

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

June 7, 2019

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

CPF 2- 2019-0004W

Dear Mr. Gallagher:

From July 16 to 20, 2018, a representative 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' Fort Lauderdale, Florida, district office and pipeline facilities in Broward County, Florida, pursuant to Chapter 601 of 49 United States Code (U.S.C.).

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 that transports petroleum gas, as follows:

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, in part, 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

The PHMSA inspector 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 containers as follows:

- Larkdale system – 4 containers (tanks 3, 4, 7, and 8)
- Madison #1 system – 2 containers (tanks 1 and 2)
- Madison #4 system – 1 container (tank 4)
- Madison #5 system – 1 container (tank 5)
- Royal Palm system – 4 containers (tanks 1, 2, 8, and 9)

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)

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

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.

(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 required, in part, that the area of ventilation openings on underground ASME containers equaled or exceeded the combined discharge areas of pressure relief devices and vent lines that discharged into the manhole or housing.

The PHMSA inspector observed and documented manholes or housings for which the area of ventilation openings did not equal or exceed the combined discharge areas of pressure relief devices and vent lines that discharged into the manhole or housing, as follows:

- Larkdale system – 3 containers (tanks 3, 7, and 8)
- Madison #1 system – 2 containers (tanks 1 and 2)
- Madison #4 system – 1 container (tank 4)
- Madison #5 system – 1 container (tank 5)
- Shoppes at Cleary – 1 container (tank 1)
- Royal Palm system – 3 containers (tanks 1, 2, and 8)

C. NFPA 58 § 6.7.2.3

Pressure relief devices on the following ASME containers shall be installed so that any gas released is vented away from the container upward and unobstructed to the open air:

(1) Containers of 125 gal (0.5 m³) or more water capacity installed in stationary service

(2)

AmeriGas failed to ensure that pressure relief devices on containers of 125 gallons or more water capacity installed in stationary service were installed so that any gas released would be vented away from the container upward and unobstructed to the open air.

The PHMSA inspector identified container relief devices that were installed with regulators or piping located directly above the relief device such that any gas released would not be vented away from the container and unobstructed to the open air, as follows:

- Madison #1 system – relief on tank 2
- Madison #4 system – relief on tank 4
- Royal Palm system – reliefs on tanks 2 and 8

D. 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 lack of a rain cap or other protection, or the rain cap or other protection not in place as designed. Container relief devices with water and/or extraneous matter in them were identified on tank 1 of the Nob Hill system and tank 2 at the Royal Palm system.

2. § 192.465 External corrosion control: Monitoring

(a) Each pipeline that is under cathodic protection must be tested at least once each calendar year, but with intervals not exceeding 15 months, to determine whether the cathodic protection meets the requirements of §192.463. [...]

AmeriGas failed to test each pipeline under cathodic protection at least once each calendar year, but with intervals not exceeding 15 months, to determine whether the cathodic protection met the requirements of §192.463.

AmeriGas did not test its pipelines systems at Nob Hill and the Shoppes at Cleary at least once in calendar year 2015. Based upon AmeriGas records, testing was conducted on the Nob Hill system on November 17, 2014, and January 21, 2016, and on the Shoppes at Cleary system on November 17, 2014, and January 19, 2016. While the testing was completed within a 15 month interval, it was not completed at least once each calendar year.

3. § 192.465 External corrosion control: Monitoring

(a)

(d) Each operator shall take prompt remedial action to correct any deficiencies indicated by the monitoring.

AmeriGas did not take prompt remedial action to correct deficiencies indicated by external corrosion control monitoring. AmeriGas records showed that AmeriGas identified low⁴ tank-to-soil (T/S) potentials during its cathodic protection monitoring in January 2017, that were not promptly corrected as evidenced by continued low readings in December 2017, and January 2018.

⁴ The criteria for cathodic protection are contained in 49 CFR Part 192, Appendix D. The criterion being referenced in this letter is a negative (cathodic) voltage of at least 850 mV with reference to a saturated copper-copper sulfate half-cell. Accordingly, a low reading is any reading less negative than -850 mV.

The tanks with low T/S potentials and the range of readings⁵ (in mV) were as follows:

Larkdale

	<u>01/31/2017</u>	<u>12/28/2017</u>	<u>01/26/2018</u>
Tank 3	-630 to -490	-600 to -470	-600 to -470
Tank 4	-530 to -270	-520 to -340	-520 to -380
Tank 7	-700 to -320	-520 to -400	-520 to -400
Tank 8	-750 to -500	no readings taken	-790 to -580
Tank 9	-870 to -730	no readings taken	-450 to -330

4. § 192.616 Public awareness.

(a)

(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. [...]

AmeriGas failed to meet the requirements of the regulation because it did not deliver public awareness messages to all persons controlling property upon which its petroleum gas systems were located. During a field visit, the PHMSA inspector attempted to verify customer and non-customer addresses whose property contained portions of the operator's petroleum gas systems against AmeriGas' January 2018 public awareness message mailing list. Numerous non-customer addresses on the Royal Palm system were not included in the referenced mailing list - specific examples include properties on NW 26th Avenue, NW 27th Lane, and NW 33rd Terrace.

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 2-2019-0004W**. Be advised that all material you submit in response to this

⁵ AmeriGas takes multiple tank-to-soil (T/S) potential readings, typically four, around each tank to test for adequate levels of cathodic protection. Tanks are not deemed to have adequate cathodic protection until all readings meet the cathodic protection criterion.

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