

**Propane Education & Research Council**  
**October 1-2, 2009**  
**Seattle**

**MINUTES**

**Proceedings for October 1**

Chairman Bill Platz called the meeting to order at 9:35 a.m.

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)  
Lynn Bourdon, Enterprise Operating Products LP (Houston)  
Gregg Dighero, EnCana Corp. (Denver)  
Paul Grady, Heritage Operating LP (Florence, Ky.) — *Treasurer*  
Joe Gump, ConocoPhillips (Dacula, Ga.)  
Theodore Jeffcoat, Inergy LP (Rutland, Mass.)  
Sam McTier, Propane Technologies LLC (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, Marketers*  
T.J. Rinke, Conway NGL Storage & Fractionation, Williams Midstream (Tulsa, Okla.)  
Mike Sheehan, Sheehan's Gas Company (Bird Island, Minn.)  
Charles Snelling (Fogelsville, Pa.)  
Paula Wilson, AmeriGas (Valley Forge, Pa.)  
David Wunch, SemStream LP (Tulsa, Okla.)

**Approval of Minutes**

Mr. Platz directed the councilors' attention to the minutes of the July 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.

**Advisory Committee Appointments.** Mr. Platz announced that he had appointed Ken Green, Oklahoma Liquefied Gas (Seminole, Okla.), and Gary Shepard, Stanford LP Gas, Motor Fuel Division (Midland, Mich.), to the Engine Fuel Advisory Committee.

**Executive Committee.** Mr. Platz made a report on the activities of the Executive Committee since the July meeting of the Council. He said the Executive Committee met September 17 and September 30 to discuss two matters: the restriction of PERC activities triggered by the Commerce Department's 2008 propane price analysis, and the ongoing Government Accountability Office review of PERC. He said the Executive Committee authorized PERC President and CEO Roy Willis to make expenditures connected with the implementation of the restriction. Those expenditures will be accounted for and included in the Council's report to Congress and the Department of Energy.

**National Energy Conversation Task Force.** Mr. Armentano reported that the task force's work had come to an end once the Council had shut down the National Energy Conversation under the restriction. Mr. Platz dissolved the National Energy Conversation Task Force.

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

**Vice Chairman's Report — Marketers**

Mr. Armentano offered a report on his impressions of marketers' views of the restriction and whether the Council should lower the assessment rate.

**Vice Chairman's Report — Producers**

Mr. Regan had no report.

**Treasurer's Report**

Mr. Grady reviewed the budget forecast for the 2009 calendar year compared with the 2009 budget and reported on PERC's investment portfolio and performance. Upon a motion duly made and seconded, the Council adopted the treasurer's report.

**Grants Management**

Chief Financial Officer and Vice President of Administration Jim Harris proposed to close out seven docket, with the funds returning to the general treasury (as follows).

**Docket: 12567 (Engine Fuel) \$200,000**  
**Project:** Engine Fuel Advisory Committee (EFAC) Professional Services 2008-2009  
**Action:** De-obligates the remaining balance of \$1,698 and returns these funds to the general treasury

**Docket: 12426 (Safety and Training) \$139,100**  
**Project:** 2008 Safety & Training Advisory Committee Support  
**Action:** De-obligates the remaining balance of \$761 and returns these funds to the general treasury

**Docket: 11871 (Agriculture) \$15,000**  
**Project:** Michigan Atarus Stinger Agriculture Research Grant  
**Action:** De-obligates the remaining balance of \$2,238 and returns these funds to the general treasury

**Docket: 12342 (Agriculture) \$17,550**  
**Project:** Redesigning Propane Burners Which Remove String and Plants from Tomato Stakes  
**Action:** De-obligates the remaining balance of \$17,550 and returns these funds to the general treasury

**Docket: 12411 (Agriculture) \$380,000**  
**Project:** Agricultural Research and Technology Demonstrations and Validation Plan  
**Action:** De-obligates the remaining balance of \$16,911 and returns these funds to the general treasury

**Docket:** 12421 (Agriculture) \$407,500  
**Project:** 2008 Agriculture Communications Plan  
**Action:** De-obligates the remaining balance of \$58,888 and returns these funds to the general treasury

**Docket:** 15607 (Agriculture) \$65,000  
**Project:** Propane Vehicle Statistical Data Research  
**Action:** De-obligates the remaining balance of \$100 and returns these funds to the general treasury

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

### **President's Report**

PERC President and CEO Roy Willis reviewed the Commerce Department's 2008 propane price analysis and the consequent restriction of PERC activities under the Propane Education and Research Act of 1996.

Mr. Willis said the restriction has been more or less fully implemented at the national level. He said PERC will bring its websites, including the Propane Marketing and Resource Catalog website (the Propane MaRC), into full compliance with the restriction by the end of October.

Mr. Willis said the restriction accelerates the Council's progress down a path it was already traveling on — a path to greater investment in research and development, training, and safety. He told the Council that the staff and the advisory committees had helped identify significant opportunities to make progress in those areas, particularly in training and product development through research activities.

Mr. Willis acknowledged that some industry members have urged the Council to lower the assessment while PERC activities are restricted. But he asked the Council not to lower the assessment rate before giving the advisory committees more time to develop and brief the Council on opportunities for expanding research, training, and safety. He said he expects the committees to identify those projects before the first Council meeting of 2010.

**Budget Resolution.** Upon a motion duly made and seconded, the Council (1) directed the Budget and Finance Committee to prepare a 2010 budget plan that assumes that the assessment rate (five-tenths of a cent per gallon) will remain unchanged for 2010 and (2) directed the staff and the advisory committees to develop recommendations for reallocating education funds to research and development, training, and safety matters.

**Centennial.** Upon a motion duly made and seconded, the Council resolved to encourage the industry to support a celebration of the upcoming centennial of the propane industry, and it authorized Mr. Willis to ask the World LP Gas Association to hold its 2012 forum in Washington to coincide with the centennial celebration.

**Restriction Report.** Upon a motion duly made and seconded, the Council authorized Mr. Willis to send to Congress and the secretary of energy a report of the Council's restriction of its activities to research and development, training, and safety matters.

### **Chief Marketing Officer's Report**

PERC Senior Vice President and Chief Marketing Officer Kate Caskin offered a report on the implementation of the restriction of PERC activities to research and development, training, and safety matters. Ms. Caskin reviewed the timeline of the implementation, showed a breakdown of active dockets by restricted and unrestricted, and listed the major programs that have been shut down.

### **Budget for Calendar Year 2010**

Mr. Harris reviewed the next steps in the 2010 budget process: evaluate the implications of the restriction of PERC activities, convene a meeting of the Budget and Finance Committee and the Executive Committee to review an updated budget to be issued for a 30-day public comment period, and submit the proposed budget to the Council for review.

### **Chief Commercial Officer's Report**

Chief Commercial Officer Steve Wayne reviewed his observations, recommendations, and vision for the PERC research and development portfolio. He summarized the customized Stage-Gate process that PERC plans to use in its technology development.

Dr. Wayne introduced **Docket 16304**. Upon a motion duly made and seconded, the funding request was approved (as follows).

<b>Docket:</b>	<b>16304</b>
<b>Applicant:</b>	Propane Education & Research Council
<b>Short Title:</b>	Stage-Gate Process for PERC
<b>Amount Requested:</b>	<b>\$435,687</b>
<b>Action:</b>	<b>Approved</b>

### **Industry and Public Comments**

Upon a motion duly made and seconded, the Council directed that letters concerning the assessment rate from four state propane gas associations (North Carolina, South Carolina, Tennessee, and Virginia) be noted in the record of this meeting.

Steve Ahrens, executive director of the Missouri Propane Gas Association, stood to offer a comment on the restriction and its impact on the state associations.

### **Consumer Education**

Director of Residential Programs Tracy Burleson gave a report on the activities of the committee. Ms. Burleson summarized the effect of the restriction on Council's residential programs, described the variables for planning for 2010, and outlined the committee's vision for residential propane programs.

Ms. Burleson introduced a no-cost change order to **Docket 15707** to support 2010 planning under the umbrellas of research and development, training, and safety matters in response to the restriction. Upon a motion duly made and seconded, the change order was approved (as follows).

<b>Docket:</b>	<b>15707</b>
<b>Applicant:</b>	Propane Education & Research Council
<b>Short Title:</b>	Residential Advertising — Construction Professionals/Homeowners

**Approved Amount:** \$5,884,000  
**Additional Amount**  
**Approved July 2009:** \$125,000  
**Additional**  
**Amount Requested:** \$0  
**Action:** **Approved**

### **Engine Fuel**

Vice President Brian J. Feehan made a report from the Engine Fuel Advisory Committee.

Mr. Feehan introduced **Docket 16296**. Upon a motion duly made and seconded, the funding request was approved (as follows).

**Docket:** **16296**  
**Applicant:** Kohler Co.  
**Short Title:** Closed-Loop Electronic Fuel Injection LPG Engines  
**Amount:** **\$725,000**  
**Action:** **Approved**

Mr. Feehan introduced **Docket 16312**. Upon a motion duly made and seconded, the funding request was approved (as follows).

**Docket:** **16312**  
**Applicant:** Lehr Inc.  
**Short Title:** Development of Propane Outdoor Power Equipment  
**Amount:** **\$915,600**  
**Action:** **Approved**

Mr. Feehan introduced **Docket 16227**. Upon a motion duly made and seconded, the funding request was approved (as follows). Mr. Misel, Mr. Platz, and Mr. Regan abstained.

**Docket:** **16227**  
**Applicant:** CleanFuel USA  
**Short Title:** Heavy Duty OBD II 6.0-Liter L96 Engine Demonstration Testing  
**Amount:** **\$192,759.50**  
**Action:** **Approved**

Mr. Feehan introduced **Docket 16086**. Upon a motion duly made and seconded, the funding request was approved (as follows). Mr. Misel, Mr. Platz, and Mr. Regan abstained.

**Docket:** **16086**  
**Applicant:** CleanFuel USA  
**Short Title:** Cab Chassis Tank Application for 6.0-Liter Engine Certification  
**Amount:** **\$184,631.38**  
**Action:** **Approved**

Mr. Feehan introduced **Docket 16142**. Upon a motion duly made and seconded, the funding request was approved (as follows). Mr. Misel, Mr. Platz, and Mr. Regan abstained.

**Docket:** 16142  
**Applicant:** CleanFuel USA  
**Short Title:** 6.0-Liter W42 Custom Workhorse Chassis Liquid Propane Application  
**Amount:** \$245,975.96  
**Action:** Approved

Mr. Feehan introduced a no-cost change order to **Docket 15494**. Upon a motion duly made and seconded, the change order was approved (as follows).

**Docket:** 15494  
**Applicant:** Roush  
**Short Title:** Roush Multi-Year/Multi-Platform Program  
**Approved Amount:** \$4,760,725  
**Amount:** \$0  
**Action:** Approved

#### **Agriculture**

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

Mr. Leitman introduced a change order to **Docket 12331**. Upon a motion duly made and seconded, the change order was approved (as follows).

**Docket:** 12331  
**Applicant:** Railroad Commission of Texas AFRED  
**Short Title:** Introducing 90 Percent Efficient Micro-trigeneration Technologies to Texas Dairy Farming  
**Approved Amount:** \$77,900  
**Additional Amount Requested:** \$18,600  
**Action:** Approved

Mr. Leitman introduced **Docket 16218**. Upon a motion duly made and seconded, the funding request was approved (as follows).

**Docket:** 16218  
**Applicant:** Progressive Agriculture Foundation  
**Short Title:** Training Trainers and Youth on Propane Safety at Safety Days  
**Amount Requested:** \$30,250  
**Action:** Approved

Mr. Leitman introduced **Docket 16294**. Upon a motion duly made and seconded, the funding request was approved (as follows).

**Docket:** 16294  
**Applicant:** EnSave Inc.  
**Short Title:** Training Propane Marketers to Conduct Farm Energy Audits  
**Amount Requested:** \$35,613  
**Action:** Approved

Mr. Leitman introduced **Docket 16306**. Upon a motion duly made and seconded, the funding request was approved (as follows).

**Docket:** 16306  
**Applicant:** Osborn & Barr Communications  
**Short Title:** Agriculture Technology Demonstration and Validation Program  
**Amount Requested:** \$586,000  
**Action:** Approved

### **Safety and Training**

Stuart Flatow, vice president, safety and training, gave a report on PERC safety and training programs.

Mr. Flatow introduced **Docket 16348**. Upon a motion duly made and seconded, the funding request was approved (as follows).

**Docket:** 16348  
**Applicant:** Propane Education & Research Council  
**Short Title:** Consumer Safety Radio Announcements  
**Amount Requested:** \$28,600  
**Action:** Approved

Mr. Flatow introduced **Docket 16323**. Upon a motion duly made and seconded, the funding request was approved (as follows).

**Docket:** 16323  
**Applicant:** Propane Education & Research Council  
**Short Title:** Consumer Safety Education Outreach  
**Amount Requested:** \$37,800  
**Action:** Approved

Mr. Flatow introduced a change order to **Docket 12578**. Upon a motion duly made and seconded, the funding request was approved as amended (as follows).

**Docket:** 12578  
**Applicant:** Propane Education & Research Council  
**Short Title:** CETP 4.2, 4.3 Course Alignment  
**Approved Amount:** \$684,973  
**Additional Amount Requested:** \$140,000  
**Action:** Approved as Amended

Upon a motion duly made and seconded, the Council authorized the release of a request for proposals to align the CETP plant operations curriculum.

The Council recessed for the day at 5:20 p.m.

## **Proceedings for October 2**

Mr. Platz called the meeting back to order at 8:36 a.m.

### **Research and Development**

Research and Development Advisory Committee Chairman Kirk Saunders, White Mountain Oil & Propane Inc. (North Conway, N.H.), and Director of Research and Development Greg Kerr offered a report on the work of the committee since the last Council meeting.

Upon a motion duly made and seconded, the Council adopted the *Propane Research and Development Roadmap 2009*.

Mr. Kerr introduced **Docket 16054**. Upon a motion duly made and seconded, the funding request was approved (as follows).

<b>Docket:</b>	<b>16054</b>
<b>Applicant:</b>	Propane Education & Research Council and Kohler
<b>Short Title:</b>	Heavy Duty Residential and Commercial Hybrid Generator
<b>Amount Requested:</b>	<b>\$667,500</b>
<b>Action:</b>	<b>Approved</b>

Mr. Kerr introduced **Docket 16245**, which is contingent on the grantee's receipt of an Energy Department grant. Upon a motion duly made and seconded, the funding request was approved (as follows).

<b>Docket:</b>	<b>16245</b>
<b>Applicant:</b>	Gas Technology Institute (GTI)
<b>Short Title:</b>	Development, Testing, and Demonstration of Micro-CHP (Yanmar)
<b>Amount Requested:</b>	<b>\$795,000</b>
<b>Action:</b>	<b>Approved</b>

Mr. Kerr introduced **Docket 16303**. Upon a motion duly made and seconded, the funding request was approved (as follows).

<b>Docket:</b>	<b>16303</b>
<b>Applicant:</b>	Propane Education & Research Council
<b>Short Title:</b>	Expert Analysis of Propane's Ozone-Forming Potential
<b>Amount Requested:</b>	<b>\$300,000</b>
<b>Action:</b>	<b>Approved</b>

### **Industry Programs**

Industry Programs Director Martha Evans and Ms. Caskin made a report on industry programs.

Ms. Evans introduced a no-cost change order to **Docket 15717**. The change order would shift \$100,000 in the docket to the propane marketer survey. Upon a motion duly made and seconded, the funding request was approved (as follows).

<b>Docket:</b>	<b>15717</b>
<b>Applicant:</b>	Propane Education & Research Council
<b>Short Title:</b>	Market Growth Programs & Propane Industry Tools
<b>Approved Amount:</b>	\$1,270,000
<b>Additional Amount Requested:</b>	<b>\$0</b>
<b>Action:</b>	<b>Approved</b>

#### **State Rebates**

Ms. Evans reviewed the rules governing the state rebate program and directed the Council's attention to the list of 44 replicated rebate requests totaling \$2,341,748. Six rebate requests ask for partnership funds totaling \$342,687.

Upon a motion duly made and seconded, the Council adopted management procedures for final accounting reporting compliance as presented by Ms. Evans.

#### **Old Business**

There is no old business.

#### **New Business**

*The Council discussed but took no formal action on the following items:*

Ms. Wilson asked whether there was interest in directing the Safety & Training Advisory Committee to produce Spanish translations of more safety materials such as *Dispensing Propane Safely*.

Mr. Armentano asked for more frequent updates about crucial management information.

Mr. Grady asked whether it would be possible to receive copies of grant funding requests as they become available.

Mr. Snelling suggested a review of Council roles and responsibilities and encouraged the Council to delegate more management responsibilities to the president and CEO to free up Council time for strategy and policy discussions.

Mr. Platz recommended adding some time in Houston to plan for a Council strategy session in February.

Mr. Platz raised the issue of term limits for the chairmen of advisory committees.

Mr. Platz announced that the Council will meet next in Houston on December 9 and 10, 2009.

Upon a motion duly made and seconded, the Council adjourned at 10:30 a.m.