

WARNING LETTER

VIA ELECTRONIC MAIL TO: jssylvester@chpk.com

October 22, 2024

Jeff Sylvester
Chief Operating Officer
Chesapeake Utilities Corp.
500 Energy Ln
Dover, DE 19901

CPF 4-2024-050-WL

Dear Mr. Sylvester:

From August 22, 2022, through November 8, 2023, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code (U.S.C.), conducted a design review and on-site inspection of Florida City Gas's (FCG) Miami Dade liquefied natural gas (LNG) facility in Homestead, Florida.

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

1. § 193.2441 Control center.

Each LNG plant must have a control center from which operations and warning devices are monitored as required by this part. A control center must have the following capabilities and characteristics:

(a)

(b) Each remotely actuated control system and each automatic shutdown control system required by this part must be operable from the control center.

(c) Each control center must have personnel in continuous attendance while any of the components under its control are in operation, unless the control is being performed from another control center which has personnel in continuous attendance.

FCG failed to have personnel in continuous attendance in its control center or secondary control center while components under its control were in operation, in accordance with § 193.2441(c). Specifically, FCG failed to maintain continuous attendance in its Miami Dade LNG control center

between the first introduction of LNG into the facility on January 18, 2023, and the full integration of the LNG facility into the continuously attended control center located in Dover, Delaware, which occurred in summer 2024.

Prior to the full integration of the LNG facility with the Dover control center, FCG did not maintain continuous attendance in the local control center and relied on the continuous attendance of a control center in Houston which had monitoring and automatic shutdown capability. However, § 193.2441(b) requires that a control center must be able to operate “[e]ach remotely actuated control system[.]” The Houston control center did not have this capability, meaning that FCG did not maintain continuous attendance at a secondary control center with the necessary capabilities.

Therefore, FCG failed to have personnel in continuous attendance in its control center or secondary control center while components under its control were in operation, in accordance with § 193.2441(c).

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$266,015 per violation per day the violation persists, up to a maximum of \$2,660,135 for a related series of violations. For violation occurring on or after January 6, 2023 and before December 28, 2023, the maximum penalty may not exceed \$257,664 per violation per day the violation persists, up to a maximum of \$2,576,627 for a related series of violations. For violation occurring on or after March 21, 2022 and before January 6, 2023, the maximum penalty may not exceed \$239,142 per violation per day the violation persists, up to a maximum of \$2,391,142 for a related series of violations. For violation occurring on or after May 3, 2021 and before March 21, 2022, the maximum penalty may not exceed \$225,134 per violation per day the violation persists, up to a maximum of \$2,251,334 for a related series of violations. For violation occurring on or after January 11, 2021 and before May 3, 2021, the maximum penalty may not exceed \$222,504 per violation per day the violation persists, up to a maximum of \$2,225,034 for a related series of violations. For violation occurring on or after July 31, 2019 and before January 11, 2021, the maximum penalty may not exceed \$218,647 per violation per day the violation persists, up to a maximum of \$2,186,465 for a related series of violations. For violation occurring on or after November 27, 2018 and before July 31, 2019, the maximum penalty may not exceed \$213,268 per violation per day, with a maximum penalty not to exceed \$2,132,679.

Also, for each violation involving LNG facilities, an additional penalty of not more than \$97,179 occurring on or after December 28, 2023, may be imposed. For each violation involving LNG facilities, an additional penalty of not more than \$94,128 occurring on or after January 6, 2023, and before December 28, 2023, may be imposed. For each violation involving LNG facilities, an additional penalty of not more than \$87,362 occurring on or after March 21, 2022, and before January 6, 2023, may be imposed. For each violation involving LNG facilities, an additional penalty of not more than \$82,245 occurring on or after May 3, 2021, and before March 21, 2022 may be imposed. For each violation involving LNG facilities, an additional penalty of not more than \$81,284 occurring on or after January 11, 2021, and before May 3, 2021, may be imposed. For each violation involving LNG facilities, an additional penalty of not more than \$79,875 occurring on or after July 31, 2019, and before January 11, 2021 may be imposed. For each

violation involving LNG facilities, an additional penalty of not more than \$77,910 occurring on or after November 27, 2018, and before July 31, 2019, may be imposed.

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 item identified in this letter. Failure to do so may result in Florida City Gas 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 4-2024-050-WL**. 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,

Bryan Lethcoe
Director, Southwest Region, Office of Pipeline Safety
Pipeline and Hazardous Materials Safety Administration

cc: Jim Kendall, Regional Manager, jkendall@chpk.com