the Propane Supply Chain and Infrastructure Market Analysis: Phase 1.

Industry and Public Comment

Mr. Dan Binning, executive director of three state propane associations, requested that the state executives have access to the RBN Study Council presentation slides.

The Council recessed at 5:30 p.m. MDT.

Proceedings of July 12.

Mr. Combs called the meeting to order at 8:40 a.m. MDT.

2018 Budget

PERC Director of Budget and Finance Michael Eason reported on the 10-year odorized gallon history and reviewed the two proposed budget plans based on the current assessment level and the proposed assessment rate increase to \$0.005 per gallon, compared to the 2017 budget forecast.

PERC Director of Operations Grace Willis reported on the development of the proposed program budget plans based on 2018 strategic priorities.

A motion was made that the Council approve an assessment rate of \$0.005 per gallon, effective Oct. 1, 2017. It represents an increase of half of one-tenth of a cent per gallon from the current rate of \$0.0045 per gallon.

Upon a motion duly made and seconded, the Council approved the publication of the \$0.005 per gallon assessment rate 2018 budget plan for public comment before August 1, as required by law.

Chief Marketing Officer's Report

PERC Chief Marketing Officer Dennis Vegas offered an update on the national consumer brand campaign, which includes moving toward a phase of driving consumers from awareness of propane to adoption of propane appliances.

He reviewed results and key learnings of the campaign from 2016 and spring 2017, including results from the 2017 marketer survey.

Chris McAllister reviewed key learnings from the Nielsen Harris Poll Consumer Awareness Tracking Studies Waves 1-4 from 2015 to 2017.

Mr. Vegas reviewed proposals for the 2017 fall media plan and future campaign plan for 2018.

Mr. Combs recommended giving the fall campaign plan and \$1.5 million back to PERC staff, NPGA, and the Market Outreach and Training Working Group to create a new plan that incorporates messaging about winter supply planning and the consumer campaign. Then this plan would be sent back to the Council for review.

Mr. Perkins reviewed the project schedule for **Docket 20905**.

Upon a motion duly made and seconded, the Council approved a cost change for **Docket 20905** (as follows).

Docket:	20905
Principal Contractor:	PERC
Title:	High Efficiency, High Performance, Ultra-Low NOx Medium Duty Propane Engine
Amount Requested:	\$3,608,694
Action:	Approved

Industry and Public Comment

Steve Ahrens, executive director for the Missouri Propane Gas Association, made a comment about adjusting the timeline to finish the rebate program development to after Jan. 1, 2018.

Old Business

Mr. Bissell made a comment to find out more about a note in the April Council meeting minutes that said NPGA and PERC staff were going to work together on an information packet on the topic of renewable propane, based off the presentation by Jeff Stewart of Blue Star Gas during the April meeting.

New Business

Mr. Combs announced the proposed 2018 Council and Advisory Committee meeting dates and locations.

February 14: Council meeting: Santa Barbara, Calif.

April 5: Council meeting: Atlanta, Ga.

May 10 and 11: Advisory Committee meeting: St. Louis, Mo.

July 11 and 12: Council meeting: Minneapolis, Minn.

September 25 and 26: Advisory Committee meeting: Kansas City, Mo.

November 8 and 9: Council meeting: Savannah, Ga.

The next Advisory Committee meeting is Sept. 20 and 21 in Scottsdale, Ariz. Councilors were encouraged to attend for the portfolio review.

Mr. Combs announced that the Council will next meet on Nov. 2 and 3 in Tampa, Fla.

Mr. Combs thanked Mr. Hawley for his service on the Council.

Roy Willis made farewell remarks.

By unanimous consent, the Council adjourned at 11:30 a.m. MDT.

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