

**Propane Education & Research Council**  
**July 16-17, 2014**  
**Santa Fe, N.M.**  
**MINUTES**

Vice Chairman, Marketers Tom Van Buren called the meeting to order at 1 p.m. Mountain Daylight Time.

Mr. Van Buren, Ferrell North America (Overland Park, Kan.) announced the appointments of Mr. Binning, Kiva Energy (Arvada, Colo.); Mr. Hemsworth, DCP Midstream (Houston, Texas); and Mr. Leonard, Targa (Southlake, Texas) to the Council.

Mr. Van Buren welcomed the Council members in attendance:

Michael E. Barnes, BP Energy Co. (Houston) — *Vice Chairman, Producers*  
Robert Barry, Bergquist (Toledo, Ohio) — *Treasurer*  
Dan Binning, Kiva Energy (Arvada, Colo.)  
Gene Bissell (Gladwyne, Pa.)  
Steven Breckon, Lone Star NGL (Houston)  
Robert Chalmers, JP Energy Partners (Irving, Texas) — *Secretary*  
Gregg Dighero, EnCana (Denver)  
Roxanne Fowles, MarkWest Energy Partners LP (Friendswood, Texas)  
Robert Freeman, Freeman Gas (Spartanburg, S.C.)  
Robert Hemsworth, DCP Midstream (Houston)  
Bruce Leonard, Targa (Southlake, Texas)  
Glenn Luce, Aux Sable Liquid Products (Morris, Ill.)  
Gerry Misel, Georgia Gas Distributors (Sandy Springs, Ga.)  
Doug Rinke (Columbia, Mo.)  
John Simcox, Thompson Gas & Electric Service (Hagerstown, Md.)  
Richard Williams, Suburban Propane Partners LP (Whippany, N.J.)  
David Wiseman, Williams Energy Resources LLC (Tulsa, Okla.)

Chairwoman Paula Wilson, AmeriGas (Valley Forge, Pa.), and Sam Hawley, Enterprise Products Operating LLC (Houston), joined the meeting by phone.

**Vice Chairman's Report**

**Approval of Minutes.** Mr. Van Buren directed the councilors' attention to the minutes of the April Council meeting in Atlanta. Upon a motion duly made and seconded, the Council approved the minutes.

**Officer Nominations.** Mr. Van Buren announced the uncontested re-elections of Ms. Wilson as chairwoman, himself as vice chairman representing marketers, Mr. Barnes as vice chairman representing producers, and Mr. Barry as treasurer.

Robert Chalmers was elected by mail ballot to a term as secretary.

**Executive Committee.** Mr. Van Buren said the Executive Committee met by conference call June 24 with the Budget and Finance Committee to discuss the 2015 budget and the 2015-2017 strategic plan. The Executive Committee met the morning of July 16 to

finalize the president's performance appraisal and review the yearly PERC staff report and discuss industry outreach.

**Appointment of Advisory Committee Members.** Mr. Van Buren directed councilors' attention to the roster of the Advisory Committee in the briefing materials and announced that Chairwoman Paula Wilson had appointed the new members. The approved Advisory Committee members are as follows:

*To the Market Outreach and Training Working Group:* Chairman Scott Brockelmeyer, Ferrellgas (Missouri); Vice Chairman Kirk McCullick, Growmark, Inc. (Illinois); Steve Ahrens, Missouri Propane Education and Research Council (Missouri); Heather Ball, Alternative Fuels Research & Education Division, Railroad Commission (Texas); Gordon Cunningham, Cunningham Propane (Arkansas); Terry Davis, County Propane Inc. (Iowa); Mark Denton, Blossman Gas (Alabama); Mark Dmochowski, Georgia Gas Distributors (Georgia); Larry Doughty, American Welding & Tank (Vermont); Lesley Garland, Western Propane Gas Association (California); John Jessup, North Carolina Propane Gas Association (North Carolina); Brilynn Johnson, AmeriGas (California); Christopher Kowalski, E. Osterman Inc. (Massachusetts); Matt Kumm, CHS Inc. (Minnesota); Ed LaCroix, BP Energy Company (Texas); Terrance LeClair, Lansing NGL Services (Oklahoma); Bruce Leonard, Targa Liquids Marketing & Trade (Texas); Shane McWhorter, Sequoia Gas (California); Raymond Murray, Ray Murray Inc. (Massachusetts); Mollie O'Dell, National Propane Gas Association (Washington, D.C.); Keith Onderdonk, Suburban Propane LP (New Jersey); Tom Overbaugh, Ehrhart Propane & Oil (New York); Warren Patterson, AmeriGas (Pennsylvania); Bill Platz, Delta Liquid Energy (California); Derek Rimko, Superior Energy Systems Ltd. (Ohio); Joe Rose, Propane Gas Association of New England (New Hampshire); Scott Seibert, Aux Sable Liquid Products (Illinois); Jim Van Uden, R H Foster Energy Inc (Maine); Scott Vreeman, Siouxland Propane Gas Co. (Iowa); Brandon Wade, Wade Sales and Services, Inc. (Illinois); Ted West, Liberty Propane (Pennsylvania); Paula Wilson, AmeriGas (Pennsylvania)

*To the Research and Technology Development Working Group:* Chairman Darren Engle, Blue Star Gas (Oregon); Vice Chairman David Reynolds, Blossman Gas (Mississippi); Mike Alexander, Worthington Cylinders (Ohio); Robert Barry, Bergquist (Ohio); Michael DeVoe, Paraco Gas (New York); Nathan Ediger, Ferrellgas (Kansas); Michael Faivre, Burkardt's LP Gas (Illinois); Donald Fernald, Superior Energy Systems (Ohio); Mark Goldsmith, Bay Gas Service (New York); Ken Green, Green's Oklahoma Liquefied Gas (Oklahoma); Roger Gruwell, AmeriGas (Iowa); Dan Kelly, Alternative Fuels Research & Education Division, Railroad Commission (Texas); David Kennedy, Alliance AutoGas (North Carolina); Robert Little, Pinnacle Corp, (Texas); Monte McLeod, Palmetto Gas (South Carolina); Sam McTier, Propane Technologies LLC (Illinois); Steve Moore, Expo Propane Inc. (California); Vince Rooney, Suburban Propane LP (New Jersey); Kirk Saunders, White Mountain Oil & Propane (New Hampshire); Joe Schnichels, CHS Inc. (Minnesota); Jay Sells, AmeriGas (Florida); Michael Sheehan, Sheehan's Gas Co. (Minnesota); Gary Shepherd, Stanford, LP Gas (Michigan); Bill Stewart, Blue Star Gas (California); Mark Sutton, Gas Processors Association (Oklahoma); Bruce Swiecicki, National Propane Gas Association (Illinois); Tom Tarantin, Tarantin Industries, Inc. (New Jersey); Don Tomiello, Targa Resources (Texas); Bill Van Hoy, Texas Propane Gas Association (Texas); Erich Wolf, Cavagna North America (Ohio)

*To the Safety and Training Working Group:* Chairman Randy Warner, Ferrellgas (Missouri); Vice Chairman Bryan Lewis, CHS Inc. (Minnesota); Doug Auxier, Auxier Gas Service Inc. (Ohio); Mike Caldarera, National Propane Gas Association (Washington, D.C.); Joseph Carey, PE, Suburban Propane (New York); Paula Cowart, Oklahoma LP Gas Research, Marketing, and Safety Commission (Oklahoma); Keith Hanchett, PERS (Utah); David Hedrick, AmeriGas Propane LP (Michigan); Jay Hilliard, Revere Gas & Appliance (Virginia); Steve Jaeger, Alternative Fuels Research & Education Division, Railroad Commission (Texas); John Kamps, Kamps Propane (California); Ray Kazakewich, RegO Products (North Carolina); John Ketchum, Gas Equipment Company (Missouri); Mike Konanz, Kamps Propane (California); John Kraft, Plains Marketing (South Dakota); Eric Kuster, AMC Fairmont Insurance Services (Maryland); Dave Latourell, Paraco Gas (New York); Roger Leider, Minnesota Propane Association (Minnesota); Jacque McCracken, National Propane Gas Association (Washington, D.C.); Bruce Montroy, Bergquist Inc. (Michigan); Ken Mueller, Nationwide Agri-Business Insurance (Illinois); Barry Oden, MFA Oil Co. (Missouri); Dennis Patrick, Crystal Flash Energy (Michigan); Jeff Shaffer, Shaffer's Bottled Gas Corp. (Pennsylvania); Earl Slacum, Tri Gas & Oil Co. Inc. (Maryland); Matt Terry, JP Energy Partners LP (Texas); Christopher Wagner, AmeriGas (Pennsylvania); Mike Walters, Superior Energy (Ohio); Chip Willis, Growmark FS LLC (New York)

**Advisory Committee Report.** Mr. Engle, chairman of the Research and Technology Development Working Group, reviewed the survey taken by members of the Advisory Committee on the new structure, roles, and operations made three years ago. The changes were made to consolidate five separate committees into three working groups and redefine the roles of the working group chairmen and co-chairmen. Mr. Engle said he and other committee members have more of a voice in the industry now and are more engaged because of these changes.

Mr. Van Buren reminded the council that its members are automatically a part of the Advisory Committee and encouraged them to attend at least one Advisory Committee meeting per year.

#### **Chairwoman's Report**

Ms. Wilson remarked that the Consumer Safety Preparedness Campaign can have a positive impact on consumers and marketer engagement. She also said the proposed golf equipment demonstration and EFI engine development programs had a lot to consider in timing, manufacturer commitment, and probability of success. Ms. Wilson formally welcomed the new council members and thanked Mr. Van Buren for taking her place at the meeting.

#### **Treasurer's Report**

Mr. Barry reviewed the 2014 budget year surplus compared with the latest forecast and the investment management report.

Upon approval of a motion duly made and seconded, the Council adopted the treasurer's report and approved a proposal to close out 14 dockets, 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 \$62,023 and returns these funds to the general treasury

**Docket:** **17292 (Industry Programs) \$1,500,000**

**Project:** Partnership with States

**Action:** De-obligates the remaining balance of \$47,341 and returns these funds to the general treasury

**Docket:** **18135 (Industry Programs) \$2,700,000**

**Project:** Partnership with States

**Action:** De-obligates the remaining balance of \$30,827 and returns these funds to the general treasury

**Docket:** **18246 (Industry Programs) \$575,000**

**Project:** Marketer Technology and Sales Training

**Action:** De-obligates the remaining balance of \$152,572 and returns these funds to the general treasury

**Docket:** **18261 (Industry Programs) \$286,000**

**Project:** 2013 Industry Outreach Program

**Action:** De-obligates the remaining balance of \$6,736 and returns these funds to the general treasury

**Docket:** **18299 (Industry Programs) \$409,580**

**Project:** 2013 Propane Market Research Initiative

**Action:** De-obligates the remaining balance of \$18,174 and returns these funds to the general treasury

**Docket:** **18022 (Engine Fuel) \$900,000**

**Project:** 2012/2013 Commercial Mower Incentive Program

**Action:** De-obligates the remaining balance of \$204,646 and returns these funds to the general treasury

**Docket:** **18272 (Engine Fuel) \$696,805**

**Project:** 2013 Propane Autogas Market Outreach

**Action:** De-obligates the remaining balance of \$39,300 and returns these funds to the general treasury

**Docket:** **18273 (Engine Fuel) \$994,000**

**Project:** 2013 Off-Road Market Outreach

**Action:** De-obligates the remaining balance of \$90,301 and returns these funds to the general treasury

**Docket:** **16958 (Safety and Training) \$806,628**

**Project:** Curriculum Alignment and Textbook for 4.4: Appliance Service

**Action:** De-obligates the remaining balance of \$226 and returns these funds to the general treasury

**Docket:** **17509 (Safety and Training) \$243,500**

**Project:** 2013-2014 Kawasaki Dealer Outreach and Training

**Action:** De-obligates the remaining balance of \$140,220 and returns these funds to the general treasury

**Docket:** **19051 (Safety and Training) \$31,500**

**Project:** Propane Basics for Propane Autogas Vehicle Operators Brochure

**Action:** De-obligates the remaining balance of \$9,008 and returns these funds to the general treasury

**Docket:** **16909 (Agriculture) \$201,377**

**Project:** Origin Engines, EPA/CARB Certification of 8.0L &10.3L Engines

**Action:** De-obligates the remaining balance of \$11,377 and returns these funds to the general treasury

**Docket:** **18274 (Agriculture) \$739,800**

**Project:** 2013 Agriculture Market Outreach Program

**Action:** De-obligates the remaining balance of \$49,085 and returns these funds to the general treasury

#### **Consent Calendar**

Mr. Van Buren 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 change orders that appear on the consent calendar (as follows).

**Docket:** **19189**

**Principal Contractor:** Swanson Russell

**Title:** 2014 Residential and Commercial Market Outreach

**Amount Requested:** **\$250,000**

**Action:** **Approved**

**Docket:** **20159**

**Principal Contractor:** PERC

**Title:** 2014/2015 Energy Pod Builder Incentive Program

**Amount:** **\$300,000**

**Action:** **Approved**

**Docket:** **20003**

**Principal Contractor:** PERC

**Title:** Off-Road Aftermarket Stimulation Strategy

**Amount Requested:** **\$210,000**

**Action:** **Approved**

**Docket:** **20064**

**Principal Contractor:** Southwest Research

**Title:** National Propane Fuel Survey Program

**Amount Requested:** **\$398,000**

**Action:** **Approved**

**Docket:** **20114**

**Principal Contractor:** MCoGen, Inc.  
**Title:** Performance Evaluation and Competitive Analysis of a Propane-Fired Tri-Generation System  
**Amount:** \$153,023  
**Action:** Approved

**Docket:** 20103  
**Principal Contractor:** Dashe & Thompson  
**Title:** 2015 CETP Help Desk Support  
**Amount Requested:** \$78,571  
**Action:** Approved

**Docket:** 20105  
**Principal Contractor:** Industrial Training Services  
**Title:** Propane Emergency Scenarios Flash to HTML5 Conversion  
**Amount Requested:** \$200,000  
**Action:** Approved

#### **President's Report**

PERC President and CEO Roy Willis reviewed the authority of the Council and the role of board members to oversee PERC's mission, hire the chief executive, oversee programs, and recruit new members. He reminded the Council of the PERC responsibilities under the Propane Education and Research Act of 1996 of safety and training, research and development, and educating the public. Under the current restriction, PERC can only talk about safety to consumers.

Mr. Willis reviewed the Consumer Safety Preparedness Campaign, which will start the conversation about propane again with residential customers whose "level of familiarity" with propane has declined to 74 percent since the restriction. "Willingness to convert" is at a record low of 23 percent. He noted that this campaign by itself is not going to turn around the trend and that something more permanent is needed. He reported that policy advisors at the Department of Energy are supportive of the campaign.

Mr. Willis reported that he had approved change orders to 16 funding requests under his presidential authority since the Council's last meeting (as follows).

**Docket:** 19016 (no-cost change order)  
**Time Extension:** July 15, 2014  
**Title:** Development of Safety Meetings Materials for Propane Marketers  
**Approved Amount:** \$0

**Docket:** 17211 (no-cost change order)  
**Time Extension:** June 30, 2015  
**Title:** Safety & Training Industry Outreach and Engagement  
**Approved Amount:** \$0

**Docket:** 19213 (no-cost change order)  
**Time Extension:** April 1, 2015  
**Title:** Plant Operations E-Learning

**Approved Amount: \$0**

**Docket: 19214 (no-cost change order)**  
**Time Extension:** Sept. 1, 2015  
**Title:** Plant Emergency Response  
**Approved Amount: \$0**

**Docket: 19155 (no-cost change order)**  
**Time Extension:** Dec. 31, 2014  
**Title:** Professional and Support Services  
**Approved Amount: \$0**

**Docket: 18199 (no-cost change order)**  
**Time Extension:** September 2015  
**Title:** 2013 Propane Mower Incentive Program  
**Approved Amount: \$0**

**Docket: 16723 (no-cost change order)**  
**Time Extension:** Oct. 1, 2014  
**Title:** 8.0L LPG Engine – Medium Duty Truck & Bus  
**Approved Amount: \$0**

**Docket: 19170 (no-cost change order)**  
**Time Extension:** Aug. 31, 2014  
**Title:** Dispensing Propane Safely Program: Third Edition  
**Approved Amount: \$0**

**Docket: 18165 (no-cost change order)**  
**Time Extension:** Oct. 31, 2015  
**Title:** 3.7L V6 Dedicated Propane Autogas Ford Transit Fuel System  
**Approved Amount: \$0**

**Docket: 18262 (no-cost change order)**  
**Time Extension:** Sept. 30, 2014  
**Title:** Propane Total Solution Program with NPS and PERC  
**Approved Amount: \$0**

**Docket: 19179 (no-cost change order)**  
**Time Extension:** Nov. 30, 2014  
**Title:** Origin Engines 9.1L Industrial Engine  
**Approved Amount: \$0**

**Docket: 16053 (no-cost change order)**  
**Time Extension:** Oct. 28, 2014  
**Title:** Towable/Rental LPG Fuel Generator Sets  
**Approved Amount: \$0**

**Docket: 19185 (no-cost change order)**  
**Time Extension:** None; change to scope  
**Title:** 2014 Partnership with States Program

**Approved Amount: \$0**

**Docket: 17585 (no-cost change order)**  
**Time Extension:** None; change to scope  
**Title:** Diesel-Propane Dual-Fuel Evaluation Project  
**Approved Amount: \$0**

**Docket: 17584 (no-cost change order)**  
**Time Extension:** None; change to scope  
**Title:** Spark Ignition Direct Injection (SIDI) Engine Investigation  
**Approved Amount: \$0**

**Docket: 19278**  
**Time Extension:** June 30, 2014  
**Title:** Cabinet Heater Technical Support  
**Approved Amount: \$0**

### **Supply and Infrastructure Study**

Mike Sloan of ICF International summarized the likely effects of the reversal of the Cochin pipeline on propane markets and marketers in the Midwest during the April Council meeting.

Mr. Van Buren proposed a study to analyze propane supply and infrastructure versus demand under different scenarios. The study would suggest solutions to minimize risk, and provide national and regional perspectives annually for five years.

Upon a motion duly made and seconded, the formation of a task force made up of councilors, including three producers, to develop the RFP and solicit bids for the study was approved.

### **Corporate Communications Report**

PERC Director of Communications Gregg Walker offered a report on the proposed Consumer Safety Preparedness Campaign funding request to expand the media buy to all 23 propane counties east of the Rocky Mountains. Upon a motion duly made and seconded, the Council approved the new funding amount of \$6,149,000 for Docket 20187 (as follows).

**Docket: 20187**  
**Principal Contractor:** Swanson Russell  
**Title:** Consumer Safety Preparedness Campaign  
**Amount Requested: \$6,149,000**  
**Action: Approved**

Mr. Walker also shared updates on the Grilling for Heroes campaign and showed Sunny Anderson's safety tips video. He also announced the launch of propane.com that combines the websites of different propane markets. The latest numbers for the Leave It to a Pro (anti-DIY) campaign is 42,000 clicks on the online ads in the first four months; 6,000 watched the video on the campaign landing page; and 428 filled out and submitted the project form to hear more information from a professional.



Upon a motion duly made and seconded, the Council approved the new *PROPANE Clean American Energy™* for use in the Consumer Safety Preparedness Campaign.

### **Report from the National Propane Gas Association**

National Propane Gas Association President and CEO Richard Roldan offered a report on the association's recent activities.

### **2014 Budget Amendments**

PERC Chief Financial Officer Jim Harris reported on the proposed 2014 budget amendments: Beginning surplus from \$5.3 million to \$8.5 million; assessments from \$33.2 to \$35.2 million; rebates from \$6.6 million to \$7 million; deobligations from \$1 million to \$1.8 million; program funding from 24.2 to 30.2 million.

Upon a motion duly made and seconded, the Council approved the proposed amendments.

### **Chief Business Development Officer's Report**

PERC Chief Business Development Officer Tucker Perkins offered a report on the two funding requests not listed on the consent calendar. Upon a motion duly made and seconded, the Council approved the new funding amount of \$929,976 for the Propane Powered Golf and Turf Equipment Demonstration Program (as follows).

**Docket:** 20129  
**Principal Contractor:** R&R Products  
**Title:** Propane Powered Golf and Turf Equipment Demonstration Program  
**Amount Requested:** \$929,976  
**Action:** Approved

Upon a motion duly made and seconded, the Council approved the new funding amount of \$975,000 for Kohler Command PRO Propane EFI Engine (as follows).

**Docket:** 20006  
**Principal Contractor:** Kohler Engines  
**Title:** Kohler Command PRO Propane EFI Engine  
**Amount Requested:** \$975,000  
**Action:** Approved

Mr. Freeman proposed putting more money toward rebates for each mower bought in the Propane Mower Incentive Program. The Council approved taking this request to the Advisory Committee during a conference call before its October meeting.

The Council recessed at 5:30 p.m. MDT.

Proceedings of July 17

Mr. Van Buren called the meeting to order at 8 a.m. MDT.

### **2015 Budget and 2015-2017 Strategic Plan**

Mr. Willis reviewed the PERC mission statement and strategic goals for the 2015 budget and 2015-2017 strategic plan.

Mr. Sloan discussed the 2015 market outlook, which included trends, effects of supply changes, and potential for propane deliverability challenges.

Mr. Harris reported on the 2015-2017 financial plan and proposed 2015 budget. Upon a motion duly made and seconded, the Council approved the publication of the 2015 budget plan for public comment before August 1, as required by law.

#### **Consumer Safety Cost Reduction Task Force**

Vice President for Safety and Training Stuart Flatow reviewed the task force's report to reduce costs for key consumer safety materials and shipping costs to relieve the barrier of usage from marketers to users. He discussed developing a three-year project on Safety and Training Outreach starting in 2015. Upon a motion duly made and seconded, the Council approved the recommendations of the task force.

#### **Industry and Public Comments**

There were no public comments.

#### **Old Business**

There was no old business.

#### **New Business**

Mr. Van Buren directed councilors' attention to the proposed 2015 Council and Advisory Committee meeting dates and locations.

Feb. 19: Conference meeting conference call

April 10: Council meeting, Atlanta

April 23-24: Advisory Committee meeting, Austin, Texas

July 14-15: Council meeting, Park City, Utah

Sept. 23-24: Advisory Committee meeting, Minneapolis

Nov. 5-6: Council meeting, Boca Raton, Fla.

Mr. Freeman proposed that PERC staff investigate a more cost-effective way to do sampling of propane fuel quality under **Docket 20064**. Upon a motion duly made and seconded, the Council approved Mr. Freeman's proposal.

Mr. Van Buren announced that the Council will meet next Nov. 6 and 7 in Sarasota, Fla.

Mr. Willis reported on PERC's planned activities for the 27<sup>th</sup> World LP Gas Forum in October in Miami. PERC will have a multimedia exhibit and participate in panel discussions and group meetings.

By unanimous consent, the Council adjourned at 8:54 a.m. Thursday MDT.

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