

**Propane Education & Research Council
November 2-3, 2017
Tampa, Florida**

MINUTES

Proceedings of November 2

Chairman Drew Combs called the meeting to order at 1:08 p.m. Eastern Daylight Time.

Mr. Combs, CHS (Inver Grove Heights, Minn.), welcomed new councilor Joe Rose (Loudon, N.H.), a public member appointed by the National Propane Gas Association and GPA Midstream.

Mr. Combs called on Randy Doyle, Blossman Gas (Ocean Springs, Miss.), the treasurer, to open the meeting with a prayer and the Pledge of Allegiance.

Mr. Combs welcomed the Council members in attendance:

Kasib Abdullah, BP (Houston) — *Vice Chairman, Producers*
Robert Barry, Bergquist (Toledo, Ohio)
Gene Bissell (Gladwyne, Pa.)
Steven Breckon, Lone Star NGL (Houston)
Robert Chalmers, Meritum Energy Holdings (San Antonio) — *Vice Chairman, Marketers*
Casey Cramton, Dead River Co. (South Portland, Maine)
Daniel Dixon, AmeriGas (Florence, Ala.) — *Secretary*
Roxanne Fowles, MarkWest Energy Partners LP (Friendswood, Texas)
Gary France, France Propane Service Inc. (Schofield, Wis.)
Robert Freeman, Freeman Gas (Spartanburg, S.C.)
Bruce Leonard, Targa (Southlake, Texas)
Glenn Luce, Aux Sable (Morris, Ill.)
Joe Rose (Loudon, N.H.)
Richard Williams, Suburban Propane Partners LP (Whippany, N.J.)
David Wiseman, Williams Energy Resources LLC (Tulsa, Okla.)

Scott Brockelmeyer, Ferrellgas (Overland Park, Kan.), joined by telephone and video streaming.

Chairman's Report

Approval of Minutes. Mr. Combs directed the councilors' attention to the minutes of the July 2017 Council meeting. Upon a motion duly made and seconded, the Council approved the minutes.

Executive Committee. Mr. Combs announced that the Executive Committee had met November 1. He said topics of discussion included a summary of President and CEO Tucker Perkins's recent visits with industry marketers and state propane organizations, the development of the integrated marketing campaign, the NPGA's draft strategic plan, the RBN Energy study of propane supply and deliverability, and other vendor contracts. The committee received updates on the Advisory Committee's Market Outreach and Training Working Group, the Industry Outreach Committee, the Partnership with States program, regional meetings, the *PERC Usable Claims Handbook*, the PERC office

location, and the work of the Portfolio Review Committee. He said the Executive Committee also discussed the 2018 consumer outreach campaign, industry and public comments on the 2018 budget plan, and PERC staffing.

Mr. Combs reported that staff had completed a review of meeting minutes, as directed by the Council, to determine whether the Council had granted authority to a person rather than to a staff position. Staff found a Council resolution that gave the former president and CEO of PERC, Roy Willis, personal authority to sign a letter to the U.S. secretary of energy. The Executive Committee determined that it was a grant of authority to carry out a one-time objective and that the grant of authority extended no further than that specific task. Mr. Combs said no Council action is required.

Mr. Combs said the Executive Committee had approved a resolution that gave the president and CEO signature authority over the Council's Morgan Stanley account. He said the president and CEO's deferred compensation plan was under review.

Mr. Combs said the Executive Committee met earlier today with NPGA's officers and its president and CEO and discussed the latest propane supply figures, the VW settlement, the tax policy update, and emissions data needs and analysis. The joint officers of both NPGA and PERC will meet again in February in Santa Barbara, California.

Audit Committee Report

Mr. Bissell, chairman of the Audit Committee, said the committee had met yesterday and were satisfied with the 2016 IRS Form 990 tax return, the 2017 internal control report, and the 2017 internal control review program. He said the committee had agreed to retain Aronson LLC as independent auditor.

Portfolio Review Committee Report

Mr. Freeman, chairman of the Portfolio Review Committee, offered a report on the committee's work. He identified projects reviewed since the last meeting and described a forthcoming project review report that the committee would prepare for the benefit of councilors.

Industry Outreach Committee Report

Mr. Barry, chairman of the Industry Outreach Committee, asked the Council to approve a change to the committee's charter that would authorize the committee to create a working group consisting of at least three state association chief executive officers and one chairman of a PERC Advisory Committee working group, one representative of the NPGA Benchmarking Council, and the PERC director of industry programs.

Upon a motion duly made and seconded, the Council approved the revised Industry Outreach Committee charter.

Advisory Committee Report

Mr. Combs said Brandon Wade had stepped down as chairman of the Market Outreach and Training Working Group, and he thanked Mr. Wade for his leadership and volunteerism. Mr. Combs said he appointed Mr. Leonard interim chairman of the Market Outreach and Training Working Group.

Mr. Combs said that, since the July Council meeting, he had appointed the following members to the Advisory Committee:

To the Market and Outreach Training Working Group: Nandini Sankara, Suburban Propane (Whippany, N.J.); Matt Thompson, AmeriGas (King of Prussia, Pa.); and Charles Robertson, Twin Feathers Consulting (Overland Park, Kan.).

To the Safety and Technical Training Working Group: Tim Holmes, Suburban Propane (Braxton, Miss.); Don Crowder, Corken (Oklahoma City, Okla.); and Bill Holmes, Blackmer-PSG (Hawthorn Woods, Ill.).

To the Research and Technology Development Working Group: Austin Cox, Sharp Energy (Salisbury, Md.).

David Reynolds, chairman of the Research and Technology Development Working Group, offered an update on the Advisory Committee.

MOT Restructuring Task Force Report

Mr. Leonard, who is leading the Market Outreach and Training Working Group and the MOT Restructuring Task Force, said state executives at the recent MOT meeting confirmed that PERC's winter preparedness communications program had given marketers sufficient messages and materials to train customers to mitigate the effects of temporary price spikes.

Mr. Leonard outlined his vision for improvements to MOT recruitment and operations, with an emphasis on the importance of project teams.

PERC Director of Industry Engagement Paula Wilson offered an overview of proposed changes to the MOT charter.

NPGA Report

NPGA Chairman-Elect Chris Earhart offered a report on the ongoing coordination between PERC and NPGA.

GPA Midstream Association Report

GPA Midstream Association President and CEO Mark Sutton offered a report on the ongoing coordination between PERC and GPA Midstream. A copy of the GPA Midstream Association 2018 Cooperative Research brochure was shared with PERC staff.

Chairman Comments

Mr. Combs described his satisfaction with the trend toward greater communication and coordination between PERC and its partners, including national propane organizations, state propane organizations, and propane marketers.

NPGA Strategic Plan

NPGA President and CEO Rick Roldan said the association is reviewing a draft strategic plan and noted that the officers of PERC and NPGA had agreed to develop an integrated strategic plan for the industry.

Chief Executive Officer's Report

Mr. Perkins offered a report on his first three months as president and CEO.

Treasurer's Report

Mr. Doyle reviewed the 2017 budget compared with actual revenues and expenditures, 2017 projected budget variance, and PERC's investment performance. He introduced a customized benchmark for evaluating PERC investment returns.

Upon approval of a motion duly made and seconded, the Council adopted the treasurer's report and approved a proposal to close out 10 dockets comprising \$214,706, with the funds returning to the general treasury (as follows).

- Docket: 20828 (Consumer Education) \$9,650,000**
Project: 2016 Consumer Education Campaign
Action: De-obligates the remaining balance of \$6,079 and returns these funds to the general treasury
- Docket: 10125 (Industry and Support Programs) \$20,000**
Project: NPGA (Change Order)
Action: De-obligates the remaining balance of \$1,423 and returns these funds to the general treasury
- Docket: 20625 (Industry and Support Programs) \$242,500**
Project: Marketer Technology & Sales Training: Digital Training
Action: De-obligates the remaining balance of \$64,193 and returns these funds to the general treasury
- Docket: 20642 (Industry and Support Programs) \$330,000**
Project: Digital Strategy for Industry Engagement
Action: De-obligates the remaining balance of \$58,959 and returns these funds to the general treasury
- Docket: 20692 (Industry and Support Programs) \$394,580**
Project: 2016 Propane Market Research Initiative
Action: De-obligates the remaining balance of \$50,000 and returns these funds to the general treasury
- Docket: 20249 (Engine Fuel) \$200,000**
Project: Department of Defense Autogas Program
Action: De-obligates the remaining balance of \$8,000 and returns these funds to the general treasury
- Docket: 20711 (Engine Fuel) \$100,000**
Project: Propane Autogas Technician Outreach
Action: De-obligates the remaining balance of \$6,000 and returns these funds to the general treasury
- Docket: 20394 (Research and Development) \$104,600**
Project: Effect of Sulfur Level on TWC Performance and Durability
Action: De-obligates the remaining balance of \$3,000 and returns these funds to the general treasury
- Docket: 20883 (Consumer Education) \$50,000**
Project: Carbon Management Information Center Consortium 2016

Action: De-obligates the remaining balance of \$109 and returns these funds to the general treasury

Docket: **20890 (Consumer Education) \$116,850**

Project: Propane Greenhouse Gas & Criteria Pollutant Emissions Comparative Analysis

Action: De-obligates the remaining balance of \$6,443 and returns these funds to the general treasury

2018 Budget

PERC Director of Budget and Finance Michael Eason presented the revised 2018 budget plan. He noted a cut to the capital budget presented at the July meeting of the Council and a reallocation of the savings to operating programs.

Upon a motion duly made and seconded, the Council approved the 2018 budget.

Consent Calendar

Mr. Combs asked the councilors to turn their attention to the consent calendar in the briefing materials.

Councilors removed **Docket 21261** and **Docket 21439** from the consent calendar.

Upon a motion duly made and seconded, the Council approved the seven funding requests remaining on the consent calendar (as follows).

Docket: **21301**
Principal Contractor: National Alternative Fuels Training Consortium (NAFTC)
Title: Online Propane Autogas First Responder Safety Training
Amount Requested: **\$71,900**
Action: **Approved**

Docket: **21357**
Principal Contractor: National Alternative Fuels Training Consortium (NAFTC)
Title: 2018 Propane Autogas Technician Training
Amount Requested: **\$107,446**
Action: **Approved**

Docket: **21302**
Principal Contractor: Bray Strategies
Title: Task Based Training Roadmap
Amount Requested: **\$150,000**
Action: **Approved**

Docket: **21310**
Principal Contractor: PERC
Title: 2018 Propane Industry Trainer's Conference
Amount Requested: **\$30,000**
Action: **Approved**

Docket: **21355**
Principal Contractor: PERC

Title: 2018 Industry Outreach
Amount Requested: \$440,000
Action: Approved

Docket: 21379
Principal Contractor: Dashe & Thomson
Title: CETP NFPA 58 2017 Updates, E-Learning, and Refresher Training
Amount Requested: \$143,017
Action: Approved

Docket: 21384
Principal Contractor: Dashe & Thompson
Title: 2018 CETP Support
Amount Requested: \$81,465
Action: Approved

The chairman asked for a motion to approve **Docket 21261**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 21261
Principal Contractor: Gas Technology Institute
Title: Laboratory Evaluation of the M-Trigen Micro-Combined Cooling, Heating and Power System (mCCHP)
Amount Requested: \$50,000
Action: Approved

The chairman asked for a motion to approve **Docket 21439**. Upon a motion duly made and seconded, the funding request was approved with the proviso that it may not be replicated by other state foundations and councils without Council approval (as follows).

Docket: 21439
Principal Contractor: Arizona Propane Education & Research Foundation
Title: Maricopa County Propane Fire Pit Program
Amount Requested: \$34,576
Action: Approved

Online Outreach Strategy

PERC Deputy Director of Communications Ingrid Bechard offered a summary of plans to rebuild propane.com and described its importance to PERC's integrated marketing communications strategy.

Business Development Report

PERC Director of Agriculture Business Development Cinch Munson offered a report on PERC's market outreach programs.

Mr. Munson introduced **Docket 21375**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 21375
Principal Contractor: Swanson Russell

Title: 2018 Residential & Commercial Market Outreach
Amount Requested: \$2,149,800
Action: Approved

Mr. Munson introduced **Docket 21342**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 21342
Principal Contractor: Swanson Russell
Title: 2018 Outdoor Power Equipment Outreach & Marketing
Amount Requested: \$930,000
Action: Approved

Mr. Munson introduced **Docket 21343**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 21343
Principal Contractor: Swanson Russell
Title: 2018 Propane Autogas Market Outreach
Amount Requested: \$1,300,000
Action: Approved

Mr. Munson introduced **Docket 21377**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 21377
Principal Contractor: Swanson Russell
Title: 2018 Agricultural Market Outreach Program
Amount Requested: \$1,100,000
Action: Approved

Mr. Munson introduced **Docket 21387**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 21387
Principal Contractor: TSN Communications
Title: 2017–2018 Propane Mower Incentive Program
Amount Requested: \$500,000
Action: Approved

Mr. Munson introduced **Docket 21257**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 21257
Principal Contractor: Southwest Research Institute
Title: Fuel Sampling Program 2017
Amount Requested: \$100,000
Action: Approved

Public Comment

Mr. Combs invited members of the public to comment on matters before the Council. There were no comments.

The Council recessed at 5:43 p.m. EDT.

Proceedings of November 3

Mr. Combs called the meeting to order at 8:38 a.m. EDT.

Industry Dockets

PERC Chief Information Officer Kay Howell gave an update on the Partnership with States program.

Ms. Howell introduced **Docket 21356**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 21356
Principal Contractor: PERC
Title: 2018 Partnership with States Program
Amount Requested: \$1,500,000
Action: Approved

Ms. Howell introduced **Docket 21433**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 21433
Principal Contractor: PERC
Title: Propane Catalog Maintenance and Support
Amount Requested: \$225,872
Action: Approved

Administrative Report

PERC Director of Operations Grace Willis gave a report on administrative matters.

Ms. Willis introduced **Docket 21436**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 21436
Principal Contractor: PERC
Title: 2018 Advisory Committee & Program Support
Amount Requested: \$490,000
Action: Approved

Ms. Willis introduced **Docket 21437**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 21437
Principal Contractor: GPA Midstream and NPGA
Title: 2018 Partnership Agreement between PERC, GPA Midstream, and NPGA
Amount Requested: \$1,319,500

Action: Approved

Ms. Willis introduced **Docket 21441**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 21441
Principal Contractor: PERC
Title: 2018 Propane Market Intelligence and Assessment Program
Amount Requested: **\$305,000**
Action: **Approved**

Chief Marketing Officer's Report

PERC Chief Marketing Officer Dennis Vegas offered an update on plans to develop an integrated marketing communications program. He noted that PERC would be conducting research on homeowner receptiveness to the theme Propane Can Do That.

Mr. Munson gave councilors a tour of propanecandothat.com.

Public Comment

Mr. Combs invited members of the public to comment on matters before the Council. There were no comments.

Old Business

Mr. Bissell asked about progress on the development of information packets designed to respond to challenges created by the zero net energy movement.

New Business

Mr. Leonard proposed the creation of an MOT project team that would promote marketers' use of vehicles that run on propane autogas. The chairman directed staff to explore the possibility.

Mr. Combs announced that the next Council meeting would take place February 14 in Santa Barbara, Calif.

By unanimous consent, the Council adjourned at 10:24 a.m. EDT.

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