WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

January 19, 2012

Paul Grady
President
Heritage Propane, LLC
754 River Rock Drive
Helena, MT 59602

CPF 2-2012-0002W

Dear Mr. Grady:

From October 17 -19, 2011, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) inspected the Heritage Propane (Heritage) records and procedures in its Spring Hill, Florida office and its liquefied petroleum gas (LPG) pipeline systems in Hernando County, Florida, pursuant to Chapter 601 of 49 United States Code.

As a result of the inspection, it appears that Heritage has committed probable violations of the Pipeline Safety Regulations in Title 49 of the Code of Federal Regulations. The items inspected and the probable violations are as follows:

1. **§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. However, if tests at those intervals are impractical for separately protected short sections of mains or transmission line, not in excess of 100 feet (30 meters), or separately protected service line, these pipelines may be surveyed on a sampling basis. At least 10 percent of these protected structures, distributed over the entire system must be surveyed each calendar year, with a different 10 percent checked each subsequent year, so that the entire system is tested in each 10-year period.

   Heritage did not test each pipeline that is under cathodic protection, 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. Heritage has a distribution system with polyethylene mains and steel valves at Area 3. Heritage did not provide documentation demonstrating that it performed the required cathodic protection testing on the steel valves as required by the regulation.

2. §192.481 Atmospheric corrosion control: Monitoring.

(a) Each operator must inspect each pipeline or portion of pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion, as follows:

If the pipeline is located:	Then the frequency of inspection is:
Onshore	**At least once every 3 calendar years, but with intervals not exceeding 39 months**
Offshore	**At least once each calendar year, but with intervals not exceeding 15 months**

(b) During inspections the operator must give particular attention to pipe at soil-to-air interfaces, under thermal insulation, under disbonded coatings, at pipe supports, in splash zones, at deck penetrations, and in spans over water.

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

Heritage did not inspect each onshore pipeline or portion of pipeline exposed to the atmosphere for evidence of atmospheric corrosion at least once every 3 calendar years, but with intervals not exceeding 39 months. Heritage has onshore portions of pipeline exposed to the atmosphere at its LPG bulk plants at Area 1, Area 2, Area 3, and Area 4. Heritage did not provide documentation demonstrating that it performed the atmospheric corrosion control monitoring for these areas, as required by the regulation.

3. § 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.

Heritage's written procedural manual for operations, maintenance, and emergencies either did not have procedures or had inadequate procedures for each of the following:

- defining an incident in accordance with the definition found in §191.3.
- requiring reports (except safety related condition reports (SRCR) and offshore pipeline condition reports) be submitted in accordance with the requirements of §191.7.
- reporting mechanical fitting failures on its distribution systems as required by §191.12.

- notifying PHMSA electronically through the National Registry of Pipeline and LNG Operators at http://opsweb.phmsa.dot.gov of certain events, as required by §191.22.
- notifying new customers, within 90 days, of their responsibility for service lines not maintained by the operator as required by §192.16.
- joining plastic pipe in accordance with §192.281.
- qualifying joining procedures for plastic pipe in accordance with §192.283.
- qualifying persons to make plastic pipe joints in accordance with §192.285.
- inspecting joints in plastic pipes in accordance with §192.287.
- protecting metallic pipelines from external corrosion with an external coating in accordance with the requirements of §192.461.
- taking prompt remedial action as required by §192.465(d).
- establishing sufficient test stations or other contact points for electrical measurement to determine the adequacy of cathodic protection as required by §192.469.
- connecting, attaching, and maintaining test leads in accordance with §192.471.
- controlling atmospheric corrosion in accordance with §192.479.
- providing instructions enabling personnel who perform operation and maintenance activities to recognize conditions that potentially may be safety-related conditions as required by §192.605(d).
- providing its public awareness messages to customers and where the petroleum gas system is located on property the operator does not control, to persons controlling the property, twice annually in accordance with §192.616(j).
- odorizing the gas so that at a concentration in air of one-fifth of the lower explosive limit, the gas is readily detectable by a person with a normal sense of smell, as required by §192.625(a); and conducting periodic sampling of combustible gases using an instrument capable of determining the percentage of gas in air at which the odor becomes readily detectable as required by §192.625(f).
- abandoning or deactivating inactive pipelines not being maintained in accordance with §192.727(c) and whenever service to a customer is discontinued, complying with one of the requirements of §192.727(d).
- determining the capacity of relief devices by testing the devices in place or by review and calculation in accordance with §192.743.

4. §192.605 Procedural manual for operations, maintenance, and emergencies.
... (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.
... (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 procedure when deficiencies are found.

Heritage did not periodically review the work done by its personnel to determine the effectiveness and adequacy of the procedures used in normal operation and maintenance and to modify the procedure when deficiencies were found. That is, Heritage did not provide documentation demonstrating that it periodically reviewed the work done by its

personnel or that it modified its procedures when deficiencies were found, as required by the regulation.

5. **§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.

Heritage did not provide its public awareness messages twice annually to all required stakeholder audiences. Heritage documentation and statements showed that Heritage provided its public awareness message, where its petroleum gas systems were located on property it did not control, once annually to persons controlling the property.

6. **§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.

Heritage did not assure the proper concentration of odorant by conducting periodic sampling of combustible gases using an instrument capable of determining the percentage of gas in air at which the odor becomes readily detectable. Heritage provided documentation from its propane supplier showing the propane was odorized prior to delivery and records showing that the operator conducted periodic “sniff” tests to confirm the gas contained odorant. However, since Heritage was not operating master meter systems, it cannot use this method to comply with the regulation. The only acceptable method of complying was to use an instrument capable of determining the percentage of gas in air at which the odor becomes readily detectable.

7. **§192.743 Pressure limiting and regulating stations: Capacity of relief devices.**
(a) Pressure relief devices at pressure limiting stations and pressure regulating stations must have sufficient capacity to protect the facilities to which they are connected. Except as provided in §192.739(b), the capacity must be consistent with the pressure limits of §192.201(a). This capacity must be determined at intervals not exceeding 15 months, but at least once each calendar year, by testing the devices in place or by review and calculations
(b) If review and calculations are used to determine if a device has sufficient capacity, the calculated capacity must be compared with the rated or experimentally determined relieving capacity of the device for the conditions under which it operates. After the initial calculations, subsequent calculations need not be made if the annual review documents that parameters have not changed to cause the rated or experimentally determined relieving capacity to be insufficient.
(c) If a relief device is of insufficient capacity, a new or additional device must be installed to provide the capacity required by paragraph (a) of this section.

   Heritage did not determine the capacity of relief devices at intervals not exceeding 15 months, but at least once each calendar year, by testing the devices in place or by review and calculations. Heritage had relief devices just downstream of its vaporizers at the Area 2 bulk plant. Heritage did not provide records demonstrating that the relief devices had sufficient capacity to protect the facilities to which they were connected, determined at intervals not exceeding 15 months, but at least once each calendar year, by testing the devices in place or by review and calculations. Furthermore, Heritage did not provide documentation that parameters had not changed to cause the rated or experimentally determined relieving capacity to be insufficient.

Under 49 United States Code, § 60122, Heritage Propane, LLC is subject to a civil penalty not to exceed $100,000 for each violation for each day the violation persists up to a maximum of $1,000,000 for any 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 Heritage Propane, LLC 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 2-2012-0002W**. 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,

Wayne T. Lemoi
Director, Office of Pipeline Safety
PHMSA Southern Region

cc: Donald Taylor
District Manager
Heritage Propane
10527 Spring Hill Drive
Spring Hill, FL 34608