



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

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NOTICE OF AMENDMENT

VIA ELECTRONIC MAIL TO: jhouseholder@chpk.com

February 12, 2026

Jeffrey M. Householder
President and Central Executive Officer
Chesapeake Utilities Corporation
500 Energy Lane
Dover, Delaware 19901

CPF 4-2026-022-NOA

Dear Mr. Householder:

From May 5, 2025 to May 8, 2025 of the on-site inspection, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected Florida City Gas' (FCG) procedures for its Miami Dade LNG facility in Homestead Florida.

As a result of the inspection, PHMSA has identified apparent inadequacies found within FCG's plans or procedures. The items inspected and the inadequacies alleged are described below:

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)

(c) Recognizing abnormal operating conditions.

FCG's manuals of written procedures for operations were inadequate to ensure the safe operation of a liquefied natural gas (LNG) facility in accordance with § 193.2503(c). Specifically, FCG's operating procedures failed to include adequate provisions for recognizing abnormal operating conditions.

FCG's procedures, including *Operating Manual, Miami-Dade LNG Storage Facility, B&V Project No. 410546, LNG Trailer Unloading with Pressure, MD-1000-O03*, (rev. 2, 4/2025), and the *Cause and Effect Diagrams, 410546-000-P3001*, p. 1-4, (rev. 1, 10/27/2022), fail to provide operators with facility-specific instructions for recognizing abnormal operating conditions.

Therefore, PHMSA proposes that FCG must revise its operating procedures to include facility-specific instructions for recognizing abnormal operating conditions.

2. § 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.

FCG's manuals of written procedures for operations were inadequate to ensure the safe operation of an LNG facility in accordance with § 193.2503(g). Specifically, FCG's cooldown procedures failed to provide adequate instructions for cooling down components in accordance with the requirements of § 193.2505.

FCG's procedures, including *Tank Cooldown Procedure: Florida City Gas, HS-90000SS-50* (01/05/2023) and *Florida City Gas LNG Facility Storage Tanks - User Manual* (rev. A, 05/07/2019), fail to provide operator- and facility-specific instructions for cooldown which limit the cooldown of components that are subject to cryogenic conditions to a rate and distribution pattern that keeps thermal stresses within design limits, and fail to require that cryogenic piping systems be checked for leaks in the areas of flanges, valves, and seals after cooldown stabilization is reached.

Therefore, PHMSA proposes that FCG must revise its procedures to include operator and facility specific instructions for the cooldown of components in accordance with the requirements of § 193.2505.

3. § 193.2605 Maintenance procedures.

(a)

(c) Each operator shall include in the manual required by paragraph (b) of this section instructions enabling personnel who perform operation and maintenance activities to recognize conditions that potentially may be safety-related conditions that are subject to the reporting requirements of § 191.23 of this subchapter.

FCG's manuals of written procedures for maintenance were inadequate to ensure the safe operation of an LNG facility in accordance with § 193.2605(c). Specifically, FCG's procedures failed to provide facility-specific instructions that enable personnel performing operation and maintenance activities, including periodic inspections or tests, to recognize conditions that may constitute safety-related conditions (SRCs) subject to the reporting requirements of § 191.23.

During the on-site inspection, FCG failed to produce maintenance procedures fulfilling the requirements of § 193.2605(c). On September 25, 2025, in response to a request for information issued by Southwest Region in accordance with § 190.203(c), FCG stated that it would revise its Emergency Response Plan for the Miami-Dade LNG Storage Facility to include steps to recognize and report safety-related conditions.

Therefore, PHMSA proposes that FCG must revise its maintenance procedures to provide facility specific written instructions which enable personnel who perform operation and maintenance activities to recognize conditions that potentially may be safety-related conditions (SRCs) that are subject to the reporting requirements of § 191.23, including when those personnel are performing periodic inspections or tests.

4. § 193.2605 Maintenance procedures.

(a) Each operator shall determine and perform, consistent with generally accepted engineering practice, the periodic inspections or tests needed to meet the applicable requirements of this subpart and to verify that components meet the maintenance standards prescribed by this subpart.

(b) Each operator shall follow one or more manuals of written procedures for the maintenance of each component, including any required corrosion control. The procedures must include:

(1) The details of the inspections or tests determined under paragraph (a) of this section and their frequency of performance; and

FCG's manuals of written procedures for maintenance were inadequate to ensure the safe operation of an LNG facility in accordance with § 193.2605(b)(1). Specifically, FCG's written procedures failed to ensure that maintenance activities on fire control equipment are scheduled so that a minimum of equipment is taken out of service at any one time and is returned to service in a reasonable period of time in accordance with § 193.2611(a).

FCG's procedure *Operating Manual, Miami-Dade LNG Storage Facility, B&V Project No. 410546* failed to require scheduling maintenance of fire control equipment that minimizes the amount of time that the equipment is taken out of service and ensures the equipment is returned to service in a reasonable amount of time.

Therefore, PHMSA proposes that FCG must revise its procedures to provide operator and facility specific written instructions, consistent with generally accepted engineering practice, specifying processes for scheduling maintenance of fire control equipment that minimizes the amount of time that the equipment is taken out of service and ensures the equipment is returned to service in a reasonable period of time.

5. § 193.2605 Maintenance procedures.

(a) Each operator shall determine and perform, consistent with generally accepted engineering practice, the periodic inspections or tests needed to meet the applicable requirements of this subpart and to verify that components meet the maintenance standards prescribed by this subpart.

(b) Each operator shall follow one or more manuals of written procedures for the maintenance of each component, including any required corrosion control. The procedures must include:

(1)

(2) A description of other actions necessary to maintain the LNG plant according to the requirements of this subpart.

FCG's manuals of written procedures for maintenance were inadequate to ensure the safe operation of an LNG facility in accordance with § 193.2605(b)(2). Specifically, FCG's procedures failed to provide instructions for the use of positive isolation methods beyond isolation valves to ensure the work area is free of flammable fluids when a component or maintenance activity provides an ignition source in accordance with § 193.2615(b).

FCG's procedure *GP-05: Isolation and Purging* (rev. 1, 04/2025) fails to provide for techniques in addition to isolation to ensure that a work area is free of flammable fluids when a component or maintenance activity provides an ignition source.

Therefore, PHMSA proposes that FCG must revise its procedures to provide operator- and facility-specific written instructions consistent with generally accepted engineering practice processes which are in accordance with § 193.2615(b).

6. § 193.2605 Maintenance procedures.

(a) Each operator shall determine and perform, consistent with generally accepted engineering practice, the periodic inspections or tests needed to meet the applicable requirements of this subpart and to verify that components meet the maintenance standards prescribed by this subpart.

(b) Each operator shall follow one or more manuals of written procedures for the maintenance of each component, including any required corrosion control. The procedures must include:

(1) The details of the inspections or tests determined under paragraph (a) of this section and their frequency of performance; and

FCG's manuals of written procedures for maintenance were inadequate to ensure the safe operation of an LNG facility in accordance with § 193.2605(b)(1). Specifically, FCG's written procedures failed to ensure that the maintenance and inspection of its control systems is performed in accordance with § 193.2619.

FCG's procedure *Operating Manual, Miami-Dade LNG Storage Facility, B&V Project No. 410546*, Sections 8.17 through 8.21, specified the use of device manufacturer's maintenance procedures for scheduling and performing maintenance on components, including control systems. FCG's procedure failed to include multiple required details of inspections or tests on control systems for FCG's facility specifically. First, FCG's procedures failed to require control system components which are out of service for 30 days or more be inspected and tested for operational capability before returning it to service in accordance with § 193.2619(b). Second, FCG's procedures failed to identify or categorize control systems by function for the purposes of applying the differing inspection and testing intervals in accordance with § 193.2619(c), § 193.2619(c)(1), § 193.2619(c)(2), and § 193.2619(d) as applicable, nor do the procedures implement those intervals. Third, FCG's procedures failed to require that relief valve inspection and testing include the verification of the valve seat lifting pressure and reseating in accordance with § 193.2619(e).

Therefore, PHMSA proposes that FCG must revise its procedures to ensure that the maintenance and inspection of its control systems is performed in accordance with § 193.2619.

7. § 193.2605 Maintenance procedures.

(a) Each operator shall determine and perform, consistent with generally accepted engineering practice, the periodic inspections or tests needed to meet the applicable requirements of this subpart and to verify that components meet the maintenance standards prescribed by this subpart.

(b) Each operator shall follow one or more manuals of written procedures for the maintenance of each component, including any required corrosion control. The procedures must include:

(1) The details of the inspections or tests determined under paragraph (a) of this section and their frequency of performance; and

(2) A description of other actions necessary to maintain the LNG plant according to the requirements of this subpart.

FCG's manuals of written procedures for maintenance were inadequate to ensure the safe operation of an LNG facility in accordance with § 193.2605(b)(1) and (2). Specifically, FCG's procedures fail to provide operator- and facility-specific written instructions, consistent with generally accepted engineering practice, which ensure that FCG's corrosion control program is performed in accordance with § 193.2625, §193.2627, §193.2631, and § 193.2637.

FCG's *Annual Atmospheric Corrosion Monitoring Procedure, MD-9200-M01 (Rev A; April 2025)* failed to provide adequate instructions in several areas. First, the procedure failed to provide for the identification of metallic components which could have their integrity or reliability adversely affected by external, internal, or atmospheric corrosion during their intended service life, and failed to provide that such components be protected from corrosion or inspected and replaced in accordance with § 193.2625. Second, the procedure failed to require that components subject to atmospheric corrosive attack be protected with corrosion-resistant material or appropriate coating or jacketing in accordance with §193.2627. Third, the procedure failed to require that components subject to internal corrosive attack be protected with corrosion-resistant material or appropriate

coating, inhibitor, or other means in accordance with §193.2631. Fourth, the procedure failed to provide specific instructions for prompt remedial action whenever an inspection or other method discovers that atmospheric, external, or internal corrosion is not controlled, in accordance with § 193.2637.

Therefore, PHMSA proposes that FCG must revise its procedures to provide operator- and facility-specific written instructions, consistent with generally accepted engineering practice, which ensure that FCG's corrosion control program is performed in accordance with § 193.2625, §193.2627, §193.2631, and § 193.2637.

8. § 193.2713 Training: operations and maintenance.

(a) Each operator shall provide and implement a written plan of initial training to instruct—

(1) All permanent maintenance, operating, and supervisory personnel—

(i) About the characteristics and hazards of LNG and other flammable fluids used or handled at the facility, including, with regard to LNG, low temperatures, flammability of mixtures with air, odorless vapor, boiloff characteristics, and reaction to water and water spray;

(ii) About the potential hazards involved in operating and maintenance activities; and

(iii) To carry out aspects of the operating and maintenance procedures under §§ 193.2503 and 193.2605 that relate to their assigned functions; and

(2) All personnel—

(i) To carry out the emergency procedures under § 193.2509 that relate to their assigned functions; and

(ii) To give first-aid; and

(3)

(b) A written plan of continuing instruction must be conducted at intervals of not more than two years to keep all personnel current on the knowledge and skills they gained in the program of initial instruction.

§ 193.2715 Training: security.

(a) Personnel responsible for security at an LNG plant must be trained in accordance with a written plan of initial instruction to:

(1)

(b) A written plan of continuing instruction must be conducted at intervals of not more than two years to keep all personnel having security duties current on the knowledge and skills they gained in the program of initial instruction.

§ 193.2717 Training: fire protection.

(a) All personnel involved in maintenance and operations of an LNG plant, including their immediate supervisors, must be trained according to a written plan of initial instruction, including plant fire drills, to:

(1)

(b) A written plan of continuing instruction, including plant fire drills, must be conducted at intervals of not more than two years to keep personnel current on the knowledge and skills they gained in the instruction under paragraph (a) of the section.

FCG's manuals of written procedures for training were inadequate to ensure the safe operation of an LNG facility in accordance with § 193.2713, § 193.2715, and § 193.2717(a) and (b). Specifically, FCG's training procedures failed to provide specific instructions for the implementation of a training program in accordance with the applicable requirements of § 193.2707, § 193.2709, § 193.2711, § 193.2713, § 193.2715, and § 193.2717.

Regarding Section 1, General Orientation, the training modules including *SIM1 Introduction*, *SIM2 LNG Fundamentals*, *SIM3 Codes and Standards*, *SIM4 Safety Basics*, *SIM5 LNG Hazards*, and *SIM6 Safety Equipment and Procedures*, failed to include all topics required by § 193.2713(a)(1)(i), such as LNG vapor flammability limits, LNG boil off characteristics, odorless vapor, and LNG reaction to water and water spray. In addition, *SIM3 Codes and Standards* consisted primarily of paraphrased recitations of incorporated-by-reference industry standards without further explanation or instruction. As such, it does not provide sufficient operator- or facility-specific instruction or training to meaningfully train facility personnel.

Regarding Section 2, Site Safety, FCG was unable to locate for PHMSA's review any of the training modules identified in *SIM1 Introduction* as belonging to this section, either on-site or otherwise. The topics assigned to Section 2 Site Safety include: Scope Safety; Hazards & Physical Properties; Lock and Tag Procedure; Work Permit System; Fire Watch Requirements; Environmental; LNG Physical Health Plan; Protective Clothing (PPE); Cool Down Program; Plant Emergency Plan; Codes, Standards, and Regulations; Reporting Unsafe Conditions; Abnormal Operating Conditions; First Aid; Confined Space Entry; Logbook Entry; General Policies; and Fall Protection & Ladder Usage. Without these materials, FCG's training program fails to ensure the safe operation of an LNG facility in accordance with § 193.2711, § 193.2713(a)(1)(ii), 193.2713(a)(2)(i), and § 193.2713(a)(2)(ii).

Regarding Section 3, Operations, and Section 4, Maintenance, many training modules lacked any form of written or practical assessment that could constitute a proficiency test relevant to the assigned material. Without meaningful proficiency testing, FCG's procedures are unable to ensure the safe operation of an LNG facility in accordance with § 193.2707(a)(3). The modules lacking assessments include: *S3M4 Truck Station System* (rev. 0), *S3M5 LNG Sendout Pump* (rev. 0), *S3M6 Vaporization System* (rev. 0), *S3M7 Instrument Air/Gas System* (rev. 0), *S3M8 Nitrogen System* (rev. 0), *S3M9 Fuel Gas System* (rev. 0), *S4M2 Maintenance Procedures* (rev. 0), *S4M3 Isolating and Purging* (rev. 0), *S4M4 Foreign Material* (rev. 0), *S4M5 Corrosion Protection* (rev.

0), *S4M6 Relief Valves Program* (rev. 0), *S4M7 Maintenance Records* (rev. 0), and *S4M8 Control Systems* (rev. 0).

Regarding Section 5, Emergency Procedures, FCG's training modules failed to require ongoing training on a biennial basis in accordance with 193.2717(b). In addition, the training materials failed to provide for plant fire drills that give personnel hands-on experience in carrying out their emergency duties in accordance with § 193.2717(c). FCG was also unable to locate two modules: *S5M4 Responding to an Emergency* and *S5M5 Recognizing an Emergency*. Without the emergency response training contained in the modules, FCG's procedures are unable to ensure the safe operation of an LNG facility in accordance with § 193.2713(a)(2)(i).

Regarding Section 6, Fire Protection, and Section 8, Operations: Emergency and Fire Equipment, many training modules lacked any form of written or practical assessment that could constitute a proficiency test relevant to the assigned material. Without meaningful proficiency testing, FCG's procedures are unable to ensure the safe operation of an LNG facility in accordance with § 193.2707(a)(3). The modules lacking assessments include *S6M2 Fire Prevention Duties* (rev. 0) and *S6M3 Plant Fire and Leak Survey* (rev. 0).

Regarding the training module in Section 7, Security, *S7M1 Security Procedures* (rev. 0), FCG's procedure primarily refers to and relies upon corporate security policies from FCG's previous corporate owner. FCG was unable to locate these referenced policies. Without such security training, FCG's procedures are unable to ensure the safe operation of an LNG facility in accordance with § 193.2715.

Based on the foregoing, PHMSA proposes that FCG revise its training procedures to provide specific instructions for the implementation of a training program in accordance with the applicable requirements of § 193.2707, § 193.2709, § 193.2711, § 193.2713, § 193.2715, and § 193.2717.

Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 CFR § 190.206. 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. 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).

Following the receipt of this Notice, you have 30 days to submit written comments, revised procedures, or a request for a hearing under § 190.211. 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 an Order Directing Amendment. If your plans or procedures are found inadequate as alleged in this Notice, you may be ordered to amend your plans or procedures to correct the inadequacies (49 CFR § 190.206). If you are not contesting this Notice, we propose that you submit your amended procedures to my office within **60** days of receipt of this Notice. This period may be extended by written request for good cause. Once the inadequacies identified herein have been addressed in your amended procedures, this enforcement action will be closed.

It is requested (not mandated) that FCG maintain documentation of the safety improvement costs associated with fulfilling this Notice of Amendment (preparation/revision of plans, procedures) and submit the total to Bryan Lethcoe, Director, Southwest Region, Pipeline and Hazardous Materials Safety Administration. In correspondence concerning this matter, please refer to **CPF 4-2026-022-NOA** 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

Enclosure: *Response Options for Pipeline Operators in Enforcement Proceedings*

cc: Michael McCarty, Director, Operations Compliance, mmccarty@chpk.com