

FERC ICA OIL TARIFF

F.E.R.C. No. 1.5.0

Cancels

F.E.R.C. No. 1.4.0

ITC PIPELINE COMPANY, LLC

PROPORTIONAL TARIFF

CONTAINING

RATES, RULES AND REGULATIONS

GOVERNING THE TRANSPORTATION OF

PETROLEUM PRODUCTS

BY PIPELINE FROM POINTS IN

TEXAS

TO POINTS IN

TEXAS

Carrier will accept and transport Petroleum Products offered for transportation through Carrier's facilities only as provided in this Tariff. Carrier does not provide gathering or storage service under this Tariff.

The Tariff published herein shall apply only under tariffs making specific reference by number to this Tariff; such references will include subsequent reissues hereof.

The provisions published herein will, if effective, not result in an effect on the quality of the human environment.

[W] Issued on ~~less than one day's~~ fifteen (15) days' notice under authority of 18 CFR 341.14, Special Permission. This tariff publication is conditionally accepted subject to refund pending a 30-day review period.

[N] Issued under authority of 18 C.F.R. § 342.3 (Indexing).

ISSUED: June 16, 2021

EFFECTIVE: July 1, 2021

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**SECTION I
RULES AND REGULATIONS**

Item No. 1. Definitions

“Barrel” means a barrel of forty-two (42) gallons, United States measurement at standard temperature and pressure as defined by the API.

“Base Period” is the twelve (12) Month period beginning thirteen (13) Months prior to the Proration Month and excluding the Month preceding the Month of allocation.

“Batch” means a quantity of Petroleum Product(s) meeting Carrier’s established specifications and moved through Carrier’s System as an identifiable unit, which may be commingled with other quantities of Petroleum Product(s) meeting the same or substantially similar specification(s).

“Carrier” means ITC Pipeline Company, LLC.

“Certificate of Analysis” shall have the meaning set forth in Item No. 10(c).

“Consignee” means the party to whom a Shipper has ordered the delivery of Petroleum Products.

“Destination Point” means the facility of Carrier at which Carrier delivers Petroleum Products from its System into the connecting carrier’s pipeline or to the terminal, as applicable.

“Encumbered Petroleum Products” has the meaning set forth in Item No. 60(b).

“General Rate” shall mean the rate that applies to a Shipper that does not qualify for the Incentive Rates, as set forth in Item No. 130.

“Houston Time” means the prevailing local time in Houston, Texas, either Central Standard Time or Central Daylight Time, as applicable.

“Incentive Rate” shall mean either Incentive Rate 1, Incentive Rate 2, or Incentive Rate 3, as set forth in Item No. 130.

“Month” means a calendar month, extending from 12:00 A.M. Houston Time on the first day of such calendar month to 12:00 A.M. Houston Time on the first day of the next calendar month.

“New Shipper” means a Shipper who Nominates Petroleum Products for transportation on the System and does not qualify as a Regular Shipper.

“Nominate” or “Nomination” means an offer by a Shipper to Carrier of a stated quantity of Petroleum Products for movement by Carrier in accordance with Item No. 50.

“Origin Point” means the facility of Carrier at which Carrier receives Petroleum Products into Carrier’s System.

“Off-Spec Penalty” shall have the meaning set forth in Item No. 10(k).

“Off-Spec Petroleum Products” shall have the meaning set forth in Item No. 10(f).

“Petroleum Products” means the various grades of gasolines, diesel fuels, and jet fuels meeting the specifications referenced in Item No. 10.

“Proration Factor” means a fraction calculated by dividing the capacity of the System segment to be prorated under Item No. 65 by the total Nominations.

“Proration Month” means the Month for which capacity is to be allocated.

“Regular Shipper” means a Shipper that has shipped Petroleum Products on Carrier’s System during the entirety of the Base Period.

“Shipper” means the party that contracts with Carrier for transportation of Petroleum Products in accordance with this Tariff and any other applicable tariffs.

“System” means Carrier’s pipeline system and all related facilities for which a rate is established under this Tariff.

“Tender” means to make available Petroleum Products at an Origin Point for transportation on Carrier’s System.

“Total Base Period Shipments” means the sum of the volumes that a Regular Shipper has shipped during each Month of the Base Period.

“Total Throughput” equals the sum of all Regular Shippers’ Total Base Period Shipments.

“Transmix” means the mixture occurring in pipeline operations between adjoining Batches of Petroleum Products having dissimilar physical characteristics which cannot be absorbed into the adjoining Batches.

Item No. 5. Commodity

Carrier is engaged in the transportation exclusively of Petroleum Products under this Tariff, and therefore will not accept any other commodity for transportation hereunder. Such Petroleum Products must meet the Petroleum Products specifications listed in Item No. 10. Various grades and types of Petroleum Products are eligible for shipment on the System, consistent with the product specifications requirements in Item No. 10 of this Tariff. Where the term Petroleum Products is used, the same refers to: conventional and premium gasolines, gasoline blendstocks, naphtha, diesel fuels, jet fuels, kerosene, other distillate fuels and blendstocks, fuel oils, heating oils, alkylate, reformat, iso octane, raffinate, and diluent.

Item No. 10. Petroleum Products Specifications

(a) Carrier is engaged in the transportation of Petroleum Products as specified in this Tariff and therefore will not accept any other commodities for transportation. No Petroleum Products will be received for transportation except good merchantable Petroleum Products, similar to that being currently transported through the same facilities for other Shippers. Shipper warrants to Carrier that any Petroleum Products tendered to Carrier will conform to the specifications as set forth below and are merchantable and are of a quality specification that is acceptable to the Consignee, connecting carrier, or storage facility at the Destination Point. Petroleum Products of substantially different grade or quality will be transported only in such quantities and upon such terms and conditions as Carrier and Shipper may agree and only when demonstrated to be of acceptable quality specification to the Consignee, connecting carrier, or storage facility at the Destination Point.

(b) A Shipper shall not deliver to the Carrier and the Carrier shall not be obligated to accept Petroleum Products on receipt that is not in conformance with any of the following parameters:

- (i) Sulfur content must be no greater than 0.2 percent by weight;
- (ii) Reid Vapor Pressure must be no greater than 15.0 psi or the RVP that may be published by Carrier from time to time based on transit time and federal and state volatility laws applicable to the area;
- (iii) Temperature must not exceed 100 degrees Fahrenheit;
- (iv) Sediment and water must not exceed one percent (1%) by volume;
- (v) Viscosity must be no greater than 6.0 cSt at 104 degrees Fahrenheit;
- (vi) Does not contain any organic chlorides (including but not limited to PCB), any waste oils, lube oils, crankcase oils, Dioxins; and
- (vii) Does not possess physical or chemical characteristics that may render such Petroleum Products not readily transportable by the Carrier or that may materially affect the operation or integrity of Carrier's pipeline system, the quality of other commodities transported by the Carrier or may otherwise cause disadvantage to the Carrier.

(c) Shipper shall demonstrate conformance with the product specifications through the submission of a document that accurately represents the product characteristics ("Certificate of Analysis"). Accuracy of the Certificate of Analysis is the sole responsibility of Shipper. Costs associated with handling, distribution, and disposal of Petroleum Products that enter the System that do not meet the specifications shall be borne entirely by Shipper. All Petroleum Products tendered to Carrier must be merchantable and meet the quality specifications that are established by the Consignee, connecting carriers or storage facility at the Destination Point. It is the Shipper's responsibility to demonstrate to the Carrier prior to shipment that its Tender meets the Product specifications listed herein and those of the Consignee, connecting carrier,

or storage facility. If the specifications agreed to by the consignee, or of the connecting carrier or the storage facility are more restrictive than Carrier's Petroleum Products specifications set forth above, the more-restrictive specifications of such Consignee, connecting carrier, or storage facility shall control with respect to that Shipper's Nominated and/or Tendered Petroleum Products included in a Batch originating at or destined for such Consignee, connecting carrier, or storage facility.

(d) Carrier may require Shipper to perform, at Shipper's sole expense, any and all tests Carrier deems necessary to ensure that the Petroleum Products Shipper Tenders to Carrier conform to the specifications set forth in this Tariff, and supplements hereof. Carrier, or its designated representative, has the right to be present during Shipper's sampling and testing procedures. Carrier reserves the right to obtain copies of all quality tests performed by Shipper prior to accepting Shipper's Petroleum Products for transportation.

(e) The specifications listed above define only a basic purity for the Petroleum Products. The Petroleum Products shall also be free of any contaminants, including but not limited to: dirt, rust, scale and all other types of solid contaminants, caustics, chlorides, heavy metals, oxygenates, and/or other metals or contaminants that may potentially result in harm to Carrier's facilities or Shippers' Petroleum Products.

(f) Carrier reserves the right, in its sole discretion, to reject Petroleum Products Nominated or Tendered by Shipper that do not conform to these Petroleum Products specifications. Carrier may accept Petroleum Products that do not conform to these Petroleum Products specifications at Shipper's Origin Points ("Off-Spec Petroleum Products") if such Off-Spec Petroleum Products can meet Carrier's Petroleum Products specifications at the Destination Point.

(g) Carrier's Petroleum Products specifications set forth in this Tariff may be changed or amended from time to time in the manner and to the extent appropriate to facilitate the efficient and economical use and operation of Carrier's facilities.

(h) Carrier is not responsible for on-going monitoring of receipts or deliveries for contaminants. If, upon investigation, Carrier determines that a Shipper does not comply with the specifications referenced in this Tariff item, then Carrier may in its discretion exclude Shipper from further entry into Carrier's facilities until such time as quality specifications are met and such condition can be verified by Carrier.

(i) If a Shipper fails to comply with the provisions of this Tariff item, Carrier reserves the right to remove and sell such Petroleum Products in such lawful manner as deemed appropriate by Carrier. Carrier shall retain from the proceeds of such sale all costs incurred by Carrier with respect to the storage, removal, and sale of such Petroleum Products, as well as costs associated with any contamination of inventory in the facilities that is not owned by Shipper. The remainder of such proceeds, if any, shall be held by Carrier for Shipper and any other party lawfully entitled to such proceeds.

(j) Notwithstanding anything in this Tariff to the contrary, any liability associated with the contamination or disposal of any Petroleum Products shall be borne by Shipper introducing

the contaminated Petroleum Products into Carrier's System. Such Shipper liability includes, but is not limited to, the costs Carrier incurs to dispose of the contaminated Petroleum Products, the economic loss of contaminated Petroleum Products, claims from other Shippers, carriers, or users of the contaminated Petroleum Products, and the costs of any regulatory or judicial proceeding.

(k) If Petroleum Products received by Carrier do not meet the quality specifications set forth herein, Carrier reserves the right to charge Shipper a penalty based on one-hundred (100) cents per Barrel ("Off-Spec Penalty") charge for the volume of contaminated Petroleum Products Tendered by Shipper. The total penalty will be assessed by multiplying the Off-Spec Penalty by the total volume of Shipper's Petroleum Products (in Barrels) received by Carrier during the shipment when Carrier received the contaminated Petroleum Products. The assessment of this charge or penalty is in addition to any additional costs for which Shipper will be responsible as defined in this Tariff item.

(l) Carrier reserves the right to refuse to accept any shipment of Petroleum Products that: (1) are not in compliance with state and federal regulations; (2) are a health hazard; (3) are incompatible with Carrier's transportation System, method of operation or the transportation of other Petroleum Products; or (4) would result in any liability of Carrier with respect to any third party.

Item No. 15. Maintenance of Identity

Petroleum Products will be accepted for transportation only on condition that they shall be subject to such changes in gravity, quality, or characteristics while in transit as a Batch as may result from the mixture with other Petroleum Products in Carrier's system. Carrier shall be under no obligation to deliver the identical Petroleum Products received, but may make delivery to Shipper or Consignee of any Petroleum Products in Carrier's System of the same specification at Shipper's Destination Point.

Item No. 20. Transmix Handling

Transmix accumulated in Carrier's System will be allocated to each Shipper based on the actual Transmix created by such Shipper. Shipper shall be responsible for accepting its share of such Transmix.

Item No. 25. Additives

Carrier reserves the right to require, approve, or reject the injection of corrosion inhibitors, viscosity or pour point depressants, drag reducing agents, or other such additives in Petroleum Products to be transported.

Item No. 30. Storage, Origin and Destination Facilities

Shipper or Consignee must secure storage facilities or connecting transportation services for receiving the Petroleum Products at the Origin Point and Destination Point, as applicable. Carrier may refuse to accept Petroleum Products for transportation unless Shipper furnishes satisfactory evidence that Shipper or Consignee has provided (i) the necessary storage and transportation

facilities for the safe, efficient, and prompt transfer of Petroleum Products to Carrier at the Origin Point at sufficient pressure and flow rates to effectuate the efficient operation of Carrier's System, and (ii) sufficient storage and receipt facilities at the destination for the safe, efficient, and prompt receipt of Petroleum Products from Carrier once the Petroleum Products arrive at the Destination Point at sufficient pressures and flow rates as to not impede the efficient transportation on Carrier's System. The cost of such facilities shall be provided at the sole cost of Shipper seeking access to Carrier's System.

Item No. 35. Legality of Shipments

Carrier reserves the right to reject any and all Petroleum Products Tendered where a Shipper or Consignee has failed to comply with all applicable laws, rules and regulations made by any governmental authorities regulating shipments of Petroleum Products.

Item No. 40. Connecting Carriers

When receipts from and/or deliveries to a connecting pipeline or terminal of substantially the same grade of Petroleum Products are scheduled at the same interconnection, Carrier reserves the right, with the cooperation of the operator of the connecting pipeline or terminal, to offset like volumes of such Petroleum Products in order to avoid capacity constraints or the unnecessary use of energy which would be required to physically pump the offsetting volumes. When this right is exercised, Carrier will make the further deliveries for the Shipper involved from like Petroleum Products transported by Carrier.

Item No. 45. Minimum Batch and Tendered Quantities

The minimum quantity of Petroleum Products which will be accepted at one Origin Point from a single Shipper for inclusion in a Batch shall be 10,000 Barrels. Carrier reserves the right to allow smaller volumes as necessary to achieve optimal utilization of its System. When the minimum batch of a connecting carrier is greater than Carrier's minimum quantity set forth in this Item No. 45, the connecting carrier's minimum batch requirements shall control with respect to Shipper's Nominated and/or Tendered Petroleum Products destined for such connecting carrier.

Item No. 50. Requirements to Nominate and Tender

(a) Carrier will only transport Petroleum Products which have been properly Nominated and Tendered by Shipper and accepted by Carrier for transportation between an established Origin Point and Destination Point on Carrier's System.

(b) All Shippers desiring to ship Petroleum Products through Carrier's pipelines must provide the following information in writing to Nominate each shipment of Petroleum Products: Shipper's account, quantity (in Barrels), Origin Point, Destination Point, name of Consignee (if applicable), a description of the Petroleum Products to be Tendered, and a written verification that the Petroleum Products will meet the quality specifications set forth in Item No. 10 above. Shipper shall update such information as necessary. Carrier requires that Nominations for shipment of Petroleum Products be received on or before 12:00 P.M. (noon), Houston Time, on the last working day prior to the twenty-fifth (25th) day of the Month preceding the Month during which shipment is requested. Carrier may request Nominations

be received earlier to the extent necessary to meet the schedules of connecting carriers or terminals.

(c) Shipper or its representative is responsible for coordinating deliveries into Carrier's System at the Origin Point and into the connecting carrier or terminal at the Destination Point. Carrier may request Tenders be received earlier than the date and time requested in Shipper's Nomination to the extent necessary to meet the schedules of connecting carriers or terminals. Upon Tender, Shipper must verify in writing that the shipment corresponds to its Nomination or identify any way in which its Tendered Petroleum Products deviate from its Nomination.

(d) When Nominations submitted by Shippers to Carrier on or before the twenty-fifth (25th) day of the Month preceding the operating Month do not exceed the capacity of the System or any line segment thereof, additional Petroleum Products may be Tendered, and such quantities may be accepted by Carrier to fill remaining capacity. These additional Petroleum Products Tendered will be accepted only if they do not impair the movement of Petroleum Products already Nominated for that operating Month.

Item No. 55. Minimum Inventory

(a) Carrier shall require Shipper to maintain a minimum level of inventory based on its pro rata share of Petroleum Products shipments in order for Carrier to possess sufficient working inventory as Carrier deems necessary for efficient operation of Carrier's System. The minimum inventory balance for each Shipper will be computed based on the proportion of Shipper's shipments relative to the minimum inventory requirements for the facilities in question.

(b) Carrier may update the minimum inventory requirements as shipment levels or patterns change over time. Shipper will have until midnight on the seventh (7th) day after the date of notice to deliver sufficient inventory into Carrier's facilities to meet Shipper's minimum inventory obligations. Shippers failing to meet the minimum inventory obligation will have their deliveries suspended until such time that they are able to meet their minimum inventory obligation.

(c) Subject to the provisions of Item No. 80 (Payment of Charges), Petroleum Products furnished to Carrier pursuant to this Item shall be returned to Shipper only after: (i) such Shipper has provided written notice to Carrier of Shipper's intent to cease shipping on the System; (ii) Shipper has paid for all services it has received from Carrier; and (iii) a reasonable period of time has occurred to allow for administrative and operational requirements associated with the withdrawal of such Petroleum Products. Carrier may require Shipper to prepay any transportation charges or other fees associated with the delivery of Shipper's minimum inventory prior to any such delivery.

(d) In the event that Shipper maintains an inventory balance after Shipper ceases movements on the System for a period greater than six (6) months or Shipper gives written notice of its intent to cease movements on the System and such Shipper is unable to schedule appropriate shipments to clear the inactive inventory balance, Shipper will be required to settle the inactive inventory balance through Carrier. Carrier may elect to settle Shipper's inventory

balance based upon the fair market value of the Petroleum Products, as determined by the daily average price for the preceding Month published by the Oil Price Information Service (“OPIS”) for similar Petroleum Products delivered FOB U.S. Gulf Coast Average Daily Spot (or another index price reasonably reflective of the value as determined by Carrier) less the current tariff rate applicable to Shipper’s movements from the Terminal to the Destination Point, at the time Shipper informs Carrier in writing of its intention to discontinue shipments on the System in compliance with this Tariff or, if no such written notice is given, then at such time as Carrier calls for the settlement of Shipper’s inventory balance.

Item No. 60. Title

(a) Carrier shall have the right to reject any Petroleum Products, when Tendered for transportation, that may be involved in litigation, the title of which may be in dispute, or that may be encumbered by lien or charge of any kind (other than the lien created hereunder in favor of Carrier). Carrier may require Shipper to provide satisfactory evidence of its perfect and unencumbered title to, or right to ship, such Petroleum Products or a satisfactory indemnity bond to protect Carrier.

(b) At the time of Nomination, Shipper shall inform Carrier if any Petroleum Products Nominated and/or to be Tendered to Carrier for transportation (i) may be involved in litigation, (ii) may be subject to a title dispute, or (iii) may be encumbered by a lien or charge of any kind (other than the lien created hereunder in favor of Carrier) (“Encumbered Petroleum Products”). In the event Carrier receives such Shipper notice of Encumbered Petroleum Products or otherwise learns that Shipper has or will Nominate or Tender Encumbered Petroleum Products, Carrier may require Shipper to provide a satisfactory indemnity bond, pre-payment of transportation charges, or a subordination agreement from the applicable lien holder, all to be determined in Carrier’s sole discretion. Shipper agrees to hold Carrier harmless for any and all loss, cost, liability, damage, and/or expense resulting from failure of title thereto.

(c) By Tendering Petroleum Products to Carrier, absent written notice to Carrier otherwise, Shipper warrants and guarantees that Shipper has good title thereto and agrees to hold Carrier harmless for any and all loss, cost, liability, damage, and/or expense resulting from failure of title thereto.

(d) Carrier shall not take title to the Petroleum Products and title shall remain with Shipper, except as otherwise specifically set forth herein.

Item No. 65. Apportionment When Nominations Exceed Facilities

When Carrier receives more Nominations in a Month for transportation of Petroleum Products than Carrier is able to transport, such Nominations will be subject to capacity prorationing in the manner described below:

(a) During the Proration Month, each New Shipper will be allocated space equal to its Nominated volume multiplied by the Proration Factor. The total aggregate volumes allocated to all New Shippers under this procedure shall not exceed the lesser of: (a) ten percent (10%)

of the available capacity on the prorated portion of the System, or (b) ten percent (10%) of the projected deliveries from the System during the Proration Month.

(b) In the event that the total aggregate volumes allocated to New Shippers using the procedure described in subpart (a) above exceeds the stated threshold, each New Shipper will receive a pro rata reduction in its allocated volumes as required in order to meet the limit set forth in subpart (a) of this Item.

(c) Following the allocation of available capacity to New Shippers, described in subparts (a) and (b) above, all remaining available capacity during the Proration Month on the prorated portion of Carrier's System will be allocated to Regular Shippers based on each Regular Shipper's Total Base Period Shipments as a percentage of the Total Throughput.

(d) Each Regular Shipper will receive an allocation in the Proration Month that is the lesser of: (i) its allocation under subpart (c) above, or (ii) its Nomination. In the event that, under the calculation in subpart (c) above, any Regular Shipper is allocated more capacity than its Nomination, the excess of its capacity allocation over its Nomination will be reallocated pro rata among all other Regular Shippers that did not receive an allocation in excess of their Nomination, up to the level of each Regular Shipper's Nomination. If there still remains unused capacity after such reallocation among Regular Shippers, such unused capacity shall be distributed pro rata among all New Shippers, up to the level of each New Shipper's Nomination, and not subject to the ten percent (10%) cap for all New Shippers in subparts (a) and (b) above.

(e) Total Base Period Shipments applicable to a Regular Shipper under this Item may not be sold, bartered, assigned, conveyed, loaned, transferred to, or used in any manner by another Shipper; provided, however, that a Shipper's Total Base Period Shipments may be transferred as an incident of the bona fide sale of Shipper's business or to a successor to Shipper's business by operation of law, such as an executor or trustee in bankruptcy.

Item No. 70. Scheduling of Shipments

Petroleum Products shall be accepted for transportation at such time as Petroleum Products of the same specifications are currently being transported from an Origin Point to a Destination Point in accordance with schedules of shipments and consignments to be issued from time to time to each Shipper by Carrier. Such schedules may be modified from time to time in the manner and to the extent reasonably desirable to facilitate the efficient and economical use and operation of Carrier's facilities and to reasonably accommodate Shipper's needs for transportation. If space is available, or becomes available during the current month, Carrier reserves the right to fill the idle capacity using the first available Petroleum Products readily available for transportation.

Item No. 75. Delivery at Destination Point

Carrier will transport and deliver Petroleum Products with reasonable diligence and dispatch considering the quantity and quality of the Petroleum Products, the distance of transportation, safety of operations, and other material factors, but Carrier does not commit to delivering Petroleum Products to a particular Destination Point at a particular time. If a Shipper or Consignee

is unable or refuses to receive the Petroleum Products shipment as it arrives at the Destination Point, Carrier reserves the right to make whatever arrangements for disposition of the Petroleum Products it deems appropriate in order to clear its pipeline and/or tanks. Any expenses incurred by Carrier in making such arrangements shall be borne by Shipper or Consignee, which charges are in addition to transportation charges accruing by Shipper.

Item No. 80. Payment of Charges

(a) Shipper shall pay, as provided below, all applicable transportation charges and all other charges accruing on Petroleum Products Tendered to and accepted by Carrier for shipment at the rate applicable to the transportation of such Petroleum Products in effect on the date the Petroleum Products are received by Carrier.

(b) All payments are due within five (5) days of receipt of the invoice, unless Carrier determines that the financial condition of Shipper or Shipper's guarantor (if any) is or has become impaired or unsatisfactory or Carrier determines it is necessary to require that the payment due date be sooner, and Carrier shall specify such date in a written notice to Shipper; provided, that Carrier shall make such determinations in a not unduly discriminatory manner. Carrier may require Shipper to provide prepayment or other financial security (by Batch) as provided in subsection (e) of this Item.

(c) If any charge remains unpaid after the due date specified in Carrier's invoice, then such amount due shall bear interest from the day after the due date until paid, calculated at an annual rate equivalent to the lesser of: (1) 175% of the prime rate of interest, as of the date of Carrier's invoice, charged by the Citibank N.A. of New York, New York, for ninety (90) day loans made to substantial and responsible commercial borrowers, or (2) the maximum rate allowed by law. In addition Shipper shall pay all documented costs incurred by Carrier to collect any unpaid amounts.

(d) In the event Shipper fails to pay any such charges when due, Carrier shall not be obligated to provide Shipper access to Carrier's facilities or provide services pursuant to Carrier's Tariff until such time as payment is received by Carrier and Shipper meets the requirements of subsection (e) of this Item. In addition, in the event Shipper fails to pay any such charges when due, Carrier shall have the right to setoff such amounts owed and future amounts owed against those amounts Carrier owes Shipper.

(e) In the event Carrier determines that the financial condition of Shipper or Shipper's guarantor (if any) is or has become impaired or unsatisfactory or Carrier determines it is necessary to obtain security from Shipper, Carrier may, upon notice to Shipper, require any of the following forms of security prior to Carrier's delivery of Shipper's Petroleum Products in Carrier's possession or prior to Carrier's acceptance of Shipper's Petroleum Products in an amount to be determined by Carrier: (1) prepayment, (2) a letter of credit at Shipper's expense in favor of Carrier in a form and from an institution acceptable to Carrier, or (3) a guaranty in a form and from a third party acceptable to Carrier. Carrier shall make determinations under this subsection in a not unduly discriminatory manner. In the event Shipper fails to comply with any such requirement on or before the date supplied in Carrier's notice to Shipper, Carrier

shall not be obligated to provide Shipper access to Carrier's facilities or provide services pursuant to this Tariff until such requirement is fully met.

(f) Carrier shall have a lien on all Petroleum Products delivered to Carrier to secure the payment of any and all transportation charges or any other charges that are owed Carrier. Such lien shall survive delivery of Petroleum Products to Shipper. Such lien shall extend to all Petroleum Products in Carrier's possession beginning with Shipper's first receipt of transportation or other services from Carrier. The lien provided herein shall be in addition to any lien or security interest provided by statute or applicable law. Carrier may withhold delivery to Shipper of any of Shipper's Petroleum Products in its possession and exercise any other rights and remedies granted under this Tariff or existing under applicable law until all such charges have been paid as provided above.

(g) If Shipper fails to pay an invoice by the due date, in addition to any other remedies under this Tariff or under applicable law, Carrier shall have the right, either directly or through an agent, to sell at a private sale any and all Petroleum Products of such Shipper in its custody at fair market value at the time of sale. The proceeds of any sale shall be applied to the following order: (A) to the reasonable expenses of holding, preparing for sale, selling, and to the extent allowed by law, reasonable attorney's fees and legal expenses incurred by Carrier; and (B) to the satisfaction of Shipper's indebtedness including interest herein provided from the date payment is due. The balance of the proceeds of the sale remaining, if any, shall be paid to Shipper or, if there is a dispute or claim as to entitlement, held for whoever may be lawfully entitled thereto.

Item No. 85. Measurement, Testing, Corrections, Deductions and Losses

(a) Subject to Item No. 10(d) of this Tariff, all shipments Tendered to Carrier for transportation shall be measured, tested, gauged or metered by a representative of Carrier prior to, or at the time of receipt from Shipper or delivery to Consignee, but Shipper or Consignee shall at all times have the privilege of being present or represented during the measuring, testing, gauging, or metering. Quantities shall be corrected as to temperature from observed temperature to 60 degrees Fahrenheit basis by use of applicable API-ASTM-IP correction tables. Full deduction will be made for all water and other impurities.

(b) Carrier shall account to each Shipper for each Petroleum Product received. Any overage or shortage not due to the negligence of Carrier, including without limitation, losses or gains resulting from shrinkage, evaporation, expansion, or other Petroleum Products losses or gains inherent in the operation of a pipeline system, will be allocated on a monthly accrual basis among all Shippers based on the proportion of the total number of Barrels delivered from the System for each Shipper of each Petroleum Product to the total number of Barrels delivered from the System for all Shippers of each Petroleum Product in the applicable Month.

(c) The net balance, after applicable deductions defined above, and any loss as provided for in Item No. 90 (Liability of Carrier and Shipper), will be the quantity deliverable by Carrier and upon which transportation charges will be assessed.

Item No. 90. Liability of Carrier and Shipper

(a) Carrier shall not be liable for any loss of Petroleum Products or damage thereto, or delay, because of an act of God, the public enemy, quarantine, the authority of law, governmental action, nuclear or atomic explosion, floods, strikes, picketing, riots, or other labor stoppages, whether of Carrier's employees or others, or the acts of default of Shipper or Consignee, acts of third parties, or from any other similar or dissimilar cause not due to the negligence of Carrier. In case of losses from such causes, other than the negligence of Carrier, losses shall be charged proportionately to each shipment in the ratio that such shipment of a given Petroleum Product, or portion thereof, received and undelivered at the time the loss or damage occurs, bears to the total of all shipments, or portions thereof, of that Petroleum Product then in the custody of Carrier for shipment via the lines or other facilities in which the loss or damage occurs. Shipper/Consignee shall be entitled to receive only that portion of its shipment remaining after deducting its proportion of such loss or damage, determined as aforesaid, and shall be required to pay transportation charges only on the quantity delivered. In no event shall Carrier be liable for any incidental, consequential, indirect, special, or punitive damages, or lost profits, of any kind regardless of whether such damages, losses, or claims arise in tort, strict liability, contract, or under any other theory of liability except to the extent it is shown that such damages were caused by Carrier's gross negligence, bad faith, or willful misconduct.

(b) As a condition to Carrier's acceptance of Petroleum Products under this Tariff, Shipper agrees to protect, indemnify, and hold Carrier harmless against claims or actions for injury to and/or death of any and all persons whomever and for damage to property of Carrier, Shipper(s), Consignee(s), and/or third party(ies) arising out of or relating to (1) any breach of or failure to adhere to any provision of this Tariff by Shipper or Shipper's Consignee, agents, employees, representatives, or contractors, (2) the negligent act or acts, or failure to act, of Shipper or Shipper's Consignee, agents, employees, representatives, or contractors in connection with the delivery or receipt of such Petroleum Products, and (3) liability arising from the chemical characteristics of Petroleum Products, except to the extent such liability arises from Carrier's negligence.

Item No. 95. Claims, Suits, Time for Filing

As a condition precedent to recovery, claims must be filed in writing with Carrier within nine (9) Months after delivery of the Petroleum Products, or, in case of failure to make delivery, then within nine (9) Months after a reasonable time for delivery has elapsed. All such claims must be submitted in writing, delivered to Carrier's representative listed on the title page of this Tariff within the specified time frame, and must clearly identify on the exterior of the envelope that it contains a "Shipper Tariff Claim". All suits against Carrier arising pursuant to such claims shall be brought within two (2) years and one (1) day from the day when notice in writing is given by Carrier to the claimant that 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 shall not be liable, and such claims will not be paid.

Item No. 100. Use of Communication Facilities

When Carrier maintains a private communication system, Shipper may use the same without extra charge for messages incident to shipments. However, Carrier shall not be liable for delivery of messages away from its office, delays in transmission, failures of transmission, interruption of service, or the accuracy thereof.

Item No. 105. Connection Policies

Carrier is only required to consider connections to Carrier's System that are made by formal written application to Carrier and in compliance with Carrier's Connection Policy. Carrier's Connection Policy is available upon request to Carrier. All connections will be subject to design requirements necessary to protect the safety, security, integrity, and efficient operation of Carrier's System in accordance with generally accepted industry standards. Acceptance of any request for connection will be within the sole discretion of Carrier and will be subject to compliance with governmental regulations. The cost of such facilities shall be the responsibility of Shipper seeking access to Carrier's System.

Item No. 110. Pipeage Contracts

In the event construction of new facilities is required by a proposed Shipper, then a separate pipeage contract, in accordance with this Tariff and these rules and regulations, will be required of the proposed Shipper before any duty of transportation shall arise.

Item No. 115. Reconsignment

If no out-of-line or back haul movement or interference with shipping sequence is required, Shipper may submit a written request, placed after its original Nomination, to the Carrier to deliver Petroleum Products to a Consignee different than that indicated in its original Nomination.

Item No. 120. Liability Fund

Carrier shall not be responsible for any tax, fee, or other charge levied on the Petroleum Products delivered to Carrier pursuant to any Federal, State, or local act or regulation which levies a tax, fee, or other charge on the receipt, delivery, transfer, or transportation of such Petroleum Products within their jurisdiction for the purpose of creating a fund for the prevention, containment, clean up, and removal of spills and the reimbursement of persons sustaining loss therefrom.

Item No. 125. Tax Registration

To the extent Carrier deems it necessary, Shippers and Consignees shall be required to provide proof of registration with or tax exemption from the appropriate Federal, State, and/or local tax authorities related to the collection and payment of fuel excise taxes or other similar taxes, levies, or assessments. Failure of a Shipper or Consignee to do so shall not relieve the Shipper or Consignee from the obligation to pay any such tax, levy, or assessment. Any tax, levy, assessment, or other charge imposed by such authority against Carrier as the result of such failure shall be collected by Carrier under the provisions of Item No. 80 (Payment of Charges).

Item No. 130. Incentive Rate Program

Any Shipper that executed a pipeline dedication agreement with Carrier during the Open Season held from May 24, 2016 to June 23, 2016 is eligible for Incentive Rate 1 or Incentive Rate 2 referenced in Section II of this Tariff, and such Incentive Rate shall be subject to annual escalation pursuant to the terms of the executed pipeline dedication agreement. In such pipeline dedication agreement, Shipper committed to transport any Barrels of Petroleum Products originating from an Origin Point on the System to a Destination Point on Carrier's System. For four (4) year term dedication agreements, Incentive Rate 1 shall be in effect during that term. For five (5) year term dedication agreements, Incentive Rate 2 shall be in effect during that term, and at Shipper's sole option, Incentive Rate 2 may be in effect for one additional five (5) year renewal term. For both four (4) year term and five (5) year term dedication agreements, Carrier has the option to extend the dedication and associated Incentive Rate, subject to previous and ongoing annual escalation, past the initial term or renewal term, as applicable, for one (1) additional four (4) year or five (5) year term, as applicable. Shipper shall not be eligible to receive Incentive Rate 1 or Incentive Rate 2 if Shipper did not enter into a pipeline dedication agreement prior to June 23, 2016.

Incentive Rate 3 shall be available to any Shipper that executes a throughput and deficiency agreement with a term of five (5) years and consistent with the following requirements on or before August 2, 2024. Pursuant to the throughput and deficiency agreement, Shipper must agree to ship at least 300,000 barrels of Petroleum Products on the System each contract month or, if Shipper fails to do so in any given month, to pay Carrier an amount equal to the Incentive Rate 3 multiplied by the number of barrels Shipper is deficient for such month. The contractual monthly commitment will not be subject to any makeup provisions.

**SECTION II
TABLE OF RATES**

For transporting Petroleum Products between points in Pasadena, Texas at Intercontinental Terminals Company LLC’s storage facilities in the City of Pasadena, Harris County, Texas (“ITC Terminal”) and connecting pipelines, including Colonial Pipeline Company (“Colonial”) and Explorer Pipeline Company (“Explorer”) in the City of Pasadena, Harris County, Texas, and the Phillips 66 pipeline via Carrier’s pipeline terminating at a point near Witter Street in the City of Pasadena, Texas, in each case as set forth below and subject to the rules and regulations published in Carrier’s applicable tariff or tariffs and successive issues thereof.

The following rates include Incentive Rates available to Shippers pursuant to Item No. 130 of this Tariff. Shippers not eligible for Incentive Rates are subject to the General Rate.

Rate in cents per Barrel (42 U.S. gallons)			
Destination Points	Origin Points		
	ITC Terminal	Shell Colex West	Phillips 66
Colonial – Houston Station Explorer – Pasadena/Houston	[U] General Rate: 48¢ [U] Incentive Rate #1: 8¢ [U] Incentive Rate #2: 10¢ [U] Incentive Rate #3: 14¢		
Shell Colex West Phillips 66	[D] General Rate: <u>54.68¢</u> [U] Incentive Rate #1: 8¢ [U] Incentive Rate #2: 10¢ [U] Incentive Rate #3: 14¢		
Phillips 66 ITC Terminal		[D] General Rate: <u>54.68¢</u> [U] Incentive Rate #1: 8¢ [U] Incentive Rate #2: 10¢ [U] Incentive Rate #3: 14¢	
ITC Terminal Shell Colex West			[D] General Rate: <u>54.68¢</u> [U] Incentive Rate #1: 8¢ [U] Incentive Rate #2: 10¢ [U] Incentive Rate #3: 14¢

**SECTION III
EXPLANATION OF ABBREVIATIONS**

API	American Petroleum Institute
ASTM	American Society for Testing and Materials
[C]	Cancel
cSt	centistokes
[D]	Decrease
F.E.R.C. or FERC	Federal Energy Regulatory Commission
IP	Institute of Petroleum (Great Britain)
[N]	New
No.	Number
OPIS	Oil Price Information Service
psi	pounds per square inch
RVP	Reid Vapor Pressure
[U]	Unchanged
U.S.	United States of America
[W]	Change in Wording Only
%	Percent