

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

July 18, 2019

Mr. Hugh Gallagher
President and Chief Executive Officer
AmeriGas Propane, LP
460 North Gulph Road
King of Prussia, PA 19406

CPF 2- 2019-0005W

Dear Mr. Gallagher:

From August 20 to 24, 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' Lakeland, Florida, district office and pipeline facilities in Hillsborough 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:

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 § 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:

- Arista system – relief on tank 1
- Dovewood Estates system – relief on tank 1
- Twin Lakes system – relief on tank 4

B. NFPA 58 § 6.7.4.6

The point of discharge [of a regulator] shall also be located not less than 5 ft (1.5 m) in any direction away from any source of ignition, openings into direct-vent (sealed combustion system) appliances, or mechanical ventilation air intakes.

AmeriGas failed to locate the regulator point of discharge not less than 5 feet, in any direction, away from any source of ignition. The PHMSA inspector observed and photographed regulator points of discharge less than 5 feet away from sources of ignition at multiple addresses on Valterra Loop on the Valterra Vista system.

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 requirements of 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 two instances both involved the replacement of tanks on the Twin Lakes system, the first when one tank was replaced in April 2016, and the second when two tanks were replaced in April 2018.

3. § 192.463 External corrosion control: Cathodic protection.

(a) Each cathodic protection system required by this subpart must provide a level of cathodic protection that complies with one or more of the applicable criteria contained in appendix D of this part. If none of these criteria is applicable, the cathodic protection system must provide a level of cathodic protection at least equal to that provided by compliance with one or more of these criteria.

AmeriGas failed to ensure that its cathodic protection systems provided levels of cathodic protection that complied with one or more of the applicable criteria contained in Appendix D of this part. Cathodic protection testing conducted during the field inspection identified sections of buried steel pipe with low² pipe-to-soil potentials near the regulator station closest to tanks 1 and 2 on the Crosby Crossings system and the regulator station closest to tanks 1 and 2 on the Valterra Vista system.

4. § 192.727 Abandonment or deactivation of facilities.

(a)

(b) 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

² 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.

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 was discontinued.

During the field inspection of the Twin Lakes system, the PHMSA inspector identified an address on Cooper Hawk Court where the closing of the service valve was the sole means used to discontinue service to a customer. 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.

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, AmeriGas is 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 the extent practicable, 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 2-2019-0005W**. 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