

Colonial System Changes

Colonial's Nomination, Inventory, and Revenue systems are being updated to add simplicity and provide additional customer control. This is our first of many communications addressing these changes. Additional information and guidance will be provided to help you through the transition which is currently planned for Cycle 61 of 2018, October 2, 2018.

The changes impacting our customers are:

Nominations

- Each batch will only be allowed to have one origin point but with multiple locations at that origin point consistent with our current tariff Points of Origin. Multiple delivery locations for each batch will continue to be allowed. Certain services will continue to require single origin and or deliveries as they do today (Deliveries to HTD, BMT, CFX, and Northeast origin batches for example)

<u>ORIGIN POINTS</u>	<u>Origin Locations Allowed in a Single Batch</u>
Houston	PDA, CBL, HTN
Hebert	HEB, NPA, PAP
Lake Charles	LKC
Krotz Springs	KSG
Baton Rouge	BRG, BEL
Collins	CLL, CSL
Moundville	MDL
Woodbury	EPL, TRL, PBL
Linden	FRL, SWL, CTL

- To support the potential for additional batches, the sequence field in the batch code will transition from numeric to alphanumeric. Please be aware the sequence field change to alphanumeric may impact any automation/conversion of XML or CVS files currently being received from Transport4 into your internal systems. **AAA-A2-12D (0-9 & A-T will be available to shippers, U-Z will be retained for Colonial usage)**
- Gain/loss assignments will continue to be batch assigned and thus track to the origin of that batch. Surplus assignments due to sales or other large single customer transactions will be a separate nomination and will be deemed to originate from Houston pursuant to our Rates Tariff.

Services

- Upstream, Downstream, and Short Term Storage
 - Shippers will now be able to enter long-term storage nominations (an upstream storage nomination location and a downstream storage nomination location will be created). Short term storage will remain at each tank farm.
 - Shippers with a valid long-term storage contract will be able to nominate into and out of storage.
 - Shippers with a valid, signed Master Services Agreement (MSA), will be able to nominate into and out of short-term storage. The MSA can be found at <http://www.colpipe.com/home/customers/documents-forms>
 - Storage volumes will be tracked by origin point of the batch and nominations out of storage will be based on the origin point of the volumes.
 - Inventory reports detailing upstream and downstream storages volumes by origin point will be sent to participating shippers' schedulers on a daily basis.
- Product Transfer Orders (PTO) Process
 - Shippers will be allowed to PTO directly from storage instead of taking product out of storage then executing the PTO.
 - PTO transactions will be based on the origin point of the volume being transferred, which will eliminate the need for the special Collins ticketing and billing adjustments. The transferring party will pay the PTO fee, and the receiving party will pay all transportation costs from the batch origin point.

Revenue/Invoicing

Transportation invoices are the only invoices affected. There are 3 main changes:

- Lifting Adjustments
 - No more lifting adjustments will be invoiced. Today, when custody receipts are issued in ticketing system, shipper is billed differential if receipt location is not a Houston tariff origin. In the new system, shippers will not be billed this credit.
- Deliveries
 - The Shipper will be billed the tariff from origin to delivery, not home base/ base point origin (Houston) to delivery. The Origin of the batch will be in Description column of invoice.
- Product Transfer Orders
 - PTOs will no longer be billed virtually from Collins. Selling shipper will be billed 10 cpb and buying shipper will be billed transportation from selling shipper origin to destination.

Colonial has created a special email account, systemimprovements@colpipe.com, to allow you to submit questions pertaining to these system improvements. Additional process details will be provided by the end of June.