

**Propane Education & Research Council
December 9-10, 2009
Houston**

MINUTES

Proceedings for December 9

Chairman Bill Platz called the meeting to order at 8:36 a.m. Central Standard Time (CST).

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

Joe Armentano, Paraco Gas (Rye Brook, N.Y.) — *Vice Chairman, Marketers*
Doug Auxier, Auxier Gas Inc. (Batavia, Ohio)
Eric Benson, J.S. West & Co. (Modesto, Calif.)
Lynn Bourdon, Enterprise Operating Products LP (Houston)
Gregg Dighero, EnCana Corp. (Denver)
John Ehlers (San Antonio)
Paul Grady, Heritage Operating LP (Florence, Ky.) — *Treasurer*
Joe Gump, ConocoPhillips (Dacula, Ga.)
Sam McTier, Propane Technologies LLC (Lake Forest, Ill.)
Tom Redd, Martin Midstream Partners (Kilgore, Texas) — *Secretary*
David Regan, Targa Resources Inc. (Houston) — *Vice Chairman, Producers*
Tim Stauff, Aux Sable Liquid Products (Morris, Ill.)
Paula Wilson, AmeriGas Propane Inc. (Valley Forge, Pa.)
David Wunch, SemStream LP (Tulsa, Okla.)

Charles Snelling (Fogelsville, Pa.) joined the meeting by telephone.

The Council observed a moment of silence in memory of Fabian (Fabe) Sheehan, the father of Councilor Mike Sheehan, Sheehan's Gas Co. (Bird Island, Minn.).

Approval of Minutes

Mr. Platz directed the councilors' attention to the minutes of the October 1-2, 2009, meeting of the Council. Upon a motion duly made and seconded, the Council approved the minutes.

Chairman's Report

Mr. Platz reviewed the rules governing appointments to the Council's advisory committees and the election of committee chairmen.

Advisory Committee Chairmen Elections. Mr. Platz announced the following candidates for advisory committee chairmanships: Roger Gruwell, AmeriGas (Cedar Rapids, Iowa), Agriculture Advisory Committee; Eric Kuster, Fairmont Specialty Group (Worton, Md.), Safety & Training Advisory Committee; and Mike Taylor, Heritage Propane (Florence, Ky.), Engine Fuel Advisory Committee. Upon a motion duly made and seconded, the Council approved the slate of candidates and made them chairmen of the respective committees.

Advisory Committee Appointments. Mr. Platz announced that he had appointed Larry Doughty, American Welding & Tank (Mechanicsburg, Pa.), to the Consumer Education Advisory Committee and Robert Elliott, director of regulatory affairs at the National Propane Gas Association (Washington), to the Agriculture Advisory Committee.

Executive Committee. Mr. Platz said the Executive Committee had met twice by conference call, on October 27 and on December 3, and in person on December 8.

Research, Measurement, and Evaluation Task Force. Mr. Grady made a report on the task force's ongoing review of the Council's market research, measurement, and evaluation.

Vice Chairman's Report — Marketers

Mr. Armentano made no report.

Vice Chairman's Report — Producers

Mr. Regan made no report.

Treasurer's Report

Mr. Grady reviewed the budget forecast for 2009 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.

Grants Management

Propane Education & Research Council (PERC) Chief Financial Officer and Vice President of Administration Jim Harris proposed to close out 24 docket, with the funds returning to the general treasury (as follows).

Docket: 12478 (Partnership) \$1,571,000
Project: 2008 PERC, NPGA [National Propane Gas Association], and GPA [Gas Processors Association] Partnership Agreement
Action: De-obligates the remaining balance of \$207,377 and returns these funds to the general treasury

Docket: 16060 (National Energy Conversation) \$1,000,000
Project: PERC/Pickens Plan
Action: De-obligates the remaining balance of \$199,808 and returns these funds to the general treasury

Docket: 16087 (National Energy Conversation) \$223,500
Project: Integration of Propane into the Pickens Plan
Action: De-obligates the remaining balance of \$175,099 and returns these funds to the general treasury

Docket: 12460 (Consumer Education) \$231,580
Project: 2008 MaRC [Marketing Resource Center]/Propane Catalog Merger
Action: De-obligates the remaining balance of \$366 and returns these funds to the general treasury

Docket: 12474 (Consumer Education) \$475,000
Project: 2008 Builder Education and Partnerships

Action: De-obligates the remaining balance of \$124,672 and returns these funds to the general treasury

Docket: **12475 (Consumer Education) \$425,000**
Project: 2008 Campaign Extension Program
Action: De-obligates the remaining balance of \$36,667 and returns these funds to the general treasury

Docket: **12476 (Consumer Education) \$370,000**
Project: 2008 Industry Communication and Support
Action: De-obligates the remaining balance of \$30,949 and returns these funds to the general treasury

Docket: **12531 (Consumer Education) \$2,180,000**
Project: Consumer Education Partnership with States
Action: De-obligates the remaining balance of \$1,138,530 and returns these funds to the general treasury

Docket: **12562 (Consumer Education) \$1,506,000**
Project: 2008 Builder Trade Shows and Outreach
Action: De-obligates the remaining balance of \$70,391 and returns these funds to the general treasury

Docket: **12565 (Consumer Education) \$286,500**
Project: 2008 Consumer Education Measurement and Evaluation: Core Initiatives
Action: De-obligates the remaining balance of \$18,695 and returns these funds to the general treasury

Docket: **15951 (Consumer Education) \$150,000**
Project: 2009 Factory-Built Housing Initiative
Action: De-obligates the remaining balance of \$142,418 and returns these funds to the general treasury

Docket: **12518 (Industry Programs) \$111,000**
Project: 2008 MDTF [Market Development Task Force] Technology and Commercialization
Action: De-obligates the remaining balance of \$13,802 and returns these funds to the general treasury

Docket: **15871 (Industry Programs) \$75,000**
Project: 2009 State Appliance Rebate Protocol
Action: De-obligates the remaining balance of \$2,556 and returns these funds to the general treasury

Docket: **16105 (Industry Programs) \$25,000**
Project: 2009 Milford Therrell Award
Action: De-obligates the remaining balance of \$25,000 and returns these funds to the general treasury

Docket: **12194 (Engine Fuel) \$200,000**

Project: Tug Technologies Ground Service Equipment Ford 4.2-Liter Engine Development Program
Action: De-obligates the remaining balance of \$200,000 and returns these funds to the general treasury

Docket: **12568 (Engine Fuel) \$937,500**
Project: 2008-2009 Engine Fuel Marketing Program
Action: De-obligates the remaining balance of \$10,128 and returns these funds to the general treasury

Docket: **12469 (Research and Development) \$174,610**
Project: Testing and Evaluation of Underground Propane Tank Coatings
Action: De-obligates the remaining balance of \$17,960 and returns these funds to the general treasury

Docket: **15215 (Safety and Training) \$253,500**
Project: Propane Emergencies Partnership with States Program
Action: De-obligates the remaining balance of \$14,024 and returns these funds to the general treasury

Docket: **12024 (Agriculture) \$31,050**
Project: End User Training Materials for the Safe Operation of Mobile Propane-Fueled Agricultural Equipment — Phase Two
Action: De-obligates the remaining balance of \$7,455 and returns these funds to the general treasury

Docket: **12049 (Agriculture) \$54,514**
Project: Economic Analysis and Demonstration of Propane Irrigation Engine
Action: De-obligates the remaining balance of \$12,892 and returns these funds to the general treasury

Docket: **12296 (Agriculture) \$51,885**
Project: Economic Analysis and Demonstration of Propane Irrigation Engines Phase 2
Action: De-obligates the remaining balance of \$10,391 and returns these funds to the general treasury

Docket: **12339 (Agriculture) \$70,500**
Project: Propane Cogeneration at a California Vineyard and Winery
Action: De-obligates the remaining balance of \$70,500 and returns these funds to the general treasury

Docket: **12341 (Agriculture) \$100,000**
Project: Propane Pickup Truck Demonstration and Promotion in the Agriculture Market
Action: De-obligates the remaining balance of \$979 and returns these funds to the general treasury

Docket: **12429 (Agriculture) \$88,170**
Project: Develop a Training Program for Maintenance of Agricultural Propane Engines

Action: De-obligates the remaining balance of \$5,449 and returns these funds to the general treasury

Upon a motion duly made and seconded, the Council adopted the grants management reconciliation report.

Industry and Public Comments

Walter Cressman, Cress Gas (Richlandtown, Pa.), stood to offer a comment on the assessment rate, the consumer education program, administrative and salary expenses, the safety and training budget, and the Energy Guys.

Bill Van Hoy, executive director of the Texas Propane Gas Association (Austin, Texas), stood to offer a comment on the assessment rate and its effect on the state propane gas association.

Steve Ahrens, executive director of the Missouri Propane Gas Association (Jefferson City, Mo.), stood to offer a comment on the assessment rate.

Chris Kindsvatter, Kindsvatter Associates (Lansing, Mich.), stood on behalf of the Michigan Propane Gas Association to offer a comment on the assessment rate and the restriction of Council activities. He directed the councilors' attention to a letter from Gary Shepard, president of the Michigan Propane Gas Association, in their briefing materials.

Lesley Garland, executive director of the Western Propane Gas Association (Sacramento, Calif.), stood to offer a comment on the assessment rate.

President's Report

PERC President and CEO Roy Willis gave an update on the Council's restriction of its activities to research and development, training, and safety matters. He also described the Council's cooperation with the Government Accountability Office, which is reviewing the Council's programs and activities.

Mr. Willis prepared councilors to take action on a proposed budget for 2010. He said the amended budget proposal they would be asked to consider would reduce the assessment rate to four-tenths of a cent per gallon of odorized propane, effective April 1, 2010, and would reduce Council expenditures accordingly. He reviewed the rationale for reducing the assessment rate and explained the effects it would have on the Council, the state entities, and the propane industry.

Mr. Willis asked for a resolution to allow the state entities to use their rebate funds to travel to the state propane leadership summit in New Orleans in February 2010. Upon a motion duly made and seconded, the resolution was approved.

Propane Market Outlook

Bruce Henning, ICF (Fairfax, Va.), gave a report on the market outlook for propane and talked about plans to develop data and analytical tools for PERC 2.0.

Propane Organization Partnership

Mr. Willis introduced **Docket 16455**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 16455
Applicant: Propane Education & Research Council
Short Title: 2010 PERC, NPGA, and GPA Partnership Agreement
Amount Requested: \$1,341,000
Action: Approved

Chief Marketing Officer's Report

PERC Senior Vice President and Chief Marketing Officer Kate Caskin gave a report on PERC marketing efforts, including the status of the Energy Guys.

Ms. Caskin called on Tom Nagle, Statler Nagle (Washington), to give the Council a report on the research audit and assessment his firm did for the PERC Research, Measurement, and Evaluation Task Force. He showed the councilors a catalog of 11 years' worth of PERC research.

Chief Commercial Officer's Report

PERC Chief Commercial Officer Steve Wayne reported on progress in the PERC Technology Development and Commercialization Project.

The Budget for Calendar Year 2010 and the Business Plan

Mr. Harris presented the amended 2010 budget proposal for the Council's consideration. The proposal would reduce the assessment rate to four-tenths of a cent per gallon of odorized propane, effective April 1, 2010. The assessment rate in 2009 is five-tenths of a cent per gallon. Upon a motion duly made and seconded, the amended 2010 budget proposal was approved, and the assessment rate was thereby lowered to four-tenths of a cent per gallon of odorized propane, effective April 1.

Audit Committee

Mr. Bourdon gave a report from the Audit Committee.

Market Metrics Initiative

Ms. Caskin called on Mr. Henning to describe how the Market Metrics Initiative could be expanded to support the PERC Technology Development and Commercialization Project.

Ms. Caskin introduced **Docket 16454**. Upon a motion duly made and seconded, the funding request was approved on the condition that the PERC would prepare a request for proposals for the Market Metrics Initiative for 2011 (as follows). The chairman directed that the record reflect that one councilor voted against approving the funding request.

Docket: 16454
Applicant: Propane Education & Research Council
Short Title: 2010 Market Metrics Initiative Analysis Cycle
Amount Requested: \$766,351
Action: Approved as amended

Consumer Education

Consumer Education Advisory Committee Chairman Mike Gioffre, Paraco Gas (Rye Brook, N.Y.), joining the meeting by telephone, and PERC Director of Residential Programs Tracy Burselson offered a report on the committee's ongoing programs.

Ms. Burlison introduced **Docket 16448**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 16448
Applicant: Propane Education & Research Council
Short Title: Construction Professional Training
Amount Requested: \$750,000
Action: Approved

Ms. Burlison introduced **Docket 16449**. Upon a motion duly made and seconded, the funding request was approved pending legal review and public and industry comment (as follows). The public comment period will end at 5 p.m. Eastern Standard Time (EST) on December 14, 2009.

Docket: 16449
Applicant: Propane Education & Research Council
Short Title: Construction Professional Training Support
Amount Requested: \$2,000,000
Action: Approved as amended

Ms. Burlison introduced **Docket 16450**. Upon a motion duly made and seconded, the funding request was approved pending legal review and public and industry comment (as follows). The public comment period will end at 5 p.m. EST on December 14, 2009.

Docket: 16450
Applicant: Propane Education & Research Council
Short Title: Construction Professionals Communications
Amount Requested: \$1,300,000
Action: Approved as amended

Ms. Burlison introduced **Docket 16451**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 16451
Applicant: Propane Education & Research Council
Short Title: NAHB Builder 20 Clubs
Amount Requested: \$250,000
Action: Approved

Ms. Burlison introduced **Docket 16452**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 16452
Applicant: Propane Education & Research Council
Short Title: Consumer Education Advisory Committee Oversight
Amount Requested: \$150,000
Action: Approved

Mr. Willis asked the Council to adopt a resolution changing the name of the Consumer Education Advisory Committee to the Residential and Commercial Advisory Committee. Upon a motion duly made and seconded, the name change was approved.

Engine Fuel

PERC Vice President Brian J. Feehan and Mike Taylor, chairman of the Engine Fuel Advisory Committee (EFAC), offered a report about the activities and programs of the committee.

Mr. Feehan introduced **Docket 16453**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 16453
Applicant: Propane Education & Research Council
Short Title: 2010 Kawasaki Dealer Outreach and Education Program
Amount Requested: \$130,000
Action: Approved

Mr. Feehan introduced **Docket 16444**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 16444
Applicant: Propane Education & Research Council
Short Title: 2010 EFAC Operating and Oversight Support
Amount Requested: \$160,000
Action: Approved

Mr. Feehan introduced **Docket 16332**. Upon a motion duly made and seconded, the funding request was approved (as follows). Mr. Gump, Mr. Platz, and Mr. Regan abstained.

Docket: 16332
Applicant: Collins Bus Corp.
Short Title: Type A School Bus NHTSA [National Highway Traffic Safety Administration] Self-Certification Testing
Amount Requested: \$503,546
Action: Approved

Safety and Training

Stuart Flatow, PERC vice president, safety and training, and Eric Kuster, chairman of the Safety & Training Advisory Committee, gave a report on PERC safety and training programs.

Mr. Flatow introduced **Docket 16407**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 16407
Applicant: Propane Education & Research Council
Short Title: 2010 Safety & Training Advisory Committee Support
Amount Requested: \$101,000

Action: Approved

Mr. Flatow introduced **Docket 16401**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 16401
Applicant: Propane Education & Research Council
Short Title: 2010 Propane Emergencies Activities
Amount Requested: **\$215,000**
Action: **Approved**

Mr. Flatow introduced **Docket 16421**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 16421
Applicant: Propane Education & Research Council
Short Title: Propane Kids Website
Amount Requested: **\$174,200**
Action: **Approved**

Mr. Flatow introduced **Docket 16438**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 16438
Applicant: Propane Education & Research Council
Short Title: Consumer Safety Education Research
Amount Requested: **\$264,000**
Action: **Approved**

Mr. Flatow introduced **Docket 16441**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 16441
Applicant: Propane Education & Research Council
Short Title: Dispensing Propane Safely, Second Edition, Script and Text Development
Amount Requested: **\$57,200**
Action: **Approved**

Mr. Flatow introduced **Docket 16480**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 16480
Applicant: Propane Education & Research Council
Short Title: Curriculum Alignment for CETP Course(s); Plant Operations
Amount Requested: **\$461,497**
Action: **Approved**

The Council recessed for the day at 6:22 p.m. CST.

Proceedings for December 10

Mr. Platz called the meeting back to order at 8:05 a.m. CST.

Research and Development

PERC Director of Research and Development Greg Kerr called on Larry Osgood, Consulting Solutions LLC (Monument, Colo.), to describe the creation of a propane working group to pursue opportunities with the National Park Service.

Mr. Willis introduced **Docket 16443**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 16443
Applicant: Propane Education & Research Council
Short Title: PERC-NPS [National Park Service] Propane Energy Optimization Working Group
Amount Requested: \$97,800
Action: Approved

Mr. Kerr introduced **Docket 16053**. Upon a motion duly made and seconded, the funding request was approved (as follows). One councilor voted against the funding request.

Docket: 16053
Applicant: Propane Education & Research Council
Short Title: Towable and Rental LPG [liquefied petroleum gas] Fuel Generator Sets
Amount Requested: \$420,000
Action: Approved

Mr. Kerr introduced **Docket 16397**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 16397
Applicant: Propane Education & Research Council
Short Title: 2010 RDAC [Research and Development Advisory Committee] Oversight and Support
Amount Requested: \$230,000
Action: Approved

Mr. Kerr introduced **Docket 16412**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 16412
Applicant: Propane Education & Research Council
Short Title: Demonstration Units and Installations of 6-Kilowatt Off-Grid Generator
Amount Requested: \$45,250
Action: Approved

Mr. Kerr introduced **Docket 16413**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 16413
Applicant: Propane Education & Research Council
Short Title: Midsize Extended-Run Generator
Amount Requested: \$353,250
Action: Approved

Mr. Kerr introduced **Docket 16414**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 16414
Applicant: Propane Education & Research Council
Short Title: Propane Portable Generator Line
Amount Requested: \$423,750
Action: Approved

PERC Projects Manager Brandon Robinson offered a report on PERC's technical communications programs. He directed the councilors' attention to a handout called *Propane Reduces Greenhouse Gas Emissions: A Comparative Analysis 2009*, a report prepared by Energetics Inc. and sponsored by PERC.

Mr. Robinson introduced **Docket 16419**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 16419
Applicant: Propane Education & Research Council
Short Title: 2010 Technical Communications and Outreach
Amount Requested: \$195,000
Action: Approved

Mr. Kerr introduced a change order to **Docket 15203**. Upon a motion duly made and seconded, the change order was approved (as follows).

Docket: 15203
Applicant: Propane Education & Research Council
Short Title: Testing of Pressure Relief Valves for Customer Tanks
Additional Amount Requested: \$89,000
Previously Approved Amount: \$357,700
Revised Total: \$446,700
Action: Approved

Agriculture

PERC Director of Agriculture Programs Mark Leitman offered a report on the work of the Agricultural Advisory Committee and updates on ongoing projects.

Mr. Leitman called on Neil Leslie, Gas Technology Institute (Des Plaines, Ill.), to describe a project to develop and commercialize steam disinfection technology.

Mr. Leitman introduced **Docket 16408**. Upon a motion duly made and seconded, the funding request was approved (as follows). One councilor voted against the funding request.

Docket: 16408
Applicant: Gas Technology Institute (GTI)
Short Title: Develop and Commercialize Steam Disinfection Technologies
Amount Requested: \$889,016
Action: Approved

Mr. Leitman introduced **Docket 16420**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 16420
Applicant: Temp-Air Inc.
Short Title: Temp-Air Thermal Remediation Program — Phase 2
Amount Requested: \$496,704
Action: Approved

Mr. Leitman introduced **Docket 16393**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 16393
Applicant: Propane Education & Research Council
Short Title: 2010 Agriculture Project and Partner Development and Support
Amount Requested: \$230,000
Action: Approved

Mr. Robinson introduced **Docket 16417**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 16417
Applicant: Propane Education & Research Council
Short Title: 2010 Agriculture Research Communication and Partnership Program
Amount Requested: \$350,000
Action: Approved

State Rebates

PERC Industry Programs Director Martha Evans made a report on industry programs and state rebates.

Ms. Evans directed the Council's attention to the list of 42 rebate requests (totaling \$1,597,346) from 14 state or regional foundations or research councils. Because the Council has restricted its activities to research and development, training, and safety matters, PERC issued no partnership funds to the states.

Ms. Evans introduced **Docket 16370** and directed the councilors' attention to a letter from the Western Propane Gas Association in support of the docket. Upon a motion duly

made and seconded, the rebate request was approved (as follows). One councilor voted against the rebate request.

Docket: 16370
Applicant: Western Propane Education and Research Council
Short Title: California Low-Emission Equipment Rebate 2010
Amount Requested: \$150,000
Action: Approved

Industry Programs

Ms. Evans made a report on industry programs.

Ms. Evans introduced **Docket 16456**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 16456
Applicant: Propane Education & Research Council
Short Title: Industry Outreach Programs
Amount Requested: \$290,000
Action: Approved

Ms. Caskin introduced **Docket 16461**. Upon a motion duly made and seconded, the funding request was approved (as follows).

Docket: 16461
Applicant: Propane Education & Research Council
Short Title: Industry Communications
Amount Requested: \$316,000
Action: Approved

Old Business

There was no old business.

New Business

There was no new business.

Mr. Platz announced that the Council would next meet on February 9, 2010, by conference call.

Upon a motion duly made and seconded, the Council adjourned at 10:57 a.m. CST.