

NOTICE OF AMENDMENT

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

September 4, 2014

Mr. Stephen Wambold
Chief Executive Officer and President
Ferrellgas
7500 College Boulevard, Suite 1000
Overland Park, Kansas 66210

CPF 2-2014-0015M

Dear Mr. Wambold:

On January 27-30, May 5, and May 28, 2014, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Southern Region, Office of Pipeline Safety (OPS) inspected the Ferrellgas written Pipeline Manual (PM), pursuant to Chapter 601 of 49 United States Code.

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

1. § 191.5 Immediate notice of certain incidents.

(a) At the earliest practicable moment following discovery, each operator shall give notice in accordance with paragraph (b) of this section of each incident as defined in §191.3.

Ferrellgas' written procedures for immediate notice of certain incidents defined an incident in a manner inconsistent with the definition of incident found in the federal pipeline safety regulations in §191.3.

That is, Ferrellgas defined an incident in *Section One – Operations and Maintenance, Incident Reports* of its written PM as "*Damage, including the cost of lost LP gas of \$50,000 or greater,*" while the definition of an incident in §191.3 specifically excludes the cost of lost gas from property damage estimates.

2. § 192.7 What documents are incorporated by reference partly or wholly in this part?

... (c) The full titles of documents incorporated by reference, in whole or in part, are provided herein. The numbers in parentheses indicate applicable editions. For each incorporated document, citations of all affected sections are provided. Earlier

editions of currently listed documents or editions of documents listed in previous editions of 49 CFR part 192 may be used for materials and components designed, manufactured, or installed in accordance with these earlier documents at the time they were listed. The user must refer to the appropriate previous edition of 49 CFR part 192 for a listing of the earlier listed editions or documents.

... (2) Documents incorporated by reference.

... (F) National Fire Protection Association (NFPA)

... (2) NFPA 58 (2004), "Liquefied Petroleum Gas Code (LP-Gas Code)."

Ferrellgas' written procedures incorrectly referenced NFPA 58 editions that were not incorporated by reference into Part 192.

That is, the Ferrellgas written procedures manual referenced the 2001 and 2008 editions of NFPA 58, while the 2004 edition of NFPA 58 is the only edition of the standard incorporated by reference into Part 192.

3. § 192.285 Plastic pipe: Qualifying persons to make joints.

(a) No person may make a plastic pipe joint unless that person has been qualified under the applicable joining procedure by:

(1) Appropriate training or experience in the use of the procedure; and

(2) Making a specimen joint from pipe sections joined according to the procedure that passes the inspection and test set forth in paragraph (b) of this section.

Ferrellgas' written procedures for joining plastic pipe did not include a restriction that no person may make a plastic pipe joint unless that person has been qualified under the applicable joining procedure as specified by paragraphs 192.285(a)(1) and (2).

4. § 192.285 Plastic pipe: Qualifying persons to make joints.

... (b) The specimen joint must be:

(1) Visually examined during and after assembly or joining and found to have the same appearance as a joint or photographs of a joint that is acceptable under the procedure;

Ferrellgas' written procedures for qualifying persons to make plastic pipe joints did not require specimen joints to be visually examined during and after assembly or joining and found to have the same appearance as a joint or photographs of a joint that is acceptable under the procedure.

5. § 192.285 Plastic pipe: Qualifying persons to make joints.

... (c) A person must be requalified under an applicable procedure, if during any 12-month period that person:

... (2) Has 3 joints or 3 percent of the joints made, whichever is greater, under that procedure that are found unacceptable by testing under §192.513.

Ferrellgas' written procedures for qualifying persons to make plastic pipe joints did not require a person who made 3 unacceptable joints be requalified. The Ferrellgas procedures only required requalification for the "*[f]ailure of three percent or more of joints inspected.*"

6. § 192.475 Internal corrosion control: General.

... (b) Whenever any pipe is removed from a pipeline for any reason, the internal surface must be inspected for evidence of corrosion. If internal corrosion is found—

Ferrellgas' written corrosion control procedures did not require the internal surface of the pipe to be inspected for signs of internal corrosion when the pipe was removed.

7. § 192.616 Procedural manual for operations, maintenance, and emergencies

... (d) Safety-related condition reports. The manual required by paragraph (a) of this section must include instructions enabling personnel who perform operation and maintenance activities to recognize conditions that potentially may be safety-related conditions that are subject to the reporting requirements of §191.23 of this subchapter.

Ferrellgas' written procedures manual did not include instructions enabling personnel who perform operation and maintenance activities to recognize conditions that potentially may be safety-related conditions.

8. § 192.616 Public awareness.

... (j) Unless the operator transports gas as a primary activity, the operator of a master meter or petroleum gas system is not required to develop a public awareness program as prescribed in paragraphs (a) through (g) of this section. Instead the operator must develop and implement a written procedure to provide its customers public awareness messages twice annually. If the master meter or petroleum gas system is located on property the operator does not control, the operator must provide similar messages twice annually to persons controlling the property. The public awareness message must include:

- (1) A description of the purpose and reliability of the pipeline;**
- (2) An overview of the hazards of the pipeline and prevention measures used;**
- (3) Information about damage prevention;**
- (4) How to recognize and respond to a leak; and**
- (5) How to get additional information.**

Ferrellgas' written public awareness procedures did not address public awareness messages for non-customers when portions of petroleum gas systems are located on property the operator does not control and did not specify how the operator would document who received the notices.

9. §192.625 Odorization of gas.

... (f) To assure the proper concentration of odorant in accordance with this section, each operator must conduct periodic sampling of combustible gases using an instrument capable of determining the percentage of gas in air at which the odor becomes readily detectable. Operators of master meter systems may comply with this requirement by

- (1) Receiving written verification from their gas source that the gas has the proper concentration of odorant; and**
- (2) Conducting periodic "sniff" tests at the extremities of the system to confirm that the gas contains odorant.**

Ferrellgas' written procedures for gas odorization did not require the periodic sampling of combustible gases using an instrument capable of determining the percentage of gas in air at which the odor becomes readily detectable.

10. § 192.751 Prevention of accidental ignition.

Each operator shall take steps to minimize the danger of accidental ignition of gas in any structure or area where the presence of gas constitutes a hazard of fire or explosion, including the following:

... (c) Post warning signs, where appropriate.

Ferrellgas' procedure for preventing accidental ignition of gas did not require the operator to post warning signs, where appropriate.

Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.237. 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. 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). 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.

If, after opportunity for a hearing, 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. § 190.237). If you are not contesting this Notice, we propose that you submit your amended procedures to my office within 60 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 Ferrellgas maintain documentation of the safety improvement costs associated with fulfilling this Notice of Amendment (preparation/revision of plans, procedures) and submit the total to Wayne T. Lemoi, Director, Southern Region, Pipeline and Hazardous Materials Safety Administration. In correspondence concerning this matter, please refer to **CPF 2-2014-0015M** 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

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