U.S. Department
of Transportation
**Pipeline and Hazardous
Materials Safety
Administration**

1200 New Jersey Avenue, SE
Washington, DC 20590

December 23, 2025

VIA ELECTRONIC MAIL TO: jhartz@ugies.com

Joseph Hartz
President
UGI Energy Services, LLC
835 Knitting Mills Way
Wyomissing, Pennsylvania 19610

Re: CPF No. 4-2025-007-NOPV

Dear Mr. Hartz:

Enclosed please find the Final Order issued in the above-referenced case. It makes a finding of violation and specifies actions that need to be taken to comply with the pipeline safety regulations. When the terms of the compliance order are completed, as determined by the Director, Southwest Region, this enforcement action will be closed. Service of the Final Order by e-mail is effective upon the date of transmission and acknowledgement of receipt as provided under 49 CFR § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Linda Daugherty
Acting Associate Administrator
for Pipeline Safety

Enclosures (Final Order and NOPV)

cc: Bryan Lethcoe, Director, Southwest Region, Office of Pipeline Safety, PHMSA
Dante D'Alessandro, Vice President, Global Engineering, UGI Energy Services, LLC, ddalessandro@ugies.com
Brianne Kurdock, Esq, Babst Calland, BKurdock@babstcalland.com
Lindsay Berkstresser, Energy and Regulatory Counsel, UGI Energy Services, LLC, berkstresserl@ugicorp.com
Tyler Chlebowski, Operations Energy Supervisor, UGI Energy Services, LLC, tchlebowski@ugies.com

CONFIRMATION OF 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	)	
UGI Energy Services, LLC,	)	
a subsidiary of UGI Corporation,	)	**CPF No. 4-2025-007-NOPV**
Respondent.	)	

FINAL ORDER

On October 1, 2025, pursuant to 49 CFR § 190.207, the Director, Southwest Region, Office of Pipeline Safety (OPS), issued a Notice of Probable Violation (Notice) to UGI Energy Services,[1] LLC (Respondent). The Notice proposed finding that Respondent had violated the pipeline safety regulations in 49 CFR Part 193. The Notice also proposed certain measures to correct the violation. Respondent did not contest the allegation of violation or corrective measures but requested an informal consultation to discuss the terms of the proposed compliance order. Southwest Region and Respondent met virtually on November 18, 2025, via Microsoft Teams, to discuss the proposed compliance order in the Notice.

Based upon a review of all of the evidence, pursuant to § 190.213, I find Respondent violated the pipeline safety regulations listed below, as more fully described in the enclosed Notice, which is incorporated by reference:

> 49 CFR § 193.2503(g) **(Item 1)** ─ Respondent failed to follow its manual of written procedures to provide safety in normal operations during the cooldown of components, as required.

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

Compliance Actions

Pursuant to 49 U.S.C. § 60118(b) and 49 CFR § 190.217, Respondent is ordered to take the actions proposed in the enclosed Notice to correct the violation. The Director may grant an extension of time to comply with any of the required items upon a written request timely submitted by the Respondent and demonstrating good cause for an extension. Upon completion

[1] UGI Energy Services is a wholly-owned subsidiary of UGI Corporation.

of the ordered actions, Respondent may request that the Director close the case. Failure to comply with this Order may result in the assessment of civil penalties under 49 CFR § 190.223 or in referral to the Attorney General for appropriate relief in a district court of the United States.

The terms and conditions of this order are effective upon service in accordance with 49 CFR § 190.5.

_________________________________ _______________________

Linda Daugherty
Acting Associate Administrator
for Pipeline Safety

Date Issued

U.S. Department of Transportation

Pipeline and Hazardous Materials Safety Administration

8701 S. Gessner, Suite 630
Houston TX 77074

NOTICE OF PROBABLE VIOLATION AND PROPOSED COMPLIANCE ORDER

VIA ELECTRONIC MAIL TO: jhartz@ugies.com

October 1, 2025

Joseph Hartz
President
UGI Energy Services, LLC
835 Knitting Mills Way
Wyomissing, PA 19610

CPF 4-2025-007-NOPV

Dear Mr. Hartz:

From May 6 to May 8, 2024 of the on-site inspection, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected UGI Energy Services, LLC's[1] (UGI) Temple liquefied natural gas (LNG) facility in Reading, Pennsylvania.

As a result of the inspection, it is alleged that UGI has committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR). The items inspected and the probable violations are:

1. § 193.2503 Operating procedures

Each operator shall follow one or more manuals of written procedures to provide safety in normal operation and in responding to an abnormal operation that would affect safety. The procedures must include provisions for:

(a) . . . .

(g) Cooldown of components according to the requirements of § 193.2505.

[1] UGI is a wholly-owned subsidiary of UGI Corporation.

§ 193.2505 Cooldown.

(a) The cooldown of each system of components that is subjected to cryogenic temperatures must be limited to a rate and distribution pattern that keeps thermal stresses within design limits during the cooldown period, paying particular attention to the performance of expansion and contraction devices.

UGI failed to follow its manual of written procedures to provide safety in normal operation during cooldown of components in accordance with § 193.2503(g). Specifically, UGI failed to cool down the LNG Subcooler System at or below the specified maximum cooldown rate of 2.0°F/min for cooldowns on January 19, 2022, and October 19, 2023, in accordance with the requirements of § 193.2505(a) and section VII.B.2 of UGI's procedure, *LNG Subcooler System Manual* (Rev. 5; February 12, 2024). Additionally, the cooldowns performed were not conducted in accordance with the liquefaction subcooler manufacturer's manual, which called for restricting the cooldown rate of the liquefaction subcooler to a maximum of 1.8°F/min if there is a potential for the temperature difference between the inlet fluid and exchanger metal to exceed 50ºF.

On January 19, 2022, UGI averaged a 4.5°F/min cooldown rate, cooling the system from roughly 32°F at 10:25 AM to -260°F at 11:30 AM. During the first ten minutes of the cooldown operation, the cooldown rate was 10.7°F/min. On October 19, 2023, UGI averaged a 16°F/min cooldown rate for the first five minutes of the cooldown. In both cooldowns, UGI exceeded the specified maximum cooldown rate of 2.0°F/min found in UGI's procedures. Exceeding the maximum cooldown rate can damage safety-related components.

On December 2, 2024, UGI submitted revised procedures, *LNG Manual, Section 2.2.400,* (November 25, 2024), to include operator- and facility-specific procedures and to align with manufacturer recommendations for the LNG subcooler cooldown.

Therefore, UGI failed to follow its manual of written procedures to provide safety in normal operation during cooldown of components in accordance with § 193.2503(g).

<u>Proposed Civil Penalty</u>
Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed $272,926 per violation per day the violation persists, up to a maximum of $2,729,245 for a related series of violations. For violation occurring on or after December 28, 2023, and before December 30, 2024, the maximum penalty may not 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 $2,391,412 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.

We have reviewed the circumstances and supporting documents involved in this case and have decided not to propose a civil penalty assessment at this time.

<u>Proposed Compliance Order</u>
With respect to Item 1 pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to UGI Energy Services, LLC. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

<u>Response to this Notice</u>
Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Enforcement 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).

Following your receipt of this Notice, you have 30 days to respond as described in the enclosed *Response Options*. 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. If you are responding to this Notice, we propose that you submit your correspondence to my office within 30 days from receipt of this Notice. The Region Director may extend the period for responding upon a written request timely submitted demonstrating good cause for an extension.

In your correspondence on this matter, please refer to **CPF 4-2025-007-NOPV** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

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

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

cc: Jeremy D. Kuhn, Manager Pipeline Engineering & Compliance, UGI Energy Services, LLC, jkuhn@ugies.com
Megan Comstock, Compliance Engineer, UGI Energy Services, LLC, mcomstock@ugies.com
Andrew Kohout, Director, Division of LNG Facility Reviews and Inspections Office of Energy Projects, Federal Energy Regulatory Commission Andrew.Kohout@ferc.gov

PROPOSED COMPLIANCE ORDER

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to UGI Energy Services, LLC, a Compliance Order incorporating the following remedial requirements to ensure the compliance of UGI Energy Services with the pipeline safety regulations:

A. In regard to Item 1 of the Notice pertaining to UGI's failure to follow its manual of written procedures to provide safety in normal operation during cooldown of components in accordance with § 193.2503(g), UGI must conduct an evaluation to determine if exceeding the maximum cooldown rate damaged any components subject to cryogenic temperatures, including whether any design thermal stress limits were exceeded. The evaluation must be completed by the liquefaction subcooler manufacturer (or a qualified third-party firm approved by the Director, Southwest Region, PHMSA). The evaluation, or request to approve the use of a qualified third-party firm, must be submitted to the Director, Southwest Region, within **90** days of receipt of the Final Order (or within **90** days of approval to use a qualified third-party firm).

   i. If the subcooler is found to have been materially damaged, UGI must prepare and submit a plan to repair the components. If thermal stresses were determined to have exceeded design limits, UGI must prepare and submit a mitigation plan to ensure that the subcooler will not experience thermal overstress failure in the future. Submit each plan, if applicable, within **270** days of receipt of the Final Order (or within **270** days of approval to use a qualified third-party firm). UGI must submit all records related to the repair work, including Work Orders, photography documenting repair work completion, to the Director, Southwest Region Director within **30** days of the completion of repair work.

B. UGI must provide monthly progress reports on the above corrective actions related to Item 1 to the Director, Southwest Region. The monthly progress reports must include but are not limited to: progress made during the timeframe covered by that monthly report, progress anticipated in the timeframe of the next monthly report, any ongoing or anticipated delays and the justification for those delays. The first monthly progress report is due to the Director, Southwest Region, within **30** days after receipt of the Final Order.

C. It is requested (not mandated) that UGI Energy Services, LLC, maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Bryan Lethcoe, Director, Southwest Region, Office of Pipeline Safety, 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.