

WARNING LETTER

OVERNIGHT EXPRESS DELIVERY

September 26, 2019

Joseph Hartz
Vice President, Asset Management
UGI Energy Services, LLC
1 Meridian Boulevard
Wyomissing, PA 19610

CPF 1-2019-3003W

Dear Mr. Hartz:

On July 11 to July 13, 2017, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code (U.S.C.), inspected UGI Energy Services, LLC (UGI)'s facility in Berks County, Pennsylvania.

As a result of the inspection, it is alleged that you have committed a probable violation of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR). The item(s) inspected and the probable violation(s) are:

1. § 193.2639 Maintenance records.

(c) Each of the following records must be retained for as long as the LNG facility remains in service:

...

(2) Records of each test, survey, or inspection required by Subpart G in sufficient detail to demonstrate the adequacy of corrosion control measures.

UGI failed to retain records of each test, survey, or inspection required by Subpart G in sufficient detail to demonstrate the adequacy of corrosion control measures. Specifically, UGI failed to retain records of its visual inspections of the transfer hoses used in LNG or flammable refrigerant transfer systems for damage or defects before each use as required under § 193.2621(b).

Section 193.2621(b) states:

“Hoses used in LNG or flammable refrigerant transfer systems must be:

...

(b) Visually inspected for damage or defects before each use.”

During the inspection, the PHMSA inspector reviewed UGI’s LNG Truck Transfer System Manual, revised March 4, 2017 (Transfer Manual). UGI’s Transfer Manual Section 3.3.D.5 stated in part:

(a) Visually inspect hose for any cracks, dents, or other damage. Record inspection results on the transfer hose inspection sheet. Never transfer LNG through a damaged hose.

The PHMSA inspector requested transfer hose visual inspection records. UGI provided trucking tickets and stated that UGI did not have records of transfer hose inspections.

Therefore, UGI failed to retain record of each inspection required by Subpart G, § 193.2621(b).

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$218,647 per violation per day the violation persists, up to a maximum of \$2,186,465 for a related series of violations. For violation occurring on or after November 27, 2018 and before July 31, 2019, the maximum penalty may not exceed \$213,268 per violation per day, with a maximum penalty not to exceed \$2,132,679. For violation occurring on or after November 2, 2015 and before November 27, 2018, the maximum penalty may not exceed \$209,002 per violation per day, with a maximum penalty not to exceed \$2,090,022. For violations occurring prior to November 2, 2015, the maximum penalty may not exceed \$200,000 per violation per day, with a maximum penalty not to exceed \$2,000,000 for a related series of violations. Also, for each violation involving LNG facilities, and additional penalty of not more than \$79,875 occurring on or after July 31, 2019 may be imposed. For each violation involving LNG facilities, an additional penalty of not more than \$77,910 occurring on or after November 27, 2018 and before July 31, 2019 may be imposed. For each violation involving LNG facilities occurring on or after November 2, 2018 and before November 27, 2018, an additional penalty of not more than \$76,352 may be imposed. For each violation involving LNG facilities occurring prior to November 2, 2015, an additional penalty of not more than \$75,000 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 item(s) identified in this letter. Failure to do so will result in UGI Energy Services, LLC being subject to additional enforcement action.

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).

No reply to this letter is required. If you choose to reply, please submit all correspondence in this matter to Robert Burrough, Director, PHMSA Eastern Region, 840 Bear Tavern Road, Suite 300, West Trenton, NJ 08628. Please refer to **CPF 1-2019-3003W** on each document you submit, and whenever possible provide a signed PDF copy in electronic format. Smaller files may be emailed to robert.burrough@dot.gov. Larger files should be sent on USB flash drive accompanied by the original paper copy to the Eastern Region Office.

Sincerely,

Robert Burrough
Director, Eastern Region
Pipeline and Hazardous Materials Safety Administration