

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

February 28, 2019

Mr. Hugh Gallagher
President and CEO
AmeriGas Propane, LP
460 N. Gulph Road
King of Prussia, PA 19406

CPF 2- 2019-0001W

Dear Mr. Gallagher:

From June 18 to 22, 2018, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Southern Region, Office of Pipeline Safety(OPS), inspected AmeriGas Propane, LP (AmeriGas) liquefied petroleum gas (LP-Gas) records and selected procedures in AmeriGas' Medley, Florida, office and pipeline facilities in and around Miami-Dade County, Florida, pursuant to Chapter 601 of 49 United States Code.

As a result of the inspection, it is alleged that AmeriGas has committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR). The items inspected and the probable violations are:

1. § 192.11 Petroleum gas systems.

(a)

(b) Each pipeline system subject to this part that transports only petroleum gas or petroleum gas/air mixtures must meet the requirements of this part and of ANSI/NFPA 58 and 59.

AmeriGas failed to meet the requirements of NFPA-58 (2004)¹ for each pipeline system, as follows:

¹ The 2004 edition of NFPA 58, "Liquefied Petroleum Gas Code (LP-Gas Code)," is the edition currently incorporated, by reference, in §192.7.

A. NFPA 58 § 5.2.8.3

The markings specified for ASME containers shall be on a stainless steel metal nameplate attached to the container, located to remain visible after the container is installed.

(A)

(B) Where the container is buried, mounded, insulated, or otherwise covered so the nameplate is obscured, the information contained on the nameplate shall be duplicated and installed on adjacent piping or on a structure in a clearly visible location.

(C)

AmeriGas failed to meet the requirements of NFPA 58 § 5.2.8.3² which, amongst other things, required that nameplates attached to containers be located to remain visible after the container installation or when the nameplate was obscured because the tank was buried, mounded, insulated, or otherwise covered, that the information contained on the nameplate was duplicated and installed on adjacent piping or on a structure in a clearly visible location.³

PHMSA inspectors and AmeriGas employees were unable to locate visible nameplates attached to containers or the information from the nameplates duplicated and installed in a clearly visible location for buried containers at Brentwood Apartments, Gables Walk Apartments, Villas of West Bird, and Virginia Point Condominiums.

B. NFPA 58 § 5.7.11.4

Connections to ASME containers installed underground shall be located within a substantial dome, housing, or manhole and shall have a cover.

(A)

(B) Such manholes or housings shall be ventilated.

(C) The area of ventilation openings shall equal or exceed the combined discharge areas of the pressure relief devices and other vent lines that discharge into the manhole or housing.

AmeriGas failed to meet the requirements of NFPA 58 § 5.7.11.4 (B) and (C), which, amongst other things, required that the area of ventilation openings equaled

² NFPA 58 (2004) § 5.2.8.3 is referenced here for simplicity. In general, pipeline facilities must meet the design and construction requirements that are in place at the time of construction. PHMSA acknowledges that some or all of the ASME containers referenced in this letter were installed prior to incorporation of the 2004 edition of the NFPA 58 standard, and, as such, must meet the design and construction requirements of the NFPA 58 edition incorporated by reference at the time they were constructed. In citing § 5.2.8.3, of NFPA 58 (2004), PHMSA is citing the general requirement that the nameplate remain visible after the containers are installed – a requirement that has existed since, at least, the 1969 edition.

³ The exception allowing the information contained on the nameplate, of a buried tank, to be duplicated and installed in a clearly visible location was first introduced, in an edition incorporated into 49 C.F.R. Part 192, in the 1992 edition of NFPA 58.

or exceeded the combined discharge areas of pressure relief devices and vent lines that discharged into the manhole or housing.

PHMSA inspectors observed and documented that the area of ventilation openings for manhole covers at Virginia Point Condominiums did not exceed the combined discharge areas of the container relief and the first-stage regulators that discharged into the manhole.

C. NFPA 58 § 6.7.2.4

Rain caps or other means shall be provided to minimize the possibility of the entrance of water or other extraneous matter into the relief device or any discharge piping. Provision shall be made for drainage where the accumulation of water is anticipated.

NFPA 58 § 6.7.2.5 The rain cap or other protector shall be designed to remain in place, except during pressure relief device operation and shall not restrict pressure relief device flow.

AmeriGas failed to meet the requirements of NFPA 58 §§ 6.7.2.4 and 6.7.2.5, which required it to protect the container relief device from the entrance of water or other extraneous matter by providing a rain cap or other protector and ensuring that the rain cap or other protector remained in place.

PHMSA inspectors observed and documented container relief devices with water and/or extraneous matter in them due to AmeriGas not providing the container relief device with a rain cap or other protection or not ensuring that the rain cap or other protection remained in place as designed. Container relief devices with water and/or extraneous matter in them were identified at Key Colony Plaza, Nile Gardens Apartments, Villas of West Bird, and Virginia Point Condos.

D. NFPA 58 § 6.7.4.4

All regulators for outdoor installations shall be designed, installed, or protected so their operation will not be affected by the elements (freezing rain, sleet, snow, ice, mud, or debris).

AmeriGas failed to meet the requirements of NFPA 58 § 6.7.4.4, which required it to design, install, or protect regulators for outdoor installation such that their operation not be affected by the elements.

PHMSA inspectors observed and documented regulators installed outdoors that were not designed, installed, or protected in a manner that would protect their operation from the elements. The vents of regulators installed below grade at Key Colony Plaza terminated below grade and were found buried in the soil at the time of the inspection. The vents of regulators installed below grade at Brentwood Apartments, Nile Gardens Apartments and Virginia Point Condominiums did not terminate above grade. As regulator installed in below grade domes can become submerged in water when it rains, installing vent extensions that terminate above grade protects regulator operation from the elements.

E. NFPA 58 § 6.7.4.5

The point of discharge from the required pressure relief device on regulating equipment installed outside of buildings in fixed piping systems shall be located not less than 3 ft (1 m) horizontally away from any building opening below the level of such discharge, and not beneath any building unless this space is well ventilated to the outside and is not enclosed for more than 50 percent of its perimeter.

AmeriGas failed to meet the requirements of NFPA 58 § 6.7.4.5, which amongst other things required it to install the point of discharge of pressure regulating equipment installed outside of buildings not less than 3 feet horizontally away from any building opening below the level of such discharge.

PHMSA inspectors observed and documented second-stage regulators whose point of discharge was located less than 3 feet horizontally away from building openings below the level of the discharge at Brentwood Apartments (regulator serving unit 116), Nile Gardens Apartments (regulators serving meters 12 and 98), and the Villas of West Bird (regulator serving unit 18).

2. § 192.491 Corrosion control records.

(a)

(c) Each operator shall maintain a record of each test, survey, or inspection required by this subpart in sufficient detail to demonstrate the adequacy of corrosion control measures or that a corrosive condition does not exist. These records must be retained for at least 5 years, except that records related to §§192.465 (a) and (e) and 192.475(b) must be retained for as long as the pipeline remains in service.

§192.459 External corrosion control: Examination of buried pipeline when exposed.

Whenever an operator has knowledge that any portion of a buried pipeline is exposed, the exposed portion must be examined for evidence of external corrosion if the pipe is bare, or if the coating is deteriorated. If external corrosion requiring remedial action under §§192.483 through 192.489 is found, the operator shall investigate circumferentially and longitudinally beyond the exposed portion (by visual examination, indirect method, or both) to determine whether additional corrosion requiring remedial action exists in the vicinity of the exposed portion.

AmeriGas did not meet the regulation because it did not maintain a record of each inspection required by this subpart in sufficient detail to demonstrate the adequacy of corrosion control measures or that a corrosive condition did not exist. Specifically, AmeriGas did not document and maintain records demonstrating that it examined a buried pipeline, when it was exposed, for evidence of corrosion or coating deterioration.

A review of AmeriGas records identified two instances where AmeriGas failed to document the required examination of buried pipelines when they were exposed. The first was on or about December 1, 2014, when a portion of its pipeline at the Nile Gardens Apartments was exposed during the construction, by another operator, of a

natural gas pipeline. The second was on June 13, 2018, when AmeriGas installed an anode, on a main, at its Gables Walk Apartments system.

When asked for records demonstrating that the exposed portion or the buried pipelines had been examined, AmeriGas personnel indicated that they had examined the exposed portions of the pipeline, but acknowledged that they had not documented the examinations.

3. § 192.603 General provisions.

(a)

(b) Each operator shall keep records necessary to administer the procedures established under §192.605.

§ 192.605 Procedural 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 operator personnel to determine the effectiveness, and adequacy of the procedures used in normal operation and maintenance and modifying the procedures when deficiencies are found.

AmeriGas failed to meet the regulation because it did not keep records necessary to administer the procedures established under § 192.605. Specifically, AmeriGas did not keep records demonstrating the implementation of procedures established under § 192.605(b)(8), that require it to periodically review the work done by operator personnel to determine the effectiveness and adequacy of the procedures used in normal operation and maintenance.

AmeriGas representatives explained to the PHMSA inspectors the various methods AmeriGas used to evaluate the effectiveness and adequacy of procedures used in normal operation and maintenance, including reviewing work done by operator personnel. The representatives also explained that while there had not been a system in place for documenting the reviews, AmeriGas was already working on revised procedures that included instructions on conducting and documenting the reviews.

4. § 192.721 Distribution systems: Patrolling

(a)

(b) Mains in places or on structures where anticipated physical movement or external loading could cause failure or leakage must be patrolled—

(1) In business districts, at intervals not exceeding 4 ½ months, but at least four times each calendar year; [...]

AmeriGas failed to meet the regulation because it did not patrol its mains in business districts at intervals not exceeding 4½ months, but at least four times each calendar year. AmeriGas patrolling records for Key Colony Plaza showed that AmeriGas exceeded the 4½ month interval for patrols between January 7 and June 17, 2014, and again between

October 23, 2014, and April 3, 2015, and, consequently, only documented three patrols for calendar year 2014.

5. **§ 192.707 Line markers for mains and transmission lines.**

(a)

(c) Pipelines aboveground. Line markers must be placed and maintained along each section of a main and transmission line that is located aboveground in an area accessible to the public.

AmeriGas failed to meet the regulation because it did not place and maintain line markers along each section of main located aboveground in areas accessible to the public. During the field inspection of Key Colony Plaza, the PHMSA representatives observed mains located aboveground, in areas accessible to the public, where line markers had not been placed and maintained.

6. **§ 192.727 Abandonment or deactivation of facilities.**

(a)

(d) Whenever service to a customer is discontinued, one of the following must be complied with:

(1) The valve that is closed to prevent the flow of gas to the customer must be provided with a locking device or other means designed to prevent the opening of the valve by persons other than those authorized by the operator.

(2) A mechanical device or fitting that will prevent the flow of gas must be installed in the service line or in the meter assembly.

(3) The customer's piping must be physically disconnected from the gas supply and the open pipe ends sealed.

AmeriGas failed to meet the requirements of § 192.727(d), which required it to take certain steps to prevent the flow of gas to a customer whenever service to the customer is discontinued.

PHMSA inspectors observed and documented instances where the valve that was closed to prevent the flow of gas to the customer was not provided with a locking device or other means designed to prevent the opening of the valve by persons other than those authorized by the operator. During the field inspection the service valves serving meter 16 at Gables Walk Apartments and meter 12 at Nile Gardens Apartments were closed, but were not provided with a locking device or any other means to prevent opening of the valve by persons other than those authorized by the operator.

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$213,268 per violation per day the violation persists, up to a maximum of \$2,132,679 for a related series of violations. 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.

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 items identified in this letter. Failure to do so will result in AmeriGas being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 2-2019-0001W**. 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).

Sincerely,

James A. Urisko
Director, Office of Pipeline Safety
PHMSA Southern Region