

**NOTICE OF PROBABLE VIOLATION  
and  
PROPOSED COMPLIANCE ORDER**

**CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

May 16, 2019

Mr. James Palkovic  
Vice President, Operations - West  
AmeriGas Propane, L.P.  
460 N. Gulph Rd.  
King of Prussia, PA 19406

**CPF 5-2019-0016**

Dear Mr. Palkovic:

From November 5, 2018 to November 16, 2018, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code (U.S.C.), inspected your AmeriGas Propane LP (AmeriGas) propane distribution system in Maui, Kona, and Oahu, Hawaii.

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

1. **§192.357 Customer meters and regulators: Installation.**
  - (a) **Each meter and each regulator must be installed so as to minimize anticipated stresses upon the connecting piping and the meter.**

AmeriGas did not install customer meters so as to minimize anticipated stresses upon the connecting piping and the meter, in violation of §192.357(a). In addition to the regulatory requirement, AmeriGas' Operating and Maintenance (O&M) Manual - Meters, Service Regulators and Lines, states in part,

Meters and service regulators must be installed and located where they are protected from damage. Meters must be properly supported by a mounting bracket or by pipe supports. The riser should not be used as the sole support for the meter. Meters must be mounted in a level position to ensure its accuracy.

Large commercial meters may require additional supporting and may require the installation of a firm base for the meter to set on.<sup>1</sup>

At the time of the field inspection, PHMSA observed that there were several customer meters that did not have proper supports. Specifically, there were customer meters that were installed up on the wall with no mounting brackets.<sup>2</sup>

**2. §192.455 External corrosion control: Buried or submerged pipelines installed after July 31, 1971.**

**(a) Except as provided in paragraphs (b), (c), and (f) of this section, each buried or submerged pipeline installed after July 31, 1971, must be protected against external corrosion, including the following:**

**(1) . . .**

**(2) It must have a cathodic protection system designed to protect the pipeline in accordance with this subpart, installed and placed in operation within 1 year after completion of construction.**

AmeriGas did not provide a cathodic protection system designed to protect its buried pipeline, which was installed after July 31, 1971, in violation of §192.455(a)(2).<sup>3</sup> At the time of the PHMSA inspection, AmeriGas informed PHMSA that there were no 2016 and 2017 records for cathodic protection (CP) monitoring of the pipeline system with steel risers in the Maui District. This was because a CP system utilizing sacrificial anodes had only just been installed in 2018 and CP readings were taken after the installation.<sup>4</sup> As a result, AmeriGas had no CP system designed to protect its pipeline before this time.

---

<sup>1</sup> See Exhibit A to Violation Report.

<sup>2</sup> See Exhibit B to Violation Report.

<sup>3</sup> In addition, AmeriGas' O&M Manual - Corrosion Control, incorporates this regulatory requirement verbatim. See Exhibit C to Violation Report.

<sup>4</sup> See Exhibit D to Violation Report.

3. **§192.481 Atmospheric corrosion control: Monitoring.**

(a) . . .

**(c) If atmospheric corrosion is found during an inspection, the operator must provide protection against the corrosion as required by §192.479.**

AmeriGas did not provide protection against atmospheric corrosion found during an inspection, in violation of §192.481(c).<sup>5</sup> AmeriGas' Atmospheric Corrosion Control Inspection form indicated that there was active corrosion found during an inspection of the Maui Coast Hotel system conducted on 1/8/2018.<sup>6</sup> Despite this, at the time of the PHMSA inspection, PHMSA observed and photographed several above-ground pipes and components with severe atmospheric corrosion.<sup>7</sup> By not providing protection against the atmospheric corrosion after it was discovered during an inspection, AmeriGas violated §192.481(c).

4. **§192.605 Procedural manual for operations, maintenance, and emergencies.**

**a) General. Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response. For transmission lines, the manual must also include procedures for handling abnormal operations. This manual must be reviewed and updated by the operator at intervals not exceeding 15 months, but at least once each calendar year. This manual must be prepared before operations of a pipeline system commence. Appropriate parts of the manual must be kept at locations where operations and maintenance activities are conducted.**

AmeriGas did not follow its written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies as specified in AmeriGas' O&M Manual, in violation of §192.605(a). At the time of the PHMSA inspection, the following had been observed:

a) AmeriGas' O&M Manual - Emergency Plan, states in part,

Districts are to participate in emergency response drills and deployment exercises with the local emergency responders to establish unified incident command roles, operating

---

<sup>5</sup> Moreover, AmeriGas' O&M Manual - Corrosion Control, states in part, "[a]ny evidence of corrosion, whether its condition is determined to be mild, moderate or severe, must be protected by a suitable coating to prevent atmospheric corrosion. Severe corrosion must have prompt remedial action." See Exhibit E to Violation Report.

<sup>6</sup> See Exhibit F to Violation Report.

<sup>7</sup> See Exhibit G to Violation Report.

procedures and preparedness for various emergency scenarios where appropriate.<sup>8</sup>

At the time of the PHMSA inspection, AmeriGas could not provide records to demonstrate that AmeriGas participated in emergency response drills and deployment exercises with the local emergency responders to establish unified incident command roles, operating procedures and preparedness for various emergency scenarios where appropriate. AmeriGas stated that instead of a drill, they conduct Liaison Meetings with local emergency officials where they discuss their emergency procedure and shows them their pipeline system on site.<sup>9</sup>

b) AmeriGas' O&M Manual – Odorization of Gas, states in part,

Step 5: One of the following testing methods must be conducted to determine the proper amount of odorant has been added:

- Stain Tube Test
- Odorometer/Odorator Test
- Liquid Sample – Gas Chromatograph.<sup>10</sup>

At the time of the PHMSA inspection, records provided by AmeriGas did not indicate if the proper amount of odorant had been added using the testing methods set forth in Step 5 of its Odorization of Gas O&M procedure.<sup>11</sup> Instead, AmeriGas' Monthly Odorant Verification Tracking forms simply indicate that odorant was verified.

c) AmeriGas' O&M Manual – Abandonment of Facilities, states in part,

Existing service lines, which have been inactive for three (3) months and for which there is a reasonable prospect of future use, must comply with one of the following until the customer is supplied with gas:

- 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 company.

---

<sup>8</sup> See Exhibit H to Violation Report.

<sup>9</sup> See, e.g., Exhibit I to Violation Report.

<sup>10</sup> See Exhibit J to Violation Report.

<sup>11</sup> See Exhibit K to Violation Report.

- The customer's piping must be physically disconnected from the gas supply and all open pipe ends sealed.<sup>12</sup>

At the time of the PHMSA inspection, PHMSA observed and photographed several locations where an existing service line had not been abandoned in accordance with AmeriGas' O&M procedure.<sup>13</sup>

d) AmeriGas' O&M Manual – Damage Prevention Program, states in part,

Employees or contractors must exercise care and take all reasonable steps to avoid damage or interference to any buried lines or cables.<sup>14</sup>

It goes on to state in part,

All excavation must be done in a manner to prevent damage to the pipeline or other facilities. Prior to performing any excavation or any subsurface activity, notification must be made to the appropriate State One Call center (normally 3 business days prior to planned excavating activities).<sup>15</sup>

At the time of the PHMSA field inspection, AmeriGas personnel observed that the cathodic protection sacrificial anode for the steel riser was missing. AmeriGas personnel, without following their procedure, immediately excavated on site to install a new anode without taking all reasonable steps to avoid damage or interference to any underground facilities, including notifying the appropriate State One Call center prior to excavation.<sup>16</sup>

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

**(a) Buried pipelines. Except as provided in paragraph (b) of this section, a line marker must be placed and maintained as close as practical over each buried main and transmission line:**

**(1) At each crossing of a public road and railroad; and**

---

<sup>12</sup> See Exhibit L to Violation Report.

<sup>13</sup> See Exhibit M to Violation Report.

<sup>14</sup> See Exhibit N to Violation Report.

<sup>15</sup> See Exhibit O to Violation Report.

<sup>16</sup> See Exhibit P to Violation Report

**(2) Wherever necessary to identify the location of the transmission line or main to reduce the possibility of damage or interference.**

AmeriGas did not place a line marker at each crossing of a public road, in violation of §192.707(a).<sup>17</sup> At the time of the PHMSA inspection, PHMSA observed and photographed several locations where there were no line markers in place at the requisite locations.<sup>18</sup>

**6. §192.723 Distribution systems: Leakage surveys.**

**(a) . . .**

**(b) The type and scope of the leakage control program must be determined by the nature of the operations and the local conditions, but it must meet the following minimum requirements:**

**(1) A leakage survey with leak detector equipment must be conducted in business districts, including tests of the atmosphere in gas, electric, telephone, sewer, and water system manholes, at cracks in pavement and sidewalks, and at other locations providing an opportunity for finding gas leaks, at intervals not exceeding 15 months, but at least once each calendar year.**

AmeriGas did not conduct leakage surveys with leak detector equipment in business districts, including tests of the atmosphere in gas, electric, telephone, sewer, and water system manholes, at cracks in pavement and sidewalks, and at other locations providing an opportunity for finding gas leaks, at intervals not exceeding 15 months, but at least once each calendar year in violation of §192.723(b)(1).<sup>19</sup>

---

<sup>17</sup> Moreover, AmeriGas' O&M Manual - Damage Prevention Program, states in part, "[I]ne markers are required along each side of an aboveground section of a main line in an area accessible to the public. Other methods of line marking can be considered, such as, signage or decals, or painted markings." See Exhibit Q to Violation Report.

<sup>18</sup> See Exhibit R to Violation Report.

<sup>19</sup> AmeriGas' O&M Manual - Leak Surveys, states in part, "The following leakage survey method must be conducted in accordance with this written procedure. A pressure test can also be conducted as a leakage survey and the pressure must be at least equal to the operating pressure of the system. The use of leak detector solution can be used as an aid on above ground portions of the system to check for leaks: 1. Locate the pipeline to be inspected by using mapping and/or record information, and/or the use of electronic locating equipment; 2. Turn on gas detection equipment in a gas free atmosphere and perform operations checks; 3. Install bar hole. Bar holes should be at a depth equal to or deeper than the pipe and within 6 inches horizontally of the side of the pipe being surveyed. Bar Holes should never be more than 20 feet apart. Where pipes pass under paving, permanent test points shall be established; 4. Insert the CGI probe into the bar hole. Hold probe at the bottom of the hole for at least 4 seconds before taking sample reading. 5. Determine the extent to which propane vapor has migrated, if an indication of leaking propane is detected. Bar hole in all directions from the indication of leaking propane until zero readings are obtained in all directions; 6. Classify leak site. Classifying Underground Propane Gas Leaks; 7. classify the leak. If the leak is a Grade 1 leak, contact designated company representatives immediately." See Exhibit S to Violation Report.

Records inspected at the time of the PHMSA inspection shows that AmeriGas did not use combustible gas indicator equipment in the Maui District, including tests of the atmosphere in gas, electric, telephone, sewer, and water system manholes, at cracks in pavement and sidewalks, and at other locations providing an opportunity for finding gas leaks. Instead, AmeriGas only surveyed the aboveground components for leaks using a leak detector solution, in violation of its own O&M and §192.723(b)(1).<sup>20</sup>

**7. §192.747 Valve maintenance: Distribution systems.**

**(a) Each valve, the use of which may be necessary for the safe operation of a distribution system, must be checked and serviced at intervals not exceeding 15 months, but at least once each calendar year.**

AmeriGas did not check and service the valves at intervals not exceeding 15 months, but at least once each calendar year in violation of §192.747(a). AmeriGas' O&M Manual – Key Valve also includes this regulatory requirement.<sup>21</sup> At the time of the PHMSA inspection, the only record available for inspection was the key valve inspection conducted in 2018. AmeriGas could not provide records to demonstrate that key valve inspections were completed in 2016 and 2017 for its pipeline system in the Maui District.<sup>22</sup>

Proposed Compliance Order

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 propose a civil penalty assessment at this time.

With respect to items 1,2,3,4,5 and 6 pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to AmeriGas Propane, LP. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

---

<sup>20</sup> See Exhibit T to Violation Report.

<sup>21</sup> See Exhibit U to Violation Report.

<sup>22</sup> See Exhibit V to Violation Report.

### Warning Items

With respect to item 7, 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 promptly correct this item. Failure to do so may result in additional enforcement action.

### Response to this Notice

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).

Following the receipt of this Notice, you have 30 days to submit written comments, or request a hearing under 49 CFR § 190.211. 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 you are responding to this Notice, we propose that you submit your correspondence to my office within 30 days from receipt of this Notice. This period may be extended by written request for good cause.

In your correspondence on this matter, please refer to **CPF 5-2019-0016** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Dustin Hubbard  
Director, Western Region  
Pipeline and Hazardous Materials Safety Administration

Enclosures: *Proposed Compliance Order*  
*Response Options for Pipeline Operators in Compliance Proceedings*

cc: PHP-60 Compliance Registry  
PHP-500 M.Garcia (#163602)



## PROPOSED COMPLIANCE ORDER

Pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to AmeriGas Propane, LP (AmeriGas) a Compliance Order incorporating the following remedial requirements to ensure the compliance of AmeriGas with the pipeline safety regulations:

1. In regard to Item Number 1 of the Notice pertaining to not properly supporting gas meters by a mounting bracket or by pipe supports, AmeriGas must:
  - a) Follow AmeriGas' Operating and Maintenance (O&M) Manual - Meters, Service Regulators and Lines.
  - b) Inspect all gas meters located in Maui, Kona and Oahu, Hawaii (Districts) for proper supports.
  - c) All gas meters that do not have proper support must be corrected and must have the proper mounting brackets or pipe supports. Mounting bracket that will be installed must not have a metal to metal contact with the gas meters.
  - d) Create a list of how many meters are there per customer in all Districts.
  - e) Revise inspection form(s) to indicate or to include a checkbox to show that meters have been inspected for proper support.
  - f) Remove the foreign corrugated plastic water line on top of the aboveground gas service pipe at the Imuha Mamalahoa Center or reroute the gas service pipe.
2. In regard to Item Number 2 of the Notice pertaining to not having a cathodic protection system on all buried pipelines, AmeriGas must:
  - a) Follow AmeriGas' O&M Manual - Corrosion Control.
  - b) Inspect the pipeline system in all Districts to create a list of each pipeline system to show if the system has steel risers, anodeless risers, underground PE pipe or underground steel pipe.
  - c) Install cathodic protection systems on all underground steel pipe and steel risers.
  - d) Re-train and re-qualify all personnel or contractors who will be installing and testing the cathodic protection system
3. In regard to Item Number 3 of the Notice pertaining to not providing protection against atmospheric corrosion found during an inspection, AmeriGas must:
  - a) Follow AmeriGas' O&M Manual - Corrosion Control.

- b) Reevaluate and inspect the pipeline system in all Districts for atmospheric corrosion.
  - c) Correct or apply protection to all pipeline systems and containers that have atmospheric corrosion.
  - d) Inspect all gas meters in all Districts that are in contact with the ground and correct any deficiencies. Gas meters must not contact the ground to ensure proper inspection of the bottom surface of the meters for atmospheric corrosion.
  - e) Replace all severely corroded aboveground pipe and components at Maui Coast Hotel system and any other pipeline systems in the Districts that need replacement.
  - f) Re-train and re-qualify all personnel or contractors who will be inspecting, installing new pipe, applying new coats and any other covered tasks for the corrective actions.
4. In regard to Item Number 4 of the Notice pertaining to not following the AmeriGas procedures for Emergency Plan, Odorization of Gas, Abandonment of Facilities and Damage Prevention Program, AmeriGas must:
- a) Follow AmeriGas' O&M Manual – Emergency Plan.
  - b) For all Districts, schedule and participate in emergency response drills and deployment exercises with the local emergency responders to establish unified incident command roles, operating procedures and preparedness for various emergency scenarios where appropriate.
  - c) Revise your Emergency Plan to include how often AmeriGas will participate or conduct actual emergency response drills and deployment exercises.
  - d) Follow AmeriGas' O&M Manual – Odorization of Gas, for testing of odorant level by using the testing methods/equipment described in Step 5 of the procedure.
  - e) Train and qualify all personnel on the use of the gas odorization testing methods set forth in Amerigas' O&M.
  - f) Revise the odor test inspection form to indicate the odor test method/equipment used, date of calibration, amount of odorant detected, etc.

- g) Inspect the pipeline system in all Districts and document all inactive pipeline service and follow AmeriGas' O&M Manual – Abandonment of Facilities.
  - h) Re-train and requalify all personnel that will be inspecting and abandoning inactive pipelines on AmeriGas' O&M Abandonment of Facilities procedure.
  - i) Re-train and re-qualify all personnel regarding AmeriGas' O&M Damage Prevention Program and procedures.
5. In regard to Item Number 5 of the Notice pertaining to not having line markers along each side of an aboveground section of a main line in an area accessible to the public, AmeriGas must:
- a) Follow AmeriGas' O&M Manual – Damage Prevention Program.
  - b) Inspect the pipeline system in all Districts and install pipeline markers where needed.
6. In regard to Item Number 6 of the Notice pertaining to not conducting leakage surveys with leak detector equipment in business districts, including tests of the atmosphere in gas, electric, telephone, sewer, and water system manholes, at cracks in pavement and sidewalks, and at other locations providing an opportunity for finding, AmeriGas must:
- a) Follow AmeriGas' O&M Manual – Leak Surveys.
  - b) Conduct leak surveys of all pipeline systems in the Maui district either by pressure test or by using leak survey instruments.
  - c) Train and qualify all personnel that will be conducting the leak survey using an instrument.
7. AmeriGas must complete the required remediation work within 180 days of the date of the Final Order and submit records, updated forms, photos and any other necessary documentation to PHMSA to demonstrate that Items 1-6 were completed.
8. It is requested (not mandated) that AmeriGas Propane, LP maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Dustin Hubbard, Director, Western Region, Pipeline and Hazardous Materials Safety Administration. It is requested that these costs be reported in two categories: 1) total cost associated with preparation/revision of plans, procedures, studies and analyses, and 2) total cost associated with replacements, additions and other changes to pipeline infrastructure.