

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

April 17, 2012

Mr. Eugene Bissell
President & CEO
Amerigas Propane, LP
P.O. Box 965
Valley Forge, PA 19482-0965

CPF 2-2012-0003W

Dear Mr. Bissell:

From October 24 - 27, 2011, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) inspected the Amerigas records and procedures in its Rockledge, Florida office and its liquefied petroleum gas (LPG) pipeline systems in Brevard County, Florida, pursuant to Chapter 601 of 49 United States Code.

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

1. §192.11 Petroleum gas systems.

...(b) Each pipeline system subject to this part that transports only petroleum gas or petroleum gas/air mixtures must meet the requirements of this part and of ANSI/NFPA 58 and 59.

Amerigas did not meet the requirements of NFPA 58, Section 6.7.4.6, which states that *“The point of discharge shall also be located not less than 5 ft (1.5 m) in any direction away from any source of ignition, openings into direct-vent (sealed combustion system) appliances, or mechanical ventilation air intakes.”*

Amerigas installed the point of discharge from pressure relief devices on regulating equipment less than 5 feet from sources of ignition at the following locations:

- 325 Three Oaks Drive at the Oaks at Lake Front
- 5242 Colleens Way at Stone Lake Estates.
- 3290 and 3420 Biscayne Drive at Sunset Groves
- 1707 Sharon Lane and 512 Summers Creek Drive at Summers Creek

2. §192.463 External corrosion control: Cathodic protection.

(a) Each cathodic protection system required by this subpart must provide a level of cathodic protection that complies with one or more of the applicable criteria contained in appendix D of this part. If none of these criteria is applicable, the cathodic protection system must provide a level of cathodic protection at least equal to that provided by compliance with one or more of these criteria.

Amerigas did not ensure that its installed cathodic protection systems provided a level of cathodic protection that complied with one or more of the applicable criteria contained in Appendix D of Part 192.

Cathodic protection testing performed during the inspection found locations with low¹ pipe-to-soil (p/s) readings indicating inadequate levels of cathodic protection. The locations with associated p/s readings were as follows:

<u>Oaks at Lake Front</u>	<u>(10/26/2011)</u>	<u>Sunset Groves</u>	<u>(10/26/2011)</u>
Tank A	-590 mV DC	Tank A	-580 mV DC
Tank B	-750 mV DC	Tank B	-480 mV DC
Regulator Station	-610 mV DC	Tank C	-360 mV DC
		Tank D	-550 mV DC
		Tank E	-450 mV DC
<u>Stone Lake Estates</u>	<u>(10/26/2011)</u>		
Tank A	-710 mV DC		
Tank B	-760 mV DC	<u>Summers Creek</u>	<u>(10/26/2011)</u>
Tank C	-810 mV DC	Tank A	-410 mV DC
		Tank B	-470 mV DC
		Tank C	-520 mV DC
<u>Citrus Isle</u>	<u>(10/26/2011)</u>	Tank D	-620 mV DC
North Tank A	-490 mV DC	Tank E	-590 mV DC
North Tank B	-530 mV DC	Tank F	-520 mV DC
North Tank C	-510 mV DC	Regulator Station	-620 mV DC
South Tank A	-600 mV DC		
South Tank B	-600 mV DC		
South Tank C	-540 mV DC		

3. §192.465 External corrosion control: Monitoring.

(a) Each pipeline that is under cathodic protection must be tested at least once each calendar year, but with intervals not exceeding 15 months, to determine whether the

¹ The criteria for cathodic protection are contained in 49 CFR Part 192, Appendix D. The criteria being referenced in this letter is negative (cathodic) voltage of at least 850mV with reference to a saturated copper-copper sulfate half-cell. Accordingly, a “low” p/s reading is a reading less negative than 850mV.

cathodic protection meets the requirements of §192.463. However, if tests at those intervals are impractical for separately protected short sections of mains or transmission line, not in excess of 100 feet (30 meters), or separately protected service line, these pipelines may be surveyed on a sampling basis. At least 10 percent of these protected structures, distributed over the entire system must be surveyed each calendar year, with a different 10 percent checked each subsequent year, so that the entire system is tested in each 10-year period.

Amerigas did not test each pipeline that is under cathodic protection at least once each calendar year, but with intervals not exceeding 15 months, to determine whether the cathodic protection met the requirements of §192.463. Amerigas did not provide records demonstrating that it performed external corrosion control monitoring on the following systems:

- Citrus Isle for 2008, 2009, 2010, and 2011
- The Oaks at Lake Front for 2008 and 2010
- Sunset Groves for 2008, 2009, and 2010
- Summers Creek for 2008, 2009, and 2010
- Stone Lake for 2008, 2009, and 2010

4. §192.481 Atmospheric corrosion control: Monitoring.

(a) Each operator must inspect each pipeline or portion of pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion, as follows:

If the pipeline is located:	Then the frequency of inspection is:
Onshore	At least once every 3 calendar years, but with intervals not exceeding 39 months
Offshore	At least once each calendar year, but with intervals not exceeding 15 months

(b) During inspections the operator must give particular attention to pipe at soil-to-air interfaces, under thermal insulation, under disbonded coatings, at pipe supports, in splash zones, at deck penetrations, and in spans over water.

(c) If atmospheric corrosion is found during an inspection, the operator must provide protection against the corrosion as required by §192.479.

Amerigas did not inspect each onshore pipeline or portion of pipeline exposed to the atmosphere for evidence of atmospheric corrosion at least once every 3 calendar years, but with intervals not exceeding 39 months. Amerigas has onshore pipelines exposed to the atmosphere for which it provided no records demonstrating that Amerigas performed atmospheric corrosion control monitoring for the following systems:

- Citrus Isle. Amerigas provided no records.
- Stone Lake. Amerigas provided 2010 records and no records for the preceding 39 months.
- Sunset Groves. Amerigas provided 2011 records and no records for the preceding 39 months.

5. §192.491 Corrosion control records.

(a) Each operator shall maintain records or maps to show the location of cathodically protected piping, cathodic protection facilities, galvanic anodes, and neighboring structures bonded to the cathodic protection system. Records or maps showing a stated number of anodes, installed in a stated manner or spacing, need not show specific distances to each buried anode.

Amerigas did not maintain records or maps to show the location of cathodically protected piping and galvanic anodes for its five Brevard County pipeline facilities. Amerigas did not provide these records when requested during the inspection.

6. §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.

The Amerigas written procedural manual for operations, maintenance, and emergencies either did not have procedures, or had inadequate procedures, for the following:

- defining an incident in accordance with the definition found in §191.3.
- requiring reports (except SRCR and offshore pipeline condition reports) be submitted in accordance with the requirements of §191.7.
- notifying PHMSA electronically through the National Registry of Pipeline and LNG Operators at <http://opsweb.phmsa.dot.gov> of certain events, as required by §191.22.
- filing written safety-related conditions reports in accordance with the requirements of §191.23.
- installing excess flow valves (EFV) which meet the performance requirements of §192.381 on new or replaced service lines on single-family residences as required by §192.383.
- providing public awareness messages as required by §192.616.
- odorizing the gas so that at a concentration in air of one-fifth of the lower explosive limit, the gas is readily detectable by a person with a normal sense of smell, as required by §192.625(a); and conducting periodic sampling of combustible gases using an instrument capable of determining the percentage of gas in air at which the odor becomes readily detectable as required by §192.625(f).

7. §192.614 Damage prevention program.

(a) Except as provided in paragraphs (d) and (e) of this section, each operator of a buried pipeline must carry out, in accordance with this section, a written program to prevent damage to that pipeline from excavation activities. For the purposes of this section, the term “excavation activities” includes excavation, blasting, boring, tunneling, backfilling, the removal of aboveground structures by either explosive or

mechanical means, and other earthmoving operations.

(b) An operator may comply with any of the requirements of paragraph (c) of this section through participation in a public service program, such as a one-call system, but such participation does not relieve the operator of responsibility for compliance with this section. However, an operator must perform the duties of paragraph (c)(3) of this section through participation in a one-call system, if that one-call system is a qualified one-call system. In areas that are covered by more than one qualified one-call system, an operator need only join one of the qualified one-call systems if there is a central telephone number for excavators to call for excavation activities, or if the one-call systems in those areas communicate with one another. An operator's pipeline system must be covered by a qualified one-call system where there is one in place. For the purpose of this section, a one-call system is considered a "qualified one-call system" if it meets the requirements of section (b)(1) or (b)(2) of this section.

(1) The state has adopted a one-call damage prevention program under §198.37 of this chapter; or

(2) The one-call system:

(i) Is operated in accordance with §198.39 of this chapter;

(ii) Provides a pipeline operator an opportunity similar to a voluntary participant to have a part in management responsibilities; and

(iii) Assesses a participating pipeline operator a fee that is proportionate to the costs of the one-call system's coverage of the operator's pipeline.

(c) The damage prevention program required by paragraph (a) of this section must, at a minimum:

(1) Include the identity, on a current basis, of persons who normally engage in excavation activities in the area in which the pipeline is located.

(2) Provides for notification of the public in the vicinity of the pipeline and actual notification of the persons identified in paragraph (c)(1) of this section of the following as often as needed to make them aware of the damage prevention program:

(i) The program's existence and purpose; and

(ii) How to learn the location of underground pipelines before excavation activities are begun.

(3) Provide a means of receiving and recording notification of planned excavation activities.

(4) If the operator has buried pipelines in the area of excavation activity, provide for actual notification of persons who give notice of their intent to excavate of the type of temporary marking to be provided and how to identify the markings.

(5) Provide for temporary marking of buried pipelines in the area of excavation activity before, as far as practical, the activity begins.

(6) Provide as follows for inspection of pipelines that an operator has reason to believe could be damaged by excavation activities:

(i) The inspection must be done as frequently as necessary during and after the activities to verify the integrity of the pipeline; and

- (ii) In the case of blasting, any inspection must include leakage surveys.
- (d) A damage prevention program under this section is not required for the following pipelines:
 - (1) Pipelines located offshore.
 - (2) Pipelines, other than those located offshore, in Class 1 or 2 locations until September 20, 1995.
 - (3) Pipelines to which access is physically controlled by the operator.
- (e) Pipelines operated by persons other than municipalities (including operators of master meters) whose primary activity does not include the transportation of gas need not comply with the following:
 - (1) The requirement of paragraph (a) of this section that the damage prevention program be written; and
 - (2) The requirements of paragraphs (c)(1) and (c)(2) of this section.

Amerigas did not provide a means of receiving and recording notification of planned excavation activities through participation in a one-call system. The operator provided no one-call tickets when requested during the inspection. The field inspection identified two locations, 3291 Biscayne Drive and 263 Summers Creek Drive, where other utilities had been located, but Amerigas pipelines had not been located. An investigation by Amerigas personnel determined that Amerigas had not received notification of the pending excavations because it did not participate in a one-call system.

8. §192.615 Emergency plans.

- ... (c) Each operator shall establish and maintain liaison with appropriate fire, police, and other public officials to:
 - (1) Learn the responsibility and resources of each government organization that may respond to a gas pipeline emergency;
 - (2) Acquaint the officials with the operator's ability in responding to a gas pipeline emergency;
 - (3) Identify the types of gas pipeline emergencies of which the operator notifies the officials; and
 - (4) Plan how the operator and officials can engage in mutual assistance to minimize hazards to life or property.

Amerigas did not establish and maintain liaison with appropriate fire, police, and other public officials. When requested, Amerigas provided no records of its liaison activities with fire, police, and other public officials.

9. §192.616 Public Awareness.

- ... (h) Operators in existence on June 20, 2005, must have completed their written programs no later than June 20, 2006. The operator of a master meter or petroleum gas system covered under paragraph (j) of this section must complete development of its written procedure by June 13, 2008. Upon request, operators must submit their completed programs to PHMSA or, in the case of an intrastate pipeline facility operator, the appropriate State agency.

Amerigas did not complete its public awareness program by the regulatory deadline. At the time of the inspection, Amerigas did not have a written program or procedures in place that met the requirements of §192.616.

10. §192.616 Public Awareness.

... (i) The operator's program documentation and evaluation results must be available for periodic review by appropriate regulatory agencies.

Amerigas did not document its public awareness program. When requested, Amerigas provided no documentation of public awareness activities.

11. §192.625 Odorization of gas.

... (f) To assure the proper concentration of odorant in accordance with this section, each operator must conduct periodic sampling of combustible gases using an instrument capable of determining the percentage of gas in air at which the odor becomes readily detectable. Operators of master meter systems may comply with this requirement by-

(1) Receiving written verification from their gas source that the gas has the proper concentration of odorant; and

(2) Conducting periodic "sniff" tests at the extremities of the system to confirm that the gas contains odorant.

Amerigas did not assure the proper concentration of odorant by conducting periodic sampling of combustible gases using an instrument capable of determining the percentage of gas in air at which the odor becomes readily detectable. Amerigas provided documentation from its propane supplier showing the propane was odorized prior to delivery and records showing that the operator conducted periodic "sniff" tests to confirm the gas contained odorant. However, since Amerigas was not operating master meter systems, it cannot solely rely on this method to comply with the regulation. The only acceptable method of complying was to use an instrument capable of determining the percentage of gas in air at which the odor becomes readily detectable.

12. §192.707 Line markers for mains and transmission lines.

... (d) *Marker warning.* The following must be written legibly on a background of sharply contrasting color on each line marker:

(1) The word "Warning," "Caution," or "Danger" followed by the words "Gas (or name of gas transported) Pipeline" all of which, except for markers in heavily developed urban areas, must be in letters at least 1 inch (25 millimeters) high with 1/4 inch (6.4 millimeters) stroke.

(2) The name of the operator and the telephone number (including area code) where the operator can be reached at all times.

Amerigas pipeline markers did not meet the requirements of the regulation. The pipeline markers used by Amerigas did not contain the word "Warning," "Caution," or "Danger" followed by the words "Gas (or name of gas transported) Pipeline" written legibly on a background of sharply contrasting colors. Moreover, the pipeline markers did not contain a telephone number where the operator can be reached at all times.

13. §192.721 Distribution systems: Patrolling.

(a) The frequency of patrolling mains must be determined by the severity of the conditions which could cause failure or leakage, and the consequent hazards to public safety.

(b) Mains in places or on structures where anticipated physical movement or external loading could cause failure or leakage must be patrolled—

(1) In business districts, at intervals not exceeding 4½ months, but at least four times each calendar year; and

(2) Outside business districts, at intervals not exceeding 7½ months, but at least twice each calendar year.

Amerigas did not patrol its mains outside business districts at intervals not exceeding 7½ months, but at least twice each calendar year. Amerigas provided no records showing that it patrolled its mains for its five Brevard County pipeline systems from 2008 to 2011.

14. §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.

Amerigas did not inspect and test its pressure limiting and regulating stations at intervals not exceeding 15 months, but at least once each calendar year. When requested, Amerigas provided no records of inspection and testing its pressure limiting and regulating station for 2008 at five systems (Oaks at Lake Front, Sunset Groves, Summers Creek, Stone Lake Estates, and Citrus Isle) and for 2009 at four systems (Sunset Groves, Summers Creek, Stone Lake Estates, and Citrus Isle). Furthermore, the PHMSA field inspection of the regulators at Citrus Isle found the relief vents buried in the dirt, which might have prevented proper operation.

15. §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.

Amerigas 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. When requested, Amerigas provided no records of valve maintenance for 2008 at five systems (Oaks at Lake Front, Sunset Groves, Summers

Creek, Stone Lake Estates, and Citrus Isle) and for 2009 at four systems (Sunset Groves, Summers Creek, Stone Lake Estates, and Citrus Isle).

16. §192.805 Qualification program.

Each operator shall have and follow a written qualification program. The program shall include provisions to:

... (b) Ensure through evaluation that individuals performing covered tasks are qualified;

Amerigas did not ensure through evaluation that individuals performing covered tasks were qualified. When requested, Amerigas provided no records of individuals performing covered tasks having been qualified through evaluation. Furthermore, Amerigas personnel did not recall receiving operator qualification training or being evaluated on their performance of covered tasks.

Under 49 United States Code, § 60122, Amerigas is 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 item(s) identified in this letter. Failure to do so will result in Amerigas 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 2-2012-0003W**. 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