

Propane Education & Research Council
April 7, 2016
Nashville
MINUTES

Chairman Tom Van Buren called the meeting to order at 9 a.m. Central Time.

Mr. Van Buren, Ferrellgas (Overland Park, Kan.), welcomed the Council members in attendance:

Kasib Abdullah, BP (Houston)
Robert Barry, Bergquist (Toledo, Ohio) — *Secretary*
Dan Binning, Kiva Energy (Arvada, Colo.)
Gene Bissell (Gladwyne, Pa.)
Steven Breckon, Lone Star NGL (Houston)
Robert Chalmers, JP Energy Partners (Irving, Texas) — *Treasurer*
Drew Combs, CHS Inc. (Inver Grove Heights, Minn.) — *Vice Chairman, Marketers*
Casey Cramton, Dead River Co. (South Portland, Maine)
Daniel Dixon, AmeriGas (Florence, Ala.)
Randy Doyle, Blossman Gas (Ocean Springs, Miss.)
Roxanne Fowles, MarkWest Energy Partners LP (Friendswood, Texas)
Robert Freeman, Freeman Gas (Spartanburg, S.C.)
Sam Hawley, Enterprise (Houston)
Robert Hensworth, DCP Midstream (Houston)
Bruce Leonard, Targa (Southlake, Texas) — *Vice Chairman, Producers*
Glenn Luce, Aux Sable Liquid Products (Morris, Ill.)
Doug Rinke (Columbia, Mo.)
Richard Williams, Suburban Propane Partners LP (Whippany, N.J.)
David Wiseman, Williams Energy Resources LLC (Tulsa, Okla.)

Gregg Dighero, Encana Oil and Gas (Denver, Colo.), joined by telephone.

Chairman's Report

Approval of Minutes. Mr. Van Buren directed the councilors' attention to the minutes of the February 2016 Council meeting. Upon a motion duly made and seconded, the Council approved the minutes.

Officer Nominations. Mr. Van Buren reviewed councilor term limits and the responsibilities of the executive committee. PERC President and CEO Roy Willis reviewed the rules on officer nominations for the executive committee.

Mr. Rinke suggested that the Council move officer nominations to next year and to continue the terms for the current officers for another year. Upon a motion duly made and seconded, the Council approved this move.

Executive Committee. Mr. Van Buren announced that the Executive Committee met before the Council meeting to discuss a variety of topics, including the 2017-18 strategic plan, budget process, the upcoming Advisory Committee meeting, the structure of the Advisory Committee, PERC personnel, and coordination with the states and the National Propane Gas Association.

Mr. Van Buren said the Budget Committee and Projects Committee will each take a deep dive and go through by line item all aspects of what the Council is doing, with the goals of optimizing existing resources and prioritizing efforts toward the strategic plan to grow gallons and increase the value of the industry.

Mr. Van Buren said the joint officers meetings between the Council and NPGA are now scheduled every quarter. Topics for the meeting scheduled April 8 include the presidential summit on April 9, engagement steps, advisory committee meetings, state associations and state percs, strengthening the partnership between the two organizations to support data research and to ensure a cohesive effort for communication and strategy for the benefit of the industry.

Appointment of Advisory Committee Members. Mr. Van Buren announced that he appointed new member Emily Willis to the Market Outreach and Training Working Group.

The list of Advisory Committee members are as follows:

To the Market Outreach and Training Working Group: Chairman Scott Brockelmeyer, Ferrellgas (Missouri); Vice Chairman Kirk McCullick, Growmark, Inc. (Illinois); Steve Ahrens, Missouri Propane Education and Research Council (Missouri); Harris Baker, Pinnacle Propane (Texas); Kevin Cobb, Suburban Propane (Idaho); Casey Cramton, Dead River Company (Maine); Gordon Cunningham, Cunningham Propane (Arkansas); Bill DeClerk, DeClerk LP Gas Inc. (Arkansas); Mark Dmochowski, Georgia Gas Distributors (Georgia); Adam Friedman, Superior Propane (Connecticut); Michael Gioffre, Paraco South (North Carolina); Becky Hornblower, Growmark Inc. (Illinois); John Jessup, North Carolina Propane Gas Association (North Carolina); Brilynn Johnson, AmeriGas (California); Laurie Irish Jones, Irish Companies (New York); Christopher Kowalski, E. Osterman Inc. (Massachusetts); John Kraft, Plains Marketing LP (South Dakota); Matt Kumm, CHS Inc. (Minnesota); Bruce Leonard, Targa Liquids Marketing & Trade (Texas); Brian Mater, Ferrellgas (Kansas); Jenni McKeen, Georgia Propane Gas Association (Georgia); Shane McWhorter, Sequoia Gas (California); Bill Moore, Conger Gas (Georgia); Raymond Murray, Ray Murray Inc. (Massachusetts); Mollie O'Dell, National Propane Gas Association (Washington, D.C.); Keith Onderdonk, Suburban Propane LP (New Jersey); Russ Porowski, Amerigas (Pennsylvania); Derek Rimko, Superior Energy Systems Ltd. (Ohio); Joe Rose, Propane Gas Association of New England (New Hampshire); Scott Seibert, Aux Sable Liquid Products (Illinois); Joe Trefethen, Palmer Gas/Ermer Oil (New Hampshire); Jim Van Uden, R H Foster Energy Inc (Maine); Brandon Wade, Wade Sales and Services, Inc. (Illinois); 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); Michael DeVoe, Paraco Gas (New York); Aaron DeWeese, Illinois Propane Gas Association (Illinois); Nathan Ediger, Ferrellgas (Kansas); Darren Engle, Blue Star Gas (Oregon); Marty Erne, Gas Processors Association (Oklahoma); 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); 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); Jay Sells, AmeriGas (Florida); 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); Tom Tarantin, Tarantin Industries, Inc. (New Jersey); 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 Training Working Group: Chairman Randy Warner, Ferrellgas (Missouri); Vice Chairman Bruce Montroy, Bergquist (Michigan); Mark Anderson, Dead River Company (Maine); Doug Auxier, Auxier Gas Service Inc. (Ohio); John Barnett, U-Haul International (Arizona); Ron Batey, CHS Inc. (Minnesota); Byron Breda, PGANE (New Hampshire); Mike Calderera, National Propane Gas Association (Washington, D.C.); Joseph Carey, PE, Suburban Propane (New York); Keith Hanchett, PERS (Utah); Jay Hilliard, Revere Gas & Appliance (Virginia); John Kamps, Kamps Propane (California); Ray Kazakewich, RegO Products (North Carolina); John Ketchum, Gas Equipment Company (Missouri); Eric Kuster, AMC Fairmont Insurance Services (Maryland); Paula Laney, OK LP Gas Research, Marketing, and Safety Commission (Oklahoma); Dave Latourell, Paraco Gas (New York); Tom Malek, Country Pride COOP (Nebraska); Jacque McCracken, National Propane Gas Association (Washington, D.C.); Ken Mueller, Nationwide Agri-Business Insurance (Illinois); Barry Oden, MFA Oil Co. (Missouri); Dennis Patrick, Crystal Flash Energy (Michigan); Jeff Shaffer, Shaffer's Bottled Gas Corp. (Pennsylvania); Earl Slacum, Tri Gas & Oil Co. Inc. (Maryland); Matt Terry, JP Energy Partners LP (Texas); Christopher Wagner, AmeriGas (Pennsylvania); Mike Walters, Superior Energy (Ohio); Zoe Williams, Hawaii Gas (Hawaii).

Advisory Committee Report. Mr. Randy Warner, chairman of the Safety & Training Working Group, shared observations about the Advisory Committee and invited councilors to attend a meeting.

Mr. Van Buren recognized Mr. Warner's ten years of service on the Advisory Committee and working with PERC.

Subcommittee Report

Mr. Chalmers of the Portfolio Review Subcommittee, which is responsible for providing a high-level strategic review of PERC's project portfolio, reviewed metrics for PERC investments and projected gallons versus actual gallons contributed from 2015 projects and concluded that PERC's return on investment for these projects is successful.

Treasurer's Report

Mr. Chalmers reviewed the 2015 budget year surplus compared to 2015 audited results and presented the latest investment management report.

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

Docket: 20678 – \$25,000
Project: Consumer Education Taskforce Support
Action: De-obligates the remaining balance of \$14,547 and returns these funds to the general treasury

Docket: 19185 (Industry Programs) \$1,800,000
Project: 2014 Partnership with States
Action: De-obligates the remaining balance of \$59,158 and returns these funds to the general treasury

Docket: 20202 (Industry Programs) \$290,000
Project: 2015 Industry Outreach Program
Action: De-obligates the remaining balance of \$5,717 and returns these funds to the general treasury

Docket: 17181 – \$665,034
Project: Residential and Commercial Demonstration Program
Action: De-obligates the remaining balance of \$1,279 and returns these funds to the general treasury

Docket: 18262 – \$465,925
Project: Propane Total Solution Program with NPS & PERC
Action: De-obligates the remaining balance of \$15,547 and returns these funds to the general treasury

Docket: 19214 – \$85,830
Project: Plant Emergency Response Guide
Action: De-obligates the remaining balance of \$14,044 and returns these funds to the general treasury

Docket: 19357 – \$461,252
Project: 2014 Workforce Training Initiative
Action: De-obligates the remaining balance of \$20,887 and returns these funds to the general treasury

Docket: 20103 – \$78,571
Project: 2014-2015 CETP Help Desk Support
Action: De-obligates the remaining balance of \$1,605 and returns these funds to the general treasury

Docket: 20495 – \$50,000
Project: CETP Certification Outreach
Action: De-obligates the remaining balance of \$45,446 and returns these funds to the general treasury

Audit Committee Report

Mr. Rinke reviewed the findings of the 2015 audit report, which showed PERC is in strong financial condition and in compliance with PERA.

Upon a motion duly made and seconded, the Council approved the 2015 audit report.

Mr. Van Buren announced that Mr. Doyle will assume the role as chairman of the Audit Committee going forward and thanked Mr. Rinke for his service.

Consent Calendar

Mr. Van Buren 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 funding request that appears on the consent calendar (as follows).

Docket: 20779
Principal Contractor: Dashe & Thomson
Title: CETP Recurrent Training
Amount Requested: \$34,446
Action: Approved

Chief Executive Officer's Report

PERC President and CEO Roy Willis reviewed the strategic plan report and the budget scenarios for 2017-2018 under a .004 assessment rate and a .005 assessment rate. He laid out a timetable for the Council to decide on the 2017 budget.

Mr. Willis reported that he had approved seven no-cost change orders for time extensions under his presidential authority since the Council's last meeting (as follows).

Docket: 20623
Time Extension: June 1, 2016
Title: Digital Strategy for Industry Engagement
Approved Amount: \$0

Docket: 18269
Time Extension: July 31, 2017
Title: Ilios High Efficiency Water Heater Demonstration and Study
Approved Amount: \$0

Docket: 18213
Time Extension: Dec. 31, 2017
Title: Fuel Sampling and Trouble Shooting Program
Approved Amount: \$0

Docket: 20517
Time Extension: Dec. 31, 2016
Title: CETP E-Learning On-line State Pilot Program
Approved Amount: \$0

Docket: 20625
Time Extension: Dec. 31, 2016
Title: MTST Digital Training
Approved Amount: \$0

Docket: 20245
Time Extension: June 30, 2016
Title: Residential and Commercial Gas Heat Pump Development – Phase 2
Approved Amount: \$0

Docket: 18126
Time Extension: Dec. 31, 2016
Title: Propane-Powered Tractor Proof-of-Concept Development
Approved Amount: \$0

Chief Business Development Officer's Report

PERC Chief Business Development Officer Tucker Perkins offered a report on propane appliance installations in new construction and existing homes and an update on commercial engine sales.

Upon a motion duly made and seconded, the Council approved Docket 20881 (as follows).

Docket: 20881
Principal Contractor: PERC
Title: 2016 Professional and Support Services
Amount Requested: \$237,900
Action: Approved

Upon a motion duly made and seconded, the Council approved Docket 20883 (as follows).

Docket: 20883
Principal Contractor: Gas Technology Institute
Title: Carbon Management Information Center Consortium 2016
Amount Requested: \$50,000
Action: Approved

Residential Business Program

PERC Director of Residential and Commercial Programs Bridget Kidd offered a report on the goals, opportunities, and projections of PERC's residential business development programs in 2015.

Chief Marketing Officer's Report

PERC Chief Marketing Officer Dennis Vegas offered an update on the consumer education campaign, which included presentations by Mr. Scott Brockelmeyer, PERC Director of Communications Gregg Walker, and representatives of The Richards Group, Trent Walters, Blythe Hartley-Sivie, and Todd Unruh.

Mr. Van Buren announced that Docket 20882, Propane Catalog (MaRC) Maintenance & Support, has been withdrawn for additional study and will be taken up in July.

Chief Information Officer's Report

PERC Chief Information Officer Kay Howell offered a report on industry outreach and engagement and the Marketer Technology and Sales Training Program.

Safety and Training Report

PERC Vice President, Safety and Training Stuart Flatow gave an update on safety and training programs.

Industry and Public Comments

Steve Ahrens of the Missouri Propane Gas Association made a comment about the Partnership with States Program funding.

Old Business

There was no old business.

New Business

Mr. Willis said he would like to refer to legal counsel on the proposed amendments to sections 1, 10, and 14 of the PERC Policy, Rules, and Procedures.

Mr. Van Buren announced that the Council will meet next July 12 and 13 in Napa, Calif., and thanked the Council and others in attendance for their engagement during this meeting and recognized the work of the Audit Committee, Portfolio Review Subcommittee, and Advisory Committee.

By unanimous consent, the Council adjourned at 4:40 p.m. CT.

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