

Propane Education & Research Council Meeting
November 8-9, 2022
Destin, Florida
MINUTES

Chairman Stuart Weidie called the meeting to order at 1:05 p.m. CT on Tuesday, Nov. 8. Following an opening prayer and Pledge of Allegiance, he welcomed Council members in attendance via video conference call and noted the presence of a quorum.

Bill Briggs, Phillips 66 (Houston, TX)
Kevin Cobb, Suburban Propane Partners LP (Eagle, ID)
Chris DeFilippo, Superior Plus Energy (Wayne, PA) – Vice Chairman, Marketers
Michael Dickinson, Williams (Tulsa, OK)
Mark Donahue, MarkWest Energy (Denver, CO)
Gary France, France Propane Service (Schofield, WI) — Secretary
Mike Garcia, Targa Resources (Naperville, IL)
Trent Hampton, Lakes Gas (Wyoming, MN)
Michael Heim (Houston, TX)
Chris Hill, Meritum Energy (San Antonio, TX)
Jeff Kerns, ThompsonGas (Frederick, MD) — Treasurer
Joe McGinn, Energy Transfer (Newtown Square, PA)
Duncan McGinnis, Aux Sable (Morris, IL) — Vice Chairman, Producers
Chris Nevils, DCP Midstream (Houston, TX)
Warren Patterson, AmeriGas (King of Prussia, PA)
John Powell, Crestwood Equity Partners LP (Kansas City, MO)
Dan Richardson, Conger LP Gas (Tifton, GA)
Mark Sutton (Wagoner, OK)
Stuart Weidie, Blossman Gas (Swannanoa, NC) — Chairman
Brian Wilkin, Enterprise Products Operating Co. (Houston, TX)
Leslie Woodward, Fairview USA (Wheatfield, NY)

Chairman's Report

Mr. Weidie noted that Mr. Patterson has succeeded Brilynn Johnson as an AmeriGas representative on the council.

He praised recent efforts to align PERC activities to its strategic pillars, but questioned whether enough emphasis is being given to big, impactful projects - such as power generation and the forthcoming Cummins engine - in order to meet market challenges.

He reported that the Executive Committee had met and discussed the PGA/PERC partnership agreement, staffing updates, and the newest resources available to the industry.

Mr. Weidie approved an updated roster of Advisory Committee members.

Upon a motion duly made and seconded, Council approved the minutes of its July 2022 meeting.

Upon a motion duly made and seconded, Council approved Chris Kowalski, F.W. Webb, as chairman and Derek Dalling, Ohio and Michigan Propane Gas Associations, as vice-chairman for new Industry Engagement Working Group.

Producers Report

Mr. McGinnis reported domestic demand has been seasonal but flat year over year with an average crop drying season in 2022. Exports exceed 2021 at 1.36 million barrels/day. Inventories are better positioned than the last few years, although Midwest inventories are low. Crude and natural gas production remains strong. Propane production continues to rise on strong pricing with forecasts to increase at a slower pace. Export demand has not kept pace with production increases, resulting in normal inventories.

NPGA Executive Committee Report

Jeff Stewart reported on several new staff hires at NPGA and how those align with upcoming efforts to combat electrification and gas bans. Among the new hires are Benjamin Nussdorf, general counsel, vice president regulatory and industry affairs; Kate Gaziano, director, regulatory affairs and associate general counsel; and Thomas Ortiz, director of codes and standards.

GPA Midstream Report

GPA Midstream President and CEO Joel Moxley reported on headwinds the industry is facing from the Biden administration's anti-fossil fuel position. With 73 percent of U.S. production coming from shale, there continues to be a steady post-pandemic growth in both crude and natural gas production, while international demand is pulling supplies out of the U.S. market. The association's education and advocacy campaign that launched in May 2022 continues to bolster public awareness and combat narrative regarding negative environmental impact.

Treasurer's Report

Mr. Kerns reviewed the council's financial statements, noting that assessments are ahead of budget. As of Sept. 30, council had a \$13.8 million undesignated reserve.

As requested by council, Vice-President of Finance, Data, and Technology Shawn Stack reviewed council's past practices of determining undesignated reserves. He recommended changing PERC's historical model used to forecast with a forward-looking cash flow and investments projection-based model to evaluate resources available to support the industry. Based on the analysis conducted and presented a recommended operating reserve of \$8 million was recommended.

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

Audit Committee Report

Mr. Hampton reported that the committee met and approved filing of tax-exempt returns, reviewed and approved an engagement letter from external auditors, and tabled a proposal to capitalize digital expenditures.

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

Chief Executive Officer's Report

PERC President and CEO Tucker Perkins reported on a number of recent initiatives, including celebration of National Propane Day; a webinar on the Cummins engine project; a webinar on renewable propane for GPA Midstream members; a plan to develop trained and empowered individuals in the propane industry to serve as a grassroots network of energy ambassadors; PERC staffing additions, including Gavin Hale as vice president of business development; and the most recent Environmental Thought Leadership message placement successes.

Mr. Perkins also reported that he approved one new presidential grant, Docket 23657 in the amount of \$30,000 to work with the University of Kentucky and Clark Material Handling to create a Class 5 propane-powered forklift engine.

Approval of Budget for Calendar Year 2023

Mr. Stack presented details of the 2023 proposed budget. The \$45.5 million budget is based on an estimated 9.1 billion gallons of odorized propane sales.

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

Communications and Marketing Report

Senior Vice President of Communications and Marketing Erin Hatcher reported that 2022 National Energy for Everyone marketing campaign results from March through Oct. 18 has resulted in double-digit growth across all target metrics (new users, page views, goal completions, average time spent on page) and is generating strong web traffic. She also addressed:

- Earned placement in Environmental Thought Leadership and rapid response efforts
- Influencer partnerships with Emily Calandrelli and Matt Blashaw
- National Propane Day celebration and outreach
- Climate Week NYC
- State environmental campaign awareness results
- Progress toward strategic goal of 15% increase in perception of propane as clean in propane country
- Acupoll segmentation study results, conducted to identify consumers to target in marketing campaign

- Omnibus research study results, conducted to identify awareness/understanding of propane as a fossil fuel

Upon motions duly made and seconded, Council approved:

Docket 23654: 2023 Integrated Marketing & Communications Plan, \$12,863,000. The docket encompasses total 2023 programming for all markets, digital development, corporate communications/market support, as well as environmental thought leadership.

Industry Relations Report

Senior Vice President of Industry Relations Bridget Kidd updated the council on recent Allied Partner Training program events (Builder Train the Trainer, Plumbing Heating and Contractors Association Regional Conference); launch of the new Industry Engagement Working Group within the Advisory Committee; internal and external workforce outreach activities; Technical School Grant program; and new Leadership in Energy Ambassadors program.

Upon motions duly made and seconded, Council approved:

- Docket 23360 Change Order: 2022 Workforce Outreach, \$200,000
- Docket 23629: 2023 Industry Outreach, \$1,228,600 that covers outreach and meeting expenses from Jan. 1 through Dec. 31, 2023. It includes funding for state meetings, marketer events and industry trade shows to promote and educate the industry on consumer education efforts, environmental messaging, market growth and commercialization efforts, and safety and training programs.
- Docket 23630: 2023 Environmental Campaign and Partnership with States, \$5,410,000

Safety & Training Report

Vice President of Safety, Education and Compliance Eric Kuster reported on several safety initiatives, including:

- Propane Emergencies program
- Bobtail Delivery Driver learning path
- Consumer Safety Education course
- Enhanced Learning Center reporting
- Heavy Snowfall consumer safety brochure
- Learning Center usage metrics year-to-date
- Strategic planning
- 2023 consumer safety materials update and validation testing plan

Upon motions duly made and seconded, Council approved:

- Docket 23681: Consumer Safety Materials Update and Validation Testing, \$927,000
- Docket 23682: NFPA 58 CETP and Program Updates, \$212,305
- Docket 23683: CETP Modularization Development, Round 3, Phase 2, \$980,000

Meeting Recess

Mr. Weidie recessed the meeting at 4:49 p.m. CDT.

Mr. Weidie reconvened the meeting at 8:41 a.m. CDT on Wednesday, Nov. 9.

NPGA Report

NPGA President and CEO Steve Kaminski offered comments on the preliminary midterm election results. He flagged a potential rail strike that would impact propane supply heading into the winter heating season, and provided updates to various federal regulations, codes and standards.

Business Development Report

Mr. Perkins reported that PERC's Propane Construction Incentive program through Oct. 7 has awarded \$914,600 to 1,245 homes in 20 states. Placement of propane appliances using those funds has eliminated 16 million pounds of carbon dioxide equivalent.

Upon motions duly made and seconded, Council approved:

- Docket 23667: Propane Construction Incentive Program 2023, \$1,250,000
- Docket 23445: Fabrication and commercialization of a propane-fueled band steam applicator, \$595,010
- Docket 23649: 2023-24 Propane Farm Incentive Program, \$400,000
- Docket 23653: Computing Marginal Electricity CO2 Emissions, \$175,000

Advisory Committee Report

Advisory Committee Steering Committee Chairman Chris DeFilippo reported on the October meeting, noting that newly implemented procedural changes were well received by attending committee members.

Industry and Public Comments

There were no public comments.

Old Business

There was no old business.

New Business

There was no new business.

The next Council meeting will be a virtual session Feb. 3, 2023.

By unanimous consent, Council adjourned at 10:42 a.m. CT.