

JANUARY 17, 2014

Mr. David G. Dehaemers, Jr.
Chief Executive Officer
Tallgrass Energy Partners, LP
Rockies Express Pipeline, LLC
6640 W. 143rd Street, Suite 200
Overland Park, Kansas, 66223

Re: CPF No. 3-2013-1002

Dear Mr. Dehaemers:

Enclosed please find the Final Order issued in the above-referenced case. It makes findings of violation, assesses a civil penalty of \$67,400, and specifies actions that need to be taken on the Rockies Express Pipeline to comply with the pipeline safety regulations. This is to acknowledge receipt of payment of the full penalty amount, by wire transfer, dated March 12, 2013. When the terms of the compliance order have been completed, as determined by the Director, Central Region, this enforcement action will be closed. Service of the Final Order by certified mail is deemed effective upon the date of mailing, or as otherwise provided under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Enclosure

cc: Ms. Linda Daugherty, Director, Central Region, OPS
Mr. Daniel W. Prascher, Manager, Compliance and Records,
Tallgrass Development, LP, 370 Van Gordon St., Lakewood, CO 80228

CERTIFIED MAIL - RETURN 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)	
)	
Rockies Express Pipeline, LLC,)	CPF No. 3-2013-1002
)	
Respondent.)	
)	

FINAL ORDER

On July 14-16, 2009 and on April 1-15 and July 11-15, 2011, pursuant to 49 U.S.C. § 60117, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), conducted an on-site pipeline safety inspection of the facilities and records of Rockies Express Pipeline, LLC (Rockies Express or Respondent)¹ from the Mexico, Missouri compressor station to the Indiana-Ohio border facilities, including the Bertrand, Nebraska compressor station. The Rockies Express Pipeline runs approximately 1,679 miles from Wyoming to eastern Ohio and has the capacity to transport 1.8 billion cubic feet of natural gas per day.²

As a result of the inspection, the Director, Central Region, OPS (Director), issued to Respondent, by letter dated January 11, 2013, a Notice of Probable Violation, Proposed Civil Penalty, and Proposed Compliance Order (Notice).³ In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Rockies Express had committed five violations of Special Permit Order PHMSA-2006-23998 (SP Order), issued by PHMSA on July 11, 2006, and proposed assessing a civil penalty of \$67,400 for two of the alleged violations. The Notice also proposed ordering Respondent to take certain measures to correct the other three alleged violations.

Rockies Express responded to the Notice by letter dated March 6, 2013, as supplemented by letter dated March 19, 2013 (collectively, Response). The company did not contest the allegations of violation and paid the proposed civil penalty of \$67,400, as provided in 49 C.F.R.

¹ Rockies Express Pipeline, LLC, is a joint venture of: a subsidiary of Tallgrass Development, LP (50 percent share); Sempra U.S. Gas & Power (25 percent share), a subsidiary of Sempra Energy; and a subsidiary of Phillips 66 (25 percent share). A wholly-owned subsidiary of Tallgrass Development, LP, operates the pipeline. See <http://www.tallgrassenergylp.com/pipelines/rex/> (last accessed December 17, 2013).

² PHMSA Violation Report at 1.

³ The Notice was issued to Kinder Morgan Energy Partners, LP, and Tallgrass Energy Partners, LP, but Rockies Express Pipeline, LLC, responded on their behalf.

§ 190.227. Payment of the penalty serves to authorize the Associate Administrator to make findings of violation as to the items with penalties and to issue a final order under 49 C.F.R. § 190.213.

FINDINGS OF VIOLATION

In its Response, Rockies Express did not contest the allegations in the Notice that it violated the SP Order as follows:

Item 1: The Notice alleged that Respondent violated Condition 15 of the SP Order, which states:

Condition 15.

Overpressure Protection Control: Mainline pipeline overpressure protection must be limited to a maximum of 104 percent [maximum allowable operating pressure] MAOP.

The Notice alleged that Respondent violated Condition 15 by allowing the pipeline pressure to exceed 104 percent MAOP on May 16, 2009, on the segment between the Bertrand compressor station and Main Live Valve 15. Specifically, the Notice alleged that the pressure was allowed to reach 104.6 percent due to the overpressure protection set points being set to 105 percent at the compressor station.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated Condition 15 of the SP Order by allowing the pipeline pressure to exceed 104 percent MAOP on May 16, 2009, on the segment between the Bertrand compressor station and Main Live Valve 15.

Item 2: The Notice alleged that Respondent violated Condition 15 of the SP Order, as quoted above, by failing to set the overpressure protection set point at the Blue Mound compressor station below 104 percent of MAOP. Specifically, the Notice alleged that Rockies Express set the overpressure protection set point to 105 percent at this compressor station between September 2010 and April 2011.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated Condition 15 of the SP Order by failing to set the overpressure protection set point at the Blue Mound compressor station below 104 percent of MAOP.

Item 3: The Notice alleged that Respondent violated Condition 24 of the SP Order, which states:

Condition 24.

SCADA Procedures: A detailed procedure for establishing and maintaining accurate [supervisory control and data acquisition] SCADA set points must be established to ensure the pipeline operates within acceptable design limits at all times.

The Notice alleged that Respondent violated Condition 24 by failing to have a detailed procedure for establishing and maintaining accurate SCADA set points to ensure the pipeline operated within acceptable design limits in all operating modes. Specifically, the Notice alleged that the “Start Procedure” established by Rockies Express did not accurately define SCADA set points for local-mode operation at the Bertrand compressor station.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated Condition 24 of the SP Order by failing to have a detailed procedure for establishing and maintaining accurate SCADA set points to operate the pipeline within acceptable design limits in all operating modes.

Item 4: The Notice alleged that Respondent violated Condition 28 of the SP Order, which states:

Condition 28.

Gas Quality Monitoring and Control: An acceptable gas quality monitoring and mitigation program must be instituted to not exceed the following limits:

Special Permit Condition # 28a:

H₂S (4 grains maximum);

Special Permit Condition # 28b:

CO₂ (3 percent maximum);

Special Permit Condition # 28c:

H₂O (less than or equal to 7 pounds per million standard cubic feet and no free water); and

Special Permit Condition # 28d:

Other deleterious constituents that may impact the integrity of the pipeline must be instituted. Filters/separators must be installed at locations where gas is received into the pipeline to minimize the entry of contaminants and to protect the integrity of downstream pipeline segments. Gas quality monitoring equipment must be installed to permit the operator to manage the introduction of contaminants and free liquids into the pipeline.

The Notice alleged that Respondent violated Condition 28 by failing to institute a gas quality monitoring and control program in a manner that mitigated the entry of contaminants and ensured contaminants did not exceed prescribed limits. Specifically, the Notice alleged that Rockies Express failed to mitigate contaminants, as evidenced by 870 alarms indicating that gas quality exceeded the prescribed limits.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated Condition 28 of the SP Order by failing to institute a gas quality monitoring and control program in a manner that mitigated the entry of contaminants and that ensured contaminants did not exceed prescribed limits.

Item 5: The Notice alleged that Respondent violated Condition 24 of the SP Order, which states:

Condition 24.

SCADA Procedures: A detailed procedure for establishing and maintaining accurate [supervisory control and data acquisition] SCADA set points must be established to ensure the pipeline operates within acceptable design limits at all times.

The Notice alleged that Respondent violated Condition 24 by failing to have a detailed procedure for establishing and maintaining accurate SCADA set points to operate within acceptable design limits in all operating modes. Specifically, the Notice alleged that Rockies Express failed to verify the accuracy of the SCADA set points during, after, or as a result of calibrations on equipment required for monitoring gas quality limits prescribed in Condition 28.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated Condition 24 of the SP Order by failing to have a detailed procedure for establishing and maintaining accurate SCADA set points to operate within acceptable design limits in all operating modes.

These findings of violation will be considered prior offenses in any subsequent enforcement action taken against Respondent.

ASSESSMENT OF PENALTY

Under 49 U.S.C. § 60122, Respondent is subject to an administrative civil penalty not to exceed \$100,000 per violation for each day of the violation, up to a maximum of \$1,000,000 for any related series of violations. In determining the amount of a civil penalty under 49 U.S.C. § 60122 and 49 C.F.R. § 190.225, I must consider the following criteria: the nature, circumstances, and gravity of the violation, including adverse impact on the environment; the degree of Respondent's culpability; the history of Respondent's prior offenses; the Respondent's ability to pay the penalty and any effect that the penalty may have on its ability to continue doing business; and the good faith of Respondent in attempting to comply with the pipeline safety regulations. In addition, I may consider the economic benefit gained from the violation without any reduction because of subsequent damages, and such other matters as justice may require. The Notice proposed a total civil penalty of \$67,400 for the violations cited above.

Item 1: The Notice proposed a civil penalty of \$28,700 for Respondent's violation of SP Order Condition 15, for allowing the pipeline pressure to exceed 104 percent MAOP on May 16, 2009, on the segment between the Bertrand compressor station and Main Live Valve 15.

With respect to the nature, circumstances, and gravity of this violation, controlling pipeline pressure within maximum limits is a key part of operating a pipeline safely. Respondent is culpable for the violation because there was no justification for the pressure exceedance.

Respondent paid the proposed penalty for this Item, which authorizes PHMSA to make a finding of violation pursuant to 49 C.F.R. § 190.213. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$28,700 for this violation of SP Order Condition 15.

Item 2: The Notice proposed a civil penalty of \$38,700 for Respondent's violation of SP Order Condition 15, for failing to set the overpressure protection set point at the Blue Mound compressor station below 104 percent of MAOP. With respect to the nature, circumstances, and gravity of this violation, overpressure protection is a fundamental aspect of pipeline safety. Respondent is culpable for the violation because there was no justification for the improper set point levels.

Respondent paid the proposed penalty for this Item, which authorizes PHMSA to make a finding of violation pursuant to 49 C.F.R. § 190.213. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$38,700 for this violation of SP Order Condition 15.

In summary, having reviewed the record and considered the assessment criteria for each of the Items cited above, I assess Respondent a total civil penalty of **\$67,400**, which amount has already been paid by Respondent.

COMPLIANCE ORDER

The Notice proposed a compliance order with respect to Items 3, 4, and 5 in the Notice for violations of SP Order Conditions 24, 28, and 24, respectively. Under 49 U.S.C. § 60118(a), each person who engages in the transportation of gas or who owns or operates a pipeline facility is required to comply with the regulations established and orders issued under chapter 601. Pursuant to the authority of 49 U.S.C. § 60118(b) and 49 C.F.R. § 190.217, Respondent is ordered to take the following actions to ensure compliance with the SP Order conditions applicable to its operations:

1. With respect to the violation of SP Order Condition 24 (**Item 3**), within 30 days following receipt of this compliance order, Respondent must develop and implement enhanced procedures for pipeline control which ensure that all methods or modes of pipeline operation (manual, local, remote, automatic, emergency) have an equivalent level of safety with respect to maintaining pressure set points.
2. With respect to the violation of SP Order Condition 28 (**Item 4**), within 90 days following receipt of this compliance order, Respondent must institute a program to monitor and mitigate gas quality problems that provides for a documented investigation and mitigative actions whenever the established limits are exceeded.
3. With respect to the violation of SP Order Condition 24 (**Item 5**), within 90 days following receipt of this compliance order, Respondent must develop detailed procedures for ensuring that SCADA set points are calibrated on a point-to-point basis with all field equipment used to monitor the pipeline.
4. Upon completion of Items 1-3 above, Respondent must submit documentation demonstrating completion to the Director.

The Director may grant an extension of time to comply with any of the required items upon a written request timely submitted by the Respondent and demonstrating good cause for an extension.

Failure to comply with this Order [CPF No. **3-2013-1002**] may result in an action to modify, suspend, or revoke SP Order PHMSA-2006-23998 and/or the administrative assessment of civil penalties not to exceed \$200,000 for each violation for each day the violation continues or in referral to the Attorney General for appropriate relief in a district court of the United States.

The terms and conditions of this Final Order are effective upon service in accordance with 49 C.F.R. § 190.5.

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Date Issued