

# COLONIAL PIPELINE COMPANY

## RULES AND REGULATIONS TARIFF

### GOVERNING THE TRANSPORTATION OF

### PETROLEUM PRODUCTS

BETWEEN POINTS IN TARIFFS MAKING REFERENCE HERETO

THIS TARIFF APPLIES ONLY TO TARIFFS MAKING SPECIFIC REFERENCE HERETO BY FERC  
NUMBER.

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## RULES AND REGULATIONS

### Item 5 Definitions

As used in these rules and regulations, the following terms have the following meanings:

"API Gravity" means gravity determined in accordance with ASTM Designation D-287-67 or latest revision thereof.

"ASTM Color" means color determined by the ASTM standard method of test ASTM Designation D-1500-64 or latest revision thereof.

"Barrel" means 42 United States gallons at 60 degrees Fahrenheit and zero psi gauge.

"Batch" means a quantity of petroleum product moved through the pipeline as an identifiable unit. A "Batch" shall be classified as segregated, joint or fungible, each classification being described as follows:

- (a) A "Segregated Batch" is a quantity of petroleum product [W] ~~being the product of~~ tendered by a single Shipper [N] and meeting Carrier's established segregated product code specification for the applicable petroleum product.
- (b) A "Joint Batch" is the combination of two or more quantities of petroleum product commingled by the carrier at the request of the participating shippers.
- (c) A "Fungible Batch" is a quantity of petroleum product meeting carrier's established specification which may be commingled with other quantities of petroleum product meeting the same specification.

"Carrier" means Colonial Pipeline Company and other pipeline companies concurring in tariffs making specific reference hereto by FERC number.

"Change Fee Begin Date" is the date five (5) days prior to the Cycle Begin Date.

"Change Fee Periods" are defined as Fee Period 1 which commences on each Change Fee Begin Date and ends on each Cycle Begin Date and Fee Period 2 which commences on each Cycle Begin Date and ends on each Cycle End Date.

"Closing Date" is defined as the date that is approximately four (4) business days prior to the cycle lifting date at each major origin (Houston, Hebert, Lake Charles, Krotz Springs, Baton Rouge, or Collins). All current shippers are notified of the Closing Dates via the *Date Info* bulletin provided by Transport 4. The Closing Dates can also be obtained by contacting Scheduling at [customerrelations@colpipe.com](mailto:customerrelations@colpipe.com).

[N] "Confirmed Segregated Batch" means a Segregated Batch that has been properly requested by Shipper and that Carrier has confirmed in a Segregated Batch Confirmation Notice.

"Cycle Begin Date" is the published lifting date out of Houston of the first Petroleum Products Shipment within a cycle as defined in Colonial's *Origin Starts* bulletin provided by Transport 4 to all current shippers. The dates in the bulletin represent a close approximation of the targeted lifting date. The targeted lifting dates can also be obtained by contacting Scheduling at [customerrelations@colpipe.com](mailto:customerrelations@colpipe.com).

"Cycle End Date" is the date of the conclusion of the shipper's final Petroleum Product Shipment from any Gulf Coast origin location in each Cycle.

"Consignee" means the party to whom a shipper has ordered the delivery of petroleum product.

"Cycle" means a period of time (approximately 5 days) during which each type of product is pumped for all shippers desiring transportation of such product.

"Final Termination" means complete removal of a batch or the final portion thereof from carrier's main lines.

"Gross Nomination Change Value" is the absolute difference between the sum of the nominations volumes for gasoline products and likewise for distillate products, at all Gulf Coast origin locations, recorded in the carrier's electronic information network, at the end of the first and last days of the Change Fee Periods.

"Interface Mixture" is that mixture occurring in pipeline operations between adjoining batches of petroleum product having either similar or dissimilar physical characteristics.

- (a) "Compatible Interface" is that mixture occurring between adjoining batches of petroleum product having similar physical characteristics which can be absorbed into the adjoining batches.
- (b) "Transmix" is that mixture occurring between adjoining batches of petroleum product having dissimilar physical characteristics which cannot be absorbed into the adjoining batches.

"Petroleum Products" means gasolines and petroleum oil distillates as further described in Item 10.

Pipeline segments within the Colonial Pipeline system are identified in the following manner:

- (a) "Main Lines" are those pipelines in carrier's system being 30 inches or more in diameter.

- (b) "Stub Lines" are carrier's pipelines extending from other main line system to one or more of carrier's custody metering facilities.
- (c) "Delivery Lines" are those pipelines extending from carrier's custody metering facilities to consignee's or connecting carrier's receiving facilities.
- [W] (d) "Point of Origin" means the specific location on carrier's system as designated in its tariff where carrier accepts petroleum product for shipment and may be referred to in other items of this tariff as "origin station or origin."

[N] "Segregated Batch Confirmation Notice" means the notice provided by Carrier to Shipper, via email or other written transmission, pursuant to which Carrier confirms that it has accepted Shipper's request to transport a Segregated Batch in accordance with the provisions of Item 22.

"Shipment" means a volume of petroleum product offered to carrier at a point of origin for transportation through carrier's system to designated delivery locations.

"Shipper" means the party who contracts with carrier for shipment of petroleum products under the rules, regulations and rates of this tariff and other tariffs making specific reference hereto by FERC number.

"Transport 4" is the internet-based shipper information system allowing Colonial customers to access nominations, schedules, tickets, inventories, invoices and bulletins.

## Item 10 Specifications

- (a) Carrier may require the shipper to furnish certified laboratory reports indicating the results of the testing of petroleum products offered for transportation. Carrier will also make such tests of the petroleum products as it may deem appropriate. In the event of a variance between shipper's report and carrier's test, carrier will endeavor to accept the product so long as such acceptance does not adversely affect the operations of the pipeline.
- (b) Carrier shall have no obligation to accept petroleum products for shipment if such products contain water or other impurities; have a color darker than No. 3 ASTM; have a vapor pressure of more than 15 pounds absolute at 100 degrees Fahrenheit; have an API gravity of less than 25 degrees or more than 80 degrees at 60 degrees Fahrenheit; a viscosity of more than 4.3 centistokes at 100 degrees Fahrenheit and a temperature of more than 100 degrees Fahrenheit; or are not in compliance with the carrier's published Product Quality Assurance specifications established for all shippers. These specifications are published in Section 3 of Carrier's Shipper Manual entitled "Product Codes & Specifications." An electronic copy of this section effective July 9, 2020, can be found on the Carrier's website at [www.colpipe.com](http://www.colpipe.com). Petroleum products accepted will be corrected as to volume in accordance with Item 40 of this tariff.

In the event the U.S. Environmental Protection Agency ("EPA") and/or the applicable states issue a Fuel Waiver that effectively modifies the specifications requirements for a particular grade or grades of gasoline, Carrier may modify its specifications for those grades to comply with the waiver allowance. Specification changes will be immediate with notice from Colonial. Grades with the same specifications will be commingled in Colonial system. Carrier will have no liability to Shipper as a result of such modification, other than as set forth in Item 60.

- (c) Products tendered for transportation shall not contain blending components, which are not pure hydrocarbons, unless carrier has been notified of these components in advance and has agreed to accept such products for shipment. Shipper must report type and percent by volume of all non-hydrocarbon blending components.
- (d) Carrier reserves the right to refuse to accept any shipment of product that is: (1) not in compliance with state and federal regulations, (2) a health hazard, (3) incompatible with its transportation system, method of operation or transportation of other petroleum products.

## Item 20 Minimum Tender, Batch, and Delivery [N] for a Fungible or Joint Batch

- (a) Minimum Tender - The minimum quantity of petroleum products which will be accepted at one point of origin from a single shipper for inclusion in a joint [C] ~~segregated~~ or fungible batch shall be 15,000 barrels at all origin stations on Lines 1-4, except that for points of origin in Linden, New Jersey or New York, that minimum shall be 15,000 barrels. The minimum quantity of petroleum products that can be accepted at one point of origin from a single shipper for inclusion in a joint [C] ~~segregated~~ or fungible batch shall be 5,000 barrels at all origin stations on stub lines.
- (b) Minimum Batch - A [C] ~~segregated~~, fungible or joint batch shall consist of no less than the quantities of petroleum product indicated below:

- (1) Main Lines
  - a) Houston - Greensboro (either line) 75,000 bbl.
  - b) Greensboro - Dorsey 25,000 bbl.
  - c) Greensboro - Linden 25,000 bbl.
  - d) Woodbury - Linden 25,000 bbl.
- (2) Baton Rouge Barge Dock 25,000 bbl.
- (3) All Stub Lines 5,000 bbl.
- (4) Intra Harbor Transfer 15,000 bbl.

(c) Minimum Delivery

- (1) The quantity of petroleum product in a ~~[C] segregated~~, fungible or joint batch shipped through a tank farm must be no less than the amounts indicated below.

Greensboro Junction, NC	25,000 bbl.
Atlanta Junction, GA	25,000 bbl.
Pelham Junction, AL	10,000 bbl.
Mitchell Junction, VA	10,000 bbl.

Aberdeen Junction, MD	10,000 bbl.
Woodbury Junction, NJ	10,000 bbl.
<del>[C] Pennsauken Junction, NJ</del>	<del>10,000 bbl.</del>
Other tank farms	5,000 bbl.

- (2) The final termination of a ~~[C] segregated~~, fungible or joint batch will only be allowed at the following locations and in no less than the amounts indicated below:

a) Main Line Locations	
Collins- Plantation, MS	25,000 bbl.
Atlanta Junction, GA	25,000 bbl.
Greensboro Junction, NC	25,000 bbl.
Mitchell Junction, VA	25,000 bbl.
Fairfax Del. Fac., VA	25,000 bbl.
Dorsey Junction, MD	25,000 bbl.
Aberdeen Junction, MD	25,000 bbl.
Booth Del. Fac., PA	25,000 bbl.
Woodbury Junction, NJ	25,000 bbl.
Linden Junction, NJ	25,000 bbl.
Bull Run, VA	10,000 bbl.
Charlotte, NC	25,000 bbl.
Baton Rouge, LA	75,000 bbl.

b) All Stub Line Locations	5,000 bbl.
c) Baton Rouge Barge Dock	25,000 bbl.

- (3) Deliveries from a batch, other than the final termination of the batch, will be made to connecting facilities designated by shipper in no less than the amounts indicated below, except as provided in paragraph (f) hereof.

a) All Main Line Locations	5,000 bbl.
b) All Stub Line Locations	2,500 bbl.
c) Deliveries directly from carrier's tank farm	2,500 bbl.

- d) Carrier reserves the right to allow smaller volumes as necessary to achieve optimum utilization of its pipeline system.
- e) There is no minimum batch size requirement for aviation kerosene moving on the delivery lines serving airports.
- f) Deliveries from a batch that originated in New Jersey or New York will be made to connecting facilities designated by shipper in no less than the amount of 5,000 barrels.

## **[N] Item 21 Minimum Tender, Batch, and Delivery for a Segregated Batch**

- a) Minimum Tender - The minimum quantity of petroleum products which will be accepted at one point of origin from a single Shipper for inclusion in a Segregated Batch shall be 75,000 barrels at all permitted origin points on Lines 1 and 2. For any Segregated Batch originating through Carrier's Intra Harbor Transfer service, the minimum quantity of petroleum products which will be accepted from a single Shipper for inclusion in a Segregated Batch shall be 15,000 barrels.
- b) Minimum and Maximum Batch - A Segregated Batch shall consist of no less than 75,000 barrels or 15,000 barrels, as applicable pursuant to Item 21(a) above, and no more than 100,000 barrels; provided, however, that Carrier reserves the right to accept a smaller or larger Segregated Batch as necessary to achieve optimum utilization of its pipeline system.
- c) Origin – A Segregated Batch may be originated only from the following Points of Origin:
- Houston, Harris County, TX
  - Hebert, Jefferson County, TX
  - Lake Charles, Calcasieu Parish, LA
  - Baton Rouge, E. Feliciana Parish, LA
  - Baton Rouge –Dock Facility, W. Feliciana Parish, LA
  - Collins, Covington County, MS
  - Carteret, Middlesex County, NJ
  - Port Reading, Middlesex County, NJ
  - Sewaren, Middlesex County, NJ
- d) Delivery – A Segregated Batch may be terminated only at the following destination points:
- Baton Rouge – East Baton Rouge Parish, LA
  - Collins – CLP nomination code: TMO or TM2 tankage code, Covington County, MS
  - Linden, Union County, NJ
  - Linden – Buckeye, Union County, NJ
  - Newark, Essex County, NJ
  - Newark – Sun, Essex County, NJ
  - Gulfport – Linden, Richmond County, NY
  - Gulfport, Richmond County, NY
  - Port Mobil – Linden, Richmond County, NY
  - Philadelphia - Fort Mifflin, Philadelphia County, PA
  - Philadelphia - Girard Point, Philadelphia County, PA
  - Philadelphia - Point Breeze, Philadelphia County, PA
  - Woodbury, Gloucester County, NJ
  - Woodbury – Buckeye/Malvern, Gloucester County, NJ
- No Segregated Batch may be split between two or more destination points without prior approval by Carrier, and no Segregated Batch may utilize origin/destination pairs that are not set forth in the applicable rates tariff.
- e) In order to protect the quality of petroleum products in transit, as a condition of transportation, Carrier may require a Shipper seeking to ship a Segregated Batch to furnish buffer material in kind and quantity satisfactory to Carrier. Carrier will deliver such buffer material, which may include other petroleum products commingled with it, into the facilities that shall be supplied by Shipper or consignee at the applicable destination point. The tariff rate applicable to transportation from the Point of Origin to the destination point will be charged for all buffer materials.

## **[N] Item 22 Additional Procedures for Nominating a Segregated Batch**

The following procedure applies to any Segregated Batch that originates on Lines 1 and 2 and terminates at any location other than Baton Rouge, Louisiana and Collins, Mississippi. Any such Segregated Batch must be nominated in accordance with the procedures set forth in this Item 22, as well as all other nominations policies and procedures applicable to the nominated origin/destination pair.

Carrier will accept a Segregated Batch for transportation on Carrier's system (1) between the origins and destinations set forth in Item 21 above, and otherwise if there are segregated receipt and/or delivery facilities at the origin and destination necessary to facilitate the receipt and delivery of such Segregated Batch, and if (2) the transportation of the Segregated Batch is operationally feasible and will not negatively impact Carrier's operations, in Carrier's sole discretion, with such discretion to be applied in a not unduly discriminatory manner. Any request to ship a Segregated Batch must be made both through Carrier's Transport4 portal, and via an email to [segregatedbatch@colpipe.com](mailto:segregatedbatch@colpipe.com). Any request for transportation of a Segregated Batch must include the requested product, origin, destination, cycle, and volume. Requests to ship a Segregated Batch will be fulfilled on a first come, first served basis, and will be approved or rejected by Carrier within three (3) business days of receipt of the request via a written Segregated Batch Confirmation Notice or a rejection notice. Requests to ship a Segregated Batch may be made up to two (2) months in advance of the requested cycle. The transportation of a Segregated Batch is subject to all other provisions of this tariff and any applicable rates tariff, unless otherwise noted. Any Confirmed Segregated Batch may be modified by Carrier in accordance with the provisions of Item 31, or as necessary to facilitate Carrier's operations. The transportation of a Segregated Batch may be subject to an additional fee, as set forth in the applicable rates tariff.

## **Item 25 Notice of Intent to Ship: Shipping Schedules**

- (a) Shippers shall be required to submit nominations to carrier by the first Tuesday of the month preceding the month in which they want to ship. This requirement provides carrier with information to review and analyze to determine the requirements necessary to handle all shippers' Petroleum Products. Unless such nominations are made, the carrier shall be under no obligation to accept Petroleum Products from such shipper.
- (b) Carrier shall prepare and make available, via electronic information networks, Closing Dates for fungible gasoline and distillate products. Shippers shall be required to have their Batches nominated and confirmed by any third parties involved in the Batch by the Closing Dates. Unless such nominations and confirmations are received, the carrier shall be under no obligation to accept Petroleum Products from such shipper. Carrier reserves the right to ship barrels in a Cycle different from which they were nominated, to achieve optimum utilization of its pipeline system.
- (c) Carrier will prepare and make available, via electronic information networks, schedules showing the estimated time each shipment will be received for transportation at points of origin and the estimated time of arrival at destination. Such schedules may be modified from time to time to the extent reasonably desirable to facilitate the efficient and economical use and operation of carrier's facilities and to reasonably accommodate shippers' needs for transportation.
- (d) Shipper shall have each shipment available in tankage connected to carrier's origin stations to allow reasonable time for product sampling and testing prior to the scheduled time for receipt by carrier; carrier's experience indicates that eight (8) hours prior to the scheduled time for receipt is sufficient. When a product is not available for carrier sampling and testing, acceptance of said product will be at the discretion of the carrier. The carrier will endeavor to accept the product so long as such acceptance does not adversely affect the operations of the pipeline.
- (e) All communications relating to a Shipper's nominations, deliveries to or from Carrier, payment of invoices or other matters pertaining to the Shipper's business with Carrier shall be conducted solely by an officer or employee of the Shipper. If a Shipper wishes to use an agent, the shipper must designate, in writing, an agent to act on the Shipper's behalf in conducting such communications. The designation must acknowledge the following items to be effective:
  - (i) the Shipper consents to disclosure of any and all information regarding the Shipper's nominations, deliveries to or from Carrier, payment of invoices, or other business with Carrier to such agent and releases Carrier and holds Carrier harmless from any and all liability relating to such disclosure; and
  - (ii) such designation shall be valid and binding on Shipper until Carrier receives written notice from Shipper expressly terminating such designation.

## **Item 27 Nomination Integrity Program**

To improve ratatability of petroleum product originations and deliveries, fees will be assessed on a per shipper basis to discourage major changes in nominations. Such fees shall be assessed in conformity with the terms and conditions set forth below.

- (a) Nomination change fees per shipper shall be applicable to changes in the sum of the volumes nominated per shipper for all gasoline products at all Gulf Coast origin locations, and likewise to changes in the sum of volumes nominated for all distillate products at all Gulf Coast origin locations.



Gulf Coast origin locations include Houston and Hebert, Texas, Lake Charles, Krotz Springs, Baton Rouge and Baton Rouge Dock Facility, Louisiana, Collins, Mississippi, and Moundville, Alabama.

- (b) Fees shall be calculated on the basis of the Change Fee Begin Date, Cycle Begin Date and Cycle End Date. The Cycle Begin Date, represents a close approximation of the first Houston origin start of any Petroleum Products Shipment within a Cycle. Cycle Begin Dates occurring otherwise shall be published via carrier's electronic information network.
- (c) There shall be two (2) Change Fee Periods during which nomination change fees shall be assessed:
  - (1) Change Fee Period 1 shall commence on each Change Fee Begin Date and shall end on each Cycle Begin Date.
  - (2) Change Fee Period 2 shall commence on each Cycle Begin Date and shall end on each Cycle End Date.
- (d) For each Change Fee Period, the Gross Nomination Change Value shall be the absolute difference between the sum of the nominations volumes for gasoline products and likewise for distillate products, at all Gulf Coast origin locations, recorded in the carrier's electronic information network, at the end of the first and last days of the Change Fee Periods.

Nomination change fees shall be applied to the positive difference of the Gross Nomination Change Values less the greater of twenty five thousand (25,000) barrels or twenty (20) percent of the nomination volume recorded on the first day of each Change Fee Period. Nomination change fees shall be assessed as follows:

  - (1) [U] One and a half (1.5) cents per barrel for Change Fee Period 1; and
  - (2) [U] Three (3) cents per barrel for Change Fee Period 2.
- (e) All nomination change fees that would otherwise be assessed within an affected cycle shall not be assessed in the event that carrier:
  - (1) Allocated Shipments on Line 1 or Line 2; or
  - (2) Disrupts shipping schedules to accommodate unplanned system maintenance; or
  - (3) Disrupts shipping schedules in response to delays caused by acts of God, public enemy, quarantine, authority of law, governmental action, strikes, riots, nuclear or atomic explosions, or floods.
- (f) Volume credits shall be awarded to shippers who, pursuant to carrier's request, agree to change their scheduled batches for the purposes of maintaining or improving Colonial's system ratatability. Qualified changes shall be defined as carrier requested adjustments a shipper makes to the volume or lifting start-time of a scheduled batch. The amount of volume credits awarded for qualified changes shall be on a barrel for barrel basis equal to the volume of the specific batch that is changed. Volume credits accrued shall be applied to subsequent barrels that would otherwise be subject to the nomination change fees until they are exhausted. All unused credits shall terminate after 180 days from accrual. There will be no monies exchanged for volume credits.
- (g) Volume credits will be awarded for nomination changes arising from qualified trades of like product movements between shippers. Qualified trades of like product movements will consist of offsetting nomination changes involving the same product type if the movement is during the same cycle and from the same origin location. The amount of volume credits awarded for qualified trades shall be on a barrel for barrel basis equal to the volume of the offsetting nominations. All shippers participating in the trade must notify carrier in writing to be eligible for volume credits by no later than the date corresponding to the end of the cycle in which the trade occurs. There will be no monies exchanged for volume credits.

## **Item 28 Intra Harbor Transfer (IHT) Reservation Program**

To improve ratatability of petroleum product origination and deliveries for short haul movements originating in Richmond County, New York and Middlesex County, New Jersey (Intra Harbor Transfer), fees will be assessed on a per shipper basis to discourage major changes or cancellations in nominations for Intra Harbor Transfers. As part of this Program, an IHT Reservation Fee will be assessed on shippers who make major changes or cancel their Intra Harbor transfer nomination within 3 days (72 hours) of the scheduled pump date and time. This program, and any associated fees, will be determined and assessed as follows:

- (a) There will be no fee assessed for changes in, or cancellations of, IHT nominations greater than 3 days (72 hours) before the scheduled pump date and time.

**For explanation of Abbreviations and Reference Marks not found hereon, see last page of tariff.**

- (b) The charge for a shipper will be determined and applied by subtracting each IHT actual ticketed volume from 95% of the nominated volume for that movement. If the resulting volume is greater than zero then this volume will be multiplied by the IHT Reservation Fee to determine the assessment under the IHT Reservation Program. This charge will be assessed during the Fourth Invoice Period.
- (c) The IHT Reservation Fee will be [U] 38.00 cents per barrel.

### Item 30 Segregation and Variations in Quality and Gravity

- (a) It is inherent in the operations of a products pipeline that interface mixtures will occur between batches. Therefore, carrier shall not be liable for variation in gravity or quality of petroleum products occurring while in its custody, resulting from any cause other than the negligence of the carrier, and carrier is under no obligation to deliver the identical petroleum products received and may deliver petroleum products of substantially the same specifications.
- (b) Subject to the foregoing, carrier will, on segregated batches and to the extent permitted by carrier's facilities, make delivery of substantially the identical petroleum products at destinations; however, it being impractical to maintain absolute identity of each total shipment of petroleum products, reasonable substitution of petroleum product having substantially the same specifications will be permitted. [N] For any Segregated Batches that require buffering, buffers and other interface mixtures may be commingled and delivered with the batch.

### Item 31 Prorating; Capacity Allocation Program

- (a) When the total volume offered for shipment by all Shippers in accordance with Item 25 is greater than can be transported within the period and between the locations specified by such offers, petroleum products offered by each Shipper for transportation will be transported between such locations in such quantities, at such times and to the limit of carrier's operating capacity so as to avoid discrimination (unreasonable preference or prejudice) among Shippers, and so as not to adversely affect the reasonable operation of carrier's facilities. To achieve the foregoing, during periods when volumes offered for shipment exceed the capacity of a line segment of carrier's system, carrier will equitably allocate capacity of the applicable Segment to Shippers in accordance with this Item 31.

- (b) Definitions

For the purpose of this Item 31, the following terms are defined as:

"Adjusted Binding Request" - A Shipper's Binding Request after any adjustments have been made in accordance with this Item 31. The lower of a Regular Shipper's Binding Request or their CCHA. The Committed Nomination may exceed the Binding Request.

"Affiliate" - Any entity that, directly or indirectly: (i) controls a Shipper; (ii) is controlled by another Shipper; or (iii) is controlled by the same entity that controls a Shipper. For purposes of this definition, the terms "controls" and "controlled by" mean the power to direct or cause the direction of the management of and policies of another entity whether through the ownership of shares, a contract, trust arrangement or any other means, either directly or indirectly, that results in control in fact, but notwithstanding the foregoing includes, with respect to the control of or by a corporation, partnership or limited liability company, the ownership of shares or equity interests carrying not less than 50% or more of the voting rights regardless of whether such ownership occurs directly or indirectly. Without limitation, any one or more of the following shall conclusively evidence that entities are Affiliates of each other: (a) use of shared mailing or business addresses; (b) use of shared business telephone numbers; (c) use of common bank account(s) in relation to carrier's requirements set forth in Item 55 or Item 105; (d) the same or substantially the same management, general partner or managing member; and/or (e) one Shipper directing or conducting business on behalf of another Shipper.

Allocation – For Regular Shippers it is their CCHA. For New Shippers it is the results of the lottery.

"Available Capacity" - The total available capacity of a Segment for a particular Cycle, as determined by carrier.

"Available Excess System Capacity" - A calculated volume determined by summing (i) all allocations to New Shippers pursuant to Items 31(d)(i) and 91, and (ii) for all Regular Shippers, the lesser of each individual Regular Shipper's (1) Binding Request or (2) Calculated Cycle Historical Allocation, and subtracting the total of (i) and (ii) from the Available Capacity.

"Base Period" - The period of twelve (12) months ending one month prior to the month of anticipated Segment capacity constraint.

"Binding Request" - For any Segment on Main Lines 1 or 2, the nominated volume in the system as of 23:59 on the 2nd business day following the Notice of Allocation or, if carrier issues a Freeze Notice, the nominated volume in the system as of 23:59 on the 1st business day following the Freeze Notice. For all other lines, the nominated volume in the system as of 23:59

**For explanation of Abbreviations and Reference Marks not found hereon, see last page of tariff.**

on the 1st business day following the Notice of Allocation or, if carrier issues a Freeze Notice, the nominated volume in the system as of 23:59 on the 1st business day following the Freeze Notice. A Binding Request shall be either (i) zero or (ii) not less than 15,000 barrels or more than 5,000,000 barrels.

"Calculated Cycle Historical Allocation" (CCHA) - Capacity allocated to a Regular Shipper based on the volumes of petroleum products shipped by such Regular Shipper on the applicable Segment during the Base Period. Because of the requirements of Item 20(a), if the calculated CCHA of a Regular Shipper is at least 15,000 bbls (for Main Lines 1 & 2) or 3,000 bbls (for all other Lines), carrier will record for such Regular Shipper pursuant to Item 31(c), 15,000 bbls (for Main Lines 1 & 2) and 5,000 bbls (for all other Lines), as applicable. Any calculated CCHA in excess of the minimum batch size set forth in Item 20(a) will be rounded, upwards or downwards, to the nearest 5,000 bbls (for Main Lines 1 & 2) or the nearest 2,500 bbls (for all other Lines). If the calculated CCHA of a Regular Shipper is less than 15,000 bbls for Main Lines 1 & 2 or 3,000 bbls for all other lines, carrier will record for such Regular Shipper pursuant to Item 31(c), 0 bbls for the applicable Segment.

"Calculated Minimum Nomination" - A volume equal to (a) for a Regular Shipper, 80% of its Initial Nomination or its Initial Nomination less 25,000 barrels, whichever is less; provided that the Calculated Minimum Nomination of a Regular Shipper that does not submit an Initial Nomination will be 0, and (b) for a New Shipper, 80% of its New Shipper Nomination.

"Cap Freeze" – The closing and locking by carrier of nominations for a Cycle if, prior to the Cycle Closing Date for Main Lines 1 and 2, but later than the time outlined in Item 31(c), such nominations rise to levels that indicate that carrier's system, or a Segment thereof, may be allocated.

"Capacity Allocation Fee" – [U] 44 cents per barrel.

"Committed Nomination" - Adjusted Binding Request accepted by carrier.

"Cycle Closing Date" - Defined for Main Line 1 and 2 as the first Closing Date scheduled for that line for a given Cycle.

"Eligible New Shipper" - A New Shipper that submits a New Shipper Nomination for a Cycle when a Segment is in prorationing under this Item 31.

Excess Requested – The difference between the Binding Request and the Adjusted Binding Request.

Final Ticketed Volume – The volume transported in an allocated line segment. For lines 1 and 2 it is the volumes passing downstream of the point of allocation for all other line segments it is the delivered barrels.

"Fourth Invoice Period" - The last monthly transportation invoicing period for a calendar month. The 22<sup>nd</sup> through the last day of the month.

"Freeze" – The closing and locking by carrier of nominations for a Cycle if, after the Cycle Closing Date for Main Lines 1 and 2, such nominations rise to levels that indicate that carrier's system, or a Segment thereof, may be allocated.

"Freeze Notice" - Bulletin issued by carrier informing Shippers of a Freeze or Cap Freeze.

"Initial Nomination" - The nomination submitted by a Regular Shipper for a Segment being allocated or frozen that is recorded in the system at the time specified in the Notice of Allocation or Freeze Notice.

"New Shipper" - A Shipper, other than a Regular Shipper, an Affiliate of a Regular Shipper or other New Shipper, that has been approved by carrier for shipments on a Segment or Segments, subject to Shipper meeting the requirements of Item 25(a). Carrier's approval shall specify the starting Cycle of New Shipper status, which will be the first Cycle in a calendar month, and the Segment(s) on which the Shipper has New Shipper status. A New Shipper ceases to be a New Shipper on a Segment on the first Cycle of the month immediately following the date when the average per Cycle history of petroleum products shipped by such New Shipper on the applicable Segment during the Base Period is at least 18,750 bbls (for Main Lines 1 & 2) or at least 3,750 bbls (for other Lines), at which time, the New Shipper will become a Regular Shipper on that Segment. If a New Shipper fails to submit a New Shipper Nomination or fails to ship any petroleum products on an applicable Segment over a 12 month period, the entity will lose its New Shipper status with respect to that Segment and will not be entitled to ship as a New or Regular Shipper on that Segment unless and until it applies for and is granted Shipper status in accordance with carrier's stated credit policy.

"New Shipper Capacity" - Five percent (5%) of the Available Capacity for Segments on Main Line 1 & 2 and ten percent (10%) of the Available Capacity for all other Segments.

"New Shipper Nomination" - The initial nomination for a Shipper Batch Volume submitted by a New Shipper for a Segment that exists in carrier's system at the time when a Notice of Allocation or Freeze Notice is issued.

"Notice of Allocation" - Bulletin issued by carrier informing Shippers that a Segment will be allocated.

Percentage Of Total Historical Shipments – A Regular Shipper's ticketed history during the Base Period divided by the total ticketed history during the Base Period.

"Regular Shipper"- All Shippers other than New Shippers. However, if the Regular Shipper does not maintain a per Cycle shipment history of at least 15,000 bbls of petroleum products (Main Lines 1 and 2) or at least 3,000 bbls of petroleum products (all other Lines), such Regular Shipper will be subject to the last sentence of the definition of "Calculated Cycle Historical Allocation". A Regular Shipper that does not maintain the required per Cycle shipment history set forth above during the Base Period may, by written notice to carrier, request to become a New Shipper. If a Regular Shipper's request for New Shipper status is approved by carrier, carrier's approval shall specify the starting Cycle of such converting Regular Shipper's New Shipper status, which will be the first Cycle of a calendar month, and the Segment(s) on which the Shipper has New Shipper status. If a Regular Shipper fails to submit a Nomination or fails to ship any petroleum products on an applicable Segment over a 12 month period, the entity will lose its Regular Shipper status with respect to that Segment and will not be entitled to ship on the Segment unless and until it applies for and is granted Shipper status in accordance with Carrier's stated credit policy.

"Segment" – A line segment of carrier's system.

"Shipper Batch Volume" - A batch volume of 25,000 bbls on Segments on Main Lines 1 and 2 and 5,000 bbls on all other Segments.

"Threshold Volume" - A calculated percentage (95%) of the Committed Nomination.

- (c) If carrier determines that a Segment may be allocated, carrier will issue a Notice of Allocation to Shippers for Segments on Main Lines 1, 2, 3 & 4 a minimum of four (4) business days prior to the Cycle Closing Date for Segments on Main Lines 1 & 2, a minimum of two (2) business days prior to such Cycle Closing Date on stublines upstream of Greensboro, NC, and a minimum of three (3) business days prior to the Cycle arriving in Greensboro, NC for all Segments downstream of Greensboro, NC. At this time, carrier will record each Regular Shipper's Calculated Cycle Historical Allocation (CCHA), Initial Nomination (if any) and Calculated Minimum Nomination and the New Shipper Nomination of each New Shipper (after conducting any lottery required under item 31(d)(i)), and record the results thereof. Each Regular Shipper will have two (2) business days from the Notice of Allocation for Segments on Main Lines 1, 2, 3, & 4 and one (1) business day from the Notice of Allocation for all other Segments to submit a Binding Request for capacity. Each New Shipper may also submit a Binding Request for capacity within the same timeframes. Subject to the last sentence of the definition of "Binding Request," (i) the Binding Request of a Regular Shipper may be for less or more capacity than its CCHA or Initial Nomination (if any), and (ii) the Binding Request of a New Shipper may be for less or more capacity than its New Shipper Nomination, but, even if a Binding Request is submitted by a New Shipper, carrier will use the New Shipper Nomination of such Shipper for purposes of allocating capacity to New Shippers pursuant to Items 31(d)(i) and 91 and determining the Threshold Volume of such New Shipper for purposes of any Capacity Allocation Fee payable pursuant to item 31(g).
- (d) If carrier determines that the total nominations for a Segment will exceed the Available Capacity of such Segment for a Cycle, carrier will allocate the Available Capacity of such Segment as follows:
- (i) New Shipper Capacity will be allocated to New Shippers that submit a New Shipper Nomination until each has received a Shipper Batch Volume, or, if the total of such allocations would exceed the remaining New Shipper Capacity, the remaining New Shipper Capacity will instead be allocated to New Shippers by way of the software-generated random process as described in Item 91. The allocations under this Item 31(d)(i) and Item 91 will be recorded as Adjusted Binding Requests.
  - (ii) If there is no Available Excess System Capacity, then there will be recorded as an Adjusted Binding Request for each Regular Shipper the lesser of such Regular Shipper's (1) Binding Request, or (2) Calculated Cycle Historical Allocation (CCHA).
  - (iii) If there is Available Excess System Capacity, Regular Shippers whose Binding Requests are in excess of their CCHA will be allocated (1) capacity equal to their CCHA, and (2) the Available Excess System Capacity will be allocated, proportional to the history established during the Base Period, among the Regular Shippers described in clause (1) until their Binding Requests are fully satisfied or all Available Excess System Capacity has been equitably allocated. The resulting adjustments will be added to each such Regular Shipper's Binding Request and will be recorded as an Adjusted Binding Request.
  - (iv) If any Available Capacity remains after the allocations under Item 31(d)(i), (ii) and (iii), Shipper Batch Volumes will be allocated to each Eligible New Shipper that did not receive any allocation of capacity in the lottery pursuant to Item 91 for such Cycle, using the random numbers generated in the lottery, starting with the number next closest to one after those awarded in the lottery, until either all of such remaining Available Capacity has been assigned (other than any final portion that is less than a Shipper Batch Volume) or all of such Eligible New Shippers have received capacity equal to the Shipper Batch Volume.
  - (v) Any Available Capacity remaining after the allocations under Items 31(d)(i), (ii), (iii) and (iv) will be allocated proportionally among those New Shippers whose Binding Requests exceed their New Shipper Nominations. The resulting adjustments will be added to the New Shipper Nomination and recorded as an Adjusted Binding Request.

- (vi) If there is Available Capacity remaining after the allocations under Item 31(d)(i), (ii), (iii), (iv) and (v), such Available Capacity will be allocated, on a pro rata basis, to Regular Shippers whose Binding Requests are less than their Calculated Minimum Nominations until their Calculated Minimum Nomination are fully satisfied or all Available Capacity has been equitably allocated. A resulting adjustment will be made to each such Regular Shipper's Binding Request and will be recorded as an Adjusted Binding Request.
- (e) Should a Cap Freeze be required, carrier will immediately issue a Freeze Notice to Shippers. At that time, carrier will record the Initial Nomination of each Regular Shipper, the New Shipper Nomination of each New Shipper, and the Calculated Minimum Nomination for each thereof. Each such Shipper will have one (1) business day after the Freeze Notice to confirm or resubmit its Initial Nomination or New Shipper Nomination, as applicable, and this confirmation or resubmission will be considered such Shipper's Binding Request, except that no such Binding Request can be greater than the level of the Shipper's Initial Nomination or New Shipper Nomination, as applicable, or less than the Shipper's Calculated Minimum Nomination (and any Binding Request submitted by a Shipper at a level that is less than its Calculated Minimum Nomination will be adjusted up to such Calculated Minimum Nomination level and become its Adjusted Binding Request).
- (f) The Adjusted Binding Requests of Regular Shippers and New Shipper Nominations of New Shippers under Items 31(d) and (e) will be reviewed by carrier and accepted as Committed Nominations. Following the acceptance of Committed Nominations, carrier will publish for each Shipper its Committed Nomination and Threshold Volume.
- (g) For Main Lines 1 & 2 only, a charge for a Shipper will be determined and applied by subtracting each Shipper's actual ticketed volume for a Cycle from its Threshold Volume. If the resulting volume is greater than zero, the difference will be multiplied by the Capacity Allocation Fee. This charge will be assessed during the Fourth Invoice Period.
- (h) Should a Freeze be required, carrier will immediately issue a Freeze Notice to Shippers. At that time, carrier will record the Initial Nomination of each Regular Shipper and New Shipper. Each such Shipper will be entitled to reduce such nomination prior to lifting, but will not be entitled to increase such nomination above the recorded levels in carrier's system at the time when the Freeze Notice is issued. Items 31(f) and (g) will not apply to a Freeze.
- (i) Each Shipper requesting New Shipper status shall provide to carrier an affidavit and such information as will enable carrier to determine whether such Shipper is an Affiliate of any Regular Shipper or New Shipper on the Line Segment(s) for which the Shipper is seeking New Shipper status. Such information may include, without limitation, the names of any Affiliates of the prospective New Shipper, the business name of the prospective New Shipper and the registered business address of the prospective New Shipper. New Shippers shall promptly notify carrier in writing of any event or change that renders the affidavit or other information provided by such New Shipper to carrier incomplete or inaccurate.

## **Pro-rationing and Capacity Allocation Program (CAP)**

### **Prorationing Process**

#### **Issuance of Notice of Allocation**

If Colonial determines that a Segment may be allocated, Colonial will issue a Notice of Allocation via T4 as follows:

- A. For Segments on Lines 1, 2, 3 and 4, a minimum of four (4) business days prior to the Cycle Closing Date.
- B. For all other stub line Segments upstream of Greensboro, NC, a minimum of two (2) business days prior to the Cycle Closing Date.
- C. For all other Segments downstream of Greensboro, NC, a minimum of three (3) business days prior to the Cycle arriving in Greensboro, NC.

The Notice of Allocation will advise shippers when their Binding Request is due. Regular Shippers may change their Initial Nomination at any point prior to the nomination becoming a Binding Request. While New Shippers may change their New Shipper Nomination, the New Shipper Nomination will be used for the Lottery. On Main Lines 1 and 2, any Binding Request less than the Calculated Minimum Nomination is subject to adjustment up to the Calculated Minimum Nomination level as described below.

When a Notice of Allocation is issued, the shipper's CCHA, New Shipper allocation, and Calculated Minimum Nomination will be calculated and posted on T4.

## Allocation of Capacity During Prorationing

Before the Notice of Allocation is issued, the lottery is run to assign the capacity set aside for New Shippers. **New Shippers must submit a New Shipper Nomination in order to receive an allocation and/or participate in the lottery.** The lottery generates a random number for each Eligible New Shipper. The lottery then organizes New Shippers into two tiers. New Shippers who have nominated in the current Cycle and in the last Cycle in which a lottery was held but did not win the lottery in the previous lottery or have become a New Shipper in this Cycle are Tier 1 Eligible New Shippers while the remaining Eligible New Shippers are Tier 2 Eligible New Shippers. The lottery orders each tier sequentially starting with the random number closest to zero. New Shipper Capacity is then allocated with the lowest number Tier 1 Eligible New Shipper receiving the first Shipper Batch Volume for the applicable Cycle. Shipper Batch Volumes will continue to be allocated to the Tier 1 Eligible New Shipper with the number closest to zero, who has not yet received a Shipper Batch Volume, until either all of the New Shipper Capacity that is subject to the lottery has been assigned (other than any final portion that is less than a Shipper Batch Volume) or all of the Tier 1 Eligible New Shippers have received capacity equal to the Shipper Batch Volume. If all Tier 1 Eligible New Shippers receive a Shipper Batch Volume and there is remaining New Shippers Capacity then the Tier 2 Eligible New Shipper with the lowest number will receive a Shipper Batch Volume for the applicable

Cycle. Shipper Batch Volumes will continue to be allocated to the Tier 2 Eligible New Shipper with the number closest to zero, who has not yet received a Shipper Batch Volume, until either all of the New Shipper Capacity that is subject to the lottery has been assigned (other than any final portion that is less than a Shipper Batch Volume) or all of the Tier 2 Eligible New Shippers have received capacity equal to the Shipper Batch Volume.

Once Binding Requests have been set, Regular Shippers will be allocated the lower of their Binding Request or their CCHA. If after these allocations Available Excess System Capacity exists then the remaining Available Excess System Capacity will be allocated as discussed below.

### Example 1: No Available Excess System Capacity

Shipper	Initial Nom	Calculated Minimum Nomination	Allocation*	Binding Request	Adjusted Binding Request (Adj. Allocation)	Available Excess System Capacity	Excess Requested	Excess Given	Committed Nomination
RS A	50,000	25,000	25,000	75,000	25,000	0	50,000	0	25,000
RS B	285,000	228,000	25,000	200,000	25,000	0	175,000	0	25,000
RS C	25,000	0	50,000	50,000	50,000	0	0	0	50,000
RS D	15,000	0	15,000	25,000	15,000	0	10,000	0	15,000
NS E	0	0	0	25,000	0	0	25,000	0	0
NS F	25,000	25,000	25,000	50,000	25,000	0	25,000	0	25,000
NS G	50,000	25,000	25,000	75,000	25,000	0	50,000	0	25,000
NS H	25,000	0	0	25,000	0	0	25,000	0	0

\*Allocation: for RS this is their CCHA; for NS this indicates whether they have won or lost the lottery.

RS = Regular Shipper; NS = New Shipper

- NS E is ineligible to participate in the lottery due to no Initial Nomination and thus receives an Allocation of zero but still may submit a Binding Request.
- NS F and NS G won the lottery and are obligated to ship 25,000 barrels minimum.
- NS H participated in the lottery due to having an Initial Nomination but lost the lottery.

Based on all Regular Shippers and New Shippers Binding Requests equaling or exceeding their Allocation, no Available Excess System Capacity was available and shippers were allowed to ship their Allocation level.

## Allocating Excess Capacity

The prorationing process is intended to allocate *all* Available Capacity; however, because shippers have the opportunity to change their nominations between the time when Colonial issues the Notice of Allocation and the deadline for Binding Requests, additional capacity may sometimes remain after the prorationing procedures described above. This "Available Excess System Capacity" will be allocated in the following order:

1. Regular Shippers whose Binding Requests are in excess of their CCHA will be allocated additional volume proportional to their history over the Base Period (relative to other Regular Shippers in this category), until such Binding Requests are fully satisfied, or until all Available Excess System Capacity has been consumed. If Available Excess System Capacity remains, Eligible New Shippers that did not receive any allocation of capacity in the lottery will receive a Shipper Batch Volume in the order of lottery number for the cycle.
2. If Available Excess System Capacity remains, it will be allocated proportionally among those New Shippers with Binding Requests that exceed their initial Allocation.
3. If Available Excess System Capacity remains, the volume will be allocated, on a pro rata basis, to Shippers whose Binding Requests are less than their Calculated Minimum Nominations until their Calculated Minimum Nominations are fully satisfied or all Available Capacity has been equitably allocated.
4. Example 2: Available Excess System Capacity (Regular Shipper Request Exceeds Excess Volume)

Shipper	Initial Nom	Calculated Minimum Nomination	Allocation	Binding Request	Adjusted Binding Request (Adj. Allocation)	Available Excess System Capacity	Excess Requested	Excess Given	Committed Nomination
RS A	50,000	25,000	25,000	0	0	25,000	0	0	0
RS B	285,000	228,000	25,000	200,000	25,000	0	175,000	25,000	50,000
RS C	25,000	0	50,000	50,000	50,000	0	0	0	50,000
RS D	15,000	0	15,000	25,000	15,000	0	10,000	0	15,000
NS E	0	0	0	25,000	0	0	25,000	0	0
NS F	25,000	25,000	25,000	50,000	25,000	0	25,000	0	25,000
NS G	50,000	25,000	25,000	75,000	25,000	0	50,000	0	25,000
NS H	25,000	0	0	25,000	0	0	25,000	0	0

\*Allocation: for RS this is their CCHA; for NS this indicates whether they have won or lost the lottery.

RS = Regular Shipper; NS = New Shipper

- NS E is ineligible to participate in the lottery due to no Initial Nomination and thus cannot receive an Allocation but still may submit a Binding Request.
- NS F and NS G won the lottery and are obligated to ship 25,000 barrels minimum.
- NS H participated in the lottery due to having an Initial Nomination but lost the lottery.
- RS B received all the Available Excess System Capacity.

Example 3: Available Excess System Capacity (Regular Shipper Binding Requests Do Not Exceed Available Excess System Capacity)

Shipper	Initial Nom	Calculated Minimum Nomination	Allocation	Binding Request	Adjusted Binding Request (Adj. Allocation)	Available Excess System Capacity	Excess Requested	Excess Given	Committed Nomination
RS A	50,000	25,000	25,000	0	0	25,000	0	0	0
RS B	285,000	228,000	25,000	25,000	25,000	0	0	0	25,000
RS C	25,000	0	50,000	25,000	25,000	25,000	0	0	25,000
NS D	0	0	0	25,000	0	0	25,000		0
NS E	25,000	0	25,000	50,000	25,000	0	25,000	5,000	30,000
NS F	50,000	25,000	25,000	75,000	25,000	0	50,000	15,000	40,000
NS G	25,000	0	0	25,000	0	0	25,000	25,000	25,000

\*Allocation: for RS this is their CCHA; for NS this indicates whether they have won or lost the lottery.

RS = Regular Shipper; NS = New Shipper

- NS D is ineligible to participate in the lottery and thus did not receive an Allocation but did submit a Binding Request.
- NS E and NS F won the lottery and received an Allocation.
- NS G lost the lottery.
- In this example, only New Shippers requested to ship above their Allocation. The Available Excess Capacity was first given to New Shippers that had an Initial Nomination, were part of the Allocation, and did not win the lottery (NS G). After all lottery participants received 25,000 barrels, then the remaining capacity is allocated proportionally among those New Shippers whose Binding Requests exceed their CCHA. However, shippers receiving less than 15,000 in their Committed Nomination will be rounded to zero as they do not have sufficient volume to meet the Minimum Tender requirements.



Example 4: Available Excess System Capacity (Binding Request Total Is Lower Than Allocation Total)

Shipper	Initial Nom	Calculated Minimum Nomination	Allocation	Binding Request	Adjusted Binding Request (Adj. Allocation)	Available Excess System Capacity	Excess Requested	Excess Given	Committed Nomination
RS A	50,000	25,000	25,000	0	0	25,000	0	0	0
RS B	285,000	228,000	25,000	50,000	25,000	0	25,000	25,000	99,200
RS C	25,000	0	50,000	0	0	50,000	0	0	0
RS D	15,000	0	15,000	0	0	15,000	0	0	0
NS E	0	0	0	0	0	0	0	0	0
NS F	25,000	0	25,000	0	25,000	0	0	0	25,000
NS G	50,000	25,000	25,000	30,000	25,000	0	5,000	0	35,400
NS H	25,000	0	0	0	0	0	0	0	0

\*Allocation: for RS this is their CCHA; for NS this indicates whether they have won or lost the lottery.

RS = Regular Shipper; NS = New Shipper

- A Shipper's Calculated Minimum Nomination is equal to the lesser of 80% of it's Initial Nomination or its Initial Nomination less 25,000 barrels.
- NS E did not submit an Initial Nomination and therefore is ineligible to participate in the lottery and does not have a Calculated Minimum Nomination.
- NS F and NS G submitted an initial nomination; therefore, they have a Calculated Minimum Nomination.
- Even though NS G lost the lottery, NS G still has a Calculated Minimum Nomination.
- In this example, the Allocation total is 165,000 barrels but shippers only requested 105,000 barrels (RS B Binding Request 50,000, NS F Lottery Win 25,000, NS G Binding Request 30,000). The remaining 60,000 barrels is therefore allocated on a pro-rata basis to the shippers who are below their Calculated Minimum Nomination. However, shippers receiving less than 15,000 in their Committed Nomination will be rounded to zero as they do not have sufficient volume to meet the Minimum Tender requirements.

Once all Available Capacity has been allocated, shippers' Committed Nominations will be posted in T4.

**Capacity Allocation Program Fees (*applicable to Main Lines 1 and 2 only*)**

The Committed Nomination is used to calculate a CAP Threshold Volume, which is equal to 95% of the Committed Nomination. The Threshold Volume is the volume a shipper is expected to move through the pipeline. Volumes lifted from Moundville will not be applied towards a shipper's Threshold Volume.

The CAP compares the Final Ticketed Volume to the Threshold Volume. When the shipper moves less than the Threshold Volume, they are subject to a Capacity Allocation Fee, as set forth in the tariff, on the positive difference between Threshold Volume less Final Ticketed Volume. All CAP charges are calculated and included on the fourth invoice of the subject month.

Committed Nomination	Threshold Volume	Final Ticketed Volume	Fee Volume
125,000	118,750	100,000	18,750
50,000	47,500	48,000	0

CAP charges may not be assessed in the event Colonial experiences significant events that impact shipping schedules.

For explanation of Abbreviations and Reference Marks not found hereon, see last page of tariff.

## CAP Freeze

In the event nominations rise above pipeline capacity on Main Lines 1 or 2 prior to the Cycle Closing Date, but less than four business days prior to the Cycle Closing Date, Colonial will issue a Freeze Notice via T4.

Following a Freeze Notice, each shipper will have one business day to confirm or resubmit nominations. This confirmation or resubmission will become the Binding Request as defined by the existing CAP. No Binding Request can be greater than the level of the nomination at the time of the Freeze Notice nor will any Binding Request be allowed that is less than the Calculated Minimum Nomination at the time of the Freeze Notice. Any submitted Binding Request that is less than the Minimum Nomination will be adjusted up to the Calculated Minimum Nomination level and be deemed a Committed Nomination and subject to the CAP rules for Committed Nominations.

## Freeze

Colonial may find it necessary to close and lock nominations (after the Cycle Closing Date for Main Lines 1 and 2 and at any time for other lines) on a certain line segment to assure sufficient capacity exists to process existing nominations for that cycle for the affected line segment. This process is called a Freeze or freezing the line and a Freeze Notice will be issued via T4. During a line Freeze, shippers may reduce their nominations prior to lifting but may not increase their nominations above the level in T4 at the time the Freeze Notice is issued.

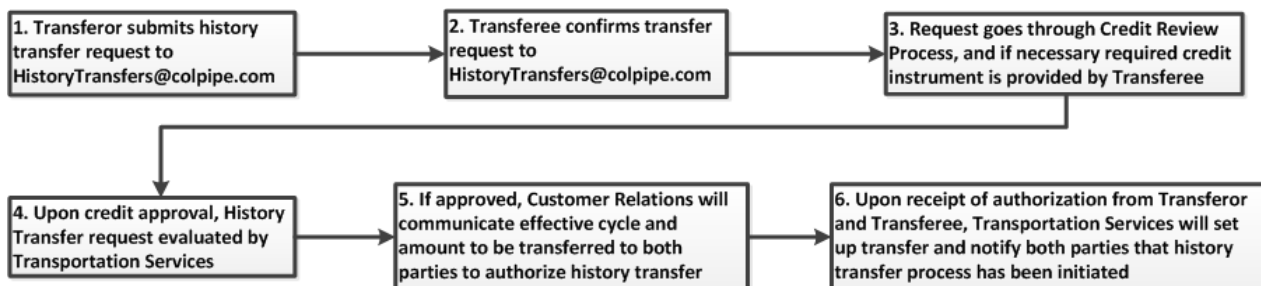
## History Transfers

Shippers interested in transferring their history should complete the history transfer request form located at <http://www.colpipe.com/home/customers> and submit, copying the receiving shipper, to [historytransfers@colpipe.com](mailto:historytransfers@colpipe.com). The receiving shipper must confirm the transfer by replying to all in response to the initial request email.

A shipper may do either a 100% transfer or an exact volume transfer but not both; however, a New Shipper may only do a 100% transfer. A New Shipper may only receive transfer(s) if it is sufficient to bring their average (per cycle) shipment history over the Base Period to at least 18,750 bbls. History Transfers are irrevocable.

If the receiving entity is not already a shipper on Colonial, they must complete and submit a Prospective Shipper Application to [Credit@colpipe.com](mailto:Credit@colpipe.com) (see Section 2.2.1). The receiving entity must be approved as a shipper before the history transfer request will be processed. Because of this, a transferring shipper transferring 100% of its shipper history is not eligible for new shipper status on the segments to which the history transfer applies for 14 calendar months. During the term of the transfer, the transferring shipper is deemed an active Regular Shipper on all Segments in which the transfer is occurring. Thus per Section 2.2.3, the seller's credit instrument must remain active throughout the transfer months. Pursuant to Section 2.2.2.2, a New Shipper may not be affiliated with a Regular Shipper or another New Shipper on a Segment basis. A shipper may only transfer history that it has accrued. History is not accrued until the volumes are shipped.

### Process Overview:



Items explaining history transfer are outlined in item 2.6.6 page 31 are published in Section 2 of Carrier's Shipper Manual entitled Informational Topics. " An electronic copy of this section effective June 18, 2020, can be found on the Carrier's website at [www.colpipe.com](http://www.colpipe.com).

**Item 35 Origin and Destination Facilities -- Duties of Shippers and Consignees -- Disposition of Product on Failure to Accept Delivery -- Demurrage Charges At Carrier Tankage**  
**Additions/Cancelled Language to be in place for only 90 days from the date such provisions go into effect.**

- (a) Shipper shall furnish facilities to deliver petroleum products to Carrier's booster pump suction at origin stations at any requested rate which is within Carrier's minimum and maximum operating rates and at a minimum of 5 psi gauge pressure for any applicable pumping rate.
- (b) No duty to transport shall arise until Shipper has provided necessary facilities, to which Carrier is connected at destination points, capable of receiving shipments without delay at maximum operating pressures and pumping rates of carrier. These facilities must: 1) meet a minimum rating of 275 psi Maximum Operating Pressure, 2) be capable of receiving deliveries of products with a reasonable margin of safety to provide for unplanned changes in operating conditions, i.e., line blockage at the receiving terminal manifold, and 3) incorporate two-stage high-level alarms (e.g., a) a liquid level alarm that is activated from the gauging system, and a separate liquid level alarm which is activated by a float or b) a non-intrusive unit that continuously monitors liquid levels and sends two separate alarms] in proper working condition, for all receiving tanks that are part of the facility, with monitoring capability at Carrier's facilities, including the activation of the alarm when the system is not functioning in its normal manner.

If, in Carrier reasonable opinion, the facilities provided by Shipper fail to meet any or all of the above requirements, Carrier may discontinue deliveries to such facility. Carrier may, however, at its sole option, make or continue deliveries to a facility not in compliance with this Item (b) to avoid disruption of its pipeline system or to avoid any other unsafe condition. Any decision to make or continue a delivery shall neither be construed as a waiver by Carrier of the Shipper's breach of this tariff item nor in any other way affect Shipper's obligations under Item 65 of this tariff. Furthermore, Carrier's acceptance and delivery of product to any facility provided by shipper shall not evidence carrier's approval of the adequacy of such facilities or the competency of its personnel and responsibility for such facilities and its personnel shall be exclusively that of the Shipper.

- (c) It shall be the duty of the Shipper and Consignee to make the necessary arrangements for the safe receipt of the petroleum products into Consignee's or Shipper's tankage. Not less than 24 hours before arrival of petroleum products at Shipper's designated delivery location, Shipper shall ensure that its designated delivery location has confirmed, via Carrier's web Customer User Interface ("CUI"), its readiness to receive such delivery. Such confirmation shall be deemed invalid if it does not include a contact name and number for the person responsible for coordinating receipt of the product ("Designated Operator On-Duty"). If the confirmation indicates the terminal is locked, i.e., open and ready to receive product at any time, no further action is required. In all other instances, at least sixty (60) minutes prior to the estimated time of arrival of the delivery, the Shipper shall ensure that its designated delivery location notifies Carrier that the receiving tank, manifold and alarm systems are ready and in a safe condition to receive product. Carrier may begin delivery of product within sixty (60) minutes of the estimated delivery time provided to the Designated Operator On-Duty. When Carrier elects or agrees to deliver product into a receiving tank(s) that has malfunctioning high-level alarms, Shipper shall ensure that the designated delivery location has established a safe operating procedure. Shipper shall also ensure that the designated delivery location monitors and periodically reports status of delivery conditions to Carrier during delivery, notifies Carrier that the delivery of product has been concluded and that the designated delivery location facilities are in a safe operating condition.
- (d) In the event Carrier has accepted petroleum products for transportation in reliance upon shipper's representations as to acceptance at destination, and there is failure to promptly accept such petroleum products at destination as provided in paragraph (b) hereof or confirm readiness as provided in paragraph (c) hereof, then and in such event Carrier shall have the right to divert, re consign or make whatever arrangements for disposition of the petroleum products it deems appropriate to clear its pipeline facilities including the right to sell, or pay for the disposal, on the account of the Shipper, the petroleum products at private or public sale, and to charge the Shipper demurrage as provided in paragraph (e) or (f) hereof. If the result of sale or disposal is positive Carrier will net out of the payment to the Shipper all transportation charges, demurrage charges, and other necessary expense for caring for, maintaining and selling or disposing of product. If the result of sale or disposal is negative, or the netting out process from a positive sale results in a balance owed by Shipper, then Carrier will bill the Shipper for all transportation charges, demurrage charges, and other necessary expense for caring for, maintaining, and disposing of the petroleum products. Failure of Shipper to pay said bill, within 15 days of the date on the bill, may result in loss of shipping privileges until bill is paid in full. For the purpose of this subsection (d), XXX is to be considered a valid destination for the limited purpose of carrier acceptance at origin.
- (e) Demurrage shall be charged at [U] 25 cents per barrel per day, or portion thereof, for volumes where a destination is designated but the Carrier finds the destination facility will not accept delivery. Demurrage will be charged based on a calculation beginning, based on the pipeline schedule, no earlier than 3 business days prior to the scheduled delivery time and such demurrage shall be charged to the Shipper of that batch.
- (f) Demurrage shall be charged at [U] 25 cents per barrel per day, or portion thereof, for volumes being shipped using the XXX service, without a specific destination terminal, based on the pipeline schedule 3 business day prior to the scheduled delivery

time to the Linden, NJ area. For product movements the Shipper must designate a valid destination not later than 8:00 am Eastern Standard Time three business days prior to the day of that batch delivering to its destination.

#### **Item 40 Measuring and Volume Correction**

- a) Quantities of petroleum product received at origin and delivered at destination shall be determined by meters or tank gauges. Volumes shall be corrected by recognized means from observed temperature and pressure to a temperature of 60 degrees Fahrenheit and a pressure of zero psi gauge. Full volume deductions will be made for all water and other impurities in products received or delivered as determined by recognized means.
- b) Carrier shall provide reasonable access to Shippers or consignees requesting to be present or represented at the times of measuring and testing of Shipper's product. Should shippers or consignees not be present at the time or times of measuring and testing pursuant to the terms of this item, then, and in that event, it shall be presumed that carrier's records of quantities of petroleum product received or delivered by carrier are correct and that carrier's determination of water and other impurities contained in said petroleum products are correct.
- c) Upon reasonable request, shippers may observe and verify the methods and procedures used for measurement and testing of products by carrier to insure that such are proper and recognized means of measurement.

#### **Item 41 System Storage**

- (a) Subject to the provisions in the remainder of this Item 41, a shipper may by nomination move into Carrier's system storage any of the shipper's petroleum products that are then in Carrier's system. The shipper may, by separate nomination, designate the stored products for subsequent transportation to the shipper's chosen destination point. Delivery time will be based on the Cycle timing associated with the nomination out of storage.
- (b) Carrier reserves the right to physically store the shipper's petroleum products at any point on its system, and may at its sole discretion relocate the stored barrels at any time. The shipper will be charged the full posted transportation rate from origin to the designated destination point regardless of where the barrels have been stored or for how long. Product gains and losses will be accounted for, pursuant to Item 75, as if the barrels had not been in system storage.
- (c) It is the shipper's responsibility to enter into a binding agreement that allows it to use Carrier's system storage, including, without limitation, provisions regarding volume, product type, duration and price for the storage.

#### **Item 45 Change, Diversion or Reconsignment**

A change in designated origin point, delivery point, or reconsignment will be permitted provided such change or reconsignment does not adversely affect the operation on the carrier's pipeline system. Carrier shall have no obligation to honor any change in origin point unless the change is received by carrier before 8:00 a.m. Eastern Standard Time on the carrier's second business day prior to the earlier of (i) the date the batch is to be pumped from the original origin or (ii) the date the batch is to be pumped from the new origin. Carrier shall have no obligation to honor any change in delivery point or diversion unless the change is received by the carrier before 8:00 a.m. Eastern Standard Time on the carrier's first business day before a batch is to be diverted or delivered. No back haul movement will be permitted.

#### **Item 50 Tariffs Applicable**

Petroleum products accepted by carrier shall be subject to and governed by the rates, rules and regulations contained in tariffs issued by carrier and in effect at 12:00 midnight Eastern Standard Time on the date petroleum products are received by carrier.

#### **Item 55 Transportation Charges**

- (a) Transportation charges will be computed and collected, in United States currency, at the applicable tariff rate on the basis of the number of barrels of petroleum products delivered at destination, after volume corrections, as provided for in Item 40.
- (b) In the event that an invoice for the charges described in (a) above, or for delivery adjustments under Item 75, is not paid to and received by carrier in full within fifteen (15) days of its date, the balance due on such invoice shall bear interest from that 15th day at an annual rate equal to the prime rate, as posted in the Wall Street Journal, plus 3%, but not to exceed the rate permitted on such invoices by applicable state law. The interest rate for each month will be determined the first business day of each month.

- (c) The shipper shall be responsible for all charges applicable to the particular shipment and if required by carrier, shall prepay all charges or furnish guaranty of payment satisfactory to carrier.
- (d) Carrier shall have a security interest in all petroleum products accepted from a shipper under this tariff. This security interest shall secure:
  - (1) All transportation, delivery adjustment, interest charges and any other amounts due or to become due from a shipper, and
  - (2) All costs and expenses of carrier in exercising any of its rights detailed in (e) below, including, but not limited to, reasonable attorney fees, storage charges and settlement of conflicting liens.
- (e) The security interest provided herein shall be in addition to any lien provided by statute or common law. In the event shipper fails to satisfy when due any obligation to carrier, carrier shall have all the rights and remedies accorded to a secured party under applicable state law and in addition may in its sole discretion and without notice take any or all of the following actions:
  - (1) Refuse to deliver petroleum products in its possession until all such obligations have been paid.
  - (2) Proceed to sell any such products, in accordance with the applicable provisions of state law, and apply the proceeds to such obligations.
  - (3) Store such products or contract for storage of such products pending sale or other disposition.
  - (4) Take any other action it deems necessary for the proper protection and sale of such products.

## **Item 60 Liability of Carrier**

While in custody of any petroleum product, carrier shall not be liable for loss thereof, or damage thereto, or delay caused by acts of God, public enemy, quarantine, authority of law, governmental action, strikes, riots, nuclear or atomic explosions, floods, or act of default of the shipper or consignee or any other cause whether similar or dissimilar to the causes herein enumerated, not due to the negligence of the carrier. Losses not due to the negligence of carrier will be allocated to the shippers as provided in Item 75 of this tariff. Losses due to the negligence of carrier shall be the obligation of carrier and settled by carrier for carrier's account using the Gain/Loss Adjustment pricing methodology in Item 75(a).

Statements of the losses, ascertained and computed by carrier's standard accounting procedure, are to be accepted by shipper as prima facie correct in the distribution of such losses under this Item and Item 75.

Carrier shall not be liable for discoloration, contamination or deterioration of petroleum products transported, unless such discoloration, contamination or deterioration results from the negligence of the carrier.

The carrier will be obligated to deliver only that portion of such petroleum products remaining after deducting for all shrinkage, evaporation, other physical product loss and transmix contemplated under this tariff. All such product losses shall be accounted for as provided under this Item and Item 75. Carrier recognizes and accepts custody of all petroleum product accepted for shipment while such petroleum product is in pipeline facilities owned and operated by carrier.

## **Item 65 Liability of Shipper**

As a condition to carrier's acceptance of petroleum products under this tariff, each shipper (for purposes of this item the term "shipper" shall include users of tank space) agrees to protect and indemnify carrier against claims or actions for injury to and/or death of any and all persons whomever and for damage to property of carrier, shipper, consignee and/or third party resulting from or arising out of 1) any breach of or failure to adhere to any provision of this tariff by the shipper, his consignee, his agents, employees or representatives and 2) the negligent act or acts or failure to act of the shipper, his consignee, his agents, employees or representatives in connection with the delivery or receipt of such petroleum product and 3) liability arising from the chemical characteristics of product(s), except to the extent such liability arises from carrier's negligence.

## **Item 70 Title**

An offer of petroleum products for shipment shall be deemed a warranty of title by the party offering, but acceptance shall not be deemed a representation by the carrier as to title. The carrier may, in the absence of adequate security, decline to receive any petroleum products which are in litigation, or as to which a dispute over title may exist, or which are encumbered by a lien. Delivery of petroleum products to the consignee designated by the shipper shall relieve carrier of all liability as to custody or title.

**For explanation of Abbreviations and Reference Marks not found hereon, see last page of tariff.**

## Item 71 Registration

- (a) Shipper represents to Carrier that Shipper and any consignee hold valid active federal excise and state motor fuel registrations with the appropriate Federal and State tax authorities and will furnish such proof upon request. In any event, Shipper will be responsible to reimburse Carrier for any such taxes, levies or assessments, penalties and interest, plus the cost of collection and related expenses, if they should be imposed against Carrier with respect to any Shipment of Shipper.
- (b) The State of New York requires that all gasoline and distillate deliveries made into that state be made by registered companies (Article 12-A of New York State Tax Law effective December 1, 1986). This applies to both the shipper and consignee. Carrier will not accept nominations for delivery to New York without proof of Article 12-A registration.

## Item 75 Delivery Adjustments

- (a) Carrier shall account to each shipper for all petroleum products received. Ticketed volumes shall be reconciled to nominations and any necessary volume adjustments, either positive or negative, shall be assigned and included on the monthly settlement statement for all shippers regardless of origin. Each month the difference by product between system-wide physical volumes and book inventory (the "Surplus") is also reconciled. This is done by subtracting the previous month's Surplus by product from the current month's Surplus by product and then allocating that difference to shippers in the proportion that the total number of barrels of each product delivered from the entire system for each shipper bears to the total number of barrels of each product delivered from the entire system for all shippers, provided that deliveries which originated in New Jersey or New York will be excluded from the Surplus calculation. Collectively these adjustments shall be either the Gain Adjustment or Loss Adjustment. Carrier reserves the right to sell off Surplus should, in the sole discretion of carrier, the Surplus impact system operations.

Gain/Loss adjustments shall be priced as follows: (i) a product batch originating in the Northeast will be priced by product, or closest comparable product, using an average of the "Spot Assessments" for "New York – Barge" low posted prices published by Platt's US MarketScan for the 5<sup>th</sup>, 11<sup>th</sup> and 17<sup>th</sup> posted days (not calendar days) of the month for which settlement is being made; and (ii) all other product batches originating on carrier's system will be priced by product, or closest comparable product, using an average of the "Spot Assessments" for "Gulf Coast - Pipeline" low posted prices published by Platt's US MarketScan for the 5<sup>th</sup>, 11<sup>th</sup> and 17<sup>th</sup> posted days (not calendar days) of the month for which settlement is being made.

- (b) It is inherent in the operation of a products pipeline that interface mixtures will occur between batches. Carrier will dispose of accumulated transmix in the following manner:
  - (1) Transmix occurring in carrier's system shall be retained in carrier's custody and disposed of on a bid or contractual basis. The resulting proceeds are the Transmix Sale Proceeds.
  - (2) The value of any unsold barrels of transmix ("Remaining Transmix") less transportation charges associated with the Remaining Transmix shall be allocated amongst the shippers in the proportion that the total number of barrels of petroleum product delivered from carrier's system for each shipper bears to the total number of barrels delivered from carrier's system for all shippers during that calendar month, provided that deliveries which originated in New Jersey or New York will be excluded from this calculation ("Transmix Allocation"). The value of a Remaining Transmix barrel is equal to the average price per barrel for which transmix is disposed of in the prior month. At the end of each month, a credit will be given for the previous month's Transmix Allocation and the current month's Transmix Allocation will be charged. The credit and charge will be netted to result in a single Transmix Allocation Charge or Credit that is included in the monthly settlement statement.
  - (3) When a shipper tenders a product which by his quality requirements cannot be blended into another product or accept a blend of at least 5 percent, that shipper shall be required to accept delivery of the additional interface mixture created or pay the costs incurred in its disposition by the carrier.
- (c) A product loss allocation charge ("PLA Charge") based on origin and delivery shall be assessed on each delivered barrel. Carrier administers the PLA Charge to recover, but not over-recover, any loss amounts incurred by the carrier that are not otherwise mitigated by the activities described throughout this section. The PLA Charge shall be routinely evaluated to determine if it needs to be adjusted, upward or downward, to ensure the carrier's ultimate collections reflect its actual experience. Any PLA Charge change, upward or downward, will be communicated to shippers through a bulletin issued thirty days prior to the change going into effect.

## **Item 80 Time Limitation On Claims**

As a condition precedent to recovery for billing disputes, loss, damage, or delay of shipments, claims must be filed in writing with the carrier within nine months and one day after delivery of the product, or in case of failure to make delivery, then within nine months and one day after reasonable time for delivery, based on carrier's normal operations, has elapsed; and suits shall be instituted against the carrier only within two years and one day from the day when notice in writing is given by the carrier to the claimant that the carrier has disallowed the claim or any part or parts thereof specified in the notice. Where claims are not filed or suits are not instituted thereon in accordance with the foregoing provisions, carrier hereunder shall not be liable, and such claims will not be paid.

## **Item 85 Corrosion Inhibitors**

Shipper may be required by carrier to inject oil soluble corrosion inhibitors acceptable to carrier, in the petroleum products to be transported.

## **Item 91 Lottery**

Carrier will administer a two tiered lottery process pursuant to Item 31(d)(i) for each Segment in prorationing, as follows:

- (a) Carrier will use a random number generating software to randomly assign each Eligible New Shipper a number. New Shippers who have nominated in the current Cycle and in the last Cycle in which a lottery was held, but did not win the previous lottery, or have become a New Shipper in this Cycle ("Tier 1 Eligible New Shippers") are ordered sequentially starting with the random number closest to zero. Then all remaining Eligible New Shippers ("Tier 2 Eligible New Shippers") are ordered sequentially starting with the random number closest to zero.
- (b) The Tier 1 Eligible New Shipper with the lowest number will receive the first Shipper Batch Volume for the applicable Cycle. Shipper Batch Volumes will continue to be allocated to the Tier 1 Eligible New Shipper with the number closest to zero, who has not yet received a Shipper Batch Volume, until either all of the New Shipper Capacity that is subject to the lottery has been assigned (other than any final portion that is less than a Shipper Batch Volume) or all of the Tier 1 Eligible New Shippers have received capacity equal to the Shipper Batch Volume.
- (c) If all Tier 1 Eligible New Shippers receive a Shipper Batch Volume and there is remaining New Shipper Capacity then the Tier 2 Eligible New Shipper with the lowest number will receive a Shipper Batch Volume for the applicable Cycle. Shipper Batch Volumes will continue to be allocated to the Tier 2 Eligible New Shipper with the number closest to zero, who has not yet received a Shipper Batch Volume, until either all of the New Shipper Capacity that is subject to the lottery has been assigned (other than any final portion that is less than a Shipper Batch Volume) or all the Tier 2 Eligible New Shippers have received capacity equal to the Shipper Batch Volume.
- (d) Since an Affiliate of a Regular Shipper or New Shipper on a Segment is not eligible to be a New Shipper for purposes of Item 31, no Affiliate of a Regular Shipper or other New Shipper will be eligible to participate in any lottery process for such Segment pursuant to this Item 91.

## **Item 105 Financial Assurance Agreements Required**

In the event a shipper or consignee desires new or additional pipeline service which necessitates additions or modifications to carrier's pipeline system, a separate financial assurance agreement may be required before any obligation to provide the new or additional service under this tariff shall arise.

## **Item 110 Application of Rates from or to Intermediate Points**

- (a) For shipment of petroleum products from any point, which is not a named point of origin in the table of rates but is intermediate to named points of origin ("Intermediate Origin Point"), to a named destination point, the rate shall be calculated as if from the closest upstream point of origin that is named in the table of rates. In the event branch or diverging lines creates two or more upstream points of origin, the named origin point that results in the lowest charge will be used.
- (b) For shipment of petroleum products from a named point of origin to an unnamed destination point, which is not a point of destination identified in the table of rates but is intermediate to named points of destination, the rate shall be calculated as if from the closest downstream point of destination that is named in the table of rates. In the event branch or diverging lines creates two or more downstream points of destination, the named destination point that results in the lowest charge will be used.

## Explanation of Abbreviations and Reference Marks

API	American Petroleum Institute
ASTM	American Society of Testing and Materials
CCHA	Calculated Cycle Historical Allocation
FERC	Federal Energy Regulatory Commission
IHT	Intra Harbor Transfer
No	Number
Psi	Pounds per square inch

[U]	Unchanged rate
[W]	Change in Wording Only
[N]	New
[C]	Cancel