

**BEFORE THE  
UNITED STATES DEPARTMENT OF TRANSPORTATION  
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION**

**IN THE MATTER OF:**

**Federated Co-Ops, Inc.  
(Respondent)**

PHMSA CASE Number:  
**24-0180-SH-CE**

**COMPROMISE ORDER**

By this Order I find that Federated Co-Ops, Inc. committed one (1) violation of the Hazardous Materials Regulations (HMR), 49 CFR Parts 171-180. Accordingly, I assess Respondent a civil penalty of \$1,875 for this violation.

**I. Summary**

Respondent: Federated Co-Ops, Inc.  
1002 Avenue B  
Cloquet, MN 55720  
ATTN: Bruce Minter, Principal

No. of Violations: 1  
Total Payment Due: \$1,875

**II. Finding**

This matter comes before me after Federated Co-Ops, Inc. (Respondent) and the Pipeline and Hazardous Materials Safety Administration (PHMSA) agreed to a disposition of this case. I find that Respondent committed the violation described in the Compromise Agreement (Agreement), which I have attached hereto. I have reviewed the Agreement and I find that the terms as outlined therein are in the best interest of justice.

The Agreement, in its entirety, is incorporated and attached to this Order. All of the terms and conditions of the Agreement shall be given the full force of an Order issued pursuant to the Federal hazardous materials transportation law, 49 U.S.C. § 5101, et seq., or the Hazardous Materials Regulations, 49 CFR Parts 171-180.

So Ordered,

ADAM SCHAEFER  
HORSLEY

Digitally signed by ADAM  
SCHAEFER HORSLEY  
Date: 2025.05.13 11:58:51  
-04'00'

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For Keith J. Coyle  
Chief Counsel  
Pipeline and Hazardous Materials Safety Administration

Date: 05/13/2025

Attachments:

Addendum A  
Addendum B  
Addendum C

# **ADDENDUM A**

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## Addendum A (Compromise Order)

### *Payment Information*

Respondent must pay a total civil penalty of \$1,875 in accordance with the following:

#### Due date

Respondent must pay the civil penalty within 30 days of the date of this Order.

#### Payment Method

Respondent must pay the civil penalty by one of the following: (1) wire transfer, (2) certified check or money order, or (3) electronically via the Internet.

(1) Wire Transfer.

Detailed instructions for sending a wire transfer through the Federal Reserve Communications System (Fedwire) to the account of the U.S. Treasury are contained in Addendum B of this Order. Please direct questions concerning wire transfers to:

DOT/PHMSA/MMAC  
AMK-325/HQ-RM 181  
6500 S MacArthur Blvd  
Oklahoma City, OK 73169  
(405) 954-9309

(2) Check or Money Order.

Make check or money order payable to "U.S. Department of Transportation" (include the Ref. No. of this case on the check or money order) and send to:

DOT/PHMSA/MMAC  
AMK-325/HQ-RM 181  
6500 S MacArthur Blvd  
Oklahoma City, OK 73169  
(405) 954-9309

## **Addendum A (Compromise Order)**

(3) Bank Account (ACH), Debit Card, or Credit Card.

To pay electronically, visit the following website address and follow the instructions:

<https://www.pay.gov/public/form/start/1078346>

### Interest and Administrative Charges

If Respondent pays the civil penalty by the due date, no interest will be charged. If Respondent does not pay by that date, the FAA's Financial Operations Division will start collection activities and may assess interest, a late-payment penalty, and administrative charges under 31 U.S.C. § 3717, 31 C.F.R. § 901.9, and 49 C.F.R. § 89.23.

The rate of interest is determined under the above authorities. Interest accrues from the date of this Order. A late-payment penalty of six percent (6%) per year applies to any portion of the debt that is more than 90 days past due. The late-payment penalty is calculated from the date Respondent receives the Order.

### Treasury Department Collection

FAA's Financial Operations Division may also refer this debt and associated charges to the U.S. Department of Treasury for collection. The Department of the Treasury may offset these amounts against any payment due Respondent (31 C.F.R. § 901.3).

Under the Debt Collection Act (see 31 U.S.C. § 3716(a)), a debtor has certain procedural rights prior to an offset. You, as the debtor, have the right to be notified of: (1) the nature and amount of the debt; (2) the agency's intention to collect the debt by offset; (3) the right to inspect and copy the agency records pertaining to the debt; (4) the right to request a review within the agency of the indebtedness and (5) the right to enter into a written agreement with the agency to repay the debt. This Order constitutes written notification of these procedural rights.

# **ADDENDUM B**

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**Addendum B (Compromise Order)**

**INSTRUCTIONS FOR ELECTRONIC FUNDS TRANSFER TO  
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION,  
U.S. DEPARTMENT OF TRANSPORTATION**

1. <u>RECEIVER'S ABA NO.</u> 021030004	2. <u>TYPE SUBTYPE</u> (provided by Sending bank)
3. <u>SENDING BANK ARB NO.</u> (provided by Sending bank)	4. <u>SENDING BANK REF NO.</u> (provided by Sending bank)
5. <u>PAYMENT AMOUNT</u>	6. <u>SENDING BANK NAME</u> (provided by Sending bank)
7. <u>RECEIVER NAME:</u> TREAS NYC	8. <u>PRODUCT CODE</u> (Normally CTR, or Sending bank)
9. <u>BENEFICIAL (BNF)- AGENCY LOCATION CODE</u> BNF=/AC-69140001	10. <u>REASONS FOR PAYMENT</u> <i>Example: PHMSA Payment for Case #/Ticket #</i>

**INSTRUCTIONS:** You, as sender of the wire transfer, must provide the sending bank with the information for Block (1), (5), (7), (9), and (10). The information provided in blocks (1), (7), and (9) are constant and remain the same for all wire transfers to the Pipeline and Hazardous Materials Safety Administration, Department of Transportation

**Block #1** - RECEIVER ABA NO. - "021030004". Ensure the sending bank enters this nine digit identification number; it represents the routing symbol for the U.S. Treasury at the Federal Reserve Bank in New York.

**Block #5** - AMOUNT - You as the sender provide the amount of the transfer. Please be sure the transfer amount is punctuated with commas and a decimal point. **EXAMPLE:** **\$10,000.00**

**Block #7** - RECEIVER NAME- "TREAS NYC." Ensure the sending bank enters this abbreviation, which must be used for all wire transfer to the Treasury Department.

**Block #9** - BENEFICIAL - AGENCY LOCATION CODE - "BNF=/AC-69140001"  
Ensure the sending bank enters this information. This is the Agency Location Code for Pipeline and Hazardous Materials Safety Administration, Department of Transportation

**Block #10** - REASON FOR PAYMENT – "AC-Payment for PHMSA Case#" To ensure your wire transfer is credited properly, enter the case number/ticket number or Pipeline Assessment number."

**Note:** - A wire transfer must comply with the format and instructions or the Department cannot accept the wire transfer. You, as the sender, can assist this process by notifying, at the time you send the wire transfer, the General Accounting Division at (405) 954-9309 or 9-AMC- AMZ-AR-PHMSA@faa.gov.

# **ADDENDUM C**

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**BEFORE THE  
UNITED STATES DEPARTMENT OF TRANSPORTATION  
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION**

**IN THE MATTER OF:**

**Federated Co-Ops, Inc.  
  
(Respondent)**

PHMSA Case No. 24-0180-SH-CE

**COMPROMISE AGREEMENT**

**I. Parties**

The Parties to this Compromise Agreement (Agreement) are:

**Federated Co-Ops, Inc.** (“Respondent”), a propane filler who fills, offers, and transports Division 2.1 hazardous materials in American Society of Mechanical Engineers (ASME) tanks and DOT specification cargo tanks in bulk quantities,

and

**The Pipeline and Hazardous Materials Safety Administration** (“PHMSA”), a modal Administration of the United States Department of Transportation.

**II. Authority/Jurisdiction**

A. The Parties enter into this agreement under authority of 49 U.S.C. § 5123(e) and 49 C.F.R. § 107.327(a)(1).

B. For the Purposes of this Agreement, Respondent acknowledges:

(1) As an offeror and transporter of hazardous materials, Respondent is a regulated entity subject to the Hazardous Materials Regulations (HMR) and to the jurisdiction of (a) the Secretary of Transportation, (b) the PHMSA’s Associate Administrator for Hazardous Materials Safety, and (c) PHMSA’s Office of Chief Counsel (49 U.S.C. § 5103(b) and 49 C.F.R. § 107.301); and

(2) PHMSA has sufficient proof to show by a preponderance of the evidence that Respondent violated the Federal regulations listed in Section V below; and

(3) Respondent has received proper notice of PHMSA's actions in the proceeding.

### **III. Background**

A. On May 23, 2024, an Investigator from PHMSA's Office of Hazardous Materials Safety Field Operations ("OHMSFO") conducted a routine compliance inspection at Respondent's business pursuant to 49 U.S.C. § 5121 and 49 C.F.R. § 107.305. PHMSA's investigator reported three (3) alleged violations of the HMR. At the conclusion of the investigation, PHMSA's Investigator conducted an "exit briefing" during which the investigator discussed the alleged violations and the required corrective actions with Respondent's representative.

B. Upon completion of the investigation, the investigator submitted a report to the Director of OHMSFO's Central Region, who reviewed the report for accuracy and sufficiency of evidence. Based on that review, the Regional Director referred the matter to PHMSA's Office of Chief Counsel thereby recommending the initiation of a civil penalty action against Respondent pursuant to 49 C.F.R. § 107.311.

C. Based on a preliminary assessment of the apparent nature, circumstances, extent, and gravity of the probable violation, as set forth in the inspector's report, on April 3, 2025, an attorney from PHMSA's Office of Chief Counsel issued a Notice of Probable Violation ("Notice" or "NOPV") alleging two (2) violations of the HMR, and one (1) quality control item, and proposing a \$6,575 civil penalty.

### **IV. Basis of Agreement**

A. Reply to Notice. On April 7, 2025, Respondent submitted a timely reply to the Notice.

B. Corrective Action. In correspondence dated June 25 and 26, 2024, Respondent submitted evidence of its corrective action taken to support mitigation of the proposed civil penalty. Respondent provided the ASME U1A data report and certificate of compliance for the cargo tank for Truck Number 564. Respondent explained all required documentation for the truck tanks were placed in the corresponding truck's files along with a digital copy. Respondent also provided a copy of the monthly inspection and test of discharge systems for each of its truck tanks. Respondent explained that it created an end of month checklist to ensure all monthly documents for trucks are completed and placed in the truck files.

PHMSA finds that the foregoing corrective actions have corrected the violations outlined in the Notice and no further corrective actions are required.

C. Informal Response. On April 7, 2025, Respondent provided additional information and documentation to PHMSA's attorney. Respondent provided additional information that the cargo tank manufacturer's ASME U1A report for Truck Number 564

was maintained at its principal business location at the time of the inspection, which was at issue for Violation No. 1 outlined in the Notice.

D. Finances. Respondent has not requested mitigation based on finances.

**V. Violations and Civil Penalty**

In a subsequent Order, the Chief Counsel will find that Respondent committed the following violations and will assess the following civil penalty:

Violation No.	HMR Violation	NOPV Penalty Amount	Compromise Penalty Amount
1	Offering for and transporting in commerce, a hazardous material, in a DOT Specification MC 331 cargo tank while failing to retain the cargo tank manufacturer’s ASME U1A data report, in violation of 49 CFR §§ 171.2(c); 178.320(b)(1); and 180.417(a)(1) and (2).	\$4,700	\$0
2	Offering for and transporting in commerce, a hazardous material, in DOT Specification MC 331 cargo tanks, while failing to maintain a record of monthly discharge system inspections and tests of discharge systems, in violation of 49 CFR §§ 171.2(c); 180.416(a); and 180.416(d).	\$1,875	\$1,875
TOTAL	-----	\$6,757	\$1,875

**VI. Factors Considered in Determining the Civil Penalty**

In determining the amount of a civil penalty, PHMSA considered the following statutory criteria (49 U.S.C. § 5123(c)):

- (1) The nature, circumstances, extent, and gravity of the violation;
- (2) The degree of culpability and history of prior violations;
- (3) Respondent’s size;
- (4) Respondent’s ability to pay the penalty and its ability to continue to do business; and
- (5) Other matters as justice may require.

Respondent has provided evidence showing it maintained the required cargo tank manufacturer’s ASME U1A report for Truck Number 564 at its principal business

location at the time of the inspection. Based on this documentation I am removing the penalty for Violation No. 1, for a \$4,700 reduction of the total penalty.

## **VII. Terms and Conditions**

A. Respondent agrees to pay the sum of \$1,875 as full satisfaction of the civil penalty proposed in the NOPV. Respondent is to make the payment within thirty (30) days of the date the Chief Counsel issues the Compromise Order, which will issue after Respondent signs and returns this Agreement.

B. By entering into this agreement, Respondent waives:

(1) Any right to present further written or oral explanations, information, and arguments in this matter;

(2) Any right to Administrative appeal; and

(3) Any right to seek judicial review or otherwise contest or challenge the validity of this Agreement or the Notice associated with this case.

C. This Agreement resolves only the violations noted in PHMSA Case No. 24-0180-SH-CE, as referenced in Section V of this agreement. In the event Respondent commits any future violations of the Federal Hazardous Material Transportation Law, 49 U.S.C. § 5101 *et seq.*, the HMR, or any exemption, or order issued thereunder this violation shall constitute a prior violation under 49 U.S.C. § 5123.

D. After Respondent signs and returns this Agreement, PHMSA's representative will present the Agreement to the Chief Counsel requesting that the Chief Counsel adopt the terms of this Agreement by issuing a Compromise Order (49 C.F.R. § 107.327(a)(1)). The terms of this Agreement constitute an offer of compromise until accepted by the Chief Counsel.

E. After issuance of the Compromise Order, Respondent must pay the civil penalty in accordance with the terms of this Agreement. Upon receipt of Respondent's final payment, the Chief Counsel will close this case with prejudice to the Respondent (49 C.F.R. § 107.327(a)(1)(ii)).

F. Respondent neither admits nor denies any allegations of fact or law with regard to the alleged violations committed by Respondent contained in this Agreement.

## **VIII. Miscellaneous Provisions**

A. By signing this Agreement, Respondent or its representative warrants to have read the agreement and understood its terms and conditions.

B. The individuals signing on behalf of the Respondent and PHMSA represent that they are authorized to sign and have authority to enter into this Agreement.

C. Respondent's failure to sign and return this agreement within thirty (30) days from its receipt will result in the withdrawal of this Agreement and the Chief Counsel will issue an Order pursuant to 49 C.F.R. §§ 107.317(d), for the full amount of the penalty proposed in the Notice.

D. Respondent must return the signed Agreement to:

Samantha Vrscak  
United States Department of Transportation  
Pipeline and Hazardous Materials Safety Administration  
1200 New Jersey Avenue, S.E.  
East Building, 2nd Floor (PHC-10)  
Washington, D.C. 20590-0001  
samantha.vrscak@dot.gov

**Respondent**

Federal Tax ID Number<sup>1</sup>: 41-1986440

By: Mark Graves Director of Energy                      Date: 5/9/2025  
Name, Capacity or Position

**Pipeline and Hazardous Materials Safety Administration**

By: SAMANTHA ANN VRSCAK                      Date: \_\_\_\_\_  
Samantha Vrscak, Attorney-Advisor

Digitally signed by SAMANTHA ANN VRSCAK  
Date: 2025.05.13 11:10:13 -04'00'

<sup>1</sup> The Taxpayer Identifying Number is required by 31 U.S.C. § 7701(c)(3). PHMSA will use this number for purposes of collecting and reporting on any delinquent amounts arising out of this agreement.