BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF DELAWARE

IN THE MATTER OF THE NOTICE OF POTENTIAL VIOLATION OF 26 *DEL. ADMIN. C.* §8001 AND ASSOCIATED CIVIL PENALTIES ASSESSED TO COOLIDGE ADMIRALS CLUB, LLC (OPENED AUGUST 8, 2013)	))))))	PSC DOCKET NO. 390-13

ORDER NO. 8486

AND NOW, this 17th day of December, 2013, the Delaware Public Service Commission ("Commission") determines and orders the following:

WHEREAS, the Commission has qualified for federal certification to operate a state pipeline safety compliance program pursuant to 49 U.S.C. §60105(a) and has the authority pursuant to 26 *Del. C.* §821 to make and enforce rules required by the federal National Gas Pipeline Safety Act of 1968, as amended (49 U.S.C. Chapter 601); and

WHEREAS, the Commission is authorized by the Federal Pipeline Safety Regulations, 49 C.F.R., Parts 190-193 and 198-199, to order remedial actions and impose civil penalties where appropriate; and

WHEREAS, Coolidge Admirals Club, LLC ("CAC") is an "Operator" as set forth in 26 *Del. Admin. C.* §8001-1.0 and 26 *Del. C.* §802(11) in that CAC acts as an operator of a buried pipeline facility used in the transportation of natural gas within the State of Delaware and therefore falls within the Commission's intrastate gas pipeline transportation jurisdiction; and

WHEREAS, a member of the Commission's staff ("Staff") performed a standard inspection of CAC's distribution pipelines located at Hunters Crossing Apartments, 41 Fairway Road, Unit 2C, Newark, Delaware 19711, and noted his findings in a written report dated May 9, 2013 (the

"Report"), which findings included failure to timely exercise one key/critical sectionalizing, failure to timely test the cathodic protection system and failure to follow their own procedural manuals; and

WHEREAS, CAC's failure to timely exercise one key/critical sectionalizing valve represents one violation of 49 C.F.R. §192.747(a);[1] and

WHEREAS, CAC's failure to timely test the cathodic protection system represents one violation of 49 C.F.R. §192.465(a);[2] and

WHEREAS, CAC's failure to follow their own procedural manuals represents one violation of 49 C.F.R. §192.605(a);[3] and

WHEREAS, based on the findings in the Report, the Program Manager of the Pipeline Safety Program for the State of Delaware (the "Program Manager") sent a written letter of the Notice of Potential Violations ("NOPV") to CAC on August 8, 2013, along with a copy of the Report. Copies of the NOPV and Report are attached to the Proposed Consent Agreement (defined below); and

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[1] 49 C.F.R. §192.747(a) "Valve maintenance: Distribution systems," requires that "[e]ach valve, the use of which may be necessary for the safe operation of a distribution system, must be checked and serviced at intervals not exceeding 15 months, but at least once each calendar year."

[2] 49 C.F.R. §192.465(a) "External corrosion control: Monitoring" requires that "[e]ach 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 . . . ."

[3] 49 C.F.R. §192.605(a) "Procedural manual for operations, maintenance, and emergencies" states generally that "[e]ach operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response. For transmission lines, the manual must also include procedures for handling abnormal operations. This manual must be reviewed and updated by the operator at intervals not exceeding15 months, but at least once each calendar year. This manual must be prepared before operations of a pipeline system commence. Appropriate parts of the manual must be kept at locations where operations and maintenance activities are conducted."

WHEREAS, the NOPV recommended that CAC take certain remedial action and pay civil penalties totaling $800.00 consisting of $300.00 for one violation of 49 C.F.R. §192.747(a), $300.00 for one violation of 49 C.F.R. §192.465(a) and $200 for one violation of 49 C.F.R. §192.605(a) (the "Civil Penalties"); and

WHEREAS, pursuant to 26 *Del. Admin. C.* §8001-7.1.3, the Program Manager requested that within 30 days of the date of the NOPV, CAC exercise the valve, test the cathodic protection system and provide Staff with documentation of these actions. Further, any repairs found necessary from this testing were to be made immediately. CAC has not yet completed the repairs to the cathodic protection system as stipulated in the Consent Agreement. However, the Program Manager recognizes that CAC is in the process of making those repairs and, therefore, recommends that the Commission extend the deadline for CAC's compliance of this directive to on or before January 17, 2014; provided, however, that if CAC does not fully comply on or before January 17, 2014, the Civil Penalties will be increased pursuant to Paragraph 7.b of the Consent Agreement without further order of the Commission; and

WHEREAS, CAC and Staff entered into settlement negotiations and agreed to resolve the potential violations and pay the Civil Penalties by entering into a consent agreement (the "Proposed Consent Agreement") which is attached hereto as **Exhibit "A"**. Both Staff and CAC agree that the Proposed Consent Agreement is subject to the Commission's review and final approval; and

WHEREAS, CAC has agreed that no portion of the Civil Penalties will be included in any way in any pending or future Delaware rate case or passed on in any way to Delaware ratepayers; and

WHEREAS, Staff and CAC submit that resolving this matter through a negotiated compromise and without the need for a formal evidentiary hearing serves the public interest and yields a reasonable result. In addition, both parties assert that the Civil Penalties are within the bounds of allowable civil penalty amounts based on circumstances unique to CAC and this settlement will avoid further administrative and hearing costs;

NOW, THEREFORE, IT IS ORDERED BY THE AFFIRMATIVE VOTE OF NOT FEWER THAN THREE COMMISSIONERS:

1. Pursuant to 26 *Del.* C. §512(c), the Commission finds that the Proposed Consent Agreement is in the public interest for the reasons set forth above and, therefore, approves such agreement in full.

2. Pursuant to 26 *Del. Admin. C.* §8001-7.1.2, 49 U.S.C. 60122(a), and subpart B of Part 190 of the Federal Regulations, the Commission assesses a civil penalty against CAC in the amount of $800.00 payable within 20 days of the date of this Order.

3. CAC is hereby placed on notice that the costs of the proceedings will be charged to it under the provisions of 26 *Del. C.* §114(b) (1).

4. The Commission reserves the jurisdiction and authority to enter such further Orders in this matter as may be deemed necessary or proper.

BY ORDER OF THE COMMISSION:

_____
Chair

_____
Commissioner

_____
Commissioner

_____
Commissioner

_____
Commissioner

ATTEST:

_____
Secretary

EXHIBIT "A"

Proposed Consent Agreement

E X H I B I T "A"

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF DELAWARE

IN THE MATTER OF THE NOTICE OF POTENTIAL VIOLATION OF 26 *DEL. ADMIN. C.* §8001 AND ASSOCIATED CIVIL PENALTIES ASSESSED TO COOLIDGE ADMIRALS CLUB, LLC (OPENED AUGUST 8, 2013)	))))))	PSC DOCKET NO. 390-13

PROPOSED CONSENT AGREEMENT

THIS PROPOSED CONSENT AGREEMENT is made this 8th day of November, 2013, between Coolidge Admirals Club, LLC ("CAC") and the Delaware Public Service Commission Staff ("Staff").

WHEREAS, CAC is a Delaware limited liability company doing business at Hunters Crossing Apartments, 41 Fairway Road, Unit 2C, Newark, Delaware 19711; and

WHEREAS, CAC is an "Operator" as set forth in 26 *Del. Admin. C.* §8001-1.0[1] and 26 *Del. C.* §802(11)[2] in that such company acts as an operator of a buried pipeline facility used in the transportation of gas, such as propane and natural gas, within the State of Delaware; and

WHEREAS, the Delaware Public Service Commission (the "Commission") has qualified for federal certification of a state pipeline safety compliance program under 49 U.S.C. §60105(a), which relates to the regulation of intrastate gas pipeline transportation; and

WHEREAS, 26 *Del. C.* §821 provides, in pertinent part, that the Commission "shall have the authority to make and enforce rules required by the federal Natural Gas Pipeline Safety Act of 1968, as amended (49 U.S.C. Chapter 601), to qualify for federal certification of a state pipeline safety compliance program under 49 U.S.C. § 60105(a)….;"[3] and

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[1] Under 26 *Del. Admin. C.* §8001-1.0, an "Operator" means an "underground pipeline facility operator" as defined in 26 *Del. C.* §802(11).

[2] 26 *Del. C.* §802(11) defines an "underground pipeline facility operator" as an operator of a buried pipeline facility used in the transportation of gas, such as propane and natural gas, subject to the Natural Gas Pipeline Safety Act of 1968 (49 U.S.C. §1671 et seq.) [repealed by Act July 5, 1994, P.L. 103-272], or used in the transportation of hazardous liquid subject to the Hazardous Liquid Pipeline Safety Act of 1979 (49 U.S.C. § 2001 et seq.) [repealed by Act July 5, 1994, P.L. 103-272]; underground pipeline facility operators include, without limitation, natural gas, propane gas, master meter, LP gas and interstate and intrastate gas and liquid distribution facility operators as defined by these acts. **NOTE:** P.L. 103-272 amended and transferred to a new section of the U.S. Code the "Natural Gas Pipeline Safety Act of 1968" and the "Hazardous Liquid Pipeline Safety Act of 1979." See P.L. 103-272; 108 Stat. 745; 49 U.S.C. §§60101 through 60128.

[3] 26 *Del. C.* §821 further provides, in pertinent part, that such rules shall incorporate the safety standards and penalty provisions (including injunctive and monetary sanctions) established under the federal Natural Gas Pipeline Safety Act of 1968, as amended [49 U.S.C. § 60101 et seq.], that are applicable to intrastate gas pipeline transportation and will apply to underground pipeline facility operators, as defined under 26 *Del. C.* §802(11).

WHEREAS, as part of its duties as a certified state pipeline safety compliance program, on May 9, 2013, Mr. Robert Schaefgen, a member of Staff, performed a standard inspection of CAC located at Hunters Crossing Apartments in Newark, DE 19711; and

WHEREAS, Mr. Schaefgen prepared a written report which summarized his findings and which noted the following: "The records of the maintenance/exercising of the key/critical sectionalizing valves of the distribution system of Hunters Crossing Apartments indicated that this last occurred on January 3, 2012. In addition, records indicated that the cathodic protection system monitoring had not been completed since January 4, 2012. This was pointed out at the inspection, and there was no action taken to correct the situation until approximately one month later. It was noted there is only one (1) key/critical sectionalizing valve for this distribution system;" and

WHEREAS, CAC's failure to timely exercise one key/critical sectionalizing valve represents one violation of 49 C.F.R. §192.747(a);[4] and

WHEREAS, CAC's failure to timely test the cathodic protection system represents one violation of 49 C.F.R. §192.465(a);[5] and

WHEREAS, CAC's failure to follow their own procedural manuals represents one violation of 49 C.F.R. §192.605(a);[6] and

WHEREAS, based on Mr. Schaefgen's written report and findings dated May 9, 2013, Mr. Gerald D. Platt, Program Manager of the Pipeline Safety Program for the State of Delaware, sent a written letter of the Notice of Potential Violations ("NOPV") to CAC on August 8, 2013. A copy of the NOPV is attached as **Exhibit "A"**; and

WHEREAS, among other things, the NOPV states that the Commission is authorized by the Federal Pipeline Safety Regulations, 49 C.F.R., Parts 190-193 and 198-199 (the "Regulations") to order remedial actions and to impose civil penalties. The NOPV further states that Staff recommended the following remedial action and civil penalties:

a. Within thirty (30) days of the date of the NOPV, CAC should exercise the valve and provide Staff with documentation of the action taken; and

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[4] 49 C.F.R. §192.747(a) "Valve maintenance: Distribution systems," requires that "[e]ach valve, the use of which may be necessary for the safe operation of a distribution system, must be checked and serviced at intervals not exceeding 15 months, but at least once each calendar year."

[5] 49 C.F.R. §192.465(a) "External corrosion control: Monitoring" requires that "[e]ach 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 . . . ."

[6] 49 C.F.R. §192.605(a) "Procedural manual for operations, maintenance, and emergencies" states generally that "[e]ach operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response. For transmission lines, the manual must also include procedures for handling abnormal operations. This manual must be reviewed and updated by the operator at intervals not exceeding15 months, but at least once each calendar year. This manual must be prepared before operations of a pipeline system commence. Appropriate parts of the manual must be kept at locations where operations and maintenance activities are conducted."

b. Within thirty (30) days of the date of the NOPV, CAC should test its cathodic protection system, immediately make any necessary repairs and provide the results to Staff; and

c. Civil penalties in the amount of $300.00 for one violation of 49 C.F.R. §192.747(a), $300.00 for one violation of 49 C.F.R. §192.465(a) and $200 for one violation of 49 C.F.R. §192.605(a). Thus, the total amount of recommended civil penalties made by Staff is $800.00; and

WHEREAS, on August 29, 2013, CAC responded by email to the NOPV by sending Staff an inspection report dated August 29, 2013 prepared by Henkels & McKoy (the "Report") that, among other things, as of August 14, 2013, it had the one critical valve identified by the NOPV exercised; and

WHEREAS, the Report also identified nine locations with insufficient structure-to-soil potentials; and

WHEREAS, CAC and Staff entered into settlement negotiations and hereby proposed to resolve all of issues in this proceeding without recourse to a formal administrative hearing by entering into this Proposed Consent Agreement under the terms and conditions set forth herein; and

WHEREAS, Staff informed CAC that it is entitled to an administrative hearing and to be represented by counsel. CAC's decision to waive a hearing is a free and voluntary act made by CAC;

NOW, THEREFORE, upon the mutual consent and agreement of CAC and Staff (individually, a "Party," and collectively, the "Parties"), the Parties hereby propose a complete settlement of all issues in this proceeding as follows:

1. The Parties have conferred and agree to enter into this Proposed Consent Agreement on the terms and conditions contained herein because they believe that resolving the matter by stipulation will serve the interests of the public. The Parties also agree that the terms and conditions of this Proposed Consent Agreement will be presented to the Commission for the Commission's final approval.

2. CAC waives its right to an administrative evidentiary hearing for this proceeding.

3. CAC states that it fully understands all of the past and current violations alleged by Staff and all of the consequences of its consent to this Proposed Consent Agreement.

4. CAC admits to all of the facts relating to the above-referenced past and current violations.

5. Pursuant to 26 *Del. Admin. C.* §8001-7.1.2, CAC agrees to pay the Commission a civil penalty in the amount of $800.00 (the "Civil Penalty") within 20 days of the date of a final Commission order that approves this Proposed Consent Agreement. This sum is the total of a civil penalty in the amount of $300.00 for one violation of 49 C.F.R. §192.747(a), $300.00 for the one violation of 49 C.F.R. §192.465(a) and $200.00 for one violation of 49 C.F.R. §192.605(a). Pursuant to 26 *Del. C.* §116(b)(2), the Civil Penalty will be payable to and deposited into the General Fund of the State of Delaware.

6. If CAC fails to timely pay the Civil Penalty, CAC agrees that it shall pay interest at the current annual rate in accordance with 31 U.S.C. §3717, 31 C.F.R. §901.9, and 49 C.F.R. §89.23. Pursuant to those same authorities, a late penalty charge of six percent (6%) per annum will be assessed if payment is not made within 110 days of service of a Notice of Late Payment. Furthermore, CAC understands that failure to pay the Civil Penalty may result in referral of the matter to the Delaware Attorney General for appropriate action.

7. Pursuant to 26 *Del. Admin. C.* §8001-7.1.3, Staff directed that within 30 days of the date of the NOPV, CAC exercise the one key valve and address the nine locations with insufficient structure-to-soil potentials. Staff further directed CAC to provide Staff with documentation of the actions taken.

a) The Report states that the key valve was exercised on August 14, 2013;

b) To date, CAC has not provided Staff with documentation of the resolution of the nine locations with insufficient structure-to-soil potentials. Staff directs CAC to address the nine locations with insufficient structure-to-soil potentials within 20 days of the date of this Proposed Consent Agreement. If CAC fails to timely comply, CAC shall be in violation of 49 C.F.R. §192.463(a) and shall be assessed an additional civil penalty of $100.00 per day plus interest (as detailed in #6 above) per test location for each day beyond the 20-day limit in which the cathodic protection of the pipeline is inadequate.

8. This Proposed Consent Agreement is the free and voluntary act of CAC and its terms are binding upon CAC and may be admitted into evidence in any judicial or administrative proceeding against CAC in order to enforce its terms.

9. This finding of violations will be considered a prior offense in any subsequent enforcement action against CAC.

10. Nothing in this Proposed Consent Agreement affects or relieves CAC of its responsibility to comply with all applicable requirements of the federal Pipeline Safety Laws, 49 U.S.C. §60101, et seq., and the regulations and administrative orders issued thereunder. Nothing in this Agreement alters Staff's right of access, entry, inspection, and information gathering or Staff's authority to bring enforcement actions against CAC pursuant to the federal Pipeline Safety Laws, the regulations and administrative orders issued thereunder, Delaware's law or regulations, or any other provision of Federal or State law.

11. No change, amendment, or modification to this Proposed Consent Agreement shall be effective or binding unless it is in writing and is dated and signed by the Parties.

12. If Staff or the Commission fails to act on any one or more defaults by CAC, such failure to act shall not be a waiver of any rights hereunder on the part of the Staff or the Commission to declare CAC in default and to take such action as may be permitted by this Proposed Consent Agreement or by law.

13. This agreement shall survive CAC and be enforceable against its successors or assigns.

14. The provisions of this Proposed Consent Agreement are not severable.

15. The Parties agree that this Proposed Consent Agreement may be submitted to the Commission for its consideration and final decision and that no Party will oppose such a determination. Except as expressly set forth herein, neither of the Parties waives any rights it may have to take any position in future proceedings regarding the issues in this proceeding, including positions contrary to positions taken herein or in previous cases.

16. This Proposed Consent Agreement will become effective upon the Commission's issuance of a final order approving it and all of its terms and conditions without modification. After the issuance of such final order, the terms of this Proposed Consent Agreement shall be implemented and enforceable notwithstanding the pendency of any legal challenge to the Commission's approval of this Proposed Consent Agreement or to actions taken by another regulatory agency or Court, unless such implementation and enforcement is stayed or enjoined by the Commission, another regulatory agency, or a Court having jurisdiction over the matter.

17. The Parties may enforce this Proposed Consent Agreement through any appropriate action before the Commission or through any other available remedy. Any final Commission order related to the enforcement or interpretation of this Proposed Consent Agreement shall be appealable to the Superior Court of the State of Delaware, in addition to any other available remedy at law or in equity.

18. If a Court grants a legal challenge to the Commission's approval of this Proposed Consent Agreement and issues a final non-appealable order that prevents or precludes implementation of any material term of this Proposed Consent Agreement, or if some other legal bar has the same effect, then this Proposed Consent Agreement is voidable upon written notice by either Party to the other Party.

19. This Proposed Consent Agreement resolves all of the issues specifically addressed herein and precludes the Parties from asserting contrary positions during subsequent litigation in this proceeding or related appeals; provided, however, that this Proposed Consent Agreement is made without admission against or prejudice to any factual or legal positions which any of the Parties may assert (a) if the Commission does not issue a final order approving this Proposed Consent Agreement without modifications; or (b) in other proceedings before the Commission or another governmental body so long as such positions do not attempt to abrogate this Proposed

Consent Agreement. This Proposed Consent Agreement is determinative and conclusive of all of the issues addressed herein and, upon approval by the Commission, shall constitute a final adjudication as to the Parties of all of the issues in this proceeding.

20. This Proposed Consent Agreement contains all of the terms and conditions agreed to by the Parties and constitutes the final agreement between CAC and Staff.

21. This Proposed Consent Agreement is expressly conditioned upon the Commission's approval of all of the specific terms and conditions contained herein without modification. If the Commission fails to grant such approval, or modifies any of the terms and conditions herein, this Proposed Consent Agreement will terminate and be of no force and effect, unless the Parties agree in writing to waive the application of this provision. The Parties will make their best efforts to support this Proposed Consent Agreement and to secure its approval by the Commission.

22. It is expressly understood and agreed that this Proposed Consent Agreement constitutes a negotiated resolution of the issues in this proceeding.

23. Each of the undersigned representatives of the Parties certifies that he or she is fully authorized by the Party represented to enter into the terms and conditions hereof and to execute and legally bind that Party to it.

24. This Proposed Consent Agreement may be executed in two or more counterparts, each of which together shall be deemed an original, but all of which together shall constitute one and the same instrument. If either Party sends the other Party a signature on this Proposed Consent Agreement by facsimile transmission or by e-mail as a ".PDF" format file, such signature shall create a valid and binding obligation of the Party executing it (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or ".PDF" signature page were an original thereof. CAC agrees that an uncertified copy hereof shall be valid as evidence in any proceeding that may be required for purposes of enforcement.

The undersigned Parties, intending to bind themselves and their successors and assigns, have caused this Proposed Consent Agreement to be signed by their duly-authorized representatives and hereby agree to all of the conditions and terms set forth in this Proposed Consent Agreement.

DELAWARE PUBLIC SERVICE COMMISSION STAFF

By: Gerald D Platt Date: 11/15/13

Printed Name: GERALD D PLATT

Title: Pipeline Safety Program Manager

COOLIDGE ADMIRALS CLUB, LLC

By: Theresa Trumbetti Date: 11/8/13

Printed Name: THERESA TRUMBETTI

Title: Regional Manager

EXHIBIT "A"

Docket No. 390-13

Alisa
Donna
Jerry
Jo.

STATE OF DELAWARE
PUBLIC SERVICE COMMISSION
861 SILVER LAKE BOULEVARD
CANNON BUILDING, SUITE 100
DOVER, DELAWARE 19904
TELEPHONE: (302) 736-7500
FAX: (302) 739-4849

August 8, 2013

Coolidge Admirals Club, LLC
c/o Hunters Crossing Apartments
ATTN: Michele Andreoli
41 Fairway Road, Unit 2C
Newark, DE 19711

Altman Management Company
240 New York Drive, Suite 1
Fort Washington, PA 19034

RE: Written Notice of Potential Violation of 26 Del. Admin. C. §8001 – Hunters Crossing Apartments

Dear Ms. Andreoli:

This letter serves as notice to Coolidge Admirals Club, LLC (the "Operator") of potential violations of the State of Delaware's Rules to Establish an Intrastate Gas Pipeline Safety Compliance Program, **26 *Del. Admin. C.* §8001** (the "Regulations"). The Regulations, at a minimum, enforce the standards set forth in the Federal Pipeline Safety Regulations, Title 49, U.S. Code of Federal Regulations, Parts 190-193 and 198-199.

On May 9, 2013, Mr. Robert Schaefgen, a member of the Commission Staff, performed a Standard Inspection of the records and facilities of the Operator for Hunters Crossing Apartments in Newark, DE. Mr. Schaefgen noted the following:

> The records of the maintenance/exercising of the key/critical sectionalizing valves of the distribution system of Hunters Crossing Apartments indicated that this last occurred on January 3, 2012. In addition, records indicated that the cathodic protection system monitoring had not been completed since January 4, 2012. This was pointed out at the inspection, and there was no action taken to correct the situation until approximately one month later. It was noted there is only one (1) key/critical sectionalizing valve for this distribution system.
>
> This represents the following potential violations:

1) One (1) potential violation of **49 C.F.R. §192.747(a): Valve maintenance: Distribution systems**, which requires the following:

"Each valve, the use of which may be necessary for the safe operation of a distribution system, must be checked and serviced at intervals not exceeding 15 months, but at least once each calendar year."

2) One (1) potential violation of **49 C.F.R. §192.465(a): External corrosion control: Monitoring**, which requires the following:

"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..."

3) This also represents a potential violation of **49 C.F.R. §192.605(a): Procedural manual for operations, maintenance, and emergencies**. These sections state the following:

"General. Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response. For transmission lines, the manual must also include procedures for handling abnormal operations. This manual must be reviewed and updated by the operator at intervals not exceeding15 months, but at least once each calendar year. This manual must be prepared before operations of a pipeline system commence. Appropriate parts of the manual must be kept at locations where operations and maintenance activities are conducted."

The Commission is authorized by the Regulations to order remedial actions and to impose civil penalties. In 2012, an NOPV was given to the Operator for failing to develop a Distribution Integrity Management Plan in a timely manner, but no civil penalty was assessed. In this case, the Commission Staff is recommending the following remedial action and civil penalties:

1) Within 30 days of this letter, the Operator should exercise its key/critical sectionalizing valve and provide this documentation to the Commission Staff.

2) Within 30 days of this letter, the Operator should test its cathodic protection system and provide the results to the Commission Staff. Any necessary repairs should be made immediately.

3) Civil penalties should be assessed in the amount of $300.00 for the potential violation of 49 C.F.R. §192.747(a), $300.00 for the potential violation of 49 C.F.R. §192.465(a), and $200.00 for the potential violation of 49 C.F.R. §192.605(a). Thus, the total amount of recommended civil penalties is $800.00. Additional penalties may also be imposed for any additional violations found in any ensuing investigations or hearings.

The Commission Staff is referring this matter to the Commission for a formal hearing so that the Commission can rule on this matter. A docket will be opened for this matter, and a notice of a hearing date will be sent to the Operator as soon as possible.

If you have questions regarding this matter, please don't hesitate to contact me at 302-736-7526.

Sincerely,

Gerald D. Platt, Program Manager

Enclosure: Copy of Violation Report for 5/9/13

cc: Julie Donoghue, Deputy Attorney General
Robert Schaefgen, DE PSC Pipeline Safety Inspector

UNITED STATES DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY
GAS PIPELINE SAFETY VIOLATION REPORT

1. Inspector Name	2. Date of Inspection	3. CPF #
Robert Schaefgen	May 9, 2013	

4. Pipeline Operator/Owner
Coolidge Admirals Club LLC

5a. Headquarters Address	5b. Telephone No.
41 Fairway Road, Unit 2C, Newark, DE 19711	(302) 737-1971

6. Inspection Location	7. Inspection Unit
Newark, Delaware	No. 1 of 1

8. Portion of System Inspected (Describe location & facility)
Distribution system in Newark, DE, Hunters Crossing

9. Nature and Size of Operator

9a. Type of Operator

_____ LNG (interstate)
_____ LNG (Intrastate)
_____ LPG
__x__ Master Meter
_____ Other Distribution
_____ Gathering
_____ Transmission (interstate)
_____ Transmission (intrastate)

9b. Type of Pipe in System Inspected

_____ Cast Iron
__x__ Steel
_____ Plastic
_____ Other -

9c. Size of Operator (No. of Miles/Customers/Storage Capacity _____

10. Nature of Probable Violations (Check as many as applicable)

_____ 1. Problem in Design/Materials
_____ 2. Problem in Construction
_____ 3. Welding or Joining
_____ 4. Problem in LNG Equipment
_____ 5. Test Requirements or MAOP Qualification
_____ 6. Corrosion Control
_____ 7. Pressure Control
__x__ 8. Other Maintenance/Monitoring
_____ 9. Personnel Qualifications & Training
_____ 10. Fire Protection
_____ 11. Security
_____ 12. Anti-Drug Program
_____ 13. Other Operations
_____ 14. Reporting Requirements
_____ 15. Other _____
_____ 16. Inadequate/No Procedures

_____ A. Construction
_____ B. Corrosion Control
_____ C. Operations
_____ D. Training
_____ E. Maintenance
__x__ F. IM

Revised 12/3/08

Violation No. 1

Violated: 192.747 (a) Valve Maintenance: Distribution systems

11b. Summarize what the regulation requires that operator did not do:
Each valve, the use of which may be necessary for the safe operation of a distribution system must be checked and serviced at intervals not exceeding 15 months

12. Provide detailed information about violation:
Operator had not checked and serviced (Exercised) the key/critical/sectionalizing valve for more than 15 months, clearly in violation of the interval for exercising key/critical valves.

13. Public and/or environmental concerns in area of violation: By not exercising the key/critical valve within 15 months, the key/critical valve may not be able to be operated quickly in the event of an emergency which could place the esidents of Hunters Crossing as well as the public-at-large at risk.

14a. Person Interviewed: Michele Andreoli **Title:** Community Manager
14b. Comments of person interviewed: Michele Andreoli had acknowledged that Altman Management had failed get Henkels & McCoy out to exercise the main (or key/critical) valve exercised within the required 15 months.

Continuation Sheet
Violation No. 2

11a. CFR . Violated: §192.605(a) Procedural manual for operations, maintenance, and emergencies

11b. Summarize what the regulation requires that operator did not do:
Operator has not followed their manual of written procedures for conducting operations and maintenance activities

12. Provide detailed information about the violation: Operator has not followed their operations and maintenance procedures, specifically (b)(2) controlling corrosion in accordance with the operations and maintenance requirements of Subpart I of Part 192.

13. Public and/or environmental concerns in area of violation: The operator has not followed their Operations and Maintenance Manual. By not following their Operations and Maintenance procedures, operator is placing the residents of Hunters Crossing as well as the public-at-large by failing to monitor the system within the interval required by the Pipeline Safety regulations.

14a. Person Interviewed: Michele Andreoli **Title:** Community Manager

14b. Comments of person interviewed: Michele Andreoli had acknowledged that Altman Management had failed to get the CP monitoring performed within the 15 month interval. Per Friday May 10th e-mail Michele Andreoli said she would "pass this info over to Henkels & McCoy right away!". Then when asked for an update on June 7, 2013, Michele Andreoli sent an e-mail Henkels & McCoy on June 10, 2013 asking when the work could be scheduled. She indicated by e-mail on 06/10/13 that "No work has been done yet. I am emailing them again right now!"
On 06/13/13 I e-mailed Michele back to Please keep after Henkels & MCCoy (Dan Joseph) to get CP monitoring performed! She responded on 06/13/13 "I will...still no response from him." More than a month had passed and operator had not received a response from Dan Joseph of Henkels and McCoy.

Continuation Sheet
Violation No. 3

11a. CFR Violated: §192.465(a) External corrosion control:Monitoring

11b. Summarize what the regulation requires that operator did not do:
Each pipeline that is under cathodic protection must be tested with intervals not exceeding 15 months to determine whether the cathodic protection meets the requirements of §192.463.

12. Provide detailed information about the violation:
Operator did not have the cathodic protection system tested within 15 months.

13. Public and/or environmental concerns in area of violation:
By not performing the cathodic protection monitoring within the required 15 months, operator is placing the residents of Hunters Crossing as well as the public at large should corrosion occur on the coated steel distribution piping at Hunters Crossing as a result of not performing the monitoring within the interval required by the Pipeline Safety regulations.

14a. Person Interviewed: Michele Andreoli **Title:** Community Manager

4b. Comments of person interviewed: On May 10, 2013 I asked operator to perform the CP monitoring immediately because Altman Management had not performed the cathodic protection monitoring within the required 15 month interval. On June 3rd and again on June 7th an update was requested from Michele Andreoli of Hunters Crossing. On June 10th, 2013 Michele Andreoli e-mailed Dan Joseph of Henkels & McCoy requesting the scheduling of the CP monitoring. A whole month had elapsed since asking about the status and completion of the cathodic protection system testing.

15. Supporting Documents/Materials

Item No.	Description (Include date)	Source of Documents	Remarks
1	49 CFR 192 (e-CFR dated 01/30/12)	PHMSA web site	

16. Inspector's Signature: Date:

Robert Schaefgen 07/16/13

17. Compliance History

Date	Place	Describe Violation/ Noncompliance	Date WL	CPF No. Outcome

18. Gravity of Offense

19. Degree of Culpability
Fair

20. Ability to Continue in Business
Good

21. Ability to Pay
Good

22. Good Faith in Attempting to Achieve Compliance
Fair

23a. Proposed Remedy

x	Warning Letter
x	Civil Penalty: Recommended Amount $ 2000
	Compliance Order
	Hazardous Facility Order
	Notice of Amendment of O&M Plan

23b. Analysis of Proposed Remedy

24. Regional Director's Signature: Date:

U.S. Department of Transportation
Office of Pipeline Safety
Eastern Region

EXHIBIT TAB

Name of Operator

Exhibit No.

Evidence	Obtained from	Identifying Witness

Investigator
Name Title

Platt, Jerry (DOS)

From: Hunters Crossing-Manager <hunterscrossing-manager@altmanco.com>
To: Platt, Jerry (DOS)
Sent: Thursday, August 08, 2013 3:32 PM
Subject: Read: Public Service Commission NOPV for Hunters Crossing

Your message

To:
Subject: Public Service Commission NOPV for Hunters Crossing
Sent: Thursday, August 08, 2013 3:32:08 PM (UTC-05:00) Eastern Time (US & Canada)

was read on Thursday, August 08, 2013 3:31:32 PM (UTC-05:00) Eastern Time (US & Canada).