

Propane Education & Research Council
April 20, 2017
Nashville, Tennessee
MINUTES

Chairman Tom Van Buren called the meeting to order at 8:30 a.m. Central Time.

Mr. Van Buren, Ferrellgas (Overland Park, Kan.), opened the meeting with prayer and the Pledge of Allegiance. He welcomed the Council members in attendance:

Kasib Abdullah, BP (Houston)
Robert Barry, Bergquist (Toledo, Ohio) — *Secretary*
Gene Bissell, (Gladwyne, Pa.)
Steven Breckon, Lone Star NGL (Houston)
Robert Chalmers, JP Energy Partners (Irving, Texas) — *Treasurer*
Drew Combs, CHS Inc. (Inver Grove Heights, Minn.) — *Vice Chairman, Marketers*
Casey Cramton, Dead River Co. (South Portland, Maine)
Gregg Dighero, Encana Oil and Gas (Denver, Colo.)
Daniel Dixon, AmeriGas (Florence, Ala.)
Randy Doyle, Blossman Gas (Ocean Springs, Miss.)
Roxanne Fowles, MarkWest Energy Partners LP (Friendswood, Texas)
Robert Freeman, Freeman Gas (Spartanburg, S.C.)
Sam Hawley, Enterprise (Houston)
Robert Hemsworth, DCP Midstream (Houston)
Bruce Leonard, Targa (Southlake, Texas) — *Vice Chairman, Producers*
Glenn Luce, Aux Sable Liquid Products (Morris, Ill.)
Doug Rinke (Columbia, Mo.)
Richard Williams, Suburban Propane Partners LP (Whippany, N.J.)

Chairman's Report

Approval of Minutes. Mr. Van Buren directed the councilors' attention to the minutes of the February Council meeting in Dallas, Texas. Upon a motion duly made and seconded, the Council approved the minutes.

Officer Nominations. Mr. Van Buren reviewed councilor term limits and the responsibilities of the executive committee. PERC President and CEO Roy Willis reviewed the rules on officer nominations for the executive committee. Councilors provided nominations for each of the open positions during the meeting.

Executive Committee. Mr. Van Buren reported that Executive Committee members met earlier that day to discuss topics including the CEO transition plan, the Council strategic plan, supply and infrastructure study funding, industry outreach communications, and the upcoming 2018 budget presentation in July. The next day the Council planned to meet with NPGA officers to enhance coordination between NPGA and the states, and to discuss federal tax policies, the upcoming winter season, renewable propane, and research and development projects, among other topics.

Appointment of Advisory Committee Members. Upon a motion duly made and seconded, the Council approved the appointment of Chris Kowalski as the vice chairman of the Market Outreach and Training Working Group.

Chairman Tom Van Buren has made the following appointments to the Advisory Committee:

To the Market Outreach and Training Working Group: Dennis St. Aubin of CHS Inc. in Eagan, MN.

To the Safety and Training Working Group: Scott Pearson of CHS Inc. in Eagan, MN., and Mark Veltri of Crestwood in Clarksburg, WV.

Advisory Committee Report

Mr. David Reynolds, chairman of the Research and Technology Development Working Group, discussed two key breakout sessions during the last Advisory Committee meeting, the first about propane supply and the second about cost calculators.

At the request of Advisory Committee members, there will be a visit to a nearby ROUSH facility during the next meeting, with future tours planned with other manufacturing partners.

Mr. Reynolds reported that the Market Outreach and Training Working Group met via webinar in April to review consumer campaign results. In February, the Safety and Training Working Group reviewed a five-year plan to update programs and collateral and develop programs in new task-training formats.

Industry Outreach Committee Report

Mr. Barry reviewed two projects, with the first being the development of a tool to measure marketer use of PERC resources. The second project looks at where state rebate funds are spent and how that spending aligns with PERC's strategic plan.

Audit Committee Report

Mr. Doyle reviewed the findings of the 2016 audit report, which showed PERC is in strong financial condition and in compliance with PERA.

Upon a motion duly made and seconded, the Council approved the 2016 audit report.

Subcommittee Report

Mr. Freeman of the Portfolio Review Subcommittee, which is responsible for providing a high-level strategic review of PERC's project portfolio, reviewed metrics for PERC investments and projected gallons versus actual gallons contributed from 2016 projects and concluded that PERC's return on investment for these projects is encouraging.

Mr. Van Buren reminded the Council that it reengineered the budget process last year and will need to do that again this year, with a budget committee review and recommendations being brought before the Council at the July Council meeting. The Council will evaluate two funding options, either to keep the current assessment level or to increase it by half a tenth of a cent.

Vice Chairman's Report

Mr. Leonard, vice chairman, producers, reported on the distribution of propane and challenged suppliers to explain to customers about supply chain and distribution. He also encouraged suppliers to know how to manage price risks associated with propane supply.

Report on Renewable Propane

Jeff Stewart of Blue Star Gas reported on renewable propane and the opportunity to use it to meet California and other states' zero net energy programs.

Mr. Van Buren suggested that PERC staff and NPGA develop an information packet for the Council made up of facts based off the questions asked by the Council during the meeting.

He also recommended that the Advisory Committee work in coordination with the NPGA taskforce and the GPA Midstream Association to provide ideas and recommendations for next steps to the Council. He appointed Mr. Breckon to be a part of that work.

Mr. Willis said he would ask NREL to produce a feasibility study report to give to the Advisory Committee so they can review it and report on it at the July Council meeting.

Treasurer's Report

Mr. Chalmers reviewed the 2016 budget year surplus compared to 2016 audited results and presented the 2017 budget summary and cash flow forecast.

Upon approval of a motion duly made and seconded, the Council adopted the treasurer's report and approved a proposal to close out 16 docket, with the funds returning to the general treasury (as follows).

Docket: 20406 (Industry Programs) – \$257,500

Project: Supply and Infrastructure Study

Action: De-obligates the remaining balance of \$67,905 and returns these funds to the general treasury

Docket: 20640 (Industry Programs) \$665,000

Project: 2016 Marketer Technology and Sales Training

Action: De-obligates the remaining balance of \$153,674 and returns these funds to the general treasury

Docket: 19348 (Engine Fuel) – \$780,000

Project: Autogas Refueling Infrastructure Demonstration and Testing

Action: De-obligates the entire balance of \$780,000 and returns these funds to the general treasury

Docket: 20003 (Engine Fuel) \$210,000

Project: Off-Road Aftermarket Stimulation Strategy

Action: De-obligates the remaining balance of \$4,702 and returns these funds to the general treasury

Docket: 20129 (Engine Fuel) – \$929,976

Project: Propane Powered Gulf and Turf Equipment Demonstration Program

Action: De-obligates the entire balance of \$43,056 and returns these funds to the general treasury

Docket: 20201 (Engine Fuel) \$255,000

Project: 2015 Material Handling Market Outreach Program

Action: De-obligates the remaining balance of \$25,564 and returns these funds to the general treasury

Docket: 20007 (Engine Fuel) – \$285,000

Project: BSIDiesel Displacement

Action: De-obligates the entire balance of \$142,500 and returns these funds to the general treasury

Docket: 20078 (Engine Fuel) \$300,000

Project: Autogas Direct Injection Research and EPACert

Action: De-obligates the remaining balance of \$150,000 and returns these funds to the general treasury

Docket: 20633 (Engine Fuel) – \$1,446,800

Project: 2016 Propane Autogas Market Outreach

Action: De-obligates the entire balance of \$98,720 and returns these funds to the general treasury

Docket: 20634 (Engine Fuel) \$1,050,000

Project: 2016 Professional Landscape, Golf and Turf Marketing and Outreach Program

Action: De-obligates the remaining balance of \$2,231 and returns these funds to the general treasury

Docket: 20064 (Research and Development) – \$398,000

Project: 2014 National Propane Fuel Survey Program

Action: De-obligates the entire balance of \$47,304 and returns these funds to the general treasury

Docket: 19169 (Safety and Training) \$183,900

Project: NAFTC Autogas Technician and Operator Training

Action: De-obligates the remaining balance of \$27,127 and returns these funds to the general treasury

Docket: 19351 (Safety and Training) – \$164,130

Project: Development of NFPA 58 Chapter 12

Action: De-obligates the entire balance of \$44,328 and returns these funds to the general treasury

Docket: 20102 (Safety and Training) \$118,460

Project: Consumer Safety Education Modules Flash to HTML5 Conversion

Action: De-obligates the remaining balance of \$9,111 and returns these funds to the general treasury

Docket: 20589 (Safety and Training) – \$75,000

Project: 2016 Industry Responder Conferences

Action: De-obligates the entire balance of \$58,091 and returns these funds to the general treasury

Docket: 20591 (Safety and Training) \$87,893

Project: Safety and Training Digital Strategy Roadmap

Action: De-obligates the remaining balance of \$38,977 and returns these funds to the general treasury

Consent Calendar

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

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

Docket: 21200

Principal Contractor: Swanson Russell

Title: 2017 Propane Energy Pod Builder Incentive Program

Amount Requested: \$225,000

Action: Approved

Docket: 21212

Principal Contractor: Logica3

Title: Updating Selected Consumer Safety/ "Duty to Warn" Materials

Amount Requested: \$99,675

Action: Approved

Docket: 21213

Principal Contractor: Dashe & Thomson

Title: CETP NFPA 58 – 2017 Updates

Amount Requested: \$129,938

Action: Approved

Safety and Training Program Update

Safety and Training Working Group Chairman Bruce Montroy and Vice President, Safety and Training Stuart Flatow reported on necessary updates to CETP to a blended learning program because of advancements in technology since CETP started ten years ago. They both discussed the three to five-year plan that includes new consumer safety messaging with videos, next generation training, and new codes and standards readiness.

Chief Information Officer's Report

PERC Chief Information Officer Kay Howell updated the Council on new activities happening in industry engagement. First is a "Top Picks" pamphlet for PERC staff to leave behind at all spring and summer industry meetings. It has information about the top three programs, resources, and incentives in each market and safety and training. Second, PERC hired Paula Wilson to meet with companies across the country to understand their challenges and opportunities to support their efforts with PERC resources. This is in addition to other PERC staff members meeting one-on-one with states executives and attending state association meetings during the summer and fall to talk with members about PERC programs. Third, PERC launched the Marketer Technology and Sales Training digital learning hub, which is available on desktop, iPad, iPhone, and other platforms. It augments classroom training for marketers by providing sales theory, market insight, and updates about new resources and research.

Chief Operating Officer's Report

PERC Chief Operating Officer Tucker Perkins reported on results of PERC's performance at the NTEA Green Truck Summit. He also talked about PERC's work with NPGA on the Volkswagen settlement, zero net energy, and supply and exports. He updated the Council on progress in the forklift market and new Straight Talk videos featuring fleets that are having success with propane autogas vehicles.

Mr. Perkins reviewed **Docket 21243**. Upon a motion duly made and seconded, the Council approved the docket.

Docket: 21243
Principal Contractor: Gas Technology Institute
Title: Carbon Management Information Center Consortium 2017
Amount Requested: \$50,000
Action: Approved

Chief Marketing Officer's Report

PERC Chief Marketing Officer Dennis Vegas reported on the results of the most recent consumer survey taken to gauge changes in consumer sentiments since the big ad buy that ended in September 2016. The survey results also will serve as a benchmark to measure the impact of this year's contribution to the multi-year campaign. He also shared what's new for 2017, including new display items, videos, and photography for marketers to use to promote propane to consumers.

PERC's Director of Communications Gregg Walker reported on the campaign's social and digital content, including updates to proudlypropane.com, and the 2017 fall media strategy.

Mr. Vegas talked about working with the MOT working group on multiple projects, including preparing consumers for winter, and 2018 campaign planning with new strategies, tools, and creatives tracked by research and analysis.

Industry and Public Comments

The Council received no public or industry comment.

Old Business

The Council discussed the methane emissions mapping project, which measures methane emissions on a county by county basis using already public data to compare propane and natural gas. Stuart Weidie said this is a true cost analysis by ICF to compare propane against natural gas projects to be used as proof to policymakers that it is cost effective to build with propane.

Sam Hawley asked about the propane cost calculator as a tool to compare the cost and emissions of propane and natural gas.

Roy announced the uncontested positions for new executive committee members voted on by the Council. The position of secretary had three candidates, Mr. Freeman, Mr. Leonard, and Mr. Dixon who councilors will vote on by mail ballot, with the new position being announced prior to the July meeting.

New Business

There was no new business.

Mr. Van Buren announced that the next regularly scheduled Council meeting will take place July 11-12, 2017, in Denver, Colorado.

Chief Executive Officer's Report

PERC President and CEO Roy Willis talked about the creation of PERC and the evolution of its commercialization program to what it is today with 65 new propane products added to the marketplace.

Mr. Willis reported that he had approved four no-cost change orders for time extensions or minor scope modifications under his presidential authority since the Council's last meeting (as follows).

Docket: 18126 (no-cost change order)
Time Extension: Dec. 31, 2018
Title: Propane-Powered Tractor Proof of Concept Development
Approved Amount: \$0

Docket: 20492 (no-cost change order)
Time Extension: N/A
Title: Low Emission Autogas Refueling Equipment Replacement Program
Approved Amount: \$0

Docket: 20835 (no-cost change order)
Time Extension: June 30, 2017
Title: Low NOx Ford 6.8L Engine Development
Approved Amount: \$0

Docket: 20244 (no-cost change order)
Time Extension: June 30, 2017
Title: Propane Irrigation Engine Market Development, Phase 2
Approved Amount: \$0

Mr. Willis also approved one presidential grant (as follows).

Docket: 21241
Time Extension: N/A
Title: Propane Cost Calculator, Industrial Case Study, and Emissions Mapping
Approved Amount: \$62,000

By unanimous consent, the Council adjourned at 3 p.m. CT.

##