

**Propane Education & Research Council
July 17–18, 2008
Washington, D.C.**

MINUTES

Proceedings for July 17, 2008

Chairman Glenn Saunders called the meeting to order at 8:10 a.m. Mr. Saunders welcomed Council members in attendance: Mark Alexander, Joe Armentano, Doug Auxier, Lynn Bourdon, John Ehlers, Paul Grady, Joe Gump, David Lugar, Bill McAdam, Sam McTier, Bill Platz, Tom Redd, David Regan, Charles Snelling, Kevin Sparks, Jay Weinheimer, and Steve Williams. (George Koloroutis and David Wunch were not present.)

Mr. Saunders welcomed John Ehlers, Joe Gump, Tom Redd, and Mike Sheehan to the Council.

PERC President and Chief Executive Officer Roy Willis reported on the election results for PERC's 2008–2009 officers. He announced that the following officers will serve through June 2009:

Chairman: Glenn Saunders, White Mountain Oil & Propane Inc. (North Conway, N.H.)

Vice Chairman, Marketers: Joe Armentano, Paraco Gas (Rye Brook, N.Y.)

Vice Chairman, Producers: Steve Williams, BP North America Gas & Power (Houston, Texas)

Treasurer: Bill Platz, Delta Liquid Energy (Paso Robles, Calif.)

Secretary: David Wunch, SemStream L.P. (Tulsa, Okla.)

Approval of Minutes

Mr. Saunders directed the councilors' attention to the March 2008 minutes. A motion to adopt the minutes was made, seconded, and approved.

Chairman's Report

Mr. Saunders reviewed the rules for selecting the chairmen of PERC's five advisory committees and announced that Stuart Weidie of Blossman Gas Inc. (Asheville, N.C.) had resigned his position as chairman of the Research and Development Advisory Committee (RDAC), a post he had held since 2003. Mr. Saunders thanked Mr. Weidie for his service and invited nominations for Mr. Weidie's successor.

Doug Auxier nominated Kirk Saunders of White Mountain Oil & Propane Inc. (North Conway, N.H.) to be chairman of the Research and Development Advisory Committee, and the Council unanimously approved the nomination.

Chairman Glenn Saunders reviewed advisory committee appointment rules and referred councilors to a list of the advisory committee appointments that took effect July 17. He then encouraged newer council members to choose an advisory committee and follow its deliberations as a member.

The approved advisory committee members are as follows:

To the Agriculture Advisory Committee: Chairman Robert Jacobs, Delta Liquid Energy (Paso Robles, Calif.); Vice Chairman Roger Gruwell, AmeriGas (Cedar Rapids, Iowa); Denise Beach, National Propane Gas Association (Washington, D.C.); Dan Beauvais, Agland Inc. (Lucerne, Colo.); Terry Davis, Country Propane (Milo, Iowa); Mike Faivre, Burkardt's LP Gas (Polo, Ill.); Tod Griffin, Kentucky PGA (Frankfort, Ky.); Darin Hunhoff, CHS (Inver Grove Heights, Minn.); Steve Jaeger, Railroad Commission of Texas (Austin, Texas); Tim Rice, Quality Oil and Gas (Laurinburg, N.C.); Chris Salrin, Growmark Inc. (Bloomington, Ill.); Michelle Swertzic, Nebraska Propane Gas Association (Lincoln, Neb.); Mike Welch, Cass County Butane Co. Inc. DBA Welchgas (Linden, Texas); Claude Zehnder, Bleyhl Farm Service Inc. (Grandview, Wash.)

To the Consumer Education Advisory Committee: Chairman Daryl McClendon, Ferrellgas (Hinsdale, Ill.); Vice Chairman Paula F. Wilson, AmeriGas (King of Prussia, Pa.); Steve Ahrens, Missouri Propane Gas Association (Jefferson City, Mo.); Scott Brockelmeyer, Ferrellgas (Overland Park, Kan.); Donnie Bullock, Williams Energy Group (Fayetteville, N.C.); Len Caric, Amerigas (Monroeville, Pa.); Randy Chitty, Heritage Propane (Jacksonville, Fla.); Billy Cox, O'Nealgas Inc. (Choudrant, La.); Dave Donahue, Donahue Gas (Anderson, Ind.); Randy Doyle, Blossman Gas Inc. (Ocean Springs, Miss.); John Duchscherer, CHS Inc. (Inver Grove Heights, Minn.); Darren Engle, Blue Star Gas (Central Point, Ore.); Mike Gioffre, Paraco Gas Corp. (Rye Brook, N.Y.); Jim Hitzemann, Rutherford Equipment (Huntersville, N.C.); John Ketchum, Gas Equipment Company Inc. (Earth City, Mo.); Christopher Kowalski, Osterman Propane (Whitinsville, Mass.); Frank Mapel, Pacer Propane (San Marino, Calif.); Shane McWhorter, Sequoia Gas Co. (Arcata, Calif.); Gerry Misel, Georgia Gas Distributors Inc. (Atlanta, Ga.); Jason Perry, DESA International (Bowling Green, Ky.); Ted C. Reilly, American Welding & Tank (Mechanicsburg, Pa.); John Simcox, Inergy (Mechanicsburg, Pa.); Scott Vreeman, Siouland Propane Co. (Ireton, Iowa); Brandon Wade, Wade Sales and Service Inc. (Breese, Ill.); PERC Council Member David Regan, Targa Resources Inc. (Houston, Texas)

To the Engine Fuel Advisory Committee: Chairman Tucker Perkins, Inergy Propane (Ashland, Va.); Vice Chairman Jessie Johnson, Blossman Gas Inc. (Asheville, N.C.); Mike Alexander, Worthington Cylinders (Columbus, Ohio); Heather Ball, Railroad Commission of Texas (Austin, Texas); Mike Calderera, National Propane Gas Association (Washington, D.C.); H. F. Rip Cannon, AmeriGas (Ambler, Pa.); Mike Gorham, Northwest Gas (Grand Rapids, Minn.); Glenn Luce, Aux Sable Liquid Products Inc. (Morris, Ill.); Steve Moore, Expo Propane (Long Beach, Calif.); Mike Schwartje, ConocoPhillips (Houston, Texas); Bob Myers (Boulder, Colo.); Wayne Register, Georgia Gas Distributors (Sandy Springs, Ga.); Joe Schnichels, CHS Inc. (St. Paul, Minn.); Mike Steward, Rutherford Equipment Co. (Apopka, Fla.); Tim Wood, Northwest Propane (Dallas, Texas); Dave Glaser, Glaser Gas (Colorado Springs, Colo.); John Armentano, Paraco Gas Corp. (Rye Brook, N.Y.); PERC Council Member Bill Platz, Delta Liquid Energy (Paso Robles, Calif.)

To the Research and Development Advisory Committee: Chairman Kirk Saunders, White Mountain Oil & Propane Inc. (North Conway, N.H.); Vice Chairman Carey Monaghan, AmeriGas Propane Inc. (King of Prussia, Pa.); Robert Blackwell, Independent Propane Co. (Pine, Colo.); Tony Dale, Ferrellgas (Cedar Park, Texas); Donald Fernald, Superior Energy Systems (Columbia Station, Ohio); John Kamps, Kamps Propane (Manteca, Calif.); Dan Kelly, Texas Railroad Commission (Austin, Texas); Michael Kelly, World LP Gas Association (Paris, France); Terry LeClair,

SemStream L.P. (Tulsa, Okla.); Michael G. Merrill, Suburban Propane (Whippany, N.J.); Bob Myers (Boulder, Colo.); Robert Nicholson, Eastern Propane Corp. (Oak Ridge, N.J.); Jay Sells, Heritage Propane L.P. (Jacksonville, Fla.); Bill Stewart, Blue Star Gas Co. (Garberville, Calif.); Bruce Swiecicki, P.E., National Propane Gas Association (Frankfort, Ill.); Don Tomiello, Targa Midstream Services L.P. (Houston, Texas); Steve Ward, Gardner Marsh (Raleigh, N.C.); Stuart Weidie, Blossman Gas Inc. (Asheville, N.C.); Kenny Wheat, Gas Processors Association (Tulsa, Okla.); Burl Williamson, Williamson LP Gas (Clinton, N.C.); PERC Council Member Sam McTier, Propane Technologies L.L.C. (Lake Forest, Ill.)

To the Safety & Training Advisory Committee: Chairman Mike Walters, Amerigas (Westlake, Ohio); Vice Chairman Eric Leskinen, Griffith Energy (Rochester, N.Y.); Phil Applegate, Targa Resources Inc. (Houston, Texas); Gary Bourne, CHS Inc. (Inver Grove Heights, Minn.); Mike Caldarera, National Propane Gas Association (Washington, D.C.); Philip Conty, Amerigas (Ruffsedale, Pa.); Walter Cressman, Cress Gas Co. (Richlandtown, Pa.); Don Crowder, Corken Inc./Liquid Controls Group (Oklahoma City, Okla.); Keith Hanchett, PERS (Ogden, Utah); John Kamps, Kamps Propane (Manteca, Calif.); Mike Konanz, Kamps Propane (Manteca, Calif.); Eric Kuster, Fairmont Specialty Group (Worton, Md.); Roger Leider, Minnesota PGA (Princeton, Minn.); Paul Lindsey, Alliance Energy L.L.C. (Lebanon, Mo.); Jerry Lucas, Heritage Propane Partners (Sallisaw, Okla.); Bruce Montroy, Bergquist Inc. (Durand, Mich.); Ken Mueller, Nationwide Agribusiness (Chatham, Ill.); Thomas Petru, Railroad Commission of Texas (Austin, Texas); Carlton Revere, Revere Gas & Appliance (Hartfield, Va.); Lyndon Rickards, Eastern Propane Gas Inc. (Rochester, N.H.); Joe Rose, PGA of New England (Bristol, R.I.); Russ Rupp, Suburban Propane Partners L.P. (Bonita Springs, Fla.); Jeff Shaffer, Shaffer's Bottled Gas Corp. (Hooversville, Pa.); Gary Smigaj, Heritage Propane (Kalispell, Mont.); Matt Stevens, Inergy (Essex Junction, Vt.); James Taranovich, Proctor Gas Inc. (Proctor, Vt.); Matt Terry, Mission Gas Inc. (San Antonio, Texas); Randy Warner, Ferrellgas (Liberty, Mo.); PERC Council Member Doug Auxier, Auxier Gas Inc. (Batavia, Ohio)

Mr. Saunders reported that the Executive Committee met July 16 and discussed the impending propane price analysis to be conducted by the Commerce Department under the Propane Education and Research Act of 1996 (PERA) and the potential impact of that analysis on PERC's consumer education efforts. If the price of propane relative to the price of other energy sources exceeds a certain threshold established by PERA, he noted, PERC would be required by law to curtail its consumer education programs. Mr. Saunders said that the relative price of propane, as the Commerce Department calculates those prices, will probably exceed that threshold this year. The propane industry, he noted, is working to persuade the Commerce Department to adopt an analytical method that both complies with the law and leads to a more reasonable and accurate calculation of the relative price of propane. But Mr. Saunders explained that if the Commerce Department adopts the methods advocated by the propane industry, such a change would likely give PERC relief for only a year or two. He said the next course of action for the industry would be to persuade Congress to change the law. Because PERC cannot lobby Congress, any lobbying effort would have to be led by the National Propane Gas Association (NPGA) and Gas Processors Association (GPA).

Mr. Saunders also reported that the Executive Committee voted to limit the cost-of-living raises for PERC staff members to no more than 3 percent and reviewed the salary adjustments and titles for three staff members.

Rules Task Force. Mr. Saunders reported that the Rules Task Force reviewed the PERC Policies, Rules and Procedures and the bylaws and at the March Council meeting recommended updates to both documents.

He said the Council approved the bylaws revisions and, as required, published the proposed revised PERC Policies, Rules and Procedures for a 30-day public comment period. No comments were received. He directed councilors' attention to the revised copy of the PRP in their supplemental notebook.

A motion to adopt the revised Policies, Rules and Procedures was made, seconded, and approved.

Mr. Saunders thanked former task force chairman Bruce Toellner and members Doug Auxier, Lynn Bourdon, David Lugar, and Steve Williams and PERC staff member John Kerekes for their work. Mr. Saunders then disbanded the task force.

Market Development Task Force. David Lugar, chairman of the Market Development Task Force (MDTF), reported that the MDTF has been working since its creation a year ago toward two goals: selecting a new lead communications agency and adopting a plan for commercialization. Mr. Lugar reported that the task force was ready to recommend a new agency and had made significant progress toward a plan for expanding propane markets and creating new ones. He thanked the members of the MDTF for their efforts.

Lead Communications Agency: Mr. Lugar reminded councilors that the MDTF had created an Agency Review Team (ART) to solicit and review proposals from communications agencies, vet the finalists carefully, and then recommend one agency to the MDTF. Mr. Lugar reported that the ART had fulfilled its obligations, and he reviewed the milestones in the search for a new lead communications agency. He reported that 17 agencies submitted proposals in March and the ART selected three finalists the following month. ART members, PERC staff members, and representatives of other PERC partners visited with the finalists at their offices before narrowing the list of finalists to two. The ART then briefed the finalists on PERC and the propane industry and gave the finalists two assignments, each of which required the finalists to present a communications plan to the team. On the basis of the site visits, the presentations, and a reference check, the Agency Review Team recommended hiring Colle+McVoy.

Mr. Lugar reported that the MDTF had accepted the ART's recommendation and voted unanimously to recommend Colle+McVoy to the Council. He noted that representatives of Colle+McVoy would be making a presentation to the Council later that day.

Commercialization Plan: Mr. Lugar said the task force engaged two firms to help develop a plan for the commercialization of new propane-fueled devices in an effort to expand the market for propane and ultimately increase the number of gallons sold. He said the task force asked ICF International, one of the firms, to assess PERC's market development activities, and the results of ICF's work will be available soon. The MDTF will make those results available to the Council as soon as possible.

The other firm, Energetics Inc., conducted a literature review, an industry review, and a commercialization workshop and then drafted a commercialization best practices recommendation. Mr. Lugar directed the councilors' attention to the supplemental

materials notebook, where the report from Energetics appeared behind tab 2. He emphasized that it is not a public document but a confidential draft for PERC review only.

Audit Committee. Mr. Saunders indicated that the committee will convene in October in New York.

Vice Chairman's Report—Marketers

Vice Chairman Joe Armentano made no report.

Vice-Chairman's Report—Producers

Vice Chairman Steve Williams made no report.

Treasurer's Report

Treasurer Bill Platz reviewed the 2008 budget forecast and highlighted a surplus of about \$10.7 million above the \$2 million surplus the Council ordinarily builds into each budget. The surplus exists in part because \$8.6 million in discretionary grant funds will not be appropriated in 2008 and will be carried forward to 2009, Consumer Education is deferring some funds to 2009 and will be about \$1.5 million under budget for 2008, and de-obligations will likely be about \$550,000 more than expected.

Mr. Platz reported that 2008 revenue streams were in line with forecasts for January and February, dipped in March, and rebounded in April. On the year, the revenue stream is down about \$450,000 because of the shortfall in March. He noted that the PERC Budget and Finance Committee would continue to watch the oil markets and update its budget forecast accordingly.

Mr. Platz noted that the only significant change in the operating expenses is that PERC is not making capital expenditures as fast as expected, a condition that has resulted in a positive variance in depreciation. He assured the Council that PERC will make the full capital investment by the end of 2008.

Mr. Platz reported that PERC has about \$44 million in its investment portfolio. Almost \$14 million is in bank certificates of deposit, as CDs represent the best return on investment now.

A motion to adopt the treasurer's report was made, seconded, and approved.

Counsel's Report

Mr. Saunders called on Ed Newberry of Patton Boggs (Washington, D.C.) to give the counsel's report. Mr. Newberry reminded members of the Council that a code of conduct outlines their obligations and responsibilities and that PERA and the bylaws govern all of their work on the Council.

He advised councilors that they have duties that differ from their responsibilities in their own organizations, and he reviewed some of those duties: a duty to industry members, as outlined in the statute and the bylaws; a duty to third parties put at risk by the work of the Council, as by the act of testing, which necessarily involves some risk; a duty to the Council, which necessarily takes actions that can have legal consequences; a fiduciary duty, which imparts to councilors the duty to act in good faith and to put the Council's interests ahead of their own individual interests and those of their companies, their

customers, and their other organizations; and a duty of care, which requires them to exercise such care as an ordinarily prudent person in a like situation would exercise.

President's Report

Mr. Willis noted the recent deaths of two industry leaders: Milford Therrell, the first chairman of the Council, and Ron Brunner, the former technical director of the GPA and one of the original members of PERC's technology committee. Willis asked for the Council's permission to send letters of condolence to the families of Therrell and Brunner on behalf of PERC, and there were no objections.

Outreach. Mr. Willis reported that he had arranged to spend as much time as possible in 2008 speaking to propane industry groups about PERC's new focus on commercialization. He noted that he had spoken to nine state conventions this year and expects to talk to many more. Mr. Willis said he has reason to believe that the industry now has a better sense of PERC's efforts to grow the demand for propane by bringing new propane-fueled technology to market and by hiring a new marketing communications firm.

Mr. Willis reported that PERC had an opportunity to reach out to the U.S. propane industry's international counterparts, especially the Canadians, and that he carried Canada's congratulations to the industry here.

Mr. Willis noted that global warming is changing the demand for propane, and that interest in cleaner fuels has given him new opportunities to reach out to a number of external audiences interested in the debate about the future of energy. He participated, for instance, in the first low-carbon fuels conference and delivered the keynote to a group of green activists. Mr. Willis said he was pleased with the response PERC got from the Sierra Club and other environmental groups.

New media opportunities are also arising out of the high level of interest in the cost and environmental impact of propane and other alternative fuels. Mr. Willis said a reporter from the Auto Channel recently recorded a breakfast meeting with Mr. Willis and posted the video on the Internet.

Mr. Willis told the Council that producers of Modern Marvels, a History Channel program, filmed an interview with Mr. Willis in the PERC offices in Washington, D.C., and that an upcoming Modern Marvels episode on petroleum fuels would feature portions of that interview.

Price Analysis. Mr. Willis reminded councilors that he expected the impending price analysis, to be conducted by the Commerce Department in accordance with the Propane Education and Research Act of 1996 (PERA), to reveal that the indexed price of propane had exceeded the indexed price of a basket of consumer energy sources by more than 10.1 percent, a threshold established by the same statute. Such a result would cause restrictions on PERC's consumer education activities. He told the Council that PERC has been working with the Commerce Department to develop a method of price analysis that fulfills the letter of the law while also producing a fairer estimate of the indexed price of propane relative to other energy sources.

Mr. Willis introduced **Docket 15300**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 15300
Applicant: Propane Education & Research Council
Short Title: PERA Price Determination Support Activities
Amount Requested: \$100,000
Action: Approved

A motion to petition NPGA and GPA to make lobbying Congress to change PERA's price analysis requirement a priority and also issue a white paper that clarifies the issue was made, seconded, and approved.

Commercialization. Mr. Willis reported that PERC staff members would begin reviewing the commercialization recommendations made by Energetics in a confidential draft report presented to the Council at this meeting. He noted that PERC is committed to conducting market analysis for all projects and to developing stage-gate processes for new products. That process, he said, would give the Council a better way to judge grant funding proposals.

Mr. Willis said PERC staff would bring to the next Council meeting the commercialization recommendations of the new marketing communications agency and a revised 2009 budget proposal that reflected new developments in the commercialization plan. He said he hoped to have at least an initial MDTF report by December, although there is still much work to do.

Budget. Mr. Willis noted that there is a marked increase in funding allocated to technology in the 2009 budget plan, a reflection of PERC's commitment to getting the most promising new propane-fueled products into the marketplace. He said PERC will convene a meeting of manufacturers and others later this year to talk about PERC's commercialization plans.

He said that last year PERC ended up with a large reserve (because of a discretionary grant fund transitional item) and that it plans to maintain an operating reserve of about \$2 million. He also recommended that the Council allow for two public comment periods on the 2009 budget plan, one that will begin before August 1, as required by PERA, and another that would begin sometime after the Council meeting in October.

Partnership. Mr. Willis noted that one of the key functions of PERC's partnership with NPGA is Propane Days, an event that brings propane marketers to Washington to meet with lawmakers. This year's Propane Days enjoyed record-breaking attendance. PERC's job at Propane Days, he noted, is mainly one of creating collateral communications.

Mr. Willis reported that the Capital Action Program's advertising campaign carries the message that propane is a clean-burning alternative fuel that is already widely available, and that increasing the use of propane would go a long way toward reducing greenhouse gas emissions. The campaign featured print ads in Capitol Hill newspapers, such as *Roll Call*, and online advertising.

Mr. Willis called on Rick Roldan, NPGA president and chief executive officer, to say a few words about Propane Days. Mr. Roldan mentioned two highlights from the event. The first highlight was the announcement that fewer than 5 percent of retail propane operations would be regulated under new Department of Homeland Security rules. The

second highlight was the emergence of signs that the propane industry is moving to meet the rising demand for greener sources of energy. He noted that the technology is available to produce propane from biomass, a development that could reduce the industry's reliance on fossil fuel; that propane's advantage over other alternative fuels is that propane already has an infrastructure for production, storage, and delivery; and that U.S. Rep. Rick Boucher, Democrat of Virginia, in his remarks at Propane Days, recognized propane as a renewable fuel.

Engine Fuel. Mr. Willis said that one of the propane industry's best growth opportunities is in the engine fuel market: on-road vehicles, off-road vehicles, and stationary equipment. Fleets represent an excellent opportunity to build load. PERC's preliminary reports on the off-road vehicle market say that commercial mower products will have no trouble meeting environmental safety targets. He added that a quarter of a million commercial mowers are sold every year in the United States and that the market is widely dispersed, which means that the entire industry has an opportunity to take advantage of this new market.

Mr. Willis reported that PERC's goal is to increase the demand for propane engine fuel by a billion gallons. To get there, he said, PERC is working (1) to obtain the commitment of original equipment manufacturers to sell and service propane-fueled engines and (2) to bring good conversion kits to the U.S. marketplace.

Mr. Willis said there is a pressing need in the U.S. marketplace for good conversion kits that can enable gasoline and diesel engines to run on propane. He noted that there is a worldwide conversion technology resource that PERC can help bring to the United States.

Mr. Willis reported to the Council that PERC's request for federal grant support of its engine fuel program is still pending. He said PERC made \$3.3 million in requests to government agencies and received \$2.2 million from the U.S. Environmental Protection Agency and other federal and state agencies.

Mr. Willis said PERC is preparing to convene an engine fuel summit that will bring propane marketers, fleet operators, original equipment manufacturers, conversion kit makers, and environmental regulators together to find ways to increase the availability of and demand for propane-fueled engines. He said PERC hopes to limit its expenses to sponsorship and staff support. He requested authorization from the Council to continue planning the engine fuel summit in the absence of a funding request.

A motion to authorize PERC staff to continue planning the engine fuel summit was made, seconded, and approved.

Lead Agency. Mr. Willis thanked and acknowledged Porter Novelli and Megan King, senior vice president of Porter Novelli, for working hard to ensure PERC's success during the transition to a new lead marketing communications agency. He then called on Christine Freuchte, president and CEO of Colle+McVoy, and her colleagues to make a presentation on behalf of Colle+McVoy.

Ms. Freuchte said Colle+McVoy was founded in 1935, has nearly 200 employees, billed roughly \$250 million a year, and has been a member of the MDC Partners network since 1999. Four of her colleagues joined her for the presentation: Ann Weissner, account

director; Dave Keepper, group creative director; David Denham, director of strategic initiatives; and Phil Johnson, chief operating officer.

The group from Colle+McVoy reported that propane, according to their research, already gets high marks among users and future decision makers on a rational level—that is to say, they see propane as economical, safe, and clean—but their emotional connection with propane is weak. The Colle+McVoy group indicated that the key to increasing the demand for propane will be to help users and future decision makers associate propane with emotional benefits, such as peace of mind, trust, confidence, and freedom. To that end, they showed the Council a sample advertising campaign designed to strengthen the emotional connection. The sample campaign featured a new tagline and an array of advertisements for television, radio, print, and the Internet. The Colle+McVoy group stressed to the Council that the sample campaign was merely for demonstration purposes. Elements of the sample campaign might or might not appear in the campaign Colle+McVoy would eventually develop as the lead agency for PERC.

Ms. Freuchte and her colleagues explained that Colle+McVoy would work hard to keep marketers involved, motivated, and informed. One way to do that, they said, would be to create or use a marketer advisory board. They also told the Council they would track success carefully and would use a set of measurement tools designed to develop data that PERC can act on. The tools would include benchmarks, website tracking, and an action dashboard.

A motion to hire Colle+McVoy was made, seconded, and approved.

Mr. Willis introduced **Docket 15350**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket:	15350
Applicant:	Propane Education & Research Council
Short Title:	Communications Agency Transition and 2009 Planning
Amount Requested:	\$311,560
Action:	Approved

Industry and Public Comments

Mr. Saunders opened the floor for industry and public comments. Hearing no comments, he called on Mr. Platz to present the 2009 budget plan.

2009 Budget

Mr. Platz stated that the Budget and Finance Committee was seeking Council approval to continue the budget process, not to approve the final budget. The next step in the budget process was to publish a budget plan before August 1 and invite public comments on the plan for 30 days, as required by PERA. He recommend opening a second public comment period after the budget is updated at the October Council meeting to include the recommendations of the new lead agency and the MDTF. He acknowledged that PERA does not require a second public comment period.

Mr. Platz reported that PERC would budget for a surplus of roughly \$2 million at the end of 2009. That surplus would serve as a cushion in the event of further gallon erosion similar to what the industry saw in March 2008. He said the committee is confident that if

the industry continued to see gallon erosion in the coming months, PERC staff would be able to respond to those developments and change the budget accordingly.

PERC Chief Financial Officer and Vice President of Administration Jim Harris provided an overview of the development of the 2009 budget. He reported that the proposed 2009 budget starts with a surplus of \$12.6 million and adds \$45.3 million in assessments, \$900,000 in investment earnings, and \$500,000 in de-obligations. He noted that projected assessment income is \$700,000 lower than the 2008 forecast. Expenditures include roughly \$9.1 million for rebates to the states, \$3.8 million for operating expenses, \$2.1 million for program labor, \$1.6 million for partnerships, \$22.3 million for consumer education, \$6.9 million for engine fuel programs, \$5.1 million for research and development, \$3.3 million for safety and training programs, \$1.8 million for agriculture, and \$1 million for industry programs. The budgeted surplus at the end of 2009 is \$2 million.

PERC Senior Vice President Kate Caskin reported that the tentative budget proposal for consumer education is \$22.3 million. She said PERC staff members would come back to the Council in October, after consulting with new lead agency Colle+McVoy, with a more detailed budget proposal that reflected any changes in the five-year communications plan.

PERC Vice President of Safety & Training Stuart Flatow presented the Safety & Training Advisory Committee (STAC) budget of \$3,311,000.

PERC Director of Research and Development Greg Kerr presented the RDAC budget of \$5,080,000

PERC Vice President Brian Feehan reported that the proposed budget of \$6,931,000 for the Engine Fuel Advisory Committee (EFAC).

PERC Director of Agriculture Programs Mark Leitman presented the proposed budget of \$2,501,000 for the Agriculture Advisory Committee (AAC).

PERC Director of Industry Programs Martha Evans presented the proposed budget of \$1,038,000 for industry programs.

PERC Chief Information Officer Kay Howell presented the \$706,500 budget for the capital expenditure plan, noting that all of the proposed capital expenditures involve information technology.

Mr. Platz asked the Council to authorize the release of the 2009 budget plan for publication.

A motion to release the proposed 2009 budget for public review and comment was made, seconded, and approved.

Grants Management

Mr. Harris announced that 12 dockets were proposed to be closed out, with the money returning to the general treasury (as follows).

Docket: 12425 (Consumer Education) \$18,000

Project: 2008–2012 Strategic Plan Development
Action: De-obligates the remaining balance of \$475 and returns these funds to the general treasury

Docket: **12035 (Industry Programs) \$442,530**
Project: 2006 Market Metrics Initiative (MMI)
Action: De-obligates the remaining balance of \$8,220 and returns these funds to the general treasury

Docket: **10866 (Research and Development) \$265,000**
Project: ThermoDrive Technology
Action: De-obligates the remaining balance of \$60,981 and returns these funds to the general treasury

Docket: **12186 (Research and Development) \$120,000**
Project: 2007 Technical Communications to PERC's Research and Development Advisory Committee
Action: De-obligates the remaining balance of \$2,629 and returns these funds to the general treasury

Docket: **12294 (Research and Development) \$35,000**
Project: Study of Propane's Climate-Change Advantages
Action: De-obligates the remaining balance of \$20 and returns these funds to the general treasury

Docket: **11839 (Safety & Training) \$3,500**
Project: Full Spectrum Training Project—Start-Up Funds
Action: De-obligates the remaining balance of \$3,500 and returns these funds to the general treasury

Docket: **12051 (Safety & Training) \$19,500**
Project: Cabinet Heater/Fire Service Outreach Phase 1
Action: De-obligates the remaining balance of \$5,052 and returns these funds to the general treasury

Docket: **12187 (Safety & Training) \$200,000**
Project: 2007 Safe Grilling Campaign
Action: De-obligates the remaining balance of \$713 and returns these funds to the general treasury

Docket: **11886 (Agriculture) \$30,500**
Project: Cal Poly Propane Steaming Project
Action: De-obligates the remaining balance of \$11,346 and returns these funds to the general treasury

Docket: **12138 (Agriculture) \$345,000**
Project: 2007 PERC Agricultural Research and Technology Demonstrations and Validation Plan
Action: De-obligates the remaining balance of \$2,636 and returns these funds to the general treasury

Docket: 12297 (Agriculture) \$75,000
Project: Batchen Stinger Steam Weeder—Design Study
Action: De-obligates the remaining balance of \$24,756 and returns these funds to the general treasury

Docket: 12345 (Agriculture) \$11,000
Project: Propane Tractor Study
Action: De-obligates the remaining balance of \$27 and returns these funds to the general treasury

A motion to adopt the grants management reconciliation report was made, seconded, and approved.

Consumer Education

Consumer Education Advisory Committee (CEAC) Chairman Daryl McClendon of Ferrellgas (Hinsdale, Ill.) gave an overview of the CEAC report to the Council, noting that the committee has focused this year on reaching the builders, the plumbers, the architects, and others who influence the decision about what energy source to use in a new or renovated house.

Mike Sloan of Energy and Environmental Analysis Inc., an ICF International company (Arlington, Va.), told the Council during the meeting that propane's share of the heating market in new residential construction rose for the second consecutive year in 2007 to the highest level since the establishment of PERC. He also noted that propane has the highest market share in the most expensive 20 percent of new homes and that the market share of propane construction starts has increased in both modular and site-built housing markets.

Mr. Sloan reported that the overall demand for odorized propane appears to have enjoyed modest growth in 2007 but is expected to decline in 2008, even though demand was supported by slightly colder weather this year. He cautioned the Council to expect a significant drop in demand in 2009, but he also noted that forecasts agree that the housing market will bottom out in 2008 and begin to rebound slightly in 2009.

Ms. Caskin reported that the homeowner campaign is presented by quarter. In the first quarter of the year, the focus of the campaign was on water heating; in the second quarter, it was outdoor living; in the third quarter, it will be generators; and in the fourth, energy efficiency. She reported that PERC's websites have seen a sharp rise in traffic in 2008, as energy has become a hot topic for consumers.

Director of Residential Trade Outreach and Partnerships Tracy Bureson explained that PERC's builder campaign is an integrated program designed to reach all professionals involved in new home construction, including builders, architects, HVAC technicians, and plumbers. A key part of that campaign, she said, has been an ongoing partnership with Hanley Wood. PERC and Hanley Wood have collaborated to produce a series of four brochures and four companion videos aimed at builders. She noted that the brochures, as magazine inserts, have reached 300,000 subscribers to Hanley Wood publications, and the videos have appeared on Hanley Wood websites. The brochures and the videos are available at buildwithpropane.com.

Ms. Burleson reported that PERC has launched a series of builder education courses. Architects can earn continuing education credits by completing the courses, which are also available as PowerPoint presentations for use by marketers at builder meetings. The courses cover underground propane systems, converting from electric to propane water heating, building green with propane, community propane systems, and propane and hydronic heating.

Ms. Burleson reported that PERC continues to work closely with the National Association of Home Builders through the 20 Clubs and trade shows.

Ms. Burleson told the Council that in the manufactured housing market the modular market represents perhaps the greatest opportunity for propane in home heating and tankless water heaters, and PERC is shifting its efforts to focus more on that market. A pilot program in New England will enable PERC to track the number of modular houses that feature propane appliances and then share the results with marketers there and in other regions.

Mr. McClendon concluded the CEAC report by confirming that Harris Interactive will continue to be PERC's measurement firm in the near future. He invited councilors, especially newcomers to the Council, to attend the CEAC meeting in Chicago in August.

Safety and Training

Mr. Flatow highlighted the recent Safety & Training Advisory Committee (STAC) accomplishments since the last Council meeting, including the revision of three CETP books (*Basic Principles and Practices of Propane*, *Propane Delivery Operations and Cylinder Delivery*, and *Bobtail Delivery Operations*) and the publication of an outreach document on static electricity and a guide to cathodic protection against corrosion of underground storage tanks.

Mr. Flatow reported that propane had a significant presence at the National Fire Protection Association (NFPA) conference earlier this year. Mr. Flatow and Bruce Swiecicki, senior technical advisor at NPGA, operated a propane safety booth at the conference and presented a seminar in an effort to reach out to local fire services and other municipal agencies.

PERC Certified Employee Training Program Manager Courtney Gendron offered an update on the CETP E-Learning program that included the number of DVD distributed and a summary of how the industry is using the program. In addition, a survey of 100 CETP E-Learning registrants revealed that they would want to see CETP made available online.

Councilor Doug Auxier noted that his company, Auxier Gas Inc. (Batavia, Ohio), has used the CETP E-Learning DVDs to good effect. He said he was initially skeptical about the program, even as he voted to approve the original funding request, but has come to appreciate its value, in spite of the high cost of producing it.

Mr. Flatow presented the five-year plan for CETP, including projected costs. Councilors asked Mr. Flatow for more details about the reach and effect of the CETP E-Learning DVDs, namely, how many propane workers had been trained using the DVDs, how much the program had cost per trained employee, and how many propane workers were receiving other kinds of training each year and at what cost.

Council members directed Mr. Flatow and STAC to develop a white paper on putting CETP E-Learning online, including initial and ongoing costs.

Mr. Flatow introduced **Docket 15194**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 15194
Applicant: Propane Education & Research Council
Short Title: CETP E-Learning - STARS Marketing Reel
Amount Requested: \$ 35,210
Action: Approved

Mr. Flatow introduced **Docket 15193**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 15193
Applicant: Propane Education & Research Council
Short Title: E-Learning OSHA & DOT Training Program
Amount Requested: \$607,735
Action: Approved

Mr. Flatow introduced **Docket 15215**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 15215
Applicant: Propane Education & Research Council
Short Title: Propane Emergencies Partnership with States Program
Amount Requested: \$ 253,500
Action: Approved

Mr. Flatow introduced **Docket 15247**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 15247
Applicant: Propane Education & Research Council
Short Title: Update to Operations & Maintenance Manual
Amount Requested: \$4,000
Action: Approved

Mr. Flatow introduced **Docket 15283**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 15283
Applicant: Propane Education & Research Council
Short Title: Jurisdictional Propane Systems Outreach
Amount Requested: \$59,300
Action: Approved

Mr. Flatow introduced an RFP authorization request on CETP metrics. A motion to authorize the RFP was made, seconded, and approved.

Mr. Flatow introduced an RFP authorization request on customer service representative training. A motion to authorize the RFP was made, seconded, and approved.

Mr. Flatow introduced RFP authorization request on development of a jurisdictional propane systems training program. A motion to authorize the RFP was made, seconded, and approved.

Mr. Flatow concluded with an update on the 2008 Safe Grilling Campaign. He showed a video clip from celebrity barbecue expert Steven Raichlen's satellite media tour and reported that the campaign had achieved 50 million impressions in the second quarter of 2008. The campaign will continue in the third and fourth quarters of the year.

Mr. Flatow introduced Sarah Morehouse to describe a new partnership with Certified Angus Beef (CAB), a nonprofit whose mission is to increase demand for certified Angus cattle. The campaign with CAB involves, among other things, point-of-purchase communications that features some of PERC's safe grilling tips and its logo on signs and meat packages provided at various chain supermarket locations.

The Council recessed for the day at 5:35 p.m.

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The meeting resumed at 8:09 a.m.

Agriculture

Mr. Leitman invited councilors to participate on the Agriculture Advisory Committee and reminded the Council that the committee's work is guided by a strategic plan to make propane a preferred source of energy in agriculture by 2010. He noted that the committee recently reviewed current issues in agriculture, such as high energy prices, high commodity prices, conservation, organic farming, and energy efficiency. He noted that the committee sees these issues as opportunities for propane marketers. High commodity prices, for instance, mean farmers have a little more money to spend, typically on equipment upgrades. When they upgrade equipment, farmers tend to seek energy-efficient replacements, and federal money is available to help farmers buy new energy-efficient machines. In the short term, Mr. Leitman noted, these upgrades cause some loss of gallons to efficiency, but in the long run, the purchase of an energy-efficient propane-fueled machine guarantees a customer for decades to come.

Mr. Leitman summarized some of PERC's new and ongoing partnerships with agriculture researchers in the U.S. Department of Agriculture (USDA) and at universities, and he reported that a PERC project on weed suppression and soil erosion had received a USDA conservation grant. He said ongoing efficiency demonstration projects could lead to new partnerships with industry.

Mr. Leitman offered an update on **Docket 12292**, an ongoing project studying propane-fueled flame heat treatments on dairy cattle sand beds. Such treatments could reduce the incidence of mastitis, the leading dairy cow disease. PERC hired a consultant to analyze the market for dairy sanitation. The analysis revealed that there are commercial possibilities for the sanitizer. If the 3,000 largest dairies in the United States used the

flaming device once a day, they would consume 15 million gallons of propane a year. If the remaining 62,000 U.S. dairies also used the flaming device once a day, they would use another 16 million gallons. Mr. Leitman said the committee is considering the next steps toward commercializing the device: creating a scientific advisory group, conducting more interviews with the operators of large dairies, and exploring intellectual property rights.

Mr. Leitman said PERC's outreach to the agriculture market included advertising and media appearances in print, on radio, on television, and on the Internet. He reported that total media impressions in the first half of 2008 topped 6.4 million, nearly reaching the committee's goal of 7 million impressions for the entire year.

Mr. Leitman introduced **Docket 15123**. Discussion centered on questions of cost and compliance. Mr. Leitman explained that the program is designed to lead to the creation of safe, compliant, cost-effective carts to replace the homemade carts some farmers are using. He also clarified a discrepancy in the budget breakdown in the grant funding request. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 15123
Applicant: Diedrichs & Associates
Short Title: Farm Cart for Refueling Agricultural Equipment
Amount Requested: \$218,000
Action: Approved

Mr. Leitman introduced **Docket 15200**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 15200
Applicant: Propane Education & Research Council
Short Title: 2008-09 Agriculture Research and Project Evaluation
Amount Requested: \$128,325
Action: Approved

Mr. Leitman introduced **Docket 15217**. Mr. McAdam asked Mr. Leitman to bring back details about the commercialization plan for this technology. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 15217
Applicant: Propane Education & Research Council
Short Title: Batchen Stinger Steam Weeder—Fabrication
Amount Requested: \$129,000
Action: Approved

Mr. Leitman introduced **Docket 15221**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 15221
Applicant: Propane Education & Research Council
Short Title: Cotton Defoliator Logistical Support 2008–2009
Amount Requested: \$25,000

Action: **Approved**

Mr. Leitman introduced **Docket 15236**. Mr. McAdam asked about the total cost of the project, which Mr. Leitman estimated at \$500,000. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: **15236**
Applicant: California State University, Fresno
Short Title: Stinger Efficacy and Economics Survey
Amount Requested: **\$131,933**
Action: **Approved**

Mr. Leitman introduced **Docket 15286**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: **15286**
Applicant: Diedrichs & Associates
Short Title: Orchard Heater—Phase II
Amount Requested: **\$35,000**
Action: **Approved**

Engine Fuel

Vice President Brian Feehan reported on progress and opportunities in the engine fuel market and described the commercialization process that the Engine Fuel Advisory Committee (EFAC) considers when it discusses current and potential projects: market analysis and research, product identification, partner identification, research and development, manufacturing, marketing, sales and distribution, and product support and service.

Forklifts. Mr. Feehan reported that the forklift, or lift truck, market remains the premier market for propane-fueled fleet vehicles. The lift truck market continues to grow, he said, but the growth is slowing. Nevertheless, original equipment manufacturers appear to remain committed to propane. One of them, Toyota, has launched a new series of forklifts that already comply with emissions rules scheduled to take effect in 2010. PERC also undertook print advertising and media relations campaigns to inform forklift distributors and forklift fleet operators of LPG's ability to meet emissions standards and let them know about the federal tax credit for buyers of propane-fueled forklifts. The ads have appeared in *Modern Materials Handling*, *Material Handling*, and other trade publications.

Mr. Feehan said PERC continued to strengthen its partnership with the Industrial Truck Association (ITA), the trade organization of forklift manufacturers and their suppliers. This year, PERC participated in ITA's January executive committee meeting and the ITA spring engineering meeting, where PERC staff and EFAC members made presentations on propane quality, propane tax credits, and propane hybrid technology. PERC will also participate in ITA's upcoming annual meeting and its November executive committee meeting.

Mr. Feehan reports that the introduction of hybrid forklifts represents a significant opportunity for propane marketers. The hybrids are electric-powered lift trucks that feature a propane-fueled engine that recharges their batteries. According to available

data, propane is clearly the better engine fuel choice for forklift operators who run multiple shifts. For just one shift, electric is cheaper. Hybrids represent an opportunity to sell propane to operators of electric forklifts.

Commercial Mowers. Mr. Feehan said the market for zero-turn-radius commercial mowers is booming. EFAC sees this growing market as a good opportunity to sell gallons, Mr. Feehan said, as each mower consumes about a thousand gallons a year. Husqvarna, a newcomer to the propane-fueled mower market, is expected to introduce a mower later this year. Another manufacturer, Ferris, has brought one to market and is selling it in Texas.

Mr. Feehan introduced **Docket 15267**. Mr. Feehan explained that EFAC sees the market development program funded by this docket as an opportunity to promote sales of a device that will use a great deal of propane. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket:	15267
Applicant:	Central Texas Clean Cities
Short Title:	Propane Lawn Equipment Market Development Program
Amount Requested:	\$127,000
Action:	Approved

School Buses. Mr. Feehan gave an update on the propane-fueled Blue Bird Vision school bus program. He said PERC is working with Blue Bird to convince Blue Bird dealerships to promote the Vision and ultimately develop a market with lot of potential for propane consumption. PERC and ASG Renaissance have developed an award-winning dealer outreach kit to do just that, he said. Dealerships are expressing interest. PERC is also advertising the propane-fueled bus in magazines read by school bus fleet operators.

Propane GM 6.0-Liter Program. Mr. Feehan reported that CleanFuel USA has reached the first milestone in the development of a propane injection kit for the 6.0-liter engine in light-duty GM vans: GM has authorized access to equipment and electronics and donated a body and chassis. In related news, a Budweiser distributor that is using a propane-fueled van to deliver beer has won a green fleet award from Budweiser.

Media Outreach. Mr. Feehan announced the publication of an electronic newsletter dedicated to the propane-fueled Roush F-150 and reported that the truck has generated earned media coverage. Upcoming outreach events, he said, include a media event in New York on August 20 and a presentation at the Green Industry Expo.

Roush F-150. Tom Arnold of Roush briefed the Council on the status of the company's propane-fueled F-150 pickup program. He said 240 trucks have been sold: 71 have been delivered, 59 are in production, and 105 are on order. He said Roush's calculations suggest that propane saves pickup operators between 9 and 12 cents per mile. For the benefit of the Council, Mr. Arnold described the history of the truck's development and Roush's processes for designing, testing, and marketing the truck.

Mr. Feehan concluded the EFAC presentation by reporting that the committee is looking at a three-year strategy for the development of propane-fueled on-road products.

Research and Development

Kirk Saunders, chairman of the Research and Development Advisory Committee (RDAC), reported that the RDAC pipeline of research projects remains full. He said the most promising projects include an air-to-air heat pump and the desiccant dehumidifier. He also reported that the committee would continue looking to energy-efficient products to sustain the propane industry into the future.

PERC Research and Development Director Greg Kerr gave an update on two projects. The desiccant dehumidifier (**Docket 12569**) underwent 11 weeks of performance and endurance testing, which resulted in minor tweaks to the design. Mr. Kerr said PERC and the manufacturer of the dehumidifier are conducting demonstrations of the dehumidifier at 20 sites. At each one, the manufacturer is training local HVAC installers to put the dehumidifiers in place. He noted that user testimonials are strongly supportive of the product.

Mr. Kerr reported that the 10-ton rooftop heat pump demo with a propane-fueled engine (**Docket 12314**) in Las Vegas worked even at 130 degrees Fahrenheit. He noted that a production-ready heat pump will undergo a demonstration in January and that a new fact sheet on the unit is available at the PERC website. A new zoned residential unit has shown promise, he said. The committee is discussing a new commercialization plan for the rooftop unit and hopes to report on that plan at the Council meeting in October or December.

Rod Osborne of Battelle reported on the progress of the composite underground tank project (**Docket 11728**, **Docket 12069**, and **Docket 12096**). He said that the cost of steel and other raw materials is spiraling upward, driving the cost of steel tanks higher, but the rise in petroleum costs is propelling the cost of plastic ever higher. He noted that polyethylene has tripled in price in the last four years. He said the manufacturing partner on the project, Lincoln Composites, recently opened a manufacturing facility that can produce large tanks and is capable of producing a tank for market today. After describing the development of the design of the composite tank, which satisfied the various regulations and standards for such tanks, Mr. Osborne noted that total lifetime expense of composite tanks could be somewhat lower than that of steel tanks.

Mr. Kerr asked for Council authorization to develop and release an RFP request for expert analysis of the concept of synthetic propane and biopropane. He expects to have a report on the proposals in December. A motion to authorize the RFP was made, seconded, and approved.

Mr. Kerr introduced **Docket 15177**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket:	15177
Applicant:	Polar Power Inc.
Short Title:	Advanced Premium Genset
Amount Requested:	\$215,000
Action:	Approved

Mr. Kerr introduced **Docket 15165**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 15165
Applicant: LOGAN Energy
Short Title: Molten Carbonate Propane Fueled Fuel Cell Demonstration—Hawaii
Amount Requested: \$107,500
Action: Approved

Mr. Kerr introduced **Docket 15196**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 15196
Applicant: Propane Education & Research Council
Short Title: Distributed Generation Demonstration Program—Year 2
Amount Requested: \$350,000
Action: Approved

Mr. Kerr introduced **Docket 15198**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 15198
Applicant: Propane Education & Research Council
Short Title: Testing of Low Emission Fixed Max Liquid Level Gauge
Amount Requested: \$105,000
Action: Approved

Mr. Kerr introduced **Docket 15203**. Mr. Kerr said this project was developed by RDAC's Retail Operations Task Force in response to new California regulations. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 15203
Applicant: PERC
Short Title: Testing of Pressure Relief Valves for Customer Tanks
Amount Requested: \$357,700
Action: Approved

Mr. Kerr introduced **Docket 15207**. He reported that this request grew out of an earlier PERC project with Iowa State University to explore ways to use propane in road construction and maintenance. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 15207
Applicant: Iowa State University
Short Title: A Proposal for Market Analysis of Hot In-Place Recycling of Asphalt Pavements
Amount Requested: \$27,997
Action: Approved

Mr. Kerr introduced **Docket 15208**. He explained that researchers believe that propane could be a cheaper, faster way to dry the soil under transportation earthworks, and this project could confirm or disprove this belief. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 15208
Applicant: Iowa State University
Short Title: Propane Sub-base Materials Drying Techniques and Technologies
Amount Requested: \$92,574
Action: Approved

Mr. Kerr introduced **Docket 15213**. He explained that this test is designed to provide third-party confirmation of promising test results on the Rinnai space and water heating system. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 15213
Applicant: Gas Technology Institute
Short Title: Tankless-Propane Air Handler Comparison Study
Amount Requested: \$95,000
Action: Approved

Industry Programs

Industry Programs Director Martha Evans reported that she and PERC staff members attended trade shows and conferences around the country. Highlights of their outreach efforts included technology demonstrations at the PERC booth, including a demonstration of the Roush F-150 pickup, and celebrity appearances by the Energy Guys.

Ms. Evans reported that the API Survey response rate has risen to 61 percent as of the date of this meeting, and considerable time has been spent this year reviewing the API mailing list to ensure that the companies on the list are valid recipients. Staff members will report back at the October Council meeting on the analysis of the data by API.

Ms. Evans introduced **Docket 15302**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 15302
Applicant: Propane Education & Research Council
Short Title: 2008 Milford Therrell Award
Amount Requested: \$25,000
Action: Approved

When reviewing the staff-approved replicated rebates, Joe Armentano suggested that PERC expand the fall leadership summit to include a workshop on best practices regarding the state rebate program. Upon a motion duly made and seconded, the recommendation was approved.

Since the March Council meeting, 23 states applied for 56 rebates totaling \$2,438,983. Approximately half of the rebates requested were used for safety and training programs. Three states applied for consumer education partnership funds totaling \$119,719 during this period.

Upon a motion duly made and seconded, the rebate request was approved.

Old Business

There was no old business.

New Business

Mr. Saunders announced that the 2009 Council meeting calendar is similar to that of previous years, except the Council is proposing to hold the April Council meeting over two days, rather than only one. The proposed 2009 meeting in Atlanta would begin at 1 p.m. on Thursday and conclude by 4 p.m. on Friday.

Mr. Saunders advised councilors that PERC is proposing to hold its October 2009 meeting in Seattle, Wash., as the NPGA Board of Directors meeting will begin in Seattle one day after the Council meeting ends. The proposed schedule is designed to ease the travel for members who serve on both boards.

Mr. Saunders announced to the Council that Mr. Willis and PERC staff members are planning the first-ever joint meeting of all PERC advisory committees next May. They are working on a plan to hold the joint meeting around the Western Propane Convention and Trade Show in Reno, Nev. That date and time, he said, would give the advisory committees an opportunity to meet on their own and together to explore ways to collaborate on building new markets through PERC's commercialization efforts. Mr. Saunders concluded by encouraging all councilors to participate in the advisory committee meeting.

Mr. Saunders announced that the next Council meeting will take place in New York City on October 9 and 10.

The meeting adjourned at 12:03 p.m.