

Propane Education & Research Council Meeting
Nashville, TN
April 27, 2022
MINUTES

Chairman Stuart Weidie called the meeting to order at 8:32 a.m. CDT on Wednesday, April 27. After prayer and Pledge of Allegiance, he welcomed attendees and those on the call and noted the presence of a quorum.

Bill Briggs, Phillips 66 (Houston, TX)
Kevin Cobb, Suburban Propane Partners LP (Eagle, ID)
Casey Cramton, Dead River Co. (South Portland, ME) – Vice Chairman, Marketers
Chris DeFilippo, Superior Plus Energy (Wayne, PA)
Michael Dickinson, Williams (Tulsa, OK)
Mark Donahue, MarkWest Energy (Denver, CO)
Mike Garcia, Targa Resources (Naperville, IL)
Michael Heim (Houston, TX)
Bri Lynn Johnson, AmeriGas (Lincoln, CA)
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)
John Powell, Crestwood Equity Partners (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

Upon a motion duly made and seconded, Council approved the minutes of its November 2021 and February 2022 meetings.

Mr. Weidie reported that the Joint Officers Committee met with National Propane Gas Association leaders to review responsibilities for each organization to ensure efficiency and eliminate redundancy. They received an update to the new Entry-Level Driver Training rolled out to the industry in January. The online training has had 309 participants in the first three months. They discussed ongoing needs for aggressive employee workforce recruitment to hire, train and retain workers throughout the industry.

Council approved recommendations for officers to serve one-year terms: Mr. Weidie, chairman; Mr. DeFilippo, vice-chairman of marketers; Mr. McGinnis, vice-chairman of producers; Mr. Kerns, treasurer; Gary France, secretary. Mr. Weidie recognized outgoing councilors Mr. Cramton and Dave Bertelsen.

Audit Committee Report

Mr. Cramton reported that the organization received a clean and unqualified audit of finances and operational controls for 2021. Council approved the report.

Treasurer's Report

Mr. Kerns reported that the Council's financial position remains strong, with assessments exceeding budget through the first quarter of 2022. He reported that projected unrestricted reserves through 2021 were \$16.3 million. Council approved the report.

Producers Report

Mr. McGinnis reported that last fall's winter supply concerns did not materialize. Russia's invasion of Ukraine is causing worldwide speculation about replacing Russian crude in Europe and the impact on production and price domestically. U.S. propane saw record production in April, surpassing pre-pandemic rates. Overall production has been steadily climbing through first quarter and projects to continue through the end of year while imports are flat. Domestic demand continues to be flat and seasonal year over year. Exports to Asia and Europe continue to rise and are absorbing domestic production increases. U.S. propane exports averaged 1.3 million barrels per day in 2021 despite Covid lockdowns in China that have slowed demand there. March propane ending inventory was at lowest levels in five years, and projects to remain low through 2022 depending on the strength of export demand driven by price.

Joint Task Force Report

Task Force Chairman Michael Hopsicker reviewed the group's efforts to address critical messaging and marketing questions for renewable propane and to continue to solve for how best to respond to incorrect or misleading statements about electrification and the environment. He said the group is working to create an aspirational statement on behalf of the industry. Its next steps are to identify stakeholder awareness/education priorities and recommend outreach approaches for each; outline the roadmap for successful marketer adoption and integration of renewable propane into customer offerings; and creatively imagine a long-term roadmap for innovations associated with renewable propane.

Chief Executive Officer's Report

PERC President and CEO Tucker Perkins noted the significance of the strategic work of the Joint Task Force regarding environmental messaging for the industry. He reported that PERC staff is nearing pre-pandemic levels of travel to address various audiences, including regional meetings with propane marketers and state association leadership, PERC's Energy for Everyone Marketing Conference, a forklift summit, and an upcoming presentation to utility executives regarding the role of expanding propane power technologies.

He updated the Council on the Environmental Thought Leadership campaign, which is seeing growth in the breadth of the audience being targeted. Outreach includes in-person meetings, presentations, and various media channels.

Business Development Report

Mr. Perkins reviewed PERC's 2021 construction incentive program performance. The program helped put propane appliances in 950 homes across 33 states at a total cost of \$1.25 million. Assuming those appliances replace electric options, he said those installations cumulatively eliminate 7 million pounds of carbon dioxide per year.

He presented a funding proposal to work with the University of Michigan to study fundamental ignition behavior with blends of propane and renewable DME. The study will provide the dataset for designing American Society for Testing and Materials standards for propane/DME blends.

Mr. Perkins introduced a proposal for PERC to partner with manufactured housing sales centers to set up live-burn floor models. Propane marketers can participate in up to two locations and will be asked to track and report sales of propane homes from the centers for three years.

Upon motions duly made and seconded, the Council approved:

- Docket 23380: Performance and Emissions of Propane/DME Blends in Spark Ignition Engine, \$110,000
- Docket 23383: Manufactured Housing Sales Center Partnership, \$120,000

PERC Director of Residential and Commercial Business Development Bryan Cordill updated the Council on the expanding opportunities in the Combined Heat and Power (CHP) market.

Communications & Marketing Report

Senior Vice President, Communications and Marketing Erin Hatcher reported the results from first six months of Energy for Everyone brand awareness campaign across all markets. She reviewed metrics that determine audience engagement with digital, TV and radio campaign content, and converting that consumer to take action on the landing page. She said the metrics indicate our audience has an appetite for the information we are providing and they want to learn more. She also reviewed the impact of PERC's Together with Propane social media educator campaign using select social media educators to tell the emotional story of propane and its environmental benefits.

Industry Relations Report

Senior Vice President of Industry Relations Bridget Kidd reported on the highlights of 2021 industry outreach initiatives, which included personal contact with 500 propane marketers, and participation in 28 state/regional meetings and events that engaged with about 1,400 propane professionals.

She reviewed the results of the 2021 Environmental and Partnership with States Campaign, which provided 2:1 matching funds to state media campaigns between October 2021 and February 2022. The \$3.3 million total media buy in 44 states generated nearly 400 million impressions and just under 100,000 campaign landing page visits.

Upon motions duly made and seconded, the Council approved:

- Docket 23359: 2022 Industry Engagement, \$591,500
- Docket 23361: 2022 Environmental Campaign and Partnership with States, \$5,265,623. The funding request was initially submitted to council with a 1:1 match for \$4,765,623. At the urging of eight propane professionals and three state associations via public comments, council increased the match rate to 2:1.
- Docket 23360: 2022 Workforce Outreach, \$430,000
- Docket 23164: Market Data & Research Program, \$570,000
- Docket 23162: State rebate for Ohio Autogas Infrastructure Incentive Project, \$28,000

Council tabled Docket 23373: National Workforce Outreach Scholarship Program, \$594,800. The proposal would provide scholarships for employee prospects to attend the North Carolina Technical Education Center in Graham, N.C. The program would be open to students from across the country, and deliver 110 trained employees over 18 months through three program tiers: certified drivers, CDL certified personnel, service technicians.

Safety, Education & Compliance Report

Vice President, Safety, Education and Compliance Eric Kuster reported on new industry initiatives to date in 2022.

Upon motions duly made and seconded, the Council approved:

- Docket 23401: 2022 Learning Center, \$458,250
- Docket 23402: Fire Safety Analysis, \$617,000

GPA Midstream Report

GPA President and CEO Joel Moxley reviewed the impact of the Russia/Ukraine conflict on upstream and midstream production and demand. He expressed concerns about Biden administration promises to increase U.S. output of LNG and to repeal oil and gas tax provisions. He also noted that supply chain issues continue to impact equipment availability and the workforce.

Public Comments

Missouri Propane Gas Association Executive Director Steve Ahrens invited the Council to host a future meeting at Big Cedar Lodge.

Old Business

There was no old business.

New Business

There was no new business.

Mr. Weidie announcement that the next Council meeting will be live July 19-20 in Lake Geneva, WI.

By unanimous consent, the Council adjourned at 1:32 p.m. CDT