

**Propane Education & Research Council
December 10-11, 2013
Amelia Island, Fla.
MINUTES**

Proceedings of December 10

Chairwoman Paula Wilson called the meeting to order at 1:04 p.m. Eastern Standard Time.

Ms. Wilson, AmeriGas (Valley Forge, Pa.), welcomed the Council members in attendance:

Troy Andrews, Aux Sable Midstream (Tulsa, Okla.)
Michael E. Barnes, BP Energy Co. (Houston) — *Vice Chairman, Producers*
Robert Barry, Bergquist (Toledo, Ohio) — *Treasurer*
Sharon Beemer, DCP Midstream (Houston)
Gene Bissell (Gladwyne, Pa.)
Steven Breckon, Lone Star NGL (Houston)
Robert Chalmers, JP Energy Partners (Irving, Texas)
Drew Combs, CHS Inc. (Inver Grove Heights, Minn.)
Gregg Dighero, EnCana (Denver)
Roxanne Fowles, MarkWest Energy Partners LP (Friendswood, Texas)
Sam Hawley, Enterprise Products Operating LLC (Houston)
Gerry Misel, Georgia Gas Distributors (Sandy Springs, Ga.)
Doug Rinke (Columbia, Mo.)
Michael Sheehan, Sheehan's Gas Co. (Bird Island, Minn.)
John Simcox, Thompson Gas & Electric Service (Hagerstown, Md.)
Tom Van Buren, Ferrellgas (Overland Park, Kan.) — *Secretary*
Richard Williams, Suburban Propane Partners LP (Whippany, N.J.)
David Wiseman, Williams Energy Resources LLC (Tulsa, Okla.)

Chairwoman's Report

Approval of Minutes. Ms. Wilson directed the councilors' attention to the minutes of the October 2013 Council meeting. Upon a motion duly made and seconded, the Council approved the minutes.

Council Appointment. Ms. Wilson announced the appointment of Mr. Wiseman to the Council and welcomed him to his first meeting.

Executive Committee. Ms. Wilson announced that Eric Benson, J.S. West & Co. (Modesto, Calif.), vice chairman representing marketers, had resigned from the Council. Ms. Wilson nominated Mr. Van Buren to be vice chairman, marketers, and Mr. Simcox to become secretary. Upon a motion duly made and seconded, the Council adopted the nominations.

Advisory Committee Appointments. Ms. Wilson announced that Doug MacMaster, Thompson Gas (Middletown, Md.), had resigned as vice chairman of the Market Outreach and Training Working Group. Ms. Wilson nominated Kirk McCullick, GrowMark, (Bloomington, Ill.), to the position. Upon a motion duly made and seconded, the Council adopted the nomination. Ms. Wilson reported she had appointed Monte

McLeod, Palmetto Gas (Sumter, S.C.), and David Kennedy, Blossman Gas (Swannanoa, N.C.), to the Research and Technology Development Working Group since the last Council meeting.

Audit Committee. Ms. Wilson called on Committee Chairman Mr. Simcox who gave the Annual State of the Audit Committee. Mr. Simcox reported that the committee approved the 2013 Internal Control Report, and that its annual report to the Council will be issued in April, 2014.

Report of the Vice Chairman, Marketers

Ms. Wilson called on Phil Squair, senior vice president of the National Propane Gas Association (Washington, D.C.), who offered remarks on the ongoing partnership of the National Propane Gas Association with the Propane Education & Research Council and the Gas Processors Association.

Mr. Squair reported on NPGA's work with the Commerce Department to update the department's propane price analysis as required by the Propane Education and Research Act of 1996.

Report of the Vice Chairman, Producers

Mr. Barnes called on Johnny Dreyer, senior vice president and corporate secretary of the Gas Processors Association (Tulsa, Okla.), who introduced Karl Gerdes, chairman of the GPA Research Committee. Dr. Gerdes provided an update on propane research projects that are funded through the PERC-GPA partnership agreement.

Treasurer's Report

Mr. Barry reviewed the 2013 budget year surplus compared with the latest forecast and presented the investment management report.

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

Docket: 16598 (Industry Programs) \$2,000,000
Project: 2010 Partnership with States
Action: De-obligates the remaining balance of \$4,757 and returns these funds to the general treasury

Docket: 17135 (Engine Fuel) \$400,000
Project: Construction Industry Conversion to Propane Driven Engines
Action: De-obligates the remaining balance of \$22,999 and returns these funds to the general treasury

Docket: 18173 (Engine Fuel) \$650,000
Project: Market Outreach and Communications Program for the Second Half of 2012
Action: De-obligates the remaining balance of \$173 and returns these funds to the general treasury

Docket: 18173 (Safety and Training) \$358,000

Project: Market Outreach and Communications Program for the Second Half of 2012
Action: De-obligates the remaining balance of \$210,342 and returns these funds to the general treasury

Docket: **18251 (Safety and Training) \$22,900**
Project: Propane Autogas Service and Maintenance Garage Information Booklet
Action: De-obligates the remaining balance of \$2,163 and returns these funds to the general treasury

Docket: **18173 (Agriculture) \$351,000**
Project: Market Outreach and Communications Program for the Second Half of 2012
Action: De-obligates the remaining balance of \$52,517 and returns these funds to the general treasury

Docket: **17440 (Agriculture) \$149,000**
Project: PSI Prime/Mobile Industrial Irrigation Engines
Action: De-obligates the remaining balance of \$19,000 and returns these funds to the general treasury

Consent Calendar

Ms. Wilson 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 requests and state rebate requests that appear on the consent calendar (as follows).

Docket: **19174**
Principal Contractor: PERC
Title: 2014 Industry Outreach
Amount Requested: **\$290,000**
Action: **Approved**

Docket: **18368**
Principal Contractor: Power Solutions International
Title: PSI Integration and Installation of 6.0L Bi-Phase System on AMP Workhorse Chassis
Amount: **\$44,000**
Action: **Approved**

Docket: **19165**
Principal Contractor: Nexight Group
Title: Update "Propane Reduces Greenhouse Gas Emissions: A Comparative Analysis"
Amount Requested: **\$131,000**
Action: **Approved**

Docket: **19177**
Principal Contractor: Logica3
Title: Gas Check Update

Amount Requested: \$179,750
Action: Approved

Docket: 19213
Principal Contractor: Dashe & Thomson
Title: Plant Operations E-Learning
Amount Requested: \$259,830
Action: Approved

Docket: 19214
Principal Contractor: Dashe & Thomson
Title: Plant Emergency Response Guide
Amount Requested: \$85,830
Action: Approved

Docket: 19245
Principal Contractor: ICF International
Title: 2014 Propane Market Research Initiative
Amount Requested: \$399,580
Action: Approved

Docket: 19248
Principal Contractor: American Petroleum Institute and ICF International
Title: 2013 API Survey & Report
Amount Requested: \$177,782
Action: Approved

Docket: 19247
Principal Contractor: TBD
Title: 2014 Advisory Committee and Program Support
Amount Requested: \$459,000
Action: Approved

President's Report

PERC President and CEO Roy Willis discussed the Council's collaborative work with the GPA and the NPGA, and introduced **Docket 19246**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 19246
Principal Contractors: Gas Processors Association and National Propane Gas Association
Title: 2014 Partnership Agreement
Amount Requested: \$1,389,500
Action: Approved

Mr. Willis reported on the 2013 Fourth Quarter Project Portfolio, and provided a review of PERC's approach to the commercialization of propane technology.

Mr. Willis reported on presidential approvals he had made since the Council's last meeting (as follows).

Docket: 19278
Principal Contractor: Propane Technologies LLC
Title: Cabinet Heater Technical Support
Approved Amount: \$48,800

Docket: 19227
Principal Contractor: Strategic Communications LLC
Title: Crisis Communications 2013
Approved Amount: \$35,000

Docket: 17181 (No-cost change order)
Principal Contractor: Nexight Group
Title: Propane Heat & Power Incentive Program
Approved Amount: \$0

Chief Business Development Officer's Report

PERC Chief Business Development Officer Tucker Perkins provided an update on several active PERC projects, including research into gas heat pump technology; production and testing of the Freightliner Custom Chassis S2G bobtail; and a fleet vehicle demonstration program in Georgia.

International NGL Trends

Ms. Wilson introduced Craig Whitley, NGL analytics team lead at BP, who presented on recent trends in the international trade of natural gas liquids and their implications for the U.S. propane industry.

Industry Programs

PERC Director of Industry Programs Pat Hyland provided an update on the Marketer Technology and Sales Training program for 2013, and introduced **Docket 19199**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 19199
Principal Contractor: Sales Transformation Now
Title: 2014 Marketer Technology and Sales Training
Amount Requested: \$575,000
Action: Approved

Mr. Hyland provided an update on the Partnership with States program, and introduced **Docket 19185**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 19185
Principal Contractor: PERC
Title: 2014 Partnership with States
Amount Requested: \$1,800,000
Action: Approved

The Council recessed at 4:32 p.m. EST.

Proceedings of December 11

Ms. Wilson called the meeting back to order at 8:37 a.m. EST.

Markets and Operations Reports

PERC Vice President of Safety and Training Stuart Flatow introduced a video designed to discourage do-it-yourselfers from working on home gas systems. Randy Warner, chairman of the Safety and Training Working Group, reviewed safety training programs for the industry. Mr. Flatow discussed propane autogas safety and training efforts.

PERC Director of Autogas Business Development Michael Taylor reported on the Council's work to drive demand for propane autogas.

Mr. Perkins reviewed the market demand for an off-highway, mobile, liquid propane injection based engine, and introduced **Docket 19054**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 19054
Principal Contractor: Power Solutions International
Title: PSI 8.8L Off-Highway Engine Development
Amount Requested: \$1,038,800
Action: Approved

Mr. Perkins reviewed plans for researching the efficiency and emissions of propane-fueled, air-cooled engines, and introduced **Docket 19180**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 19180
Principal Contractor: Rochester Institute of Technology
Title: Optimizing Operating Parameters for Propane-fueled Air Cooled Engines
Amount Requested: \$135,000
Action: Approved

PERC Director of Residential and Commercial Programs Bridget Kidd reviewed plans for 2014 in the sector, and introduced **Docket 19189**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 19189
Principal Contractor: Swanson Russell
Title: 2014 Residential and Commercial Outreach
Amount Requested: \$3,000,000
Action: Approved

PERC Senior Programs Manager Ingrid Bechard reviewed outreach and communications plans in the off-road and on-road propane autogas markets. Ms. Bechard introduced **Docket 19190**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 19190
Principal Contractor: Swanson Russell
Title: 2014 Off-Road Market Outreach
Amount Requested: \$995,000

Action: Approved

Ms. Bechard introduced **Docket 19191**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 19191
Principal Contractor: Swanson Russell
Title: 2014 Autogas Market Outreach
Amount Requested: **\$750,000**
Action: **Approved**

Mr. Perkins reviewed market outreach, and market incentive programs in the agricultural market. Mr. Perkins introduced **Docket 19192**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 19192
Principal Contractor: Swanson Russell
Title: 2014 Agriculture Market Outreach
Amount: **\$725,000**
Action: **Approved**

Mr. Perkins introduced **Docket 19200**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 19200
Principal Contractor: Nexight Group
Title: 2014 Propane Farm Incentive
Amount: **\$895,600**
Action: **Approved**

PERC Director of Communications Gregg Walker reviewed communications efforts, and introduced **Docket 19188**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 19188
Principal Contractor: Swanson Russell
Title: 2014 Corporate Communications
Amount Requested: **\$2,300,000**
Action: **Approved**

Industry and Public Comments

There were no industry and public comments.

Old Business

There was no old business.

New Business

Ms. Wilson invited industry and public comments. Mr. Sheehan noted that the propane supply in the Midwest has been hurt by the reversal of the Cochin Pipeline. Mr. Willis said PERC was interviewing firms to conduct research on ramifications of this event.

Ms. Wilson announced the Council will next meet February 13, 2014, by conference call.

By unanimous consent, the Council adjourned at 11:48 a.m. EST.

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