

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

October 12, 2011

Kevin Webber
Vice President of Business Development and Operations
Florida Public Utilities
401 S Dixie Hwy
West Palm Beach, FL 33401-5807

CPF 2-2011-0006W

Dear Mr. Webber:

On September 12-15, 2011, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) inspected the Florida Public Utilities (FPU) records and procedures in Winter Haven, Florida, and its pipeline facilities located in Polk and Hillsborough counties in Florida, pursuant to Chapter 601 of 49 United States Code.

As a result of the inspection, it appears that FPU has committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violations are:

- 1. § 192.605 Procedural manual for operations, maintenance, and emergencies.**
 - (a) *General.* Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response. For transmission lines, the manual must also include procedures for handling abnormal operations. This manual must be reviewed and updated by the operator at intervals not exceeding 15 months, but at least once each calendar year. This manual must be prepared before operations of a pipeline system commence. Appropriate parts of the manual must be kept at locations where operations and maintenance activities are conducted.**

FPU's written O&M procedure manual did not have procedures for:

- requiring reports (except SRCR and offshore pipeline condition reports) be submitted electronically to PHMSA at <https://opsweb.phmsa.dot.gov> unless an alternative reporting method is authorized, as required by §191.7.
- notifying PHMSA of certain events as required by §191.22.
- collecting and reporting Mechanical Fitting Failures on its distribution systems as required by §191.23.
- notifying new customers, within 90 days, of their responsibility for service lines not maintained by the operator as required by §192.16.
- qualifying joining procedures for plastic pipe as required by §192.283.

2. § 192.467 External corrosion control: Electrical isolation.

(a) Each buried or submerged pipeline must be electrically isolated from other underground metallic structures, unless the pipeline and the other structures are electrically interconnected and cathodically protected as a single unit.

... (d) Inspection and electrical tests must be made to assure that electrical isolation is adequate.

FPU did not electrically isolate its pipeline from other underground metallic structures that it did not intend to cathodically protect, and did not conduct inspections and electrical tests to assure that electrical isolation was adequate.

At the Grandview Landings subdivision, Circle Station, the 1000-gallon underground storage tank was not electrically isolated from the underground metallic tank valve housing, which was not intended to be cathodically protected. The cathodic protection reading on the tank and the housing were both measured at -0.932 V DC on 09/14/2011 indicating that they were electrically connected.

3. § 192.707 Line markers for mains and transmission lines.

(a) Buried pipelines. Except as provided in paragraph (b) of this section, a line marker must be placed and maintained as close as practical over each buried main and transmission line:

(1) At each crossing of a public road and railroad; and

(2) Wherever necessary to identify the location of the transmission line or main to reduce the possibility of damage or interference.

FPU did not place and maintain line markers on its mains at each crossing of a public road and wherever necessary to reduce the possibility of damage or interference.

The PHMSA field inspection identified several sites as having no line markers or insufficient line markers.

- On 09/13/2011, no pipeline markers were identified at both the Villages at Lake Smart apartment complex and at the Crescent Woods subdivision, and only one pipeline marker was found at the Blackwater Oaks subdivision.
- On 09/14/2011, only two pipeline markers were found at the Cypress Trace subdivision.

- 4. § 192.739 Pressure limiting and regulating stations: Inspection and testing.**
(a) Each pressure limiting station, relief device (except rupture discs), and pressure regulating station and its equipment must be subjected at intervals not exceeding 15 months, but at least once each calendar year, to inspections and tests to determine that it is—
(1) In good mechanical condition;
(2) Adequate from the standpoint of capacity and reliability of operation for the service in which it is employed;
(3) Except as provided in paragraph (b) of this section, set to control or relieve at the correct pressure consistent with the pressure limits of §192.201(a); and
(4) Properly installed and protected from dirt, liquids, or other conditions that might prevent proper operation.

FPU did not inspect and test its pressure limiting and regulating stations at intervals not exceeding 15 months, but at least once each calendar year.

FPU records reviewed during the inspection showed the following pressure limiting and regulating station inspections:

- Antigua Cove had no record of inspections prior to 05/11/2011
- Hawks Creek
 - . East Station had no record of inspections prior to 05/11/2011
 - . West Station had no record of inspections prior to 05/11/2011
- Blackwater Oaks
 - . North station had no record of inspections prior to 05/10/2011
 - . South station had no record of inspections prior to 05/10/2011
- Crescent Woods had no record of inspections prior to 05/10/2011
- Highland in the Woods had no record of inspections prior to 05/10/2011
- Villas at Lake Smart
 - . Front/Front station had no record of inspections prior to 05/13/2011
 - . Front/Middle station had no record of inspections prior to 05/13/2011
 - . Front/Back station had no record of inspections prior to 05/13/2011
 - . Back/Right station had no record of inspections prior to 05/13/2011
 - . Back/Left station had no record of inspections prior to 05/13/2011
 - . Middle station had no record of inspections prior to 05/11/2011
- Cypress Trace had no record of inspections prior to 05/13/2011
- Grandview Landing (activated 02/09/2003)
 - . Cul de Sac Left station had no record of inspections prior to 05/13/2011
 - . Cul de Sac Right station had no record of inspections prior to 05/13/2011
 - . Circle station had no record of inspections prior to 05/13/2011
 - . Entrance station had no record of inspections prior to 05/13/2011

- 5. § 192.747 Valve maintenance: Distribution systems.**
(a) Each valve, the use of which may be necessary for the safe operation of a distribution system, must be checked and serviced at intervals not exceeding 15 months, but at least once each calendar year.

FPU did not check and service each valve which may be necessary for the safe operation of its pipeline distribution system at intervals not exceeding 15 months, but at least once each calendar year.

FPU records reviewed during the inspection showed:

- Antigua Cove (activated 11/15/2008)
 - . Valve 729. Maintained on 05/05/2011, no 2010, 2009, or 2008 record.
- Hawks Creek (activated 10/15/2007)
 - . Valve 730. Maintained on 05/11/2011, no 2010, 2009, or 2008 record.
 - . Valve 731. Maintained on 05/11/2011, no 2010, 2009, or 2008 record.
- Blackwater Oaks (activated 05/11/2006)
 - . Valve 732. Maintained on 05/13/2011, no 2010, 2009, or 2008 record.
 - . Valve 733. Maintained on 05/13/2011, no 2010, 2009, or 2008 record.
- Crescent Woods (activated 11/28/2006)
 - . Valve 734. Maintained on 05/13/2011, no 2010, 2009, or 2008 record.
- Highland in the Woods (activated on 09/27/2007)
 - . Valve 735. Maintained on 05/13/2011, no 2010, 2009, or 2008 record.
- Villas at Lake Smart
 - . Valve 737. Maintained on 05/12/2011, no 2010, 2009, or 2008 record.
 - . Valve 738. Maintained on 05/12/2011, no 2010, 2009, or 2008 record.
 - . Valve 739. Maintained on 05/12/2011, no 2010, 2009, or 2008 record.
 - . Valve 740. Maintained on 05/12/2011, no 2010, 2009, or 2008 record.
 - . Valve 741. Maintained on 05/12/2011, no 2010, 2009, or 2008 record.
 - . Valve 747. Maintained on 05/12/2011, no 2010, 2009, or 2008 record.
- Cypress Trace (activated on 06/11/2008)
 - . Valve 742. Maintained on 05/12/2011, no 2010, 2009, or 2008 record.
- Grandview Landing (activated 02/09/2003)
 - . Valve 743. Maintained on 05/12/2011, no 2010, 2009, or 2008 record.
 - . Valve 744. Maintained on 05/12/2011, no 2010, 2009, or 2008 record.
 - . Valve 745. Maintained on 05/12/2011, no 2010, 2009, or 2008 record.
 - . Valve 746. Maintained on 05/12/2011, no 2010, 2009, or 2008 record.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$100,000 for each violation for each day the violation persists up to a maximum of \$1,000,000 for any related series of violations. We have reviewed the circumstances and supporting documents involved in this case, and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to correct the items identified in this letter. Failure to do so will result in Florida Public Utilities being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 2-2011-0006W**. Be advised that all material you submit in response to this enforcement action is subject to being made publicly available. If you believe that any portion of your responsive material qualifies for confidential treatment under 5 U.S.C. 552(b),

along with the complete original document you must provide a second copy of the document with the portions you believe qualify for confidential treatment redacted and an explanation of why you believe the redacted information qualifies for confidential treatment under 5 U.S.C. 552(b).

Sincerely,

Wayne T. Lemoi
Director, Office of Pipeline Safety
PHMSA Southern Region

cc: Mike McCarty
Safety and Training Manager
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Winter Haven, FL 33881-4018