



December 2, 2013

Mr. Wayne T. Lemoi
Director, Office of Pipeline Safety
PHMSA Southern Region
233 Peachtree Street
Suite 600
Atlanta, GA 30303

Re: **Notice of Probable Violation CPF 2-2013-0022**

Dear Mr. Lemoi:

This is to reply to your letter addressed to AmeriGas's COO, Paul Grady dated November 7, 2013 for alleged violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations and NFPA 58 2004 Edition. Your letter has been referred to me for response.

Item 1 – Section 192.11 Petroleum Gas Systems:

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

AmeriGas did not meet the requirements for "Regulator Installation" in NFPA 58, Section 6.7.4.5, which states, *"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."*

Response

The regulator at 6500 Sargasso Lane in Loxahatchee Point has been addressed and remediated. It has been properly vented away from the building opening using ANSI/UL 651 ridged PVC electrical conduit as per NFPA 58 (See attached photo).

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AmeriGas did not meet the requirements for "Regulator Installation" in NFPA 58, Section 6.7.4.6, which states, "*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.*"

The PHMSA inspector observed and photographed AmeriGas pressure relief devices with points of discharge less than 5 feet from sources of ignition at

- 2175 Santa Catalina and 2317 Avenida Madrid Oste in Tavares Cove; and,
- 19842 Loxahatchee Pointe Drive and 6500 Sargasso Lane in Loxahatchee Pointe.

Response

The Meter at 2317 Avenida Madrid Oste in Tavares Cove has been removed and line is capped off. The other three regulators have been addressed and remediated and properly vented away from ignition sources using ANSI/UL 651 ridged PVC electrical conduit as per NFPA 58 (See attached photos for all three observed locations listed below).

- 2175 Santa Catalina, located in Tavares Cove.
- 2317 Avenida Madrid Oste in Tavares Cove. **Meter Removed**
- 19842 Loxahatchee Point Drive, located in Loxahatchee Point.
- 6500 Sargasso Lane located in Loxahatchee Point.

Item 2 – Section 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 did not ensure that its installed cathodic protection systems provided a level of cathodic protection that complied with one or more of the applicable criteria contained in Appendix D of Part 192.

Cathodic protection testing performed during the inspection found locations with low^a pipe-to-soil (p/s) readings indicating inadequate levels of cathodic protection. Some of the locations and associated p/s readings were as follows:

- Sand and Sea
 - North clubhouse - 834 mV
 - 2364 27th Ave NW - 757 mV
 - Tavares Cove
 - 2317 Avenida Madrid Oste - 400 mV
 - Palm Lake Estates North
 - 467 74th ST N - 477 mV
 - Palm Lake Estates South
 - 11167 68th ST N - 388 mV
-

Response

AmeriGas is currently evaluating the cost difference between cathodically protecting all of the sites observed or abandoning these systems and installing individual tanks at each location. AmeriGas will follow up in a timely manner as to what action we will be taking on the following observed sites.

- Sand and Sea:
 - North Club House
 - 2364 27th Ave. NW
- Tavares Cove:
 - 2317 Avenida Madrid Oste
 - Tavares Cove:
 - 2317 Avenida Madrid Oste
- Palm Lake Estates North:
 - 467 74th ST N
- Palm Lake Estates South:
 - 11167 68th ST N

Item 3 - Section 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 lines, not in excess of 100 feet (30 meters), or separately protected service lines, 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.

AmeriGas 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 met the requirements of §192.463. AmeriGas was unable to demonstrate that it had performed external corrosion control monitoring on the following systems^b:

- | | |
|---------------------------|--|
| - Palm Lake Estates North | No monitoring in calendar years 2010 and 2011 |
| - Palm Lake Estates South | No monitoring in calendar years 2010, 2011, and 2012 |
| - Sand and Sea Village | No monitoring in calendar year 2012 |
| - Tavares Cove | No monitoring in calendar year 2012 |

Response

AmeriGas did conduct these inspections in April of 2013 (see attached) unfortunately those readings produced some low cathodic levels. As stated in **Item - 2** we are currently evaluating these systems.

As the newly appointed AmeriGas Corporate OPS Compliance Manager, I have recently established a required monthly OPS compliance call to be conducted in every Area that has jurisdictional pipeline systems. These calls will be headed up and conducted by the Area Manager to discuss OPS compliance in their respective Area. The call will include: all of the District Managers in their Area who have jurisdictional pipeline systems, the Regional Safety Manager, the Area Safety Advisor and the Corporate OPS Compliance Manager. The premise of these calls is to ensure that compliance tasks are being addressed in a timely manner and make sure the District has the necessary resources to complete the compliance tasks. I strongly believe these monthly calls will ensure compliance in AmeriGas and to help keep our front line leaders focused on compliance.

The Corporate OPS Compliance Manager's duties include conducting periodic audits to review the work is being completed, determine that corrective action was taken for any deficiencies found, provide guidance to the field and oversee and monitor compliance reports on a monthly basis. We have already seen an improvement in compliance with the West Palm Beach, FL location.

Item 4 - Section 192.465 External corrosion control; Monitoring:

... (b) Each cathodic protection rectifier or other impressed current power source must be inspected six times each calendar year, but with intervals not exceeding 2½ months, to insure that it is operating.

AmeriGas did not inspect its cathodic protection rectifier at Sand and Sea Village six times each calendar year, with intervals not exceeding 2½ months. AmeriGas only inspected its Sand and Sea rectifier one time in calendar year 2012. AmeriGas records showed the rectifier was inspected on December 27, 2011, January 16, 2012, and not again until April 30, 2013.

Response

AmeriGas has conducted a rectifier inspection on the Sand and Sea Village location (see attached inspection form).

As the newly appointed AmeriGas Corporate OPS Compliance Manager, as stated in the above **Item- 3** I have recently established a required monthly OPS compliance call to be conducted in every Area that has jurisdictional pipeline systems. The premise of these calls is to ensure that compliance tasks are being addressed in a timely manner and make sure the District has the necessary resources to complete the compliance tasks. I strongly believe these monthly calls will ensure compliance in AmeriGas and to help keep our front line leaders focused on compliance.

**Item 5 – Section 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

AmeriGas did not inspect each onshore pipeline or portion of pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion once every 3 calendar years, but with intervals not exceeding 39 months. AmeriGas has onshore pipelines at Tavares Cove and Loxahatchee Pointe. The last atmospheric corrosion control monitoring at Tavares Cove was performed on January 29, 2009. While the next inspection would have been due by April 29, 2012, AmeriGas did not have records of any subsequent inspection(s). Furthermore, AmeriGas did not have any records demonstrating atmospheric corrosion control monitoring had been performed at Loxahatchee Pointe.

Response

As the newly appointed AmeriGas Corporate OPS Compliance Manager, as stated in the above **Items 3, 4** I have recently established a required monthly OPS compliance call to be conducted in every Area that has jurisdictional pipeline systems. I strongly believe these monthly calls will ensure compliance in AmeriGas and to help keep our front line leaders focused on compliance.

Item 6 – Section 192.615 Emergency plans:

... (c) Each operator shall establish and maintain liaison with appropriate fire, police, and other public officials to:

- (1) Learn the responsibility and resources of each government organization that may respond to a gas pipeline emergency;
- (2) Acquaint the officials with the operator's ability in responding to a gas pipeline emergency;
- (3) Identify the types of gas pipeline emergencies of which the operator notifies the officials; and
- (4) Plan how the operator and officials can engage in mutual assistance to minimize hazards to life or property.

AmeriGas did not establish and maintain liaison with appropriate fire, police, and other public officials as required by the regulation. AmeriGas did not have records to demonstrate that it had performed liaison activities with public officials and emergency responders prior to 2013. AmeriGas personnel present at the inspection indicated that a liaison program requiring face-to-face meetings was being implemented in calendar year 2013.

Response

The AmeriGas District Manager will review AmeriGas Emergency Responder Training, The AmeriGas District Manager along with the local Area Safety Advisor and local OPS manager will then coordinate and attend the liaison meetings with the local emergency responders and other public officials to exchange emergency contact information, review system maps and shut off valve locations, review steps for public safety and discuss making strategies for propane emergencies. Please be so kind to understand, based on the availability of the emergency responders, these meetings will take at least 30 to 60 days to coordinate and conduct. I will send a follow up letter to confirm, once these meetings have been completed.

Item 7 – Section 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.

AmeriGas 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. AmeriGas 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 AmeriGas was not operating master meter systems, it cannot solely use this method to comply with the regulation.

While conducting sniff tests when gas is delivered to a bulk plant meets NFPA 58 requirements, it only assures that odorant is present prior to entering the distribution system. It does not ensure 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), or that gas with adequate levels of odorant are present at the extremities of the system or in segments of low utilization, such as dead legs.

Response

Section 192.11 provides that:

(a) Each plant that supplies petroleum gas by pipeline to a natural gas distribution system must meet the requirements of this part and ANSI/NFPA 58 and 59.

(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.

(c) **In the event of a conflict between this part and ANSI/NFPA 58 and 59, ANSI/NFPA 58 and 59 prevail.** (Emphasis added)

The LP-Gas Code, NFPA 58 (2004 ed.), Section 4.2.3 provides that:

If odorization is required, the presence of the odorant shall be determined by sniff-testing or other means and the results shall be documented as follows:

- (1) When LP-Gas is delivered to a bulk plant
- (2) When shipments of LP-Gas bypass the bulk plant.

AmeriGas acknowledges that no master meter system is involved here. Nevertheless, there is clearly a conflict between Part 192 and NFPA 58 and accordingly NFPA 58 applies, requiring sniff testing. For non-master meter systems, Section 192.625 requires the use of "an instrument capable of determining the percentage of gas in air at which the odor becomes readily detectable," whereas Section 4.2.3 requires the use of sniff testing.

PHMSA recognizes this and in its Training Guide for Operators of Small LP Gas Systems, which is currently available on the PHMSA website under Pipeline Safety Community, Training & Qualifications, specifically provides at page II-3:

Odorization

The LP-Gas Code specifies that LP gas be odorized prior to delivery to the bulk plant. It goes on to require verification by "sniff-testing or other means, **and the results shall be documented**" when gas is delivered to the bulk plant or in the case where a delivery bypasses the bulk plant. If the documentation required by the LP-Gas Code is not available to the LP gas system operator, then the operator will need to do his own sniff tests to verify odorization and document the results. (Emphasis in the original)

Based on the conflict and the primacy of NFPA 58 under Section 192.11, sniff testing is the means to be used for the detection of odorant for small propane gas systems, which are involved here.

Item 8 – Section 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
- (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 and maintain line markers as close as practical over each buried main at each crossing of a public road. During the field inspection, the inspector identified several locations without line markers where mains crossed public roads at Loxahatchee Pointe, Mystic Cove, Sand and Sea Village, and Tavares Cove.

Response

The District Manager along the local OPS Manager will review all system maps at the West Palm Beach, FL location and identify the systems where the mains cross public roads. Once those systems are identified, a physical visit to those locations will be made to verify that the line markers exist. Any system that is missing line makers where the main crosses the road, line makers will be installed as defined in accordance with the Damage Prevention Program section in the AmeriGas O&M manual which starts on pages 5 of 8 of the policy (see attached section).

**Item 9 – Section 192.741 Pressure limiting and regulator stations.
Telemetry or recording gauges:**

(a) Each distribution system supplied by more than one district pressure regulating station must be equipped with telemetry or recording pressure gauges to indicate the gas pressure in the district.

AmeriGas did not place telemetry or recording pressure gauges in its distribution systems served by more than one pressure regulating station. AmeriGas feeds its Loxahatchee Pointe distribution system from two separate regulator stations; however, AmeriGas did not supply telemetry or recording pressure gauges to indicate the gas pressure in the district.

Response

AmeriGas will remove the isolation valve that currently ties both supplies together. System is P.E. therefore no shutdown is required. AmeriGas will excavate valve, and perform squeeze off, cut and dead-end each side. Record and map area and keep records in the systems book and will have work completed no later than December 15th 2013.

**Item 10 – Section 192.741 Pressure limiting and regulator 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

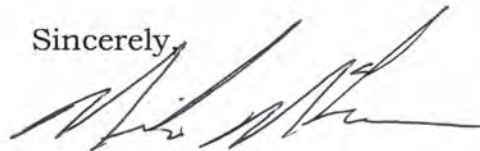
AmeriGas did not determine the capacity of relief devices at intervals not exceeding 15 months, but at least once each calendar year, by testing the devices in place or by review and calculations. AmeriGas had a relief device downstream of its regulator station at Mystic Cove. AmeriGas did not provide 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.

Response

AmeriGas has changed this system in Mystic Cove and eliminated the external pressure relief by installing a series regulation system along with glycerin gauges to identify inlet and outlet pressures (see attached manufactures information on make and model of the regulators installed along with the current regulator inspection forms).

Thank you for your consideration in this matter. Please do not hesitate to contact me at 904-716-3006 or by email to mike.mclean@amerigas.com if you or your staff have any questions or require additional information.

Sincerely,



Mike McLean
AmeriGas
Corporate OPS Compliance

C.c.: Paul Grady