

August 16, 2024

**VIA ELECTRONIC MAIL TO: matt@tallgrass.com**

Mr. Matt Sheehy  
President and Chief Executive Officer  
Tallgrass Interstate Gas Transmission  
370 Van Gordon Street  
Lakewood, Colorado 80228

**CPF No. 3-2023-016-NOPV**

Dear Mr. Sheehy:

Enclosed please find a Consent Order incorporating the terms of the Consent Agreement between the Pipeline and Hazardous Materials Safety Administration (PHMSA) and Tallgrass Interstate Gas Transmission, which was executed on August 8, 2024. Service of the Consent Order and Consent Agreement by electronic mail is deemed effective upon the date of transmission and acknowledgement of receipt, or as otherwise provided under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Alan K. Mayberry  
Associate Administrator  
for Pipeline Safety

Enclosures: Consent Order and Consent Agreement

cc: Mr. Gregory A. Ochs, Director, Central Region, Office of Pipeline Safety, PHMSA  
Ms. Crystal Heter, Chief Operating Officer, Tallgrass Interstate Gas Transmission,  
crystal.heter@tallgrass.com

Ms. Danielle Stephens, Director of PHMSA Compliance, Tallgrass Interstate Gas Transmission, [danielle.stephens@tallgrass.com](mailto:danielle.stephens@tallgrass.com)

Mr. Kale Stanton, Director of Asset Integrity, Tallgrass Interstate Gas Transmission, [kale.stanton@tallgrass.com](mailto:kale.stanton@tallgrass.com)

Mr. Ricky Seaton, Vice President of Operations Control Centers, Tallgrass Interstate Gas Transmission, [ricky.seaton@tallgrass.com](mailto:ricky.seaton@tallgrass.com)

Ms. Nicole Longwell, Associate General Counsel, Tallgrass Interstate Gas Transmission, [nicole.longwell@tallgrass.com](mailto:nicole.longwell@tallgrass.com)

Ms. Catherine Little, Outside Counsel for Tallgrass Interstate Gas Transmission, Bracewell, LLP, [catherine.little@bracewell.com](mailto:catherine.little@bracewell.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	)	
Tallgrass Interstate Gas Transmission,	)	CPF No. 3-2023-016-NOPV
Respondent.	)	

**CONSENT AGREEMENT**

From October 3 through November 4, 2022, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of Title 49, United States Code (U.S.C.), conducted a pipeline safety inspection by video conference of the Control Room Management records of Tallgrass Interstate Gas Transmission (Tallgrass or Respondent) in Lakewood, Colorado. The Tallgrass control room monitors and controls a total of 6,804.6 miles of pipeline operating in Kansas, Missouri, Nebraska, Colorado, Wyoming, Ohio, Illinois, and Indiana.

As a result of the inspection, the Director, Central Region, OPS (Director), issued to Respondent, by letter dated September 8, 2023, a Notice of Probable Violation, Proposed Compliance Order and, and Proposed Civil Penalty (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Tallgrass committed eight violations of 49 C.F.R. Part 192 (Items 1 through 8), proposed ordering Respondent to take certain measures to correct the alleged violations, and proposed a civil penalty of \$197,300.

Tallgrass responded to the Notice by letter dated October 9, 2023 (Response). Respondent contested Notice Items 2, 3 and 8, requested clarification of certain uncontested Items, requested a hearing, and clarified the unanticipated challenges Tallgrass experienced during the COVID-19 pandemic that it asserted contributed to certain alleged violations, as well as provided additional evidence indicating that it had begun working towards completing the proposed compliance order terms. Tallgrass also requested to meet informally with PHMSA to discuss the matters raised in its Response.

PHMSA and Respondent (the Parties) subsequently met to discuss the issues raised in the Response on October 30, 2023, and March 14, 2024. As a result of those discussions and as explained in more detail below, the Parties have agreed to a Consent Agreement by which PHMSA makes findings of violations for Items 1, 4, 5, 6, and 7 as alleged in the Notice, withdraws Items 3 and 8, and changes Item 2 to a warning. Respondent has completed relevant proposed compliance actions associated with Items 4, 5, and 6, and no further compliance actions are required under the

Notice or by this Agreement. Respondent will pay a reduced civil penalty in the amount of \$78,200.

Having agreed that settlement of this proceeding will avoid further administrative proceedings or litigation and will serve the public interest by promoting safety and protection of the environment, pursuant to 49 U.S.C. § 60101, *et seq.* and 49 C.F.R. Part 190, and upon consent and agreement, the Parties hereby agree as follows:

**I. General Provisions:**

1. Respondent acknowledges that as the operator of the pipeline facilities subject to the Notice, Respondent and its referenced pipeline facilities are subject to the jurisdiction of the Federal pipeline safety laws, 49 U.S.C. § 60101, *et seq.*, and the regulations and administrative orders issued thereunder. For purposes of this Consent Agreement (Agreement), Respondent acknowledges that it received proper notice of PHMSA's action in this proceeding and that the Notice states claims upon which relief may be granted pursuant to 49 U.S.C. § 60101, *et seq.*, and the regulations and orders issued thereunder.

2. After Respondent returns this signed Agreement to PHMSA, the Agency's representative will present it to the Associate Administrator for Pipeline Safety, recommending that the Associate Administrator adopt the terms of this Agreement by issuing an administrative order (Consent Order) incorporating the terms of this Agreement. The terms of this Agreement constitute an offer of settlement until accepted by the Associate Administrator. Once accepted, the Associate Administrator will issue a Consent Order incorporating the terms of this Agreement.

3. Respondent consents to the issuance of the Consent Order, and hereby waives any further procedural requirements with respect to its issuance. Respondent waives all rights to contest the adequacy of notice, or the validity of the Consent Order or this Agreement, including all rights to administrative or judicial hearings or appeals, except for the Dispute Resolution provisions set forth herein. Respondent agrees to withdraw its request for an administrative hearing regarding the Notice.

4. This Agreement shall apply to and be binding upon PHMSA and Respondent, its officers, directors, and employees, and its successors, assigns, or other entities or persons otherwise bound by law. Respondent agrees to provide a copy of this Agreement and any incorporated work plans and schedules to all of Respondent's officers, employees, and agents whose duties might reasonably include compliance with this Agreement.

5. This Agreement constitutes the final, complete and exclusive agreement and understanding between the Parties with respect to the settlement embodied in this Agreement. The Parties acknowledge that there are no representations, agreements or understandings relating to settlement other than those expressly contained in this Agreement, except that the terms of this Agreement may be construed by reference to the Notice.

6. Nothing in this Agreement affects or relieves Respondent 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 orders issued thereunder. Nothing in this Agreement alters PHMSA's right of access, entry, inspection, and information gathering or PHMSA's authority to bring enforcement actions against Respondent pursuant to the Federal pipeline safety laws, the regulations and orders issued thereunder, or any other provision of Federal or State law.

7. For all transfers of ownership or operating responsibility of Respondent's pipeline system referenced herein, Respondent will provide a copy of this Agreement to the prospective transferee at least 30 days prior to such transfer. Respondent will provide written notice of the transfer to the Director no later than 60 days after the transfer occurs.

8. This Agreement does not waive or modify any Federal, State, or local laws or regulations that are applicable to Respondent's pipeline systems. This Agreement is not a permit, or a modification of any permit, under any Federal, State, or local laws or regulations. Respondent remains responsible for achieving and maintaining compliance with all applicable Federal, State, and local laws, regulations and permits.

9. This Agreement does not create rights in, or grant any cause of action to, any third party not party to this Agreement. The U.S. Department of Transportation is not liable for any injuries or damages to persons or property arising from acts or omissions of Respondent or its officers, employees, or agents carrying out the work required by this Agreement. Respondent agrees to hold harmless the U.S. Department of Transportation, its officers, employees, agents, and representatives from any and all causes of action arising from any acts or omissions of Respondent or its contractors in carrying out any work required by this Agreement.

10. Except as set forth herein, this Agreement does not constitute a finding of violation of any other federal law or regulation and may not be used in any civil proceeding of any kind as evidence or proof of any fact, fault or liability, or as evidence of a violation of any law, rule, regulation, or requirement, except in a proceeding to enforce the provisions of this Agreement or in future PHMSA enforcement actions.

11. Except as noted below, Respondent neither admits nor denies any allegation or conclusion in the Notice or this Agreement. Respondent agrees for purposes of this Agreement to accept the findings of violation and to comply with the terms of this Agreement.

## **II. Findings of Violation:**

12. *Item 1 - 49 C.F.R. § 192.631(c)(3)*: The Notice alleged that Tallgrass failed to complete a test to verify their internal communication plan for the manual operation of the pipeline once each calendar year not to exceed 15 months. Specifically, the test completed in 2020 was not completed within the required interval. Respondent did not contest the allegation of violation as alleged in the Notice but provided additional detail about unanticipated challenges presented by federal, state, and local restrictions associated with the COVID-19 pandemic, including those which necessitated multiple isolated control rooms for social distancing, that Tallgrass asserted led to the circumstances alleged in the Notice. As such, PHMSA finds a violation of 49 C.F.R. § 192.631(c)(3).

13. **Item 4 - 49 C.F.R. § 192.631(e)(2):** The Notice alleged that Tallgrass failed to provide records that demonstrated compliance with identifying at least once each calendar month points affecting safety that have been taken off scan in the SCADA host, have had alarms inhibited, generated false alarms, or that have had forced or manual valves for periods for time exceeding that required for associated maintenance or operating activities. Specifically, when a point was put in this state, taken off, and placed back into normal state was not adequately captured. Respondent did not contest the allegation of violation as alleged in the Notice. As such, PHMSA finds a violation of 49 C.F.R. § 192.631(e)(2).

14. **Item 5 - 49 C.F.R. § 192.631(e)(3):** The Notice alleged that Tallgrass failed to provide a procedure to verify the correct safety-related alarm set-point values and alarm descriptions at least once each calendar year, but at intervals not to exceed 15 months. Specifically, the Alarm Management Plan did not provide a process for how to conduct the verification and, as a result, Respondent failed to adequately verify the correct safety-related alarm set point values and alarm descriptions within the specified interval. Respondent did not contest the allegation of violation as alleged in the Notice. As such, PHMSA finds a violation of 49 C.F.R. § 192.631(e)(3).

15. **Item 6 - 49 C.F.R. § 192.631(e)(4):** The Notice alleged that Tallgrass failed to provide records that demonstrated they reviewed their alarm management plan at least once each calendar year, but at intervals not exceeding 15 months to determine the effectiveness of the plan. Specifically, information adequately demonstrating compliance was not provided, and the 2020 Alarm Management Plan was not reviewed within the required interval. Respondent did not contest the allegation of violation as alleged in the Notice but provided additional detail about the unanticipated impact of the COVID-19 pandemic that Tallgrass asserted led to the circumstances alleged in the Notice. As such, PHMSA finds a violation of 49 C.F.R. § 192.631(e)(4).

16. **Item 7 - 49 C.F.R. § 192.631(h)(6):** The Notice alleged that Tallgrass failed to conduct team training in 2019 and 2020, as required by the regulation. Respondent did not contest the allegation of violation as alleged in the Notice but provided additional detail about the unanticipated challenges presented by federal, state, and local restrictions associated with the COVID-19 pandemic, including those which necessitated multiple isolated control rooms for social distancing, that Tallgrass asserted led to the circumstances alleged in the Notice. As such, PHMSA finds a violation of 49 C.F.R. § 192.631(h)(6).

17. Items 1, 4, 5, 6, and 7, will be considered by PHMSA as prior offenses in any future PHMSA enforcement action taken against Respondent.

### **III. Warning Item:**

18. **Item 2 - 49 C.F.R. § 192.631(c)(4):** The Notice alleged that Tallgrass' records failed to demonstrate that it tested the 360 local backup SCADA system for 2019, 2020, and 2021. Following issuance of the Notice, documentation was provided by Respondent showing that the 360 local backup SCADA system was tested in these years. Because these records were maintained by Respondent, but not provided at the time of inspection due to a misunderstanding between the Parties, the Parties agree that this Item should be changed to a warning item and it does not constitute a finding of violation for any purpose. Respondent neither admits nor denies the probable violation for this Item, but, for purposes of settlement, has agreed to accept a warning

item. As such, the allegation of violation for Item 2 is changed to a warning and the proposed civil penalty associated with this Item is withdrawn. No further action is required by Respondent.

19. If OPS finds a violation of this provision in a subsequent inspection, Respondent may be subject to future enforcement action.

#### **IV. Items Withdrawn:**

20. *Item 3 - 49 C.F.R. § 192.631(e)(1)*: With respect to Item 3 of the Notice, the Parties agree that this Item should be withdrawn following review of additional records received during informal discussion demonstrating that Respondent was in compliance with the cited regulation. Because this Item is withdrawn, it will not constitute a finding of violation for any purpose, and no further action by Respondent is necessary with respect to this item. As such, the allegation of violation for Item 3 and the proposed compliance order associated with this Item are withdrawn.

21. *Item 8 - 49 C.F.R. § 192.631(j)(1)*: With respect to Item 8 of the Notice, the Parties agree that this Item should be withdrawn following review of additional records received during informal discussion demonstrating that Respondent was in compliance with the cited regulation and that there was no repeat violation. Because this Item is withdrawn, it will not constitute a finding of violation for any purpose, including with respect to present or future penalty calculations, and no further action by Respondent is necessary with respect to this item. As such, the allegation of violation for Item 8 and the proposed civil penalty associated with this Item are withdrawn.

#### **V. Civil Penalty:**

22. *Items 1 and 7*: The Notice proposed assessing a civil penalty in the amount of \$39,100 for Item 1 and \$39,100 for Item 7. Respondent did not contest the proposed civil penalties for these Items. As such, Respondent shall pay a civil penalty in the amount of **\$39,100** for Item 1 and **\$39,100** for Item 7.

23. Respondent will pay a total reduced civil penalty in the amount of **\$78,200**, pursuant to the payment instructions at 49 C.F.R. § 190.227(a), to be paid in full no later than 20 days from the *Effective Date* of this Agreement.

#### **VI. Compliance Order:**

24. *Item 4*: The Notice proposed certain compliance order actions to address the non-compliance alleged in the Notice. Respondent did not contest the Proposed Compliance Order and explained that it was in the process of implementing procedural revisions to address the allegations and the Proposed Compliance Order. Respondent performed the following corrective measures in coordination with the Central Region, documentation for which Respondent has submitted to the Director:

Tallgrass must amend its procedure to include a report that provides both the date and time the point was placed in the associated state and when it was removed. It also needs to include a requirement to review SCADA logs, MOC documents and the like to determine



and document the reason for the action, the length of time the point was in the associated state and if the time period exceeded the period that was required for associated maintenance or operating activities. The procedure also needs to include the requirement to document the date and individual(s) completing the review. The SCADA master database needs to be reviewed to address the points that have been designed but not integrated to the field as well as the historical points. The monthly report should either not include these items or they can be filtered to allow reviewers to only look at the relevant information.

No further compliance action is required for Item 4.

25. **Item 5:** The Notice proposed certain compliance order actions to address the non-compliance alleged in the Notice. Respondent did not contest the Proposed Compliance Order and explained that it was in the process of implementing procedural revisions to address the allegations and the Proposed Compliance Order. Respondent performed the following corrective measures in coordination with the Central Region, documentation for which Respondent has submitted to the Director:

Tallgrass must amend its procedure to detail the process it employs for the annual review of safety-related alarm set-point values and alarm descriptions. The procedure needs to include how identified deficiencies will be documented and resolved as well as how this review will be documented, and how records will be preserved for inspection. Additionally, the operator needs to conduct a verification using the amended procedure to verify the correct safety-related alarm set-point values and alarm descriptions.

No further compliance action is required for Item 5.

26. **Item 6:** The Notice proposed certain compliance order actions to address the non-compliance alleged in the Notice. Respondent did not contest the Proposed Compliance Order and explained that it was in the process of implementing procedural revisions to address the allegations and the Proposed Compliance Order. Respondent performed the following corrective measures in coordination with the Central Region, documentation for which Respondent has submitted to the Director:

Tallgrass must amend its procedure to detail the documentation of the topics that will be included in the annual review of the Alarm Management Plan. Tallgrass must clarify what will be included in the review to coordinate what Table 14 states in comparison to the procedure.

No further compliance action is required for Item 6.

## **VII. Enforcement:**

27. This Agreement is subject to all enforcement authorities available to PHMSA under 49 U.S.C. § 60101, *et seq.*, and 49 C.F.R. Part 190, including administrative civil penalties under 49 U.S.C. § 60122, of up to \$266,015 per violation for each day the violation continues and referral of the case to the Attorney General for judicial enforcement, if PHMSA determines that Respondent is not complying with the terms of this Agreement in accordance with the determinations made by the Director, or in accordance with decisions of the Associate Administrator if resolved pursuant to the Dispute Resolution process herein. The maximum civil penalty amounts are adjusted annually for inflation. *See* 49 C.F.R. § 190.223. Any work plans and associated schedules set forth or referenced in Section VI (Compliance Order) are automatically incorporated into this Agreement and are enforceable in the same manner.

## **VIII. Review and Approval Process:**

28. With respect to any submission under Section VI (Compliance Order) of this Agreement that requires the approval of the Director, the Director may: (a) approve, in whole or in part, the submission; (b) approve the submission on specified, reasonable conditions; (c) disapprove, in whole or in part, the submission; or (d) any combination of the foregoing. If the Director approves, approves in part, or approves with conditions, Respondent will take all actions as approved by the Director, subject to Respondent's right to invoke the dispute resolution procedures with respect to any conditions the Director identifies. If the Director disapproves all or any portion of the submission, the Director will provide Respondent a written notice of the deficiencies. Respondent will correct all deficiencies within the time specified by the Director and resubmit it for approval.

## **IX. Dispute Resolution:**

29. The Director and Respondent will informally attempt to resolve any disputes arising under this Agreement, including any decision of the Director under the terms of Section VIII (Review and Approval Process). If Respondent and the Director are unable to informally resolve the dispute within 15 calendar days after the dispute is first raised, in writing, to the Director, Respondent may submit a written request for a determination resolving the dispute from the Associate Administrator. Such request must be made in writing and provided to the Director, counsel for the Central Region, and to the Associate Administrator, no later than 10 calendar days from the 15-day deadline for informal resolution referenced in this paragraph. Along with its request, Respondent must provide the Associate Administrator with all information Respondent believes is relevant to the dispute. Decisions of the Associate Administrator under this paragraph will constitute final agency action. The existence of a dispute and PHMSA's consideration of matters placed in dispute will not excuse, toll, or suspend any term or timeframe for completion of any work to be performed under this Agreement during the pendency of the dispute resolution process.

## **X. Effective Date:**

30. The term “Effective Date,” as used herein, is the date on which the Consent Order is issued by the Associate Administrator incorporating the terms of this Agreement.

**XI. Recordkeeping and Information Disclosure:**

31. Unless otherwise required in this Agreement, Respondent agrees to maintain records demonstrating compliance with all requirements of this Agreement for a period of at least five (5) years following completion of all work to be performed, unless a longer period of time is required pursuant to 49 C.F.R. parts 190-199. For any reports, plans, or other deliverables required to be submitted to PHMSA pursuant to this Agreement, Respondent may assert a claim of business confidentiality or other protections applicable to the release of information by PHMSA, covering part or all of the information required to be submitted to PHMSA pursuant to this Agreement in accordance with 49 C.F.R. Part 7. Respondent must mark the claim of confidentiality in writing on each page, and include a statement specifying the grounds for each claim of confidentiality. PHMSA determines release of any information submitted pursuant to this Agreement in accordance with 49 C.F.R. Part 7, the Freedom of Information Act, 5 U.S.C. § 552, DOT and PHMSA policies, and other applicable regulations and Executive Orders.

**XII. Modification:**

32. The terms of this Agreement may be modified by mutual agreement of the Parties. Such modifications must be in writing and signed by both parties.

**XIII. Termination:**

33. This Agreement will remain in effect until the Civil Penalty in Section V is paid in full. The Agreement shall not terminate until the Director confirms, in writing, that the Agreement is terminated in accordance with this paragraph. Nothing in this Agreement prevents Respondent from completing any of the obligations earlier than the deadlines provided for in this Agreement.

**XIV. Ratification:**

34. The Parties’ undersigned representatives certify that they are fully authorized to enter into the terms and conditions of this Agreement and to execute and legally bind such party to this document.

35. The Parties hereby agree to all findings, conditions, and terms of this Agreement.

[Signature Lines on Following Page]

**For Tallgrass Interstate Gas Transmission:**

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\_\_\_\_\_  
Date

**For PHMSA:**

\_\_\_\_\_  
Director, Central Region, Office of Pipeline Safety

\_\_\_\_\_  
Date