

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.

THE PROVISIONS PUBLISHED HEREIN WILL, IF EFFECTIVE, NOT RESULT IN AN
EFFECT ON THE QUALITY OF THE HUMAN ENVIRONMENT

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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 being the product of a single shipper.
- (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.

"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.

"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. "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."

"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 [W] ~~June 1, 2018~~ December 1, 2018, can be found on the Carrier's website at 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

- (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, 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, segregated or fungible batch shall be 5,000 barrels at all origin stations on stub lines.
- (b) Minimum Batch - A 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 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. |
| Pennsauken Junction, NJ | 10,000 bbl. |
| Other tank farms | 5,000 bbl. |

- (2) The final termination of a 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.

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.

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

- (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.
- (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.

Item 31 Prorationing; 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.

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

(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.

"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.

"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 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.

"Fourth Invoice Period" - The last monthly transportation invoicing period for a calendar month. The 22nd 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.

"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.

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

- (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.

Item 35 Origin and Destination Facilities -- Duties of Shippers and Consignees -- Disposition of Product on Failure to Accept Delivery -- Demurrage Charges At Carrier Tankage

- (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's 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, reconsign or make whatever arrangements for disposition of the petroleum products it deems appropriate to clear its pipeline facilities including the right to sell, for the account of the shipper, the petroleum products at private or public sale, and to charge the shipper demurrage as provided in paragraph (e) hereof. Out of the proceeds of said sale, carrier may pay itself all transportation charges and other necessary expense for caring for and maintaining the petroleum products and the balance shall be held for whomsoever may be lawfully entitled thereto.
- (e) Demurrage shall be charged at [U] 25 cents per barrel per day, or portion thereof, for volumes remaining in carrier tankage beyond the end of the cycle and such demurrage shall be charged to the shipper of that batch. 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 into carrier tankage.

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.

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 5th, 11th and 17th 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 5th, 11th and 17th 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 |
| [C] | Cancel |