MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

As used in this management's discussion and analysis, unless the context otherwise requires, "we," "us," "our," "Rockies Express" and similar terms refer to Rockies Express Pipeline LLC. This discussion and analysis is based on our financial statements, which are prepared in accordance with GAAP. Certain amounts included in or affecting our financial statements and related disclosures must be estimated, requiring us to make certain assumptions with respect to values or conditions that cannot be known with certainty at the time the financial statements are prepared. The reported amounts of our assets and liabilities, revenues and expenses and associated disclosures with respect to contingent assets and liabilities are necessarily affected by our estimates. We evaluate estimates on an ongoing basis, utilizing historical experience, consultation with experts and other methods we consider reasonable in the particular circumstances. Nevertheless, actual results may differ significantly from our estimates. The following discussion and analysis should be read in conjunction with our audited financial statements for the years ended December 31, 2017, 2016, and 2015. For additional information regarding us, please also reference the annual, quarterly and other reports and other information filed by Tallgrass Energy Partners, LP with the Securities and Exchange Commission. Certain terms used and not defined herein have the meaning ascribed to them in the glossary of common industry and measurement terms contained in the most recent Annual Report on Form 10-K for the year ended December 31, 2017 filed by Tallgrass Energy Partners, LP with the Securities and Exchange Commission.

Overview

We are engaged in the ownership and operation of the Rockies Express Pipeline, a FERC-regulated natural gas pipeline system with approximately 1,712 miles of transportation pipelines, including laterals, extending from Opal, Wyoming and Meeker, Colorado to Clarington, Ohio and consists of three zones:

- Zone 1 - 328 miles of mainline pipeline from the Meeker Hub in Northwest Colorado, across Southern Wyoming to the Cheyenne Hub in Weld County, Colorado capable of transporting 2.0 Bcf/d of natural gas from west-to-east;
- Zone 2 - 714 miles of mainline pipeline from the Cheyenne Hub to an interconnect in Audrain County, Missouri capable of transporting 1.8 Bcf/d of natural gas from west-to-east; and
- Zone 3 - 643 miles of mainline pipeline from Audrain County, Missouri to Clarington, Ohio, which is bi-directional and capable of transporting 1.8 Bcf/d of natural gas from west-to-east and 2.6 Bcf/d of natural gas from east-to-west.

The following tables provide information regarding the Rockies Express Pipeline for the years ended December 31, 2017, 2016, and 2015 and as of December 31, 2017:

	Year Ended December 31,		
	2017	2016	2015
Approximate average daily deliveries (Bcf/d) [(1)]	4.3	3.2	2.5

	Approximate Capacity	Total Firm Contracted Capacity [(2)]	Approximate % of Capacity Subscribed under Firm Contracts	Weighted Average Remaining Firm Contract Life [(3)]
West-to-east	2.0 Bcf/d	1.5 Bcf/d	75%	3 years
East-to-west	2.6 Bcf/d	2.6 Bcf/d	100%	15 years

(1) Reflects average total daily deliveries for the Rockies Express Pipeline, regardless of flow direction or distance traveled.

(2) Reflects total capacity reserved under long-term firm fee contracts as of December 31, 2017. West-to-east firm contracted capacity excludes the 0.2 Bcf/d to be contracted with Ultra as part of the settlement agreement discussed in Note 10 – *Legal and Environmental Matters* to the accompanying financial statements.

(3) Weighted by contracted capacity as of December 31, 2017. Weighted average remaining firm contract life of west-to-east contracts excludes the 0.2 Bcf/d contract with Ultra beginning December 1, 2019 discussed above. After giving effect to the Ultra contract agreement reached in January 2017, the weighted average life of the west-to-east contract lives would be approximately 4 years.

This discussion and analysis is based on our financial statements, which are prepared in accordance with GAAP. Certain amounts included in or affecting our financial statements and related disclosures must be estimated, requiring us to make certain assumptions with respect to values or conditions that cannot be known with certainty at the time the financial statements are prepared. The reported amounts of our assets and liabilities, revenues and expenses and associated disclosures with respect to contingent assets and liabilities are necessarily affected by our estimates. We evaluate estimates on an ongoing basis, utilizing historical experience, consultation with experts and other methods we consider reasonable in the particular circumstances. Nevertheless, actual results may differ significantly from our estimates. The following discussion and analysis should be read in conjunction with our audited financial statements for the years ended December 31, 2017, 2016, and 2015.

We generate revenue primarily by providing transportation services to third-party natural gas producers, processors, marketers, distribution utilities, industrial end-users, power plants and other shippers. Pursuant to our transportation service agreements and FERC tariff provisions, the Rockies Express Pipeline offers its customers firm and interruptible gas transportation, park and loan services, pooling and wheeling services and booster compression services. Our primary source of revenue is from firm transportation service. Under our tariff, firm transportation customers pay a two-part rate that includes (i) a fixed-fee which reserves the right to transport natural gas in our facilities and (ii) a per-unit commodity rate and other fuel rates and tariff surcharges based on actual volumes transported. Our firm transportation reservation rates represented approximately 98% of our total transportation revenues for each of the years ended December 31, 2017, 2016, and 2015. In addition to firm transportation, we offer interruptible service, where there is no fixed-fee associated with the service because the customer accepts the possibility that service may be interrupted in order to serve customers who have purchased firm service. Our interruptible service customers pay a per-unit rate based on actual volumes transported, a fuel charge, and other applicable surcharges. We also receive fees for park and loan services, which allow customers to balance deliveries and receipts at designated points on our pipeline on an interruptible basis; for pooling and wheeling services, which allow customers to bundle smaller quantities of gas from different suppliers into larger, more marketable quantities of gas; and for booster compression services, which allow customers to bring gas onto the Rockies Express Pipeline from lower pressure sources.

Recent Developments

Tallgrass Equity Acquisition

On February 7, 2018, Tallgrass Development Holdings, LLC ("Tallgrass Development Holdings") acquired REX Holdings, LLC and its 25.01% membership interest in Rockies Express as a result of the merger of Tallgrass Development, LP into Tallgrass Development Holdings. Tallgrass Development Holdings is a wholly-owned subsidiary of Tallgrass Equity, LLC, which is the sole member of Tallgrass Energy Partners's general partner.

Seneca Lateral

On January 31, 2018, Rockies Express experienced an operational disruption on its Seneca Lateral due to a pipe rupture and natural gas release in a rural area in Noble County, Ohio. There were no injuries reported and no evacuations, however, the release required Rockies Express to shut off the flow through the segment. Repairs are underway to return the segment to service as soon as possible and a root cause investigation is ongoing.

Results of Operations

Year Ended December 31, 2017 Compared to the Year Ended December 31, 2016

Total revenues were $849.2 million for the year ended December 31, 2017 compared to $715.1 million for the year ended December 31, 2016, which represents an increase of $134.1 million, or 19%. The increase in revenues was driven by a $124.5 million increase in transportation services revenue and gas sales revenue of $9.6 million during the year ended December 31, 2017. The increase in transportation services revenue was primarily attributable to revenue of $141 million from the Zone 3 Capacity Enhancement assets placed into commercial service in January 2017, and a $30 million increase in incremental east-to-west revenue during the year ended December 31, 2017 when compared to the year ended December 31, 2016, partially offset by a $23 million decrease resulting from a contract extension during the second quarter of 2016 and a $23 million decrease in revenue due to contract terminations.

Total operating income was $472.6 million for the year ended December 31, 2017 compared to $347.7 million for the year ended December 31, 2016, which represents a increase of $124.9 million, or 36%. The increase in operating income was due to increased revenues of $134.1 million, as discussed above, partially offset by increased operating costs and expenses of $9.2 million. The $9.2 million increase in operating costs and expenses was driven by (i) a $14.1 million increase in depreciation and amortization as a result of assets placed in service in 2017 for the Zone 3 Capacity Enhancement project discussed above; (ii) a $7.3 million increase in cost of sales driven by natural gas sales during the year ended December 31, 2017; and (iii) a $3.3 million increase in cost of transportation services primarily driven by increases in our fuel tracker liabilities. These increases were partially offset by a $9.4 million decrease in general and administrative expenses, primarily due to bad debt expense in the first quarter of 2016 related to the Ultra contract terminated in April 2016, and a $6.6 million decrease in taxes, other than income taxes, due to revised property tax estimates as a result of successful appeals with state taxing authorities on the assessed value of property.

Liquidity and Capital Resources

Primary Uses of Cash

Our primary uses of cash, in addition to normal operating and general and administrative expenses, are for distributions of available cash to our Members, debt service and expansion and maintenance capital expenditures. Under our limited liability company agreement, available cash is generally defined as all of our unrestricted cash and cash equivalents less any amounts that have been set aside by our board of directors to maintain reasonably adequate reserves for our operations or any other purpose determined by our board of directors.

We intend to fund our short-term working capital requirements and maintenance capital expenditures through cash from operations, cash on hand, or borrowings under our revolving credit facility. We expect to refinance or repay our outstanding existing notes with contributions from Members, additional issuances of long-term debt, or with cash from operations. We currently expect to fund capital expenditures necessary to implement our business strategy primarily through a combination of cash flow from operations and contributions from Members.

As of December 31, 2017, Rockies Express had $550.0 million of senior notes due within the next year. The board of directors of Rockies Express approved repayment of the $550.0 million of senior notes that are due on July 15, 2018 and will fund the repayment through Member cash contributions. If our Members were unwilling to make additional capital contributions, we would be required to either restrict expansion capital expenditures and/or potential future acquisitions or pursue debt financing alternatives, some of which could involve higher costs or negatively affect our credit ratings.

Revolving Credit Facility

On October 1, 2015, we entered into a $150 million senior unsecured revolving credit facility ("the revolving credit facility") with Wells Fargo Bank, N.A., as administrative agent, and a syndicate of lenders, which will mature on January 31, 2020. The revolving credit facility includes a $75 million sublimit for letters of credit and a $20 million sublimit for swing line loans and may be used for working capital and general company purposes. The revolving credit facility also contains an accordion feature whereby Rockies Express can increase the size of the credit facility to an aggregate of $200 million, subject to receiving increased or new commitments from lenders and the satisfaction of certain other conditions precedent. As of December 31, 2017, there were no outstanding borrowings or letters of credit issued under the revolving credit facility.

Contributions from Members

During the years ended December 31, 2017, 2016, and 2015, we received contributions from Members of $92.0 million, $304.9 million, and $733.1 million, respectively. Contributions from Members during the year ended December 31, 2017 and 2016 were primarily used to fund the construction and other costs of the Zone 3 Capacity Enhancement project, as discussed in Note 9 – *Regulatory Matters*. Contributions from Members during the year ended December 31, 2015 were used to repay the 2015 Notes, as discussed in Note 4 – *Financing*, fund the construction and other costs of the Zone 3 East-to-West Project facilities and the Zone 3 Capacity Enhancement project and remaining costs associated with the Seneca Lateral Project facilities, and to increase cash on hand for working capital needs.

Cash Flows

We have steady revenue and cash flows as the result of long-term firm transportation service contracts for substantially all of our pipeline's design capacity. These commitments provide the company with fixed monthly reservation revenues for the primary term of most of our west-to-east contracts into 2019. We continue to make progress on a number of re-contracting options, including, for example, the Encana contract extension executed during the second quarter of 2016 which extends Encana's contract to 2024, and the Ultra Settlement discussed above. As of December 31, 2017, the Seneca Lateral Project facilities included contracts for 0.6 Bcf/d with a weighted average life of 11 years, the additional east-to-west transportation capacity within Zone 3 included contracts for 1.2 Bcf/d with a weighted average life of 18 years, and the Zone 3 Capacity Enhancement project which increased east-to-west transport capacity by an additional 0.8 Bcf/d with a weighted average life of 14 years. Mitigation initiatives have and will continue to involve capital expenditures for the construction of additional infrastructure. The following discussion of cash flows should be read in conjunction with the statements of cash flows and related supplemental disclosures included in our audited financial statements for the years ended December 31, 2017, 2016, and 2015.

Cash Flows From Operating Activities

Net cash provided by operating activities was $596.3 million for the year ended December 31, 2017 compared to $545.1 million for the year ended December 31, 2016. The overall increase in net cash provided by operating activities of $51.2 million was primarily due to an increase in operating results as discussed above, as well as the $150 million proceeds from the Ultra settlement received during the year ended December 31, 2017. The increase in net cash provided by operating activities was partially offset by an increase in cash outflows of $55.7 million due to a return of customer deposits during the year ended December 31, 2017, a decrease in cash inflows of $47.1 million from customer deposits collected during the year ended December 31, 2016, and a net decrease in cash inflows from changes in working capital, primarily driven by a $53.6 million decrease in net cash inflows from accounts receivable during the year ended December 31, 2017.

Cash Flows From Investing Activities

Net cash used in investing activities was $111.1 million for the year ended December 31, 2017 compared to $308.0 million for the year ended December 31, 2016. Capital expenditures of $108.9 million and $305.7 million for the years ended December 31, 2017 and 2016, respectively, were primarily related to the Zone 3 Capacity Enhancement project.

Cash Flows From Financing Activities

Net cash used in financing activities was $577.9 million for the year ended December 31, 2017 compared to $166.7 million for the year ended December 31, 2016. Net cash used in financing activities during the year ended December 31, 2017 represents distributions to Members of $669.9 million, partially offset by contributions from Members of $92.0 million. Net cash used in financing activities during the year ended December 31, 2016 represents distributions to Members of $471.6 million, partially offset by contributions from Members of $304.9 million.

Forward-Looking Statements

Disclosures in this discussion and analysis contain "forward-looking statements." All statements, other than statements of historical facts, included in this discussion and analysis that address activities, events or developments that management expects, believes or anticipates will or may occur in the future are forward-looking statements. Such statements are subject to a number of assumptions, risks and uncertainties, many of which are beyond our control, which may cause actual results to differ materially from those implied or expressed by the forward-looking statements, and other important factors that could cause actual results to differ materially from those projected. Any forward-looking statement applies only as of the date on which such statement is made and we do not intend to correct or update any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by law.