



U.S. Department
of Transportation

Pipeline and Hazardous Materials
Safety Administration

1200 New Jersey Avenue SE
Washington DC 20590

JUN 19 2019

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

Re: CPF No. 2-2018-0002

Dear Mr. Gallagher:

Enclosed please find the Final Order issued in the above-referenced case. It makes a finding of violation and finds that AmeriGas Propane, LP has completed the actions specified in the Notice to comply with the pipeline safety regulations. Therefore, this case is now closed. Service of the Final Order by certified mail is effective upon the date of mailing as provided under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Alan K. Mayberry
Associate Administrator
for Pipeline Safety

Enclosure

cc: Mr. James Urisko, Director, Southern Region, Office of Pipeline Safety, PHMSA
Mr. David Hedrick, Pipeline Safety Manager, AmeriGas Propane, LP

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

**U.S. DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, D.C. 20590**

In the Matter of

AmeriGas Propane, LP,

Respondent.

CPF No. 2-2018-0002

FINAL ORDER

On November 13-17, 2017, pursuant to 49 U.S.C. § 60117, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), conducted an on-site pipeline safety inspection of AmeriGas Propane, LP's (AmeriGas or Respondent), facilities in Flager and St. Johns Counties, Florida, and records in Saint Augustine and Holly Hill, Florida. AmeriGas, a subsidiary of UGI Corporation, is the nation's largest propane company, serving approximately 1.8 million customers locally in all 50 states from approximately 1,900 distribution locations.¹

As a result of the inspection, the Director, Southern Region, OPS (Director), issued to Respondent, by letter dated September 5, 2018, a Notice of Probable Violation and Proposed Compliance Order (Notice), which also included warnings pursuant to 49 C.F.R. § 190.205. In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that AmeriGas had violated 49 C.F.R. § 192.619(a) and proposed ordering Respondent to take certain measures to correct the alleged violation. The warning items required no further action, but warned the operator to correct the probable violations or face possible future enforcement action.

AmeriGas responded to the Notice by letter dated October 4, 2018 (Response). The company did not admit the allegations of violation, but provided information concerning the corrective actions it had taken to complete the proposed compliance actions. Respondent did not request a hearing and therefore has waived its right to one.

FINDING OF VIOLATION

In its Response, AmeriGas did not contest the allegation in the Notice that it violated 49 C.F.R. Part 192, as follows:

¹ AmeriGas website, available at <https://investors.amerigas.com/about-amerigas/investor-overview/default.aspx> (last accessed May 15, 2019).

Item 6: The Notice alleged that Respondent violated 49 C.F.R. § 192.619(a), which states, in relevant part:

§ 192.619 Maximum allowable operating pressure: Steel or plastic pipelines.

(a) No person may operate a segment of steel or plastic pipeline at a pressure that exceeds a maximum allowable operating pressure determined under paragraph (c) or (d) of this section, or the lowest of the following:

(1) The design pressure of the weakest element in the segment, determined in accordance with subparts C and D of this part. . .

(2) The pressure obtained by dividing the pressure to which the segment was tested after construction as follows . . .

The Notice alleged that Respondent violated 49 C.F.R. § 192.619(a) by operating a segment of steel or plastic pipeline at a pressure that exceeds the maximum allowable operating pressure (MAOP). Specifically, the Notice alleged that Respondent failed to consider the design pressure of the weakest element of the segment (service regulators with a design pressure of 10 psig) when it operated its systems at 30 psig (Sanctuary of Palm Coast) and 33.3 psig (Belz Outlet Mall, Cypress Lakes, and Heritage Landing).

In its Response, AmeriGas did not admit the allegation of violation, and offered no evidence to contest the violation. Based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 192.619(a) by operating a segment of steel or plastic pipeline at a pressure that exceeds the MAOP.

This finding of violation will be considered a prior offense in any subsequent enforcement action taken against Respondent.

COMPLIANCE ORDER

The Notice proposed a compliance order with respect to Item 6 in the Notice for violation of 49 C.F.R. § 192.619(a). Under 49 U.S.C. § 60118(a), each person who engages in the transportation of gas or who owns or operates a pipeline facility is required to comply with the applicable safety standards established under chapter 601. The Director indicates that Respondent has taken the following actions specified in the proposed compliance order:

1. With respect to the violation of § 192.619(a) (**Item 6**), Respondent has reviewed and updated the MAOP determinations for pipeline segments downstream of pressure regulating and limiting stations for the Belz Outlet Mall, Cypress Lakes, Heritage Landing and the Sanctuary of Palm Coast systems. Respondent has also reviewed and made adjustments, as necessary, to pressure regulating and limiting station set-points to ensure they are set to maintain system pressure in accordance with 49 C.F.R. § 192.201(a)(2) for the systems noted above. Finally, AmeriGas provided a diagram of each regulating or limiting station, including the make, model and set point for

each pressure limiting or regulating device.

Accordingly, I find that compliance has been achieved with respect to this violation. Therefore, the compliance terms proposed in the Notice are not included in this Order.

WARNING ITEMS

With respect to Items 1-5 and 7-13, the Notice alleged probable violations of Part 192 but did not propose a civil penalty or compliance order for these items. Therefore, these are considered to be warning items. The warnings were for:

49 C.F.R. § 192.11(b) **(Item 1)** — Respondent's alleged failure to meet the requirements of NFPA 58;

49 C.F.R. § 192.465(a) **(Item 2)** — Respondent's alleged failure to test each pipeline 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;

49 C.F.R. § 192.465(b) **(Item 3)** — Respondent's alleged failure to take prompt remedial action to correct deficiencies indicated by external corrosion control monitoring;

49 C.F.R. § 192.481(a) **(Item 4)** — Respondent's alleged failure to inspect each onshore pipeline or portion of pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion at least once every 3 calendar years, but with intervals not exceeding 39 months;

49 C.F.R. § 192.491(b) **(Item 5)** — Respondent's alleged failure to maintain a record of each corrosion control inspection required by Subpart I in sufficient detail to demonstrate the adequacy of corrosion control measures or that a corrosive condition does not exist;

49 C.F.R. § 192.707(a)(1) **(Item 7)** — Respondent's alleged failure to place and maintain line markers as close as practical over each buried main and transmission line at each crossing of a public road and railroad;

49 C.F.R. § 192.707(b) **(Item 8)** — Respondent's alleged failure to have line markers written legibly on a background of sharply contrasting color that included the word "Warning," "Caution," or "Danger" followed by the words "Gas (or name of gas transported) Pipeline" all of which, except for markers in heavily developed urban areas, must be in letters at least 1 inch (25 millimeters) high with ¼ inch (6.4 millimeters stroke), and the name of the operator and the telephone number (including area code) where the operator can be reached at all times;

49 C.F.R. § 192.721(b)(1) (**Item 9**) — Respondent's alleged failure to patrol mains in places or on structures where anticipated physical movement or external loading could cause failure or leakage in business districts at intervals not exceeding 4 ½ months, but at least four times each calendar year;

49 C.F.R. § 192.721(b)(2) (**Item 10**) — Respondent's alleged failure to patrol mains in places or on structures where anticipated physical movement or external loading could cause failure or leakage outside business districts at intervals not exceeding 7 ½ months but at least twice year calendar year;

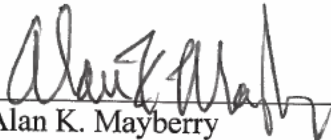
49 C.F.R. § 192.723(b)(2) (**Item 11**) — Respondent's alleged failure to conduct a leak survey with leak detector equipment outside business districts as frequently as needed, but at least once every 5 calendar years at intervals not exceeding 63 months;

49 C.F.R. § 192.1005 (**Item 12**) — Respondent's alleged failure to develop and implement an integrity management program that includes a written integrity management plan as specified in § 192.1007 no later than August 2, 2011; and

49 C.F.R. § 192.1015(a) (**Item 13**) — Respondent's alleged failure to develop and implement an IM program that includes a written IM plan as specified in § 192.1015(b), that reflects the relative simplicity of small liquefied petroleum gas systems.

If OPS finds a violation of any of these items in a subsequent inspection, Respondent may be subject to future enforcement action.

The terms and conditions of this Final Order are effective upon service in accordance with 49 C.F.R. § 190.5.



Alan K. Mayberry
Associate Administrator
for Pipeline Safety

JUN 19 2019

Date Issued