

**Propane Education & Research Council
October 6, 2010
Baltimore**

MINUTES

Chairman Bill Platz called the meeting to order at 9:08 a.m. Eastern Daylight Time.

Mr. Platz, Delta Liquid Energy (Paso Robles, Calif.), welcomed the Council members in attendance:

Joe Armentano, Paraco Gas (Rye Brook, N.Y.) — *Treasurer*
Eric Benson, J.S. West & Co. (Modesto, Calif.)
Joe Gump, ConocoPhillips (Dacula, Ga.)
Theodore Jeffcoat, Inergy (Rutland, Mass.)
Sam McTier, Propane Technologies (Lake Forest, Ill.)
Gerry Misel, Georgia Gas Distributors (Sandy Springs, Ga.)
Tom Redd, Martin Midstream Partners (Kilgore, Texas) — *Secretary*
David Regan, Targa Resources Inc. (Houston) — *Vice Chairman–Producers*
Doug Rinke (Columbia, Mo.)
Russ Rupp, Suburban (Bonita Springs, Fla.)
Mike Sheehan, Sheehan's Gas (Bird Island, Minn.)
Charles Snelling (Fogelsville, Pa.)
Tim Stauft, Aux Sable Liquid Products (Morris, Ill.)
Paula Wilson, AmeriGas (Valley Forge, Pa.)
David Wunch, SemStream LP (Tulsa, Okla.)

Vice Chairman–Marketers Paul Grady, Heritage (Florence, Ky.), joined the meeting by telephone.

Approval of Minutes

Mr. Platz directed the councilors' attention to the minutes of the July 2010 meeting of the Council. Upon a motion duly made and seconded, the Council approved the minutes.

Chairman's Report

Mr. Platz announced that there had been no advisory committee appointments since the last meeting.

Executive Committee. Mr. Platz said the Executive Committee met yesterday afternoon. The committee took action on the president's 2010 performance review and approved a rebate request from the Western Propane Education and Research Council to update a study that the Council sponsored several years ago related to fugitive emissions. The Executive Committee met by conference call on September 30 to discuss the Senate Subcommittee on Energy hearing of September 29 and discussed the president's 2011 goals and other staffing issues. The Executive Committee discussed the work that David Belden of ExecuVision International performed at the direction of the Council.

Audit Committee. Mr. Platz announced that the Audit Committee, chaired by T.J. Rinke, Conway NGL Storage & Fractionation, Williams Midstream (Tulsa, Okla.), performed its review for independent audit services and awarded the audit engagement for 2010,

2011, and 2012 to Aronson and Co., PERC's current auditors. The award was based on Aronson's responses to PERC's request for proposals, its low fees, and its past performance.

Mr. Platz announced that PERC has retained the legal services of Brownstein Hyatt Farber Schreck.

Report of the Vice Chairman—Marketers

Mr. Grady made no report.

Report of the Vice Chairman—Producers

Mr. Regan made no report.

Treasurer's Report

Mr. Armentano reviewed the budget forecast for 2010 compared with the budget and reported on the Council's investment portfolio and performance. Upon a motion duly made and seconded, the Council adopted the treasurer's report and thereby approved a proposal to close out 23 dockets, with the funds returning to the general treasury (as follows).

Docket: 12150 (Partnership) \$1,571,000
Project: 2007 PERC, NPGA, and GPA Partnership Agreement
Action: De-obligates the remaining balance of \$3,600 and returns these funds to the general treasury

Docket: 12478 (Partnership) \$1,571,000
Project: 2008 PERC, NPGA, and GPA Partnership Agreement
Action: De-obligates the remaining balance of \$3,500 and returns these funds to the general treasury

Docket: 12473 (Residential and Commercial) \$256,824
Project: 2008 National Association of Homebuilders (NAHB) — Builder 20 Clubs
Action: De-obligates the remaining balance of \$2,963 and returns these funds to the general treasury

Docket: 12531 (Residential and Commercial) \$2,180,000
Project: 2008 Consumer Education Partnership with States
Action: De-obligates the remaining balance of \$66,676 and returns these funds to the general treasury

Docket: 15492 (Residential and Commercial) \$148,412
Project: Comparative Analysis of Residential Heating Systems
Action: De-obligates the remaining balance of \$2,679 and returns these funds to the general treasury

Docket: 15707 (Residential and Commercial) \$6,009,000
Project: Residential Advertising — Construction Professionals and Homeowners
Action: De-obligates the remaining balance of \$709,355 and returns these funds to the general treasury

Docket: 15708 (Residential and Commercial) \$450,000

Project: Construction Professional Partnerships
Action: De-obligates the remaining balance of \$308,011 and returns these funds to the general treasury

Docket: **15712 (Residential and Commercial) \$300,000**
Project: 2009 Construction Professional Education
Action: De-obligates the remaining balance of \$15,771 and returns these funds to the general treasury

Docket: **15713 (Residential and Commercial) \$180,000**
Project: 2009 Consumer Education Advisory Committee Support
Action: De-obligates the remaining balance of \$29,209 and returns these funds to the general treasury

Docket: **15714 (Residential and Commercial) \$80,000**
Project: 2009 Media Monitoring and Reporting
Action: De-obligates the remaining balance of \$2,945 and returns these funds to the general treasury

Docket: **15951 (Residential and Commercial) \$15,743**
Project: 2009 Factory-Built Housing Initiative
Action: De-obligates the remaining balance of \$5,950 and returns these funds to the general treasury

Docket: **11940 (Industry Programs) \$541,400**
Project: Capital Action Plan 2
Action: De-obligates the remaining balance of \$1,980 and returns these funds to the general treasury

Docket: **15726 (Industry Programs) \$414,200**
Project: Market Metrics Initiative — 2009 Analysis Cycle
Action: De-obligates the remaining balance of \$25,289 and returns these funds to the general treasury

Docket: **15733 (Engine Fuel) \$130,000**
Project: Kawasaki Dealer Outreach and Education of Propane Commercial Mowers
Action: De-obligates the remaining balance of \$20,682 and returns these funds to the general treasury

Docket: **12074 (Research and Development) \$65,000**
Project: Propane/Solar Hybrid Project for Urban/Municipal Applications
Action: De-obligates the remaining balance of \$1,062 and returns these funds to the general treasury

Docket: **12408 (Research and Development) \$38,220**
Project: Reducing LP-Gas Fleet Emissions, Fuel Waste, and Operating Costs
Action: De-obligates the remaining balance of \$8,385 and returns these funds to the general treasury

Docket: **15487 (Research and Development) \$165,000**

Project: Propane Distributed Generation Market Assessment
Action: De-obligates the remaining balance of \$7,761 and returns these funds to the general treasury

Docket: **AAAAA (Research and Development) \$807,206**
Project: Government Grant Reserve
Action: De-obligates the remaining balance of \$807,206 and returns these funds to the general treasury

Docket: **16245 (Research and Development) \$795,000**
Project: Development, Testing, and Demonstration of Micro-CHP
Action: De-obligates the remaining balance of \$795,000 and returns these funds to the general treasury

Docket: **12286 (Safety and Training) \$135,750**
Project: 2007 Propane Emergencies Activities
Action: De-obligates the remaining balance of \$73 and returns these funds to the general treasury

Docket: **15247 (Safety and Training) \$4,000**
Project: Update to Operations and Maintenance Manual
Action: De-obligates the remaining balance of \$1,002 and returns these funds to the general treasury

Docket: **12423 (Agriculture) \$434,503**
Project: Develop and Test a Propane Nematode Control System — Phase 2
Action: De-obligates the remaining balance of \$2,621 and returns these funds to the general treasury

Docket: **15932 (Agriculture) \$67,000**
Project: Propane Agriculture Roadmap Update
Action: De-obligates the remaining balance of \$14,483 and returns these funds to the general treasury

Consent Calendar

Mr. Platz directed councilors' attention to the consent calendar in their briefing materials, noting that the Council would consider the five grant funding requests and two state rebates on the consent calendar en bloc rather than taking them up one at a time. He reminded councilors that one other funding request, **Docket 16873**, would be considered later in the meeting.

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

Docket: **16872**
Primary Contractor: Foley & Lardner LLP
Short Title: Golf Equipment Market Feasibility Study
Amount Requested: **\$260,000**
Action: **Approved**

Docket: **16870**

Primary Contractor: Dashe & Thomson
Short Title: SCORM Compliant E-Learning
Amount Requested: \$158,526
Action: Approved

Docket: 16871
Primary Contractor: Logica3
Short Title: Bobtail Rollover Awareness and Prevention Program
Amount Requested: \$332,000
Action: Approved

Docket: 16865
Primary Contractor: Osborn & Barr; Nexight Group
Short Title: Propane FEED Program
Amount Requested: \$466,690
Action: Approved

Docket: 16692
Primary Contractor: Eidson & Partners
Short Title: 2010-2011 Agriculture Research and Project Evaluation
Amount Requested: \$230,000
Action: Approved

Docket: 16486
Primary Contractor: Wisconsin Propane Education and Research Council
Short Title: Customer Owned Tank — 2010
Amount Requested: \$3,850
Action: Approved

Docket: 16846
Primary Contractor: Pennsylvania Propane Foundation
Short Title: Multimedia Safety and Training Communications
Amount Requested: \$19,000
Action: Approved

President's Report

Mr. Willis directed the Council's attention to the PERC Code of Conduct and asked councilors to sign and return a copy as they do each year. He reviewed the implementation of PERC 2.0, the Council's new way of doing business, and offered a report on his testimony before the Senate Subcommittee on Energy on September 29.

Chief Commercial Officer's Report

PERC Chief Commercial Officer Steve Wayne offered a report on the Council's portfolio management strategy and reviewed the propane-fueled products in the research and development pipeline.

Mr. Willis introduced **Docket 16903**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 16903
Primary Contractor: ISSRC

Short Title: Data Collection of Criteria and Global Warming Emissions from LPG-Fueled Buses and Equipment for Life-Cycle Analysis Application
Amount Requested: **\$298,940**
Action: **Approved**

Engine Fuel Program Update

PERC Vice President Brian Feehan offered an overview of the propane-fueled engines and vehicles that have reached the market with support from PERC and the products that should reach the market soon.

Curtis Gorell and Anna Kirk of Bader Rutter summarized a proposed outreach and communications program that is designed to support the development and commercialization of propane engine fuel technology.

Mr. Feehan introduced **Docket 16873**. Upon a motion duly made and seconded, the funding request was approved (as follows). The Council directed staff to get a legal review of the program to make sure it is an unrestricted activity.

Docket: **16873**
Primary Contractor: Bader Rutter
Short Title: 2011 Engine Fuel Outreach & Communications Program
Amount Requested: **\$2,446,000**
Action: **Approved**

Mr. Feehan gave a report on an ongoing program with Freightliner, General Motors, and other partners to develop a propane-fueled 8-liter engine and chassis for bobtails, buses, trucks, and off-road vehicles like port tractors.

Market and Industry Research

PERC Chief Marketing Officer and Senior Vice President Kate Caskin summarized the Council's history with market research and its goals in that area.

David Richardson and Anne Aldrich of Artemis Strategy Group presented a report on the results of a survey of propane marketers' receptiveness to the commercialization of new propane products, their expectations for business growth in the coming year, their engagement with PERC, and their satisfaction with PERC programs.

Industry and Public Comments

Mr. Sheehan raised the issue of developing equipment that can accurately detect odorant levels in propane. Mr. Willis asked Director of Research and Development Greg Kerr to consult with the Research and Development Advisory Committee on the prospects for a program to develop an odorant detector.

2011 Budget

PERC Chief Financial Officer and Vice President of Administration Jim Harris introduced some changes to the 2011 budget plan since the July Council meeting.

Mr. Willis directed the Council's attention to a comment on the PERC budget plan from Chris Buschur, McMahan's Bottle Gas (Dayton, Ohio).

Upon a motion duly made and seconded, the 2011 budget was approved.

Old Business

There was no old business.

New Business

Mr. McTier gave a report on a program to develop a propane-fueled cabinet heater.

Mr. Platz announced that the Council would next meet on December 7 and 8 in Houston. He noted that the Executive Committee would meet on December 7.

The Council adjourned at 4:52 p.m. EDT.