

Propane Education & Research Council Budget Plan for Calendar Year 2015

On July 29, 2014, the Propane Education and Research Council (PERC) published its 2015 budget plan document for public comment in accordance with the Propane Education and Research Act of 1996 (PERA; Public Law 104-284). That budget plan, according to the Act, included the probable costs of all programs, projects, and contracts as well as a recommended rate of assessment sufficient to cover such costs. There were no public comments received. This document represents the 2015 budget that PERC approved at its November 6-7, 2014 Council meeting.

PERC will submit this budget plan to the Secretary of Energy and to Congress. The Act provides that the Secretary may recommend programs and activities the Secretary considers appropriate.

In accordance with PERA, this budget includes functions to develop programs and projects that will result in entering into contracts or agreements for implementing the Act, including programs to enhance consumer and employee safety and training, to provide for research and development of clean and efficient propane utilization equipment, to inform and educate the public about safety and other issues associated with the use of propane, and to provide for the payment of the costs thereof with funds collected pursuant to this Act. Furthermore, this budget complies with that part of the Act requiring that issues related to research and development, safety, education, and training be given priority by the Council in the development of its programs and projects.

On August 7, 2009, PERC received a letter from the Department of Commerce (DOC) stating that the change in propane prices compared with a basket of other residential energy sources had exceeded a threshold established in the statute, according to the department's calculations. As a consequence under the law, PERC was obligated to restrict its activities to research and development, training, and safety matters. Accordingly, PERC has been precluded from engaging in general consumer education activities.

It is further stipulated under PERA that the DOC provide the Council with an updated price analysis every six months during the period of the restriction; however, the DOC has not provided an updated price analysis since sending a letter dated February 21, 2012, that stated that PERC was still under restriction. On February 14, 2013, PERC issued a letter to the Commerce Secretary informing her that by law an updated price analysis was required from the DOC every six months during the period of the restriction; and that PERC requested that the DOC update the price analysis as required by law. By letter dated March 27, 2013 the DOC responded to PERC's letter of February 14, 2013 by referencing the discontinuation of the public data source (Energy Information Administration) it had utilized to conduct the propane price analysis, and stated in part it "...has been unsuccessful to date in identifying alternative public sources of these data. Nevertheless, we will keep you informed of our ongoing discussions with EIA regarding alternative data sources or EIA resuming the collection of the data necessary for our propane price analysis." PERC has complied with the restricted activities since first being notified by the DOC and continues to comply. PERC remains hopeful that an updated price analysis from the DOC will result in the lifting of the restriction. If the restriction is lifted for part or all of 2015, PERC expects the budget contained herein to be altered both in terms of resources and planned expenditures.

All resources and expenditures outlined in this budget plan will be audited by a certified public accountant shortly after said resources and expenditures are realized for the 2015 year. Since PERC's inception, all audits have resulted in an unqualified (clean) opinion from the certified public accounting firms. These audits included the reasonableness testing of all key financial matters under PERA.

Part I.
**ASSESSMENTS, INVESTMENT INCOME, and OTHER
RESOURCES**

The federally authorized assessment on odorized propane is the principal source of funding for PERC. PERC collects late payment fees and interest on assessments that are paid after the due date. PERC receives income from the investment of assessment funds pending their disbursement. Also PERC may receive grants and other funds from government agencies and private organizations, but such resources have not been planned in the 2015 budget.

Assessment Collections. Assessment revenues of \$33,232,000 are projected for 2015.

Investment Income. Investment income in 2015 is estimated at \$277,000. Investment income is affected by market conditions as well as the timing of assessment collections and funds disbursed for operating expenses, grants, projects, and state rebates. All funds are invested in accordance with PERA.

Deobligations. Unused funds from projects and specifically funded activities completed in 2015 to be returned to the general treasury are estimated at \$1,000,000.

Estimated Beginning Fund Balance. Funds available from 2014 are projected to be \$1,543,100. PERC routinely maintains a contingency reserve fund to address weather-related shortfalls in assessment collections and for other unforeseen funding needs.

Part II.
GENERAL EXPENDITURES AND CAPITAL INVESTMENTS

Administrative Expenses. Administrative expenses in 2015 are budgeted at \$2,505,000. Under PERA, administrative expenses may not exceed 10 percent of funds collected during the year. The proposed administrative expenses along with administrative related depreciation expenses of \$56,000 are estimated at 7.64 percent of assessment funds the Council expects to collect for 2015. In accordance with PERA, no funds are used to compensate members of the Council, who all serve as unpaid volunteers. Of the 21 members of the Council, only the three public members may be reimbursed for travel expenses and only for attendance at Council meetings.

Assessment and Collections. PERC estimates its assessment and collection expenses to be \$138,000. These costs are primarily based on an allocation of a portion of the costs incurred under a contract with PERC's outsourced accounting service that manages assessment collections.

Depreciation Expenses. PERC has made and is planning to make capital expenditures. Depreciation on these expenditures is estimated to be \$235,000 in 2015.

Capital Investments. PERC is planning capital investments of \$411,000 in 2015 primarily for as information technology program enhancements.

Part III.

STATE REBATES

By operation of the law and the rules adopted by the Council, 20 percent of assessment collections are rebated to the states. If the budgeted assessment collections are realized, the total expenditure for the state rebate program in 2015 will be \$6,646,400.

Part IV.

PROGRAM AND PROJECT EXPENDITURES

PERA requires PERC to *"develop programs and projects and enter into contracts or agreements for implementing this Act, including programs to enhance consumer and employee safety and training, to provide for research and development of clean and efficient propane utilization equipment, to inform and educate the public about safety and other issues associated with the use of propane. ..."* As previously stated, PERC is precluded from engaging in general consumer education activities and, accordingly, there are no planned expenditures in 2015 related to those activities.

The projects and initiatives described in the following sections are based on a recommendation from PERC's Budget and Finance Committee in collaboration with PERC's Executive Committee, the staff, and other sources. On July 17, 2014, the Council approved the distribution of the proposed budget for the limited purpose of soliciting public comment. While the descriptions to follow provide insight into the overall plans of PERC, actual funding will be considered on a docket-by-docket basis for 2015. In addition to requesting public and industry comments on the budget plan, PERC routinely solicits comments as part of its evaluation process for individual projects.

There are \$20.9 million in program budget initiatives for 2015 that all are in accordance with the authorized activities of research and development (\$12.8 million), training (\$5.1), and safety (\$3.0 million).

Other requirements under PERA included in the program budget initiatives are as follows:

- Not less than 5 percent of the funds collected through assessments pursuant to the Act will be used for programs and projects intended to benefit the agriculture industry in the United States. The Council will coordinate its activities in this regard with agriculture industry trade associations and other organizations representing the agriculture industry.
- The Council shall coordinate its activities with industry trade associations and others as appropriate to provide efficient delivery of services and to avoid unnecessary duplication of activities.

RESIDENTIAL & COMMERCIAL

Research & Development

To make an impact in the residential and commercial market, new products will be developed, demonstrated, and commercialized. Several products are in the development pipeline and it is anticipated that initiatives for heating, cooling, and/or power systems will continue in 2015. In addition, there are other product development projects that will likely be launched in 2015 as we analyze needs in the rental market.

Budget: \$1,000,000

Builder Incentive Program

As part of its effort to research, develop, and demonstrate the effectiveness of propane technology, PERC is offering a monetary incentive to qualifying and select builders who build new homes that follow the Propane Energy Pod model and include propane equipment for space heating, water heating, cooking, and other heating and power applications. PERC has conducted and published independent third-party research that enumerates the projected increase in energy efficiency, performance, comfort, and carbon-emission reductions of Pod homes when compared with all-electric counterparts. The Propane Energy Pod Builder Incentive Program is designed to promote the construction of Pod homes within the United States. Eligible builders will receive up to \$1,500 for building using the full Propane Energy Pod (space heating, water heating, cooking, and two other appliances) or \$750 for a modified version (water heating, cooking, and two other appliances), in exchange for information regarding the installation, specification, marketing and sale of homes built using this model.

Budget: \$400,000

Outreach for Rental Equipment

With the commercialization of the hybrid light tower and the mobile generator, there is an opportunity to develop a more robust outreach plan for the rental market to include these items as well as other construction equipment, material handling equipment, and lawn and landscape equipment. However, in order to do this, we need to develop a better understanding of this market and the decision makers, create materials to address safety and training needs, and communicate more thoroughly with this audience. The 2015 program will be modeled to use the research conducted in 2014 to establish baselines, communicate to both rental facilities and end users, and identify opportunities for future growth in this space for the development of new technologies.

Budget: \$350,000

Product Demonstration

The Heat & Power Incentive Program will be revised in 2015 to focus on construction equipment and CHPs. Products previously included in this program will be removed as a result of successful commercialization or lack of OEM involvement. This is necessary to ensure the program functions consistently with the direction of the council to commercialize new technology and use demonstration programs to collect data for improvement to technology and provide feedback for the propane industry. Focusing on the construction equipment, CHPs, and other new technologies will position this program for continued success.

Budget: \$300,000

Residential & Commercial Market Outreach

Residential Market Outreach and Training (Budget \$2.1 million): The residential market remains critical to the propane industry, and driving new demand for propane. New home construction and consumer spending on remodeling is expected to continue over the next several years, creating a new normal for residential construction. The key opportunities in 2015, similar to 2012-2014, exist in new construction, renovations and among expansion with existing homeowners.

Since 2008, PERC has provided training courses to construction professionals and the propane marketers who wish to do business with them. The residential and commercial market outreach program in 2014 will continue to keep focus on the builders and construction professionals providing research and training on the benefits of propane, the commercialization of new products and the deployment of incentive programs. In 2015, there will be a continued emphasis on engaging the propane industry and our OEM partners in the effort to expand the use of propane in the residential and commercial markets. The previous strategy to renew emphasis on marketer engagement and sales training in the residential market will continue in 2014. Outreach and training tactics include appearances and training opportunities at national and regional trade shows, road shows and demonstrations, and communications support to PERC incentive programs.

Commercial Market Outreach and Training (Budget \$900,000): The commercial market accounts for about 20 percent of the demand for odorized propane in the United States, according to research done for PERC, and it offers opportunities for growth. The commercial market outreach program in 2015 will be designed to capitalize on those opportunities, and the communications investment in this area reflects the Council's desire to drive new demand for propane in commercial propane applications. The 2015 strategy will use the research developed in 2013 to better understand the commercial market opportunities for propane to develop outreach. Outreach and training tactics include appearances and training opportunities at trade shows, a public relations campaign that focuses on direct engagement with commercial audiences, road show and demonstration efforts, and communications support at PERC incentive programs aimed at buyers of commercial propane products. The 2015 strategy includes an expanded emphasis on engaging propane marketers through sales training, use of collateral, and outreach to decision makers.

Budget: \$3,000,000

ENGINE FUEL

Autogas

Over the past three (3) years, PERC has invested substantial budget dollars in the development and launch of new products in a variety of new on-road vehicles and equipment for numerous markets. In addition, PERC will continue our venture into more financial support for the aftermarket bi-fuel and direct injection conversion segments of the autogas industry. Outreach and training programs in those markets will be designed to help accelerate the widespread adoption of newly commercialized OEM and aftermarket products. In 2014, PERC will pursue (1) OEM dedicated, bi-fuel and direct injection product potential with GM, Ford and Chrysler, (2) increased aftermarket bi-fuel

certifications, (3) aggressive outreach and communications campaigns, (4) aggressive sales of the PSI 8.8L and 6.0L engines in OEM vehicles (5) using the “sell what we have in the portfolio” tactic and (6) utilize the tactic of “getting more butts in the seats” by providing more demonstrator vehicles for potential customers and state executives.

Budget: \$2,659,000

Lawn and Landscape

Propane is positioned to become a preferred fuel option for the commercial mowing market. With more than 17 manufacturers offering commercial-grade propane powered products today, an OEM propane engine that rivals today’s autogas technology, and more propane engine options on the horizon, momentum is rapidly growing and the lawn and landscape industry is taking note. Continuing to encourage trial of these new products, expanding OEM engine offerings, and driving adoption of propane fueled technology throughout the landscape professionals fleet will be our goals for 2015. These efforts will continue to ensure that consumers have the cleanest-burning, highest quality, and most cost-effective propane equipment possible.

Commercial zero-turn-radius riding mower sales are nearly 180,000 units per year. With considerable effort, PERC intends to capture at least 10 percent of this market by 2017. We plan to leverage the additional engine and mower model launches of 2014 into additional equipment development programs, such as: seeders, spreaders, dethatchers, aerators, and specific engine displacements that target the small diesel engine market. Key to the success of these programs will be the continued effort to put this new technology in front of potential customers and show them the benefits of propane, both economic and environmental, without sacrificing performance or reliability. In 2015 PERC will make a considerable effort to provide hands-on opportunities for end-users to experience propane mowers via demonstration units, trade show appearances, dealer field days, key media placements, and data collection incentive programs that encourage early trial and adoption.

In 2015, PERC will invest resources in the development of additional small engine platforms and electronic fuel injection conversions for new and in-service small engine applications. Development, testing, and refinement of the products will diversify propane’s product offering in the professional landscape market and many other off road small engine markets, while providing the industry with a clean-burning, cost-effective, propane fueled solution for their small equipment fleet needs.

Another key component to ensure success is developing support materials such as maintenance and service resources for small engine service technicians. Given PERC’s past and future investments in research and technology for the lawn and landscape market, it’s paramount that we continue to address service and maintenance gaps to ensure products such as mowers, and other small engine development efforts are adequately supported with the training resources to be successful. Market penetration and end-user acceptance rely heavily on the serviceability and awareness of the technology. Providing training to fleet operators and service and maintenance technicians will be greatly expanded in 2015 with additional OEM partners and mower manufacturers.

Budget: \$1,995,000

Other Off Road Engines

In 2015, PERC will invest resources in the small heavy-duty spark ignited engine research and development programs that target the 45 to 100 horsepower mobile off

road applications. Products utilizing these engines may include compact tractors, light construction equipment, and other off road mobile applications affected by Tier 4 emissions regulations. These industrial based iron block engines will compete directly against diesel; however, propane will hold distinct advantages due to low equipment acquisition costs compared to Tier 4 complaint options without the added complexities of complicated emissions control devices.

Budget: \$500,000

Materials Handling (forklifts)

Propane has traditionally been the preferred fuel for many material handling applications because of its power, low relative first-cost, and clean burning attributes. However, propane forklifts are under constant regulatory and fleet operator pressure to become even cleaner burning and more energy efficient. Additionally, advancements of battery-electric and hybrid models have displaced propane forklifts in traditional warehousing operations in recent years.

In 2015, PERC will invest resources in the support of advancing forklift technology development in order to improve existing products and bring to market the next generation of propane powered forklifts, which will further reduce emissions and keep costs of ownership low. Additionally, PERC will capitalize on the development of the 6.0L and 8.8L engine platforms, which will allow propane to enter the Class 6 (rough terrain, vertical mast, & variable reach) markets traditionally dominated by diesel engines. Finally, PERC will invest resources to investigate the feasibility of small engine propane hybrid applications that target the narrow-aisle and hand/rider truck market segments.

Budget: \$150,000

AGRICULTURE

PERC's research and development programs are helping to bring to market a line of energy-efficient propane-fueled equipment that can help America's farmers provide food and fiber for their global consumers. Products such as irrigation engines and grain dryers offer significant advantages over competitors and represent an opportunity to capture market share for propane, due to a unique combination of price advantage and lower operating costs relative to diesel. This level of outreach spending in this market reflects an opportunity to capture significant market share for propane in irrigation and other agricultural applications. Our outreach and training offerings in the agricultural market will be designed to help foster the widespread adoption of recently commercialized products that arose from PERC's research and development investments. It will reflect continued support of marketer engagement through the enhancement of resource kits and other tools that help marketers use PERC resources in their own outreach to growers and agriculture operators. The market outreach program in 2015 will continue to support the market launch of a variety of new products for agricultural use. Outreach and training tactics will include appearances and training offerings at trade shows, a public relations campaign that focuses on direct engagement of end-users, road shows and demonstrations in direct contact with farmers, and communications support of PERC's Farm Incentive Program.

Crop farmers are experiencing high prices for their commodities and the cost advantage to operate propane-fueled engines relative to diesel and gasoline-fueled models is substantial. Farmers are motivated to upgrade equipment and are seeking alternatives to the high cost of diesel fuel and the increasing complexity and initial costs of Tier 4

compliant diesel engines. Our strategy in 2015 will be to engage farmers in active demonstration of new propane-fueled engines or dual-fuel systems that will primarily displace diesel fuel on the farm.

Over the past few years, PERC's efforts in the agriculture market have helped commercialize and introduce to the market nearly a dozen new California Air Resources Board and/or U.S. Environmental Protection Agency certified engine offerings. These new products are designed to provide efficient, reliable power to today's farmers. Building off the successes of recent years, and the development of engines in a variety of displacements, we will continue to focus a considerable effort toward demonstrating these propane-fueled engines among targeted agricultural audiences. PERC plans to reach these audiences through state and local events and by supporting data-gathering research programs to field test new technology and learn about its performance.

Even though we have a substantial product offering today, we must continue to seek additional development opportunities to ensure we have a broad spectrum of high-tech, efficient products. We will work with our manufacturing partners to support new research and development of propane technology for the farm, including irrigation, propane fueled mobile equipment (tractors), and continue our outreach efforts for animal heat and grain drying.

Budget: \$1,661,000

SAFETY OUTREACH & TRAINING

Safety Communications

This safety initiative includes the development and refinement of new or existing consumer safety communications for propane consumers, and the propane industry using data from the Consumer Safety Research initiative.

Budget: \$100,000

Workforce Training

The 2015 workforce training program will include the development of new training materials for various front line office professionals. This training will provide the needed information to personnel on how to respond to issues such as customer odor calls and other potentially hazardous situations in an effort to provide swift and knowledgeable responses. Additional funds will be used to develop a comprehensive regulatory compliance guide for propane industry owners and managers. In the past, PERC has always developed its safety programs based on the user audience such as bobtail drivers and service technicians. It was, and still is critical that audience receive training materials developed based on their core needs. In most cases applicable regulatory and code requirements were subsumed into the training materials rather than provided in rote compliance language. Funds for this project will be developed primarily for a different audience, namely owners and managers and will be based on the types of regulatory and code obligations that managers need to be aware of to help maintain compliance. Where practical, the guide will reference sections of many of PERC's current safety & training materials.

Funds will also be used for annual maintenance, updates and help desk services pursuant to the Certified Employee Training program.

Also funding will be proposed to map out and develop a comprehensive 2015 plan and budget for expanding PERC's portfolio of safety & training materials using various informational technologies that will provide greater access to those materials and in various formats geared to industry needs. In particular, funds will be used for PERC staff to travel to IT conference expenses; research options as needed, and to develop and test beta or pilot programs.

Budget: \$525,000

Autogas Technical Training

Following the completion of our new propane autogas technician training course, these requested funds will be used to develop additional on-site training classes, an advanced technician course and a formal propane autogas course for first responders.

Budget: \$250,000

IT S&T Enhancements

These enhancements will address various technical and complex safety concepts and procedures. Funding is sought to repurpose those concepts and procedures for placement on portable tools such as smart phones and tablets. This will provide the means for "just in time learning" that will provide propane vehicle drivers and technicians with the means of continuing their technical education at those times when they need it most, namely prior to and during various job tasks.

Budget: \$350,000

Safety and Technical Training - Other Markets

Markets such as propane mowers and agriculture engines will require the technician training geared to those specific technologies. These courses will be developed in coordination with PERC's R&D and MOT Working groups and associated PERC staff members.

Budget: \$200,000

Propane Emergencies Program

The 2015 propane emergencies program will include phase one for the development of a fourth edition Propane emergencies text to update the current text. Phase one will include planning and research on those new topics, such as propane autogas, for inclusion. The last time that the text was updated was 2007.

Other funds will be used to conduct four Industry Responder Conferences where PERC has partnered with various state associations to bring firefighters, propane marketers and other stakeholders together for 2-day training and networking sessions.

Budget: \$200,000

TECHNOLOGY INNOVATION & OPERATIONAL RESEARCH

Innovation will contribute to PERC's technology development and commercialization goals by working with organizations and researchers who can contribute to the development of possible breakthrough technologies and new markets that would enable propane to win against competitive fuels and establish new product groups for industry growth. It will be industry-driven and focus on addressing issues that will ultimately lead to new products, knowledge, or processes to support PERC's strategic goals.

Operational research could be fundamental in nature, and would also support PERC's strategic goals. It could include areas such as fuel composition, safety, emissions, equipment performance, sensing, or research to support regulatory initiatives.

Budget: \$400,000

INDUSTRY PROGRAMS

Partnership with States

This program will support joint efforts with the states and shared funding for safety, training, and research and development. Partnership activities will primarily target external audiences, such as residential consumers, builders, farmers, fleets, and the fire service. Model programs available for matching funds include — engine fuel road shows, on-road vehicle purchase/placement data collection, demonstration vehicle data collection, commercial mower purchase/placement data collection, external professional training, propane emergencies, consumer safety messaging, and safe appliance installation rebates. The program is aligned with national priorities in an effort to maximize the industry's reach and introduction of new products and training programs to potential customers at the state and local levels.

Budget: \$1,800,000

Marketer Technology & Sales Training

The Marketer Technology & Sales Training Program (MTST) is a crucial component of PERC's commercialization process: transferring marketplace knowledge, data and benefits associated with new propane-fueled equipment to propane marketers. State propane associations, propane marketers, propane wholesalers, and propane equipment distributors can choose specific training modules to align with market potential and propane marketer interest in each state. MTST is designed to support training, safety, and research and development efforts by enhancing marketers' understanding of new propane applications. Marketers will benefit from in-class exercises involving real life situations. We continue to explore ways to expand our reach through virtual training options outside classroom presentation.

Budget: \$575,000

Industry Outreach

Industry outreach will primarily focus on participation at propane industry regional conventions and meetings.

Budget: \$290,000

Industry Communications

These funds would be set aside for use in ways that make it easier and more attractive for propane marketers and other industry members to take part in PERC initiatives and to promote that kind of interaction. Industry engagement products could include webinars and presentations aimed at introducing propane marketers to PERC resources and explaining how to use them. Getting marketer reactions and reviews of PERC resources will be an important part of the industry engagement initiative. Our industry communications program will continue to feature a weekly email newsletter (*The PERC Update*), a daily email news roundup (*Propane Daily News*), an annual report, and various other publications aimed at a propane industry audience.

Budget: \$200,000

Industry Partnerships

In fulfillment of PERC's statutory obligation to coordinate its activities with those of the industry associations, PERC's partnership agreement with the Gas Processors Association and the National Propane Gas Association aligns the strategies of the three nonprofit groups and expands collaboration on activities and initiatives such as federal agency outreach, regulatory compliance updates, and the Certified Employee Training Program — all to protect and promote the interests of the industry, consumers, and the public.

Budget: \$1,369,500

Thought Leadership Outreach and Training

The industry that makes and delivers propane has a good story to tell about its clean, affordable, abundant product and about PERC, a one-of-kind energy checkoff program that has invested in the development of innovative propane-fueled products that are helping Americans save money, cut their emissions, and contribute to America's pursuit of energy security. Yet key decision makers among the nation's equipment buyers remain unaware of propane's ability to help them meet their sustainability goals, and the propane story has been largely overlooked by local, regional, and national news media in their coverage of energy and sustainability. To promote the safe, effective use of propane, as Congress directs it to do in the Propane Education and Research Act of 1996, PERC must act to make propane a part of the national energy conversation. The sustainability thought leadership program is designed to make propane, the propane industry, and PERC bigger players in the nation's pursuit of clean, domestic energy.

Budget \$500,000

PROGRAM SUPPORT INITIATIVES

Consolidated Advisory Committee and Program Support

This initiative supports all advisory committee functions as well as the project administration of various programs. Key activities will include: logistics for advisory committee meetings, as well as travel expenses to support business development and product commercialization efforts.

Budget \$459,000

Propane Market Research Initiative

The Propane Market Research Initiative fulfills PERC management goals as follows:

- Provides the Propel (stage-gate) process with adequate, reliable, and independent data for "gate" decision-making;
- Provides the annual and long-term planning process with market knowledge and insights, business analysis, and information for effective planning;
- Provides the measurement and evaluation process with metrics by which to judge the performance of programs and tools, as well as business outcomes.

These goals are accomplished by collecting market intelligence data followed by an assessment of the data.

Budget \$390,000

Corporate General Communications

This initiative is associated with strategic communications planning and account services at our agency of record, Swanson Russell.

Budget \$200,000

Corporate Digital Strategy

PERC's Digital Strategy activities are being designed to provide PERC with a way to build a deeper relationship between PERC and its audiences through digital channels, including websites, email, and social media. We will align our online presence with our research and development, safety, and training programs, including the GallonGrowers toolkits, Marketer Technology and Sales Training, and our product-launch initiatives. We will also refine and expand our market research program, collecting information about prospective users of new propane-fueled products in all markets in a way that can help shape our corporate communications in the years to come.

Budget \$750,000

API Survey

The API survey allows PERC to accurately reflect and analyze the amount of propane gallons sold, and to be compliant with the Propane Education and Research Act and properly distribute rebate funds to states.

Budget: \$182,000

PROPANE MaRC

The Propane MaRC website will continue to be a resource for industry members to purchase and download training, safety, and research and development fact sheets and support materials.

Budget: \$100,000

CAPITAL BUDGET

PERC's information technology (IT) projects will support our market and technology development objectives, measurement and evaluation activities, enhance industry engagement, and improve organizational efficiency. Major activities include enhancements to the PERC contacts management and reporting system to get a more complete picture of marketers, volunteers, and other industry members - including marketers' activity history, programs and events attended, resources used. This information will help us build stronger relationships with marketers and provide important insights to guide program and services investments.

Budget: \$411,000

**Part V.
2015 BUDGET SUMMARY**

SOURCES OF FUNDS

REVENUES

Assessment Collections	\$33,232,000
Investment Income	\$277,000
TOTAL REVENUES	\$33,509,000

DEOBLIGATIONS		\$1,000,000
BEGINNING BALANCE		<u>\$1,543,100</u>
	Total Sources of Funds	<u>\$36,052,100</u>
 <u>DISTRIBUTION OF FUNDS</u>		
Administrative Expenses		\$2,505,000
Other Expenses:		
Assessment and Collections		\$138,000
Depreciation Expenses		<u>\$235,000</u>
Total Other Expenses		\$373,000
 State Rebates (20 Percent of Assessment Collections)		 \$6,646,400
 Programs:		
Program Salaries and Taxes		\$3,250,000
Program Staff Benefits		\$466,000
IT Support		\$581,000
Research and Development		\$12,688,464
Safety		\$3,037,268
Training		<u>\$5,129,768</u>
Total Program Funding		\$25,152,500
	 Total Distribution of Funds	 <u>\$34,676,900</u>
 RESERVE FOR 2015		 <u>\$1,375,200</u>
 2015 CAPITAL EXPENDITURE Budget		 <u>\$411,000</u>