

**NOTICE OF PROBABLE VIOLATION
PROPOSED CIVIL PENALTY
and
PROPOSED COMPLIANCE ORDER**

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

June 20, 2013

Mr. Paul Grady
VP & Chief Operating Officer
AmeriGas Propane, LP
460 North Gulph Road
Valley Forge, PA 19482

CPF 2-2013-0021

Dear Mr. Grady:

On April 8-12, 2013, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS) Southern Region inspected the AmeriGas Propane, LP (AmeriGas) liquefied petroleum gas (LPG) pipeline systems in Broward County, Florida, and its records and procedures in Ft. Lauderdale, 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 as follows:

- 1. §192.457 External corrosion control: Buried or submerged pipelines installed before August 1, 1971.**
 - ... (b) Except for cast iron or ductile iron, each of the following buried or submerged pipelines installed before August 1, 1971, must be cathodically protected in accordance with this subpart in areas in which active corrosion is found:**
 - ... (3) Bare or coated distribution lines.**

AmeriGas did not provide any records or other documentation to the OPS inspector to demonstrate that it had cathodically protected each of its buried coated distribution lines installed before August 1, 1971, in accordance with 49 CFR 192, Subpart I, or that it had determined these lines had no areas of active corrosion.

Sections 192.457 and 192.465 of the federal pipeline safety regulations make it clear that an operator must conduct an initial evaluation and periodic reevaluations of its pipelines and then cathodically protect those pipelines, in accordance with Subpart I, in areas in which active corrosion was found. The regulations also state that an operator must determine the areas of active corrosion by electrical survey. However, on distribution lines, areas of active corrosion may be determined by other means that include a review and analysis of leak repair and inspection records, corrosion monitoring records, exposed pipe inspection records, and the pipeline environment.

From 1960-1969 AmeriGas installed approximately 2 miles of 0.75 - 1 inch diameter coated steel pipelines in the Brentwood # 13, Brentwood #14, and Pleasant Ridge subdivisions. But AmeriGas did not provide to the OPS inspector any records or other documentation to show it had determined whether or not there were areas of active corrosion along these pipelines and it did not provide any records or other documentation to show these pipelines were cathodically protected.

2. §192.723 Distribution systems: Leakage surveys.

(a) Each operator of a distribution system shall conduct periodic leakage surveys in accordance with this section.

(b) The type and scope of the leakage control program must be determined by the nature of the operations and the local conditions, but it must meet the following minimum requirements:

... (2) A leakage survey with leak detector equipment must be conducted outside business districts as frequently as necessary, but at least once every 5 calendar years at intervals not exceeding 63 months. However, for cathodically unprotected distribution lines subject to §192.465(e) on which electrical surveys for corrosion are impractical, a leakage survey must be conducted at least once every 3 calendar years at intervals not exceeding 39 months.

AmeriGas did not provide to the OPS inspector any records or other documentation to demonstrate that it had conducted a leakage survey with leak detector equipment of its Pleasant Ridge LPG distribution system in Deerfield Beach, FL, outside business districts in calendar year 2012 or in any of the preceding 5 calendar years.

3. §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 provide to the OPS inspector any records or other documentation to demonstrate that it had inspected and tested each pressure limiting station, relief device (except rupture discs), and pressure regulating station and its equipment in calendar year 2012 for the following LPG distribution systems:

- Brentwood #1 - 8, Fort Lauderdale, Florida
- Brentwood #11 - 19, Fort Lauderdale, Florida
- Pleasant Ridge, Deerfield Beach, Florida
- Madison Apartments, Fort Lauderdale, Florida
- Sunshine Plaza, Tamarac, Florida

4. §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 provide to the OPS inspector any records or other documentation to demonstrate that it had checked and serviced 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.

AmeriGas records showed that it exceeded the 15 month inspection interval for its LPG distribution system valve maintenance in calendar year 2012 at the following locations:

Valve location	Date of 2011 Inspection	Date of 2012 Inspection	Days Exceeded 15 Months
Brentwood # 1	February 10, 2011	August 6, 2012	88
Brentwood # 2	February 10, 2011	July 25, 2012	76
Brentwood # 4	February 10, 2011	August 8, 2012	90
Brentwood # 7	February 9, 2011	August 9, 2012	92
Brentwood # 8	February 8, 2011	August 9, 2012	93
Brentwood # 15	February 10, 2011	August 13, 2012	95
Brentwood # 17	February 10, 2011	August 10, 2012	92
Brentwood #18	February 10, 2011	August 13, 2012	95

Proposed Civil Penalty

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. The Compliance Officer has reviewed the circumstances and supporting documentation involved in the above probable violation(s) and has recommended that you be preliminarily assessed a civil penalty of \$33,700 as follows:

<u>Item number</u>	<u>PENALTY</u>
2	\$16,200
3	\$17,500

Warning Items

With respect to items 1 and 4 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 promptly correct these items. Failure to do so may result in additional enforcement action.

Proposed Compliance Order

With respect to items 2 and 3 pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to AmeriGas Propane, LP. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Response to this Notice

Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Compliance Proceedings*. Please refer to this document and note the response options. All material you submit in response to this enforcement action may be 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). 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 a Final Order.

In your correspondence on this matter, please refer to CPF 2-2013-0021 and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

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

Enclosures: *Proposed Compliance Order*
Response Options for Pipeline Operators in Compliance Proceedings

PROPOSED COMPLIANCE ORDER

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to AmeriGas Propane, LP (AmeriGas) a Compliance Order incorporating the following remedial requirements to ensure the compliance of AmeriGas with the pipeline safety regulations:

1. In regard to Item Number 2 of the Notice pertaining Amerigas' failure to provide records or other documentation to demonstrate that it had conducted a leakage survey with leak detector equipment of its Pleasant Ridge LPG distribution system in Deerfield Beach, FL, outside business districts in calendar year 2012 or in any of the preceding 5 calendar years, AmeriGas must conduct a leakage survey with leak detector equipment and prepare records to document the leakage survey within 90 days after the receipt of a Final Order.
2. In regard to Item Number 3 of the Notice pertaining Amerigas' failure to provide records or other documentation to demonstrate that it had inspected and tested each pressure regulating station and its equipment at Brentwood # 1-8, Brentwood # 11-19, Pleasant Ridge, Madison Apartments, and Sunshine Plaza, AmeriGas must inspect and test each pressure limiting station, relief device (except rupture discs), and pressure regulating station and its equipment in accordance with §192.739, and prepare records to document the tests and inspections within 90 days after the receipt of a Final Order.
3. It is requested (not mandated) that AmeriGas maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Wayne T. Lemoi, Director, Southern Region, Pipeline and Hazardous Materials Safety Administration. It is requested that these costs be reported in two categories: 1) total cost associated with preparation/revision of plans, procedures, studies and analyses, and 2) total cost associated with replacements, additions and other changes to pipeline infrastructure.