



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

901 Locust Street, Suite 480
Kansas City, MO 64106

**NOTICE OF PROBABLE VIOLATION
PROPOSED CIVIL PENALTY
and
PROPOSED COMPLIANCE ORDER**

VIA ELECTRONIC MAIL TO: matt@tallgrass.com; Kale.Stanton@tallgrass.com

September 8, 2023

Mr. Matt Sheehy
President/ CEO
Tallgrass
370 Van Gordon Street
Lakewood, CO 80228

CPF 3-2023-016-NOPV

Dear Mr. Sheehy:

From October 3 to November 4, 2022, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected by video conference your Control Room Management records in Lakewood, Colorado.

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

1. **192.631 Control room management.**
 - (a)....
 - (c) ***Provide adequate information.*** Each operator must provide its controllers with the information, tools, processes and procedures necessary for the controllers to carry out the roles and responsibilities the operator has defined by performing each of the following:
 - (1)....

(3) Test and verify an internal communication plan to provide adequate means for manual operation of the pipeline safely, at least once each calendar year, but at intervals not to exceed 15 months.

Tallgrass failed to complete a test to verify their internal communication plan for the manual operation of the pipeline, within the required interval (once each calendar year not to exceed 15 months). A test was completed on 01/22/2019 and the next test was completed on 11/02/2020 followed by a test on 12/5/2021. The 2020 test should have been completed on or before 04/21/2020 to meet required interval of once each calendar year, not to exceed 15 months. Completing the test on 11/02/2020 exceeded the interval by 195 days.

Additionally, a review of test documentation records revealed that for some records (Rockport, Guernsey West, Guernsey East and Trailblazer) Tallgrass did not provide the times the pressure or flow values were recorded in communication from the field.

The operator indicated that the timing of the 2020 test was in the "heat" of COVID and lock down. A deviation was not filed pursuant to §192.631(j)(2). A deviation was not filed pursuant to § 192.631(j)(2).

2. 192.631 Control room management.

(a)....

(c) Provide adequate information. Each operator must provide its controllers with the information, tools, processes and procedures necessary for the controllers to carry out the roles and responsibilities the operator has defined by performing each of the following:

(1)....

(4) Test any backup SCADA systems at least once each calendar year, but at intervals not to exceed 15 months;

Tallgrass's records did not demonstrate compliance with testing both back-up SCADA control room systems/facilities, local (360) and off site (Fort Collins), at least once each calendar year, but at intervals not to exceed 15 months, to provide adequate information, tools, processes, and procedures to its controllers for them to carry out the roles and responsibilities the operator has defined.

Documentation was provided for back-up control room tests for 4/25/2019, 5/13/2020 and 5/02/2021 for only one location (Fort Collins). On the test form (OCC Backup Site Test Checklist: Gas Pipelines), it is unclear if these tests are for the 360 local backup center or Fort Collins because the file name indicated Fort Collins. At a minimum 6 records should have been provided, one for each location (Fort Collins and 360). A review of the Task Data Base, which documents compliance task completion, shows there were two SCADA Backup System Tests for 2020: 10/27/20 and 5/13/20. There were three dates in 2021: 05/03/21, 04/04/21 (noted as FRII) and 3/23/21(noted as 360).

3. **192.631 Control room management.**

(a)....

(e) **Alarm management.** Each operator using a SCADA system must have a written alarm management plan to provide for effective controller response to alarms. An operator's plan must include provisions to:

(1) **Review SCADA safety-related alarm operations using a process that ensures alarms are accurate and support safe pipeline operations;**

Tallgrass failed to follow the Tallgrass Alarm Management Plan (provided to PHMSA on 10/17/2022) page 28 & 29 of 49 to properly identify safety related points in the database. A review of the point-to-point (P2P) records for REX Cheyenne Hub and REX Connector did not demonstrate adequate implementation of safety related points. The SCADA tags, verified during the P2P, identified a possible failure to properly identify the safety related points in the database. The Alarm Management Plan, Safety Related Point Section, identified several points that Tallgrass considered safety related but were marked as "False" in the Safety Related Column of the database. The data base did not implement the procedure for safety related points. The Safety Related Column in the SCADA database should have been marked "True" to designate the point as safety related. There were 17 points for 51_REX Cheyenne P2P and 9 points for 51_REX Connector P2P, which included Emergency Shut Down (ESD), fire, compressor station suction and discharge pressures, MLV (Main Line Valve) Breaks.

4. **192.631 Control room management.**

(a)....

(e) **Alarm management.** Each operator using a SCADA system must have a written alarm management plan to provide for effective controller response to alarms. An operator's plan must include provisions to:

(1)....

(2) **Identify 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 values for periods of time exceeding that required for associated maintenance or operating activities.**

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 values for periods of time exceeding that required for associated maintenance or operating activities. Records of monthly reviews in July 2019, May 2020, July 2021, October 2021, January 2022 - August 2022 were provided for review. Tallgrass only identified when points had been placed in these states and if, at the time of the monthly report, they were still in that state. The report did not capture a point that was placed in the state and then taken off during the month, and it did not capture when it was then placed back in normal state. This is important information to verify that points are not exceeding time required for associated maintenance or operating activities, as

well for as analyzing reasons for the action. Such information effectuates effective controller response to alarms.

Tallgrass had different nomenclature, defined in the Tallgrass Alarm Management Plan -Table 12 on pages 43, 44, 45 of 49, for the conditions stated in code §192.631(e)(2). The records provided lists of points out of service/off-scan, inhibit-line break, inhibit-OS, suppressed-disabled/inhibit, manual-forced/overridden. A date and time column were provided that indicated the date the point placed off scan/out of service or inhibited, but no date for when the point returned to service to verify that points were not exceeding time required for associated maintenance or operating activities. There was no date when the review was completed. Nor did it state who completed the review. Many of the identified points represented points that were no longer utilized or had been designed in SCADA, but not connected to the field. These points cluttered the report and made the active points that were taken off-scan, inhibited, or forced/manual difficult to distinguish. These issues inhibit effective controller response to alarms.

5. 192.631 Control room management.

(a)....

(e) Alarm management. Each operator using a SCADA system must have a written alarm management plan to provide for effective controller response to alarms. An operator's plan must include provisions to:

(1)....

(3) 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;

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. The CRM Plan in section 6.1 restated the regulation § 192.631(e)(3). In the Alarm Management Plan (AMP), under section titled Annual Alarm Management Plan Review - Audit item 3, restated § 192.631(e)(3). There was no process for how the operator would conduct this review requires verification of the correct safety-related set point values and alarm descriptions. The operator did not demonstrate compliance.

As a result of in inadequate procedure, the operator failed 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. A review of the Annual Safety Related Tag Review records for 2019, 2020 and 2021 provided by the operator to demonstrate a review of safety related set points identified SCADA tags were listed along with the alarm description and whether it was safety related or not indicated by True (safety related) or False (not safety related). The point was also identified as analogue or digital. Alarm set points were not identified for any tags in the spreadsheet. The operator indicated their review was to verify if the point was safety related and then to correctly designate that in the database. The regulation requires verification of the correct safety-related set point values and alarm descriptions. The operator did not demonstrate compliance.

6. **192.631 Control room management.**

(a)....

(e) **Alarm management.** Each operator using a SCADA system must have a written alarm management plan to provide for effective controller response to alarms. An operator's plan must include provisions to:

(1)....

(4) **Review the alarm management plan required by this paragraph at least once each calendar year, but at intervals not exceeding 15 months, to determine the effectiveness of the plan;**

Tallgrass failed to provide detailed 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.

Table 14 of Tallgrass' Annual AMP Review Tabs for Review and Business Driver of the Alarm Management Plan (no revision or date provided) was described as "[a] list of the agenda items reviewed and discussed in delivering the 'Director-Led independent annual review' on a 'by console' basis, being keen on the trending analysis. This review is designed and purposed to be all-encompassing." This table provided the metrics as to what would be considered to determine plan effectiveness. Information as to how this would be documented and how findings would be documented and addressed/corrected was missing. This gap was evidenced upon review of the records. The operator provided no supporting documentation, work papers, controller interview results or metrics from Table 14 of the AMP to demonstrate compliance. The only record provided was the completion task in the compliance data base. This was not adequate to demonstrate compliance.

Additionally, Tallgrass failed to complete the 2020 Alarm Management Plan review in the required interval of once each Calendar year not to exceed 15 months. The 2019 plan was completed on 4/8/2019 and required to be completed by 7/6/2020. It was not completed until 11/23/20, representing 140 days beyond required interval.

7. **192.631 Control room management.**

(a)....

(h) **Training.** Each operator must establish a controller training program and review the training program content to identify potential improvements at least once each calendar year, but at intervals not to exceed 15 months. An operator's program must provide for training each controller to carry out the roles and responsibilities defined by the operator. In addition, the training program must include the following elements:

(1)....

(6) Control room team training and exercises that include both controllers and other individuals, defined by the operator, who would reasonably be expected to operationally collaborate with controllers (control room personnel) during normal, abnormal or emergency situations. Operators must comply with the team training requirements under this paragraph by no later than January 23, 2018.

Tallgrass failed to conduct team training in 2019 and 2020. Tallgrass indicated they were aware of the requirement in 2019 but did not complete training. In 2020 they were limited due to the COVID pandemic. No documentation of deviation was maintained pursuant to § 192.632(j)(2).

8. 192.631 Control room management.

(a)....

(j) Compliance and deviations. An operator must maintain for review during inspection-

(1) Records that demonstrate compliance with the requirements of this section;

Tallgrass failed to maintain shift change records demonstrating compliance with § 192.631. These records were originally developed in an old application and were not available when the new application was implemented. The format used in 2019 was created in SharePoint. Records were requested for July 8, 2019, for both consoles (4 shift turnover documents). The information was retrieved from an export of data and presented for review in Excel format. All that was available for review in the spreadsheet was the date and time the handover was completed, the controller's name, and the pipeline system. No other information was available for review. When Tallgrass switched to a new format, away from the SharePoint form, for their shift change documentation, this detail information was not maintained. This violation is a repeat of violations found in CPF # 3-2020-1008 Item # 4.

Proposed Civil Penalty

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$257,664 per violation per day the violation persists, up to a maximum of \$2,576,627 for a related series of violations. For violation occurring on or after March 21, 2022 and before January 6, 2023, the maximum penalty may not exceed \$239,142 per violation per day the violation persists, up to a maximum of \$2,391,412 for a related series of violations. For violation occurring on or after May 3, 2021 and before March 21, 2022, the maximum penalty may not exceed \$225,134 per violation per day the violation persists, up to a maximum of \$2,251,334 for a related series of violations. For violation occurring on or after January 11, 2021 and before May 3, 2021, the maximum penalty may not exceed \$222,504 per violation per day the violation persists, up to a maximum of \$2,225,034 for a related series of violations. For violation occurring on or after July 31, 2019 and before January 11, 2021, the maximum penalty may not exceed \$218,647 per violation per day the violation persists, up to a maximum of \$2,186,465 for a related series of violations. For violation occurring on or after November 27, 2018 and before July 31, 2019, the maximum penalty may not exceed \$213,268 per violation per day, with a

maximum penalty not to exceed \$2,132,679. For violation occurring on or after November 2, 2015 and before November 27, 2018, the maximum penalty may not exceed \$209,002 per violation per day, with a maximum penalty not to exceed \$2,090,022.

We have reviewed the circumstances and supporting documentation involved for the above probable violation and recommend that you be preliminarily assessed a civil penalty of \$197,300 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$39,100
2	\$36,100
7	\$39,100
8	\$83,000

Proposed Compliance Order

With respect to Item numbers 3, 4, 5, and 6 pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Tallgrass. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Response to this Notice

This amended Notice is issued in accordance with 49 C.F.R. § 190.207(c). Any response you may have submitted to the original Notice is no longer applicable. You must respond as set forth below.

Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Enforcement Proceedings*. Please refer to this document and note the response options. All material you submit in response to this enforcement action may be made publicly available. If you believe that any portion of your responsive material qualifies for confidential treatment under 5 U.S.C. § 552(b), along with the complete original document you must provide a second copy of the document with the portions you believe qualify for confidential treatment redacted and an explanation of why you believe the redacted information qualifies for confidential treatment under 5 U.S.C. § 552(b).

Following your receipt of this Notice, you have 30 days to respond as described in the enclosed *Response Options*. If you do not respond within 30 days of receipt of this Notice, this constitutes a waiver of your right to contest the allegations in this Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in this Notice without further notice to you and to issue a Final Order. If you are responding to this Notice, we propose that you submit your correspondence to my office within 30 days from receipt of this Notice. The Region Director may extend the period for responding upon a written request timely submitted demonstrating good cause for an extension.

In your correspondence on this matter, please refer to **CPF 3-2023-016-NOPV** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Gregory A. Ochs
Director, Central Region, Office of Pipeline Safety
Pipeline and Hazardous Materials Safety Administration

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

cc: Kale Stanton, Director Asset Integrity, Kale.Stanton@tallgrass.com

PROPOSED COMPLIANCE ORDER

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

- A. In regard to Item number 3 of the Notice pertaining to Tallgrass's failure to properly identify and implement safety related points in the SCADA database, Tallgrass must identify, through procedure, which points are safety related and which alarms are safety related. In the SCADA master database, Tallgrass must implement the designation of these points as safety related within **90** days of receipt of the Final Order.

- B. In regard to Item number 4 of the Notice pertaining to Tallgrass' failure 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 values for periods of time exceeding that required for associated maintenance or operating activities, 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. Tallgrass must amend its procedure and carry out this SCADA review and provide evidence to PHMSA of the data base and monthly reports within **60** days of receipt of the Final Order.

- C. In regard to Item number 5 of the Notice pertaining to Tallgrass' failure 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, 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. Tallgrass must amend its procedure and conduct this verification within **60** days of receipt of the Final Order.

- D. In regard to Item number 6 of the Notice pertaining to Tallgrass' failure to provide detailed records that demonstrated compliance with reviewing their alarm management plan at least once each calendar year, but at intervals not exceeding 15 months to determine the effectiveness of the plan, 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. A review must be conducted using the amended procedure and documentation process within **60** days of receipt of the Final Order.

- E. It is requested that Tallgrass maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Gregory Ochs, Director, Central Region, Pipeline and Hazardous Materials Safety Administration, OPS. It is requested that these costs be reported in two categories: 1) total cost associated with preparation/revision of plans, procedures, studies and analyses, and 2) total cost associated with replacements, additions and other changes to pipeline infrastructure.