

**Propane Education & Research Council
July 15-16, 2010
Boulder, Colo.**

MINUTES

Proceedings for July 15

Chairman Bill Platz called the meeting to order at 8:35 a.m. Mountain Daylight Time.

Mr. Platz, Delta Liquid Energy (Paso Robles, Calif.), welcomed the Council members in attendance:

Joe Armentano, Paraco Gas (Rye Brook, N.Y.) — *Treasurer*
Eric Benson, J.S. West & Co. (Modesto, Calif.)
Gregg Dighero, EnCana (Denver)
Paul Grady, Heritage (Florence, Ky.) — *Vice Chairman–Marketers*
Joe Gump, ConocoPhillips (Dacula, Ga.)
Theodore Jeffcoat, Inergy (Rutland, Mass.)
Sam McTier, Propane Technologies (Lake Forest, Ill.)
Gerry Misel, Georgia Gas Distributors (Sandy Springs, Ga.)
Tom Redd, Martin Midstream Partners (Kilgore, Texas) — *Secretary*
T.J. Rinke, Conway NGL Storage & Fractionation, Williams Midstream (Tulsa, Okla.)
Russ Rupp, Suburban (Bonita Springs, Fla.)
Mike Sheehan, Sheehan's Gas (Bird Island, Minn.)
Charles Snelling (Fogelsville, Pa.)
Tim Stauff, Aux Sable Liquid Products (Morris, Ill.)
Paula Wilson, AmeriGas (Valley Forge, Pa.)

Councilor David Wunch, SemStream LP (Tulsa, Okla.), joined the meeting by phone.

Officer Elections

PERC President and CEO Roy Willis announced that Mr. Grady had been elected vice chairman–marketers for the term that will run July 2010 to June 2011. Mr. Grady joins the following members of the officer corps: Mr. Platz, chairman; Mr. Regan, vice chairman–producers; Mr. Armentano, treasurer; and Mr. Redd, secretary.

Approval of Minutes

Mr. Platz directed the councilors' attention to the minutes of the April 2010 meeting of the Council. Upon a motion duly made and seconded, the Council approved the minutes.

Chairman's Report

Mr. Platz reviewed the rules governing appointments to the Council's advisory committees and the election of committee chairmen.

Advisory Committee Chairmen. Mr. Platz announced that the chairmen of the Council's advisory committees would all continue to serve in that capacity: Kirk Saunders, White Mountain Oil & Propane (North Conway, N.H.), Research and Development Advisory Committee; Mike Gioffre, Paraco Gas Corp. (Rye Brook, N.Y.), Residential and Commercial Advisory Committee; Roger Gruwell, AmeriGas (Cedar Rapids, Iowa), Agriculture Advisory Committee; Eric Kuster, Fairmont Specialty Group

(Worton, Md.), Safety & Training Advisory Committee; and Mike Taylor, Heritage Propane (Florence, Ky.), Engine Fuel Advisory Committee.

Advisory Committee Appointments. Mr. Platz reviewed the rules for appointing advisory committee members and referred councilors to a list of the advisory committee appointments in the briefing materials.

The approved advisory committee members are as follows:

To the Agriculture Advisory Committee: Chairman Roger Gruwell, AmeriGas (Cedar Rapids, Iowa); Vice Chairman Darin Hunhoff, CHS (Inver Grove Heights, Minn.); Dan Beauvais, Agland (Lucerne, Colo.); Terry Davis, Country Propane (Milo, Iowa); Robert Elliott, National Propane Gas Association (Washington); Michael Faivre, Burkardt's L.P. Gas (Polo, Ill.); Greg Flint, Southern States Cooperative (Richmond, Va.); Robert Jacobs, Delta Liquid Energy (Paso Robles, Calif.); Steve Jaeger, Railroad Commission of Texas (Austin); John Kraft, Pacific Northwest Plains Marketing (Yankton, S.D.); Kirk McCullick, Growmark (Bloomington, Ill.); Steve Wayne, Propane Education & Research Council (Washington); Mike Welch, Cass County Butane (Linden, Texas); Council Member Michael Sheehan, Sheehan's Gas Co. (Bird Island, Minn.); Claude Zehnder, Bleyhl Farm Service (Grandview, Wash.).

To the Residential and Commercial Advisory Committee: Chairman Mike Gioffre, Paraco Gas (Rye Brook, N.Y.); Vice Chairman Darren Engle, Blue Star Gas (Central Point, Ore.); Steve Ahrens, Missouri Propane Gas Association (Jefferson City, Mo.); Scott Brockelmeyer, Ferrellgas (Overland Park, Kan.); Donnie Bullock, Williams Energy Group (Fayetteville, N.C.); Len Caric, Amerigas (Monroeville, Pa.); Larry Doughty, American Welding and Tank (Mechanicsburg, Pa.); John Duchscherer, CHS (Inver Grove Heights, Minn.); John Ketchum, Gas Equipment Company Inc. (Earth City, Mo.); Christopher Kowalski, Osterman Propane (Whitinsville, Mass.); Ed LaCroix, BP (Houston); Doug McMaster, Thompson Gas (Middletown, Md.); Frank Mapel, Pacer Propane (San Marino, Calif.); Daryl McClendon, Ferrellgas (Willowbrook, Ill.); Shane McWhorter, Sequoia Gas (Arcata, Calif.); Council Member David Regan, Targa Resources (Houston); John Simcox, Inergy (Mechanicsburg, Pa.); Scott Vreeman, Siouxland Propane (Ireton, Iowa); Brandon Wade, Wade Sales and Service (Breese, Ill.); Steve Wayne, Propane Education & Research Council (Washington); Ted West, Liberty Propane (Chalfont, Pa.); Council Member Paula Wilson, AmeriGas (Valley Forge, Pa.).

To the Engine Fuel Advisory Committee: Chairman Mike Taylor, Heritage Propane (Florence, Ky.); Mike Alexander, Worthington Cylinders (Columbus, Ohio); Heather Ball, Railroad Commission of Texas (Austin); Troy Coats, Ferrellgas (Overland Park, Kan.); Mark Dmochowski, Georgia Gas Distributors (Sandy Springs, Ga.); Mark Goldsmith, Bay Gas Service (Shirley, N.Y.); Kenneth Green, Oklahoma Liquefied Gas (Seminole, Okla.); Dan Martin, AmeriGas (Valley Forge, Pa.); Steve Moore, Expo Propane (Long Beach, Calif.); Tom Overbaugh, Ehrhart Propane & Oil (Trumansburg, N.Y.); Tucker Perkins, CleanFuel USA (Richmond, Va.); Council Member Bill Platz, Delta Liquid Energy (Paso Robles, Calif.); Greg Roberts, Paraco Gas (Stratford, Conn.); Joe Schnichels, CHS (St. Paul, Minn.); Mike Schwartz, ConocoPhillips (Houston); Scott Seibert, Aux Sable Liquid Products (Morris, Ill.); Gary Shepard, Stanford LP Gas (Midland, Mich.) Mike Steward, Rutherford Equipment (Apopka, Fla.); Bruce Swiecicki, National Propane Gas

Association (Frankfort, Ill.); Steve Wayne, Propane Education & Research Council (Washington); Tim Wood, Northwest Propane (Dallas).

To the Research and Development Advisory Committee: Chairman Kirk Saunders, White Mountain Oil & Propane (North Conway, N.H.); Robert Blackwell, Independent Propane (Pine, Colo.); Donald Fernald, Superior Energy Systems (Columbia Station, Ohio); John Kamps, Kamps Propane (Manteca, Calif.); Dan Kelly, Texas Railroad Commission (Austin, Texas); Michael Kelly, World LP Gas Association (Paris, France); Terry LeClair, SemStream LP (Tulsa, Okla.); Council Member Sam McTier, Propane Technologies (Lake Forest, Ill.); Michael G. Merrill, Suburban Propane (Whippany, N.J.); Bob Myers (Boulder, Colo.); Andrew Peyton, AmeriGas (King of Prussia, Pa.); Jay Sells, Heritage Propane (Jacksonville, Fla.); Bill Stewart, Blue Star Gas (Garberville, Calif.); Bruce Swiecicki, National Propane Gas Association (Frankfort, Ill.); Don Tomiello, Targa Midstream Services (Houston); Thomas Van Buren, Ferrell North America (Overland Park, Kan.); Steve Ward, Gardner Marsh (Raleigh, N.C.); Steve Wayne, Propane Education & Research Council (Washington); Stuart Weidie, Blossman Gas (Asheville, N.C.); Kenny Wheat, Gas Processors Association (Tulsa, Okla.); Burl Williamson, Williamson LP Gas (Clinton, N.C.).

To the Safety & Training Advisory Committee: Chairman Eric Kuster, Fairmont Specialty Group (Worton, Md.); Vice Chairman Randy Warner, Ferrellgas (Liberty, Mo.); Phil Applegate, Targa Resources (Houston); Mike Calderera, National Propane Gas Association (Washington); Philip Conty, AmeriGas (Ruffsedale, Pa.); Walter Cressman, Cress Gas Co. (Richlandtown, Pa.); Don Crowder, Corken Liquid Controls Group (Oklahoma City); Keith Hanchett, PERS (Ogden, Utah); Jay Hilliard, Revere Gas & Appliance (Hartfield, Va.); John Kamps, Kamps Propane (Manteca, Calif.); Ray Kazakewich, RegO Products (Elon, N.C.); Mike Konanz, Kamps Propane (Manteca, Calif.); Bryan Lewis, CHS Propane (Inver Grove Heights, Minn.); Paul Lindsey, Horizon Energy Holdings (Lebanon, Mo.); Jerry Lucas, Heritage Propane Partners (Sallisaw, Okla.); Bruce Montroy, Bergquist Inc. (Durand, Mich.); Ken Mueller, Nationwide Agribusiness (Chatham, Ill.); Lyndon Rickards, Eastern Propane & Oil (Rochester, N.H.); Joe Rose, Propane Gas Association of New England (Bristol, R.I.); Russ Rupp, Suburban Propane Partners (Bonita Springs, Fla.); Jeff Shaffer, Shaffer's Bottled Gas (Hooversville, Pa.); Gary Smigaj, Heritage Propane (Kalispell, Mont.); James Taranovich, Proctor Gas (Proctor, Vt.); Matt Terry, Mission Gas (San Antonio, Texas); Mike Walters, AmeriGas (Berea, Ohio); Steve Wayne, Propane Education & Research Council (Washington).

Executive Committee. Mr. Platz said the Executive Committee met July 14 to review personnel matters and to establish performance goals for the president for the coming 12 months.

Report of the Vice Chairman–Marketers

Mr. Grady made no report.

Report of the Vice Chairman–Producers

In the absence of Vice Chairman–Producers David Regan, Targa Resources (Houston), there was no report.

Treasurer's Report

Mr. Armentano reviewed the budget forecast for 2010 compared with the budget and reported on the Council's investment portfolio and performance. Upon a motion duly made and seconded, the Council adopted the treasurer's report and thereby approved a proposal to close out 22 docket, with the funds returning to the general treasury (as follows).

- Docket: 15732 (Partnership) \$1,571,000**
Project: 2009 PERC, NPGA, and GPA Partnership Agreement
Action: De-obligates the remaining balance of \$ 188,021 and returns these funds to the general treasury
- Docket: 15731 (National Energy Conversation) \$6,200,000**
Project: 2009 National Energy Conversation Initiative
Action: De-obligates the remaining balance of \$2,360,269 and returns these funds to the general treasury
- Docket: 15709 (Residential and Commercial) \$200,000**
Project: 2009 Construction Pro Media Outreach
Action: De-obligates the remaining balance of \$23,375 and returns these funds to the general treasury
- Docket: 15711 (Residential and Commercial) \$450,000**
Project: 2009 NAHB Builder 20 Clubs
Action: De-obligates the remaining balance of \$204,958 and returns these funds to the general treasury
- Docket: 15717 (Industry Programs) \$1,270,000**
Project: Market Growth Programs and Propane Industry Tools
Action: De-obligates the remaining balance of \$782,220 and returns these funds to the general treasury
- Docket: 15649 (Engine Fuel) \$280,000**
Project: CARB Off-road Verification of a Propane Addition System
Action: De-obligates the remaining balance of \$2,690 and returns these funds to the general treasury
- Docket: 11448 (Research and Development) \$118,000**
Project: Government Agency Co-Funding Project
Action: De-obligates the remaining balance of \$563 and returns these funds to the general treasury
- Docket: 15198 (Research and Development) \$105,000**
Project: Testing of Low Emission Fixed Max Liquid Level Gauge
Action: De-obligates the remaining balance of \$9,693 and returns these funds to the general treasury
- Docket: 15623 (Research and Development) \$208,000**
Project: 2009 RDAC Oversight and Advisory Committee Support
Action: De-obligates the remaining balance of \$49,005 and returns these funds to the general treasury

Docket: 15624 (Research and Development) \$190,000
Project: 2009 Technical Communications and Outreach
Action: De-obligates the remaining balance of \$19,693 and returns these funds to the general treasury

Docket: 15632 (Research and Development) \$67,000
Project: Update to Research and Development Roadmap
Action: De-obligates the remaining balance of \$15,100 and returns these funds to the general treasury

Docket: 15964 (Research and Development) \$82,000
Project: Greenhouse Gas Emissions for Propane Equipment Analysis II
Action: De-obligates the remaining balance of \$8 and returns these funds to the general treasury

Docket: 15194 (Safety and Training) \$35,210
Project: CETP E-Learning - STARS Marketing Reel
Action: De-obligates the remaining balance of \$283 and returns these funds to the general treasury

Docket: 15215 (Safety and Training) \$242,758
Project: Propane Emergencies Partnership with States Program
Action: De-obligates the remaining balance of \$5,000 and returns these funds to the general treasury

Docket: 10948 (Agriculture) \$700,000
Project: Propane-Fueled, Direct-Fired Hay Rehydration System Phase 1
Action: De-obligates the remaining balance of \$50,000 and returns these funds to the general treasury

Docket: 11321 (Agriculture) \$485,320
Project: Development of Mobile Thermal Destruction System
Action: De-obligates the remaining balance of \$95,684 and returns these funds to the general treasury

Docket: 11730 (Agriculture) \$700,000
Project: Propane-Fueled, Direct-Fired Hay Rehydration System Phase 2
Action: De-obligates the remaining balance of \$700,000 and returns these funds to the general treasury

Docket: 12412 (Agriculture) \$143,000
Project: Thermal Pest Control Technology
Action: De-obligates the remaining balance of \$155 and returns these funds to the general treasury

Docket: 15474 (Agriculture) \$62,955
Project: Flame Tiller for Poultry Sanitation
Action: De-obligates the remaining balance of \$40,811 and returns these funds to the general treasury

Docket: 15638 (Agriculture) \$129,500
Project: 2009 Agriculture Project/Partner Development and Support
Action: De-obligates the remaining balance of \$5,687 and returns these funds to the general treasury

Docket: 15640 (Agriculture) \$36,000
Project: Propane Ag Engine Training
Action: De-obligates the remaining balance of \$5,965 and returns these funds to the general treasury

Docket: 15648 (Agriculture) \$425,000
Project: 2009 Agriculture Communications Plan
Action: De-obligates the remaining balance of \$25,417 and returns these funds to the general treasury

Consent Calendar

Mr. Platz directed councilors' attention to the consent calendar in their briefing materials, noting that the Council would consider the 15 grant funding requests on the consent calendar all at once rather than taking them up one at a time. He reminded councilors that five other grant funding requests — flagged by staff members or Council members for discussion — did not appear on the final consent calendar and would be considered individually later in the meeting.

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

Docket: 16745
Primary Contractor: ICF International
Short Title: Commercial Market Research
Amount Requested: \$255,568
Action: Approved

Docket: 16740
Primary Contractor: Next Tier Concepts
Short Title: CETP Support
Amount Requested: \$81,750
Action: Approved

Docket: 16741
Primary Contractor: Logica3
Short Title: Dispensing Propane Safely, 2nd Edition — Production
Amount Requested: \$145,400
Action: Approved

Docket: 16756
Primary Contractor: Dashe & Thomson
Short Title: Plant Operations Textbook
Amount Requested: \$157,601
Action: Approved

| | |
|----------------------------|---|
| Docket: | 16743 |
| Primary Contractor: | Logica3 |
| Short Title: | Consumer Safety Outreach: Recreational Vehicles |
| Amount Requested: | \$39,900 |
| Action: | Approved |
| Docket: | 16753 |
| Primary Contractor: | Dashe & Thomson |
| Short Title: | Initial OSHA/DOT Training Textbooks |
| Amount Requested: | \$62,412 |
| Action: | Approved |
| Docket: | 16722 |
| Primary Contractor: | Gas Technology Institute |
| Short Title: | Carbon Management Information Center Consortium |
| Amount Requested: | \$75,000 |
| Action: | Approved |
| Docket: | 16725 |
| Primary Contractor: | Temp-Air |
| Short Title: | Development and Testing of Mobile Propane System for Bed Bugs |
| Amount Requested: | \$98,000 |
| Action: | Approved |
| Docket: | 16736 |
| Primary Contractor: | Southwest Research Institute |
| Short Title: | Liquid Phase LPG Filter Technology Research |
| Amount Requested: | \$250,800 |
| Action: | Approved |
| Docket: | 16684 |
| Primary Contractor: | Mathews Co. |
| Short Title: | Vacuum-Cooled Low-Profile Grain Dryer Development |
| Amount Requested: | \$138,000 |
| Action: | Approved |
| Docket: | 16711 |
| Primary Contractor: | University of Nebraska–Lincoln |
| Short Title: | The Integration of Mechanical Cultivation and Flaming for Effective Weed Control in Agriculture |
| Amount Requested: | \$125,455 |
| Action: | Approved |
| Docket: | 16773 |
| Primary Contractor: | BGT |
| Short Title: | Propane MaRC Maintenance and Enhancements |
| Amount Requested: | \$149,141 |
| Action: | Approved |
| Docket: | 16115 (Change Order) |

Primary Contractor: Prime Consulting Group
Short Title: Market Development of Propane Appliances, Technologies, and Products

Amount Previously Approved: \$354,400
Additional Amount Requested: **\$35,000**
Action: **Approved**

Docket: **16676**
Rebate Applicant: Propane Education Foundation of Florida
Short Title: Gas Safety Training Classes
Amount Requested: **\$25,000**
Action: **Approved**

Docket: **16677**
Rebate Applicant: Propane Education Foundation of Florida
Short Title: Agriculture Plastic Burner and Plow
Amount Requested: **\$25,000**
Action: **Approved**

President's Report

Mr. Willis reported on the status of the Government Accountability Office's inquiry into PERC operations and an ongoing review of PERC staffing and processes.

Business Plan and Budget for 2011

Mr. Willis introduced the business plan and budget for 2011. He directed councilors' attention to a handout called "Propane Demand Growth Targets." He said it identified, first, the markets the staff recommended pursuing in 2011 and beyond and, second, the growth in propane demand that PERC programs could generate in each market segment. He also called the Council's attention to "Proposed 2011 Budget," a handout that summarized the proposed budget's allocations in particular areas.

PERC Chief Commercial Officer Steve Wayne reviewed the development of PERC's program to support new product development and introduced the idea of the Propane Challenge, a mechanism for generating fundamental research ideas.

PERC Senior Vice President and Chief Marketing Officer Kate Caskin reviewed the critical elements in PERC's decision-making process and its market research and metrics initiative.

PERC Director of Residential and Commercial Programs Tracy Burlison offered an overview of the residential and commercial markets for propane and summarized the proposed 2011 budget for residential and commercial programs..

PERC Director of Research and Development Greg Kerr offered an overview of the markets for distributed generation applications, summarized the findings of a new study of DG markets commissioned by PERC, and introduced the proposed 2011 budget for research and development.

Mr. Kerr introduced **Docket 16744**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 16744
Primary Contractor: Yanmar America Corp.
Short Title: Development and Commercialization Support of Yanmar Micro-Combined Heat and Power (CHP)
Amount Requested: \$725,000
Action: Approved

Audit Committee

Mr. Rinke made a report from the Audit Committee. Upon a motion duly made and seconded, the Council adopted the audit report for 2009.

Business Plan and Budget for 2011 (Continued)

PERC Director of Agriculture Programs Mark Leitman offered an overview of the 2011 budget proposal for agriculture programs.

PERC Vice President Brian Feehan offered an overview of the 2011 budget proposal for engine fuel programs and made a report on the marketing plan for propane commercial mowing.

Mr. Feehan introduced **Docket 16724**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 16724
Applicant: Propane Education & Research Council
Short Title: Engine Fuel Advisory Committee Professional Services
Amount: \$200,000
Action: Approved

Mr. Feehan introduced **Docket 15649**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 15649
Applicant: California Clean Air Technologies (C-CAT)
Short Title: CARB Off-Road Verification of a Propane Addition System
Amount: \$531,000
Action: Approved

Mr. Feehan introduced Bob Harbin, president of the Freightliner Custom Chassis Corp., who described an opportunity for propane to replace compressed natural gas in an 8-liter engine and chassis for a line of trucks that would compete directly with diesel-powered vehicles.

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

Docket: 16723
Applicant: Freightliner Custom Chassis Corp.
Short Title: 8-Liter LPG Engine – Medium-Duty Truck and Bus

Amount: \$2,000,000 (another \$1,000,000 to be requested in 2011)
Action: Approved

Mr. Feehan introduced **Docket 16607**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 16607
Applicant: Blue Bird Corp.
Short Title: Second-Generation Propane School Bus Development
Amount: \$500,000 (another \$500,000 to be requested in 2011)
Action: Approved

Mr. Feehan introduced Wendy Dafoe of the Department of Energy's Clean Cities program, who gave an overview of the work of coalitions that promote alternative fuels in communities around the country.

Engine Conversions

Mr. Platz introduced Mr. Dighero, who made a report on his experience converting his vehicles to run on propane.

Industry and Public Comments

Richard Hess, president of the Oklahoma Propane Gas Association, rose to tell the Council about the cross-country trip he and his daughter Abigail are about to undertake in a propane-fueled pickup. He said that their goal is to show that the propane refueling infrastructure is ready to support propane transportation.

Program Updates

PERC Director of Industry Programs Maryann Malesardi offered an overview of the proposed 2011 budget for the newly revised Partnership with States program, the new Marketer Technology Training program, and other industry programs.

The Council recessed for the day at 4:47 p.m. MDT.

Proceedings for July 16

Mr. Platz called the meeting back to order at 8:30 a.m. MDT.

Program Updates (Continued)

PERC Vice President Stuart Flatow made a report on the industry's safety and training programs and gave an overview on the proposed budget for safety and training programs for 2011.

PERC Chief Information Officer Kay Howell made a report on the Council's information technology programs, including the final preparation of the redesigned PERC websites, and gave an overview on the proposed budget for safety and training programs for 2011.

Approval of the 2011 Budget Proposal for Publication

Mr. Armentano and PERC Chief Financial Officer and Vice President of Administration Jim Harris presented the 2011 budget proposal and asked the Council to approve its publication for industry and public comment, as required by law. Upon a motion duly made and seconded, the budget plan was approved for publication.

Old Business

There was no old business.

New Business

Upon a motion duly made and seconded, the Council passed a resolution of support for the propane industry's use of the word "autogas" to describe propane when it is used as an over-the-road engine fuel.

Mr. Platz announced that the Council would next meet on October 6 and 7, 2010, in Baltimore.

By unanimous consent, the Council adjourned at 10:32 a.m. MDT.