

Propane Education & Research Council
April 13, 2012
Atlanta
MINUTES

Proceedings for April 13

Chairman Joe Armentano called the meeting to order at 8:47 a.m. Eastern Daylight Time.

Mr. Armentano, Paraco Gas (Rye Brook, N.Y.), welcomed the Council members in attendance:

Michael E. Barnes, BP Energy Co. (Houston)
Eric Benson, J.S. West & Co. (Modesto, Calif.) — *Secretary*
Gregg Dighero, EnCana (Denver)
Joe Gump, ConocoPhillips (Dacula, Ga.) — *Vice Chairman, Producers*
Sam Hawley, Enterprise Products Operating LLC (Houston)
Ted Jeffcoat, Inergy LP (Rutland, Mass.)
Sam McTier, Propane Technologies (Lake Forest, Ill.)
Bill Platz, Delta Liquid Energy (Paso Robles, Calif.) — *Immediate Past Chairman*
Doug Rinke (Columbia, Mo.)
Russ Rupp, Suburban Propane (Bonita Springs, Fla.)
Mike Sheehan, Sheehan's Gas (Bird Island, Minn.)
Tom Van Buren, Ferrellgas (Overland Park, Kan.)
Paula Wilson, AmeriGas (Valley Forge, Pa.) — *Vice Chairwoman, Marketers*

The Council's treasurer, Gerry Misel, Georgia Gas Distributors (Sandy Springs, Ga.), joined by telephone.

The Council observed a moment of silence in memory of Charles Snelling (Fogelsville, Pa.), who died March 29. Mr. Snelling had served on the Council since 2007.

Mr. Armentano said that the Council met in executive session on March 1 and 2 for strategic planning and that no official actions were taken. He noted that PERC President and CEO Roy Willis would offer a brief summary of the strategic planning session during his report.

Approval of Minutes

Mr. Armentano directed the councilors' attention to the minutes of the December 2011 and March 2012 Council meetings. Upon a motion duly made and seconded, the Council approved the minutes.

Nomination of Officers

Mr. Armentano directed the Council's attention to the officer nomination form at their tables and reviewed the rules of officer elections.

Mr. Rinke moved that the Council suspend the usual nomination procedures and confirm the re-election of the incumbent officers for another term as follows: Mr. Armentano, chairman; Ms. Wilson, vice chairwoman representing marketers; Mr. Gump, vice

chairman representing producers; Mr. Misel, treasurer; and Mr. Benson, secretary. The motion carried and the officers were unanimously re-elected for the 2012-2013 term.

Appointment of Chairmen and Co-chairmen of Working Groups

Mr. Armentano asked the Council to appoint the chairmen of the three working groups as follows: Eric Kuster, AMC Fairmont Insurance Services (Worton, Md.), chairman of the Safety and Training Working Group; Darren Engle, Blue Star Gas (Central Point, Ore.), chairman of the Research and Technology Development Working Group; and Darin Hunhoff, CHS (Inver Grove, Minn.), chairman of the Market Outreach and Training Working Group. Upon a motion duly made and seconded, the Council approved the appointments.

Executive Committee

Mr. Armentano reported that the Executive Committee met by conference call on February 15 and in person April 12 to discuss management issues with the CEO. The Executive Committee also met on January 26 with the Advisory Committee leadership to plan for the May 2-3 meeting. He noted that no formal business was conducted.

Treasurer's Report

Jim Harris, PERC chief financial officer and vice president in charge of administration, offered a report on the 2011 budget and expenditures, 2012 assessments, and the Council's investment portfolio.

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

Docket: 16598 (Industry Programs) \$223,308
Project: 2010 Partnership with States Program
Action: De-obligates the remaining balance of \$223,308 and returns these funds to the general treasury

Docket: 15649 (Engine Fuel) \$106
Project: CARB Off-Road Verification of a Propane Addition System - Phase II & III
Action: De-obligates the remaining balance of \$106 and returns these funds to the general treasury

Docket: 16595 (Engine Fuel) \$176,090
Project: Propane Option Partners (P.O.P.)
Action: De-obligates the remaining balance of \$176,090 and returns these funds to the general treasury

Docket: 17134 (Engine Fuel) \$885,000
Project: Fiskars Propane Powered Outdoor Power Equipment Development
Action: De-obligates the remaining balance of \$885,000 and returns these funds to the general treasury

Docket: 12336 (Research and Development) \$26,278
Project: Propane Distributed Generation Demonstration Program
Action: De-obligates the remaining balance of \$26,278 and returns these funds to the general treasury

Docket: 16726 (Research and Development) \$25,600
Project: Direct Vent Wall Furnace Performance Testing
Action: De-obligates the remaining balance of \$25,600 and returns these funds to the general treasury

Consent Calendar

Mr. Armentano directed councilors' attention to the consent calendar in their briefing materials, noting that just one funding request remained on the calendar. Other funding requests would be taken up separately later in the meeting.

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

Docket: 18004
Principal Contractor: Strategic Communications
Short Title: 2012 Propane Emergencies Activities
Amount Requested: \$110,450
Action: Approved

President's Report

Mr. Willis offered a report on the re-engineering of PERC's staff and advisory committee, the market outlook for propane, the strategic planning process, and the benchmarking project. He introduced three new staff members at PERC: Tucker Perkins, chief business development officer; Mike Taylor, director of propane autogas business development; and Pat Hyland, director of industry programs.

Mr. Willis introduced **Docket 18112**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 18112
Principal Contractor: NPGA Benchmarking Council
Short Title: Benchmarking Council
Amount Requested: \$50,000
Action: Approved

Mr. Willis announced that he had approved **Docket 17401** under his presidential authority.

Docket: 17401
Principal Contractor: Hadley Associates
Short Title: Life Cycle Cost Analysis of Propane and Electric Forklifts
Amount Requested: \$59,000
Action: Approved

Mr. Perkins thanked the Council for making him part of the team at PERC and reviewed his background and his plans for the new position.

Communications

Gregg Walker, PERC director of communications, reported on changes to the PERC communications program and introduced Brent Schott and Katie Sands of Swanson

Russell. Mr. Schott and Ms. Sands reported on their assessment of PERC's communications program and offered high-level recommendations for near-term and long-term success in PERC communications.

Mr. Walker introduced **Docket 18063**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 18063
Principal Contractors: Hanley Wood, Osborn & Barr, The Sales Network
Short Title: Interim Market Outreach and Communications Program for Second Quarter 2012
Amount Requested: \$648,848
Action: Approved

Mr. Walker introduced **Docket 18067**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 18067
Principal Contractor: SmartBrief Inc., Master Print
Short Title: 2012 Industry Communications
Amount Requested: \$290,000
Action: Approved

Portfolio Review

Grace Willis, PERC process manager, reported on the Council's portfolio and introduced dashboard views.

Strategic Planning Task Force

Mr. Armentano announced the formation of a strategic planning task force. Mr. Benson, Mr. Van Buren, Mr. Misel, and Ms. Wilson volunteered to serve on the task force. Mr. Armentano asked Carl Hughes, chairman of the National Propane Gas Association, to name two members of NPGA to the task force, and he asked Mr. Willis to secure commitments from two or three state association executives to join the task force. Mr. Willis said he would also ask Mark Sutton, the executive director of the Gas Processors Association, to appoint GPA members to the task force.

Mr. Hughes offered an observation and asked the Council to keep it in mind as it oversaw development of the PERC strategic plan. He said that the top priorities of propane marketers, as he sees them, are the research and development of, first, a propane-fueled bobtail and, second, a propane-fueled application that could stimulate growth in the residential market.

Audit Committee

Mr. Harris and Mr. Gump gave a report on the 2011 audit. Upon a motion duly made and seconded, the 2011 audit report was approved.

Market Report

Mark Leitman, PERC's director of business development and marketing, gave a report on the market for propane-fueled commercial mowers.

Mr. Leitman introduced **Docket 18022**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 18022
Principal Contractor: The Sales Network
Short Title: Commercial Mower Incentive Program
Amount Requested: \$900,000
Action: Approved

Greg Kerr, PERC director of research and development, gave a report on the market for propane-fueled combined heat and power systems.

Mr. Kerr introduced **Docket 17449**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 17449
Principal Contractor: Yanmar America Corp.
Short Title: Yanmar 5kW Micro Combined Heat and Power Development and Commercialization
Amount Requested: \$495,000
Action: Approved

Kay Howell, PERC chief information officer, submitted two non-replicated state rebate requests for Council consideration.

Ms. Howell introduced **Docket 17571**. Upon a motion duly made and seconded, the new-concept rebate request was approved (as follows).

Docket: 17571
Principal Contractor: Interwest PERC
Short Title: 2009 Propane Hedging & Risk Management Training Workshop
Amount Requested: \$20,913.35
Action: Approved

Ms. Howell introduced **Docket 18099**. Upon a motion duly made and seconded, the new-concept rebate request was approved (as follows).

Docket: 18099
Principal Contractor: New England Propane Foundation
Short Title: New Propane Technology Decision Maker Database and Communications Outreach
Amount Requested: \$160,000
Action: Approved

Mike Taylor, PERC director of propane autogas business development, gave an update on the market for propane autogas.

Steve Wayne, PERC chief technology officer, gave a report on Propane Challenge.

Industry and Public Comments

There were no industry and public comments.

Old Business

There was no old business.

New Business

There was no new business.

Mr. Armentano announced that the Council will meet next in Napa, Calif., on July 11 and 12.

Upon a motion duly made and seconded, the Council adjourned at 3:03 p.m. EDT.