May 9, 2024

Mr. Gregory Ochs [Via Email]
Director – Central Region
U.S. Department of Transportation
Pipeline and Hazardous Materials Safety Administration
901 Locust Street, Suite 480
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RE: CPF 3-2024-033-WL – GRIT Inspection

Director Ochs,

In response to the above referenced Warning Letter (WL) issued by the Pipeline and Hazardous Materials Safety Administration ("PHMSA" or "the Agency") on April 12, 2024, Tallgrass Energy ("Company") is providing a response to each item below.

1. § 192.5 Class locations.
(a) This section classifies pipeline locations for purposes of this part. The following criteria apply to classifications under this section.
(1) A "class location unit" is an onshore area that extends 220 yards (200 meters) on either side of the centerline of any continuous 1- mile (1.6 kilometers) length of pipeline.

Tallgrass Energy (Tallgrass) was not meeting the continuous 1-mile length for determining class locations when the analysis encountered an above-ground facility, such as compressor stations, meter stations, valve sites, and pig trap sites. Tallgrass' algorithm to determine class location via the sliding mile is based on route by route pipeline segment identifications (IDs). Each route ID appeared to stop at an above-ground location, then a new route ID starts when leaving that facility. As such, the house count for class location ends at that location and a new one begins. This potentially allowed some of the pipe associated with the facility and the inlet or outlet to be under-classed. During the inspection PHMSA personnel noted several examples where the route ID stopped at an above ground location and a different route ID was designated so the house count for the class location started back at zero, which resulted in a lower class location than what it should have been if the continuous sliding mile was applied through that facility. The examples noted were at the following locations:

- REX System – Hamilton Compressor Station, Bypass is classed a Class 1.
- TIGT System – Scraper Trap location – Route ID 6598 is Class 2. However, Route ID 6599 leaving the facility is Class 1.
- TIGT System – Meter Station – Route ID 5362 is Class 2 going into the station; however, Route 38589 is Class 1 leaving the station.
- TIGT System – Meter Station - Route ID 5365 is Class 2 going into the station; however, Route ID 5340 is Class 1 leaving the facility.

Tallgrass Response: Tallgrass is reviewing and analyzing the scenarios presented by PHMSA in the warning. As a part of that analysis, Tallgrass is evaluating information provided by Industry organizations and other operators. Once that analysis is complete, Tallgrass will determine the appropriate compliance path forward and make the appropriate procedural and process changes.

2. § 192.5 Class locations.
(a) ….
(b) Except as provided in paragraph (c) of this section, pipeline locations are classified as follows:
(1) ….
(3) A Class 3 location is:
(i) ….
(ii) An area where the pipeline lies within 100 yards (91 meters) of either a building or a small, well defined outside area (such as a playground, recreation area, outdoor theater, or other place of public assembly) that is occupied by 20 or more persons on at least 5 days a week for 10 weeks in any 12-month period. (The days and weeks need not be consecutive.)

Tallgrass did not identify several locations that met the criteria for Class 3 locations. During the inspection, PHMSA personnel found the following locations as Class 3 identified sites; however, Tallgrass had missed these locations and were still treating them as a Class 1 or Class 2 area.

- Colby, KS – Missed Soccer field.
- Stockton, KS – Structure was an HCA, but not classified as a Class 3 structure.
- Grand Island, NE – Gleeson Construction Lateral – Building went up in 2020.
- Phillips, NE – A structure was identified by Tallgrass in 2022; but the structure was present there since 2010.

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Tallgrass Response: In 2022, Tallgrass began a revision of its class location process, which included retaining a third-party vendor to obtain imagery of all structures along the pipeline. This revision also included auditing the completeness of our structure database. As a result, Tallgrass identified, using geolocation data and the aforementioned imagery, new structures that were within the Potential Impact Radius (PIR) or 660' (whichever was greater). This has resulted in estimated occupancy data and recommendations for a more appropriate structure code.

The GIS team has also built a workflow in Feature Manipulation Engine (FME) to summarize and process the results. This included coordinating additional review and updates by the Damage Prevention team. The large amount of data created by the above work requires a methodical approach, and thus, this project is ongoing. As a result of this process, over 10,000 structures were reviewed or updated in 2023.

3. §192.624 Maximum allowable operating pressure reconfirmation: Onshore steel transmission pipelines.
(a) ….
(c) Maximum allowable operating pressure determination. Operators of a pipeline segment meeting a condition in paragraph (a) of this section must reconfirm its MAOP using one of the following methods:
(1)….
(2) Method 2: Pressure Reduction. Reduce pressure, as necessary, and limit MAOP to no greater than the highest actual operating pressure sustained by the pipeline during the 5 years preceding October 1, 2019, divided by the greater of 1.25 or the applicable class location factor in § 192.619(a)(2)(ii). The highest actual sustained pressure must have been reached for a minimum cumulative duration of 8 hours during a continuous 30-day period. The value used as the highest actual sustained operating pressure must account for differences between upstream and downstream pressure on the pipeline by use of either the lowest maximum pressure value for the entire pipeline segment or using the operating pressure gradient along the entire pipeline segment (i.e., the location-specific operating pressure at each location).
(i) Where the pipeline segment has had a class location change in accordance with § 192.611, and records documenting diameter, wall thickness, seam type, grade (minimum yield strength and ultimate tensile strength), and pressure tests are not documented in

traceable, verifiable, and complete records, the operator must reduce the pipeline segment MAOP as follows:
(A) For pipeline segments where a class location changed from Class 1 to Class 2, from Class 2 to Class 3, or from Class 3 to Class 4, reduce the pipeline MAOP to no greater than the highest actual operating pressure sustained by the pipeline during the 5 years preceding October 1, 2019, divided by 1.39 for Class 1 to Class 2, 1.67 for Class 2 to Class 3, and 2.00 for Class 3 to Class 4.

On the Hastings North Lateral MAOP reconfirmation, Tallgrass utilized Method 2 to reconfirm the MAOP. However, Tallgrass did not use the correct de-rating factor as required by § 192.624(a)(2)(i). The derating factor used by Tallgrass was for no class location change. Upon further review by PHMSA inspectors, it was found that there was a class location change on this lateral, which meant Tallgrass should have used a larger de-rating factor. However, in this instance, Tallgrass made a business decision to reduce the pressure to below what was required, which also happened to be lower than the derate factor that should have been used.

Tallgrass Response: Notwithstanding the error in the documented derate factor, Tallgrass reduced the pressure on Hastings North Lateral to a level lower than that required by the appropriate derate factor for the situation, which in turn, provided additional safety to the pipeline beyond that required by §192.624. Tallgrass' procedure correctly stated what factor should be utilized, and Tallgrass has subsequently revised the North Hastings Lateral MAOP reconfirmation report to clarify that the derate factor applied aligns with the requirements outlined in §192.624(c)(2)(i)(A). Additionally, a footnote has been added to the report explaining the discrepancy (revised report attached).

Tallgrass Energy remains committed to operating its pipeline systems safely and in compliance with all applicable regulations. If you have further questions, please feel free to contact myself on 713.725.0147.

Sincerely,

Danielle Stephens
Director, PHMSA Compliance

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cc: Matt Sheehy, Chief Executive Officer
Crystal Heter, Chief Operating Officer
Nicole Longwell, Associate General Counsel & CCO (Operations)
Kale Stanton, Vice President, Asset Integrity

List of Attachments:
- 2024 MAOP-R Final Report – Hastings North TBS Lateral