



March 12, 2014

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

**RE: CPF 2-2014-001**

Dear Mr. Lemoi,

I appreciate the opportunity to provide Florida Public Utilities Company (FPUC) response to the Notice of Probable Violation, Proposed Civil Penalty and Proposed Compliance Order mailed on February 18, 2014. We do not wish to contest the findings in the Notice. The following information relative to our internal efforts to address the violations is provided for your consideration and potential mitigation of the civil penalties.

The inspection of certain FPUC piped propane systems by a representative of the Pipeline and Hazardous Materials Safety Administration on August 26-30, 2013, initiated an internal review process of our regulatory compliance processes. We have identified several underlying issues with our organizational structure, record keeping methods and assignment of responsibility for compliance activities. I take our compliance and safety functions very seriously. Following PHMSA's inspection, we began to immediately address the identified issues as well as the broader compliance tracking concerns. I have made the restructuring of our processes a top priority at FPUC. The following steps are either complete or in progress:

- We terminated the employment of our South Florida Division Propane Manager and an administrative assistant.
- Two of our natural gas managers with propane compliance responsibilities are retiring in April 2014.
- I have formed an internal task force to review all of our compliance related and safety systems, processes and procedures. This group has met several times to date, and is currently implementing numerous process changes.
- We have tightened our internal controls related to compliance work conducted by our natural gas unit on behalf of the propane company.

**RECEIVED MAR 25 2014**

