

Propane Education & Research Council
November 2-3, 2016
Naples, Fla.
MINUTES

Chairman Tom Van Buren called the meeting to order at 1 p.m. Eastern Daylight Time.

Mr. Van Buren, Ferrellgas (Overland Park, Kan.), opened the meeting with a prayer and the Pledge of Allegiance.

Mr. Van Buren welcomed the Council members in attendance:

Kasib Abdullah, BP (Houston)
Robert Barry, Bergquist (Toledo, Ohio) — *Secretary*
Gene Bissell (Gladwyne, Pa.)
Steven Breckon, Lone Star NGL (Houston)
Robert Chalmers, JP Energy Partners (Irving, Texas) — *Treasurer*
Drew Combs, CHS Inc (Inver Grove Heights, Minn.) — *Vice Chairman, Marketers*
Daniel Dixon, Amerigas (Florence, Ala.)
Randy Doyle, Blossman Gas (Ocean Springs, Miss.)
Roxanne Fowles, MarkWest Energy Partners LP (Friendswood, Texas)
Sam Hawley, Enterprise (Houston)
Bruce Leonard, Targa (Southlake, Texas) — *Vice Chairman, Producers*
Glenn Luce, Aux Sable Liquid Products (Morris, Ill.)
Doug Rinke (Columbia, Mo.)
Richard Williams, Suburban Propane Partners LP (Whippany, N.J.)
David Wiseman, Williams Energy Resources LLC (Tulsa, Okla.)

Robert Freeman, Freeman Gas (Spartanburg, S.C.), and Gregg Dighero, Encana Oil and Gas (Denver, Colo.), joined the meeting by phone.

PERC president and CEO Roy Willis introduced to the Council C. Michael Eason as PERC's new director of budget and finance. Michael will replace Jim Harris, who retires at the end of this year after 11 years as PERC's chief financial officer and vice president of administration.

Mr. Van Buren announced that Dan Binning stepped down from the Council to head the Arizona, Colorado, and New Mexico state associations. Mr. Van Buren thanked Dan for his contributions on the Council.

Mr. Van Buren asked councilors to sign the annual code of conduct.

Chairman's Report

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

Mr. Combs asked for one correction to be made to the July Council meeting minutes. The new Council Strategy Task Force will include the chairman and/or vice chairman of each working group.

Executive Committee. Mr. Van Buren said that since the last Council meeting, the Executive Committee by phone call in August to conduct the annual performance review of the CEO, and met the morning of the meeting to discuss work of the Strategic Task Force, the CEO's 2016/2017 goals, PERC staffing alignment, Partnership with States and industry engagement, adjustments to the Industry Outreach Committee, and succession planning.

Approval of Working Group Chairmen. Mr. Van Buren announced that Scott Brockelmeyer of Ferrellgas has stepped down as chairman of the Market Outreach and Training Working Group. Upon a motion duly made and seconded, the Council approved the appointment of Brandon Wade of Wade Sales & Services, Inc. as chairman of the working group.

Mr. Van Buren also announced the following appointments to the Advisory Committee:

To the Safety and Training Working Group: Sam Fox of McCraw Propane (Bonham, Texas), Kevin Matsako of Airgas USA, LLC (Painesville, Ohio), Tom Mullaney of Rockhill Insurance Group (Conway, Arizona), and Tim Myers of IPS Equipment, Inc. (Byron, Michigan).

Advisory Committee Report. Bruce Montroy, chairman of the Safety & Training Working Group, reported that cooperation between working groups and between the Council and Advisory Committee continues to increase. He also reported on current projects being worked on by the Safety & Training Working Group.

Mr. Van Buren urged councilors to continue to attend Advisory Committee meetings.

Audit Committee Report. Mr. Doyle reported that the committee met Oct. 25 to review the 2016 annual internal control report, which included improving the accountability of state rebate funds. In addition, the committee reviewed a draft of the 2016 annual audit committee report, which will be issued to the Council at its April 2017 meeting.

Strategy Task Force Report. Mr. Combs, chairman of the task force, reported that the task force refreshed the aspiration statement, defined strategic initiative success, prioritized strategies, and established the strategic emphasis.

Industry Outreach Committee Report. Mr. Barry, chairman of the committee, reported that the committee discussed developing regional-based communications, but that there was no consensus on what to bring before the Council. Another topic the committee discussed was how to use metrics to measure engagement with marketers.

Mr. Van Buren asked for and received unanimous consent for the Council to vacate the Industry Outreach Committee charter which was approved at the 2016 July meeting. He noted the intent to restructure the committee but not change its focus.

Vice Chairman, Marketer's Report

Mr. Combs deferred comments to NPGA President and CEO Rick Roldan. Before he spoke, NPGA Chairman-elect Jerry Brick reported that the partnership is strong and will get stronger. The partnership agreement binds the organizations together while still giving them flexibility and supports important activities, including codes and standards, education and training, and research. He said NPGA sometimes needs additional analytics from PERC to engage on certain issues.

Mr. Roldan offered a report on his association's activities under the partnership agreement. He said the agreement helped create refresher training as a path to stay current on certifications for marketers, and offered other examples of initiatives that were accomplished because of the partnership.

Vice Chairman, Producer's Report

Mr. Leonard deferred comments to Mark Sutton, executive director of the Gas Processors Association. Mr. Sutton reported on his association's activities under the partnership agreement, including GPA's midstream research program to support operations for companies, and other projects.

Treasurer's Report

Mr. Chalmers reviewed the 2016 budget year surplus compared with the latest forecast, and 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 13 docket, with the funds returning to the general treasury (as follows). Deobligations totaled \$735,641.

Docket: 20196 (Residential and Commercial) \$3,000,000

Project: 2015 Residential & Commercial Market Outreach

Action: De-obligates the remaining balance of \$105 and returns these funds to the general treasury

Docket: 20622 (Residential and Commercial) \$326,500

Project: Residential Market Data and Segmentation

Action: De-obligates the remaining balance of \$13 and returns these funds to the general treasury

Docket: 18135 (Industry Programs) \$2,640,363

Project: 2012-2013 Partnership with States Program

Action: De-obligates the remaining balance of \$111,535 and returns these funds to the general treasury

Docket: 19185 (Industry Programs) \$1,694,535

Project: 2014 Partnership with States Program

Action: De-obligates the remaining balance of \$5,151 and returns these funds to the general treasury

Docket: 20415 (Industry Programs) \$97,528

Project: PROPANE Clean American Energy™ Brand Rollout Support

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

Docket: 20642 (Industry Programs) \$435,000

Project: 2016 Digital Strategy for Industry Engagement

Action: De-obligates the remaining balance of \$105,000 and returns these funds to the general treasury

Docket: 20199 (Engine Fuel) \$1,095,750

Project: 2015 Off-Road Market Outreach

Action: De-obligates the remaining balance of \$189,622 and returns these funds to the general treasury

Docket: **20200 (Engine Fuel) \$1,225,000**

Project: 2015 Propane Autogas Market Outreach

Action: De-obligates the remaining balance of \$87,213 and returns these funds to the general treasury

Docket: **19035 (Engine Fuel) \$235,705**

Project: 8.0L Product Launch Support

Action: De-obligates the remaining balance of \$12,030 and returns these funds to the general treasury

Docket: **20695 (Research and Development) \$81,000**

Project: Life Cycle Analysis of Propane GHG

Action: De-obligates the remaining balance of \$23 and returns these funds to the general treasury

Docket: **20373 (Safety and Training) \$198,200**

Project: "Dispensing Propane Safely" Program: Third Edition

Action: De-obligates the remaining balance of \$24,914 and returns these funds to the general treasury

Docket: **20187 (Agriculture) \$922,350**

Project: 2014 Consumer Safety Preparedness Campaign

Action: De-obligates the remaining balance of \$5 and returns these funds to the general treasury

Docket: **20639 (Agriculture) \$500,000**

Project: 2016 Propane Farm Incentive Program

Action: De-obligates the remaining balance of \$200,000 and returns these funds to the general treasury

Chief Executive Officer's Report

Mr. Willis reported on PERC's major campaigns and programs in 2016 and said the challenges in 2017 will include funding both the commercialization program and consumer campaign, and reaching more consumers with a higher frequency of messages in the campaign.

Mr. Combs asked that during the April meeting, the Council go through a training exercise to understand what renewable propane is and what it means for the industry.

The funding requests and change orders Mr. Willis approved under his presidential authority since the Council's last meeting (as follows).

Docket: **21043**

Time Extension: N/A

Title: Electric Heat Pump Backup Market Development Plan

Approved Amount: **\$25,000**

Docket: **20658 (no-cost change order)**

Time Extension: March 2017
Title: 2016 Propane Mower Incentive Program
Approved Amount: \$0

Docket: **20201 (no-cost change order)**
Time Extension: Dec. 31, 2016
Title: 2015 Material Handling Outreach
Approved Amount: \$0

Docket: **20003 (no-cost change order)**
Time Extension: N/A
Title: Off-Road Aftermarket Stimulation Strategy
Approved Amount: \$0

Docket: **20394 (no-cost change order)**
Time Extension: N/A
Title: Effect of Sulphur Level on TWC Performance and Durability
Approved Amount: \$0

Docket: **20835 (no-cost change order)**
Time Extension: N/A
Title: Low NOx Ford 6.8L Engine Development
Approved Amount: \$0

Docket: **20631**
Time Extension: N/A
Title: 2016 Industry Outreach Program
Approved Amount: \$50,000

Partnership Agreement

Mr. Willis introduced **Docket 21039**. Upon a motion duly made and seconded, the Council approved the docket (as follows).

Docket: **21039**
Principal Contractors: PERC
Title: 2017 Partnership Agreement between PERC, GPA, and NPGA
Amount Requested: **\$1,394,500**
Action: **Approved**

Chief Business Development Officer's Report

PERC Chief Business Development Officer Tucker Perkins offered a report on PERC's market outreach activities in 2016, and his observations from the Strategic Task Force and Industry Outreach Committee meetings.

2017 Budget Plan

PERC Chief Financial Officer Jim Harris reviewed the 2017 budget and upon a motion duly made and seconded, the Council approved the budget.

Roy Willis recognized Mr. Harris for his years of service on the PERC staff before he retires at the end of 2016.

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 following dockets on the consent calendar (as follows).

Docket: 20987
Principal Contractor: PERC
Title: 2017 Propane Farm Incentive Program
Amount Requested: \$300,000
Action: Approved

Docket: 20972
Principal Contractor: National Alternative Fuels Training Consortium
Title: 2017 Propane Autogas Technician Training
Amount Requested: \$101,296
Action: Approved

Docket: 20971
Principal Contractor: Swanson Russell
Title: 2017 Material Handling Outreach and Marketing
Amount Requested: \$470,000
Action: Approved

Docket: 20877
Principal Contractor: Gas Technology Institute
Title: Residential Gas Heat Pump (R-GHP) Market Assessment
Amount Requested: \$51,609
Action: Approved

Docket: 20982
Principal Contractor: Swanson Russell
Title: Development of Consumer Safety Videos
Amount Requested: \$63,820
Action: Approved

Docket: 20976
Principal Contractor: TBD
Title: Safety and Training Blended Learning
Amount Requested: \$143,000
Action: Approved

Docket: 20975
Principal Contractor: Dashe & Thompson
Title: 2017 CETP Maintenance
Amount Requested: \$96,846
Action: Approved

Docket: 20978
Principal Contractor: PERC

Title: 2017 Industry Outreach
Amount Requested: \$340,000
Action: Approved

Docket: 20876
Principal Contractor: Underwriters Laboratories, Inc.
Title: Establishing Service Life for ACME Transfer Hose Couplings
Amount Requested: \$54,300
Action: Approved

Chief Marketing Officer's Report

PERC Chief Marketing Officer Dennis Vegas reviewed the national consumer brand campaign's goals to increase favorability and familiarity of propane among users and non-users of the fuel, the funding allocated to each media investment, and the positive impact it has had on the industry thus far.

Chris McAllister of Nielsen summarized the results of the consumer education survey, with familiarity and favorability up double digits among those who saw the campaign ads.

Trent Walters of The Richards Group reported on the campaign's approach, media channels used, and how Nielsen, ComScore, Sysmec, and Google Analytics measured the campaign's performance by investment and channel.

PERC Director of Communications Gregg Walker presented the digital results of the campaign from July 1 to Oct. 2, 2016, highlighting where and how the campaign has exceeded industry benchmarks.

Todd Unruh of The Richards Group provided a summary of the social listening project, which was conducted to provide insights about our activities and propane on social media and guidance on how to develop and why it is pivotal to maintain our promotions on this channel.

Mr. Vegas and Mr. Walters presented the proposed 2017 consumer campaign plan.

Mr. Vegas reviewed **Docket 20995**. Upon a motion duly made and seconded, the Council approved the new funding amount.

Docket: 20995
Principal Contractor: The Richards Group
Title: 2017 Consumer Education Campaign
Amount Requested: \$8,240,000
Action: Approved

Mr. Walker reviewed **Docket 20997**. Upon a motion duly made and seconded, the Council approved the new funding amount.

Docket: 20997
Principal Contractor: Swanson Russell
Title: 2017 Corporate Communications
Amount Requested: \$1,085,000
Action: Approved

Mr. Willis announced to the Council that he would retire July 31, 2017.

The Council recessed at 5:35 p.m. EDT.

Proceedings of November 3.

Mr. Van Buren called the meeting to order at 8:30 a.m. EDT.

Propane Market Assessment and Housing Market Review

Mike Sloan of ICF International presented on 2017 market conditions for propane retailers. The best opportunity to grow gallons continues to be in internal combustion engine markets, with the growing housing market supporting an expanding base of propane-heated households.

Industry Programs

PERC Chief Information Officer Kay Howell gave an overview of industry engagement in 2016, focusing on the results of the Southeastern Expo, MTST sessions, residential market webinars, conference calls with states, email campaigns, and website and social media metrics. Mrs. Howell also shared planned 2017 activities to engage with the industry.

Mrs. Howell reviewed **Docket 20973**. Upon a motion duly made and seconded, the Council approved the new funding amount.

Docket:	20973
Principal Contractor:	GP Strategies
Title:	Marketer Technology and Sales Training
Amount Requested:	\$700,000
Action:	Approved

Partnership with States

Mr. Willis reviewed **Docket 20977**. Upon a motion duly made and seconded, the Council approved an amendment of programmatic changes to the docket to amend the 2017 eligible programs to include adding forklift projects in the off-road program, to emphasize on HVAC and plumbing professionals in the construction professional education program, and add support services related to low emissions technical expertise.

Upon a motion duly made and seconded, the Council voted to ask the Advisory Committee to review the amendment to the docket to eliminate the matching funds requirement for the Consumer Education Campaign Support and Safe Appliance Rebates, and to provide a recommendation for the Council to consider at its February meeting.

By show of hands, upon a motion duly made and seconded, the Council voted to not approve an amendment to the docket to use PWS funds with no matching funds requirement for state staff travel expenses.

Upon a motion duly made and seconded, the Council approved an amendment to allocate Partnership Program funds Oct. 1 of each year. As a result of that action, the 2017 PWS funds are being made available now.

Upon a motion duly made and seconded, the Council approved the new funding amount.

Docket: 20977
Principal Contractor: PERC
Title: 2017 Partnership with States
Amount Requested: \$1,500,000
Action: Approved

Market Reports

PERC Chief Business Development Officer Tucker Perkins gave an overview of market outreach plans for 2017, emphasizing commercial market incentives and campaigns.

Mr. Perkins reviewed **Docket 20988**. Upon a motion duly made and seconded, the Council approved the new funding amount.

Docket: 20988
Principal Contractor: Swanson Russell
Title: 2017 Residential and Commercial Market Outreach
Amount Requested: \$1,809,800
Action: Approved

Mr. Perkins reviewed **Docket 20969**. Upon a motion duly made and seconded, the Council approved the new funding amount.

Docket: 20969
Principal Contractor: Swanson Russell
Title: 2017 Propane Autogas Marketing Outreach
Amount Requested: \$1,303,000
Action: Approved

Mr. Van Buren asked on a go-forward basis for the Council to receive updates on specific research or projects in the discussion phase about renewable fuels, with councilors working in collaboration with PERC staff, NPGA, GPA, and producers to make sure the industry is engaged on this topic.

Mr. Perkins reviewed **Docket 20970**. Upon a motion duly made and seconded, the Council approved the new funding amount.

Docket: 20970
Principal Contractor: Swanson Russell
Title: 2017 Outdoor Power Equipment Outreach and Marketing
Amount Requested: \$1,032,500
Action: Approved

Mr. Perkins reviewed **Docket 20983**. Upon a motion duly made and seconded, the Council approved the new funding amount.

Docket: 20983
Principal Contractor: Swanson Russell
Title: 2017 Agriculture Market Outreach Program
Amount Requested: \$896,000
Action: Approved

Chief Financial Officer's Report

Mr. Harris reviewed **Docket 21037**. Upon a motion duly made and seconded, the Council approved the new funding amount.

Docket: 21037
Principal Contractor: PERC
Title: 2016 API Survey and Report
Amount Requested: \$186,080
Action: Approved

Mr. Harris reviewed **Docket 21036**. Upon a motion duly made and seconded, the Council approved the new funding amount.

Docket: 21036
Principal Contractor: PERC
Title: 2017 Advisory Committee and Program Support
Amount Requested: \$490,000
Action: Approved

Mr. Harris reviewed **Docket 21038**. Upon a motion duly made and seconded, the Council approved the new funding amount.

Docket: 21038
Principal Contractor: PERC
Title: 2017 Propane Market Research Initiative
Amount Requested: \$344,580
Action: Approved

Industry and Public Comments

The Council received no public comment.

Old Business

Upon a motion duly made and seconded, the Council approved that by the February Council meeting, PERC staff present the Council with a plan to realign the budget to fund both a spring and fall campaign to achieve significant growth in familiarity and favorability, understanding that PERC staff would need to work with various committees in order to do that.

New Business

There was no new business.

Mr. Van Buren announced that the next regularly scheduled in-person Council meeting would take place Feb. 9, 2017, in Dallas.

By unanimous consent, the Council adjourned at 11:35 a.m. Thursday EDT.