

Propane Education & Research Council
April 8-9, 2010
Atlanta

MINUTES

Proceedings for April 8

Chairman Bill Platz called the meeting to order at 1:03 p.m. Eastern Daylight Time (EDT).

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

Joe Armentano, Paraco Gas (Rye Brook, N.Y.) — *Vice Chairman, Marketers*
Doug Auxier, Auxier Gas Inc. (Batavia, Ohio)
Eric Benson, J.S. West & Co. (Modesto, Calif.)
Angela DeLoach, Enterprise Operating Products LP (Houston)
Gregg Dighero, EnCana Corp. (Denver)
John Ehlers (San Antonio)
Paul Grady, Heritage Operating LP (Florence, Ky.) — *Treasurer*
Theodore Jeffcoat, Inergy LP (Rutland, Mass.)
Sam McTier, Propane Technologies LLC (Lake Forest, Ill.)
Gerry Misel, Georgia Gas Distributors (Sandy Springs, Ga.)
Tom Redd, Martin Midstream Partners (Kilgore, Texas) — *Secretary*
David Regan, Targa Resources Inc. (Houston) — *Vice Chairman, Producers*
T.J. Rinke, Williams Midstream (Tulsa, Okla.)
Michael Sheehan, Sheehan's Gas Co. (Bird Island, Minn.)
Charles Snelling, (Fogelsville, Pa.)
Tim Stauff, Aux Sable Liquid Products (Morris, Ill.)
Jim Straughan, BP North America Gas and Power (Houston)
Paula Wilson, AmeriGas Propane Inc. (Valley Forge, Pa.)
David Wunch, SemStream LP (Tulsa, Okla.)

Approval of Minutes

Mr. Platz directed the councilors' attention to the minutes of the December 2009 and February 2010 meetings of the Council. Upon a motion duly made and seconded, the Council approved the minutes.

Chairman's Report

Mr. Platz called on PERC President and CEO Roy Willis to review the Council's procedure for officer nominations. Mr. Willis explained the officer nomination process and directed councilors' attention to the nomination forms they had received at the beginning of the meeting.

Advisory Committee Appointments. Mr. Platz announced that he had appointed Kirk McCullick, Growmark Inc. (Bloomington, Ill.), to the Agriculture Advisory Committee.

Executive Committee. Mr. Platz said the Executive Committee met on the morning of April 8 to discuss personnel matters, the business plan, and the ongoing inquiry into PERC activities by the Government Accountability Office.

Vice Chairman's Report — Marketers

Mr. Armentano made no report.

Vice Chairman's Report — Producers

Mr. Regan made no report.

Treasurer's Report

Mr. Grady reviewed the 2009 budget compared with actual revenue and expenses. He reported on the Council's investment portfolio and its performance.

Mr. Grady proposed to close out nine dockets, with the funds returning to the general treasury (as follows).

- Docket: 15710 (Consumer Education) \$450,000**
Project: Homeowner Media Outreach
Action: De-obligates the remaining balance of \$225,960 and returns these funds to the general treasury
- Docket: 12471 (Industry Programs) \$531,300**
Project: 2008 Market Metrics Initiative
Action: De-obligates the remaining balance of \$24,906 and returns these funds to the general treasury
- Docket: 15681 (Industry Programs) \$183,662**
Project: 2008 API Survey
Action: De-obligates the remaining balance of \$17,190 and returns these funds to the general treasury
- Docket: 11866 (Research and Development) \$224,122**
Project: Yanmar CHP Performance Testing & Field Evaluation
Action: De-obligates the remaining balance of \$8,786 and returns these funds to the general treasury
- Docket: 12275 (Research and Development) \$260,210**
Project: Distributed Generation Project Development and Implementation
Action: De-obligates the remaining balance of \$37,984 and returns these funds to the general treasury
- Docket: 12570 (Research and Development) \$204,460**
Project: Distributed Generation Project Development and Implementation 2008
Action: De-obligates the remaining balance of \$12,737 and returns these funds to the general treasury
- Docket: 12468 (Safety and Training) \$10,648**
Project: CETP Certification Brochure
Action: De-obligates the remaining balance of \$9,390 and returns these funds to the general treasury
- Docket: 12548 (Safety and Training) \$113,100**
Project: Consumer Safety Education E-Learning Module Program

Action: De-obligates the remaining balance of \$8,436 and returns these funds to the general treasury

Docket: **15514 (Safety and Training) \$113,400**

Project: Static Electricity Education Program

Action: De-obligates the remaining balance of \$390 and returns these funds to the general treasury

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

President's Report

PERC President and CEO Roy Willis offered an update on the ongoing GAO review of PERC activities and introduced the draft business plan for 2010. Mr. Willis called on PERC Director of Research and Development Greg Kerr to identify the most promising current project in the Council's research and development portfolio, and he called on PERC Vice President Brian Feehan to identify the most promising project in the Council's engine fuel portfolio.

Consent Calendar

Mr. Platz directed councilors' attention to the consent calendar in their briefing materials, noting that the Council would consider the six 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: **16601**
Principal Contractor: Energetics Inc.
Short Title: Portfolio Management Analysis
Amount Requested: **\$82,800**
Action: **Approved**

Docket: **16582**
Principal Contractor: Propane Education & Research Council
Short Title: 2010 Residential Measurement and Evaluation
Amount Requested: **\$151,000**
Action: **Approved**

Docket: **16583**
Principal Contractor: Propane Education & Research Council
Short Title: Construction Professional Media Outreach
Amount Requested: **\$200,000**
Action: **Approved**

Docket: **15922**
Principal Contractor: IMPCO Technologies

Short Title: CARB Certification Process Development for Sequent Bi-fuel System
Amount Requested: **\$180,000**
Action: **Approved**

Docket: **16600**
Principal Contractor: Propane Education & Research Council
Short Title: CSST Piping
Amount Requested: **\$14,200**
Action: **Approved**

Docket: **16575**
Principal Contractor: Energetics Inc.
Short Title: Investigate GREET Model
Amount Requested: **\$9,500**
Action: **Approved**

Industry and Public Comments

Mr. Platz directed councilors' attention to three public comments in their briefing materials, noting that all three concern the proposed funding request for the 2010 Partnership with States Program.

Stacy Neef of the Texas Clean Cities Coalitions stood to offer a comment on the Clean Start propane mower program in Texas and opportunities to expand it to other states.

Industry Programs

Joe Rose, president of the Propane Gas Association of New England, and Larry Snodgrass, president of the Arkansas Propane Gas Association, joined PERC Senior Vice President and Chief Marketing Officer Kate Caskin and PERC Director of Industry Programs Maryann Malesardi to introduce **Docket 16598**. Upon a motion duly made and seconded, the funding request was approved with an amendment stipulating that, one, the president and CEO must seek the Council's approval of each state entity's request for matching funds and that, two, once the Council had approved a matching-funds initiative, PERC staff would not have to seek Council approval before awarding matching funds to other states that replicated the approved initiative. Two councilors opposed the motion.

Docket: **16598**
Applicant: Propane Education & Research Council
Short Title: 2010 Partnership with States Program
Amount Requested: **\$2,000,000**
Action: **Approved as amended**

The Council recessed for the day at 4:30 p.m. EDT.

Proceedings for April 9

Mr. Platz called the meeting back to order at 8:49 a.m. EDT.

Propane Market Outlook

Ms. Caskin introduced Bruce Henning and Mike Sloan, ICF (Fairfax, Va.), who gave a report on the challenges and opportunities for propane in the coming decade.

Residential and Commercial

Mike Gioffre, chairman of the Residential and Commercial Advisory Committee, and PERC Director of Residential Programs Tracy Burleson offered an update on the work of the committee. Mr. Kerr described new residential products that are expected to reach the market this year.

Ms. Burleson asked the Council to authorize a request for proposals to study the commercial market for propane. Upon a motion duly made and seconded, the Council authorized the release of the RFP.

Ms. Burleson introduced **Docket 16584**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 16584
Applicant: Propane Education & Research Council
Short Title: Construction Professionals Trade Shows and Conferences
Amount Requested: \$1,000,000
Action: Approved

Engine Fuel

Mr. Feehan introduced **Docket 16555**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 16555
Principal Contractor: Mississippi State University
Short Title: Low-Temp Propane-Diesel Combustion for Heavy-Duty Engine Application
Amount Requested: \$726,038
Action: Approved

Mr. Feehan introduced **Docket 15939**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 15939
Principal Contractor: Foley & Lardner
Short Title: Propane Mowers Golf Industry Commercialization Project
Amount Requested: \$125,000
Action: Approved

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

Docket: 16595
Principal Contractor: Falls Agency
Short Title: Propane Option Partners
Amount Requested: \$200,240
Action: Approved

Infrastructure Assessment

Craig Whitley, Purvin & Gertz (Houston), summarized the key findings of the forthcoming report on U.S. propane infrastructure and deliverability. The Council approved a grant to fund the study (**Docket 15911**) in February 2009.

Audit Committee

Mr. Rinke gave a report from the Audit Committee. Upon a motion duly made and seconded, the report was adopted pending additional edits to the audit report that will be reviewed and voted on between now and the July meeting of the Council.

Mr. Rinke noted that Mr. Harris had given the Audit Committee the annual CFO report on internal controls.

Mr. Rinke directed councilors' attention to a document in their briefing materials that identifies three proposed changes to the Audit Committee charter. Upon a motion duly made and seconded, the Council adopted the changes to the Audit Committee charter.

Portfolio Management Overview and Training

PERC Chief Commercial Officer Steve Wayne reviewed the Council's progress on the PERC Technology Development and Commercialization Project. Scott J. Edgett, CEO of Stage-Gate International, led the Council through a training session on portfolio management.

Old Business

There was no old business.

New Business

By unanimous consent, the Council directed the president and CEO to develop a 2011 budget plan that assumes an assessment rate of four-tenths of a cent per gallon of odorized propane.

Mr. Willis announced the nominees for the 2010-2011 Executive Committee (as follows):

- **Chairman:** Bill Platz.
- **Vice Chairman — Producers:** David Regan.
- **Vice Chairman — Marketers:** Paul Grady, Paula Wilson, and Gerry Misel.
- **Treasurer:** Paul Grady, Joe Armentano.
- **Secretary:** Tom Redd.

Mr. Willis explained that ballots would be sent to the Council after the National Propane Gas Association and Gas Processors Association make their appointments to the Council.

Mr. Grady raised the question of low-speed bobtail rollovers and recommended that PERC develop a training program on the problem. Upon a motion duly made and seconded, the Council resolved to authorize and direct the Safety & Training Advisory Committee to begin work on developing suitable training materials to address delivery truck rollovers and to authorize the president and CEO to approve reasonable expenditures to begin development and implementation of that program.

Upon a motion duly made and seconded, the Council revised its April 8 action on the 2010 Partnership with States Program (**Docket 16598**) by approving a resolution to authorize the president and CEO to develop a series of model programs that states can use that would qualify for the dollar-for-dollar match, based on the suite of programs presented to the Council on April 8, excluding the regulator replacement program and with the additional requirement that each of the model programs be reviewed by legal counsel to ensure strict compliance with the restriction of our activities to research and development, training, and safety matters.

Mr. Platz thanked Mr. Auxier and Mr. Ehlers for their service to the propane industry as members of the Propane Education & Research Council. Their terms as councilors ended at the conclusion of this meeting.

Mr. Platz announced that the Council would next meet July 15 and 16, 2010, in Boulder, Colo.

By unanimous consent, the Council adjourned at 4:17 p.m. EDT.