



U.S. Department
Of Transportation
Pipeline and
Hazardous Materials
Safety Administration

820 Bear Tavern Road, Suite 103
West Trenton, NJ 08628
609.989.2171

WARNING LETTER

OVERNIGHT EXPRESS DELIVERY

February 25, 2015

Mr. Joseph Hartz
Vice President Asset Management
UGI Energy Services
1 Meridian Blvd
Wyomissing, PA 19610

CPF 1-2015-3001W

Dear Mr. Hartz:

During the week of September 22, 2014, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected your Temple II interstate LNG facility in Reading, PA.

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

1. §193.2801 Fire protection.

Each operator must provide and maintain fire protection at LNG plants according to sections 9.1 through 9.7 and section 9.9 of NFPA 59A (incorporated by reference, see Sec. 193.2013). However, LNG plants existing on March 31, 2000, need not comply with provisions on emergency shutdown systems, water delivery systems, detection systems, and personnel qualification and training until September 12, 2005.

UGI failed to maintain fire protection equipment at LNG plants according to sections 9.1 through 9.7 and section 9.9 of NFPA 59A (incorporated by reference, see Sec. 193.2013). NFPA 59A Section 9.5 states in part that "These extinguishers shall be provided and maintained in accordance with NFPA 10, Standard for Portable Fire Extinguishers." NFPA 10 states in part that "Fire extinguishers shall be inspected when initially placed in service and thereafter at approximately 30-day intervals."

During the inspection, a PHMSA inspector reviewed UGI's fire extinguisher inspection records for 2012, 2013 and 2014. The records show that UGI maintained quarterly records in 2012 and 2013 and did not begin maintaining monthly records until February 2014.

In addition, an e-mail from UGI dated 10/6/2014 states in part "The error in the frequency of inspecting our portable fire extinguisher was not corrected till February 2014. Prior to this time, the extinguishers were only visually inspected on a quarterly interval, consistent with the facility's hazard detection."

Therefore, UGI did not maintain monthly fire extinguisher inspection records for UGI's Temple II tank facility in accordance with §193.2801.

2. §193.2605 Maintenance procedures.

(b) Each operator shall follow one or more manuals of written procedures for the maintenance of each component, including any required corrosion control. The procedure must include:

- (1) The details of the inspections or tests determined under paragraph (a) of this section and their frequency of performance; and**
- (2) A description of other actions necessary to maintain the LNG plant according to the requirements of this subpart.**

UGI failed to follow one or more manuals of written procedures for the maintenance of each component. Specifically, UGI failed to follow its written procedure, *16.5 MP-1001 Testing Pressure Relief Valves (Revision: 4, Issued: 1-6-2014)*.

During the inspection, a PHMSA inspector reviewed the referenced relief valve procedure, which states in part in paragraphs 6 through 8:

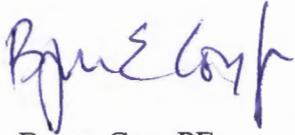
- 6. Record the relief valve set pressure
- 7. Record the reseating pressure
- 8. Log the test results, time and date for each valve

The PHMSA inspector reviewed UGI's "Tank and Boiloff Relief Valves" records from 2012 through 2014. None of the information required by the procedure was documented in the records.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$200,000 per violation per day the violation persists up to a maximum of \$2,000,000 for a related series of violations. For violations occurring prior to January 4, 2012, the maximum penalty may not exceed \$100,000 per violation per day, with a maximum penalty not to exceed \$1,000,000 for a related series of violations. Also, for LNG facilities, an additional penalty of not more than \$50,000 for each violation may be imposed. 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 UGI Energy Services being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **1-2015-3001W**. 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,

A handwritten signature in blue ink, appearing to read "Byron Coy".

Byron Coy, PE
Director, Eastern Region
Pipeline and Hazardous Materials Safety Administration