U.S. Department
of Transportation

**Pipeline and
Hazardous Materials Safety
Administration**

233 Peachtree Street Ste. 600
Atlanta, GA 30303

NOTICE OF PROBABLE VIOLATION
PROPOSED CIVIL PENALTY
and
PROPOSED COMPLIANCE ORDER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

November 7, 2013

Mr. Paul Grady
VP & Chief Operating Officer
AmeriGas Propane, LP
460 North Gulph Road
Valley Forge, PA 19482

CPF 2-2013-0022

Dear Mr. Grady:

On June 10 - 13 and July 11, 2013, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS) Southern Region inspected the AmeriGas Propane, LP (AmeriGas) liquefied petroleum gas (LPG) pipeline systems in Palm Beach County, Florida, and its records and procedures in West Palm Beach, Florida, pursuant to Chapter 601 of 49 United States Code.

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

1. **§ 192.11 Petroleum gas systems.**
   ... (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 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."*

The PHMSA inspector observed and photographed an AmeriGas pressure relief device with its point of discharge less than 3 feet from the building opening below the point of discharge at 6500 Sargasso Lane in Loxahatchee Pointe.

- 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.

2. **§ 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

3. **§ 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

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

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

4. **§ 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.

5. **§ 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.

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[b] The systems identified did not contain separately protected short sections of mains or transmission lines, not in excess of 100 feet (30 meters), or separately protected service lines.

6. **§ 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.

7. **§ 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.

8. **§ 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.

9. **§ 192.741 Pressure limiting and regulating stations: Telemetering or recording gauges.**
(a) Each distribution system supplied by more than one district pressure regulating station must be equipped with telemetering or recording pressure gauges to indicate the gas pressure in the district.

   AmeriGas did not place telemetering 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 telemetering or recording pressure gauges to indicate the gas pressure in the district.

10. **§ 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

    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.

Proposed Civil Penalty

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed $200,000 per violation per day the violation persists up to a maximum of $2,000,000 for a related series of violations. For violations occurring prior to January 4, 2012, the maximum penalty may not exceed $100,000 per violation per day, with a maximum penalty not to exceed $1,000,000 for a related series of violations. The Compliance Officer has reviewed the circumstances and supporting documentation involved in the above probable violations and has recommended that you be preliminarily assessed a civil penalty of $70,100 as follows:

Item number	PENALTY
3	$35,200
4	$34,900

Warning Items

With respect to items 2 and 6 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 these items. Failure to do so may result in additional enforcement action.

Proposed Compliance Order

With respect to items 1, 5, 7, 8, 9 and 10, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to AmeriGas Propane, LP, pursuant to 49 United States Code § 60118. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

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. All material you submit in response to this enforcement action may be 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). 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.

In your correspondence on this matter, please refer to **CPF 2-2013-0022** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

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

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

PROPOSED COMPLIANCE ORDER

Pursuant to 49 United States Code § 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 AmeriGas' failure to meet the NFPA 58 (2004) regulator point of discharge distance requirements, AmeriGas must survey all of its PHMSA regulated systems in the state of Florida, identify all locations that do not meet the NFPA standard, and take corrective actions to bring the identified locations into compliance with the distances specified in the NFPA 58 (2004) standard.
2. In regard to Item Number 5 of the Notice pertaining to AmeriGas' failure to provide records or other documentation to demonstrate that it had conducted atmospheric corrosion control monitoring on its Tavarres Cove and Loxahatchee Pointe LPG distribution systems in Palm Beach County, AmeriGas must conduct atmospheric corrosion control monitoring on all of its PHMSA regulated systems in the state of Florida on which it has not conducted atmospheric corrosion control monitoring during the preceding 3 years, prepare records to document the inspections, and comply with §192.479 where atmospheric corrosion is found.
3. In regard to Item Number 7 of the Notice pertaining to AmeriGas' failure to 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 must use an instrument to verify 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. AmeriGas must conduct the instrumented sampling at multiple locations within each system, including at the extremities of the systems and within dead legs for all of its PHMSA regulated systems in the state of Florida.
4. In regard to Item Number 8 of the Notice pertaining to AmeriGas' failure to place line markers at all public road crossings in its Loxahatchee Pointe, Mystic Cove, Sand and Sea Village, and Tavares Cove LPG distribution systems in Palm Beach County, AmeriGas must survey all of its PHMSA regulated systems in the state of Florida, identify locations where buried mains cross public roads, and ensure that pipeline markers meeting the requirements of §192.707(d) are placed and maintained as close as practical over each buried main at each crossing of a public road.
5. In regard to Item Number 9 of the Notice pertaining to AmeriGas' failure to place telemetering or recording pressure gauges in its LPG distribution system supplied by more than one pressure regulating station, AmeriGas must survey all of its PHMSA regulated systems in the state of Florida, identify locations where its LPG distribution systems are supplied by more than one pressure regulating station, and install telemetering or recording pressure gauges.

6. In regard to Item Number 10 of the Notice pertaining to AmeriGas' failure to 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 must survey all of its PHMSA regulated systems in the state of Florida and determine the capacity of all relief devices, by testing the devices in place or by review and calculations, ensuring they have sufficient capacity to protect the facilities to which they are connected.

7. AmeriGas must complete the above items and prepare records to document the results within 90 days after the receipt of a Final Order.

8. Within 100 days following receipt of the Final Order, AmeriGas must provide to the Director, Office of Pipeline Safety, PHMSA Southern Region written documentation confirming that Compliance Order Items have been completed.

9. Within 110 days following receipt of the Final Order, AmeriGas must make the records and documentation showing the completion of Compliance Order Items available for inspection by PHMSA representatives. It is requested (not mandated) that AmeriGas maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Wayne T. Lemoi, Director, Southern 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.