U.S. Department
of Transportation

**Pipeline and
Hazardous Materials
Safety Administration**

840 Bear Tavern Road, Suite 300
West Trenton, NJ 08628
609.771.7800

NOTICE OF AMENDMENT

OVERNIGHT EXPRESS DELIVERY

July 16, 2020

Joseph L. Hartz
President
UGI Energy Services
835 Knitting Mills Way
Wyomissing, PA 19610

CPF 1-2020-1029M

Dear Mr. Hartz:

From August 5 – 15, 2019, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code (U.S.C.) performed an integrated inspection of UGI Energy Service's (UGI) records and procedures at your facilities in Meshoppen, Allentown, and Mansfield, Pennsylvania.

On the basis of the inspection, PHMSA has identified the apparent inadequacies found within UGI's plans or procedures, as described below:

1. **§ 192.605 Procedure manual for operations, maintenance and emergencies.**

   (a) ...

   (b) Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following, if applicable, to provide safety during maintenance and operations.

   (1) ...

   (2) Controlling corrosion in accordance with the operation and maintenance requirements of subpart I of this part.

UGI's manual for operations, maintenance and emergencies was inadequate. Specifically, UGI's *001-04-SP-101, General Specification, Below Grade Coating Specification*, dated May 20, 2015 (Coating Specification) failed to address the field coating of girth welds.

The Coating Specification did not address the field coating of girth welds. The Coating Specification also did not include information such as the characteristics of coatings to be used, surface preparation requirements, and application standards specific to field coating of girth welds.

Therefore, UGI's Coating Specification was inadequate with regard to field coating of girth welds as it applies to § 192.455(a)(1)[1]. UGI must amend its Coating Specification to include procedures for field coating of girth welds.

2. § 192.605 Procedure manual for operations, maintenance and emergencies.

(a) ...

(b) Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following, if applicable, to provide safety during maintenance and operations.

(1) ...

(2) Controlling corrosion in accordance with the operation and maintenance requirements of subpart I of this part.

UGI's manual for operations, maintenance and emergencies was inadequate. Specifically, UGI's *Gas Operations Manual, Procedure 40.30.60, Requirements for Corrosion Control – O & M Procedures,* last reviewed 7/24/2019 (Corrosion Control Procedure), failed to include sufficient guidance regarding the requirements of § 192.467(f).

Section 192.467(f) states:

> Where a pipeline is located in close proximity to electrical transmission tower footings, ground cables or counterpoise, or in other areas where fault currents or unusual risk of lightning may be anticipated, it must be provided with protection against damage due to fault currents or lightning, and protective measures must also be taken at insulating devices.

UGI's Corrosion Control Procedure did not include guidance for determining when protection against damage from fault currents or lightning is needed. The procedures did not include guidance about how to protect the pipeline facility from fault currents and lightning, did not define what 'close proximity' means, and did not address what determines that a pipeline facility needs protection from lightning or other fault currents.

Therefore, UGI's Corrosion Control Procedure was inadequate regarding the requirements of § 192.467(f). UGI must amend its Corrosion Control Procedure to include guidance for determining when protection against damage from fault currents or lightning is needed.

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[1] Section 192.455(a)(1) states:

(a) Except as provided in paragraphs (b), (c), (f) and (g) of this section, each buried or submerged pipeline installed after July 31, 1971, must be protected against external corrosion, including the following:

(1) It must have an external protective coating meeting the requirements of § 192.461.

3. **§ 192.605 Procedure manual for operations, maintenance and emergencies.**

(a) ...

(b) Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following, if applicable, to provide safety during maintenance and operations.

(1) ...

(2) Controlling corrosion in accordance with the operation and maintenance requirements of subpart I of this part.

UGI's manual for operations, maintenance and emergencies was inadequate. Specifically, UGI's Corrosion Control Procedure failed to include sufficient guidance regarding the requirements of § 192.481(c).

Section 192.481(c) states that: "If atmospheric corrosion is found during an inspection, the operator must provide protection against the corrosion as required by §192.479."

During the inspection, the PHMSA inspector reviewed records of atmospheric inspections performed within the last 6 years. On some of the reports, atmospheric corrosion was noted as being light or severe, yet the pipe coating was left as found. When asked to provide further clarification, UGI was unable to provide clear guidance for differentiating between light and severe corrosion, or the criteria used to determine when pipe impacted by corrosion should be repaired. UGI was also unable to provide a follow-up mitigation/repair action plan with appropriate timeframes for mitigating atmospheric corrosion. UGI provided its Corrosion Control Procedure, but it failed to address these aspects of atmospheric corrosion inspection and follow up.

Therefore, UGI's Corrosion Control Procedure was inadequate regarding the requirements of § 192.481(c). UGI must amend its Corrosion Control Procedure to correct this deficiency.

4. **§ 192.605 Procedure manual for operations, maintenance and emergencies.**

(a) ...

(b) Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following, if applicable, to provide safety during maintenance and operations.

(1) ...

(3) Making construction records, maps, and operating history available to appropriate operating personnel.

UGI's manual for operations, maintenance and emergencies was inadequate. Specifically, UGI Energy Services Gas Operations Manual (GOM) failed to include a procedure addressing the requirements of § 192.605(b)(3).

UGI Energy Services GOM did not include a procedure for making construction records, maps, and operating history available to appropriate operating personnel, if applicable, to provide safety during maintenance and operations.

Therefore, UGI's O&M Manual was inadequate regarding the requirements of § 192.605(b)(3). UGI must amend its O&M Manual to address this requirement.

5. § 192.605 Procedure manual for operations, maintenance and emergencies.

(a) ...

(b) Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following, if applicable, to provide safety during maintenance and operations.

(1) ...

(8) Periodically reviewing the work done by operating personnel to determine the effectiveness, and adequacy of the procedures used in normal operations and maintenance and modifying the procedures when deficiencies are found.

UGI's manual for operations, maintenance and emergencies was inadequate. Specifically, UGI's GOM failed to include a procedure addressing the requirements of § 192.605(b)(8).

Section 3.1 of UGI's GOM 30.10.10 assigned responsibility for review and necessary modification of the GOM to the Midstream Engineering Group. However, the procedure did not include a requirement to perform a review of operating personnel's work to determine the effectiveness and adequacy of the procedures used for normal operations and maintenance.

Therefore, UGI's GOM was inadequate regarding the requirements of § 192.605(b)(8). UGI must amend its GOM to address this requirement.

6. § 192.907 What must an operator do to implement this subpart?

(a) *General.* No later than December 17, 2004, an operator of a covered pipeline segment must develop and follow a written integrity management program that contains all the elements described in § 192.911 and that addresses the risks on each covered transmission pipeline segment. The initial integrity management program must consist, at a minimum, of a framework that describes the process for implementing each program element, how relevant decisions will be made and by whom, a time line for completing the work to implement the program element, and how information gained from experience will be continuously incorporated into the program. The framework will evolve into a more detailed and comprehensive program. An operator must make continual improvements to the program.

UGI's integrity management program procedures were inadequate. Specifically, UGI's Transmission Line Integrity Management Program, dated 12/04/2018 (TIMP), failed to include a process for performing risk analysis to determine if an automatic shut off (ASV) or remote control valve (RCV) would be an efficient means of adding protection to a high consequence area in the event of a gas release, in accordance with § 192.935(c).

Section 192.935(c) states:

> Automatic shut-off valves (ASV) or Remote-control valves (RCV). If an operator determines, based on a risk analysis, that an ASV or RCV would be an efficient means of adding protection to a high consequence area in the event of a gas release, an operator must install the ASV or RCV. In making that determination, an operator must, at least, consider the following factors-- swiftness of leak detection and pipe shutdown capabilities, the type of gas being transported, operating pressure, the rate of potential release, pipeline profile, the potential for ignition, and location of nearest response personnel.

UGI's TIMP, Section 11 - Preventive and Mitigative Measures, did not have a risk-based methodology for determining if an ASV or RCV should be added. A procedure providing guidance on how a risk-based study should be undertaken regarding the need for an ASV or RCV, considering the factors outlined in § 192.935(c), was not included in the plan.

Therefore, UGI's TIMP failed to include all the elements described in § 192.911, as required by § 192.907(a). UGI must amend its TIMP to adequately address performing a risk-based study in accordance with § 192.935(c).

Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.206. Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Enforcement Proceedings*. Please refer to this document and note the response options. 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).

Following the receipt of this Notice, you have 30 days to submit written comments, revised procedures, or a request for a hearing under §190.211. If you do not respond within 30 days of receipt of this Notice, this constitutes a waiver of your right to contest the allegations in this Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in this Notice without further notice to you and to issue an Order Directing Amendment. If your plans or procedures are found inadequate as alleged in this Notice, you may be ordered to amend your plans or procedures to correct the inadequacies (49 C.F.R. § 190.206). If you are not contesting this Notice, we propose that you submit your amended procedures to my office within 30 days of receipt of this Notice. This period may be extended by written request for good cause. Once the inadequacies identified herein have been addressed in your amended procedures, this enforcement action will be closed.

It is requested (not mandated) that **UGI Energy Services** maintain documentation of the safety improvement costs associated with fulfilling this Notice of Amendment (preparation/revision of plans, procedures) and submit the total to Robert Burrough, Director, PHMSA Eastern Region,

840 Bear Tavern Road, Suite 300, West Trenton, NJ 08628. Please refer to **CPF 1-2020-1029M** 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.

Additionally, if you choose to respond to this (or any other case), please ensure that any response letter pertains solely to one CPF case number.

Sincerely,

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

Enclosure: *Response Options for Pipeline Operators in Enforcement Proceedings*