

**UNITED STATES OF AMERICA**  
**BEFORE THE**  
**FEDERAL ENERGY REGULATORY COMMISSION**

CHS Inc.  
Federal Express Corporation  
GROWMARK, Inc.  
HWRT Oil Company LLC  
MFA Oil Company  
Southwest Airline Co.  
United Airlines, Inc.  
UPS Fuel Services, Inc.

Docket No. OR13-25-002

v.

Enterprise TE Products Pipeline Company, LLC

Chevron Products Company

Docket No. OR13-26-002

v.

Enterprise TE Products Pipeline Company, LLC

(consolidated)

**PREPARED DIRECT TESTIMONY**

**OF**

**MATTHEW P. O'LOUGHLIN**

On behalf of  
HWRT Oil Company, LLC

February 6, 2015

**SUMMARY OF PREPARED DIRECT TESTIMONY OF  
MATTHEW P. O'LOUGHLIN**

Mr. O'Loughlin is a Principal of *The Brattle Group*, an economic and management consulting firm. The purpose of Mr. O'Loughlin's testimony is to calculate damages experienced by HWRT due to Enterprise TE's violation of the Docket No. IS12-203-000 Settlement Agreement approved by the Commission on May 31, 2013. Specifically, Enterprise TE "abandoned" diesel and jet fuel service in a tariff filing on May 1, 2013 despite its commitment in the Settlement Agreement to provide those services at agreed-upon rates through May 31, 2015. Mr. O'Loughlin finds from his analysis that HWRT has incurred damages in the form of lost profits from lost sales. Using standard, well-accepted methods for measuring lost profits from lost sales damages, Mr. O'Loughlin calculates damages of \$8,826,198 for HWRT Oil Company LLC.

**TABLE OF CONTENTS**

I.	Introduction and Summary .....	2
II.	Background .....	4
III.	Damage Categories and Methodology .....	6
IV.	HWRT Damages .....	8
V.	Treatment of Prorationing .....	23

## TABLE OF TERMS AND ACRONYMS

Abbreviation or Acronym	Term
bpd	Barrels per day
CHS, Inc.	<i>CHS Inc., et al. v. Enterprise TE Products Pipeline Co., LLC</i> , 145 FERC ¶ 61,056 (2013)
CLR	Clermont
Enterprise Liquids	Enterprise Liquids Pipeline LLC
Enterprise TE	Enterprise TE Products Pipeline Company, LLC
FERC or Commission	Federal Energy Regulatory Commission
gpm/g	gross profit margin per gallon
HWRT	HWRT Oil Company, LLC
ICA	Interstate Commerce Act
kbpd	Thousand barrels per day
LEB	Lebanon
NGLs	natural gas liquids
NLR	North Little Rock
NOR	Norris
PDO	Petition for Declaratory Order
Post-Shutdown Period	Period when Enterprise TE restarted distillate service, July 2014 through May 2015
PRN	Princeton
Reference Guide	Reference Guide on Estimation of Economic Damages
RIN	Renewable Identification Number
S.C.	Scott City



**PUBLIC VERSION**

**Exhibit No. HWR-13**

Settlement Agreement	Settlement Agreement signed by Enterprise TE in Docket No. IS12-203-000 and approved by the Commission on May 31, 2013
SEY	Seymour
Shutdown Period	Period when Enterprise TE cancelled distillate service, July 2013 through June 2014
SHV	Shreveport
ULSD	Ultra-Low Sulfur Diesel

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PREPARED DIRECT TESTIMONY OF  
MATTHEW P. O'LOUGHLIN

1    **I.    INTRODUCTION AND SUMMARY**

2    **Q.    Please state your name and address for the record.**

3    A.    My name is Matthew P. O’Loughlin. I am a Principal of *The Brattle Group*, an  
4        economic and management consulting firm located at 44 Brattle Street, Cambridge,  
5        Massachusetts.

6    **Q.    Please summarize your background and experience.**

7    A.    I have over thirty years of experience consulting to firms in the regulated energy  
8        transmission industries on pricing and ratemaking, project and contract evaluation,  
9        business strategy, and market assessment. I have filed testimony on cost-of-service  
10       matters in Enterprise TEPPCO’s rate proceeding before the Federal Energy Regulatory  
11       Commission (“FERC” or “Commission”) (Docket No. IS12-203-000). I have filed  
12       affidavits and/or testimony on cost-of-service matters in other Commission oil pipeline  
13       dockets, including several SFPP, L.P. proceedings (Docket Nos. OR96-2, OR92-8-025,  
14       OR03-5, IS98-1, IS05-230, IS08-390-002, IS08-28-000, and IS09-437-000, among  
15       others), Seaway (Docket No. IS12-226), Calnev L.L.C. (Docket Nos. OR01-8-000 and  
16       OR07-18-000), Bridger Pipeline, LLC (Docket Nos. IS05-474, *et al.*), and Mid-  
17       America Pipeline Company, LLC (Docket Nos. IS05-216, *et al.*).

18       I have testified on the valuation of economic damages both before this Commission  
19       (Valero Marketing and Supply Company v. Longhorn Partners Pipeline, L.P. and  
20       Flying J, Inc., Docket No. OR08-4; Public Utilities Commission of the State of  
21       California v. El Paso Natural Gas Company, *et al.*, Docket No. RP00-241) as well as in  
22       US District Court, California Superior Court, and arbitration proceedings.

23       I hold an M.A. in Finance from The Wharton School, University of Pennsylvania and a  
24       B.A. in Economics and Business from Saint Anselm College. Further details of my  
25       professional and educational background and a list of my publications are provided in  
26       my curriculum vitae appended as Exhibit No. HWR-14.

1 **Q. What is the purpose of your testimony in this proceeding?**

2 A. I have been asked by HWRT Oil Company, LLC (“HWRT”) to quantify the damages  
3 resulting from Enterprise TE Products Pipeline Company, LLC’s (“Enterprise TE’s”)   
4 violation<sup>1</sup> of the settlement agreement in Docket No. IS12-203-000 (“Settlement  
5 Agreement”) that was approved by the Commission on May 31, 2013.<sup>2</sup> Specifically,  
6 Enterprise TE cancelled interstate distillate and jet fuel service effective on June 1,  
7 2013 despite its commitment in the settlement agreement to provide those services at  
8 agreed-upon rates through May 31, 2015. Enterprise TE filed FERC Tariff No. 55.28.0  
9 on May 1, 2013 cancelling interstate distillate and jet fuel service and stating that it  
10 would cease to accept nominations for the above products after June 1, 2013.<sup>3</sup>

11 **Q. In addition to your testimony, what other testimony is being submitted as part of**  
12 **the HWRT direct testimony?**

13 A. Mr. Matthew Schrimpf, President of HWRT, is also submitting testimony on behalf of  
14 HWRT (Exhibit No. HWR-1). He explains how HWRT was injured by Enterprise  
15 TE’s violation of the settlement agreement and he sponsors the company data upon  
16 which I relied in formulating my damages calculations. I incorporate the evidence from  
17 his testimony in my analysis and calculations of the commercial damages sustained by  
18 HWRT.

19 **Q. Please summarize your conclusions.**

20 A. I find from my analysis that HWRT has incurred damages as a result of Enterprise TE’s  
21 breach of the Docket No. IS12-203 Settlement Agreement. These damages are of the  
22 form of lost profits from lost sales. Using standard, well-accepted methods for

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<sup>1</sup> *CHS Inc., et al v. Enterprise TE Products Pipeline Company, LLC*, 145 FERC ¶ 61,056 at PP 26-37 (2013). (Commission finding that Enterprise TE violated the Docket No. IS12-203 Settlement Agreement when it abandoned interstate distillate and jet fuel service).

<sup>2</sup> *Enterprise TE Products Pipeline Co., LLC*, 143 FERC ¶ 61,197 (2013). As explained in the Order approving the settlement, the settlement became effective on the date of the Order (May 31, 2013) and remains in effect for two years (May 31, 2015). *Id.* At P 3.

<sup>3</sup> Enterprise TE FERC Tariff No. 55.28.0, including Transmittal letter, Docket No. IS13-266 (May 1, 2013), at 1, included in Exhibit No. HWR-15 at 1.

1 measuring this category of damages, I find that HWRT's damages during the  
2 Settlement Period amount to \$8,826,198.

3 **II. BACKGROUND**

4 **Q. Please provide a brief description of the Settlement Agreement between**  
5 **Enterprise TE and its shippers in Docket No. IS12-203-000.**

6 A. Enterprise TE and a group of shippers filed an uncontested settlement in Docket No.  
7 IS12-203 on April 2, 2013 ("Settlement Agreement"). In general, the Settlement  
8 Agreement provided for a set of forward-looking settlement rates for all origin and  
9 destination pairs as it relates to refined products and natural gas liquids ("NGLs") that  
10 would remain in effect for two years from the effective date of the settlement and  
11 provided for resolution of the previously filed and contested rates. The tariff with the  
12 settlement rates for refined products and NGLs was included as Attachment D to the  
13 Settlement Agreement.<sup>4</sup>

14 The Settlement Agreement specified that the agreement would become effective on the  
15 date the Commission issued its order approving the settlement, provided the  
16 Commission did so without modification or condition, and would run for two years  
17 from that date. The Commission issued a letter order approving the settlement on May  
18 31, 2013.<sup>5</sup> Thus, the settlement period runs from May 31, 2013 through May 31, 2015.  
19 I have included a timeline of relevant Enterprise TE events during this time period as  
20 Exhibit No. HWR-17.

21 **Q. What has the Commission already found with regard to Enterprise TE's violation**  
22 **of the settlement agreement?**

23 A. The Commission has already found that "the Settlement Agreement does require  
24 Enterprise TE to provide transportation of all services identified in the Settlement

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<sup>4</sup> The Joint Explanatory Statement Regarding Offer of Settlement, including the Settlement Agreement and attachments, approved in Docket No. IS12-203 is included in Exhibit No. HWR-16.

<sup>5</sup> Letter Order, Enterprise TE Products Pipeline Company LLC, Docket No. IS12-203-000, 143 FERC ¶61,197 (May 31, 2013).

1 Agreement for the entirety of the settlement period.”<sup>6</sup> As a result, the Commission  
 2 also found that “Enterprise TE violated the terms of the Settlement Agreement in  
 3 Docket No. IS12-203-000 by cancelling the tariff for the transportation of jet fuel  
 4 and/or distillates.”<sup>7</sup> While the Commission declined to direct Enterprise TE to continue  
 5 providing distillate and jet fuel service, it set this matter for hearing “to determine  
 6 whether damages have arisen and, if so, to calculate the damages incurred due to  
 7 Enterprise TE’s breach of the Settlement Agreement.”<sup>8</sup>

8 **Q. For what period do you measure HWRT’s damages?**

9 A. The primary damage period runs from July 1, 2013 through May 31, 2015. While  
 10 HWRT’s damages may extend to the post-May 31, 2015 period, both because  
 11 Enterprise TE’s violation of the Settlement Agreement may impact agreements which  
 12 extend past May 31, 2015 and because of the rehearing request mentioned above, I  
 13 have not attempted to calculate such damages. I start the damage period at July 1, 2013  
 14 because Enterprise TE’s May 1, 2013 tariff filing cancelling interstate distillate and jet  
 15 fuel service stated that it would cease to accept nominations for these products after  
 16 June 1, 2013. Since July 2013 nominations would have been due on June 5, 2013 I  
 17 interpreted this tariff statement as indicating that service would not be provided in July  
 18 2013.<sup>9</sup> Certainly, market participants (including HWRT’s customers) would have been

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<sup>6</sup> *CHS Inc., et al. v. Enterprise TE Products Pipeline Co., LLC*, 145 FERC ¶ 61,056, at P 27 (2013) (“CHS, Inc.”); see also P 28 (“The Commission has analyzed the entirety of the Settlement Agreement and finds . . . Pursuant to the Settlement Agreement, a rate was placed into effect upon the filing of a tariff with the Commission, and that tariffed rate was to remain in effect for the Settlement’s term.”).

<sup>7</sup> *Id.* at P 37.

<sup>8</sup> *Id.* at P 41. The issue of whether the Commission can direct Enterprise TE to continue to provide distillate and jet fuel service is the subject of a rehearing request filed by HWRT and others in Docket No. OR13-25, *et al.* on November 18, 2013, a copy of which is included in Exhibit No. HWR-18. This request for rehearing has yet to be acted upon by the Commission. Depending on the disposition of the rehearing request by the Commission (or subsequent appeals by the courts), damages may extend beyond May 31, 2015.

<sup>9</sup> In addition, and as explained by Enterprise TE in its May 1, 2013 Transmittal Letter, (Exhibit No. HWR-15 at 2) it planned to inject nitrogen into its 14/16 inch line to purge it of distillate and jet fuel barrels in July 2013 in preparation for the transfer of the pipeline to an affiliate. Moreover, Mr. Schrimpf informs me that May 5, 2013 was the last date for which HWRT provided nominations to Enterprise TE.

1 on notice as of May 1, 2013 that distillate service off of Enterprise TE was coming to  
2 an end and that other supply arrangements would be necessary.

3 Subject to my earlier comments about the damage period possibly extending beyond  
4 May 31, 2015, the damage calculations I sponsor in this testimony are based on  
5 damages that run from July 1, 2013 through May 31, 2015.

6

7 **Q. The timeline in Exhibit No. HWR-17 indicates that Enterprise TE restarted**  
8 **distillate service. How do you account for that?**

9 A. In its March 31, 2014 transmittal letter accompanying FERC Tariff No. 55.35.0,  
10 Enterprise TE stated that it would begin accepting nominations for the “interstate  
11 transportation of distillates, commencing May 1, 2014.”<sup>10</sup> It is my understanding that  
12 little if any distillate volumes moved in May 2014 and only limited volumes moved in  
13 June 2014. Volumes increased in July 2014 and have remained at a consistent level for  
14 July through December 2014. However, these volumes are at levels that are well below  
15 historical amounts. Moreover, as discussed by Mr. Schrimpf, contractual obligations  
16 and other market considerations have resulted in some customers being slow to return.  
17 Accordingly, I take the volumes associated with the restarted distillate service into  
18 account as mitigation in calculating damages. I discuss the restart later in my  
19 testimony.

20 **III. DAMAGE CATEGORIES AND METHODOLOGY**

21 **Q. How did you go about measuring the HWRT’s damages?**

22 A. I used standard, well-accepted methods for measuring damages. In performing my  
23 analysis, I followed the guidance of the Reference Guide on Estimation of Economic  
24 Damages (“Reference Guide”) as it relates to the goal behind measuring damages:

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<sup>10</sup> Exhibit No. HWR-19 at 1. Enterprise TE’s FERC Tariff No. 55.35.0, including transmittal letter, is included in Exhibit No. HWR-19.

1 The goal of damages measurement is to find the plaintiff's loss of  
2 economic value from the defendant's harmful act. The loss of  
3 value...may take the form of a reduced stream of profit or earnings. The  
4 losses are net of any costs avoided because of the harmful act.

5 The essential elements of a study of losses are the quantification of the  
6 reduction in economic value, the calculation of interest on past losses, and  
7 the application of financial discounting to future losses. The losses are the  
8 difference between the value the plaintiff would have received if the  
9 harmful event had not occurred [referred to as the "but-for" scenario] and  
10 the value the plaintiff has or will receive, given the harmful event.<sup>11</sup>

11 This method of measuring of damages is consistent with the established valuation of  
12 damages referenced in ICA cases dealing with unreasonable refusals to honor  
13 reasonable requests for transportation.<sup>12</sup> With respect to the specific measure of  
14 damages employed, I utilize "expectation damages" in carrying out my analysis. As  
15 explained by the Reference Guide:

16 *Expectation damages often apply to breach of contract claims, where the*  
17 *wrongdoing is the failure to perform as promised, and the but-for scenario*  
18 *hypothesizes the absence of that wrongdoing, that is, proper performance*  
19 *by the defendant. Expectation damages are an amount sufficient to give*  
20 *the plaintiff the same economic value the plaintiff would have received if*  
21 *the defendant had fulfilled the promise or bargain.*<sup>13</sup>

22 Here, then, my objective is to measure the additional economic value that HWRT  
23 would have achieved (relative to its actual experience) had Enterprise TE honored the  
24 IS12-203 Settlement Agreement.

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<sup>11</sup> *Reference Guide on Estimation of Economic Damages*, Mark A. Allen, Robert E. Hall, and Victoria A. Lazear, pp. 429-430 in *Reference Manual on Scientific Evidence*, Third Edition, 2011, The National Academies Press, footnotes omitted, bracketed [ ] text added.

<sup>12</sup> *See Marion M. Carnes v. Atchison, Topeka & Santa Fe Railway Co., et al.*, 129 I.C.C. 341, 348 (1927) (setting action for damages hearing where carrier refused to provide transportation upon reasonable request and stating "A car-repair plant is peculiarly and directly dependent upon adequate transportation service, and complainant would seem to be clearly entitled to compensation covering the difference between the value which his property would have had as a car-repair plant enjoying the transportation service to which it was entitled by law and such value as it had under the handicap of a total deprivation of transportation service.")

<sup>13</sup> *Reference Guide on Estimation of Economic Damages* at p.433 (*emphasis added*).



1 **Q. In calculating your damages, did you take HWRT's actions to mitigate the damage**  
2 **into account?**

3 A. Yes, I took HWRT's mitigation efforts explicitly into account by offsetting any lost  
4 sales by the sales actually achieved by HWRT. Mr. Schrimpf describes some of the  
5 efforts HWRT took in order to mitigate its damages.

6 **IV. HWRT DAMAGES**

7 **Q. Can you please briefly describe the categories of damages experienced by HWRT?**

8 A. Yes. At the most fundamental level, HWRT has experienced lost sales as a result of  
9 Enterprise TE's violation of the IS12-203 Settlement Agreement. The lost sales, in  
10 turn, have resulted in lost profits. As an example, HWRT relies on Enterprise TE to  
11 transport HWRT's supply of distillate from the Gulf Coast supply areas to Midwest-  
12 area terminals along the Enterprise TE system (a map of the Enterprise TE system is  
13 included as Exhibit No. HWR-20). Mr. Schrimpf discusses the terminals owned by  
14 HWRT on Enterprise TE as well as other third-party terminals on Enterprise TE where  
15 HWRT does business. HWRT then sells its supply of distillate to HWRT's customers at  
16 the terminals. Enterprise TE's abandonment of distillate transportation service resulted  
17 in HWRT's loss of these distillate sales along with the profits that would have resulted  
18 from the sales. As explained in more detail below, the damages are measured as the  
19 loss in profit margin on the volume of lost sales.

20 **Q. What are HWRT's damages as a result of Enterprise TE's breach of the**  
21 **Settlement Agreement?**

22 A. Figure 1 reports HWRT damages of \$8,826,198 due to Enterprise TE's breach of the  
23 Settlement Agreement. The amounts in Figure 1 are split out according to the four  
24 damage categories identified by Mr. Schrimpf in his testimony: lost distillate sales, lost  
25 distillate-throughput-related terminal revenues, lost gasoline and ethanol sales, and lost  
26 gasoline-throughput-related terminal revenues.

**Figure 1**  
**HWRT Damages Summary for the Period**  
**July 2013 – May 2015**  
**(Dollars)**

	Total Damages July 2013 - May 2015 (Dollars)
[a] Lost Distillate (ULSD, Biofuel, Additives) Sales Damages	5,836,004
[b] Lost Distillate (ULSD) Throughput Sales Damages	414,509
[c] Lost Gasoline & Ethanol Sales Damages	2,271,718
[d] Lost Gasoline Throughput Sales Damages	303,967
[e] <b>Total</b>	<b>8,826,198</b>

Sources & Notes:

[a]: See Figure 2.

[b]: See Figure 3.

[c]: See Figure 4.

[d]: See Figure 5.

[e] = [a] + [b] + [c] + [d].

1    **Q. Please explain how you calculated lost distillate sales damages of \$5,836,004 for**  
2    **HWRT?**

3    A. Figure 2 displays my calculation of HWRT's lost distillate sales damages. I calculate  
4    the total lost profits to be \$5,836,004 (row [e] of Figure 2). These are the lost profits  
5    over the July 2013 – May 2015 period associated with lost ULSD sales, lost biofuel  
6    sales (and the associated lost RINs income), and lost red dye and premium additive  
7    sales (on HWRT's own ULSD sales), as shown in rows [a]-[d] of Figure 2.

**Figure 2**  
**HWRT Lost Distillate (ULSD, Biofuel, Additives)**  
**Sales Damages Estimate**  
**(Dollars)**

Product Type	Lost Sales Damages July 2013 - May 2015 (Dollars)
[1]	[2]
[a] ULSD	4,081,891
[b] Biofuel	-1,439,892
[c] RINs Income Associated with Biofuel Volume	3,063,648
[d] Red Dye & Premium Additive - HWRT Sales	130,357
[e] <b>Lost Sales Damages</b>	<b>5,836,004</b>

## Sources &amp; Notes:

[a]: See Exhibit No. HWR-21.

[b]: See Exhibit No. HWR-22.

[c]: See Exhibit No. HWR-23.

[d]: See Exhibit No. HWR-24.

[e] = [a] + [b] + [c] + [d].

1 **Q. How are the damages from lost ULSD sales measured (row [a] of Fig. 2)?**

2 A. I calculate ULSD damages on a month-by-month basis for each of the seven terminals  
3 on the Enterprise TE system where HWRT does business, HWRT's own terminals at  
4 North Little Rock ("NLR"), Norris ("NOR"), and Seymour ("SEY") as well as third-  
5 party terminals at Clermont ("CLR"), Scott City ("S.C."), Princeton ("PRN"), and  
6 Shreveport ("SHV").<sup>14</sup> Ideally, to calculate damages I would have taken the difference  
7 between HWRT's expected ULSD sales volume and its actual ULSD sales volume for  
8 a given terminal in a given month and multiplied that difference by the actual gross  
9 profit margin per gallon ("gross profit margin per gallon" or "gpm/g") achieved by  
10 HWRT on its actual sales at that terminal in that month. But Enterprise TE's  
11 cancellation of service resulted in changes in market conditions as well as several

<sup>14</sup> HWRT also did business at an eighth terminal on Enterprise TE, Lebanon Ohio ("LEB"). I have been directed by HWRT's counsel to ignore Lebanon in preparing my damages estimate since it was under embargo and Enterprise TE was not providing service prior to and including the damages time period. Excluding Lebanon from my analysis results in my damages calculations being smaller than they otherwise would be.

1 months at several terminals where HWRT had little or no sales, meaning HWRT's  
2 actual gpm/g did not exist or could not be used. As a result, to calculate ULSD  
3 damages, I take the following steps for each terminal in each month, as shown in  
4 Exhibit No. HWR-21:

- 5 1. Calculate the “but-for” monthly gross profit margin by taking the expected  
6 monthly sales volume for the terminal (set equal to the five-year (2008-  
7 2012) average for that calendar month) and multiplying by the appropriate  
8 gross profit margin per gallon as explained below.
- 9 2. Calculate the actual gross profit margin by taking the actual monthly sales  
10 volumes by terminal and multiplying by the actual gpm/g for that terminal  
11 in that month.<sup>15</sup>
- 12 3. For the months of January 2015–May 2015, the “actual” sales volume is  
13 set equal to the six-month average from July 2014–December 2014, and  
14 the actual gross profit margin per gallon is set equal to the five-year  
15 (2008-2012) average monthly gross profit margin per gallon for the  
16 calendar month on the basis that the historical average is representative of  
17 the expected margin in these months. Since the damages period will have  
18 ended by the time this matter goes to hearing, I recommend updating this  
19 calculation to reflect actual sales volumes and actual gpm/g.
- 20 4. Calculate the lost profits resulting from the lost sales by taking the “but-  
21 for” gross profit margin less the actual gross profit margin.<sup>16</sup>

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<sup>15</sup> For North Little Rock and Norris City, I also make a transit adjustment to exclude certain ULSD sales in July through November 2013 from mitigating revenues. These sales arose due to supply that was nominated in April and May 2013 not being delivered until July 2013 or later. It is my understanding from Mr. Schrimpf that these volumes were received after June 2013 due to the functionality of a pipeline. It takes transit time to move volumes from the origin to the destination and, according to Mr. Schrimpf, this delivery pattern would have occurred regardless of when Enterprise received its last origin batches. For example, it is also my understanding that HWRT would have expected to receive similar volumes in post-May 2015 had Enterprise TE cancelled service at the end of the settlement period. For this reason, the sales volumes associated with these deliveries should not be considered mitigation.

<sup>16</sup> For ULSD and Biofuel, the figures displayed in Fig. 2 are calculated on a terminal by terminal basis and then subsequently added across all relevant terminals. RINs and Red Dye & Premium are calculated using aggregated data provided by HWRT.

1 **Q. How do you develop the expected monthly sales volume and gpm/g for your “but-**  
2 **for” scenario?**

3 A. I asked Mr. Schrimpf to provide me with a representative level of sales for each  
4 terminal over the damages period. Mr. Schrimpf indicated that HWRT’s five-year  
5 (2008-12) monthly average ULSD volume at each terminal is, in his opinion, a  
6 representative volume level.<sup>17</sup>

7 **Q. How do you develop the gross profit margin / gallon used in your “but-for”**  
8 **scenario?**

9 A. As mentioned above, I had to develop a gross profit margin / gallon to use in the “but-  
10 for” scenario because the actual gpm/g was not available in certain months at certain  
11 terminals. To better understand this, and as can be seen at the bottom of the tables in  
12 Exhibit No. HWR-21, I have organized the damages calculations into two distinct  
13 periods: the “Shutdown Period” and the “Post-Shutdown Period.” The first period is  
14 when Enterprise TE cancelled distillate service, July 2013 through June 2014 (the  
15 “Shutdown Period”). The second period is when Enterprise TE restarted distillate  
16 service, July 2014 through May 2015 (the “Post-Shutdown Period” period).<sup>18</sup>

17 For the “Shutdown Period” and for the months of January 2015 – May 2015 of the  
18 “Post-Shutdown Period,” I have set the gross profit margin per gallon in each month at  
19 a given terminal in my “but-for” scenario equal to the five-year (2008-2012) monthly  
20 weighted average gross profit margin per gallon for the calendar month in question at  
21 the respective terminal. Mr. Schrimpf indicated that HWRT’s five-year (2008-12)  
22 monthly volume-weighted average profit margin at each terminal is, in his opinion, a

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<sup>17</sup> The HWRT source summary reports for this ULSD volume information are attached to Mr. Schrimpf’s testimony as Exhibit No. HWR-2. I prepared a summary table of HWRT ULSD sales by year by terminal from the source reports. It is in Exhibit No. HWR-21 at 12 and displays the five-year average ULSD volume for all seven terminals.

<sup>18</sup> See rows [x] and [y] in Exh. No. HWR-21 at 1-8.

1 representative profit margin level to use in the absence of actual data.<sup>19</sup> It was not  
2 possible to use the actual gross profit margin per gallon in these months as market  
3 conditions were anomalous and sales were insufficient to result in a representative  
4 margin. In the absence of actual data, this average is a reasonable estimate of the  
5 margin that HWRT would have earned but for Enterprise TE's cessation of service. For  
6 the months of July 2014 through December 2014, I have generally set the "but-for"  
7 gross profit margin per gallon equal to the actual gross profit margin per gallon on the  
8 rationale that once Enterprise TE restarted service, the actual gross profit margin per  
9 gallon achieved was representative of current market prices and conditions. At some  
10 locations and for some months in the July – December 2014 period, there are no actual  
11 sales. In those circumstances, I continue to use the five-year average margin in the  
12 "but-for" scenario. As mentioned above, I recommend that my "but-for" gpm/g for  
13 January – May 2015 be updated for actual gpm/g once that period is past.

14 **Q. How are the damages from lost biofuel and RINs sales measured (rows [b] & [c] of**  
15 **Fig. 2)?**

16 A. As Mr. Schrimpf explains in his testimony, the biofuel sales and Renewable  
17 Identification Numbers ("RINs") income need to be considered jointly, since the RINs  
18 income is created when the biofuel is blended with the ULSD. The damages from lost  
19 biofuel and RINs income (\$1,623,756) equals the sum of the lost biofuel negative  
20 income (i.e., losses) of -\$1,439,892 (col.[2], row [b] of Fig. 2) and the positive RINs  
21 income of \$3,063,648 (col.[2], row[c] of Fig. 2). I discuss each of these in turn.

22 The damages from lost biofuel sales (-\$1,439,892 at col. [2], row [b] of Fig. 2) are  
23 calculated on a monthly basis in the same manner as the ULSD damages calculation  
24 described above. My calculations are in Exhibit No. HWR-22 at page 1. Mr. Schrimpf  
25 provided me with data to calculate a representative level of biofuel sales and, where

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<sup>19</sup> As with the ULSD volume data, the HWRT source summary reports for the ULSD profit margin per gallon are attached to Mr. Schrimpf's testimony as Exhibit No. HWR-2. Exhibit No. HWR-21 at 12 displays the five-year volume-weighted ULSD profit margin for all seven terminals.

1 actual gpm/g was not available, a representative gpm/g, both based on the five-year  
2 (2008-2012) monthly average.<sup>20</sup>

3 **Q. And what the damages associated with the lost RINs income?**

4 A. The damages associated with the RINs income of \$3,063,648 (col.[2], row[c] of Fig. 2)  
5 represents the five-year (2008-12) monthly average of HWRT's RINs income less the  
6 actual RINS income obtained during the damage period. As Mr. Schrimpf explains in  
7 his testimony, fewer biofuel sales due to Enterprise TE's breach of the Settlement  
8 Agreement means correspondingly fewer sales of RINs and, thus, a drop in RINs  
9 income.

10 The five-year average RINs income is calculated in Exhibit No. HWR-23 at page 2.  
11 HWRT generates RINs income from operations on multiple pipelines, not just its  
12 operations on Enterprise TE.<sup>21</sup> For each year from 2008-12, Mr. Schrimpf allocated a  
13 proportionate share of the RINs income to HWRT's Enterprise TE business using the  
14 annual biofuel sales on Enterprise TE as a percentage of HWRT's total annual biofuel  
15 sales across all operations. These income amounts make up the monthly average "but-  
16 for" scenario sales and appear in Exhibit No. HWR-23 at page 2. From this, I have  
17 deducted actual RINs gross profit margin during the damage period. The difference  
18 represents the RINs damages of \$3,063,648.<sup>22</sup>

19 **Q. Please explain the calculation of the red dye and premium additive lost sales (row**  
20 **[d] of Fig. 2).**

21 A. As Mr. Schrimpf explains in his testimony, HWRT is able to sell these specialty  
22 products (red dye and premium additives) in conjunction with its sale of ULSD. Less  
23 ULSD sales translates to less sales of these specialty products.

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<sup>20</sup> The HWRT source summary reports for this biofuel volume and margin information are attached to Mr. Schrimpf's testimony as Exhibit No. HWR-2. I prepared a summary table of HWRT biofuel sales by year by terminal from the source reports. It is in Exhibit No. HWR-22 at 8 along with the damages calculation for biofuel and displays the five-year average biofuel volume and margin for the three HWRT terminals.

<sup>21</sup> See Direct Answering Testimony of Matthew W. Schrimpf, Exh. No. HWR-1 at 15:5-16.

<sup>22</sup> See Exhibit No. HWR-23 at 1, [6][z].

1 I asked Mr. Schrimpf to provide me with a representative level of annual red dye and  
2 premium additive sales over the settlement period. Mr. Schrimpf indicated that  
3 HWRT's two-year (2011-12) average volume was, in his opinion, a representative  
4 volume level. The red dye and premium additive lost sales damages of \$130,357  
5 (col.[2], row[d] of Fig. 2) represents the two-year (2011-12)<sup>23</sup> average of those sales at  
6 HWRT's three terminals<sup>24</sup> less the actual red dye & premium sales obtained during the  
7 damages period.

8 **Q. In your calculation of HWRT's total damages of \$8,826,198 (Figure 1), the second**  
9 **major category of damages is lost distillate-throughput-related terminal revenues.**  
10 **Please explain how you calculated these damages of \$414,509 (row [b] of Fig. 1).**

11 A. I relied on the data provided by Mr. Schrimpf regarding HWRT's handful of contracts  
12 for distillate-throughput-related terminal services at its three terminals in North Little  
13 Rock, Norris City, and Seymour.<sup>25</sup> He provides this information in Exhibit No. HWR-5  
14 to his testimony.<sup>26</sup> When Enterprise TE breached the Settlement Agreement, HWRT's  
15 sales of distillate-throughput-related terminal services to its major customers at the  
16 three terminals declined.

17 Figure 3 displays my summary of damages. The top panel of Figure 3 reports the lost  
18 revenue associated with the throughput contracts themselves. These contracts have  
19 contractual throughput levels (and some have a minimum throughput commitment) and  
20 a corresponding \$/gallon fee for terminal services.<sup>27</sup> In the "but-for" scenario these

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<sup>23</sup> The volumes and associated margins are included in Exhibit No. HWR-4 to Mr. Schrimpf's testimony (Exhibit No. HWR-1).

<sup>24</sup> See Exhibit No. HWR-24 at 1, column 4.

<sup>25</sup> HWRT also has contracts for gasoline-throughput-related terminal services. I discuss those later in this testimony.

<sup>26</sup> Exh. No. HWR-5 at 1 is a graph showing HWRT's throughput agreements; page 2 shows the actual throughput volumes and revenue from 2008-2012 and projected volumes and revenue; and pages 3-55 are copies of the relevant contracts with 5 different customers.

<sup>27</sup> Mr. Schrimpf provides the relevant contract terms in Exhibit No. HWR-5 at 1. See also HWR-5 at 4-10 (contract with [REDACTED]), 11-25 (contract with [REDACTED]), 26-39 (contract with [REDACTED]), 40-43 (contract with [REDACTED]), and 44-55 (contract with [REDACTED]).



1 ULSD and biofuel throughput fees were anticipated to generate income of \$774,361  
2 over a 23-month time period. However, HWRT was able to generate mitigating revenue  
3 from a new throughput contract as well as a limited amount of revenue from the  
4 existing contracts. As such, I have subtracted the actual gross profit margin over the  
5 July 2013 – May 2015 time period from these new contracts (\$740,057)<sup>28</sup> to mitigate  
6 the lost sales damages related to HWRT's original contracts. The result equates to lost  
7 sales damages of \$34,304 (shown in row [c] of Fig. 3).  
8

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<sup>28</sup> See Exhibit No. HWR-25 for my calculation of lost distillate-throughput-related damages including mitigation revenue. As with ULSD sales, I make a transit adjustment for throughput volumes in July – November 2013. For the months of January – May 2015, I assume ULSD and Biofuel throughput volumes are equal to the average of July – December 2014 throughput volumes.

**Figure 3**  
**HWRT Lost Distillate (ULSD) Throughput**  
**Sales Damages Estimate**  
**(Dollars)**

		Lost Sales Damages July 2013 - May 2015 (Dollars)
	[1]	[2]
[a]	Throughput Agreements	17,335
[b]	Biofuel Throughput Agreements	16,969
[c]	<b>Lost Throughput Agreement &amp; Biofuel Sales Damages</b>	<b>34,304</b>
		Lost Sales Damages July 2013 - May 2015 (Dollars)
[d]	Lost Working Loss Revenues	283,880
[e]	Lost Red Dye and Lubricity Additive Revenues	96,325
[f]	<b>Lost Working Loss and Red Dye &amp; Premium Revenues</b>	<b>380,205</b>
[g]	<b>Lost ULSD Throughput Sales Damages</b>	<b>414,509</b>

## Sources &amp; Notes:

[a] - [b]: See Exhibit No. HWR-25.

[c] = [a] + [b].

[d]: See Exhibit No. HWR-26.

[e]: See Exhibit No. HWR-27.

[f] = [d] + [e].

[g] = [c] + [f].

1 **Q. Are these the only lost revenues associated with the distillate-throughput-related**  
2 **terminal contracts?**

3 A. No, there are two other types of lost revenues associated with these throughput  
4 contracts. First, the contracts provide for a “working loss” volume equal to [REDACTED]  
5 of the volume that flows through the terminal under the contract. HWRT is able to  
6 generate additional income by selling that [REDACTED] at market prices for distillate. As  
7 shown in Figure 3 (col.[2], row[d]), I estimate the settlement period damages from lost  
8 working loss revenues to be \$283,880.<sup>29</sup>

<sup>29</sup> See Exhibit No. HWR-26 for the detailed calculation.

1 **Q. How do you calculate the lost working loss revenues (row [d] of Fig. 3)?**

2 A. The monthly working loss volume associated with the distillate-throughput-related  
3 contracts in the “but-for” scenario is [REDACTED] gallons, which equals the throughput  
4 contracts’ contractual quantity of [REDACTED] gallons adjusted for actual operational  
5 conditions from January 2012 to June 2013.<sup>30</sup> From that, I deducted the working loss  
6 volume in each month associated with the actual (transit-adjusted) throughput activity  
7 to obtain the net lost working loss gallons. For the damage period months of July 2013  
8 through December 2014, I valued the net lost working loss gallons using the average  
9 actual monthly market price of distillate derived from daily prices at North Little Rock,  
10 Norris City and Seymour.<sup>31</sup> For the damage period months of January 2015 through  
11 May 2015, I used the July - December 2014 average price across the three terminals as  
12 that was the most recent data I had available. Details of these calculations are shown in  
13 Exhibit No. HWR-26 at page 1.

14 **Q. Please explain the remaining category of damages shown on Figure 3 at row [e],**  
15 **lost red dye and lubricity additive revenues.**

16 A. HWRT makes a small profit margin on red dye and lubricity additives associated with  
17 some of the distillate it sells under the terminal throughput agreements.<sup>32</sup> Mr. Schrimpf  
18 has provided information about the lost income from the lost red dye and lubricity  
19 sales.<sup>33</sup> As shown in Exhibit No. HWR-27, red dye volumes in the “but-for” scenario  
20 were approximately [REDACTED] and [REDACTED] gallons, respectively, for North Little  
21 Rock and Norris City as compared to actual volumes of [REDACTED] and [REDACTED]  
22 gallons.<sup>34</sup> I applied representative margins per gallon of [REDACTED] for North  
23 Little Rock and [REDACTED] for Norris City in calculating red dye lost throughput

<sup>30</sup> See Exhibit No. HWR-26 at 1.

<sup>31</sup> See Exhibit No. HWR-6 accompanying Mr. Schrimpf’s testimony (containing ULSD daily prices at 1-13 and gasoline daily prices at 14-26 for the period July 1, 2013 through December 31, 2014).

<sup>32</sup> Note, the profit margins here come from HWRT’s terminal-related throughput business and are distinct from the profits on the sale of red dye and premium additives in HWRT’s own sales, discussed in Figure 2.

<sup>33</sup> See Exhibit No. HWR-4 at 2.

<sup>34</sup> See Exhibit No. HWR-27 at 1, rows [a] (NLR) and [b] (NOR).

1 damages of \$22,661. For lubricity, I similarly took the difference between “but-for”  
2 scenario volumes and actual volumes at North Little Rock, Norris City, and Seymour  
3 and multiplied by the gpm/g to compute lost throughput damages of \$73,664.<sup>35</sup>

4 Damages of \$414,509 associated with these distillate-throughput-related terminal  
5 agreements represents the sum of the individual damage components in rows [a]-[b]  
6 and [d]-[e] in column [2] of Figure 3.

7 **Q. In your calculation of HWRT’s total damages of \$8,826,198 (Figure 1), the third**  
8 **major category of damages is lost gasoline and ethanol sales. Please explain how**  
9 **you calculated these damages of \$2,271,718 (row [c] of Fig. 1).**

10 A. As explained by Mr. Schrimpf, when HWRT was no longer able to supply ULSD (due  
11 to Enterprise TE abandoning distillate service), some of its customers made  
12 arrangements to obtain both their gasoline and distillate supply from alternative  
13 locations. Mr. Schrimpf estimates that HWRT lost five percent of its gasoline sales as a  
14 result of this .

15 Figure 4 shows how the five percent drop in gasoline and ethanol sales leads to lost  
16 sales damages of \$2,271,718. Column [2] of Figure 4 reports the twenty-three month  
17 equivalent of HWRT’s (2008-2012) average gasoline and ethanol sales at the seven  
18 terminals.<sup>36</sup> Column [3] of Figure 4 reports HWRT’s actual gasoline and ethanol sales  
19 during the twenty-three month damage period.<sup>37</sup> A comparison of columns [2] and [3]  
20 shows that HWRT has experienced a significant decline in its gasoline sales since mid-  
21 2013, over [REDACTED]. Not all of this decline is attributable to Enterprise TE’s  
22 violation of the Settlement Agreement. In column [4], I calculate the but-for scenario  
23 level of sales as the actual sales plus five percent of the five-year average. In Mr.  
24 Schrimpf’s opinion, Enterprise TE’s violation of the Settlement Agreement resulted in

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<sup>35</sup> Details of this calculation are presented in Exhibit No. HWR-27 at 1, including [6][a] (showing total lost throughput damages of \$73,664).

<sup>36</sup> Mr. Schrimpf provided the historical data to calculate averages (See Exhibit No. HWR-2 at 1).

<sup>37</sup> “Actual” sales for January – May 2015 were set equal to the six-month average for July – December 2014.

1 gasoline and ethanol losses equal to five percent of the five-year average. Column [5]  
2 reports the level of lost gasoline and ethanol sales from Enterprise TE's violation of the  
3 Settlement Agreement. As shown in Exhibit Nos. HWR-28 at 1, column 5 and HWR-  
4 29 at 1, column 5, for the period July 2013 – December 2014, I have taken five percent  
5 of the five-year average volume by month, multiplied by the actual gross profit margin  
6 per gallon to calculate the lost profits associated with the loss in volumes. For January –  
7 May 2015, I have used the five-year monthly weighted average profit margin per gallon  
8 to calculate the lost profits. In Mr. Schrimpf's opinion, in the absence of actual margins  
9 for January – May 2015, the five-year average margins on gasoline and ethanol<sup>38</sup> are  
10 representative of the margins HWRT would have earned on those lost sales for this  
11 time period. I recommend updating this calculation for January – May 2015 once actual  
12 sales and gpm/g become available. The damages from lost gasoline sales and ethanol  
13 sales equal \$1,366,452 and \$905,266, respectively (Fig. 4, col.[6]) over the 23-month  
14 settlement period.<sup>39</sup>

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<sup>38</sup> Note that the Ethanol profit margin includes income associated with Ethanol-related RINs sales.

<sup>39</sup> Details of these calculations are presented in Exhibit No. HWR-28 at 1, [8][z] and Exhibit No. HWR-29 at 1, [8][z].

**Figure 4**  
**HWRT Lost Gasoline & Ethanol**  
**Sales Damages Estimate**  
**(Dollars)**

	Product Type	Five-Year Average Sales (gallons)	Actual Sales (gallons)	But-For Sales (gallons)	Lost Sales (gallons)	Lost Sales Damages July 2013 - May 2015 (Dollars)
	[1]	[2]	[3]	[4]	[5]	[6]
[a]	Gasoline					1,366,452
[b]	Ethanol					905,266
[c]	<b>Lost Gasoline &amp; Ethanol Sales Damages</b>					<b>2,271,718</b>

## Sources &amp; Notes:

[a]: See Exhibit No. HWR-28.

[b]: See Exhibit No. HWR-29.

[c] = [a] + [b].

[5] = [4] - [3].

**Q. The fourth and last category of damages on Figure 1 is Lost Gasoline Throughput Sales Damages of \$303,967 (row [c] of Fig. 1). Please explain how you calculated this damage amount.**

A. As explained by Mr. Schrimpf, these lost sales damages arise from the loss of a gasoline throughput agreement at HWRT's terminals that was the result of Enterprise TE abandoning distillate service. Figure 5 summarizes the terms of the agreement and calculates the lost sales damages of \$303,967 associated with the contract. Note that the format of Figure 5 is very similar to the calculations that support Figure 3 in that the throughput agreement provided for a \$/gallon fee (for HWRT providing terminal-related services), a working loss percentage, and revenues from additive sales. In the top panel of Figure 5, the lost sales over the damage period amount to \$124,378 (col.[5]) and equals the monthly volume (col.[2]) multiplied by the throughput charge per gallon (col.[3]) over the 23-month settlement period less mitigation revenues associated with the deliveries. The bottom panel of Figure 5 calculates

1 the revenue from the sale of the [REDACTED] volume that is retained by HWRT --  
2 \$131,856 (col.[5], row[b])<sup>40</sup> and the lost revenues from the sale of additives (\$47,734).

**Figure 5**  
**HWRT Lost Gasoline Throughput**  
**Sales Damages Estimate**  
**(Dollars)**

		Monthly Agreement Volume (Gallons)	Throughput Charge per Gallon	Lost Sales Damages (Dollars/Year)	Lost Sales Damages July 2013 - May 2015 (Dollars)
	[1]	[2]	[3]	[4]	[5]
[a]	Gasoline Throughput Agreements			66,528	124,378
		Annual Volume (Gallons)	Average GPM per Gallon	Lost Sales Damages (Dollars/Year)	Lost Sales Damages July 2013 - May 2015 (Dollars)
[b]	Lost Working Loss Revenues				131,856
[c]	Lost Throughput IVD Additive Revenues			25,586	47,734
[d]	Lost Gasoline Throughput Sales Damages				303,967

Sources & Notes:

[2] - [3]: Provided by HWRT. See HWRT Exhibits.

[b]: See Exhibit No. HWR-30.

[3c]: See IVD Average GPM Workpaper in Exhibit No. HWR-30.

[4a] = [2] x [3] x 12.

[4c] = [2] x [3].

[5a] = ([4]/12) x 23 months in the settlement period less [REDACTED] of mitigation associated with the [REDACTED] contract.

[5c] = ([4]/12) x 23 months in the settlement period less [REDACTED] of mitigation associated with the [REDACTED] contract.

[d] = [a] + [b] + [c].

3 **Q. How did you account for pre-judgment interest for past damages and discounting**  
4 **of future damages to the present.**

5 A. By the time this matter has gone to hearing, the twenty-three month damage period will  
6 be over. Thus, HWRT will be entitled to interest on the damages actually incurred and  
7 Enterprise TE should be directed to include the calculation of interest from the month  
8 the damage was incurred to the month when damages are paid. Relatedly, because the  
9 damage period will be in the past, it is not relevant to discount future damages to the  
10 present.

<sup>40</sup> Detailed calculations are provided in Exhibit No. HWR-30 at 1, [5][x].

1   **V.   TREATMENT OF PRORATIONING**

2   **Q.   According to Enterprise TE's response to CPM-ENT 2-2, Enterprise has been**  
3       **prorating capacity on its system since November 2013.<sup>41</sup> Do you believe your**  
4       **"but-for" scenario needs to take prorating into account?**

5   **A.**   For the reasons elaborated on below, there is no need for my "but-for" scenario to  
6       account for prorating. My "but-for" scenario is based on normal pipeline operating  
7       conditions consistent with the historical treatment of Enterprise TE's traditional  
8       products. My damage calculations compare the sales and profits in this "but-for"  
9       scenario to the same items as they actually occurred.

10       From January 2010 to October 2013, Enterprise TE had not been in prorating and, in  
11       fact, did not even perform the "Available Capacity" calculations required of it in its  
12       then-current prorating policy.<sup>42</sup> In the period leading up to November 2013,  
13       Enterprise TE made repeated representations to the Commission (in the context of a  
14       transfer of a mainline pipeline to an affiliate and the start of a new firm diluent service)  
15       that it had adequate capacity to meet normal operations for its traditional product  
16       movements. Enterprise TE repeatedly chose not to make any capital investment in its  
17       mainline capacity on the grounds that it had adequate capacity to meet its traditional  
18       product movements. Moreover, HWRT's ability to obtain volume during the post-May  
19       2014 restart period has been adversely affected by Enterprise TE's violation of the  
20       Settlement Agreement (specifically, its cancellation of interstate distillate service) since  
21       the diminished volume history during the cancellation period is being used for  
22       prorating purposes during the restart period.<sup>43</sup>

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<sup>41</sup> Enterprise TE's response to CPM-ENT 2-2 is attached as Exhibit No. HWR-31 at 1-2.

<sup>42</sup> See Enterprise TE's response to CMP-ENT 2-2 at 3 included in Exhibit No. HWR-31 at 2. Enterprise TE did not provide information about its operations (including prorating) prior to 2010.

<sup>43</sup> Exhibit No. HWR-32 provides an alternative presentation of my damages calculations. Specifically, it summarizes the damages amounts according to three periods: July to October 2013 (distillate cancellation but no prorating), November 2013 to June 2014 (distillate cancellation with prorating), and July 2014 to May 2015 (distillate restart and prorating).



1 **Q. Please chronologically trace through the other developments on Enterprise TE**  
2 **that serve as a backdrop to the violation of the Settlement Agreement and your**  
3 **treatment of prorationing.**

4 A. In November 2012, Enterprise Liquids Pipeline LLC (“Enterprise Liquids”), an affiliate  
5 of Enterprise TE, filed a Petition for Declaratory Order (“Enterprise Liquids/ATEX  
6 PDO”) with the Commission in regard to its “innovative,” “\$1.4 billion” ATEX  
7 Pipeline project that “would utilize a combination of new and existing infrastructure.”<sup>44</sup>  
8 In that PDO, Enterprise Liquids explained that Enterprise TE would be transferring its  
9 14-inch/16-inch pipeline from Beaumont TX to Seymour, IN to Enterprise Liquids.  
10 Enterprise Liquids planned to reverse and repurpose the 14-inch/16-inch line to be a  
11 major segment of its ATEX Pipeline project from the Marcellus region in Pennsylvania  
12 to Mont Belvieu, TX with service commencement expected in the first quarter of 2014.  
13 In its PDO and Mr. Zulim’s accompanying affidavit, Enterprise Liquids reassures the  
14 Commission that refined products service to the Midwest on Enterprise TE will  
15 continue notwithstanding the transfer of the 14-inch/16-inch line:

16 This 16-inch/14-inch TE Products pipeline is one of two lines owned by  
17 TE Products in that corridor that currently transports refined products and  
18 NGLs from the U.S. Gulf Coast to the Midwest and Northeast. ...

19 Enterprise will continue to provide service on the Enterprise TE Products  
20 20-inch pipeline for refined products from the U.S. Gulf Coast to the  
21 Midwest and for NGLs from the U.S. Gulf Coast to the Northeast ... the  
22 need for propane transportation from the U.S. Gulf Coast is being  
23 significantly reduced by the local Marcellus/Utica propane production.  
24 For the nine (9) months since January 4, 2012, the existing TE Products  
25 pipelines have not moved a single barrel of propane from the U.S. Gulf  
26 Coast to the Northeast.<sup>45</sup>

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<sup>44</sup> Petition for Declaratory Order of Enterprise Liquids Pipeline LLC, filed November 14, 2012 at 7, including Attachment A - the affidavit of Enterprise executive Thomas Zulim (“Zulim Affidavit”), is included in Exhibit No. HWR-33 at 7 and 10.

<sup>45</sup> Zulim Affidavit at pages 2 and 4, Exhibit No. HWR-33, at 25 and 27.

1 In its February 1, 2013 order approving the PDO, the Commission recognized  
2 Enterprise Liquids' representations regarding Enterprise TE's continuation of refined  
3 products service to the Midwest.<sup>46</sup>

4 **Q. Did Enterprise TE subsequently alter its refined products service to the Midwest?**

5 A. Yes, on May 1, 2013 (three months after Commission approval of the Enterprise  
6 Liquids/ATEX PDO and less than six months after Enterprise TE filed the Enterprise  
7 Liquids/ATEX PDO), Enterprise TE filed FERC Tariff No. 55.28.0 ("May 1, 2013  
8 tariff filing") stating that it would be discontinuing the transportation of interstate  
9 distillate and jet fuel, principally to the Midwest.<sup>47</sup> In its transmittal letter  
10 accompanying the May 1, 2013 tariff filing, Enterprise TE specifically identified the  
11 transfer of its 14/16-inch line to Enterprise Liquids for the ATEX Pipeline as a  
12 principal reason for its proposed cancellation of distillate and jet fuel service.

13 As part of the ...[ATEX] pipeline project previously announced and  
14 explained to the Commission, the 14/16-inch line will soon be taken out of  
15 its current service and transferred from [Enterprise TE] to [Enterprise  
16 Liquids]. Beginning in July 2013, Enterprise TE will inject nitrogen into  
17 the 14/16-inch line in order to purge the current distillate and jet fuel  
18 barrels. ...

19 *When the 14/16-inch line comes out of service, Enterprise TE will not be*  
20 *able to provide transportation of distillate and jet fuel on the remaining*  
21 *20-inch mainline, unless it were to undertake substantial capital additions*  
22 *that Enterprise TE estimates would cost approximately \$50 million. The*  
23 *necessary capital improvements include establishing connections to the*  
24 *20-inch line to permit distillate and jet fuel movements. In addition,*  
25 *because distillate and jet fuel are heavier than the motor gasoline and*  
26 *natural gas liquids that currently move on the 20-inch line, Enterprise TE*  
27 *would need to upgrade the pumping equipment on the 20-inch mainline in*  
28 *order to permit reliable transportation of those heavier products. It would*

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<sup>46</sup> *Enterprise Liquids Pipeline LLC*, 142 FERC ¶ 61,087 (2013), P11 and fn. 2. ("Petitioners state that the other pipeline is the TE Products 20-inch pipeline. Petitioners state that TE Products will continue to provide service on that pipeline for refined products and NGLs from the Gulf Coast to the Midwest and for NGLs from the Gulf Coast to the Northeast. See Zulim Affidavit at 4.").

<sup>47</sup> See Exhibit No. HWR-15 at 1.

1           *also be necessary to shut down the 20-inch mainline in order to make the*  
2           *necessary modifications.* Given the limited existing demand for interstate  
3           distillate and jet fuel movements, it is not commercially feasible to  
4           undertake these substantial capital investments or to interrupt service on  
5           the 20-inch mainline.<sup>48</sup>

6           In its May 1, 2013 tariff filing, Enterprise TE disclosed information about the 14-  
7           inch/16-inch line that it did not previously disclose in its Enterprise Liquids/ATEX  
8           PDO. Specifically, it explained “Enterprise TE has two mainlines that run parallel to  
9           each other. ... Currently, the 20-inch line transports natural gas liquids, motor gasoline  
10          and unfinished gasoline, but not distillate or jet fuel. The 14/16-inch line primarily  
11          transports distillate and jet fuel, although at times it moves motor gasoline as well.”<sup>49</sup>  
12          While it was operationally feasible for Enterprise TE to continue providing interstate  
13          distillate and jet fuel service on the 20-inch line,<sup>50</sup> Enterprise TE claims it chose not to  
14          do so for commercial reasons. Neither in the Enterprise Liquids/ATEX PDO nor the  
15          May 1, 2013 tariff filing did Enterprise Liquids or Enterprise TE offer an explanation as  
16          to why Enterprise Liquids, as part of its \$1.4 billion ATEX project where transferring  
17          and repurposing Enterprise TE’s 14-inch/16-inch line was both faster and cheaper than  
18          building a new pipeline segment, did not pay for the \$50 million capital investment  
19          needed on Enterprise TE’s 20-inch line as part of that transfer.<sup>51</sup>

20          The Commission approved Enterprise TE’s tariff terminating interstate distillate and jet  
21          fuel service on May 31, 2013.<sup>52</sup>

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<sup>48</sup> Exhibit No. HWR-15 at 2 (emphasis added)

<sup>49</sup> *Id.* at 1.

<sup>50</sup> *Id.* at 2. Subsequent events (specifically Enterprise TE’s May 2014 restart of service) have also confirmed that Enterprise TE can provide interstate distillate service on the 20-inch line.

<sup>51</sup> This concept of the benefitting pipeline (here Enterprise Liquids) paying for (and including in its ratebase) the capital investment required by the transferring pipeline (here Enterprise TE) to maintain service levels has been approved by the Commission in the recent past. *See Enbridge Pipelines (Southern Lights) LLC*, 121 FERC ¶ 61,310 at PP 6-8 and 36-38 (2007).

<sup>52</sup> *Enterprise TE Products Pipeline Company LLC*, 143 FERC ¶ 61,191 (2013).

1 **Q. What happened shortly after Enterprise TE's effective termination of interstate**  
2 **distillate and jet fuel service?**

3 A. Thirteen days after making its tariff filing to terminate interstate distillate and jet fuel  
4 service due to limitations on the 20-inch line, Enterprise TE filed a Petition for  
5 Declaratory Order ("Seymour PDO") for its Seymour lateral project asking the  
6 Commission to approve the carving out and dedication of a significant amount (up to  
7 81,000 bpd) of the 20-inch line's Gulf Coast to Chicago existing capacity for a new  
8 committed discounted diluent transportation service to Chicago.<sup>53</sup> In that filing,  
9 Enterprise TE made the representation "Enterprise TE anticipates that during normal  
10 pipeline operations there will be more than adequate capacity available to provide  
11 traditional and reasonably forecasted movements of other products on its system after  
12 diluent movements commence."<sup>54</sup> Later in that document it reiterated: "the new service  
13 feature is not anticipated to have any impact on the capacity that is available during  
14 normal operations to accommodate the anticipated level of other traditional product  
15 movements on the Enterprise TE pipeline system."<sup>55</sup>

16 There are several notable features of Enterprise TE's Seymour PDO. First, Enterprise  
17 TE's PDO never clarifies whether the reference to "traditional product movements"  
18 includes interstate distillate and jet fuel service. As of the date the PDO was filed, May  
19 14, 2013, the Commission had yet to approve Enterprise TE's tariff request to cancel  
20 interstate distillate and jet fuel service and the company was still providing the

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<sup>53</sup> Petition for Declaratory Order of Enterprise TE Products Pipeline Company LLC ("Seymour PDO") at 4, filed May 14, 2013, FERC Docket No. OR13-20-000 included in Exhibit No. HWR-34 at 5. Enterprise TE's Seymour Lateral project involved the construction of a new lateral pipeline south of Chicago (off of Enterprise TE's existing Seymour Lateral) that would interconnect with both Enbridge Pipelines (Southern Lights) LLC's Southern Lights Pipeline and Kinder Morgan Cochin LLC's Cochin Pipeline. Both Southern Lights Pipeline and Cochin Pipeline transport diluent from Chicago to Alberta, where it is used to dilute heavy crude for easier transport on pipelines.

<sup>54</sup> Seymour PDO at 4, Exhibit No. HWR-34 at 5; see also Seymour PDO at 6, fn 8, Exhibit No. HWR-34 at 7 ("Enterprise TE anticipates that during normal pipeline operations there will be more than adequate capacity available to provide traditional and reasonably forecasted movements of other products on its system after diluent movements commence.")

<sup>55</sup> Seymour PDO at 11, Exhibit No. HWR-34 at 12.

1 service.<sup>56</sup> Thus, the language in the Seymour PDO could be reasonably interpreted as  
2 indicating that Enterprise TE had the capacity to provide interstate distillate and jet fuel  
3 movements at normally anticipated levels even following the start-up of diluent service  
4 to Chicago. Under this interpretation, Enterprise TE's cancellation of service was not  
5 due to lack of capacity, but its refusal to invest \$50 million in its facilities. As I discuss  
6 later, even under the more narrow interpretation that "traditional product movements"  
7 did not refer to interstate distillate and jet fuel service, Enterprise TE's actual  
8 performance has not measured up to the representations it made in the Seymour PDO.  
9 It has not made adequate capacity available for its traditional product movements.

10 **Q. What else was notable about the Seymour PDO?**

11 A. Second, Enterprise TE reassured the Commission that it would utilize Centennial  
12 Pipeline to ensure traditional product movements from the Gulf Coast to the Midwest:

13 No allocation is anticipated to occur for other product movements on the  
14 existing facilities of Enterprise TE upstream of the Seymour Lateral  
15 because Enterprise TE anticipates that during normal pipeline operations  
16 there will be more than adequate capacity to accommodate other products  
17 on the pipeline. *Additionally, consistent with Enterprise TE's historic*  
18 *practice prior to the demand declines of recent years, other products may*  
19 *be offloaded for transportation onto the Centennial Pipeline (of which*  
20 *Enterprise is a 50 percent owner) when necessary to provide those*  
21 *movements.*<sup>57</sup>

22 Third, Enterprise TE committed to making significant capital investments (totaling  
23 \$115 million and involving the construction of the 44 mile lateral and interconnections  
24 to Southern Lights Pipeline and Cochin Pipeline) in the Seymour PDO, but none related  
25 to expanding the capacity of the 20-inch line from the Gulf Coast to Chicago. The lack

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<sup>56</sup> On May 31, 2014, the Commission approved Enterprise TE's tariff filing terminating interstate distillate and jet fuel service. See Enterprise TE Products Pipeline Co., LLC, 143 FERC ¶ 61,191 (2013). However, as noted above, the issue of whether the Commission can direct Enterprise TE to continue to provide interstate distillate and jet fuel service is the subject of a rehearing request filed by HWRT and others in Docket No. OR13-25, *et al.* on November 18, 2013, a copy of which is included in Exhibit No. HWR-18. This request for rehearing has yet to be acted upon by the Commission.

<sup>57</sup> Seymour PDO at 4, Exhibit No. HWR-34, at.5.

1 of capital investment to expand the capacity of the 20-inch line reinforces the notion  
2 that Enterprise TE believed it had adequate capacity to meet expected throughput  
3 demands of its traditional products.

4 Finally, the Seymour PDO requested approval of a priority service option for the (up to)  
5 81,000 bpd of discounted committed diluent volumes that would flow on the line. As it  
6 explained in the PDO:

7 During periods when the Seymour Lateral Extension Project is not in  
8 prorationing, committed shippers will pay discounted rates for their  
9 committed volumes (relative to the rates payable for transportation of  
10 uncommitted volumes) in recognition of the volume and term  
11 commitments that make the Seymour Lateral Extension Project possible.  
12 However, during periods of prorationing, committed shippers may choose  
13 to pay rates of at least \$0.01 per barrel more than uncommitted shippers in  
14 return for which committed shippers will receive priority service for their  
15 committed volumes.<sup>58</sup>

16 Committed diluent shippers must pay the priority rate when the 20-inch pipeline (from  
17 the Gulf Coast to the Midwest) is overnominated and in prorationing. Thus, the new  
18 committed diluent shippers are provided the equivalent of firm capacity on the 20-inch  
19 mainline and it is only the remaining capacity on the 20-inch mainline (after deducting  
20 the committed diluent shippers' capacity) that is subject to prorationing.

21 **Q. Did Enterprise TE defend the adequacy of its capacity in its June 24, 2013 Reply**  
22 **Comments in the Seymour PDO docket?**

23 A. Yes, it did. HWRT and other shippers protested the Seymour PDO on June 7, 2013,  
24 raising concerns about the legality of the proposal as well as the new project's effect on  
25 existing shippers' capacity and service.<sup>59</sup> In its defense of the committed diluent

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<sup>58</sup> Seymour PDO, at 3, Exhibit No. HWR-34, at 4.

<sup>59</sup> See generally Joint Motion to Intervene, Comment, and Protest of CHS Inc., *et al.*, filed June 7, 2013, FERC Docket No. OR13-20-000, included in Exhibit No. HWR-35.

1 shippers' priority service, Enterprise TE provided an extensive evidentiary presentation  
2 of the adequacy of its mainline capacity.<sup>60</sup> As explained by Enterprise TE:

3 ... [T]he capacity remaining for shippers other than the diluent committed  
4 shippers on the applicable existing pipeline segments exceeds the  
5 projected demand for service from those shippers. Zulim Aff. At P5. Thus,  
6 not only is the amount of capacity that Enterprise TE proposes to reserve  
7 for other shippers in the event of prorationing reasonable and consistent  
8 with Commission precedent, *given projected volume levels it is unlikely*  
9 *that prorationing will occur in the first place. Id.*

10 As Mr. Zulim explains, the existing effective capacity from the Gulf Coast  
11 to Creal Springs, Illinois is approximately 341,000 bpd. Zulim Aff. At P6.  
12 That includes both the approximately 212,000 bpd capacity of the  
13 Enterprise TE mainline and the approximately 129,000 bpd of capacity  
14 that can be added by offloading volumes onto the Centennial Pipeline,  
15 which Enterprise TE has historically done during periods of prorationing.  
16 ... Thus, even if the 81,000 bpd of capacity potentially available for  
17 priority service for committed diluent shippers is excluded, *the other*  
18 *shippers will continue to have access to 260,000 bpd of capacity in the*  
19 *event of prorationing. ...*<sup>61</sup>

20 As I demonstrate later, the amount of capacity made available to "other shippers" from  
21 November 2013 to the present has been far less than 260,000 bpd. Moreover, had  
22 Enterprise TE made 260,000 bpd available to the other shippers as it represented in its  
23 Reply Comments and Mr. Zulim's affidavit, there would have been relatively little  
24 prorationing during the damages period.

25 **Q. Did Enterprise TE provide a table with these figures in its Reply Comments?**

26 A. Yes, it did. Figure 6 replicates portions of Enterprise TE's Reply Comments table. The  
27 two columns in Figure 6 are the first two columns of Enterprise TE's four column table  
28 (the latter two columns relate to the Seymour Lateral, not the mainline). The first three

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<sup>60</sup> See generally Reply Comments of Enterprise TE Products Pipeline Company LLC ("Reply Comments"), including Attachment A - the affidavit of Enterprise executive Thomas Zulim, are included in Exhibit No. HWR-36.

<sup>61</sup> Reply Comments at 12-13, Exhibit No. HWR-36 at 12-13 (emphasis added).

rows in Figure 6 are three of the five rows that appear in Enterprise TE's table (its other two rows just restate volumes in terms of percentages). I have added the fourth row, [d], to Figure 6. It is the difference between the capacity "Available for Shippers other than Diluent Committed Shippers" and the "Projected Volumes of Shippers other than Diluent Committed Shippers." Row [d] shows that Enterprise TE expected to have 67,000 bpd available on the 20-inch mainline for, e.g., restarted interstate distillate service.

**Figure 6**  
**Enterprise TE Represents That It Has 260,000 bpd of Capacity**  
**Available for Shippers other than Diluent Committed Shippers**

	Gulf Coast to Creal Springs	Creal Springs to Seymour	
	[1]	[2]	[3]
[a]	Available Capacity	341,000	212,000
[b]	Available for Shippers other than Diluent Committed Shippers	260,000	131,000
[c]	Projected Volumes of Shippers other than Diluent Committed Shippers	193,000	73,000
[d]	Difference Between [b] and [c]	67,000	58,000

Sources & Notes:

See Reply Comments of Enterprise TE Products Pipeline Company LLC Regarding Petition for Declaratory Order, Docket No. OR13-20-000 (Exhibit No. HWR-36).

**Q. What has happened since Enterprise TE made these representations in its June 24, 2013 Reply Comments?**

A. The Commission approved the Seymour PDO on August 1, 2013 recognizing "Enterprise TE states that it does not anticipate allocation of other products on the existing facilities upstream from the Seymour Project, due to adequate capacity to accommodate other products on the pipeline. Further, Enterprise TE may follow its historical practice of offloading other products onto the Centennial Pipeline if



1 necessary."<sup>62</sup> Ultimately, Enterprise TE signed ten-year contracts for committed  
2 diluent service totaling [REDACTED] bpd.<sup>63</sup> Committed diluent service started on Enterprise  
3 TE in November 2013 at a committed capacity level of [REDACTED] bpd, increasing to  
4 [REDACTED] bpd in July 2014.<sup>64</sup>

5 **Q. What has happened since the start of committed diluent service in November**  
6 **2013?**

7 A. Enterprise TE has made far less capacity available to “shippers other than diluent  
8 committed shippers” than it represented in its Seymour Lateral Reply Comments. As a  
9 result, it has been prorating capacity to existing shippers since November 2013. As  
10 shown below, had it made the 260,000 bpd of capacity available to “shippers other than  
11 diluent committed shippers,” there would have been relatively little prorationing since  
12 diluent service began in November 2013.

13 Column [2] of Figure 7 comes from Enterprise TE’s monthly prorationing calculation  
14 and represents the total capacity made available by Enterprise TE on the mainline –  
15 including the capacity reserved by diluent committed shippers.<sup>65</sup> The highest amount  
16 shown is [REDACTED] bpd, which is far less than the 341,000 bpd total capacity amount  
17 reported in Enterprise TE’s Seymour PDO Reply Comments (and shown in Figure 6,  
18 above). Column [4] represents the capacity made available to “shippers other than  
19 diluent committed shippers,” calculated as the difference between columns [2] and [3].  
20 Column [4] corresponds to the 260,000 bpd amount represented in Enterprise TE’s  
21 Seymour PDO Reply Comments. As shown in column [6] of Figure 7, the capacity  
22 made available to “shippers other than diluent committed shippers” has ranged from

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<sup>62</sup> *Enterprise TE Products Pipeline Company LLC*, 144 FERC ¶ 61,092 (2013) at P6.

<sup>63</sup> See Enterprise TE’s response to CMP-ENT 1-10 and document Bates numbered ENT-0000155 included in Exhibit No. HWR-37.

<sup>64</sup> See Enterprise TE’s response to CMP-ENT 2-4(b) and document Bates numbered ENT-0000177 included in Exhibit No. HWR-38.

<sup>65</sup> The data for column [2] is from Enterprise TE’s response to CMP-ENT 2-2 and the document Bates stamped ENT-000171, included in Exhibit No. HWR-39. The data has been restated from thousands of barrels per month in the Bates stamped document to thousands of barrels per day here.

1 [REDACTED] bpd less (November 2013) than the 260,000 bpd represented to [REDACTED] bpd less  
 2 (December 2013) than the 260,000 bpd represented. In short, Enterprise TE's  
 3 prorationing since November 2013 seems to be an artificial construct brought about by  
 4 its failure to make available the capacity it represented to the Commission was  
 5 available as reflected in its Seymour PDO Reply Comments.

**Figure 7**  
**Available Capacity Has Been Well Below Enterprise TE's**  
**260,000 bpd Representation**  
**(000s bpd)**

Flow Month		Available Capacity	Capacity Reserved for Diluent Committed	Capacity Remaining for "Shippers other than Diluent Committed Shippers"	Enterprise TE's Representation of Capacity Available for "Shippers other than Diluent Committed Shippers"	Amount By Which Actual Capacity Understates Represented Capacity
[1]		[2]	[3]	[4] = [2]-[3]	[5]	[6] = [4] - [5]
Nov-13	[a]	[REDACTED]	[REDACTED]	[REDACTED]	260	[REDACTED]
Dec-13	[b]	[REDACTED]	[REDACTED]	[REDACTED]	260	[REDACTED]
Jan-14	[c]	[REDACTED]	[REDACTED]	[REDACTED]	260	[REDACTED]
Feb-14	[d]	[REDACTED]	[REDACTED]	[REDACTED]	260	[REDACTED]
Mar-14	[e]	[REDACTED]	[REDACTED]	[REDACTED]	260	[REDACTED]
Apr-14	[f]	[REDACTED]	[REDACTED]	[REDACTED]	260	[REDACTED]
May-14	[g]	[REDACTED]	[REDACTED]	[REDACTED]	260	[REDACTED]
Jun-14	[h]	[REDACTED]	[REDACTED]	[REDACTED]	260	[REDACTED]
Jul-14	[i]	[REDACTED]	[REDACTED]	[REDACTED]	260	[REDACTED]
Aug-14	[j]	[REDACTED]	[REDACTED]	[REDACTED]	260	[REDACTED]
Sep-14	[k]	[REDACTED]	[REDACTED]	[REDACTED]	260	[REDACTED]
Oct-14	[l]	[REDACTED]	[REDACTED]	[REDACTED]	260	[REDACTED]
Nov-14	[m]	[REDACTED]	[REDACTED]	[REDACTED]	260	[REDACTED]
Dec-14	[n]	[REDACTED]	[REDACTED]	[REDACTED]	260	[REDACTED]
Jan-15	[o]	[REDACTED]	[REDACTED]	[REDACTED]	260	[REDACTED]

## Sources &amp; Notes:

[2]: See Exhibit No. HWR-39 (ENT-0000171).

[3]: See Exhibit No. HWR-39 (ENT-0000171). Represents difference between Available Capacity and Allocated Capacity for Refined Products and LPGs.

[5]: See Reply Comments of Enterprise TE Products Pipeline Company LLC Regarding Petition for Declaratory Order, Docket No. OR13-20-000 (Exhibit No. HWR-36).

8 Figure 8 compares the 260,000 bpd of capacity available for “shippers other than  
 9 diluent committed shippers” to the level of actual nominations made by those shippers

in each month from November 2013 through December 2014. In most months during this period, prorationing is not required (signified by a negative number in the last column, meaning the 260,000 bpd of capacity exceeded the level of actual nominations. There were a few months, particularly during the winter of 2013/14, where a limited amount of prorationing was required. On average, no prorationing is required. I would note that Enterprise TE was not providing interstate distillate service during that time period.

**Figure 8**  
**Prorationing Significantly Reduced if Enterprise TE**  
**Made Represented Capacity Available**  
**(000s bpd)**

Flow Month	Refined Products Nomination	LPG Nomination	Total Nomination for Shippers other than Diluent Committed Shippers	Represented Available Capacity for Shippers other than Diluent Committed Shippers	Difference
[1]	[2]	[3]	[4] = [2] + [3]	[5]	[6] = [4] - [5]
Nov-13	[a]			260	
Dec-13	[b]			260	
Jan-14	[c]			260	
Feb-14	[d]			260	
Mar-14	[e]			260	
Apr-14	[f]			260	
May-14	[g]			260	
Jun-14	[h]			260	
Jul-14	[i]			260	
Aug-14	[j]			260	
Sep-14	[k]			260	
Oct-14	[l]			260	
Nov-14	[m]			260	
Dec-14	[n]			260	
Jan-15	[o]			260	

Sources & Notes:

[2] - [3]: See Exhibit No. HWR-39 (ENT-0000171). Represents Allocated Capacity for Refined Products and LPGs divided by (Allocated Volume as a percent of Nominated Volume).

[5]: See Reply Comments of Enterprise TE Products Pipeline Company LLC Regarding Petition for Declaratory Order, Docket No. OR13-20-000 (Exhibit No. HWR-36).

1 **Q. You mentioned earlier that Enterprise TE, in abandoning interstate diesel and jet**  
2 **fuel service, stated that (i) capital additions of \$50 million would be required, in**  
3 **part, “to permit reliable transportation” of interstate distillate and jet fuel**  
4 **products, and (ii) “[i]t would also be necessary to shut down the 20-inch mainline**  
5 **in order to make the necessary modifications.”<sup>66</sup> Do you know whether Enterprise**  
6 **TE made the \$50 million capital investment and/or shut down the 20-inch**  
7 **mainline when it reinstated interstate distillate service in May 2014?**

8 A. I cannot find any evidence that they did either of these items. Enterprise TE has refused  
9 to answer HWRT’s data request which requested information regarding whether the  
10 \$50 million had been spent.<sup>67</sup> I have reviewed notices provided to shippers<sup>68</sup> and  
11 cannot find any indication of Enterprise TE shutting down the 20-inch line for the type  
12 of infrastructure changes they described. Given that Enterprise TE previously  
13 characterized those actions as being necessary to “permit reliable transportation” of  
14 interstate distillate, I would again conclude that any prorationing that results in the  
15 absence of those actions to be artificial. Moreover, I have been informed by counsel  
16 that Enterprise TE’s policy of providing diluent service on a firm basis, (i.e., not subject  
17 to proration) while subjecting all other products transported to prorationing, is unduly  
18 discriminatory and preferential and thus illegal under the ICA. As a result, there is no  
19 need for my “but-for” scenario to account for prorationing.

20 **Q. Does this conclude your written testimony?**

21 A. Yes.

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<sup>66</sup> May 1, 2013 Transmittal Letter, in Exhibit No. HWR-15, at 2.

<sup>67</sup> See Enterprise TE’s objection to CMP-ENT 1-16, included in Exhibit No. HWR-40.

<sup>68</sup> See Enterprise TE’s response to CMP-ENT 2-6, Bates stamped document ENT-0000172, and an excerpt of the 2013 and 2014 notices in Bates stamped document ENT-0000173, included in Exhibit No. HWR-41.

**PUBLIC VERSION**  
**UNITED STATES OF AMERICA**  
**BEFORE THE**  
**FEDERAL ENERGY REGULATORY COMMISSION**

CHS Inc.	)	Docket No. OR12-25-002
Federal Express Corporation	)	
GROWMARK, Inc.	)	
HWRT Oil Company LLC	)	
MFA Oil Company	)	
Southwest Airline Co.	)	
United Airlines, Inc.	)	
UPS Fuel Services, Inc.	)	

v.

Enterprise TE Products Pipeline	)
Company, LLC	)

Chevron Products Company	)	Docket No. OR13-26-002
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v.

Enterprise TE Products Pipeline	)
Company, LLC	)

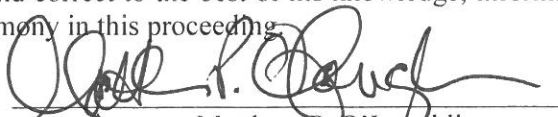
(Consolidated)

**AFFIDAVIT**

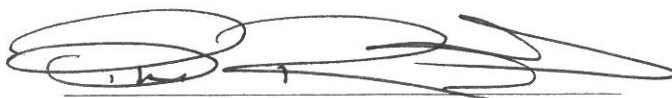
COMMONWEALTH OF MASSACHUSETTS	)
	)
COUNTY OF MIDDLESEX	)

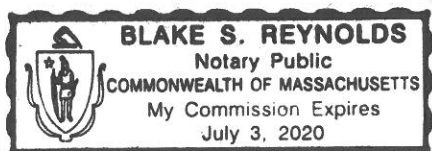
ss.

Matthew P. O'Loughlin, being first duly sworn, deposes and says he is the same Matthew P. O'Loughlin, whose testimony accompanies this Affidavit, that such testimony was prepared by him; that he is familiar with the contents thereof; and the facts set forth herein are true and correct to the best of his knowledge, information, and belief; and that he does adopt the same as his sworn testimony in this proceeding.

  
Matthew P. O'Loughlin

On this 6<sup>th</sup> day of February, 2015, before me, the undersigned notary public, personally appeared Matthew P. O'Loughlin, proved to me through satisfactory evidence of identification, which were personal recognition to be the person whose name is signed above, and who swore or affirmed to me that the contents of the document are truthful and accurate to the best of his knowledge and belief.

  
Notary Public



My commission expires July 3, 2020

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**Mr. O'Loughlin** specializes in regulatory economics and valuation as applied to the natural gas, oil pipeline, and electric power industries. He testifies frequently on complex regulatory and rate matters before the U.S. Federal Energy Regulatory Commission, state public utility commissions, and the National Energy Board of Canada. His regulatory work has addressed cost of service items, rate design, price index formation, contract evaluation, industry restructuring, new market entry, merger evaluation, and market manipulation.

Mr. O'Loughlin also has extensive experience valuing energy companies, assets, and contracts in the context of litigation, bankruptcy, merger, and tax proceedings. He has testified in federal and state courts and arbitration proceedings on the valuation of commercial damages.

Mr. O'Loughlin holds an M.A. in Finance from The Wharton School at the University of Pennsylvania and a B.A. in Economics and Business from Saint Anselm College. He also completed all of the course work and examination requirements towards a Ph.D. in Finance from the Wharton School, University of Pennsylvania. Mr. O'Loughlin previously served as Brattle's president and chief executive officer, chief operating officer, and energy practice area leader.

## **AREAS OF EXPERTISE**

- Pricing and Ratemaking
- Project and Contract Evaluation
- Market Assessment
- Business Strategy

## **EXPERIENCE**

### **Pricing and Ratemaking**

- **Pipeline Cost-of-Service Analysis.** Mr. O'Loughlin has extensive experience in preparing as well as evaluating natural gas and oil pipeline cost of service studies. He has testified in numerous proceedings regarding rate base derivation, appropriate operations and maintenance expense levels (including parent company overhead cost allocations), allowed return, test year billing determinants, and the appropriate treatment of discounts. He has also analyzed and addressed cost allocation procedures in testimony, including allocation between non-jurisdictional and jurisdictional activities as well as amongst separate

jurisdictional systems. His work often involves testifying as to the appropriate rate design methodology.

- **Settlement Negotiations in Pipeline Rate Proceedings.** In the context of settlement negotiations, Mr. O'Loughlin has modeled the transportation rates of several gas pipelines and large local distribution companies including British Gas, El Paso Natural Gas, Gaz Metropolitan, Iroquois Gas Transmission, SoCalGas, and Tennessee Gas Pipeline. He frequently uses these rate models to check the sensitivity of rates to alternative rate designs or alternative cost of service assumptions. For example, he has examined the rate effects of alternative depreciation schedules, zone pricing proposals, and capacity turn-back scenarios.
- **Grandfathered Oil Pipeline Rates.** For shippers of a large oil pipeline, Mr. O'Loughlin testified on the substantially changed circumstances test of the 1992 Energy Policy Act regarding grandfathered rates as well as on traditional cost of service issues. Mr. O'Loughlin's analysis covered cost allocation, rate base, operations and maintenance expense, return, and volume issues in the context of FERC's trended original cost methodology.
- **LDC Interruptible Transportation Pricing.** For a state public utility commission, Mr. O'Loughlin was part of a team that provided policy advice in a docket regarding the pricing of LDC system interruptible transportation (IT) and LDC release of pipeline capacity. As part of the assignment, he conducted a survey of other states' LDC IT pricing policies and prepared seminars on LDC IT pricing and FERC's capacity release policy.
- **Innovative Pipeline Pricing.** On behalf of Columbia Gas Transmission and Columbia Gulf Transmission, Mr. O'Loughlin was part of a team that submitted influential papers on natural gas transportation pricing to the U.S. Federal Energy Regulatory Commission. The first paper, "Basic and Enhanced Services for Recourse and Negotiated Rates in the Natural Gas Pipeline Industry," recommended that the FERC authorize pipelines to negotiate customized services and prices with customers as a means of effectively responding to a rapidly changing industry environment. The paper also stressed the importance of a recourse offering as both a quality of service and price protection backstop, and the need for the FERC to carefully monitor discrimination concerns. The second paper, "Pipeline Pricing to Encourage Efficient Capacity Resource Decisions," proposed a movement away from flat equal monthly demand charges for pipeline capacity to other methods (such as term-differentiated and seasonalized rates) that better reflect peak and off-peak patterns usually found in the market value of pipeline capacity.
- **Pipeline Market-Based Rates Analysis.** On behalf of an oil pipeline shipper, Mr. O'Loughlin assisted in the evaluation of two oil pipelines' market-based rates applications. The

applications were found deficient in numerous respects. Geographic markets were incorrectly identified and measures of concentration incorrectly calculated, both with the effect of understating the true level of concentration.

- **Evaluation of Shared Savings Incentive Mechanisms.** Several proposed shared savings incentive mechanisms for determining shareholder earnings on demand-side management (DSM) programs were evaluated by Mr. O'Loughlin for a natural gas local distribution company. The analysis used Monte Carlo techniques to simulate actual DSM program performance along with the resulting earnings that would be achieved under the alternative mechanisms. Mr. O'Loughlin presented testimony on the results of the analysis and on the design of desirable mechanisms.
- **Competitor Analysis Models.** To reduce the threat of bypass, Mr. O'Loughlin developed two competitor analysis models for the marketing unit of a major natural gas distribution company. One estimates a new entrant's likely rate so as to minimize the discount necessary to retain industrial customers while the other estimates a city's potential benefit from municipalization at the utility's current rates.
- **LDC Gas Cost Incentive Mechanisms.** Mr. O'Loughlin has evaluated the incentives inherent in the gas cost incentive mechanism of a large LDC. The analysis indicated that the mechanism provided inappropriate incentives in the wholesale natural gas market with respect to third party sales, hub transactions, and forward market behavior.

### Project and Contract Evaluation

- **Economic Damages in Energy Market Settlement.** On behalf of the Settling Claimants (California electric and gas utilities, Western states, and California class consumers) in the \$1.6 billion natural gas antitrust settlement with El Paso Corporation and its subsidiaries, Mr. O'Loughlin quantified both the damages sustained and the settlement consideration to be allocated to each major settling claimant group. He developed a methodology to allocate the settlement consideration according to the relative damage incurred by each major claimant group from uncompetitive, increased natural gas prices at the California Border during the March 2000 - May 2001 period, taking into account both the direct overpayment for natural gas and the indirect effect of higher natural gas costs on the market price of electricity in calculating damages. Mr. O'Loughlin also designed and processed the claims forms for the two dozen California municipal electric and gas utilities participating in the settlement. This entailed a careful review of their electricity and natural gas purchases and sales and the associated contractual agreements. He also provided industry background and valuation



methodology expertise to the settlement administrator for the claims process for industrial gas users, as well as assisting the administrator in the design of the claims form that was sent to hundreds of industrial customers seeking settlement compensation. Throughout the process, he provided declarations to the Court explaining his methodology and results.

- **Economic Damages from Breach of Contract.** On behalf of a major paper producer, Mr. O'Loughlin submitted an expert report which estimated the damages to the paper company that resulted from the breach of an energy supply contract by the owner of a natural gas-fired electricity cogeneration plant. Under the contract, the price of steam to the paper company was based formulaically on the price of four fixed-price, fixed-escalation natural gas supply contracts entered into by the cogeneration facility. When a natural gas supplier terminated one of these supply contracts, the cogeneration facility entered into replacement supply contracts that were indexed to monthly gas prices. These indexed replacement contracts resulted in higher gas prices and, consequently, higher steam prices. Mr. O'Loughlin estimated damages to the paper company that resulted from the higher steam prices.
- **Bankruptcy Valuation.** Mr. O'Loughlin has assisted creditor groups with the valuation of energy firms in bankruptcy. For a producer-creditor of a major interstate natural gas pipeline, he evaluated alternative claims valuation methodologies for rejected long-term gas supply contracts in the context of a court-appointed claims quantification proceeding. For the bondholders' committee of a project-financed independent power producer, Mr. O'Loughlin participated in the development of overall case strategy as well as the valuation of the debtor's single generating asset and the evaluation of the debtor's pre-petition power marketing efforts. For an electric utility's creditor group, he assisted in the valuation of the utility's assets following declaration of bankruptcy and in the evaluation of numerous restructuring proposals.
- **Pipeline Valuation in Contract Dispute.** Mr. O'Loughlin prepared a valuation of a natural gas pipeline in a dispute involving a right-of-first-refusal (ROFR) clause to purchase the pipeline. In performing the valuation, Mr. O'Loughlin examined current market conditions, including the business plans of the ROFR holder, and developed multiple scenarios relating to new pipeline interconnections and LNG supply developments.
- **Natural Gas Contract Arbitrations.** In arbitrations concerning the price of natural gas under long-term contract, Mr. O'Loughlin has helped prepare expert testimony on the market value of the gas as well as the amount of damages resulting from the breach of supply contracts. Mr. O'Loughlin has also critiqued damages estimates provided by opposing witnesses.

- **Power Plant Valuation and Fuel Conversion.** Mr. O'Loughlin has valued several large, residual oil-fired generating stations, often to evaluate the possible conversion to natural gas or other fuels. In these analyses, the expected pre- and post-conversion station values are computed using a range of market electricity price and fuel cost conditions. Mr. O'Loughlin has also advised on the strategy to be followed by the station with regard to its post-conversion fuel supply and transportation arrangements.
- **QF Contract Restructuring.** For an electric utility contemplating the buyout of an expensive wood-fired QF power supply contract, Mr. O'Loughlin quantified the value of the excess payments stemming from the contract being "above-market." A complex spreadsheet model was developed to simulate the uncertainty in both future market electricity prices (from underlying load growth and fuel cost uncertainty) and in the QF's future fuel and O&M costs. The model also took into account contract termination and conversion options held by the utility.
- **Electric Utility Financial Model for Stranded Cost Evaluation.** For an electric utility evaluating stranded cost investigation alternatives, Mr. O'Loughlin directed the development of a detailed operational and financial model which calculates generating station revenue requirements and stranded costs, computes cost-recovery rates, balances energy supply and demand, and projects the utility's financial performance. The model includes the flexibility to analyze several different scenarios characterized by timing and extent of access, electricity market price, generating station performance, and regulatory recovery rules.

### Market Assessment

- **Energy Market Merger Analysis.** Mr. O'Loughlin has evaluated the competitive implications of several natural gas pipeline and vertical (electricity and natural gas) proposed mergers. Relevant product and geographic markets were defined and assessments made of competitive impacts. Such work has been done on behalf of merger proponents in some instances and for concerned third parties in other.
- **Natural Gas Liquids Market Merger Analysis.** Mr. O'Loughlin analyzed the anti-competitive incentives that would result from the proposed combination of two general partners of partnerships involved in natural gas liquids (NGL) fractionation, transportation, storage and trading. He examined the incentives the merged entity would have to manipulate the commodity price, as well as the information advantage the merged entity would have regarding the positions of other market participants.

- **New and Expanded Pipeline Project Evaluations.** Mr. O'Loughlin has evaluated the market, economic, and competitive conditions surrounding several proposed project-financed natural gas pipelines and existing pipeline expansions in the California, Midwest, Northeast and Florida markets. For some, he has prepared market assessments that have been used to support certification of the new pipelines or to evaluate the desirability of taking an equity position in the pipeline. In other instances, his analyses have identified uneconomic projects that depend on cross-subsidies for viability.
- **Investigation of NYMEX Natural Gas Futures Contract Manipulation.** On behalf of a concerned group of market participants, Mr. O'Loughlin assisted in an investigation of the NYMEX Henry Hub natural gas futures contract (following its then-unprecedented price behavior from 2000-2003) for possible price manipulation, with an emphasis on schemes designed to drive up the price. The work involved an extensive series of well-known economic and statistical tests for manipulation, examining publicly-available data on natural gas futures contracts' volumes and prices, agricultural products futures contracts' volumes and prices, natural gas cash market (physical) transactions at Henry Hub and other trading centers, weekly position and concentration data on commercial and non-commercial Henry Hub futures' traders, natural gas storage inventories, week-to-week deviations in nationwide weather levels from normal, and changes in trading controls. Subject to the limitations imposed by having only publicly-available data, the analysis found that the data did not support a view of chronic or systematic manipulation of the NYMEX Henry Hub contract during 2000-2003.
- **Energy Market Merger Analysis.** For a large electric utility, Mr. O'Loughlin analyzed the potential for vertical market power abuse arising from the proposed merger of two neighboring utilities. The circumstances surrounding the proposed merger were somewhat unique in that the state was moving to a deregulated wholesale electricity market where the marginal plant would set the clearing price for all generation, natural gas-fired electric generating plants were often the marginal source of supply, and one of the two merger partners, a large natural gas local distribution company (LDC), transported gas to all gas-fired plants in the area. The analysis demonstrated that the LDC had a number of means by which to influence the delivered price of natural gas, thereby potentially allowing it to favor an unregulated marketing or generation affiliate at the expense of other competitors.
- **Merchant Power Market Analysis.** For a firm considering independent power production opportunities, Mr. O'Loughlin evaluated the likely need and sources of supply for new

capacity in the Mid-Atlantic region. This involved a utility-by-utility evaluation of future growth possibilities and an examination of the likely viability of already proposed projects.

- **California Natural Gas Market.** Mr. O'Loughlin has extensively studied the California natural gas market. He has prepared several reports detailing anticompetitive activity by the affiliate of a large interstate pipeline that enters California. This anticompetitive behavior arose as a result of the large block of pipeline capacity that was held by the affiliate.
- **Wholesale Electricity Price Analysis.** For a several hundred megawatt Midwest retail customer, Mr. O'Loughlin directed an analysis examining the likely range of future industrial power prices in the Ohio River basin. The analysis took into account the likely tightness of market conditions in the region by examining longstanding economic and power demand growth patterns and existing and planned capacity additions and retirements. To establish price bounds, the analysis also considered unit construction costs, unit heat rates, the price and availability of natural gas and coal in the region, and future environmental regulation.
- **Natural Gas Market Restructuring.** On behalf of a major electric utility, Mr. O'Loughlin helped assess natural gas market conditions in California as part of a statewide restructuring proceeding. Mr. O'Loughlin analyzed competitive conditions in transmission, storage, and procurement, including the alternatives available to shippers in meeting transmission company balancing requirements. The study proposed several changes to increase competition and limit opportunities for anticompetitive behavior.
- **Unregulated Energy Market Opportunities.** For an electric utility holding company investigating new investment opportunities for its unregulated subsidiary, Mr. O'Loughlin was part of a team that prepared a "survey" of twenty different sectors of the energy industry. For each sector, the survey described the market, its key players, its growth potential, and the future opportunities and risks it presented. The material was presented at a two-day client workshop designed to winnow the list down to a handful of sectors identified as priorities for further investigation. Mr. O'Loughlin subsequently participated in the investigation of these priority areas.
- **Analysis of Competing Pipeline Projects.** For an investment bank evaluating investment opportunities in Northeast regional energy projects, Mr. O'Loughlin helped prepare an analysis of several proposed natural gas pipeline projects competing to serve the Northeast.

### Business Strategy

- **Electric Utility Retail Access.** Mr. O'Loughlin has worked with an electric utility preparing for retail access to develop appropriate business and regulatory strategies. To evaluate

alternative stranded cost mitigation strategies, he facilitated client workgroup sessions that developed a consistent set of scenarios describing the future restructured world, with emphasis on market price uncertainty, the timetable of industry deregulation, and the measurement and recovery of stranded costs. From there, alternative mitigation strategies across key functional business areas were developed and assessed under each of the scenarios. For the same client, Mr. O'Loughlin coordinated the development of the utility's initial regulatory position on retail access through an internal consensus building process that addressed a wide range of topics including market structure, customer choice alternatives, disposition of generation, obligations during the transition period, stranded cost measurement and recovery, ratemaking and rate design, state/federal issues, and social programs. This position was used as a guide by the utility's representatives at state-level negotiating sessions designed to foster consensus on retail access.

- **Facilitation of High-level Management Planning Sessions.** Mr. O'Loughlin has led utility management groups through the Electric Power Research Institute's CATALYST planning process on such topics as Transmission Access, Accelerated Environmental Regulation, EMF, and Capacity Contingency Planning.
- **Strategic Assessment of Electric Utility Industry Restructuring and Merger Opportunities.** Mr. O'Loughlin co-managed a team assessing strategic opportunities and risks for a Midwestern combination utility evaluating both industry restructuring and a specific merger proposal. The assignment included: (1) organizing and facilitating an off-site retreat with the utility's senior executives to assess the utility's market position, identify key industry-related future uncertainties, and understand the interdependence of its regulatory and business strategies; (2) conducting a benchmark analysis to quantify the client's strengths and weaknesses by lines of business relative to immediate competitors and the region as a whole; (3) simulating the regional generation market to forecast likely competitive market prices and their sensitivity to factors such as nuclear outages and changes in transmission constraints; (4) valuing the utility and its potential merger partner on both a scenario-specific and business-segment-specific basis; and (5) simulating alternative business strategies' impacts on the company's earnings and overall financial performance.
- **Contract Restructuring – Non-Utility Generators.** For an electric utility seeking to reduce its power costs, Mr. O'Loughlin investigated the economic and market feasibility of remarketing natural gas that is currently under long-term contract to non-utility generators (NUGs) supplying electricity to the utility. Remarketing the gas would effectively convert the must-run NUGs to dispatchable status, thereby lowering the utility's costs.

- **Acquisition and Divestiture Analysis.** For a number of electric utilities, Mr. O'Loughlin has evaluated strategic acquisition and divestiture alternatives. He has been principally involved in the development and measurement of the financial and operational criteria used to assess the alternatives.
- **Utility Hostile Takeover Defense.** For an electric utility defending itself against a hostile takeover, Mr. O'Loughlin helped prepare testimony and analysis demonstrating both the poor financial health (and impending financial difficulties) of the acquirer and the lack of any power supply benefits from the proposed acquisition.
- **Economic Value of Energy Storage.** Mr. O'Loughlin assisted the developer of a large scale electric storage technology with its bidding strategy in a utility's supply RFP for option purchase agreements. The value of the storage technology to the utility's system was quantified under several scenarios. These valuations served as the basis for approximating the option value of the technology in the bid development process.

## PRIOR EXPERIENCE

Prior to joining The Brattle Group and its predecessor, Incentives Research Inc., Mr. O'Loughlin was with Putnam, Hayes & Bartlett, Inc. Mr. O'Loughlin also worked as the assistant to the Vice President of Engineering & Planning for a natural gas distribution subsidiary of EnergyNorth, Inc. There, his responsibilities included preparing the company's fuel cost adjustment filing and assisting in the preparation and analysis of the annual operating and capital budgets. Earlier, Mr. O'Loughlin worked for the New Hampshire Governor's Council on Energy in the hydropower and resource recovery programs.

## TESTIMONY

Testimony before the Federal Energy Regulatory Commission on behalf of Delta Air Lines, Inc., Continental Airlines, Inc., JetBlue Airways Corporation, United Air Lines, Inc., and US Airways, Inc. evaluating the reasonableness of Buckeye Pipe Line Company, L.P.'s rates, Docket No. OR12-28-001, August 2014 and January 2015.

Declaration before the California Public Utilities Commission on behalf of Pacific Gas & Electric Company regarding an evaluation of ratepayer effects resulting from a change in the timing of a rate change in Docket No. A.13-12-012, December 2014.

Opening and Rebuttal Expert Reports before the Court of Chancery of the State of Delaware on behalf of Chevron Pipe Line Company in Chevron Pipe Line Company derivatively on behalf of West Texas Gulf Pipe Line Company v. Sunoco Pipeline, L.P., *et al.*, C.A. No. 8573-VCL, July and August 2014.

Testimony before the Maine Public Utilities Commission on behalf of the Maine Office of the Public Advocate regarding Analysis of the Maine Energy Cost Reduction Act in New England Gas and Electricity Markets, Docket No. 2014-00071, Written Evidence of Samuel A. Newell and Matthew P. O'Loughlin, July 2014.

Before the National Energy Board of Canada on behalf of BP Canada Energy Group ULC, Docket No. RHW-001-2013, *Trans Mountain Pipeline ULC Application for Tariff Amendments regarding Verification Procedures*, Written Evidence and Reply Evidence of Steven H. Levine and Matthew P. O'Loughlin, April and August 2014.

Testimony before the California Public Utilities Commission on behalf of Pacific Gas & Electric Company regarding its Gas Distribution business' actual and imputed adopted operations & maintenance expenditures and capital expenditures during the 1999-2010 period in Docket No. A.12-11-009, June 2013.

Testimony before the California Public Utilities Commission on behalf of Chevron Products Company, Phillips 66 Company, Southwest Airlines Company, Ultramar Inc., and Valero Marketing & Supply Company regarding the reasonableness of SFPP's proposed rates, Application No. 12-01-015, November 2012, February 2013, April 2013.

Testimony before the Federal Energy Regulatory Commission on behalf of Suncor Energy Marketing, Inc. and Canadian Natural Resources Limited regarding the reasonableness of Seaway Crude Pipeline Company LLC's proposed rates, Docket No. IS12-226-000, October 2012.

Testimony before the Federal Energy Regulatory Commission on behalf of The Propane Group and The Refined Products Group regarding the reasonableness of Enterprise TE Products Pipeline LLC's proposed rates and rate design, Docket No. IS12-203-000, October 2012.

Testimony before the California Public Utilities Commission on behalf of Chevron Products Company, Tesoro Refining and Marketing Company, and Valero Marketing and Supply Company regarding the calculation of rate refunds as it relates to San Pablo Bay Pipeline Company LLC, Application No. 08-09-024, July 2012, August 2012.

Testimony before the California Public Utilities Commission on behalf of Pacific Gas & Electric Company regarding its Gas Transmission & Storage business' actual and imputed adopted operations &



maintenance expenditures and capital expenditures during the 1997-2010 period in Docket No. I.12-01-007, June 2012.

Declaration before the California Public Utilities Commission on behalf of Chevron Products Company, ConocoPhillips Company, Valero Marketing and Supply Company, Ultramar Inc., and Southwest Airlines Co. evaluating the cost of service and revenue information and reasonableness of the proposed rates as it relates to SFPP, Application No. 12-01-015, March 2012.

Declaration before the California Public Utilities Commission on behalf of Chevron Products Company, ConocoPhillips Company, Valero Marketing and Supply Company, Ultramar Inc., Southwest Airlines Co., and Air Transport Association of America, Inc. d/b/a Airlines for America to evaluate SFPP's Proposed Test Year 2009 rate base and cost of service in Application 09-05-014, January 2012.

Declaration before the California Public Utilities Commission on behalf of BP West Coast Products LLC, Chevron Products Company, ConocoPhillips Company, ExxonMobil Oil Corporation, Southwest Airlines Co., Tesoro Refining and Marketing Company, Ultramar Inc., and Valero Marketing and Supply Company evaluating SFPP's August 26, 2011 Compliance Filing entitled Advice Letter No.27 in Case 97-04-025 and Related Proceedings, including Application 03-02-027, in response to the Commission's Decision 11-05-045, October 2011.

Reply Evidence before the National Energy Board of Canada on behalf of BP Canada Energy Company evaluating the toll-related evidence regarding Enbridge Southern Lights pipeline in RH-1-2011, September 2011.

Affidavit before the Federal Energy Regulatory Commission on behalf of Chevron Products Company evaluating whether there is evidence of substantial change in the economic circumstances which were the basis for SFPP's North and Oregon Line grandfathered interstate pipeline rates, Docket No. OR11-16-000, June 2011.

Affidavit before the Federal Energy Regulatory Commission on behalf of ConocoPhillips Company evaluating whether there is evidence of substantial change in the economic circumstances which were the basis for SFPP's North and Oregon Line grandfathered interstate pipeline rates, Docket No. OR11-13-000, June 2011.

Testimony before the Federal Energy Regulatory Commission on behalf of Southern California Edison evaluating the reasonableness of El Paso Natural Gas Company's proposed rate design, Docket No. RP10-1398-000, June 2011, August 2011, September 2011.



Expert Report before the United States District Court of Harris County, Texas in Scott D. Martin, et al. vs. Martin Resource Management Corporation, et al., Cause No. 2008-53948, March 2011.

Testimony before the Federal Energy Regulatory Commission on behalf of Southern California Edison Company evaluating the changes to El Paso Natural Gas Company's fuel charge rate design proposed by Texas Gas Services and Commission Staff. Docket No. RP10-951-000, March 2011.

Affidavit before the Federal Energy Regulatory Commission on behalf of Valero Marketing and Supply Company analyzing and recommending the appropriate index for annual changes to oil pipeline rate ceilings in the Commission's Five Year Review of Oil Pipeline Pricing Index, Docket No. RM10-25-000, August 2010, September 2010, October 2010.

Affidavit before the Federal Energy Regulatory Commission on behalf of BP Products North America Inc. evaluating the reasonableness of the rates for Enbridge Pipelines' Southern Lights project, Docket No. IS10-399-000, June 2010.

Testimony before the California Public Utilities Commission on behalf of Chevron Products Company, in a matter evaluating the reasonableness of San Pablo Bay Pipeline Company LLC's proposed Commission-jurisdictional rates for its SJV Pipeline, Application No. 08-09-024, December 2009, April 2010.

Testimony before the Federal Energy Regulatory Commission on behalf of Chevron Products Company, ConocoPhillips Company, Southwest Airlines Co., and Valero Marketing and Supply Company, evaluating the reasonableness of SFPP's proposed Commission-jurisdictional rates for its interstate movements on SFPP's East Line, Docket No. IS09-437-000, March 2010.

Testimony before the California Public Utilities Commission on behalf of Chevron Products Company, ConocoPhillips Company, and Southwest Airlines Co. evaluating the reasonableness of SFPP's proposed justification of its intrastate rates in A.08-06-008 as well as SFPP's request for a rate increase in A.09-05-014, December 2009.

Affidavit before the Federal Energy Regulatory Commission on behalf of Chevron Products Company, ConocoPhillips Company, Southwest Airlines Co., and Valero Marketing and Supply Co. evaluating the justification of SFPP's East Line rate increase, Docket No. IS09-437-000, August 2009.

Testimony before the Federal Energy Regulatory Commission on behalf of Southern California Edison evaluating the reasonableness of El Paso Natural Gas Company's proposed rate design, Docket No. RP08-426-000, May 2009, August 2009.

Testimony before the Federal Energy Regulatory Commission on behalf of Continental Airlines, Inc., Northwest Airlines, Inc., Southwest Airlines Co., US Airways, Inc., Chevron Products Company, ConocoPhillips Company, and Valero Marketing and Supply Company evaluating the reasonableness of SFPP's West Line interstate Commission-jurisdictional rates, Docket No. IS08-390-002, January 2009.

Testimony before the Federal Energy Regulatory Commission on behalf of Valero Supply and Marketing Company calculating damages related to unduly discriminatory treatment, Docket No. OR08-4-000, November 2008.

Testimony before the Federal Energy Regulatory Commission on behalf of Chevron Products Company and ConocoPhillips Company evaluating the reasonableness of SFPP's interstate Commission-jurisdictional rates, Docket No. OR03-5, et al., December 2007, April 2008, June 2008, October 2008.

Affidavit before the Federal Energy Regulatory Commission on behalf of America West Airlines, Inc. and US Airways, Inc., Chevron Products Company, ConocoPhillips Company, Continental Airlines, Inc., Northwest Airlines, Inc., Southwest Airlines Co., and Valero Marketing and Supply Co. evaluating the reasonableness of Calnev Pipe Line L.L.C.'s interstate pipeline rates, Docket No. OR07-19-000, *et. al*, August 2007, February 2008, April 2008.

Expert Report before the United States District Court for the Southern District of Texas, Houston Division in United States of America vs. James Patrick Phillips, Wesley C. Walton and James Brooks, Defendants, Criminal Action No. H-04-512-S, September 2007.

Testimony before the Federal Energy Regulatory Commission on behalf of National Propane Gas Association, AmeriGas Propane, L.P., CHS Inc., ConocoPhillips Company, Ferrellgas, L.P., and Targa Liquids Marketing and Trade evaluating the reasonableness of Mid-America Pipeline Company, LLC's proposed Commission-jurisdictional rates, Docket Nos. IS05-216-003, et. al, March 2007.

Testimony before the Federal Energy Regulatory Commission on behalf of Chevron Products Company, ConocoPhillips Company, Tosco Corporation, and Ultramar Inc. and Valero Marketing and Supply Company, evaluating SFPP's March 7, 2006 Compliance Filings in Docket Nos. OR92-8, *et al*. and OR96-2, *et al*., April 2006.

Expert Report before the United States District Court for the Southern District of Texas, Houston Division in United States of America vs. Greg Singleton, Defendant, Criminal Action No. H-04- H-06-80, March 2006.

Expert Report before the United States District Court for the Southern District of Texas, Houston Division in United States of America vs. Michelle Valencia, Defendant, Criminal Action No. H-04-514, March 2006.

Expert Report before the United States District Court for the Southern District of Texas, Houston Division in United States of America vs. Jerry Alfred Futch, Jr., Defendant, Criminal Action No. H-04-511, February 2006.

Testimony before the California Public Utilities Commission on behalf of Southern California Edison, Docket No. I.02-11-040, November 2005, in *Order Instituting Investigation into the Gas Market Activities of Southern California Gas Company, San Diego Gas and Electric, Southwest Gas, Pacific Gas and Electric, and Southern California Edison and their Impact on the Gas Price Spike Experience at the California Border from March 2000 through May 2001*.

Testimony before the Federal Energy Regulatory Commission on behalf of Chevron Products Company, ConocoPhillips Company, and Valero Marketing and Supply Company evaluating the reasonableness of SFPP's proposed Commission-jurisdictional rate for its interstate movements on SFPP's North Line Docket No. IS05-230-000, November 2005.

Testimony before the Federal Energy Regulatory Commission on behalf of Chevron Products Company, ConocoPhillips Company, Tosco Corporation, Ultramar Inc., and Valero Marketing and Supply Company evaluating the reasonableness of SFPP's Commission-jurisdictional rate for its Watson drain dry facilities in Docket No. OR92-8-025, October 2005.

Affidavit before the Federal Energy Regulatory Commission on behalf of Continental Resources Inc. to analyze Bridger Pipeline LLC's current rates and the June 30, 2005 cost of service accompanying the pipeline's tariff filing in Docket No. IS05-474, *et al.*, September 2005.

Testimony before the Federal Energy Regulatory Commission on behalf of Chevron Products Company, ConocoPhillips Company, and Valero Marketing and Supply Company, Docket No. IS05-230-000, in a rate proceeding of SFPP, L.P., May 2005.

Testimony before the Federal Energy Regulatory Commission on behalf of Ultramar Inc., ChevronTexaco Products Company and Tosco Corporation, in Docket Nos. OR96-2-012, OR96-17-005, and IS98-1-000, in a proceeding regarding SFPP, L.P., January 2005.

Affidavit before the California Public Utilities Commission on behalf of Valero Marketing and Supply Company, Ultramar Inc., and ChevronTexaco Products Company, Application A.04-11-017, in the matter of the Application of SFPP, L.P., December 2004.

Declaration before the Superior Court of the State of California in support of Ex Parte Application for Entry of Second Distribution Order in Natural Gas Anti-Trust Cases I, II, III & IV, December 2004.

Testimony before the Federal Energy Regulatory Commission on behalf of Ultramar Inc., ChevronTexaco Products Company and Tosco Corporation, Docket Nos. IS98-1-000, *et al.*, in a rate proceeding of SFPP, L.P., December 2004.

Affidavit before the Federal Energy Regulatory Commission on behalf of ConocoPhillips Company evaluating the reasonableness of SFPP's rates on in Docket Nos. OR05-5, December 2004.

Testimony before the Federal Energy Regulatory Commission on behalf of Ultramar Inc. and ChevronTexaco Products Company, Docket Nos. OR96-2-012, and OR96-17-005, in a complaint proceeding regarding SFPP, L.P., October 2004.

Affidavit before the Federal Energy Regulatory Commission on behalf of the America West Airlines, Inc., Southwest Airlines Co., Northwest Airlines, Inc., and Continental Airlines, Inc., in a complaint regarding SFPP, L.P., September 2004.

Declaration in an arbitration proceeding on behalf of a major oil company regarding the value of indemnity claims, August 2004.

Declaration before the American Arbitration Association on behalf of a large energy company regarding the fair market value of a natural gas pipeline, June 2004.

Declaration before the Superior Court of the State of California on behalf of the Settling Claimants in Natural Gas Antitrust Cases I, II, III, and IV [J.C.C.P. Nos. 4221, 4224, 4226 & 4228], June 2004.

Declaration in Support of Plaintiff's Motion to Require Objector Ernest Thayer to Post a Bond on Appeal before the Superior Court of the State of California on behalf of the Settling Claimants in Natural Gas Antitrust Cases I, II, III, and IV [J.C.C.P. Nos. 4221, 4224, 4226 & 4228], March 2004.

Declaration before the Superior Court of the State of California on behalf of the Settling Claimants in Natural Gas Antitrust Cases I, II, III, and IV [J.C.C.P. Nos. 4221, 4224, 4226 & 4228], November 2003.

Testimony before the California Public Utilities Commission on behalf of BP West Coast Products LLC, Exxon Mobil Oil Corporation, Valero Marketing and Supply Company, Ultramar Inc., and Chevron Products Company, Application No. 0302027, August 2003, in the matter of the Application of SFPP, L.P., Pursuant to Commission Resolution No. O-0043.

Testimony before the United States District Court for the Northern District of Illinois, Eastern Division, on behalf of International Paper Company in *International Paper Company v. Androscoggin Energy LLC*, Case No. 00C 6215, May 2003.

Testimony before the California Public Utilities Commission on behalf of BP West Coast Products LLC, Exxon Mobil Oil Corporation, Valero Marketing and Supply Company, Ultramar Inc., and Chevron Products Company, Application No. 0302027, March 2003, in a matter relating to SFPP, L.P.'s rates.

Testimony before the State of California Senate Select Committee to Investigate Price Manipulation of the Wholesale Energy Market, November 2002.

Testimony before the Superior Court for the State of Washington in and for the County of Thurston on behalf of Tosco Corporation in *Olympic Pipe Line Company v. Washington Utilities and Transportation Commission*, November 2002.

Affidavit before the Federal Energy Regulatory Commission on behalf of Tosco Corporation, Docket No. OR01-8-000, evaluating the reasonableness of Calnev Pipe Line, L.L.C.'s interstate rates, January 2002.

Affidavit before the Federal Energy Regulatory Commission on behalf of Ultramar, Inc., Docket No. OR01-8-000, evaluating the reasonableness of Calnev Pipe Line, L.L.C.'s interstate rates, January 2002.

Testimony before the Federal Energy Regulatory Commission on behalf of Ultramar Diamond Shamrock Corporation and Tosco Corporation, Docket Nos. OR96-2-000, et al., April - September 2001, in a complaint proceeding regarding SFPP, L.P.

Testimony before the Federal Energy Regulatory Commission on behalf of Southern California Edison, Docket No. RP00-241-000, May 2001, in a complaint proceeding regarding El Paso Natural Gas Company and its merchant energy affiliates.

Testimony before the California Assembly, Subcommittee on Energy Oversight, April 2001, in an investigative hearing regarding the California Public Utilities Commission's allegations against El Paso Natural Gas and its merchant energy affiliates exercise of market power.

Testimony before the Federal Energy Regulatory Commission on behalf of Southern California Edison, Docket No. RP00-241-000, August 2000, in a complaint proceeding regarding El Paso Natural Gas Company and its merchant energy affiliates.

Affidavit before the Federal Energy Regulatory Commission on behalf of Ultramar, Inc., Docket No. OR00-08-000, August 2000, in a complaint proceeding regarding SFPP, L.P.

Affidavit before the Federal Energy Regulatory Commission on behalf of Tosco Corporation, Docket No. OR00-09-000, August 2000, in a complaint proceeding regarding SFPP, L.P.

Affidavit before the Federal Energy Regulatory Commission on behalf of Ultramar, Inc., Docket No. OR98-2-000, January 2000, in a complaint proceeding regarding SFPP, L.P.

Affidavit before the Federal Energy Regulatory Commission on behalf of Tosco Corporation, Docket No. OR98-13-000, January 2000, in a complaint proceeding regarding SFPP, L.P.

Affidavit before the Federal Energy Regulatory Commission on behalf of Ultramar, Inc., Docket No. OR97-2-000, January 2000, in a complaint proceeding regarding SFPP, L.P.

Testimony before the Federal Energy Regulatory Commission on behalf of Southern California Edison, Docket No. RP95-363-015, June 1999, in the remanded rate proceeding of El Paso Natural Gas Company.

Testimony before the California Public Utilities Commission on behalf of Ultramar, Inc., Docket No. A.98-10-012, March 1999, in the matter of the Application of Southern California Gas Company for Authority to Revise its Rates Effective August 1, 1999, in its Biennial Cost Allocation Proceeding.

Testimony before the California Public Utilities Commission on behalf of Southern California Edison, Docket No. A.98-01-015, November 1998, in the matter of the Application of Southern California Gas

Company for Authority Pursuant to Public Utilities code Section 851 to Sell its Storage Field in Montebello, California.

Testimony before the Massachusetts Department of Telecommunications and Energy on Behalf of Colonial Gas Company, Docket No. M.D.T.E. 97-112, July-September 1998, in the Matter of the Recovery of Lost Base Revenues Associated With Demand-Side Management Programs.

Testimony before the California Public Utilities Commission on behalf of Southern California Edison Company, Docket No. R.98-01-011, July-September 1998, in the Rulemaking on the Regulatory Structure Governing California's Natural Gas Industry.

Testimony before the Federal Energy Regulatory Commission, on behalf of Selkirk Cogen Partners, L.P. and MASSPOWER, Docket No. RP97-126, May 1997, in the rate proceeding of Iroquois Gas Transmission System, L.P.

Testimony before the California Public Utilities Commission, on behalf of Southern California Gas Company, Docket No. R91-08-003, February 1994, in the Rulemaking on establishing rules and procedures governing utility demand-side management.

## **PUBLICATIONS AND PRESENTATIONS**

“Pipeline Regulatory Issues Arising From Oil and Natural Gas Production Growth in North America” with Paul Carpenter and Steve Levine, *The Energy Law Advisor*, Volume 8, No. 1, February 2014.

“Supporting Shippers’ Proposal for Enbridge’s Mainline Destination Verification Procedure,” FERC Docket No. IS13-17 Technical Conference, February 6, 2013.

“The Emerging Need For Greater Gas-Electric Industry Coordination,” with Frank Graves, Steve Levine, Anul Thapa and Metin Celebi, filed in FERC Docket No. AD12-12-000, March 30, 2012.

“Evaluation of the Trading Activity of Energy Transfer Partners L.P. in the Houston Ship Channel Natural Gas Market” (December 2003-December 2005), (in part with several authors), filed in FERC Docket No. IN06-3-003, September 26, 2008.

2002-2006 Editorial Advisory Board, *Natural Gas & Electricity*.



“Evaluation of the Proposed Regulations Governing Open Seasons for Alaska Natural Gas Transportation Projects,” (in part with several authors) prepared on behalf of BP Exploration (Alaska) Inc., ConocoPhillips Company, and Exxon Mobil Corporation, FERC Docket No. RM05-01, December 17, 2004.

“Improving the Performance of Natural Gas Markets in Electricity System Reliability” (with Daniel S. Arthur and Elizabeth Lacey), *Electric & Natural Gas Business: Using New Strategies, Understanding the Issues!*, Robert E. Willett, Editor, 2004.

“Oil Pipeline Complaint Procedures Are Being Clarified,” (with Daniel S. Arthur and Steven H. Levine), *Natural Gas*, Vol. 20, No. 2, (September 2003).

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# ENTERPRISE TE PRODUCTS PIPELINE COMPANY LLC

May 1, 2013

Secretary  
Federal Energy Regulatory Commission  
888 First Street, NE  
Washington, DC 20426

## Oil Pipeline Tariff Filing

### **RE: TARIFF FILING OF ENTERPRISE TE PRODUCTS PIPELINE COMPANY LLC DISCONTINUANCE OF NOMINATIONS**

Dear Ms. Bose:

Enterprise TE Products Pipeline Company LLC ("Enterprise TE") submits the following tariff publication, to be effective June 1, 2013, in compliance with the Interstate Commerce Act ("ICA") and the rules and regulations of the Federal Energy Regulatory Commission ("FERC").

FERC Tariff No. 55.28.0, issued in lieu of FERC Tariff Nos. 55.26.0 and 55.27.0 and cancelling FERC Tariff No. 55.25.0 (Docket No. IS13-233-000)

### Purpose of Filing

Enterprise TE is filing FERC Tariff No. 55.28.0 in order to substitute for and correct the filing of FERC Tariff No. 55.27.0, which was made on April 5, 2013 in Docket No. IS13-242. FERC Tariff No. 55.28.0 filed herewith proposes to add the following new language to Item No. 130 "Tenders." (See attached)

Carrier will cease to accept nominations for the following services after June 1, 2013: (a) interstate transportation of Distillates in Item Nos. 210, 220 and 230 (Volume Incentive Rates) and Item No. 310 (Non-Incentive Rates), and (b) interstate transportation of Jet Fuel in Item No. 230 (Volume Incentive Rates) and Item No. 320 (Non-Incentive Rates). Carrier will continue to provide jet fuel service under its separate FERC Tariff No. 58.0.0 and reissues thereof from Lima, Ohio to the Cincinnati Airport.

The purpose of this filing is again to provide notice to shippers of the last day that Enterprise TE will accept nominations for interstate transportation of distillates or jet fuel under its tariff. Enterprise TE initially provided notice to shippers on March 22, 2013, of its planned cancellations of these interstate services. As noted above, Enterprise TE also filed two prior tariffs regarding this same issue, which were withdrawn and are replaced by the proposed tariff. FERC Tariff No. 55.26.0 was filed on April 3, 2013, in Docket No. IS13-234. On April 5, 2013, Enterprise TE issued FERC Tariff No. 55.27.0 in Docket No. IS13-242 in lieu of FERC Tariff No. 55.26.0, which was withdrawn.

The reason for withdrawing FERC Tariff No. 55.27.0 is to correct for certain inadvertent oversights and to clarify certain issues in response to challenges raised by various parties regarding that tariff. First, consistent with the intent in Enterprise TE's original filing, this proposed filing (FERC Tariff No. 55.28.0) clarifies that it applies to all interstate movements of distillates (as was intended but not explicit in FERC Tariff No. 55.27.0), not simply movements of ultra-low sulfur diesel ("ULSD"). As shown in Item No. 5 of the tariff, "distillates" is defined as "diesel fuel, ULSD and petroleum distillates." Second, again consistent with the intent in Enterprise TE's original filing, the tariff clarifies that it applies to both the incentive and non-incentive rates for distillates (*i.e.*, Item Nos. 210, 220, 230 and 310), and both the incentive and non-incentive rates for jet fuel (*i.e.*, Item Nos. 230 and 320).

### Further Explanation Regarding Filing

Enterprise TE owns and operates an interstate pipeline system that provides batched transportation of a number of different products, including motor gasoline, distillate, jet fuel and various types of natural gas liquids (*e.g.*, propane, butane, isobutane, natural gasoline). The system originates on the U.S. Gulf Coast and has several lines that gather and deliver product to the Enterprise TE mainlines that begin at Beaumont, Texas. Enterprise TE currently has two mainlines that run parallel to each other. The larger of the two lines is a 20-inch diameter line that extends from Beaumont to Lebanon, Ohio. Enterprise TE also has a 14-inch diameter line from Beaumont to El Dorado, Arkansas. At El Dorado, the diameter of the 14-inch line increases to 16-inches. The 16-inch line terminates at Seymour, Indiana. Currently, the 20-inch line transports

**Page 2 of 2**

natural gas liquids, motor gasoline and unfinished gasoline, but not distillate or jet fuel. The 14/16-inch line primarily transports distillate and jet fuel, although at times it moves motor gasoline as well.

As part of the Appalachia-to-Texas ("ATEX") pipeline project previously announced and explained to the Commission, the 14/16-inch line will soon be taken out of its current service and transferred from Enterprise TE to Enterprise Liquids Pipeline LLC ("Enterprise Liquids"). Beginning in July 2013, Enterprise TE will inject nitrogen into the 14/16-inch line in order to purge the current distillate and jet fuel barrels. The 14/16-inch line will then be transferred to Enterprise Liquids, which will reverse and refurbish the line in order to accommodate southbound delivery of ethane from the Marcellus/Utica production regions to the U.S. Gulf Coast as part of the ATEX pipeline project. Enterprise Liquids sought approval of the rate structure and terms of service regarding the ATEX pipeline project in a petition for declaratory order filed with the Commission on November 14, 2012. The Commission approved the petition and granted the declaratory order on February 1, 2013. *See Enterprise Liquids Pipeline LLC*, 142 FERC ¶ 61,087 (2013). In granting the petition, the Commission recognized that the 14/16-inch line would be transferred from Enterprise TE to Enterprise Liquids and would no longer provide its historical service. *Id.* at P 11. The ATEX pipeline project involves a capital investment of over \$1.5 billion, and is the subject of significant financial commitments made by the shippers who are dependent on its timely commencement of service.

When the 14/16-inch line comes out of service, Enterprise TE will not be able to provide transportation of distillate and jet fuel on the remaining 20-inch mainline, unless it were to undertake substantial capital additions that Enterprise TE estimates would cost approximately \$50 million. The necessary capital improvements include establishing connections to the 20-inch line to permit distillate and jet fuel movements. In addition, because distillate and jet fuel are heavier than the motor gasoline and natural gas liquids that currently move on the 20-inch line, Enterprise TE would need to upgrade the pumping equipment on the 20-inch mainline in order to permit reliable transportation of those heavier products. It would also be necessary to shut down the 20-inch mainline in order to make the necessary modifications.

Given the limited existing demand for interstate distillate and jet fuel movements, it is not commercially feasible to undertake these substantial capital investments or to interrupt service on the 20-inch mainline. Indeed, the demand for interstate distillate and jet fuel movements on Enterprise TE's mainline has declined significantly in recent years, and the evidence suggests that these movements will continue to decline in the future.

Only for movements entirely within Arkansas do the existing and anticipated distillate volume levels justify the expenditure of the significant additional capital that will be required for those movements. Enterprise TE makes certain intrastate movements of distillate from a refinery in El Dorado, Arkansas to terminals within the state of Arkansas, and those Arkansas intrastate movements are the only movements of distillate that Enterprise TE proposes to make on the 20-inch mainline. The volumes moved on those routes are currently sufficient to justify the cost of the additional capital necessary to permit transportation of distillate within the state of Arkansas, and Enterprise TE at this time is willing to make those expenditures. It should be emphasized, however, that Enterprise TE is required to make these upgrades entirely at its own risk without any shipper commitments whatsoever.

Enterprise TE also has various lines in addition to the mainline. Those lines are generally referred to as "lateral" lines, although not all of them connect to the mainline. Enterprise TE currently provides distillate and jet fuel movements on certain of these lateral lines and will continue to do so, since none of the distillate and jet fuel volumes that move on the lateral lines move on the mainline, and no additional capital is required to continue to make those movements. For example, as noted in the tariff, Enterprise TE will continue to move jet fuel under a separate tariff (FERC Tariff No. 58.0.0) on the line from Lima, Ohio to the Cincinnati Airport. Those jet fuel volumes do not move on the 20-inch mainline and represent a distinct service from the interstate transportation of jet fuel on the mainline. Apart from the jet fuel movements in FERC Tariff No. 58.0.0, all movements of distillate and jet fuel on lateral lines after the 14/16-inch line is taken out of service will be in intrastate commerce.

**Certification and Contact Information**

Pursuant to 18 CFR §343.3 of the Commission's Regulations, Enterprise TE requests any protest to this filing be sent via facsimile to Diane Daniels at (713) 381-8290 and confirmed at (832) 387-7443.

I hereby certify that I have, on or before this date, sent copies of this Transmittal Letter and related Attachments listed herein to each subscriber by means of transmission agreed upon by the subscriber.

If there are any questions regarding this filing, please contact me either by calling (713) 381-4751 or via e-mail at dadaniels@eprod.com.

Respectfully submitted,

/s/ Diane A. Daniels  
Diane A. Daniels  
Regulatory Affairs

**FERC ICA OIL TARIFF****FERC No. 55.28.0**

**Issued in lieu of FERC Nos. 55.26.0 and 55.27.0 which were withdrawn  
(cancels FERC No. 55.25.0)**

**NOTICE OF TEMPORARY EMBARGO**

Certain items in this tariff remain under investigation in Docket No. IS12-203-000 issued April 13, 2012, subject to refund, hearing procedures, and further order of the Commission. Suspension Notice (See Page 18)

**ENTERPRISE TE PRODUCTS PIPELINE COMPANY LLC**

LOCAL AND JOINT PIPELINE TARIFF  
IN CONNECTION WITH WOOD RIVER PIPE LINES LLC  
FOR  
NON-INCENTIVE AND VOLUME INCENTIVE RATES

CONTAINING RULES & REGULATIONS GOVERNING

THE TRANSPORTATION AND HANDLING OF

PETROLEUM PRODUCTS

AND UNFINISHED GASOLINE

TRANSPORTED BY PIPELINE

FROM ORIGINS IN ARKANSAS, ILLINOIS, INDIANA, LOUISIANA AND TEXAS

TO DESTINATIONS IN ARKANSAS, ILLINOIS, INDIANA, KENTUCKY, LOUISIANA, MISSOURI, OHIO, TENNESSEE AND TEXAS

[C] Filed in accordance with the terms of the settlement agreement filed with the Commission in Docket No. IS12-203-000 on April 3, 2013.

~~[C] Issued on twenty seven (27) days' notice under authority of 18 CFR § 341.14. This tariff publication is conditionally accepted subject to refund pending a 30 day review period.~~

**NOTICE OF TEMPORARY EMBARGO**

Enterprise TE FERC Tariff No. 55.23.0 was issued to temporarily embargo movements of Refined Products with origins outside of the state of Ohio to Lima and Lebanon, Ohio and Cincinnati/Northern Kentucky International Airport destinations. Enterprise TE requests that the temporary embargo remain in effect until a tariff filing is made to cancel the embargo and specify the date that the pipeline is operational. Movements to all other origins and destinations are unaffected by this embargo.

**[F1], [F2], [F3], and [F4] This tariff contains rates that are higher for shorter than longer distances over the same route. Such departure from the terms of the amended Fourth Section of the Interstate Commerce Act is permitted by authority of the Federal Energy Regulatory Commission, Fourth Section Applications dated March 14, 2003, May 14, 2010, March 21, 2011, and March 16, 2012 respectively, as indicated herein.**

THE RATES NAMED IN THIS TARIFF ARE FILED IN COMPLIANCE WITH 18 CODE OF FEDERAL REGULATIONS § 342.3 (INDEXING) AND § 342.4(B) (MARKET-BASED) PURSUANT TO THE COMMISSION'S ORDER ON APPLICATION FOR MARKET POWER DETERMINATION, TE PRODUCTS PIPELINE COMPANY, L.P., DOCKET NO. OR99-6-000, ISSUED APRIL 25, 2001.

All rates in this tariff are expressed in cents-per-barrel of forty-two (42) U. S. gallons, are subject to change as provided by law and are governed by the provisions found under the General Rules & Regulations shown herein.

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

**ISSUED****May 1, 2013****EFFECTIVE****June 1, 2013**

ISSUED AND COMPILED BY  
Diane A. Daniels  
Enterprise TE Products Pipeline Company LLC  
1100 Louisiana Street, Suite 1000  
Houston, Texas 77002-5227  
(713) 381-4751

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**TABLE OF CONTENTS**


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<b>Subject</b>	<b>Item No.</b>	<b>Page No.</b>
Explanation of Abbreviations		19
Explanation of Reference Marks		20
General Rules & Regulations		
A List of Definitions	5	3,4
Application of Rates for Intermediate Points	10	4
Claims, Time for Filing	20	5
Facilities Required at Origins & Destinations	25	5
Identity of Shipments and Commingling	35	5
In System Inventory Allowed	40	5
Jet Fuel Filtration	45	5
Liability of Carrier	50	6
Measurements and Deductions	55	6
Minimum Consignment	60	6
Minimum Shipment	65	7
Non-Compatible Product Handling	70	7
Payment of Transportation and Other Charges	75	8
Product Acceptable	80	8
Product Disposition If No Facilities Provided at Destination	85	9
Product Involved in Litigation or Encumbered	90	9
Proration of Pipeline Capacity	95	9
Reconsignment	100	9
Separate Pipeline Agreements	110	10
Tax Registration	125	10
Tenders	130	10
Testing	135	10
Volume Incentive Rates (In Cents-per-bbl.)		
Incentive Rates for Jonesboro Destination	210	11
Incentive Rates for Memphis (Lion Oil Terminal) Destination	220	12
Incentive Rates for Memphis (Wespac Pipeline) Destination	230	13
Non-Incentive Rates (In Cents-per-bbl.)		
Non-Incentive Rates for Motor Fuel	300	14
Non-Incentive Rates for Distillate	310	15
Non-Incentive Rates for Jet Fuel	320	16
Non-Incentive Rates for Unfinished Gasoline	330	17
Route Directory		18
Suspension Notice		18

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## GENERAL RULES & REGULATIONS

The General Rules & Regulations published herein apply in their entirety to the services covered by this tariff, i.e., to the transportation and handling of Product(s) between the origin(s) and destination(s) named herein.

### ITEM NO. 5

### A List of Definitions

<b>Agreement</b>	Refers to the transportation agreement that has been executed by any Shipper with the Carrier in order to qualify for specific volume incentive rates as set forth in Item Nos. 210 thru 230.
<b>Agreement Period(s)</b>	Refers to the period beginning on the Commencement Date or any anniversary thereof and ending 365 or, if applicable, 366 days later during the term of an Agreement.
<b>Agreement Term</b>	<p>(a)With respect to the volume incentive rates set forth in Item No. 210, refers to ten (10) consecutive Agreement Periods.</p> <p>(b)With respect to the volume incentive rates set forth in Item No. 220, refers to the period beginning on the Commencement Date and continuing in effect for five (5) consecutive Agreement Periods.</p> <p>(c)With respect to the volume incentive rates set forth in Item No. 230, refers to the period beginning on the Commencement Date and continuing in effect for fifteen (15) consecutive Agreement Periods.</p>
<b>Allowed Inventory</b>	The amount of inventory of each Common Shipment, by grade, that a Shipper is allowed to keep in the System to meet its delivery requirements, in accordance with Item No. 40.
<b>Average Inventory</b>	The sum of a Shipper's end of day Common Shipment inventory, by grade, for each day during the Month divided by the total number of days in the Month.
<b>Barrel(s)</b>	Forty-two (42) United States Gallons at 60° F.
<b>Batch</b>	A quantity of a Product handled through Carrier's pipeline facilities as a unit.
<b>Brand Shipment</b>	A Shipment of Products of uniform quality having the same specifications, which Shipment, Shipper desires separate identity and segregation from a Common Shipment so as to receive, as nearly as reasonably practicable, the same Products as delivered.
<b>Carrier</b>	Refers to Enterprise TE Products Pipeline Company LLC ("Enterprise TE") and other pipelines participating herein.
<b>Commencement Date</b>	The date established pursuant to the Agreement.
<b>Common Shipment</b>	Any Shipment of Products not a Brand Shipment; Common Shipments may be commingled with other Products of similar quality and specifications in effect at time Product is tendered.
<b>Excess Inventory Charge</b>	The charge to Shipper for holding inventory in excess of its Allowed Inventory as provided in Item No. 40.
<b>Excess Inventory Charge Rate</b>	The rate of [U]One Dollar and twenty-six cents (\$1.26) per Barrel used in Item No. 40 to determine the Excess Inventory Charges.
<b>Minimum Volume</b>	Represents the aggregate minimum quantity of Product(s) that Shipper guarantees to ship and take delivery of at destination during a designated time period which will allow that Shipper to qualify for specific volume incentive rates as set forth in Item Nos. 210 thru 230, inclusive.
<b>Month</b>	Means a calendar month.
<b>Petroleum Products</b>	<p><b>Motor Fuels</b> -- Includes finished and subgrade gasoline grades subject to Item No. 80 of this tariff.</p> <p><b>Distillates</b> -- Includes diesel fuel, ULSD and petroleum distillates subject to Item No. 80 of this tariff.</p> <p><b>Jet Fuel</b> -- Refers to fungible Jet-A turbine fuel subject to Item No. 80 of this tariff.</p>

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## GENERAL RULES & REGULATIONS (Continued)

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**ITEM NO. 5 (Continued)****A List of Definitions**


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<b>Product(s)</b>	When mentioned in this tariff, represents individually and collectively, Petroleum Products and Unfinished Gasoline.
<b>Regular Capacity</b>	Means pipeline capacity available.
<b>Shipment(s)</b>	Includes both Brand Shipment and Common Shipment transported under the terms and conditions of this tariff.
<b>Shipper(s)</b>	All shippers who transport Product under the terms and conditions of this tariff, with and without an Agreement.
<b>Tender Deductions</b>	Refers to the deduction to delivered volumes as set forth in Item No. 55 of this tariff.
<b>ULSD</b>	Includes ultra low sulfur diesel subject to Item No. 80 of this tariff.
<b>Unfinished Gasoline</b>	Subject to the approval of the Carrier, includes natural gasoline, condensate, raffinate, straight-run gasoline, naphtha and similar Products subject to Item No. 80 of this tariff.

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**ITEM NO. 10****Application of Rates for Intermediate Points**


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For Shipments accepted for transportation from any origin not named in this tariff to a destination named in this tariff, the rate for such shipment shall be the rate specified herein from the closest named origin to such named destination to which such unnamed origin would be an intermediate point.

For Shipments accepted for transportation from an origin named in this tariff to any destination not named in this tariff, the rate for such shipment shall be the rate specified herein from the named origin to the closest named destination to which such unnamed destination would be an intermediate point.

For Shipments accepted for transportation, an origin not named in this tariff to a destination not named in this tariff, the rate for such shipment shall be the rate specified herein from the closest named origin to the closest named destination to which such unnamed origin and unnamed destination are intermediate points.

Carrier will file a tariff publication applicable to the transportation movement within thirty (30) days of the start of the service if the intermediate point is to be used on a continuous basis for more than thirty (30) days.

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**GENERAL RULES & REGULATIONS (Continued)**

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**ITEM NO. 20****Claims, Time for Filing**

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As a condition precedent to recovery, claims must be made in writing to Carrier within nine (9) Months after receipt of delivery of the Shipment, or in case of a failure to make delivery, then within nine (9) Months after a reasonable time for delivery has elapsed. Suit against Carrier must be instituted by Shipper or its consignee 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 for loss or damage are not filed or suits are not instituted thereon in accordance with the foregoing provisions, such claims will not be paid, and Carrier shall not be liable therefor.

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**ITEM NO. 25****Facilities Required at Origins & Destinations**

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Shipments will be accepted for transportation hereunder only when:

a. Shipper has provided facilities satisfactory to Carrier capable of delivering Product at the origins at pressures and volumetric flow levels required by Carrier, and

b. Shipper or consignee has provided the necessary facilities at destination for receiving such Shipments without delay at pressures and at volumetric flow levels required by Carrier.

Carrier will not handle at any one point in time more than three (3) types or grades of Product at the McRae, Arkansas facilities for deliveries to destinations under this tariff, unless Carrier has sufficient facilities at McRae, Arkansas to accommodate more than three (3) types or grades of Product.

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**ITEM NO. 35****Identity of Shipments and Commingling**

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Except for Brand Shipments, Product transported through Carrier's facilities for Shippers will be intermixed with substantially similar Products and shall be subject to changes in quality and other characteristics as may result from such intermixing. Except for Brand Shipments, Shipper shall not be entitled to receive the same Product tendered by it to Carrier under this tariff.

Subject to the foregoing, Carrier will reasonably endeavor to maintain the identity of Brand Shipments of Products.

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**ITEM NO. 40****In System Inventory Allowed**

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In order to accommodate the needs of all Shippers and to keep the pipeline system from becoming congested, Carrier will limit the level of inventory of Common Shipments that each Shipper is allowed to maintain in the system pursuant to Carrier's then current publication, "In System Inventory Allowed Policy", dated May 14, 2010, as such may be modified from time to time. A copy of this document is available upon request from the tariff compiler referenced on the title page of this tariff.

When an Excess Inventory Charge is to be assessed pursuant to Carrier's aforementioned "In System Inventory Allowed Policy", Shipper will be assessed an Excess Inventory Charge determined by multiplying the Excess Inventory Charge Rate times the difference between the Shipper's end of Month Average Inventory and the Shipper's Allowed Inventory.

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**ITEM NO. 45****Jet Fuel Filtration**

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Carrier does not warrant nor in any way represent to Shipper that Jet Fuel as delivered by Carrier is suitable or otherwise fit for use in the operation of any aircraft. Carrier disclaims any and all warranties, express, implied or statutory, as to the Jet Fuel including but not limited to its merchantability or fitness for a particular purpose. Shipper shall have the ultimate responsibility for the filtration of Jet Fuel and not Carrier. Furthermore, Shipper shall have complete responsibility to provide all necessary tankage and filter facilities to assure that Jet Fuel is suitable for aircraft consumption.

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**GENERAL RULES & REGULATIONS (Continued)**

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**ITEM NO. 50****Liability of Carrier**

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Carrier shall not be liable for any loss or delay of, or damage to Products in or formerly in its possession caused by an act of God, public enemy, quarantine, authority of law, strike, riot, fire, flood, or act or default of Shipper or consignee, or for any other cause not due to the sole negligence of Carrier, whether similar or dissimilar to the causes herein enumerated; in such cases, except when Products involved in such loss are part of a Common Shipment, the owner of the Products shall stand the loss without a right to recourse against Carrier. In case the Product involved is part of a Common Shipment, the owner shall stand the loss from Carrier in the same proportion as the amount accepted for transportation and actually in Carrier's custody bears to the whole of the Common Shipment of all other Shippers participating in the Common Shipment from which loss occurs. The owner of such Product shall be entitled to receive only such portion of its Common Shipment as is left after deducting the due proportion of the loss as determined above.

Carrier shall not be liable for discoloration, commingling, contamination or deterioration of Product transported unless such discoloration, commingling, contamination or deterioration is caused by the sole negligence of Carrier. Normal commingling which occurs between Batches may be divided as equitably as practicable among Shippers participating in the Batches causing the commingling.

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**ITEM NO. 55****Measurement and Deductions**

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Quantities of Product received and delivered shall be determined by dynamic or static measurement methods in accordance with appropriate American Petroleum Institute (API) standards, latest revision, and adjusted to base (reference or standard) conditions. The base conditions for the measurement of liquids having a vapor pressure equal to or less than atmospheric pressure at base temperature are as follows: pressure - 14.696 psia and temperature - 60° F. Shipper may have the privilege of being present or represented at the time of measurement.

Except as provided in Item No. 50 of this tariff, Carrier will be accountable for delivery at any destination, excluding Des Plaines, Illinois, of one hundred percent (100%) of the original Shipment tender to the origins.

Except as provided in Item No. 50 of this tariff, Carrier will be accountable for delivery at Des Plaines, Illinois of ninety-nine and nine tenths percent (99.9%) of the original Shipment tendered to the origins. A deduction of one-tenth of one percent (0.1%) (the Tender Deduction) will be made to cover evaporation and other normal Product losses during transportation.

Shipper shall be responsible for product downgrades and/or interfaces.

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**ITEM NO. 60****Minimum Consignment**

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The minimum consignment of five thousand (5,000) Barrels of one Batch may be delivered to any destination other than West Memphis, Arkansas and Memphis (WesPac Pipeline), Tennessee;

The minimum consignment of twenty-five thousand (25,000) Barrels of one Shipment may be delivered to West Memphis, Arkansas;

The minimum consignment of twenty-five thousand (25,000) Barrels of one Shipment may be delivered to Memphis (WesPac Pipeline), Tennessee; provided that delivery of such consignment does not result in reducing the continuing Shipment below ten thousand (10,000) Barrels for movements in Carrier's 20" diameter pipeline or below ten thousand (10,000) Barrels for movements in Carrier's 16" diameter pipeline.

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**GENERAL RULES & REGULATIONS (Continued)**

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**ITEM NO. 65****Minimum Shipment**

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Except for movements to the destinations at Arcadia, Louisiana, Jonesboro and North Little Rock, Arkansas, the minimum quantity of a Shipment which will be accepted at points of origin, other than the Hebert and Houston, Texas origins on the Colonial Pipeline System and Clermont, Indiana, by Carrier shall be fifty thousand (50,000) Barrels, provided, however:

a. Common Shipments will be accepted by Carrier in tender of not less than ten thousand (10,000) Barrels when the total of the tenders of a Common Shipment at one particular time will make a Batch of fifty thousand (50,000) Barrels or more of like characteristics at the point of origin;

b. To the extent compatible with the efficient and economic use and operation of Carrier's facilities and pursuant to Shipper's request, Brand Shipments will be accepted in tenders and moved in a Batch of not less than ten thousand (10,000) Barrels;

c. Shipper requesting a Brand Shipment shall be responsible for any commingling of Brand Shipments and Common Shipments resulting from the movement of such Batch; and

The minimum quantity of a Common Shipment which will be accepted at the Hebert and Houston, Texas origins on the Colonial Pipeline System shall be twenty-five thousand (25,000) Barrels. Brand Shipments will not be accepted at the Hebert and Houston, Texas origins on the Colonial Pipeline System.

The minimum quantity of Petroleum Products which will be accepted at Clermont, Indiana by Carrier is twenty thousand (20,000) Barrels, provided, however, that to the extent compatible with the efficient and economic use and operation of Carriers facilities and pursuant to Shipper's request, Brand Shipment will be accepted in tenders and moved in a Batch of not less than ten thousand (10,000) Barrels. Shipper shall be responsible for any commingling of the Brand Shipments with Common Shipments resulting from the movement of such Batch.

For movements to the destinations at Arcadia, Louisiana, Jonesboro and North Little Rock, Arkansas, the minimum quantity of Shipment which will be accepted by Carrier at origin shall be ten thousand (10,000) Barrels.

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**ITEM NO. 70****Non-Compatible Product Handling**

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Shipper will be responsible for any Product that is delivered to Carrier at any origin that does not meet the certificate requirements as set forth in Item No. 135 (Testing). Carrier will elect one of the following options to handle the non-compatible Product: (1) Shipper will remove the non-compatible Product or (2) Shipper shall pay a penalty in the amount of [U]twenty (20¢) cents per gallon for reprocessing the non-compatible Product or 3) Shipper shall pay Carrier actual cost for the disposal plus handling and maintenance charges associated with the disposal of the non-compatible Product.

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**GENERAL RULES & REGULATIONS (Continued)**

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**ITEM NO. 75****Payment of Transportation and Other Charges**

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The transportation charges and all other charges accruing on Products accepted for transportation under this tariff shall be based on the applicable rates contained in other tariffs referencing this tariff.

Carrier may require that all payments to Carrier for services pertaining to the transportation of Products be wire transferred in accordance with the instructions on the Carrier's invoice to Shipper.

In the event Carrier determines that the financial condition of a Shipper or Shipper's guarantor (if any) is or has become impaired or unsatisfactory or Carrier determines it is necessary to obtain security from a Shipper, Carrier, upon notice to Shipper, will require any of the following prior to Carrier's delivery of Shipper's Products in Carrier's possession or prior to Carrier's acceptance of Shipper's Products: (1) prepayment of all charges by wire transfer and shall be held by the Carrier without interest accruing thereon until credited to Shipper, (2) a letter of credit at Shipper's expense in favor of Carrier in an amount sufficient to ensure payment of all such charges and, in a form, and from an institution acceptable to Carrier, or (3) a guaranty in an amount sufficient to ensure payment of all such charges, and in a form, and from a third party acceptable to Carrier. 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.

Carrier shall have a lien on all Products in its possession belonging to Shipper to secure the payment of charges due by said Shipper and may withhold such Products from delivery until all of such unpaid charges shall have been paid. If such charges shall remain unpaid for ten (10) days after notice of readiness to deliver, or if Shipper has less than five thousand (5,000) gallons of Products in Carrier's system which Shipper fails to remove after ten (10) days' notice from Carrier, Carrier shall have the right to sell said Products at public or private sale. Carrier may be a bidder and purchaser at such sale. From the proceeds of such sale, Carrier may pay itself all charges lawfully accruing and all expenses of such sale, and the balance remaining, if any, shall be held for whomsoever may be lawfully entitled thereto.

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**ITEM NO. 80****Product Acceptable**

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Carrier reserves the right to reject any Products under this tariff which would have a potential adverse effect on any Product Shipments or otherwise disrupt the efficient use of Carrier's facilities. Products tendered by Shipper pursuant to this tariff for movement as part of a Common Shipment shall meet the specifications for the individual Product as set forth in Carrier's then current product specification dated May 14, 2010, which shall be modified or substituted from time to time and at any time. A copy of this document is available upon request from the tariff compiler referenced on the title page of this tariff.

Subject to these General Rules & Regulations, Product as herein defined will be accepted for transportation at the origins at such time as Products of similar quality and specifications are currently being transported or Carrier is scheduling such Products for Shipment from such origins to destination in accordance with Carrier's sequence of pumping.

Products which will be accepted hereunder are only those having an API Gravity of not less than 30° and not more than 90°, a vapor pressure of not more than 11 pounds per square inch absolute at the storing temperature, a temperature on receipt of not more than 100° F, viscosity not greater than 40 seconds Saybolt Universal and a color not darker than 2.5 ASTM. Any blending components other than pure hydrocarbons must be approved by Carrier.

Shippers requesting Product to be moved as a Brand Shipment may be required to furnish buffer material in reasonable amounts and quantities satisfactory to Carrier for Shipments of Products. When Shipper is required under this item to provide buffer material for the Shipments of Products, Shipper will pay the same rate for the transportation of such buffer material as is the tariff rate applicable to the transportation of the Products the buffer material is being utilized to buffer.

Shipper may be required by Carrier to inject oil-soluble corrosion inhibitors acceptable to Carrier in the Products to be transported. Carrier, for corrosion protection, may inject corrosion inhibitors, and Products containing such inhibitors shall be accepted by Shipper or consignee of Shipper at destination.

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**GENERAL RULES & REGULATIONS (Continued)**

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**ITEM NO. 85****Product Disposition If No Facilities Provided at Destination**

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In the event Shipper is unable to have Product delivered to it hereunder at destination, as a result of any cause, Carrier agrees to reasonably cooperate with Shipper with respect to Shipper's disposal of such Product in Carrier's facilities; provided, however, if Shipper fails to make provisions for such disposal, Carrier shall have the right, at Shipper's sole cost and expense and for Shipper's account, to dispose of any such Product at the best commercial price then available under existing circumstances in order to free Carrier's facilities.

Carrier shall not be liable to Shipper or its consignee because of such disposition, and Shipper or its consignee shall pay for all costs thereof, the same as if Shipper or its consignee had requested or authorized such disposition.

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**ITEM NO. 90****Product Involved In Litigation or Encumbered**

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Carrier shall have the right to reject any Product, when offered for transportation, which may be involved in litigation, or the title of which may be in dispute, or which may be encumbered by lien or charge of any kind, and Carrier may require of Shipper satisfactory evidence of perfect and unencumbered title or satisfactory indemnity bond to protect Carrier against any and all losses.

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**ITEM NO. 95****Proration of Pipeline Capacity**

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When quantities of Product greater than can be transported are offered to Carrier for Shipment through Carrier's facilities, Carrier shall allocate available transportation on an equitable basis to all Shippers' pursuant to Carrier's then current proration policy dated May 14, 2010. A copy of this document is available upon request from the tariff compiler referenced on the title page of this tariff.

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**ITEM NO. 100****Reconsignment**

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If no out-of-line or back-haul movement is required, Shipper may, on forty-eight (48) hours' written notice to Carrier, and subject to (i) the applicable rate from point of origin to final destination, (ii) Carrier's pumping schedule and (iii) all other General Rules & Regulations herein, reconsign any Shipment or portion of any Shipment to destinations named in lawful tariffs applying on Products issued by or concurred in by Carrier, provided that such Product so reconsigned shall meet the applicable minimum consignment rules for such destination.

In the event Shipper or its consignee does not have adequate facilities available to receive Products from the line without delay at the time any Shipment or portion thereof arrives at a destination to which it is consigned, Carrier will reconsign said Shipment or any undelivered portion thereof to a destination where facilities are available to receive it and Carrier shall not be liable for any damage, loss in transit, or loss in storage which may occur by reason of such reconsignment. Such reconsignment shall have the same effect as though requested by Shipper and Shipper shall pay transportation charges and all other charges from point of origin to actual final destinations.

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**ITEM NO. 110****Separate Pipeline Agreements**

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Separate agreements, if applicable, in association with pipeline connections or other facilities ancillary to the Carrier's pipeline system and in accordance with this tariff shall be required of any Shipper or consignee before any obligation to provide transportation shall arise.

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**GENERAL RULES & REGULATIONS (Continued)**

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**ITEM NO. 125****Tax Registration**

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Shipper and its consignors and consignees shall be required to provide Carrier with proof of registration with or tax exemption from the appropriate Federal and/or State tax authorities related to the collection and payment of fuels excise tax or other similar taxes, levies or assessments. Shipper and its consignors and consignees shall further be required to immediately notify Carrier of any changes in their registration or tax exemption status. 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. 75.

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**ITEM NO. 130****Tenders**

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Carrier shall not be obligated to accept tenders for transportation of Products during any Month unless the Shipper shall, on or before the fifth (5th) day of the preceding Month, notify the Carrier in the Transport 4 ® website (www.transport4.com) or any other form of communication reasonably requested by Shipper which can be accommodated by Carrier, of the quantity of such Product which it desires to deliver at origin. [N] Carrier will cease to accept nominations for the following services after June 1, 2013: (a) interstate transportation of Distillates in Item Nos. 210, 220 and 230 (Volume Incentive Rates) and Item No. 310 (Non-Incentive Rates), and (b) interstate transportation of Jet Fuel in Item No. 230 (Volume Incentive Rates) and Item No. 320 (Non-Incentive Rates). Carrier will continue to provide jet fuel service under its separate FERC Tariff No. 58.0.0 and reissues thereof from Lima, Ohio to the Cincinnati Airport. Notwithstanding the preceding paragraph, if requested by Carrier, Shipper shall furnish Carrier with a schedule of the expected deliveries of Products at origin and withdrawals at destination, setting forth Shipper's best estimate of daily rate of deliveries and withdrawals, and dates on which such deliveries and withdrawals shall commence. Acceptance of such schedule shall not constitute an obligation on the part of Carrier to meet such schedule.

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**ITEM NO. 135****Testing**

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Shipper shall furnish Carrier with a certificate setting forth in detail specifications of each Shipment of Products offered for transportation under the this tariff, and Shipper shall be liable for any contamination or damage to other Products being transported, or to Carrier's pipeline or other facilities in the event the Products tendered and shipped include blending components other than pure hydrocarbons that have not been approved by Carrier, or substandard to the specifications stated in Shipper's certificate. Carrier may-- but shall not be required to--sample and/or test any Shipment prior to acceptance or during receipt of Shipment, and in the event of variance between said certificate and Carrier's test, Carrier's test shall prevail as to the specifications of Products received.

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## VOLUME INCENTIVE RATES (In Cents-per-bbl.) (Continued)

**ITEM NO. 210****Incentive Rates for Jonesboro Destination****[U] All rates in this item are unchanged.**

PRODUCT	DESTINATION	ORIGIN									
		Baytown (Harris Co., TX)	Beaumont (Jefferson Co., TX)	El Dorado (Union Co., AR)	Hebert (1) (Beaumont - Port Arthur) (Jefferson Co., TX)	Houston (1) (Pasadena) (Harris Co., TX)	Pasadena (Harris Co., TX)	Port Neches (Jefferson Co., TX)	Red Bluff (Harris Co., TX)	Shreveport (Caddo Parish, LA)	Texas City (Galveston Co., TX)
Motor Fuel	Jonesboro (P) (Lawrence Co., AR)	155.57	152.86	123.18	176.19	158.31	158.31	155.57	161.03	152.60	158.31
Distillate		161.40	158.69	129.01	182.03	164.13	164.13	161.40	166.85	158.43	164.13

**TERMS AND CONDITIONS**

Rates, terms and conditions set forth in this item, supplements to and successive issues thereof will apply to Shipments of any Shipper agreeing in writing to have transported a volume of one million eight hundred twenty five thousand (1,825,000) Barrels of Petroleum Products (Minimum Volume), for an Agreement Period, from the origins to the destination for rates contained in this tariff, during the Agreement Term, counting from the effective date of the Agreement--subject to the following terms and conditions:

a) If at the end of such Agreement Period the volume of Petroleum Products shipped by Shipper is less than the Minimum Volume, Shipper shall pay Carrier within fifteen (15) days, [U]one dollar and twenty cents (\$1.20) times the number of Barrels Shipper is deficient. Such amount will be considered by Carrier as prepaid transportation, shall not bear interest, and will be credited to Shipper at the rate of [U] sixty cents (60¢) per Barrel against transportation charges on future volumes of Petroleum Products that Shipper may elect to ship to such destination from such origins for a period of twelve (12) Months after the Agreement Term or until the prepaid transportation is fully credited to Shipper, whichever comes first. However, if Shipper elects to enter into a new shipment agreement under this tariff for the yearly period immediately following the Agreement Term, then the foregoing prepaid transportation shall be credited to Shipments under such agreement, but only after the Minimum Volume for such year has been shipped.

(b) If during an Agreement Period, Carrier is unable to transport all of the volume offered for Shipment by Shipper (within the limitations of the Agreement and this tariff) and Shipper thereby fails to comply with the Minimum Volume obligation, then such volume, which Carrier was unable to transport, shall be deemed to be shipped for the purpose of determining compliance by Shipper of its Minimum Volume obligation; provided that Shipper gives Carrier written notice within thirty (30) days after the end of the Agreement Period.

**VOLUME INCENTIVE RATES (In Cents-per-bbl.) (Continued)**

**ITEM NO. 220**

**Incentive Rates for Memphis (Lion Oil Terminal) Destination**

**[U] All rates in this item are unchanged.**

PRODUCT	DESTINATION	ORIGIN
		El Dorado (Union Co., AR)
Motor Fuel	Memphis (Lion Oil Terminal) (Shelby Co., TN)	100.1
Distillate		104.4
Unfinished Gasoline		121.1

**TERMS AND CONDITIONS**

Rates set forth in this item will apply to Shipments of Product of any Shipper that agrees to in writing to transport a Minimum Volume of four million (4,000,000) Barrels of Product during an Agreement Period, subject to the following rules and regulations:

a. If the volume of Product shipped by Shipper and delivered at destination during an Agreement Period is less than the Minimum Volume, Shipper shall pay to Carrier within fifteen (15) days after the end of the Agreement Period a deficiency charge of [U]seventy and five tenths cents (70.5¢) times the number of Barrels that Shipper is deficient. Any deficiency charge paid by Shipper shall be considered by Carrier as prepaid transportation, shall not bear interest, and will be credited to Shipper at the prepaid rate of [U]seventy and five tenths cents (70.5¢) per Barrel against transportation charges on Product delivered to Shipper at destination under and during the continuance of this Agreement in any future Agreement Period after the Minimum Volume has been received by Shipper at destination for such future Agreement Period.

b. Upon termination of the Agreement between Carrier and Shipper, any prepaid transportation remaining payable to Shipper under the provisions set forth in this item, shall not be reimbursable except that for a period not to exceed twelve (12) Months thereafter or any other period mutually agreed to by Carrier and Shipper, Shipper shall have the right to a credit of [U]seventy and five tenths cents (70.5¢) per Barrel against the then effective non-incentive rate for Product shipped by Shipper over Carrier's facilities from the origin to destination, as set forth in this tariff, as long as any of the prepaid transportation has not been utilized. Carrier shall be under no obligation to reimburse Shipper if Shipper should have any such prepaid transportation remaining at the expiration of twelve (12) Month period or any other period mutually agreed to by Carrier and Shipper. Furthermore, any such shipment of Product after termination of the Agreement shall be subject to the terms and conditions of the then effective non-incentive tariff relating to such transportation of Product from the origin to the destination.



## VOLUME INCENTIVE RATES (In Cents-per-bbl.) (Continued)

## ITEM NO. 230

## Incentive Rates for Memphis (Wespac Pipeline) Destination

[U] All rates in this item are unchanged.

PRODUCT	DESTINATION	ORIGIN							
		Baytown (Harris Co., TX)	Beaumont (Jefferson Co., TX)	Hebert (1) (Beaumont - Port Arthur) (Jefferson Co., TX)	Houston (1) (Pasadena) (Harris Co., TX)	Port Neches (Jefferson Co., TX)	Red Bluff (Harris Co., TX)	Shreveport (Caddo Parish, LA)	Texas City (Galveston Co., TX)
Motor Fuel, Distillate & Jet Fuel	Memphis (WesPac Pipeline) (Shelby Co., TN)	147.4	145.3	163.3	165.4	147.4	151.6	145.1	149.5

### TERMS AND CONDITIONS

Rates set forth herein will apply to Shipments delivered to WesPac Pipeline at Memphis, Tennessee of Product of any Shipper that agrees to in writing to transport a total guaranteed volume obligation of eighty million four hundred and eighty one thousand (80,481,000) Barrels of Product for fifteen (15) successive Agreement Periods during an agreement term, subject to the following rules and regulations:

a. If the volume of Product shipped by Shipper and delivered at destination during an Agreement Period is less than the Minimum Volume as set forth in Table 1 below, Shipper shall pay to Carrier within thirty (30) days after the end of the Agreement Period a deficiency charge of [U]fifty cents (50¢) times the number of Barrels that Shipper is deficient. Any deficiency charge paid by Shipper shall be considered by Carrier as prepaid transportation, shall not bear interest, and will be credited to Shipper at the prepaid rate of [U] fifty cents (50¢) per Barrel against transportation charges on Product delivered to Shipper at destination under and during the continuance of this Agreement in any future Agreement after the Minimum Volume has been received by Shipper at destination for such future Agreement Period.

b. Upon termination of the Agreement between Carrier and Shipper, any prepaid transportation remaining payable to Shipper under the provisions set forth in paragraph a, shall not be reimbursable. Carrier shall be under no obligation to reimburse Shipper if Shipper should have any such prepaid transportation remaining at the expiration of Agreement. Furthermore, any such shipment of Product after termination of this Agreement shall be subject to the terms and conditions of any applicable tariff relating to such transportation of Product.

c. In the event Carrier is prevented from performing its obligation hereunder, due to a Force Majeure Event, the Minimum Volume obligation of Shipper shall abate in the same proportion as the inability of Carrier during the period of such Force Majeure. As used herein the terms "Force Majeure Event" and "Force Majeure" refers to, without limitation, acts of God; lockouts or other industrial disturbances; inability to obtain or delay in obtaining appropriate rights-of-way, permits, licenses, materials, supplies, or labor; acts of public enemy; wars; blockades; insurrection; riots; epidemics; landslides; lightning; earthquakes; fires; storms; floods; washouts; arrests; and restraints of governments and people; civil disturbances; explosions; breakage of or accidents to machinery; equipment or lines of pipe; freezing of lines of pipe; valid rules, regulations or orders of governments or governmental agencies; proration or allocation of any transportation of the Product; and other causes, whether of the same kind herein enumerated or otherwise, beyond the reasonable control of the party claiming such Force Majeure Event.

Shipper and Carrier shall enter into an Agreement prior to any delivery of Product under this tariff, which Agreement shall contain mutually acceptable and agreeable terms and conditions consistent with this tariff.

Table 1	
Agreement Period(s)	Minimum Volume
	(Barrels)
1	4,927,000
2	5,037,000
3	5,146,000
4	5,256,000
5	5,365,000
6 thru 15	5,475,000

## NON-INCENTIVE RATES (In Cents-per-bbl.)

ITEM NO. 300													
Non-Incentive Rates for Motor Fuel													
[U] All rates in this item are unchanged.													
DESTINATION	ORIGIN												
	Baytown (Harris Co., TX)	Beaumont (Jefferson Co., TX)	Clermont (Hendricks Co., IN)	Creal Springs - Centennial Pipeline (P)(4) (Marion Co., IL)	El Dorado (3) (Union Co., AR)	Hebert (1) (Beaumont - Port Arthur) (Jefferson Co., TX)	Houston (1) (Pasadena) (Harris Co., TX)	North Port Arthur (5) (Jefferson Co., TX)	Pasadena (Harris Co., TX)	Port Neches (Jefferson Co., TX)	Red Bluff (Harris Co., TX)	Shreveport (Caddo Parish, LA)	Texas City (Galveston Co., TX)
Arcadia (P) (Bienville Parish, LA)	125.23	123.30	--	--	--	155.01	156.95	137.72	125.23	123.30	127.49	--	125.23
Beaumont - Centennial Pipeline (Jefferson Co., TX)	125.23	115.1	--	--	--	134.5	136.7	--	125.23	117.4	127.49	--	125.23
Cape Girardeau (Scott Co., MO)	[F4] 224.0	[F4] 210.5	--	[F4] 56.18	[F4] 188.1	[F4] 229.8	[F4] 232.1	[F4] 223.4	[F4] 224.0	[F4] 212.7	[F4] 224.0	[F4] 210.3	[F4] 224.0
Chicago (Cook Co., IL)	[F1] 188.8	[F1] 175.0	120.8	67.71	[F1] 152.2	[F1] 194.8	[F1] 197.1	[F3] 188.2	[F1] 188.8	[F1] 177.3	[F1] 188.8	[F1] 174.8	[F1] 188.8
Griffith (Lake Co., IN)	[F1] 188.8	[F1] 175.0	120.8	67.71	[F1] 152.2	[F1] 194.8	[F1] 197.1	[F3] 188.2	[F1] 188.8	[F1] 177.3	[F1] 188.8	[F1] 174.8	[F1] 188.8
Indianapolis (Hendricks Co., IN)	246.47	234.9	--	64.87	212.5	254.2	256.5	247.8	250.35	237.1	250.35	234.7	255.37
Jonesboro (P) (Lawrence Co., AR)	202.46	199.10	--	--	162.33	227.99	205.84	215.24	205.84	202.64	209.23	198.78	205.84
Lebanon (Warren Co., OH) *	238.8*	225.2*	--	79.08*	202.9*	244.6*	246.8*	238.1*	238.8*	227.5*	238.8*	225.0*	238.8*
Lima (2) (Allen Co., OH) *	255.4*	241.9*	--	97.31*	219.5*	261.2*	263.5*	254.8*	255.4*	244.1*	255.4*	241.7*	255.4*
Memphis (Lion Oil Terminal) (Shelby Co., TN)	--	--	--	--	173.0	--	--	--	--	--	--	--	--
Memphis (WesPac Pipeline) (Shelby Co., TN)	216.8	203.3	--	--	--	222.6	224.9	216.2	--	205.5	216.8	203.1	216.8
Norris City (White Co., IL)	[F2] 216.9	[F2] 203.4	--	56.18	[F2] 181.0	[F2] 222.7	[F2] 225.0	[F3] 216.3	[F2] 216.9	[F2] 205.6	[F2] 216.9	[F2] 203.2	[F2] 216.9
North Little Rock (P) (Pulaski Co., AR)	170.02	167.86	--	--	138.20	203.19	205.52	184.00	170.02	167.86	172.19	167.32	170.02
Princeton (Gibson Co., IN)	[F2] 218.5	[F2] 205.0	--	56.90	[F2] 182.6	[F2] 224.4	[F2] 226.6	[F3] 217.9	[F2] 218.5	[F2] 207.3	[F2] 218.5	[F2] 204.8	[F2] 218.5
Seymour (Jackson Co., IN)	[F2] 220.9	[F2] 207.4	--	57.75	[F2] 185.0	[F2] 226.7	[F2] 229.0	[F3] 220.3	[F2] 220.9	[F2] 209.6	[F2] 220.9	[F2] 207.2	[F2] 220.9
Shreveport Area Truck Rack (Bossier Parish, LA)	151.1	137.6	--	--	115.2	157.0	159.2	150.5	151.1	139.9	151.1	--	151.1
Speedway (Marion Co., IN)	246.47	234.9	--	64.87	212.5	254.2	256.5	247.8	250.35	237.1	250.35	234.7	255.37
West Memphis (Crittenden Co., AR)	216.8	203.3	--	--	171.1	222.6	224.9	216.2	216.8	205.5	216.8	203.1	216.8
Zionsville (Boone Co., IN)	246.47	234.9	--	64.87	212.5	254.2	256.5	247.8	250.35	237.1	250.35	234.7	255.37

**NON-INCENTIVE RATES (In Cents-per-bbl.)****ITEM NO. 310****Non-Incentive Rates for Distillate****[U] All rates in this item are unchanged.**

<b>DESTINATION</b>	<b>ORIGIN</b>												
	Baytown (Harris Co., TX)	Beaumont (Jefferson Co., TX)	Clermont (Hendricks Co., IN)	Creal Springs - Centennial Pipeline (P)(4) (Marion Co., IL)	El Dorado (3) (Union Co., AR)	Hebert (1) (Beaumont - Port Arthur) (Jefferson Co., TX)	Houston (1) (Pasadena) (Harris Co., TX)	North Port Arthur (5) (Jefferson Co., TX)	Pasadena (Harris Co., TX)	Port Neches (Jefferson Co., TX)	Red Bluff (Harris Co., TX)	Shreveport (Caddo Parish, LA)	Texas City (Galveston Co., TX)
Arcadia (P) (Bienville Parish, LA)	131.82	130.03	--	--	--	161.60	163.55	144.44	131.82	130.03	134.06	--	131.82
Beaumont - Centennial Pipeline (Jefferson Co., TX)	129.4	115.9	--	--	--	135.2	137.5	--	129.4	118.1	129.4	--	129.4
Cape Girardeau (Scott Co., MO)	[F4] 229.5	[F4] 216.0	--	[F4] 59.62	[F4] 193.6	[F4] 235.3	[F4] 237.6	[F4] 228.9	[F4] 229.5	[F4] 218.2	[F4] 229.5	[F4] 215.8	[F4] 229.5
Chicago (Cook Co., IL)	[F1] 188.8	[F1] 175.0	120.8	71.27	[F1] 152.2	[F1] 194.8	[F1] 197.1	[F3] 188.2	[F1] 188.8	[F1] 177.3	[F1] 188.8	[F1] 174.8	[F1] 188.8
Griffith (Lake Co., IN)	[F1] 188.8	[F1] 175.0	120.8	71.27	[F1] 152.2	[F1] 194.8	[F1] 197.1	[F3] 188.2	[F1] 188.8	[F1] 177.3	[F1] 188.8	[F1] 174.8	[F1] 188.8
Indianapolis (Hendricks Co., IN)	256.3	242.7	--	68.40	220.4	262.1	264.3	255.6	256.3	245.0	256.3	242.5	256.3
Jonesboro (P) (Lawrence Co., AR)	209.70	206.32	--	--	169.55	235.23	213.06	222.46	213.06	209.23	216.44	206.01	213.06
Lebanon (Warren Co., OH) *	246.7*	233.2*	--	86.25*	210.8*	252.5*	254.8*	246.1*	246.7*	235.4*	246.7*	233.0*	246.7*
Lima (2) (Allen Co., OH) *	260.4*	237.5*	--	100.85*	224.5*	266.2*	268.4*	259.7*	260.4*	249.1*	260.4*	246.6*	260.4*
Memphis (Lion Oil Terminal) (Shelby Co., TN)	--	--	--	--	173.0	--	--	--	--	--	--	--	--
Memphis (WesPac Pipeline) (Shelby Co., TN)	221.3	207.8	--	--	--	227.1	229.4	220.7	--	210.1	221.3	207.6	221.3
Norris City (White Co., IL)	[F2]223.1	[F2]209.5	--	59.74	[F2]187.2	[F2]228.9	[F2]231.1	[F3] 222.4	[F2] 223.1	[F2]211.8	[F2]223.1	[F2]209.3	[F2]223.1
North Little Rock (P) (Pulaski Co., AR)	177.55	175.21	--	--	145.74	210.53	212.71	191.35	177.55	175.21	179.40	174.69	177.55
Princeton (Gibson Co., IN)	[F2]225.1	[F2]211.6	--	60.47	[F2]189.2	[F2]230.9	[F2]233.2	[F3] 224.5	[F2] 225.1	[F2]213.8	[F2]225.1	[F2]211.3	[F2]225.1
Seymour (Jackson Co., IN)	[F2]229.1	[F2]215.5	--	61.31	[F2]193.2	[F2]234.9	[F2]237.1	[F3] 228.4	[F2] 229.1	[F2]217.8	[F2]229.1	[F2]215.3	[F2]229.1
Shreveport Area Truck Rack (Bossier Parish, LA)	155.4	141.9	--	--	119.5	161.2	163.5	154.8	155.4	144.2	155.4	--	155.4
Speedway (Marion Co., IN)	256.3	242.7	--	68.40	220.4	262.1	264.3	255.6	256.3	245.0	256.3	242.5	256.3
West Memphis (Crittenden Co., AR)	221.3	207.8	--	--	185.4	227.1	229.4	220.7	221.3	210.1	221.3	207.6	221.3
Zionsville (Boone Co., IN)	256.3	242.7	--	68.40	220.4	262.1	264.3	255.6	256.3	245.0	256.3	242.5	256.3

# NON-INCENTIVE RATES (In Cents-per-bbl.)(Continued)

## ITEM NO. 320

## Non-Incentive Rates for Jet Fuel

[U] All rates in this item are unchanged.

DESTINATION	ORIGIN											
	Baytown (Harris Co., TX)	Beaumont (Jefferson Co., TX)	Clermont (Hendricks Co., IN)	El Dorado (Union Co., AR)	Hebert (1) (Beaumont - Port Arthur) (Jefferson Co., TX)	Houston (1) (Pasadena) (Harris Co., TX)	North Port Arthur (5) (Jefferson Co., TX)	Pasadena (Harris Co., TX)	Port Neches (Jefferson Co., TX)	Red Bluff (Harris Co., TX)	Shreveport (Caddo Parish, LA)	Texas City (Galveston Co., TX)
Chicago (Cook Co., IL)	[F1]198.4	[F1] 185.8	110.2	--	[F1] 203.8	[F1] 205.9	[F3] 197.8	[F1] 198.4	[F1]187.9	[F1]198.4	[F1]185.6	[F1]198.4
Cincinnati/Northern Kentucky International Airport (Kenton Co., KY) *	308.3*	301.3*	--	--	320.7*	322.9*	314.2*	308.3*	303.6*	308.1*	301.1*	308.3*
Des Plaines (J) (Cook Co., IL)	231.35	218.75	--	--	236.75	238.85	--	231.35	220.85	231.35	218.55	231.35
Griffith (Lake Co., IN)	[F1] 198.4	[F1] 185.8	110.2	--	[F1] 203.8	[F1] 205.9	[F3] 197.8	[F1] 198.4	[F1]187.9	[F1]198.4	[F1]185.6	[F1]198.4
Indianapolis (Hendricks Co., IN)	256.3	242.7	--	--	262.1	264.3	255.6	236.9	245.0	256.3	242.5	256.3
Lebanon (Warren Co., OH) *	246.7*	233.2*	--	--	252.5*	254.8*	246.1*	246.7*	235.4*	246.7*	233.0*	246.7*
Lima (2) (Allen Co., OH) *	260.4*	246.8*	--	--	266.2*	268.4*	259.7*	260.4*	249.1*	260.4*	246.6*	260.4*
Memphis (WesPac Pipeline) (Shelby Co., TN)	232.1	218.5	--	--	237.9	240.2	231.4	--	220.8	232.1	218.3	232.1
North Little Rock (P) (Pulaski Co., AR)	177.55	175.21	--	145.74	210.53	212.71	191.35	177.55	175.21	179.40	174.69	177.55
Speedway (Marion Co., IN)	256.3	242.7	--	--	262.1	264.3	255.6	236.9	245.0	256.3	242.5	256.3
Zionsville (Boone Co., IN)	256.3	242.7	--	--	262.1	264.3	255.6	236.9	245.0	256.3	242.5	256.3

**NON-INCENTIVE RATES (In Cents-per-bbl.)(Continued)**

**ITEM NO. 330**

**Non-Incentive Rates for Unfinished Gasoline**

[U] All rates in this item are unchanged.

DESTINATION	ORIGIN	
	Mont Belvieu (Chambers Co., TX)	Red Bluff (Harris Co., TX)
Chicago (Cook Co., IL)	[F1] 193.4	--
Griffin (Posey Co., IN)	206.7	--
Griffith (Lake Co., IN)	[F1] 193.4	--
Princeton (Gibson Co., IN)	[F2]186.0	200.0

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## **SUSPENSION NOTICE**

### **Applies to Suspended FERC Tariff No. 55.11.0**

Issued under authority of 18 CFR § 341.4(f) and in compliance with the Order of the Federal Energy Regulatory Commission in Docket No. IS12-203-000 issued April 13, 2012.

By Order of the Federal Energy Regulatory Commission, Tariff No. 55.11.0 issued by Enterprise TE is accepted and suspended, to become effective November 16, 2012, subject to refund. See below for the ordering paragraph.

### **UNITED STATES OF AMERICA FEDERAL ENERGY REGULATORY COMMISSION**

Docket No. IS12-203-000  
Order Accepting and Suspending Tariff Records  
Subject to Refund and Conditions  
(Issued April 13, 2012)

The Commission orders:

(A) Pursuant to the authority contained in the Interstate Commerce Act, particularly section 15(7) thereof, Enterprise's FERC Tariff Nos. 54.15.0 and 55.11.0 are accepted for filing and suspended, to become effective November 16, 2012, subject to refund, hearing procedures, and to further order of the Commission.

(B) Pursuant to the authority contained in the Interstate Commerce Act, particularly sections 15(1) and 15(7) thereof, and the Commission's regulations, a hearing is established to address the issues raised by Enterprise's filing.

(C) A Presiding Administrative Law Judge (ALJ) to be designated by the Chief Administrative Law Judge, for the purpose pursuant to 18 C.F.R. § 375.302 (2011), shall convene a prehearing conference in this proceeding to be held within twenty (20) days of the issuance of this order in a hearing or conference room of the Federal Energy Regulatory Commission, 888 First Street, NE, Washington, DC 20426. The prehearing conference shall be held to clarify positions of the participants, and for the ALJ to establish any procedural dates for the hearing. The ALJ is authorized to conduct further proceedings pursuant to this order and the Commission's Rules of Practice and Procedure.

By the Commission.

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## **ROUTE DIRECTORY**

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Rates in tariff apply via all routes made by use of Carrier's lines and via use of CPL lines from Hebert (Beaumont - Port Arthur) and Houston (Pasadena), Texas to Beaumont, Texas.

Via Enterprise TE's lines from all \*origins to Argo, Illinois; Thence, from Argo, Illinois via Wood River lines to Des Plaines, Illinois.

\* Hebert and Houston, Texas are CPL origins.

From Creal Springs, Illinois via use of Carrier's lines to Chicago and Norris City, Illinois; Griffith, Indianapolis, Princeton and Seymour, Indiana; Cape Girardeau, Missouri and Lebanon and Lima, Ohio.

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## EXPLANATION OF ABBREVIATIONS

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<b>API</b>	American Petroleum Institute
<b>API Gravity</b>	Gravity determined in accordance with ASTM Designation D287-67 and revisions thereof.
<b>ASTM</b>	American Society for Testing and Materials.
<b>ASTM Color</b>	Color determined by the ASTM (color of petroleum products Method ASTM Designated D1500-68 and D156-68 and revisions thereof).
<b>Bbl.</b>	Barrel
<b>CFR</b>	Code of Federal Regulations
<b>CPL</b>	Colonial Pipeline Company
<b>Co.</b>	County
<b>F</b>	Fahrenheit
<b>FERC</b>	Federal Energy Regulatory Commission
<b>No.</b>	Number
<b>psia</b>	Pounds per square inch absolute
<b>&amp;</b>	And
<b>¢</b>	Cents
<b>°</b>	Degrees
<b>\$</b>	Dollars
<b>%</b>	Percent
<b>§</b>	Section

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## EXPLANATION OF REFERENCE MARKS

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- (1) Denotes CPL origin.
- (3) Carrier's pipeline between Shreveport, Louisiana and El Dorado, Arkansas will generally accommodate eastbound shipments. Tenders for westbound shipments of Petroleum Products from El Dorado, Arkansas to Shreveport, Louisiana will only be accepted once all tenders have been accepted for the eastbound shipments.
- (4) Carrier's pipeline between Cape Girardeau, Missouri and Creal Springs, Illinois will generally accommodate northbound shipments. Tenders for southbound shipments of Petroleum Products from Creal Springs, Illinois to Cape Girardeau, Missouri will only be accepted once all tenders have been accepted for the northbound shipments.
- (5) North Port Arthur origin is the interconnect between Enterprise Refined Products Company LLC's North Port Arthur storage facility and Enterprise TE.
- [F1] Section Four rates, fourth section application dated March 14, 2003, effective April 14, 2003.
- [F2] Section Four rates, fourth section application dated May 14, 2010, effective June 14, 2010.
- [F3] Section Four rates, fourth section application dated March 21, 2011, effective April 1, 2011.
- [F4] Section Four rates, fourth section application dated March 16, 2012, effective April 16, 2012.
- (J) Joint rates in connection with Wood River Pipe Lines LLC.
- (P) Rates for the applicable origin(s) or destination(s) are not market based. All other rates are market based.
- \* The pipeline system is out of service.
- [C] Cancel.
- [N] New.
- [U] Unchanged rate.
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FERC rendition of the electronically filed tariff records in Docket No. IS13-00265-000

Filing Data:

CID: C000775

Filing Title: Nomination Changes - Distillates and Jet

Company Filing Identifier: 73

Type of Filing Code: 830

Associated Filing Identifier:

Tariff Title: Tariffs

Tariff ID: 19

Payment Confirmation:

Suspension Motion:

Tariff Record Data:

Record Content Description, Tariff Record Title, Record Version Number, Option Code:

Rates, Rules & Regs - RP, FERC No. 55.28.0, 55.28.0, A

Record Narrative Name:

Tariff Record ID: 3

Tariff Record Collation Value: 25165824 Tariff Record Parent Identifier: 0

Proposed Date: 2013-06-01

Priority Order: 1000000000

Record Change Type: CHANGE

Record Content Type: 2

Associated Filing Identifier:

This is a PDF section and we cannot render PDF in a RTF document.

Document Content(s)

Enterprise TE - 55.28 Transmittal Letter.PDF.....1-2

Enterprise TE\_55.28.0\_CLEAN.PDF.....3-22

FERC GENERATED TARIFF FILING.RTF.....23-23

**PUBLIC VERSION****UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION****Enterprise TE Products Pipeline Company LLC     )     Docket No. IS12-203-000****EXPEDITED REVIEW REQUESTED****JOINT EXPLANATORY STATEMENT REGARDING  
OFFER OF SETTLEMENT**

Pursuant to Rule 602 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.602 (2005), this Offer of Settlement is jointly submitted by Enterprise TE Products Pipeline Company LLC ("Enterprise TE"), the Propane Group (the members of which are identified in Appendix A), the Refined Products Group (the members of which are also identified in Appendix A), BP Products North America, Inc., CITGO Petroleum Corporation, Phillips 66 Company, Inergy Propane LLC, MarkWest Hydrocarbon, Inc., and Murphy Oil USA, Inc., (collectively, the "Shipper Parties"). Through this Offer of Settlement, the Parties seek Commission approval of a Settlement Agreement ("Agreement") that was entered into on April 2, 2013. The Agreement resolves all matters at issue in Docket Nos. IS12-203-000. The Parties have circulated this Offer of Settlement to all active participants in the above-referenced proceedings, and they have all either indicated that they support or do not oppose the Offer of Settlement.<sup>1</sup>

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<sup>1</sup> In particular, Dominion Transmission, Inc. and Magellan Terminal Holdings, L.P. have authorized counsel for the Propane Group to represent that they do not oppose

As required by Rule 602(c), the Parties include the following in their Offer of Settlement:

- This Explanatory Statement
- A copy of the executed Agreement entered into among the Parties, including Appendices A-D to the Agreement (Attachment 1);
- A list of references to orders of the Commission relevant to an evaluation of this Offer of Settlement (Attachment 2); and
- A proposed Commission order approving the Offer of Settlement (Attachment 3)

Together, the Explanatory Statement and attachments constitute the Offer of Settlement. This Explanatory Statement is not part of the Agreement and is not intended to, and does not, in any respect supersede, modify or qualify the Agreement, which is controlling.

This Explanatory Statement discusses the background of the proceeding, requests approval of the Offer of Settlement and summarizes the provisions of the Agreement. The key features of the Agreement are: (1) establishment of new forward-looking rates for movements of refined petroleum products and natural gas liquids ("NGLs") on Enterprise TE's System; (2) resolution of previously filed and contested rates for movements of refined petroleum products and NGLs on Enterprise TE's System; and (3) stipulation as to the amount of payments to be made to the Shipper Parties in settlement of their protests. If the Commission issues a final order approving this Offer of

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the settlement. Thrifty Propane, Inc. and Solanco Propane and Heating have not responded to numerous communications regarding the settlement.

Settlement, including the Agreement, without modification or conditions, then the forward-looking rates will go into effect and the payments will be made in accordance with the Agreement. Enterprise TE will not change the agreed-upon rates for a period of two years except pursuant to the Commission's indexing methodology (as limited by the Agreement), and the Shipper Parties will not file any protest or complaint challenging any matter settled in the Agreement during the same two-year period.

## **I. BACKGROUND**

Enterprise TE owns and operates an interstate pipeline system regulated by the Commission under the Interstate Commerce Act ("ICA"). Enterprise TE transports refined petroleum products and NGLs under separate tariffs.

On March 16, 2012, Enterprise TE filed FERC Nos. 54.15.0 and 55.11.0 to increase certain rates for transportation of NGLs and refined petroleum products, respectively, effective on June 30, 2012. Protests were filed by the Propane Group, the Refined Products Group, BP Products North America, Inc., CITGO Petroleum Corporation, ConocoPhillips Company,<sup>2</sup> Inergy Propane LLC, MarkWest Hydrocarbon, Inc., Murphy Oil USA, Inc. and Thrifty Propane, Inc. Motions to Intervene were filed by Dominion Transmission, Inc. and Magellan Terminal Holdings, L.P. The Commission suspended the tariffs for seven months subject to refund and investigation in Docket No. IS12-203-000. *Enterprise TE Products Pipeline Co.*, 139 FERC ¶ 61,036 (2012),

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<sup>2</sup> On May 22, 2012, Phillips 66 Company filed a Notice to Substitute Party, taking the place of ConocoPhillips Company following the April 26, 2012 transfer of various assets and liabilities of ConocoPhillips to Phillips 66.

following which the Chief Judge set the matter for hearing. *See Enterprise TE Products Pipeline Co.*, Order of Chief Judge Designating Presiding Administrative Law Judge and Establishing Track III Procedural Time Standards, Docket No. IS12-203-000 (Apr. 16, 2012). On June 1, 2012, Enterprise TE filed Tariff Nos. 54.19.0 and 55.16.0, effective July 2, 2012, implementing index adjustments under the Commission's indexing regulations (docketed at IS12-437-000 and IS12-438-000, respectively).

Following the filing of direct, answering, and rebuttal written testimony, Enterprise TE and the Shipper Parties jointly moved to suspend the procedural schedule in order to allow them to continue settlement negotiations in an effort to resolve the issues that were set for hearing. *See Enterprise TE Products Pipeline Co.*, Joint Motion to Suspend Procedural Schedule, Docket No. IS12-203-000 (Jan. 11, 2013). That request was granted, *see Enterprise TE Products Pipeline Co.*, Order of Chief Judge Suspending Procedural Schedule for Thirty Days, Docket No. IS12-203-000 (Jan. 15, 2013); *Enterprise TE Products Pipeline Co.*, Order of Chief Judge Continuing Suspension of Procedural Schedule for an Additional Two Weeks, Docket No. IS12-203-000 (Feb. 19, 2013), ultimately resulting in the Parties' notice to the Chief Judge on March 1, 2013 that a settlement in principle had been reached. The Agreement and this Offer of Settlement are the product of that settlement in principle.

## II. REQUEST FOR APPROVAL

The purpose of this Offer of Settlement is to resolve all issues in Docket No. IS12-203-000. Upon Commission approval of this Offer of Settlement, including the

Agreement, and fulfillment of various conditions set forth in the Agreement, the protests will be withdrawn, and Docket No. IS12-203-000 will be terminated.

The Agreement resolves the matters at issue between Enterprise TE and the Shipper Parties primarily by establishing new refined petroleum products and NGL settlement rates on Enterprise TE's System ("Settlement Rates"), in place of the rates that are the subject of the protests in Docket No. IS12-203-000. The Agreement will become effective following a final Commission order approving the Agreement without modification or condition. The Agreement was negotiated as a package, and its terms are closely interrelated; therefore, if the Commission rejects any provision of the Agreement or conditions its approval on the modification of any term, the Agreement provides that Enterprise TE and the Shipper Parties each may withdraw from the Agreement.<sup>3</sup>

The Agreement is intended to resolve uncertainty and minimize the continued expenses of litigation in this proceeding. It also provides assurances to the Parties for at least two years with respect to the rates for the refined petroleum products and NGL movements at issue. The Commission should approve the Offer of Settlement, including the Agreement, as fair and reasonable and in the public interest.

### **III. SUMMARY OF AGREEMENT**

The Agreement contains the following principal terms:

Section I. This section and its related subparts define the parties to the Agreement.

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<sup>3</sup> For that reason, the Agreement also allows both Enterprise TE and members of the Shipper Group to withdraw from the Agreement in the event any comments opposing approval of the Agreement are filed with the Commission.

Section II. This section and its related subparts explain the events that transpired leading to the Agreement, as summarized above.

Section III. This section and its related subparts explain the terms of the Agreement.

Section III.A.1 provides that the Agreement will become effective (“Effective Date”) on the later of (a) the date upon which the Commission issues an order approving the Agreement without modification or condition or (b) if an objection to the Agreement is submitted to the Commission, the date on which the Commission issues a final order that approves the Agreement without modification or condition and is no longer subject to rehearing or judicial review (“Final Commission Order”). This section further provides that, if no objection to the Agreement is submitted to the Commission, then the Commission order approving the Agreement without modification or condition shall constitute the Final Commission Order.

Section III.A.2 states that the term of the Agreement is two years from the Effective Date described in Section III.A.1 (“Settlement Period”).

Section III.A.3 states that, based on the covenants and considerations set forth in the Agreement, and pursuant to 18 C.F.R. § 343.3(d), the protests are satisfied by the Agreement, and the consideration set forth in Section III.D is the Shipper Parties’ full, exclusive, and complete compensation concerning the Enterprise TE rates in effect during the Settlement Period. The Shipper Parties further agree that protests or complaints filed after the expiration of the term of the Agreement shall not challenge the terms of the Agreement or the actions of Enterprise TE taken in conformity with the Agreement



during the Settlement Period. The Shipper Parties, however, will not be prohibited from filing a protest or complaint concerning Enterprise TE operations or other matters not covered by the Agreement.

Section III.B incorporates into the Agreement a Conditional Notice of Withdrawal of Protests pursuant to 18 C.F.R. §§ 385.216 and 343.3(d), which will become effective when (a) the Effective Date of the Agreement is reached, (b) Enterprise TE submits a tariff placing the Settlement Rates into effect as provided in Section III.D.2 and (c) Enterprise TE provides written certification that it has made the Settlement Payments as provided in Section III.D.1. The Conditional Withdrawal is attached to the Agreement as Appendix B.

Section III.C.1 provides that the Parties shall urge the Commission to expeditiously approve the Agreement. Once approved, review of modifications to the Agreement, whether by the Commission *sua sponte* or at the request of the Parties unanimously, shall be under the ordinary just and reasonable standard. The standard of review for any modification of the Agreement at the request of one or more but less than all of the Parties shall be the most stringent standard permissible by law.

Section III.C.2 states that, if the Commission rejects the Agreement or approves it subject to material condition or modification, or if any other person files comments opposing the Agreement, any Party shall have the right to withdraw from the Agreement. If a Party withdraws, the Conditional Notice of Withdrawal will be void and will not prejudice the withdrawing Party's litigation position. Commission approval of

the Agreement by applying a standard other than “fair, reasonable, and in the public interest” will constitute a material modification of the Agreement.

Section III.C.3 provides that any Party may request rehearing of or petition a court to review any Commission order that rejects or imposes a material modification on the Agreement.

Section III.D.1 states that Enterprise TE shall make a Settlement Payment to each Shipper Party on or before the fifth business day after the Final Commission Order, as set forth in Appendix C. Appendix C, with individual attachments setting forth the Settlement Payments to be made to each Shipper Party, is being filed under seal. After May 1, 2013, to the extent Settlement Payments have not been made, the Settlement Payments shall reflect application of FERC interest from May 1, 2013, through the Effective Date. The Settlement Payments shall not be included in any future Enterprise TE cost-of-service filing or otherwise recovered from ratepayers.

Section III.D.2 states that, within two business days after the Effective Date (but in any event no later than effective May 1, 2013), Enterprise TE shall file tariffs containing new rates as shown in Appendix D (“Settlement Tariffs”). These new tariffs will be effective on the first day of the next calendar month following the Effective Date and become ceiling rate levels for the applicable index year under the Commission’s regulations in 18 C.F.R. § 342.3. Provided that the Settlement Tariffs are consistent with the Agreement, the Shipper Parties agree not to protest or intervene in support of any protest of the Settlement Rates or assist in the filing by others of such a protest or intervention. The Settlement Rates, as may be modified by Section III.D.4, shall remain

in effect for the remainder of the Settlement Period, and any action by the Commission in Docket No. OR11-6-000 will not change the Settlement Rates during the Settlement Period. If the Commission does not approve the Agreement, or if such approval does not occur before May 1, 2013, Enterprise may add a surcharge to the rates that become effective on May 1, 2013 to recover the revenue foregone as the result of the Commission's action. This surcharge will be subject to the same refund conditions that were established in the FERC's April 13, 2012 suspension order, *Enterprise Products TE Pipeline Co. LLC*, 139 FERC ¶ 61,036 (2012).

Section III.D.3 states that, during the Settlement Period, the Shipper Parties shall refrain from challenging Enterprise TE's rates subject to the Agreement in any form, and Enterprise TE shall refrain from changing its rates subject to the Agreement, except in accordance with the Agreement.

Section III.D.4 provides that Enterprise TE shall not seek to increase the Settlement Rates pursuant to the Commission's indexing regulations prior to an effective date of July 1, 2014, provided that Enterprise TE may at any time adjust any rate for any movement for which it has market-based rate authority as of March 16, 2012, and may do so without reference to the FERC indexing regulations. Any index filing that Enterprise TE makes to be effective on or after July 1, 2014 shall use the Settlement Rates as shown in Appendix C in establishing the ceiling rate levels and making any index adjustments. Any rate filing that Enterprise TE makes to be effective on or after July 1, 2014 through the end of the Settlement Period, including movements for which market-based rate

authority is sought in OR11-6-000, shall not include any amount reflecting the FERC index adjustments for the year beginning July 1, 2013 or any prior year.

Section III.D.5 explains that the Agreement does not resolve or establish any precedent regarding Enterprise TE's rates following the end of the Settlement Period, including whether the rates are lawful. Unless changed, the depreciation rates approved by the Commission at 15 FERC ¶ 62,281 (1981) shall continue to apply during and at the end of the Settlement Period. At the end of the Settlement Period, the Settlement Rates as indexed during the Settlement Period shall be deemed to establish the applicable ceiling rate levels for Enterprise TE's rates on the day following the end of the Settlement Period. Enterprise TE may not seek an increase of these ceiling rates after the Settlement Period on the basis of the rates in effect prior to the Effective Date of the Settlement Rates or on the basis of an index adjustment that would otherwise be permissible under Section 342.3 of the Commission's regulations before or during the Settlement Period, but for the limitation of the index adjustments provided for in the Agreement. Enterprise TE's rates resulting from the Agreement shall be deemed carrier-made rates and Enterprise TE shall be foreclosed from arguing that the *Arizona Grocery* doctrine, the Shipper Parties' agreement to the Agreement, the Commission's approval of the Agreement, or any other circumstance or principle creates any type of rate floor, refund floor, or otherwise bars or limits the rights of the Shipper Parties to have rates set, or obtain refunds based on rates, below the Settlement Rates, as indexed during the Settlement Period, for any period after the Settlement Period.

Section III.D.6 provides that Enterprise TE will notify the Shipper Parties when its 14”/16” pipeline currently used in South to North service is taken out of service, and that it will provide to the Shipper Parties certain information as set forth in this Section.

Section IV. This section and its related subparts concern the reservations and stipulations of the Parties.

Section IV.A states that the Agreement represents a fair and reasonable negotiated settlement in the public interest achieved under the auspices of the Commission and subject to Commission jurisdiction.

Section IV.B states that the provisions of the Agreement relate only to the matters specifically referred to in the Agreement, and that no Party waives any claim or right which it otherwise may have with respect to any matters not expressly provided for in the Agreement.

Section IV.C explains that the Agreement has been achieved on a “black box” basis without the endorsement or acceptance of how or whether any cost-of-service principles, rate design, or Commission policies are or should be applied and that the Agreement does not resolve or establish any precedent with regard to the legal status of Enterprise TE’s interstate rates following the Settlement Period.

Section IV.D provides that the Agreement will be governed by, and construed in accordance with, federal law to the extent applicable and otherwise in accordance with the laws of the State of Texas.

Section IV.E states that the Agreement may be executed in separate and identical counterparts.

Section V. This section and its related subparts concern representations made by the Parties.

Section V.A states that Enterprise TE releases the Shipper Parties, and any parties related to the Shipper Parties, from all liability through the Settlement Period relating to the rates subject to the Agreement. This release does not preclude Enterprise TE from enforcing the Agreement.

Section V.B states the Shipper Parties release Enterprise TE, and any parties related to Enterprise TE, from all liability through the Settlement Period relating to the rates subject to the Agreement. This release does not preclude a Shipper Party from enforcing the Agreement.

Section V.C explains that the Parties have read and understand the Agreement and are signing it voluntarily.

Section V.D states that the Agreement shall be binding on and inure to the benefit of the representatives, heirs, executors, administrators, devisees, successors, assigns, and legal representatives of all Parties hereto, as well as their respective officers, directors, partners, principals, and employees. The section also states that by signing the Agreement, the Parties each represent that they have full authority to bind themselves, their heirs, executors, administrators, devisees, successors, assigns, and legal representatives.

Section V.E provides that the Agreement may not be altered or amended except by agreement in writing signed by all the Parties hereto. The Section also states that the Commission retains the right to review any changes to the Agreement under the just and reasonable standard of the Interstate Commerce Act, although the Commission may approve the changes as fair and reasonable and in the public interest if the changes are uncontested.

Section V.F states that the Agreement constitutes the full, final, and complete settlement of the terms described herein.

Section VI. This section sets forth the following Appendices to the Agreement:

Appendix A Members of Propane Group and Refined Products Group

Appendix B Conditional Notice of Withdrawal and Protests

Appendix C Settlement Payments (**CONFIDENTIAL**)

Appendix D Settlement Tariffs (including Settlement Rates)

#### **IV. COMMENTS**

Comments on the Offer of Settlement should be filed in the above-captioned proceedings. The Parties are filing simultaneous herewith a motion to shorten the period for comments and reply comments on this Offer of Settlement.

#### **V. INFORMATION TO BE PROVIDED WITH SETTLEMENT AGREEMENT**

Pursuant to the Chief Administrative Law Judge's October 15, 2003 Notice to the Public entitled "Information to be Provided with Settlement Agreements," the Parties provide the following:

**a. What are the issues underlying the settlement and what are the major implications?**

The Agreement is a “black box” settlement that is designed to resolve all issues related to the protests in Docket No. IS12-203-000 and minimize the number of issues that remain to be resolved by the Commission. Specifically, the Agreement provides for the establishment of new forward-looking refined petroleum products and NGL settlement rates in place of the contested as-filed rates in the referenced docket. There are no major implications arising from the settlement and the Parties have agreed that it will have no precedential effect.

**b. Whether any of the issues raise policy implications.**

The Agreement does not raise any policy implications for the Commission. The Agreement has been tailored to address only the issues in dispute regarding Enterprise TE's refined petroleum products and NGL tariff rates. The Agreement does not attempt to resolve any policy issues. Enterprise TE represents that all of the Settlement Rates relate to origin and destination pairs that were challenged by at least one Shipper Party (which includes the National Propane Gas Association).

**c. Whether other pending cases may be affected.**

The Agreement does not affect any other pending cases. In particular Docket OR11-6-000 (the pending proceeding involving Enterprise TE's application for market-based rates) is unaffected by the Agreement.



- d. Whether the settlement involves issues of first impression, or if there are any previous reversals on the issues involved.**

The Agreement does not involve any issues of first impression. To the knowledge of the Parties, there are no previous reversals on the issues involved in the Agreement.

- e. Whether the proceeding is subject to the just and reasonable standard or whether there is *Mobile-Sierra* language making it the standard, i.e., the applicable standard of review.**

The proceeding is subject to the just and reasonable standard.

## VI. CONCLUSION

For the reasons set forth above, the Parties request that the Commission approve this Offer of Settlement as fair and reasonable and in the public interest.

Respectfully submitted,

/s/ Steven H. Brose

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Buckley Heating and Cooling; Callahan's  
Gas Inc.; Cato Inc. T/A Cato Gas & Oil;  
Champagne's Energy, Inc.; Christoff  
Mitchell Petroleum, Inc.; CHS Inc.;  
Combined Energy Services, Inc.; Cress Gas  
Co.; D. F. Richard Energy; Dead River  
Company; Eastern Propane Corporation;  
Eastern Propane Gas, Inc.; Eddinger  
Propane Gas Inc.; Ehrhart Propane and  
Oil; Ferrellgas, L.P.; Freedom Propane  
Corp.; Fuel Services, Inc.; Fyles Bros., Inc.;  
George Propane, Inc.; Global Gas, Inc.;  
GROWMARK, Inc.; H.A. George and Sons  
Fuel Corp.; Helmers' Fuel & Trucking,  
Inc.; Hocon Gas, Inc. et al.; HOMENERGY  
Services, Inc.; Hurley Bros. Inc.; Illinois  
Propane Gas Association; Indiana Propane  
Gas Association; Jesse E. Lyman Heating  
and Oil Propane; Kauffman Gas Inc.;  
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Propane Gas Association; Long Oil Heat,*

*Inc.; Louisiana Propane Gas Association; Martindale Propane Inc.; McCleary Oil Company, Inc.; Mid Atlantic Propane Gas Association; Missouri Propane Gas Association; Modern Gas Sales Inc.; Morrissey Consulting, LLC; Mulhern Gas Company, Inc.; Musco Propane, LLP; New Jersey Propane Gas Association; New York Propane Gas Association; NGL Supply Wholesale, LLC; Northeast Oil & Propane Inc.; Ohio Propane Gas Association; Palmer Gas/Ermer Oil Company; Paraco Gas Corporation; Parke J. Patten, Inc. and Patten's Gas; Penn Valley Gas Inc.; Pennsylvania Propane Gas Association; Pioneer Gas and Appliance Co., Inc.; Porco Energy Corp.; Proctor Gas Inc.; Propane Gas Association of New England; Proulx Oil and Propane, Inc.; Reisdorf Oil and Propane; Ressler Propane; SchagrinGAS Company; Shaffer's Bottled Gas; Sharp Gas Inc.; Star Gas Products, Inc.; Taylor Gas Company, Inc.; Tevis Propane, LLC; Texas Liquids Partners, LLC; The Rural Gas Company; Thompson's Gas & Electric, Inc.; Tri Gas & Oil Co., Inc.; Vermont Fuel Dealers Association; Viking Propane Company LLC; West Virginia Propane Gas Association; Worley & Obetz Inc.; and HWRT Oil Company, LLC*

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*Counsel for BP Products North America Inc.*

Dated: April 3, 2013

# **Attachment 1**

## **Copy of Settlement Agreement & Appendices A-D**

## SETTLEMENT AGREEMENT

Pursuant to Rule 602 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission” or “FERC”), 18 C.F.R. § 385.602 (2012), and Section 343.3(d) of the Procedural Rules Applicable to Oil Pipeline Proceedings, 18 C.F.R. § 343.3(d) (2012), Enterprise TE Products Pipeline Company LLC (“Enterprise TE”), and the “Propane Group” (the members of which are identified in Appendix A hereto), the “Refined Products Group” (the members of which are also identified in Appendix A), BP Products North America, Inc., Chevron Products Company (a Chevron U.S.A. Inc. division), CITGO Petroleum Corporation, Inergy Propane LLC, MarkWest Hydrocarbon, Inc., Murphy Oil USA, Inc., and Phillips 66 Company (collectively, the “Shipper Parties”) hereby enter into this settlement agreement resolving the proceeding identified herein (“Settlement Agreement”). Enterprise TE and each of the Shipper Parties are referred to herein individually as a “Party,” and collectively as the “Parties.”

### I. THE PARTIES

#### A. Enterprise TE

Enterprise TE owns and operates a pipeline engaged in the interstate transportation of refined petroleum products and natural gas liquids, which transportation is regulated by the Commission under the Interstate Commerce Act.

#### B. The Shipper Parties

The Shipper Parties variously ship natural gas liquids and/or refined petroleum products on Enterprise TE, or are producers, marketers or consumers (or trade associations of these Parties) that are affected by transportation on Enterprise TE.

### II. BACKGROUND

The following events transpired leading to this Settlement Agreement.

- a. On March 16, 2012, Enterprise TE filed FERC Tariff Nos. 54.15.0 and 55.11.0 to increase certain of its rates for transporting natural gas liquids and refined petroleum products, respectively, which tariff filings were docketed as IS12-203-000.
- b. On or about April 2, 2012, the Shipper Parties protested Enterprise TE’s Tariff Nos. 54.15.0 and 55.11.0 in Docket No. IS12-203-000.
- c. By order issued April 13, 2012, *Enterprise Products TE Pipeline Company LLC*, 139 FERC ¶ 61,036 (2012), the Commission accepted Enterprise TE’s Tariff Nos. 54.15.0 and 55.11.0 for filing and suspended them, to become effective November 16, 2012, subject to refund and investigation in Docket No. IS12-203-000.
- d. On June 1, 2012, Enterprise TE filed Tariff Nos. 54.19.0 and 55.16.0, effective July 2, 2012, implementing index adjustments under the Commission’s indexing

regulations, which tariff filings were docketed as IS12-437-000 and IS12-438-000, respectively.

- e. On November 16, 2012, the suspended rates that were stated in Tariff Nos. 54.15.0 and 55.11.0 went into effect as Tariff Nos. 54.21.0 and 55.20.0, respectively.

### III. RESOLUTION OF PROTESTS

The Parties desire to settle all of the issues raised in the above-referenced protests and docket. Enterprise TE and the Shipper Parties agree that they shall take all steps necessary to support the Settlement Agreement and shall not file, or encourage or assist in the filing by others of, comments opposing the Settlement Agreement.

#### A. Settlement Period and Satisfaction of Protests.

1. **Effective Date.** This Settlement Agreement will become effective on the later of (a) the date upon which the Commission issues an order approving the Settlement Agreement without modification or condition, and (b) if an objection to the Settlement Agreement is submitted to the Commission, the date on which the Commission issues a final order that approves the Settlement Agreement without modification or condition and is no longer subject to rehearing or judicial review (“Final Commission Order”) ((a) or (b), as applicable, the “Effective Date”). For avoidance of doubt, if no objection to the Settlement Agreement is submitted to the Commission, then the Commission order approving the Settlement Agreement without modification or condition will constitute the Final Commission Order.
2. **Settlement Period.** The “Settlement Period” under this Settlement Agreement shall expire two (2) years from the Effective Date.
3. **Satisfaction of the Shipper Parties’ Protests.** Based upon the covenants and consideration set forth in this Settlement Agreement, and pursuant to 18 C.F.R. § 343.3(d), the protests are satisfied by this Settlement Agreement.
  - (a) The consideration set forth in Section III.D herein is the Shipper Parties’ full, exclusive, and complete compensation and relief as to, and extinguishes all current and future claims they each may have with regard to, Enterprise TE’s rates in effect during the Settlement Period, including any index adjustments to those rates.



- (b) During the term of this Settlement Agreement, so long as Enterprise TE is in compliance with the terms and conditions of this Settlement Agreement, each Shipper Party agrees that it will not file a protest or complaint, or support the filing by another party of a protest or complaint, challenging any matters agreed upon in this Settlement Agreement. Any protest or complaint that may be filed after the expiration of the term of this Settlement Agreement shall not challenge any actions of Enterprise TE taken in conformity with this Settlement Agreement that occurred during the period covered by this Settlement Agreement. Nothing in this Settlement Agreement shall in any way restrict or prohibit any Shipper Party from filing a complaint or protest against any charge, rate, rule, regulation, or practice that is not agreed upon in this Settlement Agreement. Further, nothing in this Settlement Agreement shall in any way restrict or prohibit any Shipper Party from filing a complaint, protest or taking any other action against any change in Enterprise TE's operations or other matters not covered by this Settlement Agreement seeking reparations, refunds, rate reductions or other relief; provided, however, that with respect to the 14"/16" line currently used in South to North service, Section III.D.6(a) hereof sets forth the sole and entire remedy available to the Shipper Parties applicable to the Settlement Period.
- (c) Following the term of this Settlement Agreement, Enterprise TE and the Shipper Parties agree that no Shipper Party shall seek reparations or any other form of relief relating to the Settlement Rates for any time period included within the Settlement Period.

**B. Conditional Notice of Withdrawal**

- 1. The Shipper Parties shall file a Conditional Notice of Withdrawal of Protests ("Notice") pursuant to 18 C.F.R. § 385.216, and 18 C.F.R. § 343.3(d), which shall be submitted to FERC as Appendix B hereto. Upon (a) the Effective Date of the Settlement Agreement, (b) Enterprise TE filing with the Commission the tariff placing the Settlement Rates into effect as provided in Section III D(2), and (c) Enterprise TE providing written certification that it has made the Settlement Payments as provided in Section III D(1), the Notice shall become effective and the protests by the Shipper Parties in Docket No. IS12-203-000 will be deemed withdrawn as set out in the Notice.

**C. Commission Action on the Settlement Agreement**

- 1. The Parties shall urge the Commission to approve expeditiously the Settlement Agreement without condition or modification as fair, reasonable, and in the public interest. Once approved, the standard of

review for any modifications to the Settlement Agreement, whether by the Commission acting sua sponte or by the settling Parties acting unanimously, shall be the ordinary just and reasonable standard (not the “most stringent” or “public interest” standard). The standard of review for any modification of the Settlement Agreement at the request of one or more but less than all settling Parties shall be the most stringent standard permissible under applicable law. Nothing in this Settlement Agreement is meant to limit the Commission’s authority to approve uncontested settlements under 18 C.F.R. § 385.602(g)(3).

2. In the event the Commission rejects the Settlement Agreement or approves it subject to material condition or modification, or if any other person files comments opposing the Settlement Agreement, any Party shall have the right to withdraw from the Settlement Agreement. In that event, the Conditional Notice of Withdrawal will be void and of no legal effect and may not be used in any way to prejudice any Party’s litigation position in any forum. Such right to withdraw shall be exercised by providing written notice to the other Parties no later than twenty (20) days after the occurrence of the event that created the right to withdraw. The Parties agree that the Commission’s approval of the Settlement Agreement by applying a standard other than “fair, reasonable, and in the public interest” would constitute a material modification of the Settlement Agreement.
3. Any Party may, but shall have no obligation to, request rehearing of or petition a court to review any Commission order that rejects or imposes a material modification or condition on this Settlement Agreement or any portion thereof. The Parties reserve the right to agree to modify the Settlement Agreement and to submit the modified Settlement Agreement to the Commission for its approval.

#### **D. Consideration**

As consideration for entering into this Settlement Agreement, the Parties shall undertake the following:

1. **Settlement Payment.**
  - (a) Enterprise TE shall make a Settlement Payment to each Shipper Party as set forth in Appendix C for the consideration provided by Enterprise TE under this Settlement Agreement. Appendix C, with individual attachments setting forth the Settlement Payments to be made to each Shipper Party, are filed under seal and each sets forth consideration to each of the Shipper Parties, in addition to the covenants and other matters set forth herein.
  - (b) The Settlement Payments shall be due on or before the fifth (5th) business day after a Final Commission Order.

- (c) Enterprise TE shall make the Settlement Payments by wire transfer, and, within two (2) business days of making such payments, shall submit to the Commission a written certification that it has made the Settlement Payments. After May 1, 2013, to the extent Settlement Payments have not yet been made, the Settlement Payments shall reflect application of FERC interest from May 1, 2013, through the Effective Date.
- (d) The Settlement Payments shall not be included in any future Enterprise TE cost-of-service filing or otherwise recovered from ratepayers.

2. **Settlement Rates.**

- (a) Within two (2) business days of the Effective Date, Enterprise TE shall file tariffs containing new rates (“Settlement Rates”) as shown on Appendix D (“Settlement Tariffs”) attached hereto. Such new Settlement Tariffs shall be filed with a request that the Settlement Rates be made effective on the first day of the next calendar month following the Effective Date and will become the “ceiling rate” levels for the applicable index year under the Commission’s regulations in 18 C.F.R. § 342.3. Each Shipper Party agrees not to protest or intervene in support of any protest of the Settlement Rates, or to encourage or assist in the filing by others of any such protest or intervention, provided the Settlement Tariffs are consistent with this Settlement Agreement.
- (b) The Parties agree that the Settlement Rates, as may be modified in accordance with Section III.D.4, shall remain in effect for the remainder of the Settlement Period and any action by the Commission in FERC Docket No. OR11-6 will not change those Settlement Rates during the Settlement Period.
- (c) Notwithstanding item 2(a) above, Enterprise TE will file the Settlement Rates shown in the Settlement Tariff to become effective on or before May 1, 2013. If the FERC does not approve this Settlement Agreement, or if such approval does not occur by May 1, 2013, Enterprise TE may add a surcharge to the rates that become effective May 1, 2013 rates so that, to the extent necessary, it may recover the revenue foregone as the result of the FERC’s action. Such surcharge, will be subject to the same refund conditions established in the FERC’s April 13, 2012 suspension order. *Enterprise TE Products Pipeline Company, LLC*, 139 FERC ¶ 61,036.

3. **Moratorium.**

- (a) During the Settlement Period, the Shipper Parties shall refrain from challenging in any forum Enterprise TE's rates that are subject to this Settlement Agreement and from encouraging or assisting any shipper or other person in challenging Enterprise TE's rates that are subject of this Settlement Agreement, and Enterprise TE shall refrain from changing its rates that are subject to this Settlement Agreement, except in accordance with certain defined exceptions set forth herein. Further, nothing in this Settlement Agreement shall in any way restrict or prohibit any Shipper Party from filing a complaint, protest or taking any other action against any change in Enterprise TE's operations or other matters not covered by this Settlement Agreement seeking reparations, refunds, rate reductions or other relief; provided, however, that with respect to the 14"/16" line currently used in South to North service, Section III.D.6(a) hereof sets forth the sole and entire remedy available to the Shipper Parties applicable to the Settlement Period.

4. **Indexing.**

Enterprise TE may adjust the Settlement Rates to reflect indexing during the Settlement Period as set forth herein.

- (a) Enterprise TE shall not seek increases to the Settlement Rates pursuant to the FERC's indexing regulations prior to an effective date of July 1, 2014, provided that Enterprise TE may at any time adjust any rate for any movement for which it has market-based ratemaking authority as of March 16, 2012, and may do so without reference to the FERC's indexing regulations.
- (b) Any index filing that Enterprise TE makes to be effective on or after July 1, 2014 shall use the Settlement Rates as shown in Attachment C in establishing the "ceiling rate" levels and in making any index adjustments. Any index filing that Enterprise TE makes to be effective on or after July 1, 2014 through the end of the Settlement Period (which may include the movements for which market-based ratemaking authority is being sought in FERC Docket No. OR11-6-000) shall not include any amount reflecting the FERC index adjustments for the year beginning July 1, 2013, or any prior years.

5. **Future Status of Rates.**

- (a) This Settlement Agreement does not resolve or establish any precedent with regard to Enterprise TE's rates following the end of the Settlement Period, including whether the rates are lawful. Unless and until changed,

the depreciation rates approved by the Commission at 15 F.E.R.C. ¶ 62,281 (1981) shall continue to apply during and at the end of the Settlement Period. Further, the reference in the natural gas liquids tariff to Southern Segment Origins, Northern Segment Origins and Zones 1-5 as shown in the Settlement Tariffs in Appendix D hereto are for convenience only and resolve or establish no precedent as it respects Enterprise TE's rates or rate design.

- (b) As of the end of the Settlement Period, the Settlement Rates as indexed during the Settlement Period shall be deemed to establish the applicable "ceiling rate" levels for Enterprise TE's rates on the day following the end of the Settlement Period. Enterprise TE may not seek to increase such ceiling rates after the Settlement Period on the basis of the rates in effect prior to the Effective Date of the Settlement Rates or on the basis of index adjustments that would otherwise have been permissible under Section 342.3 of the Commission's regulations before or during the Settlement Period, but for the limitations on the index adjustments provided in this Settlement Agreement.
- (c) The Parties acknowledge and agree that Enterprise TE's rates resulting from or placed into effect pursuant to or remaining in effect as a result of this Settlement Agreement shall be deemed carrier-made rates and Enterprise TE shall be foreclosed from claiming or arguing that the *Arizona Grocery* doctrine, the Shipper Parties' agreement to this Settlement Agreement, the Commission's approval of this Settlement Agreement, or any other circumstance or principle creates any type of "rate floor," "refund floor," or otherwise bars or limits the rights of the Shipper Parties to have rates set, or obtain reparations or refunds based on rates, below the Settlement Rates, as indexed during the Settlement Period, for any period after the Settlement Period.

6. **Other Consideration.**

- (a) Enterprise TE agrees to notify the Shipper Parties when the 14"/16" line currently used in South to North service is taken out of service. On or about the date on which Enterprise TE files its FERC Form No. 6 for each of the years 2013 and 2014, Enterprise TE will provide the Shipper Parties on a confidential basis the electronic workpapers supporting Page 700 of that year's Form No. 6. The information provided will include the Access data base of carrier property and monthly operating expenses, as well as the monthly volume data on an origin and destination basis. This information, as well as other information pertaining to the Settlement Period, can form the basis of a complaint or protest seeking reparations, refunds, rate reductions or other relief applicable to any period after the end of the Settlement Period.

#### IV. RESERVATIONS AND STIPULATIONS

- A. The Parties acknowledge and agree that this Settlement Agreement represents a fair and reasonable negotiated settlement in the public interest achieved under the auspices of the Commission and subject to the Commission's jurisdiction.
- B. The Parties acknowledge and agree that the provisions of this Settlement Agreement relate only to the matters specifically referred to herein and that no Party waives any claim or right which it otherwise may have with respect to any matters not expressly provided for in this Settlement Agreement.
- C. The Parties acknowledge and agree that the Settlement Agreement has been achieved on a "black box" basis without the endorsement and/or acceptance of how or whether any cost-of-service principles, rate design, or Commission policies are or should be applied and that the Settlement Agreement does not resolve or establish any precedent with regard to the legal status of Enterprise TE's interstate rates following the Settlement Period. Further, and for avoidance of doubt the reference in the natural gas liquids tariff to Southern Segment Origins, Northern Segment Origins and Zones 1-5 as shown in the Settlement Tariffs in Appendix D hereto are for convenience only and resolve or establish no precedent as it respects Enterprise TE's rates or rate design. Notwithstanding anything to the contrary, the Parties specifically agree to the terms and conditions expressed herein and hereby bind themselves to honor such terms and conditions of this Settlement Agreement.
- D. This Settlement Agreement will be governed by, and construed in accordance with, federal law to the extent applicable and otherwise in accordance with the laws of the State of Texas.
- E. This Settlement Agreement may be executed in separate and identical counterparts.

#### V. REPRESENTATIONS

- A. Enterprise TE does hereby release, discharge, and forever hold harmless each Shipper Party and each Shipper Party's present and former principals, employees, representatives, agents, attorneys, insurers, insureds, affiliated companies, successors and assigns, from any and all claims, demands, causes of action, suits, and damages of any and every character, known or unknown, fixed or contingent, liquidated or unliquidated, arising out of, relating to, or in any way concerning any and all obligations through the Settlement Period, involving the rates for the shipments on Enterprise TE that are the subject of this Settlement Agreement. This release shall not preclude Enterprise TE from asserting any claims to enforce the terms of this Settlement Agreement. Enterprise TE further agrees and covenants not to sue or prosecute, institute or cooperate in the institution, commencement, filing or prosecution of any suit, administrative proceeding,

demand, claim or cause of action, whether asserted individually or derivatively against a Shipper Party, on any claims released by the terms of this paragraph.

- B. Subject to Item III.A.3.b. above, each Shipper Party does hereby release, discharge, and forever hold harmless Enterprise TE and all of Enterprise TE's present and former principals, employees, representatives, agents, attorneys, insurers, insureds, affiliated companies, successors and assigns, from any and all claims, demands, causes of action, suits, and damages of any and every character, known or unknown, fixed or contingent, liquidated or unliquidated, arising out of, relating to, or in any way concerning any and all obligations during the period through the Settlement Period, involving the rates for the shipments on Enterprise TE that are the subject of this Settlement Agreement. This release shall not preclude a Shipper Party from asserting any claims to enforce the terms of this Settlement Agreement. Each Shipper Party further agrees and covenants not to sue or prosecute, institute or cooperate in the institution, commencement, filing or prosecution of any suit, administrative proceeding, demand, claim or cause of action, whether asserted individually or derivatively against Enterprise TE, on any claims released by the terms of this paragraph.
- C. The Parties represent that their respective attorneys have fully explained the meaning and effect of this Settlement Agreement. The Parties represent that they have read and understand this Settlement Agreement. The Parties acknowledge that they have not relied upon any representation made by an adverse Party in executing this Settlement Agreement and are signing this voluntarily of their own accord.
- D. This Settlement Agreement shall be binding on and inure to the benefit of the representatives, heirs, executors, administrators, devisees, successors, assigns, and legal representatives of all Parties hereto, as well as their respective officers, directors, partners, principals, and employees. By signing this Settlement Agreement, the Parties each represent that they have full authority to bind themselves, their heirs, executors, administrators, devisees, successors, assigns, and legal representatives.
- E. This Settlement Agreement may not be altered or amended except by agreement in writing signed by all the Parties hereto. The Parties agree that the FERC retains the right to review any changes to the Settlement Agreement under the just and reasonable standard of the Interstate Commerce Act, although the FERC may approve the changes as fair and reasonable and in the public interest if the changes are uncontested.
- F. The Parties agree that this Settlement Agreement constitutes the full, final, and complete settlement of the terms described herein, and supersedes all other written or oral exchanges, arrangements or negotiations between them concerning the subject matter of this Settlement Agreement, and further state that there are no representations, agreements, arrangements, or understandings, oral or written,

concerning the subject matter of this Settlement Agreement that are not fully expressed and incorporated herein.

The foregoing representations shall survive the execution and performance of this Settlement Agreement.

## VI. INDEX OF APPENDICES

The following appendices are attached to this Settlement Agreement:

Appendix A Members of Propane Group and Refined Products Group


Appendix B Conditional Notice of Withdrawal of Protests

Appendix C Settlement Payments (CONFIDENTIAL)

Appendix D Settlement Tariffs (including Settlement Rates)

## VI. EXECUTION

This Settlement Agreement may be executed in several counterparts, each of which shall be an original and each of which shall constitute but one and the same instrument.

  
Name: Thomas M. Zulim  
Title: Group Senior Vice President of  
Enterprise GP LLC  
for Enterprise TE Products Pipeline  
Company LLC

Date: March 28, 2013

By: \_\_\_\_\_  
Brett Snyder  
Morgan, Lewis & Bockius LLP  
for BP Products North America, Inc.

Date: \_\_\_\_\_

\_\_\_\_\_  
Richard E. Powers, Jr.  
Venable LLP  
for Propane Group and Refined Products  
Group

Date: \_\_\_\_\_

\_\_\_\_\_  
Bill Engibous  
GM VCO US East and Latin America  
for Chevron Products Company (a  
Chevron U.S.A. Inc. division)

Date: \_\_\_\_\_



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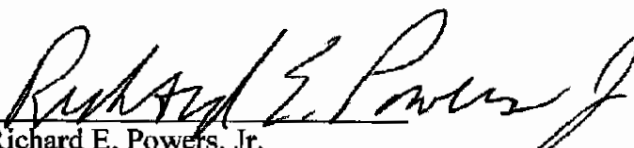
This Settlement Agreement may be executed in several counterparts, each of which shall be an original and each of which shall constitute but one and the same instrument.

\_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
for Enterprise TE Products Pipeline  
Company LLC

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Brett Snyder  
Morgan, Lewis & Bockius LLP  
for BP Products North America, Inc.

Date: \_\_\_\_\_

  
\_\_\_\_\_  
Richard E. Powers, Jr.  
Venable LLP  
for Propane Group and Refined Products  
Group

Date: 3/28/2013

\_\_\_\_\_  
Bill Engibous  
GM VCO US East and Latin America  
for Chevron Products Company (a  
Chevron U.S.A. Inc. division)

Date: \_\_\_\_\_

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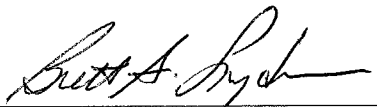
This Settlement Agreement may be executed in several counterparts, each of which shall be an original and each of which shall constitute but one and the same instrument.

\_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
for Enterprise TE Products Pipeline  
Company LLC

\_\_\_\_\_  
Richard E. Powers, Jr.  
Venable LLP  
for Propane Group and Refined Products  
Group

Date: \_\_\_\_\_

Date: \_\_\_\_\_

By:   
Brett Snyder  
Morgan, Lewis & Bockius LLP  
for BP Products North America, Inc.

\_\_\_\_\_  
Bill Engibous  
GM VCO US East and Latin America  
for Chevron Products Company (a  
Chevron U.S.A. Inc. division)

Date: 3/29/2013

Date: \_\_\_\_\_

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\_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
for Enterprise TE Products Pipeline  
Company LLC

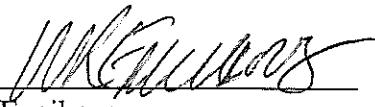
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By: \_\_\_\_\_  
Brett Snyder  
Morgan, Lewis & Bockius LLP  
for BP Products North America, Inc.

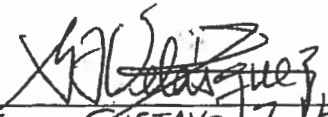
Date: \_\_\_\_\_

\_\_\_\_\_  
Richard E. Powers, Jr.  
Venable LLP  
for Propane Group and Refined Products  
Group


Date: \_\_\_\_\_

  
\_\_\_\_\_  
Bill Engibous  
GM VCO US East and Latin America  
for Chevron Products Company (a  
Chevron U.S.A. Inc. division)

Date: 3/29/13

  
Name: GUSTAVO V. VELASQUEZ  
Title: VP, Supply & Marketing  
for CITGO Petroleum Corporation

\_\_\_\_\_  
Elisabeth R. Myers  
Myers & Associates  
for Inergy Propane LLC

 Date: 04/01/2013



Date: \_\_\_\_\_

\_\_\_\_\_  
Gordon Smith  
John & Hengerer  
for MarkWest Hydrocarbon, Inc.

\_\_\_\_\_  
Lee Alexander  
DLA Piper  
for Murphy Oil USA, Inc.

Date: \_\_\_\_\_

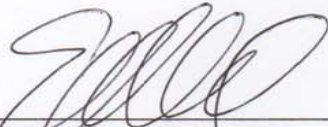
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\_\_\_\_\_  
Frederick G. Jauss, IV  
Dorsey & Whitney LLP  
for Phillips 66 Company

Date: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
for CITGO Petroleum Corporation

Date: \_\_\_\_\_

  
\_\_\_\_\_  
Elisabeth R. Myers  
Myers & Associates  
for Inergy Propane, LLC

Date: March 28, 2013

\_\_\_\_\_  
Gordon Smith  
John & Hengerer  
for MarkWest Hydrocarbon, Inc.

Date: \_\_\_\_\_

\_\_\_\_\_  
Lee Alexander  
DLA Piper  
for Murphy Oil USA, Inc.

Date: \_\_\_\_\_

\_\_\_\_\_  
Frederick G. Jauss, IV  
Dorsey & Whitney LLP  
for Phillips 66 Company

Date: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
for CITGO Petroleum Corporation

Date: \_\_\_\_\_

Gordon Smith /mc  
Gordon Smith  
John & Hengerer  
for MarkWest Hydrocarbon, Inc.

Date: April 1, 2013

\_\_\_\_\_  
Elisabeth R. Myers  
Myers & Associates  
for Inergy Propane LLC

Date: \_\_\_\_\_

\_\_\_\_\_  
Lee Alexander  
DLA Piper  
for Murphy Oil USA, Inc.

Date: \_\_\_\_\_

\_\_\_\_\_  
Frederick G. Jauss, IV  
Dorsey & Whitney LLP  
for Phillips 66 Company

Date: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
for CITGO Petroleum Corporation

Date: \_\_\_\_\_

\_\_\_\_\_  
Gordon Smith  
John & Hengerer  
for MarkWest Hydrocarbon, Inc.

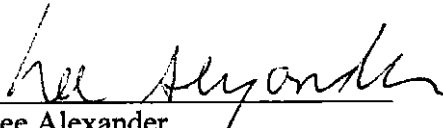
Date: \_\_\_\_\_

\_\_\_\_\_  
Frederick G. Jauss, IV  
Dorsey & Whitney LLP  
for Phillips 66 Company

Date: \_\_\_\_\_

\_\_\_\_\_  
Elisabeth R. Myers  
Myers & Associates  
for Inergy Propane LLC

Date: \_\_\_\_\_

  
\_\_\_\_\_  
Lee Alexander  
DLA Piper LLP (US)  
for Murphy Oil USA, Inc.

Date: April 1, 2013

Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
for CITGO Petroleum Corporation

Date: \_\_\_\_\_

Elisabeth R. Myers  
Myers & Associates  
for Inergy Propane LLC

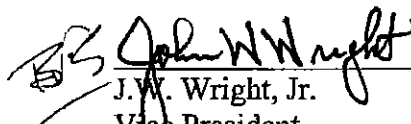
Date: \_\_\_\_\_

Gordon Smith  
John & Hengerer  
for MarkWest Hydrocarbon, Inc.

Date: \_\_\_\_\_

Lee Alexander  
DLA Piper  
for Murphy Oil USA, Inc.

Date: \_\_\_\_\_

  
J.W. Wright, Jr.  
Vice President  
for Phillips 66 Company

Date: April 2, 2013



## **Appendix A**

HOMENERGY Services, Inc.  
Hurley Bros. Inc.  
Illinois Propane Gas Association  
Indiana Propane Gas Association  
Jesse E. Lyman Heating and Oil Propane  
Kauffman Gas Inc.  
Kingston Oil Supply Corp.  
Koppys Propane Inc.  
Leahy's Fuels, Inc.  
Long Island Propane Gas Association  
Long Oil Heat, Inc.  
Louisiana Propane Gas Association  
Martindale Propane Inc.  
McCleary Oil Company, Inc.  
Mid Atlantic Propane Gas Association  
Missouri Propane Gas Association  
Modern Gas Sales Inc.  
Morrissey Consulting, LLC  
Mulhern Gas Company, Inc.  
Musco Propane, LLP  
New Jersey Propane Gas Association  
New York Propane Gas Association  
NGL Supply Wholesale, LLC  
Northeast Oil & Propane Inc.  
Ohio Propane Gas Association  
Palmer Gas/Ermer Oil Company  
Paraco Gas Corporation  
Parke J. Patten, Inc. and Patten's Gas  
Penn Valley Gas Inc.  
Pennsylvania Propane Gas Association  
Pioneer Gas and Appliance Co., Inc.

**PROPANE GROUP (continued)**

Porco Energy Corp.  
Proctor Gas Inc.  
Propane Gas Association of New England  
Proulx Oil and Propane, Inc.  
Reisdorf Oil and Propane  
Ressler Propane  
SchagrinGAS Company  
Shaffer's Bottled Gas  
Sharp Gas Inc.  
Star Gas Products, Inc.  
Taylor Gas Company, Inc.  
Tevis Propane, LLC  
Texas Liquids Partners, LLC  
The Rural Gas Company  
Thompson's Gas & Electric, Inc.  
Tri Gas & Oil Co., Inc.  
Vermont Fuel Dealers Association  
Viking Propane Company LLC  
West Virginia Propane Gas Association  
Worley & Obetz Inc.

**REFINED PRODUCTS GROUP**

The members of the Refined Products Group are as follows:

CHS Inc.  
HWRT Oil Company, LLC

## **Appendix B**

1        Upon (a) the Effective Date of the Settlement Agreement, (b) Enterprise TE filing with the Commission the tariff placing the Settlement Rates into effect as provided in Section III D(2), and (c) Enterprise TE providing written certification that it has made the Settlement Payments as provided in Section III D(1), the Notice shall become effective and the protests by the Shipper Parties in Docket No. IS12-203-000 will be deemed withdrawn as set out in the Notice.

C.F.R. § 385.602 (2013), seeking approval of the Settlement Agreement. In compliance with Rule 216, 18 C.F.R. § 385.216 (2013), the Settlement Agreement tenders for Commission review and approval provisions in satisfaction of the pending protests, which will be withdrawn pursuant to this Notice. The Settlement Agreement sets forth the consideration and undertakings between the Parties which are part of the satisfaction of the protests to be withdrawn pursuant to this Notice.

Accordingly, the undersigned Shipper Parties and Enterprise TE request that the Commission grant the Shipper Parties permission to withdraw the protests described above upon fulfillment of the following conditions:

1. The Settlement Agreement becoming effective under its terms; and
2. The Commission's receipt of written certification that Enterprise TE has made the payments required by Section III.D of the Settlement Agreement.

**WHEREFORE**, the undersigned Shipper Parties and Enterprise TE respectfully request that in the order approving the Offer of Settlement, this Motion be granted and that the Commission grant permission to withdraw the complaints described above, effective on the date the conditions set forth herein are fulfilled pursuant to the terms of the Settlement Agreement.

Respectfully submitted,

/s/ Steven H. Brose  
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Washington, D.C. 20036-1795

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Company LLC*

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Steven A. Adducci  
Matthew Field  
Venable LLP  
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Washington, D.C. 20004-1601

*Counsel for Propane Group and Refined  
Products Group*

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*Counsel for BP Products North America, Inc.*

/s/ Edward D. Greenberg  
Edward D. Greenberg  
David K. Monroe  
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*Counsel for CITGO Petroleum Corporation*

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*Counsel for Chevron Products Company (a  
Chevron U.S.A. Inc. division)*

/s/ Elisabeth R. Myers  
Elisabeth R. Myers  
Myers & Associates  
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*Counsel for Inergy Propane LLC*

/s/ Lee Alexander  
DLA Piper LLP (US)  
500 8th Street, NW  
Washington, DC 20004

*Counsel for Murphy Oil USA, Inc.*

## **Appendix C**



**APPENDIX C**

**(CONTAINING APPENDICIES C-1 THROUGH C-7)**

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

Enterprise TE Products Pipeline Company LLC ) Docket No. IS12-203-000  
(FERC Tariff Nos. 54.15.0 and 55.11.0)

**PUBLIC VERSION - CONFIDENTIAL VERSION FILED UNDER SEAL  
SETTLEMENT AGREEMENT  
APPENDIX C**

This is Appendix C to the “Settlement Agreement” by and between Enterprise TE Products Pipeline Company LLC (“Enterprise TE”) and the Shipper Parties in the captioned docket. This Appendix C is part of the referenced “Settlement Agreement” and contains Appendices C-1 through C-7. This Appendix C (including Appendices C-1 through C-7) is filed under seal for the review of the Federal Energy Regulatory Commission and its Staff.

**APPENDIX C****(CONTAINING APPENDICIES C-1 THROUGH C-7)****APPENDIX C-1**

This is Appendix C-1 to the “Settlement Agreement” by and between Chevron Products Company (as a member of the Shipper Parties) and Enterprise TE Products Pipeline Company LLC (“Enterprise TE”) in the captioned docket. This Appendix C-1 is filed under seal for the review of the Federal Energy Regulatory Commission and its Staff.

The following payment will be made pursuant to Section III.D of the Settlement Agreement:

Chevron Products Company the sum of \$ [REDACTED] After May 1, 2013, to the extent this payment has not yet been made, the payment will include interest, calculated pursuant to 18 C.F.R. § 340.1(c)(2) for the period from May 1, 2013 to the day before the payment is made.

## APPENDIX C

## (CONTAINING APPENDICIES C-1 THROUGH C-7)

## APPENDIX C-2

This is Appendix C-2 to the "Settlement Agreement" by and between CITGO Petroleum Corporation and Enterprise TE Products Pipeline Company LLC ("Enterprise TE") in the captioned docket. This Appendix C-2 is filed under seal for the review of the Federal Energy Regulatory Commission and its Staff.

The following payment will be made pursuant to Section III.D of the Settlement Agreement:

CITGO Petroleum Corporation the sum of \$ [REDACTED] After May 1, 2013, to the extent this payment has not yet been made, the payment will include interest, calculated pursuant to 18 C.F.R. § 340.1(c)(2) for the period from May 1, 2013 to the day before the payment is made.

## APPENDIX C

## (CONTAINING APPENDICIES C-1 THROUGH C-7)

## APPENDIX C-3

This is Appendix C-3 to the “Settlement Agreement” by and between HWRT Oil Company, LLC and Enterprise TE Products Pipeline Company LLC (“Enterprise TE”) in the captioned docket. This Appendix C-3 is filed under seal for the review of the Federal Energy Regulatory Commission and its Staff.

The following payment will be made pursuant to Section III.D of the Settlement Agreement:

HWRT Oil Company, LLC the sum of \$ [REDACTED] After May 1, 2013, to the extent this payment has not yet been made, the payment will include interest, calculated pursuant to 18 C.F.R. § 340.1(c)(2) for the period from May 1, 2013 to the day before the payment is made.

## APPENDIX C

## (CONTAINING APPENDICIES C-1 THROUGH C-7)

## APPENDIX C-4

This is Appendix C-4 to the “Settlement Agreement” by and between MarkWest Hydrocarbon, Inc. and Enterprise TE Products Pipeline Company LLC (“Enterprise TE”) and on the captioned docket. This Appendix C-4 is filed under seal for the review of the Federal Energy Regulatory Commission and its Staff.

The following payment will be made pursuant to Section III.D of the Settlement Agreement:

MarkWest Hydrocarbon, Inc. the sum of \$ [REDACTED] After May 1, 2013, to the extent this payment has not yet been made, the payment will include interest, calculated pursuant to 18 C.F.R. § 340.1(c)(2) for the period from May 1, 2013 to the date before the payment is made.

**APPENDIX C****(CONTAINING APPENDICIES C-1 THROUGH C-7)****APPENDIX C-5**

This is Appendix C-5 to the “Settlement Agreement” by and between Murphy Oil USA, Inc. and Enterprise TE Products Pipeline Company LLC (“Enterprise TE”) and on the captioned docket. This Appendix C-5 is filed under seal for the review of the Federal Energy Regulatory Commission and its Staff.

The following payment will be made pursuant to Section III.D of the Settlement Agreement:

Murphy Oil USA, Inc. the sum of \$[REDACTED]. After May 1, 2013, to the extent this payment has not yet been made, the payment will include interest, calculated pursuant to 18 C.F.R. § 340.1(c)(2) for the period from May 1, 2013 to the date before the payment is made.

**APPENDIX C****(CONTAINING APPENDICIES C-1 THROUGH C-7)****APPENDIX C-6**

This is Appendix C-6 to the “Settlement Agreement” by and between Phillips 66 Company and Enterprise TE Products Pipeline Company LLC (“Enterprise TE”) in the captioned docket. This Appendix C-6 is filed under seal for the review of the Federal Energy Regulatory Commission and its Staff.

The following payment will be made pursuant to Section III.D of the Settlement Agreement:

Phillips 66 Company the sum of \$ [REDACTED] After May 1, 2013, to the extent this payment has not yet been made, the payment will include interest, calculated pursuant to 18 C.F.R. § 340.1(c)(2) for the period from May 1, 2013 to the day before the payment is made.

## APPENDIX C

## (CONTAINING APPENDICIES C-1 THROUGH C-7)

## APPENDIX C-7

This is Appendix C-7 to the “Settlement Agreement” by and between the National Propane Gas Association and the following Shipper Parties and Enterprise TE Products Pipeline Company LLC (“Enterprise TE”) in the captioned docket. This Appendix C-7 is filed under seal for the review of the Federal Energy Regulatory Commission and its Staff.

The following payment will be made pursuant to Section III.D of the Settlement Agreement:

National Propane Gas Association the sum of \$ [REDACTED]  
 After May 1, 2013, to the extent this payment has not yet been made, the payment will include interest, calculated pursuant to 18 C.F.R. § 340.1(c)(2) for the period from May 1, 2013 to the day before the payment is made.

The National Propane Gas Association, for efficiency and convenience purposes, will administer the distribution of this Settlement Payment on behalf of the following Shipper Parties. These Shipper Parties include all the members of the Propane Group in addition to BP Products North America Inc. and Inergy Services, LLC. The Shipper Parties included are as follows:

National Propane Gas Association  
 AC&T CO., Inc.  
 AmeriGas Propane L.P.  
 Arkansas Propane Gas Association, Inc.  
 Bemmer Petroleum Corp.  
 Berwick Gas Sales Inc.  
 Blue Flame, Inc.  
 Buckley Heating and Cooling  
 Callahan’s Gas Inc.  
 Cato Inc. T/A Cato Gas & Oil  
 Champagne’s Energy, Inc.  
 Christoff Mitchell Petroleum, Inc.  
 CHS Inc.  
 Combined Energy Services, Inc.  
 Cress Gas Co.  
 D. F. Richard Energy  
 Dead River Company  
 Eastern Propane Corporation  
 Eastern Propane Gas, Inc.  
 Eddinger Propane Gas Inc.

Ehrhart Propane and Oil  
 Ferrellgas, L.P.  
 Freedom Propane Corp.  
 Fuel Services, Inc.  
 Fyles Bros., Inc.  
 George Propane, Inc.  
 Global Gas, Inc.  
 GROWMARK, Inc.  
 H.A. George and Sons Fuel Corp.  
 Helmers’ Fuel & Trucking, Inc.  
 Hocon Gas, Inc. *et al.*  
 HOMENERGY Services, Inc.  
 Hurley Bros., Inc.  
 Illinois Propane Gas Association  
 Indiana Propane Gas Association  
 Jesse E. Lyman Heating and Oil Propane  
 Kaufman Gas Inc.  
 Kingston Oil Supply Corp.



## APPENDIX C

## (CONTAINING APPENDICIES C-1 THROUGH C-7)

Koppys Propane Inc.  
Leahy's Fuels, Inc.  
Long Island Propane Gas Association  
Long Oil Heat, Inc.  
Louisiana Propane Gas Association  
Martindale Propane Inc.  
McCleary Oil Company, Inc.  
Mid Atlantic Propane Gas Association  
Missouri Propane Gas Association  
Modern Gas Sales Inc.  
Morrissey Consulting, LLC  
Mulhern Gas Company, Inc.  
Musco Propane, LLP  
New Jersey Propane Gas Association  
New York Propane Gas Association  
NGL Supply Wholesale, LLC  
Northeast Oil & Propane Inc.  
Ohio Propane Gas Association  
Palmer Gas/Ermer Oil Company  
Paraco Gas Corporation  
Parke J. Patten, Inc. and Patten's Gas  
Penn Valley Gas Inc.  
Pennsylvania Propane Gas Association  
Pioneer Gas and Appliance Co., Inc.

Porco Energy Corp.  
Proctor Gas Inc.  
Propane Gas Association of New England  
Proulx Oil and Propane, Inc.  
Reisdorf Oil and Propane  
Ressler Propane  
SchagrinGAS Company  
Shaffer's Bottled Gas  
Sharp Gas Inc.  
Star Gas Products, Inc.  
Taylor Gas Company, Inc.  
Tevis Propane, LLC  
Texas Liquids Partners, LLC  
The Rural Gas Company  
Thompson's Gas & Electric, Inc.  
Tri Gas & Oil Co., Inc.  
Vermont Fuel Dealers Association  
Viking Propane Company LLC  
West Virginia Propane Gas Association  
Worley & Obetz Inc.  
BP Products North America Inc.  
Intergy Services, LLC

## **Appendix D**

**FERC ICA OIL TARIFF****FERC No. 54.23.0**  
(cancels FERC No. 54.22.0)**NOTICE OF TEMPORARY EMBARGO****[C] ~~SEE SUSPENSION NOTICE PAGE 16~~**

[N] Certain items in this tariff remain under investigation in Docket No. IS12-203-000 issued April 13, 2012, subject to refund, hearing procedures, and further order of the Commission. Suspension Notice (See Page 15)

**ENTERPRISE TE PRODUCTS PIPELINE COMPANY LLC**

LOCAL PIPELINE TARIFF

FOR

NON-INCENTIVE AND VOLUME INCENTIVE RATES

CONTAINING

RULES AND REGULATIONS

GOVERNING THE TRANSPORTATION AND HANDLING OF

PROPANE, BUTANES AND BUFFER MATERIAL

TRANSPORTED BY PIPELINE

FROM ORIGINS

IN

LOUISIANA, OHIO, PENNSYLVANIA AND TEXAS

TO DESTINATIONS

IN

ARKANSAS, ILLINOIS, INDIANA, KENTUCKY, LOUISIANA, MISSOURI, NEW YORK, OHIO, AND PENNSYLVANIA

[N] Filed in accordance with the terms of the settlement agreement filed with the Commission in Docket No. IS12-203-000 on April 2, 2013.

[N] Issued on twenty-eight (28) days' notice under authority of 18 CFR § 341.14. This tariff publication is conditionally accepted subject to refund pending a 30 day review period.

**NOTICE OF TEMPORARY EMBARGO**

There are leaks in and around Enterprise TE's facilities at Todhunter, OH, and it is necessary to test the integrity of the storage caverns at Todhunter, OH. Enterprise TE FERC Tariff No. 54.22.0 is being issued to temporarily embargo movements of propane and butane at Lima, OH. Enterprise TE requests that the temporary embargo remain in effect until a tariff filing is made to cancel the embargo and specify the date that the pipeline is operational. Movements to all other origins and destinations are unaffected by this embargo.

**[C] ~~CORRECTION NOTICE~~**

~~To correct an inadvertent clerical error in Item No. 145 Volume Incentive Rates for Propane. The rate from Mont Belvieu, TX to Calvert City, KY was stated in error as 248.00 cents per barrel. The correct rate should have read 269.63 cents per barrel.~~

All rates in this tariff are expressed in cents-per-barrel of forty-two (42) U.S. gallons and are subject to change as provided by law and are governed by the provisions found under the General Rules & Regulations herein.

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

**ISSUED****April 2, 2013****EFFECTIVE****May 1, 2013**

ISSUED AND COMPILED BY

Diane A. Daniels  
Enterprise TE Products Pipeline Company LLC  
1100 Louisiana Street, Suite 1000  
Houston, Texas 77002-5227  
(713) 381-4751

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**TABLE OF CONTENTS**


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<b>Subject</b>	<b>Item No.</b>	<b>Page No.</b>
Explanation of Abbreviations		16
Explanation of Reference Marks		16
General Rules & Regulations		
A List of Definitions	5	3, 4
Application of Rates for Intermediate Points	10	4
Buffer Material	15	4
Claims, Time for Filing	20	4
December-through-February Charges	30	5
Delivery Services at Joliet and Lemont, Illinois	35	5
Facilities Required at Origins and Destinations	40	5
Identity of Shipments	45	5
Inventory Requirement	50	5
Liability of Carrier	55	6
Measurement and Deductions	60	6
Minimum Consignment	65	6
Minimum Shipment	70	7
Non-Compatible Product Handling	75	7
Payment of Transportation and Other Charges	80	8
Product Acceptable	85	8
Product Disposition If No Destination Facilities Provided	90	8
Product Involved in Litigation or Encumbered	95	9
Proration of Pipeline Capacity	100	9
Reconsignment	105	9
Seasonal Product Movements	110	9
Separate Pipeline Agreements	115	9
Tax Registration	120	9
Tenders	125	10
Testing	130	10
Rates (In Cents-per-bbl.)		
Non-Incentive Rates for Propane (Southern Segment Origins)	135	11
Non-Incentive Rates for Propane (Northern Segment Origins)	140	12
Volume Incentive Rates for Propane	145	13
Non-Incentive Rates for Butanes (Southern Segment Origins)	150	14
Non-Incentive Rate for Buffer Material	160	14
Route Directory		15
Suspension Notice		15

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## GENERAL RULES & REGULATIONS

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**The General Rules & Regulations published herein apply in their entirety to the services covered by this tariff, i.e., to the transportation and handling of Product(s) between the origin(s) and destination(s) named herein.**

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### ITEM NO. 5

### A List of Definitions

---

<b>Agreement</b>	Refers to the agreed transportation arrangements between Shipper and Carrier.
<b>Agreement Period(s)</b>	Refers to the period beginning on the Commencement Date or any anniversary thereof ending 365 or, if applicable, 366 days later during the Agreement Term.
<b>Agreement Term</b>	Refers to the period beginning on the Commencement Date and continuing for five (5) consecutive Agreement Periods.
<b>Barrel</b>	Forty-two (42) United States Gallons at 60° F.
<b>Batch</b>	A quantity of Products handled through the pipeline as a unit.
<b>Buffer Material</b>	Carrier designated buffer material meeting Carrier's then current product specification, dated May 14, 2010, as such may be modified from time to time. A copy of this document is available upon request from the tariff compiler referenced on the title page of this tariff.
<b>Butanes</b>	Butanes are defined as iso-butane and/or refinery grade normal butane, meeting Carrier's then current product specification dated May 14, 2010, as such may be modified from time to time. A copy of this document is available upon request from the tariff compiler referenced on the title page of this tariff.
<b>Carrier</b>	Refers to Enterprise TE Products Pipeline Company LLC.
<b>Commencement Date</b>	The date established pursuant to the Agreement.
<b>Deficiency Charge(s)</b>	Charges assessed against Shipper resulting from Shipper not satisfying the Minimum Annual Volume requirements as set forth in Item No. 145 of this tariff.
<b>LPGs</b>	Means liquefied petroleum gases or means Product(s).
<b>Minimum Annual Volume</b>	Refers to Shipper's guarantee to ship and take delivery of at destination a minimum quantity of Propane for each Agreement Period as set forth in Item No. 145 of this tariff.
<b>Minimum Guaranteed Volume</b>	Refers to Shipper's guarantee to ship and take delivery of at destination a minimum quantity of one hundred thousand (100,000) Barrels per month of Butanes for the Obligation Period.
<b>Month</b>	Represents the period beginning at 12:00 a.m. (midnight) local Houston, Texas, time on the first day of a calendar month and ending at 12:00 a.m. (midnight) local Houston, Texas, time on the first day of the next calendar month.
<b>Obligation Period(s)</b>	Refers to any twelve (12) consecutive Month period.
<b>Prepaid Rate</b>	Represents [U] forty-two cents (42.0¢) per Barrel.
<b>Prepaid Transportation</b>	Represents Deficiency Charges to be credited to Shipper's account.
<b>Product(s)</b>	Refers collectively to Propane, Butanes (including iso-butane and/or refinery grade normal butane) and Buffer Material.
<b>Propane</b>	Propane meeting Carrier's then current product specification, dated May 14, 2010, as such may be modified from time to time. A copy of this document is available upon request from the tariff compiler referenced on the title page of this tariff.

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## GENERAL RULES & REGULATIONS (Continued)

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### ITEM NO. 5

### A List of Definitions (Continued)

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<b>Refined Products</b>	When mentioned in this tariff, covers finished gasoline, jet fuel, kerosene, fuel oil, diesel oil, petroleum distillate, subgrade gasoline, natural gasoline, condensate, raffinate, straight-run gasoline and naphtha.
<b>Shipper(s)</b>	The party or parties who enter(s) into Agreement with Carrier for the transportation of Product under the terms and conditions of this tariff.
<b>Transit Time</b>	Means the time a shipment would take to move from origin to destination.
<b>Volume(s)</b>	Represents the aggregate quantity of Product transported for a Shipper pursuant to the terms of the Agreement.

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### ITEM NO. 10

### Application of Rates for Intermediate Points

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For Product Shipments accepted for transportation from any origin not named in this tariff, that is intermediate to the origin and destination between which the rate is published herein, through such unnamed point, Carrier will apply to such unnamed origin the rate published from the origin specified herein. For Product shipments accepted for transportation to any destination not named in this tariff, that is intermediate to the origin and destination between which the rate is published herein, through such unnamed point, Carrier will apply to such unnamed destination the rate published to the destination specified herein.

Carrier will file a tariff publication applicable to the transportation movement within thirty (30) days of the start of the service if the intermediate point is to be used on a continuous basis for more than thirty (30) days.

---

### ITEM NO. 15

### Buffer Material

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Shipper may be required to furnish Buffer Material satisfactory to Carrier for the transportation of Butanes under this tariff. When Carrier requires Shipper to provide Buffer Material, Shipper shall pay the motor fuel or unfinished gasoline tariff rate for such Buffer Material. The applicable rate can be found under Item Nos. 300 and 330, respectively, in Carrier's FERC Tariff No. [W] ~~55.23.0~~ 55.25.0, successive issues thereof, as the non-incentive rate for motor fuel or unfinished gasoline from Baytown, Texas to Chicago, Illinois. The maximum quantity of Buffer Material required for any one shipment shall be four thousand (4,000) Barrels.

For the purpose of assessing transportation charges, that portion of the shipment delivered into or through either Shipper's or Carrier's pressure storage at destination shall constitute Butanes and that portion delivered into Shipper's conventional storage at destination shall constitute Buffer Material.

For the purpose of determining Carrier's responsibility for Butanes, Carrier will receive credit for all Buffer Material delivered, whether delivered into conventional storage or through pressure storage in a Product mix.

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### ITEM NO. 20

### Claims, Time for Filing

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As a condition precedent to recovery, claims must be made in writing to Carrier within nine (9) months after receipt of delivery of the Shipment, or in case of a failure to make delivery, then within nine (9) months after a reasonable time for delivery has elapsed. Suit against Carrier must be instituted by Shipper or its consignee only 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 for loss or damage are not filed or suits are not instituted thereon in accordance with the foregoing provisions, such claims will not be paid, and Carrier shall not be liable therefor.

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## GENERAL RULES & REGULATIONS (Continued)

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### ITEM NO. 30 December-through-February Charges

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If, during a single calendar month in the period December through February, Shipper receives deliveries at northeast terminals in excess of the total volume delivered to the same Shipper at such terminals during the preceding March-through-November period, a charge of [U]thirty cents (30¢) per Barrel in addition to all other charges shall apply to such excess volume. Northeast terminals as used herein shall mean Du Bois and Greensburg, Pennsylvania; Harford Mills, Oneonta, Selkirk and Watkins Glen, New York.

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### ITEM NO. 35 Delivery Services at Joliet and Lemont, Illinois

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Movements of refinery grade normal butane are subject to Carrier's approval and Carrier reserves the right to reject any movement of refinery grade normal butane under this tariff which would disrupt the efficient use of Carrier's facilities.

Shippers desiring delivery of refinery grade normal butane to Joliet or Lemont, Illinois must agree to take delivery of all interface material in Carrier's interface sphere and the interface material created during the movement of the product to the destination.

The maximum Batch size of refinery grade normal butane will be ten thousand (10,000) Barrels, unless otherwise agreed to by Carrier.

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### ITEM NO. 40 Facilities Required at Origin and Destination

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Carrier will provide such facilities at the origin as it deems necessary for the operation of the pipeline. Product will be accepted for transportation hereunder only when Shipper has provided facilities satisfactory to Carrier capable of delivering Product at pressures and at volumetric flow levels required by Carrier.

Product will be accepted for transportation hereunder only when Shipper or consignee has provided the necessary facilities at destination for receiving such Product at time of arrival without delay at pressures and at volumetric flow levels required by Carrier.

Delivery will be made at the applicable destinations during hours established from time to time by Carrier.

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### ITEM NO. 45 Identity of Shipments

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In view of the impracticability of maintaining the separate identity of shipments, shipments will not be segregated but will be commingled and deliveries will be made at destination from Carrier's common Product stream.

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### ITEM NO. 50 Inventory Requirement

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Shipper must maintain inventory of Propane in accordance with Carrier's then current Propane inventory policy dated January 1, 2012. A copy of this document is available upon request from the tariff compiler referenced on the title page of this tariff.

With respect to Butanes and Buffer Material, Shipper will be subject to Transit Time requirement.

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## GENERAL RULES & REGULATIONS (Continued)

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### ITEM NO. 55

### Liability of Carrier

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Carrier shall not be liable for any loss or delay of, or damage to Product in or formerly in its possession caused by an act of God, public enemy, quarantine, authority of law, strike, riot, fire, flood, or act or default of Shipper or consignee, or for any other cause not due to the negligence of Carrier, whether similar or dissimilar to the causes herein enumerated; in such cases Shipper shall stand the loss in the same proportion as the amount accepted for transportation and actually in Carrier's custody bears to the whole of the shipment of all Shippers participating in the shipment from which the loss occurs, and the Shipper shall be entitled to receive only such portion of its Product as is left after deducting a due proportion of the loss as so determined.

Carrier shall not be liable for discoloration, commingling, contamination or deterioration of Product transported unless such discoloration, commingling, contamination or deterioration is caused by the sole negligence of Carrier. Normal commingling which occurs between shipments may be divided as equitably as practicable among Shippers participating in the shipments involved in commingling. Shipper shall be responsible for commingling between butane and Buffer Material in the shipment.

Because Propane being transported by Carrier is not odorized, Carrier shall not be liable for any damages or losses of any nature that is attributable to the delivery of Propane that is not odorized, and Shipper shall unconditionally indemnify and hold Carrier harmless therefrom.

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### ITEM NO. 60

### Measurement and Deductions

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Except as otherwise provided, Carrier shall make no charge for metering Product upon receipt and delivery. Observed volumes of Product at operating pressures and temperatures shall be corrected to net volume at 60°F and equilibrium vapor pressure.

Except as otherwise provided in this item and Item No. 55 of this tariff, Carrier will be accountable for delivery at destination of one hundred percent (100%) of the Product tendered at the origin.

Shipper shall be responsible for product downgrades and/or interfaces.

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### ITEM NO. 65

### Minimum Consignment

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For Propane product movements with origin in Louisiana and Texas (excluding the West Memphis, Arkansas destination), the minimum consignment of Propane to any destination named herein shall be twenty thousand (20,000) Barrels; provided a minimum of two thousand (2,000) Barrels of Propane may be consigned to any such destination when the Carrier can combine such consignment with eighteen thousand (18,000) Barrels or more of Propane of the same specifications consigned to the same destination, or with twenty thousand (20,000) Barrels or more of Propane of the same specifications consigned to destinations beyond.

For Propane product movements with a destination of West Memphis, Arkansas, the minimum consignment of Propane to the destination named herein shall be fifteen thousand (15,000) Barrels; provided a minimum of two thousand (2,000) Barrels may be consigned to such destination when the Carrier can combine such consignment with thirteen thousand (13,000) Barrels or more of Propane of the same specifications consigned to the same destination.

For Propane product movements with origin in Ohio and Pennsylvania, the minimum consignment of Propane to any destination named herein shall be twenty thousand (20,000) Barrels; provided a minimum of one thousand (1,000) Barrels of Propane may be consigned to any such destination when the Carrier can combine such consignment with nineteen thousand (19,000) Barrels or more of Propane of the same specifications consigned to the same destination, or with twenty thousand (20,000) Barrels or more of Propane of the same specifications consigned to destinations beyond.

For Butanes product movements with origin in Texas, the minimum consignment of Butanes to any destination named herein shall be twenty thousand (20,000) Barrels; provided a minimum of five thousand (5,000) Barrels of Butanes may be consigned to any such destination when the Carrier can combine such consignment with fifteen thousand (15,000) Barrels or more of Butanes of the same specifications consigned to the same destination, or with twenty thousand (20,000) Barrels or more of Butanes of the same specifications consigned to destinations beyond.

Carrier may deliver any shipment by intermittent pumping.

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## GENERAL RULES & REGULATIONS (Continued)

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### ITEM NO. 70

### Minimum Shipment

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For Propane product movements with origin in Louisiana and Texas (excluding the West Memphis, Arkansas and Calvert City, Kentucky destinations), Carrier may delay transportation of a shipment until it can be combined with Propane of the same specifications at Mont Belvieu, Texas, to make a pipeline batch of at least fifty thousand (50,000) Barrels for transportation as far as Todhunter, Ohio. Propane will be accepted for transportation at Arcadia, Louisiana, only in such quantities as can be injected into Propane of the same specifications passing such point in Carrier's pipeline.

For Propane product movements with origin in Ohio and Pennsylvania, the minimum quantity of Propane which will be accepted by Carrier from the Lima origin shall be seventy-five thousand (75,000) Barrels; provided, however, a tender of not less than fifty thousand (50,000) Barrels will be accepted when it can be combined with other tenders from the Lima origin to make a batch of at least seventy-five thousand (75,000) Barrels. A tender of not less than ten thousand (10,000) Barrels will be accepted at the Todhunter or Floreffe Junction origins when it can be combined with Propane of the same specification to make a batch of fifty thousand (50,000) Barrels or more.

For Propane product movements with a destination of West Memphis, Arkansas, the minimum quantity of Propane which will be accepted by Carrier from the Mont Belvieu origin shall be twenty-five thousand (25,000) Barrels; provided, however, that a tender of not less than ten thousand (10,000) Barrels will be accepted when it can be combined with Propane of the same specification to make a batch of twenty-five thousand (25,000) Barrels or more.

For Propane product movements with a destination of Calvert City, Kentucky, Carrier may delay transportation of a shipment until it can be combined with Propane of the same specifications at origin, to make pipeline Batch of at least fifty thousand (50,000) Barrels for transportation as far as Todhunter, Ohio.

For Butane product movements with origin in Texas, the minimum quantity of Butanes which will be accepted by Carrier at the origin named herein, excluding Arcadia, Louisiana shall be fifty thousand (50,000) Barrels; provided, however, a tender of not less than twenty thousand (20,000) Barrels will be accepted when it can be combined with Butanes of the same specifications to make a batch of fifty thousand (50,000) Barrels or more at Mont Belvieu, Texas for transportation as far as Todhunter, Ohio. Butanes will be accepted for transportation at Arcadia, Louisiana, only in such quantities as can be injected into Butanes of the same specifications passing such point in Carrier's pipeline.

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### ITEM NO. 75

### Non-Compatible Product Handling

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Shipper will be responsible for any Product that is delivered to Carrier at any origin that does not meet the certificate requirements as set forth in Item No. 130 (Testing). Carrier will provide Shipper with one of the three options to handle the non-compatible Product: (1) Shipper will remove the non-compatible Product or (2) Shipper shall pay a penalty in the amount of [U]twenty (20¢) cents per gallon for reprocessing the non-compatible Product or (3) Shipper shall pay Carrier actual cost for the disposal plus handling and maintenance charges associated with the disposal of the non-compatible Product.

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## GENERAL RULES & REGULATIONS (Continued)

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### ITEM NO. 80

### Payment of Transportation and Other Charges

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The transportation charges and all other charges accruing on Products accepted for transportation under this tariff shall be based on the rates applicable herein.

Carrier may require that all payments to Carrier for services pertaining to the transportation of Products be wire-transferred in accordance with the instructions on the Carrier's invoice to Shipper.

In the event Carrier determines that the financial condition of a Shipper or Shipper's guarantor (if any) is or has become impaired or unsatisfactory or Carrier determines it is necessary to obtain security from a Shipper, Carrier, upon notice to Shipper, will require any of the following prior to Carrier's delivery of Shipper's Products in Carrier's possession or prior to Carrier's acceptance of Shipper's Products: (1) prepayment of all charges by wire transfer and shall be held by the Carrier without interest accruing thereon until credited to the Shipper, (2) a letter of credit at Shipper's expense in favor of Carrier in an amount sufficient to ensure payment of all such charges and, in a form, and from an institution acceptable to Carrier, or (3) a guaranty in an amount sufficient to ensure payment of all such charges, and in a form, and from a third party acceptable to Carrier. 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.

Carrier shall have a lien on all Products in its possession belonging to Shipper to secure the payment of charges due by said Shipper and may withhold such Products from delivery until all of such unpaid charges shall have been paid. If such charges shall remain unpaid for ten (10) days after notice of readiness to deliver, or if Shipper has less than five thousand (5,000) gallons of Products in Carrier's system which Shipper fails to remove after ten (10) days' notice from Carrier, Carrier shall have the right to sell said Products at public or private sale. Carrier may be a bidder and purchaser at such sale. From the proceeds of such sale, Carrier may pay itself all charges lawfully accruing and all expenses of such sale, and the balance remaining, if any, shall be held for whomsoever may be lawfully entitled thereto.

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### ITEM NO. 85

### Product Acceptable

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Carrier reserves the right to reject any Product under this tariff which would have a potential adverse effect on any Product shipments or otherwise disrupt the efficient use of Carrier's facilities.

Product will be accepted for transportation at origin at such time as Product of the same required specifications is currently being transported or accepted for transportation from such origin to the destination named herein.

Shipper may be required by Carrier to inject oil-soluble corrosion inhibitors acceptable to Carrier in the Product to be transported. Carrier, for corrosion protection, may inject corrosion inhibitors, and Product containing such inhibitors shall be accepted by Shipper or consignee of Shipper at destination.

Shipper will be required to furnish Buffer Material in amounts and product grade specified by Carrier for shipments of Propane with a destination of West Memphis, Arkansas. Such Buffer Material will be subject to the applicable Propane tariff rate set forth in this tariff, supplements thereto and successive issues thereof. Shipper may be required to furnish Buffer Material satisfactory to Carrier for shipments of Propane.

Shipper will be required to furnish Carrier designated Buffer Material for Shipments of Propane originating at Lima, Ohio in amounts as reasonably required by Carrier. This Carrier designated Buffer Material will be delivered to Carrier supplied storage at Todhunter, Ohio. Shipper shall pay the applicable rate on such Buffer Material as set forth in Item No. 160.

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### ITEM NO. 90

### Product Disposition If No Facilities Provided At Destination

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In the event Shipper or its consignee does not have adequate facilities available to receive all or any portion of the Product at its destination in accordance with Carrier's schedules, Carrier shall have the right to make whatever disposition of such undelivered Product which is necessary for the efficient operation of its pipeline system. Carrier shall not be liable to Shipper or its consignee because of such disposition, and Shipper or its consignee shall pay for all costs thereof, the same as if Shipper or consignee had requested or authorized such disposition.

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## GENERAL RULES & REGULATIONS (Continued)

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### ITEM NO. 95                      Product Involved in Litigation or Encumbered

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Carrier shall have the right to reject any Product, when offered for transportation, that may be involved in litigation, or the title of which may be in dispute, or that may be encumbered by lien or charge of any kind, and Carrier may require of Shipper satisfactory evidence of perfect and unencumbered title or satisfactory indemnity bond to protect Carrier against any and all losses.

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### ITEM NO. 100                      Proration of Pipeline Capacity

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When quantities of Product greater than can be transported are offered to Carrier for shipment through Carrier's facilities, Carrier shall allocate available transportation on an equitable basis to all Shippers' pursuant to Carrier's then current proration policy, dated May 14, 2010. A copy of this document is available upon request from the tariff compiler referenced on the title page of this tariff.

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### ITEM NO. 105                      Reconsignment

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If no out-of-line or back-haul movement is required, Shipper may, on forty-eight (48) hours' written notice or any other form of communication agreed upon between Shipper and Carrier, reconsign any shipment or portion of any shipment to destinations named in lawful tariffs applying on Product issued by or concurred in by Carrier, provided that such Product so reconsigned shall meet the applicable minimum consignment rules for such destination and further provided that such reconsignment can be reasonably accommodated by Carrier's pumping schedule. All such reconsigned shipments of Product shall bear the applicable rate from point of origin to final destination as provided in this tariff, or the applicable tariff under which the Product is reconsigned.

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### ITEM NO. 110                      Seasonal Product Movements

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From October 1st to February 28th, Carrier facilities will be scheduled and operated such that Refined Products will be transported from Lebanon, Ohio to Lima, Ohio provided that during such time period Carrier will, upon request of Shipper, schedule shipments of LPGs from Lima, Ohio to Lebanon, Ohio when and to the extent that such scheduling does not interfere with movements of Refined Products from Lebanon, Ohio to Lima, Ohio.

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### ITEM NO. 115                      Separate Pipeline Agreements

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Separate agreements, if applicable, in association with pipeline connections or other facilities ancillary to the Carrier's pipeline system and in accordance with this tariff may be required of any Shipper or consignee before any obligation to provide transportation shall rise.

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### ITEM NO. 120                      Tax Registration

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Shipper and its consignors and consignees shall be required to provide Carrier with proof of registration with or tax exemption from the appropriate Federal and/or State tax authorities related to the collection and payment of fuels excise tax or other similar taxes, levies or assessments. Shipper and its consignors and consignees shall further be required to immediately notify Carrier of any changes in their registration or tax exemption status. Any tax, levy, assessment or other charges imposed by such authority against Carrier as the result of such failure shall be collected by Carrier under the provisions of Item No. 80.

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**GENERAL RULES & REGULATIONS (Continued)**

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**ITEM NO. 125****Tenders**

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Carrier shall not be obligated to accept tenders for transportation during any calendar month unless the Shipper shall, on or before the fifth day of the preceding calendar month, notify the Carrier in the Transport 4® website ([www.transport4.com](http://www.transport4.com)), of the quantity of such Product which it desires to deliver at origin.

If requested by Carrier, Shipper shall furnish Carrier with a schedule of the expected deliveries at origin and withdrawals at destination, setting forth Shipper's best estimate of daily rate of deliveries and withdrawals, and dates on which such deliveries and withdrawals shall commence. Acceptance of such schedule shall not constitute an obligation, legal or otherwise, on the part of Carrier to meet such schedule. Shipper shall establish its ability to meet the minimum tender requirements to satisfaction of Carrier before any duty of transportation shall arise.

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**ITEM NO. 130****Testing**

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Shipper shall furnish Carrier with a certificate setting forth in detail specifications of each shipment offered for transportation hereunder, and Shipper shall be liable for any contamination or damage to other Product in Carrier's custody, or to Carrier's pipeline or other facilities caused by failure of the shipment tendered to meet the specifications stated in Shipper's certificate.

Carrier may--but shall not be required to--sample and/or test any shipment prior to acceptance or during receipt of shipment, and in the event of variance between said certificate and Carrier's test, Carrier's test shall prevail as to the specifications of Product received.

**RATES (In Cents-per-bbl.)**

[U] All rates are unchanged unless otherwise indicated.

**ITEM NO. 135 Non-Incentive Rates for Propane (Southern Segment Origins)**

Destination	Origin	
	Arcadia (Bienville Parish, LA)	Mont Belvieu (Chambers Co., TX)
<b><u>ZONE 1</u></b>		
Lima (Allen Co., OH)	--	[I] 532.50 *
Todhunter (Butler Co., OH)	[D] 522.38	[I] 562.50
<b><u>ZONE 2</u></b>		
Coshocton (Coshocton Co., OH)	[D] 587.63	[D] 627.75
Du Bois (Clearfield Co., PA)	[D] 657.70 (1)	[D] 696.92 (1)
Greensburg (Westmoreland Co., PA)	[D] 618.47 (1)	[D] 657.70 (1)
<b><u>ZONE 3</u></b>		
Schaefferstown (Lebanon Co., PA)	--	[D] 751.31
Sinking Spring (Berks Co., PA)	--	[D] 751.31
<b><u>ZONE 4</u></b>		
Finger Lakes (Schuyler Co., NY)	[D] 701.38	[D] 740.79
Harford Mills (Cortland Co., NY)	--	[D] 743.31 (1)
Oneonta (Otsego Co., NY)	--	[D] 803.19 (1)
Selkirk (Albany Co., NY)	--	[D] 854.01 (1)
Watkins Glen (Schuyler Co., NY)	[D] 665.89 (1)	[D] 705.30 (1)
<b><u>ZONE 5</u></b>		
Arcadia (Bienville Parish, LA)	--	[I] 205.65
Calvert City (Marshall Co., KY)	--	[I] 382.92
Dexter (Stoddard Co., MO)	--	[I] 298.27
Fontaine (Green Co., AR)	--	[I] 280.23
Kingsland (Cleveland Co., AR)	--	[I] 237.67
Lebanon (Boone Co., IN)	--	[D] 351.78 (8)
North Little Rock (Pulaski Co., AR)	--	[I] 250.77
Princeton (Gibson Co., IN)	[I] 354.02	[I] 382.92
Seymour (Jackson Co., IN)	--	[D] 334.26
West Memphis (Crittenden Co., AR)	--	[I] 298.27 (8)

[U] All rates are unchanged unless otherwise indicated

	Origin					
Destination	Floreffe Junction (Allegheny Co., PA)		Lima (Allen Co., OH) *		Todhunter (Butler Co., OH)	
<u>ZONE 2</u>						
Du Bois (Clearfield Co., PA)	337.20	(1)(2)	[I] 534.05 *	(1)(3)	337.20	(1)
Greensburg (Westmoreland Co., PA)	337.20	(1)(2)	[I] 505.39*	(1)(3)	337.20	(1)
<u>ZONE 3</u>						
Schaefferstown (Lebanon Co., PA)	[D] 497.16	(2)	[I] 554.87 *	(3)	[D] 490.56	
Sinking Spring (Berks Co., PA)	[D] 497.16	(2)	[I] 554.87 *	(3)	[D] 490.56	
<u>ZONE 4</u>						
Finger Lakes (Schuyler Co., NY)	[D] 490.32		[D] 572.96 *	(3)	[D] 508.62	
Harford Mills (Cortland Co., NY)	[D] 473.78	(1)	[D] 557.83 *	(1)(3)	[D] 493.26	(1)
Oneonta (Otsego Co., NY)	[D] 512.88	(1)	[I] 593.77 *	(1)(3)	[D] 529.41	(1)
Selkirk (Albany Co., NY)	[D] 556.45		[I] 634.12 *	(1)(3)	557.90	(1)
Watkins Glen (Schuyler Co., NY)	[D] 456.04	(1)	[D] 541.09 *	(1)(3)	[D] 476.75	(1)

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**RATES (In Cents-per-bbl.)**


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**ITEM NO. 145****Volume Incentive Rates for Propane**

	<b>Origin</b>
<b>Destination</b>	Mont Belvieu (Chambers Co., TX)
Calvert City (Marshall Co., KY)	[U] 269.63

Rate set forth in this item will apply to shipments of Propane of any Shipper that agrees to in writing to transport a Minimum Annual Volume of three million six hundred fifty thousand (3,650,000) Barrels of Propane during an Agreement Term, subject to the following rules and regulations:

a. If the Volume of Propane shipped by Shipper and delivered at destination during an Agreement Period is less than the Minimum Annual Volume, Shipper shall pay to Carrier within sixty (60) days after the end of the Agreement Period a Deficiency Charge of [U]forty-two cents (42.0¢) times the number of Barrels that Shipper is deficient, an invoice for which shall be submitted by Carrier. Any Deficiency Charge paid by Shipper shall be considered by Carrier as Prepaid Transportation, shall not bear interest, and will be credited to Shipper at the Prepaid Rate of [U]forty-two cents (42.0¢) per Barrel against transportation charges on Propane delivered to Shipper at destination under and during the continuance of this Agreement in any future Agreement Period after the Minimum Annual Volume has been received by Shipper at destination for such future Agreement Period.

b. Upon termination of the Agreement between Carrier and Shipper, any Prepaid Transportation remaining payable to Shipper under the provisions set forth in paragraph a, shall not be reimbursable except that for a period not to exceed six (6) months thereafter or any other period mutually agreed to by Carrier and Shipper, Shipper shall have the right to a credit of [U]forty-two cents (42.0¢) per Barrel against the then existing applicable tariff for Propane shipped by Shipper over Carrier's facilities from the origin to destination, as set forth in this item, as long as any of the Prepaid Transportation has not been utilized. Any such shipment of Propane after termination of the Agreement shall be subject to the terms and conditions of the Agreement relative to the transportation of Propane. Any credits for Prepaid Transportation remaining at the expiration of the six (6) Months period shall be automatically forfeited.

c. If the Volume shipped in any Agreement Period is greater than the sum of (i) the Minimum Annual Volume for such Agreement Period and (ii) the Volume of Propane over such Minimum Annual Volume on which Prepaid Transportation is credited under paragraph b, then any such excess Volume up to five hundred thousand (500,000) Barrels shall be credited against Shipper's Minimum Annual Volume obligations for the next succeeding Agreement Period.

d. If during any Month of an Agreement Period Carrier is unable to transport all Propane tendered for shipment by Shipper and Shipper thereby fails to comply with the Minimum Annual Volume obligation as set forth in this item, that Volume which was tendered but which was not accepted by Carrier shall be deemed to have been shipped during such Agreement Period for the sole purpose of determining compliance with this item, provided that Shipper has given Carrier written notice within thirty (30) days after the end of the Month of the Volume claimed to have been rejected and reasonable evidence that Shipper was able and ready to deliver such Volume to Carrier for shipment.

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## RATES (In Cents-per-bbl.)

### ITEM NO. 150      Non-Incentive Rates for Butanes (Southern Segment Origins)

[U] All rates are unchanged unless otherwise indicated.

	Origin
Destination	Mont Belvieu (Chambers Co., TX)
<b><u>ZONE 1</u></b>	
Lima (Allen Co., OH)	[I] 532.50 *
<b><u>ZONE 3</u></b>	
Harford Mills (Cortland Co., NY)	[D] 649.47
<b><u>ZONE 5</u></b>	
Arcadia (Bienville Parish, LA)	[I] 164.55
Griffin (Posey Co., IN)	[D] 269.68
Joliet (Will Co., IL)	[D] 337.27 (5)
Lebanon (Boone Co., IN)	[D] 351.78
Lemont (Cook Co., IL)	[D] 337.27 (5)
North Little Rock (Pulaski Co., AR)	[D] 208.86
Princeton (Gibson Co., IN)	[D] 276.09 (7)

### ITEM NO. 160      Non-Incentive Rate for Buffer Material

	Origin	
Destination	Lima (Allen Co., OH)	Mont Belvieu (Chambers Co., TX)
Todhunter (Butler Co., OH)	[U] 43.31 * (3)	--
West Memphis (Crittenden Co., AR)	--	[I] 298.27



**[C] ~~FE~~ SUSPENSION NOTICE****Applies to Suspended FERC Tariff No. 54.15.0**

Issued under authority of 18 CFR § 341.4(f) and in compliance with the Order of the Federal Energy Regulatory Commission in Docket No. IS12-203-000 issued April 13, 2012.

By Order of the Federal Energy Regulatory Commission, FERC Tariff No. 54.15.0 issued by Enterprise TE is accepted and suspended, to become effective November 16, 2012, subject to refund. See below for the ordering paragraph.

**UNITED STATES OF AMERICA FEDERAL ENERGY REGULATORY COMMISSION**

Docket No. IS12-203-000  
Order Accepting and Suspending Tariff Records  
Subject to Refund and Conditions  
(Issued April 13, 2012)

The Commission orders:

(A) Pursuant to the authority contained in the Interstate Commerce Act, particularly section 15(7) thereof, Enterprise's FERC Tariff Nos. 54.15.0 and 55.11.0 are accepted for filing and suspended, to become effective November 16, 2012, subject to refund, hearing procedures, and to further order of the Commission.

(B) Pursuant to the authority contained in the Interstate Commerce Act, particularly sections 15(1) and 15(7) thereof, and the Commission's regulations, a hearing is established to address the issues raised by Enterprise's filing.

(C) A Presiding Administrative Law Judge (ALJ) to be designated by the Chief Administrative Law Judge, for the purpose pursuant to 18 C.F.R. § 375.302 (2011), shall convene a prehearing conference in this proceeding to be held within twenty (20) days of the issuance of this order in a hearing or conference room of the Federal Energy Regulatory Commission, 888 First Street, NE, Washington, DC 20426. The prehearing conference shall be held to clarify positions of the participants, and for the ALJ to establish any procedural dates for the hearing. The ALJ is authorized to conduct further proceedings pursuant to this order and the Commission's Rules of Practice and Procedure.

By the Commission.

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**ROUTE DIRECTORY**


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Rates in tariff apply via all routes made by use of the line of the Carrier.

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## EXPLANATION OF ABBREVIATIONS

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<b>Bbl.</b>	Barrel
<b>Co.</b>	County
<b>F</b>	Fahrenheit
<b>FERC</b>	Federal Energy Regulatory Commission
<b>No.</b>	Number
<b>&amp;</b>	And
<b>¢</b>	Cents
<b>°</b>	Degrees
<b>%</b>	Percent
<b>\$</b>	Dollar

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## EXPLANATION OF REFERENCE MARKS

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- (1) See Item No. 30 for additional “December-through-February Charges”.
  - (2) Rates for these destinations with Floreffe Junction, PA as origin are applicable only on Shipments of Propane which originate in West Virginia and are tendered to Carrier at Floreffe Junction for completion of interstate pipeline transportation of the Propane.
  - (3) From October 1<sup>st</sup> to February 28<sup>th</sup>, this movement cannot be made. See Item No. 110 for “Seasonal Product Movements”.
  - (4) Rates apply only to refinery grade normal butane.
  - (5) Rates apply only to iso-butane except for refinery grade normal butane movements meeting the terms and conditions of Item No. 35, Delivery Services at Joliet and Lemont, Illinois.
  - (7) Rate includes delivery to connecting pipeline.
  - (8) Rate also pertains to butane buffer material.
  - \* The pipeline system is out of service.
  - [C] Cancel.
  - [D] Decrease.
  - [C] ~~[E] To reinstate the existing Suspension Notice language.~~
  - [I] Increase.
  - [N] New.
  - [U] Unchanged Rate.
-

**FERC ICA OIL TARIFF****FERC No. 55.25.0**  
(cancels FERC No. 55.24.0)**NOTICE OF TEMPORARY EMBARGO**

Certain items in this tariff remain under investigation in Docket No. IS12-203-000 issued April 13, 2012, subject to refund, hearing procedures, and further order of the Commission. Suspension Notice (See Page [W] 22 18)

**ENTERPRISE TE PRODUCTS PIPELINE COMPANY LLC**

LOCAL AND JOINT PIPELINE TARIFF  
IN CONNECTION WITH WOOD RIVER PIPE LINES LLC  
FOR  
NON-INCENTIVE AND VOLUME INCENTIVE RATES  
CONTAINING RULES & REGULATIONS GOVERNING

THE TRANSPORTATION AND HANDLING OF

PETROLEUM PRODUCTS

AND UNFINISHED GASOLINE

TRANSPORTED BY PIPELINE

FROM ORIGINS IN ARKANSAS, ILLINOIS, INDIANA, LOUISIANA AND TEXAS

TO DESTINATIONS IN ARKANSAS, ILLINOIS, INDIANA, KENTUCKY, LOUISIANA, MISSOURI, OHIO, TENNESSEE AND TEXAS

[N] Filed in accordance with the terms of the settlement agreement filed with the Commission in Docket No. IS12-203-000 on April 2, 2013.

[N] Issued on twenty-eight (28) days' notice under authority of 18 CFR § 341.14. This tariff publication is conditionally accepted subject to refund pending a 30 day review period.

**NOTICE OF TEMPORARY EMBARGO**

Enterprise TE FERC Tariff No. 55.23.0 was issued to temporarily embargo movements of Refined Products with origins outside of the state of Ohio to Lima and Lebanon, Ohio and Cincinnati/Northern Kentucky International Airport destinations. Enterprise TE requests that the temporary embargo remain in effect until a tariff filing is made to cancel the embargo and specify the date that the pipeline is operational. Movements to all other origins and destinations are unaffected by this embargo.

[F1], [F2], [F3], and [F4] This tariff contains rates that are higher for shorter than longer distances over the same route. Such departure from the terms of the amended Fourth Section of the Interstate Commerce Act is permitted by authority of the Federal Energy Regulatory Commission, Fourth Section Applications dated March 14, 2003, May 14, 2010, March 21, 2011, and March 16, 2012 respectively, as indicated herein.

THE RATES NAMED IN THIS TARIFF ARE FILED IN COMPLIANCE WITH 18 CODE OF FEDERAL REGULATIONS § 342.3 (INDEXING) AND § 342.4(B) (MARKET-BASED) PURSUANT TO THE COMMISSION'S ORDER ON APPLICATION FOR MARKET POWER DETERMINATION, TE PRODUCTS PIPELINE COMPANY, L.P., DOCKET NO. OR99-6-000, ISSUED APRIL 25, 2001.

All rates in this tariff are expressed in cents-per-barrel of forty-two (42) U. S. gallons, are subject to change as provided by law and are governed by the provisions found under the General Rules & Regulations shown herein.

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

**ISSUED****April 2, 2013****EFFECTIVE****May 1, 2013**

ISSUED AND COMPILED BY  
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**TABLE OF CONTENTS**


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<b>Subject</b>	<b>Item No.</b>	<b>Page No.</b>
Explanation of Abbreviations		[W] <del>22</del> <u>19</u>
Explanation of Reference Marks		[W] <del>23</del> <u>20</u>
General Rules & Regulations		
A List of Definitions	5	3,4
Application of Rates for Intermediate Points	10	4
Claims, Time for Filing	20	[W] <del>7</del> <u>5</u>
Facilities Required at Origins & Destinations	25	[W] <del>7</del> <u>5</u>
Identity of Shipments and Commingling	35	[W] <del>7</del> <u>5</u>
In System Inventory Allowed	40	[W] <del>7</del> <u>5</u>
Jet Fuel Filtration	45	[W] <del>7</del> <u>5</u>
Liability of Carrier	50	[W] <del>8</del> <u>6</u>
Measurements and Deductions	55	[W] <del>8</del> <u>6</u>
Minimum Consignment	60	[W] <del>8</del> <u>6</u>
Minimum Shipment	65	[W] <del>9</del> <u>7</u>
Non-Compatible Product Handling	70	[W] <del>9</del> <u>7</u>
Payment of Transportation and Other Charges	75	[W] <del>40</del> <u>8</u>
Product Acceptable	80	[W] <del>40</del> <u>8</u>
Product Disposition If No Facilities Provided at Destination	85	[W] <del>41</del> <u>9</u>
Product Involved in Litigation or Encumbered	90	[W] <del>41</del> <u>9</u>
Proration of Pipeline Capacity	95	[W] <del>41</del> <u>9</u>
Reconsignment	100	[W] <del>41</del> <u>9</u>
Separate Pipeline Agreements	110	[W] <del>42</del> <u>10</u>
Tax Registration	125	[W] <del>43</del> <u>10</u>
Tenders	130	[W] <del>43</del> <u>10</u>
Testing	135	[W] <del>43</del> <u>10</u>
Volume Incentive Rates (In Cents-per-bbl.)		
Incentive Rates for Jonesboro Destination	210	[W] <del>44</del> <u>11</u>
Incentive Rates for Memphis (Lion Oil Terminal) Destination	220	[W] <del>45</del> <u>12</u>
Incentive Rates for Memphis (Wespac Pipeline) Destination	230	[W] <del>46</del> <u>13</u>
Non-Incentive Rates (In Cents-per-bbl.)		
Non-Incentive Rates for Motor Fuel	300	[W] <del>47</del> <u>14</u>
Non-Incentive Rates for Distillate	310	[W] <del>48</del> <u>15</u>
Non-Incentive Rates for Jet Fuel	320	[W] <del>49</del> <u>16</u>
Non-Incentive Rates for Unfinished Gasoline	330	[W] <del>20</del> <u>17</u>
Route Directory		[W] <del>24</del> <u>18</u>
Suspension Notice		[W] <del>24</del> <u>18</u>

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## GENERAL RULES & REGULATIONS

The General Rules & Regulations published herein apply in their entirety to the services covered by this tariff, i.e., to the transportation and handling of Product(s) between the origin(s) and destination(s) named herein.

### ITEM NO. 5

### A List of Definitions

<b>Agreement</b>	Refers to the transportation agreement that has been executed by any Shipper with the Carrier in order to qualify for specific volume incentive rates as set forth in Item Nos. 210 thru 230.
<b>Agreement Period(s)</b>	Refers to the period beginning on the Commencement Date or any anniversary thereof and ending 365 or, if applicable, 366 days later during the term of an Agreement.
<b>Agreement Term</b>	<p>(a)With respect to the volume incentive rates set forth in Item No. 210, refers to ten (10) consecutive Agreement Periods.</p> <p>(b)With respect to the volume incentive rates set forth in Item No. 220, refers to the period beginning on the Commencement Date and continuing in effect for five (5) consecutive Agreement Periods.</p> <p>(c)With respect to the volume incentive rates set forth in Item No. 230, refers to the period beginning on the Commencement Date and continuing in effect for fifteen (15) consecutive Agreement Periods.</p>
<b>Allowed Inventory</b>	The amount of inventory of each Common Shipment, by grade, that a Shipper is allowed to keep in the System to meet its delivery requirements, in accordance with Item No. 40.
<b>Average Inventory</b>	The sum of a Shipper's end of day Common Shipment inventory, by grade, for each day during the Month divided by the total number of days in the Month.
<b>Barrel(s)</b>	Forty-two (42) United States Gallons at 60° F.
<b>Batch</b>	A quantity of a Product handled through Carrier's pipeline facilities as a unit.
<b>Brand Shipment</b>	A Shipment of Products of uniform quality having the same specifications, which Shipment, Shipper desires separate identity and segregation from a Common Shipment so as to receive, as nearly as reasonably practicable, the same Products as delivered.
<b>Carrier</b>	Refers to Enterprise TE Products Pipeline Company LLC ("Enterprise TE") and other pipelines participating herein.
<b>Commencement Date</b>	The date established pursuant to the Agreement.
<b>Common Shipment</b>	Any Shipment of Products not a Brand Shipment; Common Shipments may be commingled with other Products of similar quality and specifications in effect at time Product is tendered.
<b>Excess Inventory Charge</b>	The charge to Shipper for holding inventory in excess of its Allowed Inventory as provided in Item No. 40.
<b>Excess Inventory Charge Rate</b>	The rate of [U]One Dollar and twenty-six cents (\$1.26) per Barrel used in Item No. 40 to determine the Excess Inventory Charges.
<b>Minimum Volume</b>	Represents the aggregate minimum quantity of Product(s) that Shipper guarantees to ship and take delivery of at destination during a designated time period which will allow that Shipper to qualify for specific volume incentive rates as set forth in Item Nos. 210 thru 230, inclusive.
<b>Month</b>	Means a calendar month.
<b>Petroleum Products</b>	<p><b>Motor Fuels</b> -- Includes finished and subgrade gasoline grades subject to Item No. 80 of this tariff.</p> <p><b>Distillates</b> -- Includes diesel fuel, ULSD and petroleum distillates subject to Item No. 80 of this tariff.</p> <p><b>Jet Fuel</b> -- Refers to fungible Jet-A turbine fuel subject to Item No. 80 of this tariff.</p>

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## GENERAL RULES & REGULATIONS (Continued)

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**ITEM NO. 5 (Continued)****A List of Definitions**


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<b>Product(s)</b>	When mentioned in this tariff, represents individually and collectively, Petroleum Products and Unfinished Gasoline.
<b>Regular Capacity</b>	Means pipeline capacity available.
<b>Shipment(s)</b>	Includes both Brand Shipment and Common Shipment transported under the terms and conditions of this tariff.
<b>Shipper(s)</b>	All shippers who transport Product under the terms and conditions of this tariff, with and without an Agreement.
<b>Tender Deductions</b>	Refers to the deduction to delivered volumes as set forth in Item No. 55 of this tariff.
<b>ULSD</b>	Includes ultra low sulfur diesel subject to Item No. 80 of this tariff.
<b>Unfinished Gasoline</b>	Subject to the approval of the Carrier, includes natural gasoline, condensate, raffinate, straight-run gasoline, naphtha and similar Products subject to Item No. 80 of this tariff.

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**ITEM NO. 10****Application of Rates for Intermediate Points**


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For Shipments accepted for transportation from any origin not named in this tariff to a destination named in this tariff, the rate for such shipment shall be the rate specified herein from the closest named origin to such named destination to which such unnamed origin would be an intermediate point.

For Shipments accepted for transportation from an origin named in this tariff to any destination not named in this tariff, the rate for such shipment shall be the rate specified herein from the named origin to the closest named destination to which such unnamed destination would be an intermediate point.

For Shipments accepted for transportation, an origin not named in this tariff to a destination not named in this tariff, the rate for such shipment shall be the rate specified herein from the closest named origin to the closest named destination to which such unnamed origin and unnamed destination are intermediate points.

Carrier will file a tariff publication applicable to the transportation movement within thirty (30) days of the start of the service if the intermediate point is to be used on a continuous basis for more than thirty (30) days.

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**GENERAL RULES & REGULATIONS (Continued)**

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**ITEM NO. 20****Claims, Time for Filing**

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As a condition precedent to recovery, claims must be made in writing to Carrier within nine (9) Months after receipt of delivery of the Shipment, or in case of a failure to make delivery, then within nine (9) Months after a reasonable time for delivery has elapsed. Suit against Carrier must be instituted by Shipper or its consignee 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 for loss or damage are not filed or suits are not instituted thereon in accordance with the foregoing provisions, such claims will not be paid, and Carrier shall not be liable therefor.

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**ITEM NO. 25****Facilities Required at Origins & Destinations**

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Shipments will be accepted for transportation hereunder only when:

a. Shipper has provided facilities satisfactory to Carrier capable of delivering Product at the origins at pressures and volumetric flow levels required by Carrier, and

b. Shipper or consignee has provided the necessary facilities at destination for receiving such Shipments without delay at pressures and at volumetric flow levels required by Carrier.

Carrier will not handle at any one point in time more than three (3) types or grades of Product at the McRae, Arkansas facilities for deliveries to destinations under this tariff, unless Carrier has sufficient facilities at McRae, Arkansas to accommodate more than three (3) types or grades of Product.

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**ITEM NO. 35****Identity of Shipments and Commingling**

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Except for Brand Shipments, Product transported through Carrier's facilities for Shippers will be intermixed with substantially similar Products and shall be subject to changes in quality and other characteristics as may result from such intermixing. Except for Brand Shipments, Shipper shall not be entitled to receive the same Product tendered by it to Carrier under this tariff.

Subject to the foregoing, Carrier will reasonably endeavor to maintain the identity of Brand Shipments of Products.

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**ITEM NO. 40****In System Inventory Allowed**

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In order to accommodate the needs of all Shippers and to keep the pipeline system from becoming congested, Carrier will limit the level of inventory of Common Shipments that each Shipper is allowed to maintain in the system pursuant to Carrier's then current publication, "In System Inventory Allowed Policy", dated May 14, 2010, as such may be modified from time to time. A copy of this document is available upon request from the tariff compiler referenced on the title page of this tariff.

When an Excess Inventory Charge is to be assessed pursuant to Carrier's aforementioned "In System Inventory Allowed Policy", Shipper will be assessed an Excess Inventory Charge determined by multiplying the Excess Inventory Charge Rate times the difference between the Shipper's end of Month Average Inventory and the Shipper's Allowed Inventory.

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**ITEM NO. 45****Jet Fuel Filtration**

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Carrier does not warrant nor in any way represent to Shipper that Jet Fuel as delivered by Carrier is suitable or otherwise fit for use in the operation of any aircraft. Carrier disclaims any and all warranties, express, implied or statutory, as to the Jet Fuel including but not limited to its merchantability or fitness for a particular purpose. Shipper shall have the ultimate responsibility for the filtration of Jet Fuel and not Carrier. Furthermore, Shipper shall have complete responsibility to provide all necessary tankage and filter facilities to assure that Jet Fuel is suitable for aircraft consumption.

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**GENERAL RULES & REGULATIONS (Continued)**

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**ITEM NO. 50****Liability of Carrier**

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Carrier shall not be liable for any loss or delay of, or damage to Products in or formerly in its possession caused by an act of God, public enemy, quarantine, authority of law, strike, riot, fire, flood, or act or default of Shipper or consignee, or for any other cause not due to the sole negligence of Carrier, whether similar or dissimilar to the causes herein enumerated; in such cases, except when Products involved in such loss are part of a Common Shipment, the owner of the Products shall stand the loss without a right to recourse against Carrier. In case the Product involved is part of a Common Shipment, the owner shall stand the loss from Carrier in the same proportion as the amount accepted for transportation and actually in Carrier's custody bears to the whole of the Common Shipment of all other Shippers participating in the Common Shipment from which loss occurs. The owner of such Product shall be entitled to receive only such portion of its Common Shipment as is left after deducting the due proportion of the loss as determined above.

Carrier shall not be liable for discoloration, commingling, contamination or deterioration of Product transported unless such discoloration, commingling, contamination or deterioration is caused by the sole negligence of Carrier. Normal commingling which occurs between Batches may be divided as equitably as practicable among Shippers participating in the Batches causing the commingling.

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**ITEM NO. 55****Measurement and Deductions**

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Quantities of Product received and delivered shall be determined by dynamic or static measurement methods in accordance with appropriate American Petroleum Institute (API) standards, latest revision, and adjusted to base (reference or standard) conditions. The base conditions for the measurement of liquids having a vapor pressure equal to or less than atmospheric pressure at base temperature are as follows: pressure - 14.696 psia and temperature - 60° F. Shipper may have the privilege of being present or represented at the time of measurement.

Except as provided in Item No. 50 of this tariff, Carrier will be accountable for delivery at any destination, excluding Des Plaines, Illinois, of one hundred percent (100%) of the original Shipment tender to the origins.

Except as provided in Item No. 50 of this tariff, Carrier will be accountable for delivery at Des Plaines, Illinois of ninety-nine and nine tenths percent (99.9%) of the original Shipment tendered to the origins. A deduction of one-tenth of one percent (0.1%) (the Tender Deduction) will be made to cover evaporation and other normal Product losses during transportation.

Shipper shall be responsible for product downgrades and/or interfaces.

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**ITEM NO. 60****Minimum Consignment**

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The minimum consignment of five thousand (5,000) Barrels of one Batch may be delivered to any destination other than West Memphis, Arkansas and Memphis (WesPac Pipeline), Tennessee;

The minimum consignment of twenty-five thousand (25,000) Barrels of one Shipment may be delivered to West Memphis, Arkansas;

The minimum consignment of twenty-five thousand (25,000) Barrels of one Shipment may be delivered to Memphis (WesPac Pipeline), Tennessee; provided that delivery of such consignment does not result in reducing the continuing Shipment below ten thousand (10,000) Barrels for movements in Carrier's 20" diameter pipeline or below ten thousand (10,000) Barrels for movements in Carrier's 16" diameter pipeline.



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**GENERAL RULES & REGULATIONS (Continued)**

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**ITEM NO. 65****Minimum Shipment**

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Except for movements to the destinations at Arcadia, Louisiana, Jonesboro and North Little Rock, Arkansas, the minimum quantity of a Shipment which will be accepted at points of origin, other than the Hebert and Houston, Texas origins on the Colonial Pipeline System and Clermont, Indiana, by Carrier shall be fifty thousand (50,000) Barrels, provided, however:

a. Common Shipments will be accepted by Carrier in tender of not less than ten thousand (10,000) Barrels when the total of the tenders of a Common Shipment at one particular time will make a Batch of fifty thousand (50,000) Barrels or more of like characteristics at the point of origin;

b. To the extent compatible with the efficient and economic use and operation of Carrier's facilities and pursuant to Shipper's request, Brand Shipments will be accepted in tenders and moved in a Batch of not less than ten thousand (10,000) Barrels;

c. Shipper requesting a Brand Shipment shall be responsible for any commingling of Brand Shipments and Common Shipments resulting from the movement of such Batch; and

The minimum quantity of a Common Shipment which will be accepted at the Hebert and Houston, Texas origins on the Colonial Pipeline System shall be twenty-five thousand (25,000) Barrels. Brand Shipments will not be accepted at the Hebert and Houston, Texas origins on the Colonial Pipeline System.

The minimum quantity of Petroleum Products which will be accepted at Clermont, Indiana by Carrier is twenty thousand (20,000) Barrels, provided, however, that to the extent compatible with the efficient and economic use and operation of Carriers facilities and pursuant to Shipper's request, Brand Shipment will be accepted in tenders and moved in a Batch of not less than ten thousand (10,000) Barrels. Shipper shall be responsible for any commingling of the Brand Shipments with Common Shipments resulting from the movement of such Batch.

For movements to the destinations at Arcadia, Louisiana, Jonesboro and North Little Rock, Arkansas, the minimum quantity of Shipment which will be accepted by Carrier at origin shall be ten thousand (10,000) Barrels.

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**ITEM NO. 70****Non-Compatible Product Handling**

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Shipper will be responsible for any Product that is delivered to Carrier at any origin that does not meet the certificate requirements as set forth in Item No. 135 (Testing). Carrier will elect one of the following options to handle the non-compatible Product: (1) Shipper will remove the non-compatible Product or (2) Shipper shall pay a penalty in the amount of [U]twenty (20¢) cents per gallon for reprocessing the non-compatible Product or 3) Shipper shall pay Carrier actual cost for the disposal plus handling and maintenance charges associated with the disposal of the non-compatible Product.

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**GENERAL RULES & REGULATIONS (Continued)**

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**ITEM NO. 75****Payment of Transportation and Other Charges**

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The transportation charges and all other charges accruing on Products accepted for transportation under this tariff shall be based on the applicable rates contained in other tariffs referencing this tariff.

Carrier may require that all payments to Carrier for services pertaining to the transportation of Products be wire transferred in accordance with the instructions on the Carrier's invoice to Shipper.

In the event Carrier determines that the financial condition of a Shipper or Shipper's guarantor (if any) is or has become impaired or unsatisfactory or Carrier determines it is necessary to obtain security from a Shipper, Carrier, upon notice to Shipper, will require any of the following prior to Carrier's delivery of Shipper's Products in Carrier's possession or prior to Carrier's acceptance of Shipper's Products: (1) prepayment of all charges by wire transfer and shall be held by the Carrier without interest accruing thereon until credited to Shipper, (2) a letter of credit at Shipper's expense in favor of Carrier in an amount sufficient to ensure payment of all such charges and, in a form, and from an institution acceptable to Carrier, or (3) a guaranty in an amount sufficient to ensure payment of all such charges, and in a form, and from a third party acceptable to Carrier. 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.

Carrier shall have a lien on all Products in its possession belonging to Shipper to secure the payment of charges due by said Shipper and may withhold such Products from delivery until all of such unpaid charges shall have been paid. If such charges shall remain unpaid for ten (10) days after notice of readiness to deliver, or if Shipper has less than five thousand (5,000) gallons of Products in Carrier's system which Shipper fails to remove after ten (10) days' notice from Carrier, Carrier shall have the right to sell said Products at public or private sale. Carrier may be a bidder and purchaser at such sale. From the proceeds of such sale, Carrier may pay itself all charges lawfully accruing and all expenses of such sale, and the balance remaining, if any, shall be held for whomsoever may be lawfully entitled thereto.

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**ITEM NO. 80****Product Acceptable**

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Carrier reserves the right to reject any Products under this tariff which would have a potential adverse effect on any Product Shipments or otherwise disrupt the efficient use of Carrier's facilities. Products tendered by Shipper pursuant to this tariff for movement as part of a Common Shipment shall meet the specifications for the individual Product as set forth in Carrier's then current product specification dated May 14, 2010, which shall be modified or substituted from time to time and at any time. A copy of this document is available upon request from the tariff compiler referenced on the title page of this tariff.

Subject to these General Rules & Regulations, Product as herein defined will be accepted for transportation at the origins at such time as Products of similar quality and specifications are currently being transported or Carrier is scheduling such Products for Shipment from such origins to destination in accordance with Carrier's sequence of pumping.

Products which will be accepted hereunder are only those having an API Gravity of not less than 30° and not more than 90°, a vapor pressure of not more than 11 pounds per square inch absolute at the storing temperature, a temperature on receipt of not more than 100° F, viscosity not greater than 40 seconds Saybolt Universal and a color not darker than 2.5 ASTM. Any blending components other than pure hydrocarbons must be approved by Carrier.

Shippers requesting Product to be moved as a Brand Shipment may be required to furnish buffer material in reasonable amounts and quantities satisfactory to Carrier for Shipments of Products. When Shipper is required under this item to provide buffer material for the Shipments of Products, Shipper will pay the same rate for the transportation of such buffer material as is the tariff rate applicable to the transportation of the Products the buffer material is being utilized to buffer.

Shipper may be required by Carrier to inject oil-soluble corrosion inhibitors acceptable to Carrier in the Products to be transported. Carrier, for corrosion protection, may inject corrosion inhibitors, and Products containing such inhibitors shall be accepted by Shipper or consignee of Shipper at destination.

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**GENERAL RULES & REGULATIONS (Continued)**

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**ITEM NO. 85                      Product Disposition If No Facilities Provided at Destination**

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In the event Shipper is unable to have Product delivered to it hereunder at destination, as a result of any cause, Carrier agrees to reasonably cooperate with Shipper with respect to Shipper's disposal of such Product in Carrier's facilities; provided, however, if Shipper fails to make provisions for such disposal, Carrier shall have the right, at Shipper's sole cost and expense and for Shipper's account, to dispose of any such Product at the best commercial price then available under existing circumstances in order to free Carrier's facilities.

Carrier shall not be liable to Shipper or its consignee because of such disposition, and Shipper or its consignee shall pay for all costs thereof, the same as if Shipper or its consignee had requested or authorized such disposition.

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**ITEM NO. 90                      Product Involved In Litigation or Encumbered**

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Carrier shall have the right to reject any Product, when offered for transportation, which may be involved in litigation, or the title of which may be in dispute, or which may be encumbered by lien or charge of any kind, and Carrier may require of Shipper satisfactory evidence of perfect and unencumbered title or satisfactory indemnity bond to protect Carrier against any and all losses.

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**ITEM NO. 95                      Proration of Pipeline Capacity**

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When quantities of Product greater than can be transported are offered to Carrier for Shipment through Carrier's facilities, Carrier shall allocate available transportation on an equitable basis to all Shippers' pursuant to Carrier's then current proration policy dated May 14, 2010. A copy of this document is available upon request from the tariff compiler referenced on the title page of this tariff.

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**ITEM NO. 100                      Reconsignment**

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If no out-of-line or back-haul movement is required, Shipper may, on forty-eight (48) hours' written notice to Carrier, and subject to (i) the applicable rate from point of origin to final destination, (ii) Carrier's pumping schedule and (iii) all other General Rules & Regulations herein, reconsign any Shipment or portion of any Shipment to destinations named in lawful tariffs applying on Products issued by or concurred in by Carrier, provided that such Product so reconsigned shall meet the applicable minimum consignment rules for such destination.

In the event Shipper or its consignee does not have adequate facilities available to receive Products from the line without delay at the time any Shipment or portion thereof arrives at a destination to which it is consigned, Carrier will reconsign said Shipment or any undelivered portion thereof to a destination where facilities are available to receive it and Carrier shall not be liable for any damage, loss in transit, or loss in storage which may occur by reason of such reconsignment. Such reconsignment shall have the same effect as though requested by Shipper and Shipper shall pay transportation charges and all other charges from point of origin to actual final destinations.

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**ITEM NO. 110                      Separate Pipeline Agreements**

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Separate agreements, if applicable, in association with pipeline connections or other facilities ancillary to the Carrier's pipeline system and in accordance with this tariff shall be required of any Shipper or consignee before any obligation to provide transportation shall rise.

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**GENERAL RULES & REGULATIONS (Continued)**

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**ITEM NO. 125****Tax Registration**

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Shipper and its consignors and consignees shall be required to provide Carrier with proof of registration with or tax exemption from the appropriate Federal and/or State tax authorities related to the collection and payment of fuels excise tax or other similar taxes, levies or assessments. Shipper and its consignors and consignees shall further be required to immediately notify Carrier of any changes in their registration or tax exemption status. 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. 75.

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**ITEM NO. 130****Tenders**

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Carrier shall not be obligated to accept tenders for transportation of Products during any Month unless the Shipper shall, on or before the fifth (5th) day of the preceding Month, notify the Carrier in the Transport 4 ® website ([www.transport4.com](http://www.transport4.com)) or any other form of communication reasonably requested by Shipper which can be accommodated by Carrier, of the quantity of such Product which it desires to deliver at origin.

Notwithstanding the preceding paragraph, if requested by Carrier, Shipper shall furnish Carrier with a schedule of the expected deliveries of Products at origin and withdrawals at destination, setting forth Shipper's best estimate of daily rate of deliveries and withdrawals, and dates on which such deliveries and withdrawals shall commence. Acceptance of such schedule shall not constitute an obligation on the part of Carrier to meet such schedule.

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**ITEM NO. 135****Testing**

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Shipper shall furnish Carrier with a certificate setting forth in detail specifications of each Shipment of Products offered for transportation under the this tariff, and Shipper shall be liable for any contamination or damage to other Products being transported, or to Carrier's pipeline or other facilities in the event the Products tendered and shipped include blending components other than pure hydrocarbons that have not been approved by Carrier, or substandard to the specifications stated in Shipper's certificate. Carrier may-- but shall not be required to--sample and/or test any Shipment prior to acceptance or during receipt of Shipment, and in the event of variance between said certificate and Carrier's test, Carrier's test shall prevail as to the specifications of Products received.

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## VOLUME INCENTIVE RATES (In Cents-per-bbl.) (Continued)

**ITEM NO. 210**
**Incentive Rates for Jonesboro Destination**

[U] All rates in this item are unchanged.

PRODUCT	DESTINATION	ORIGIN									
		Baytown (Harris Co., TX)	Beaumont (Jefferson Co., TX)	El Dorado (Union Co., AR)	Hebert (1) (Beaumont - Port Arthur) (Jefferson Co., TX)	Houston (1) (Pasadena) (Harris Co., TX)	Pasadena (Harris Co., TX)	Port Neches (Jefferson Co., TX)	Red Bluff (Harris Co., TX)	Shreveport (Caddo Parish, LA)	Texas City (Galveston Co., TX)
Motor Fuel	Jonesboro (P) (Lawrence Co., AR)	155.57	152.86	123.18	176.19	158.31	158.31	155.57	161.03	152.60	158.31
Distillate		161.40	158.69	129.01	182.03	164.13	164.13	161.40	166.85	158.43	164.13

### TERMS AND CONDITIONS

Rates, terms and conditions set forth in this item, supplements to and successive issues thereof will apply to Shipments of any Shipper agreeing in writing to have transported a volume of one million eight hundred twenty five thousand (1,825,000) Barrels of Petroleum Products (Minimum Volume), for an Agreement Period, from the origins to the destination for rates contained in this tariff, during the Agreement Term, counting from the effective date of the Agreement--subject to the following terms and conditions:

a) If at the end of such Agreement Period the volume of Petroleum Products shipped by Shipper is less than the Minimum Volume, Shipper shall pay Carrier within fifteen (15) days, [U]one dollar and twenty cents (\$1.20) times the number of Barrels Shipper is deficient. Such amount will be considered by Carrier as prepaid transportation, shall not bear interest, and will be credited to Shipper at the rate of [U] sixty cents (60¢) per Barrel against transportation charges on future volumes of Petroleum Products that Shipper may elect to ship to such destination from such origins for a period of twelve (12) Months after the Agreement Term or until the prepaid transportation is fully credited to Shipper, whichever comes first. However, if Shipper elects to enter into a new shipment agreement under this tariff for the yearly period immediately following the Agreement Term, then the foregoing prepaid transportation shall be credited to Shipments under such agreement, but only after the Minimum Volume for such year has been shipped.

(b) If during an Agreement Period, Carrier is unable to transport all of the volume offered for Shipment by Shipper (within the limitations of the Agreement and this tariff) and Shipper thereby fails to comply with the Minimum Volume obligation, then such volume, which Carrier was unable to transport, shall be deemed to be shipped for the purpose of determining compliance by Shipper of its Minimum Volume obligation; provided that Shipper gives Carrier written notice within thirty (30) days after the end of the Agreement Period.

**VOLUME INCENTIVE RATES (In Cents-per-bbl.) (Continued)****ITEM NO. 220****Incentive Rates for Memphis (Lion Oil Terminal) Destination**  
**[U] All rates in this item are unchanged.**

PRODUCT	DESTINATION	ORIGIN
		El Dorado (Union Co., AR)
Motor Fuel	Memphis (Lion Oil Terminal) (Shelby Co., TN)	100.1
Distillate		104.4
Unfinished Gasoline		121.1

**TERMS AND CONDITIONS**

Rates set forth in this item will apply to Shipments of Product of any Shipper that agrees to in writing to transport a Minimum Volume of four million (4,000,000) Barrels of Product during an Agreement Period, subject to the following rules and regulations:

a. If the volume of Product shipped by Shipper and delivered at destination during an Agreement Period is less than the Minimum Volume, Shipper shall pay to Carrier within fifteen (15) days after the end of the Agreement Period a deficiency charge of [U]seventy and five tenths cents (70.5¢) times the number of Barrels that Shipper is deficient. Any deficiency charge paid by Shipper shall be considered by Carrier as prepaid transportation, shall not bear interest, and will be credited to Shipper at the prepaid rate of [U]seventy and five tenths cents (70.5¢) per Barrel against transportation charges on Product delivered to Shipper at destination under and during the continuance of this Agreement in any future Agreement Period after the Minimum Volume has been received by Shipper at destination for such future Agreement Period.

b. Upon termination of the Agreement between Carrier and Shipper, any prepaid transportation remaining payable to Shipper under the provisions set forth in this item, shall not be reimbursable except that for a period not to exceed twelve (12) Months thereafter or any other period mutually agreed to by Carrier and Shipper, Shipper shall have the right to a credit of [U]seventy and five tenths cents (70.5¢) per Barrel against the then effective non-incentive rate for Product shipped by Shipper over Carrier's facilities from the origin to destination, as set forth in this tariff, as long as any of the prepaid transportation has not been utilized. Carrier shall be under no obligation to reimburse Shipper if Shipper should have any such prepaid transportation remaining at the expiration of twelve (12) Month period or any other period mutually agreed to by Carrier and Shipper. Furthermore, any such shipment of Product after termination of the Agreement shall be subject to the terms and conditions of the then effective non-incentive tariff relating to such transportation of Product from the origin to the destination.

## VOLUME INCENTIVE RATES (In Cents-per-bbl.) (Continued)

**ITEM NO. 230**
**Incentive Rates for Memphis (Wespac Pipeline) Destination**

[U] All rates in this item are unchanged.

PRODUCT	DESTINATION	ORIGIN							
		Baytown (Harris Co., TX)	Beaumont (Jefferson Co., TX)	Hebert (1) (Beaumont - Port Arthur) (Jefferson Co., TX)	Houston (1) (Pasadena) (Harris Co., TX)	Port Neches (Jefferson Co., TX)	Red Bluff (Harris Co., TX)	Shreveport (Caddo Parish, LA)	Texas City (Galveston Co., TX)
Motor Fuel, Distillate & Jet Fuel	Memphis (WesPac Pipeline) (Shelby Co., TN)	147.4	145.3	163.3	165.4	147.4	151.6	145.1	149.5

### TERMS AND CONDITIONS

Rates set forth herein will apply to Shipments delivered to WesPac Pipeline at Memphis, Tennessee of Product of any Shipper that agrees to in writing to transport a total guaranteed volume obligation of eighty million four hundred and eighty one thousand (80,481,000) Barrels of Product for fifteen (15) successive Agreement Periods during an agreement term, subject to the following rules and regulations:

a. If the volume of Product shipped by Shipper and delivered at destination during an Agreement Period is less than the Minimum Volume as set forth in Table 1 below, Shipper shall pay to Carrier within thirty (30) days after the end of the Agreement Period a deficiency charge of [U] fifty cents (50¢) times the number of Barrels that Shipper is deficient. Any deficiency charge paid by Shipper shall be considered by Carrier as prepaid transportation, shall not bear interest, and will be credited to Shipper at the prepaid rate of [U] fifty cents (50¢) per Barrel against transportation charges on Product delivered to Shipper at destination under and during the continuance of this Agreement in any future Agreement after the Minimum Volume has been received by Shipper at destination for such future Agreement Period.

b. Upon termination of the Agreement between Carrier and Shipper, any prepaid transportation remaining payable to Shipper under the provisions set forth in paragraph a, shall not be reimbursable. Carrier shall be under no obligation to reimburse Shipper if Shipper should have any such prepaid transportation remaining at the expiration of Agreement. Furthermore, any such shipment of Product after termination of this Agreement shall be subject to the terms and conditions of any applicable tariff relating to such transportation of Product.

c. In the event Carrier is prevented from performing its obligation hereunder, due to a Force Majeure Event, the Minimum Volume obligation of Shipper shall abate in the same proportion as the inability of Carrier during the period of such Force Majeure. As used herein the terms "Force Majeure Event" and "Force Majeure" refers to, without limitation, acts of God; lockouts or other industrial disturbances; inability to obtain or delay in obtaining appropriate rights-of-way, permits, licenses, materials, supplies, or labor; acts of public enemy; wars; blockades; insurrection; riots; epidemics; landslides; lightning; earthquakes; fires; storms; floods; washouts; arrests; and restraints of governments and people; civil disturbances; explosions; breakage of or accidents to machinery; equipment or lines of pipe; freezing of lines of pipe; valid rules, regulations or orders of governments or governmental agencies; proration or allocation of any transportation of the Product; and other causes, whether of the same kind herein enumerated or otherwise, beyond the reasonable control of the party claiming such Force Majeure Event.

Shipper and Carrier shall enter into an Agreement prior to any delivery of Product under this tariff, which Agreement shall contain mutually acceptable and agreeable terms and conditions consistent with this tariff.

Table 1	
Agreement Period(s)	Minimum Volume
	(Barrels)
1	4,927,000
2	5,037,000
3	5,146,000
4	5,256,000
5	5,365,000
6 thru 15	5,475,000

**NON-INCENTIVE RATES (In Cents-per-bbl.)****ITEM NO. 300****Non-Incentive Rates for Motor Fuel**  
[U] All rates in this item are unchanged unless otherwise indicated.

DESTINATION	ORIGIN												
	Baytown (Harris Co., TX)	Beaumont (Jefferson Co., TX)	Clermont (Hendricks Co., IN)	Creal Springs - Centennial Pipeline (P)(4) (Marion Co., IL)	El Dorado (3) (Union Co., AR)	Hebert (1) (Beaumont - Port Arthur) (Jefferson Co., TX)	Houston (1) (Pasadena) (Harris Co., TX)	North Port Arthur (5) (Jefferson Co., TX)	Pasadena (Harris Co., TX)	Port Neches (Jefferson Co., TX)	Red Bluff (Harris Co., TX)	Shreveport (Caddo Parish, LA)	Texas City (Galveston Co., TX)
Arcadia (P) (Bienville Parish, LA)	[D] 125.23	[D] 123.30	--	--	--	[I] 155.01	[D] 156.95	[D] 137.72	[D] 125.23	[D] 123.30	[D] 127.49	--	[D] 125.23
Beaumont - Centennial Pipeline (Jefferson Co., TX)	[D] 125.23	115.1	--	--	--	134.5	136.7	--	[D] 125.23	117.4	[D] 127.49	--	[D] 125.23
Cape Girardeau (Scott Co., MO)	[F4] 224.0	[F4] 210.5	--	[F4] 56.18	[F4] 188.1	[F4] 229.8	[F4] 232.1	[F4] 223.4	[F4] 224.0	[F4] 212.7	[F4] 224.0	[F4] 210.3	[F4] 224.0
Chicago (Cook Co., IL)	[F1] 188.8	[F1] 175.0	120.8	67.71	[F1] 152.2	[F1] 194.8	[F1] 197.1	[F3] 188.2	[F1] 188.8	[F1] 177.3	[F1] 188.8	[F1] 174.8	[F1] 188.8
Griffith (Lake Co., IN)	[F1] 188.8	[F1] 175.0	120.8	67.71	[F1] 152.2	[F1] 194.8	[F1] 197.1	[F3] 188.2	[F1] 188.8	[F1] 177.3	[F1] 188.8	[F1] 174.8	[F1] 188.8
Indianapolis (Hendricks Co., IN)	246.47	234.9	--	64.87	212.5	254.2	256.5	247.8	250.35	237.1	250.35	234.7	255.37
Jonesboro (P) (Lawrence Co., AR)	[D] 202.46	[D] 199.10	--	--	[I] 162.33	[D] 227.99	[D] 205.84	[D] 215.24	[D] 205.84	[D] 202.64	[D] 209.23	[I] 198.78	[D] 205.84
Lebanon (Warren Co., OH) *	238.8*	225.2*	--	79.08*	202.9*	244.6*	246.8*	238.1*	238.8*	227.5*	238.8*	225.0*	238.8*
Lima (2) (Allen Co., OH) *	255.4*	241.9*	--	97.31*	219.5*	261.2*	263.5*	254.8*	255.4*	244.1*	255.4*	241.7*	255.4*
Memphis (Lion Oil Terminal) (Shelby Co., TN)	--	--	--	--	173.0	--	--	--	--	--	--	--	--
Memphis (WesPac Pipeline) (Shelby Co., TN)	216.8	203.3	--	--	--	222.6	224.9	216.2	--	205.5	216.8	203.1	216.8
Norris City (White Co., IL)	[F2] 216.9	[F2] 203.4	--	56.18	[F2] 181.0	[F2] 222.7	[F2] 225.0	[F3] 216.3	[F2] 216.9	[F2] 205.6	[F2] 216.9	[F2] 203.2	[F2] 216.9
North Little Rock (P) (Pulaski Co., AR)	[D] 170.02	[D] 167.86	--	--	[I] 138.20	[I] 203.19	[D] 205.52	[D] 184.00	[D] 170.02	[D] 167.86	[D] 172.19	[I] 167.32	[D] 170.02
Princeton (Gibson Co., IN)	[F2] 218.5	[F2] 205.0	--	56.90	[F2] 182.6	[F2] 224.4	[F2] 226.6	[F3] 217.9	[F2] 218.5	[F2] 207.3	[F2] 218.5	[F2] 204.8	[F2] 218.5
Seymour (Jackson Co., IN)	[F2] 220.9	[F2] 207.4	--	57.75	[F2] 185.0	[F2] 226.7	[F2] 229.0	[F3] 220.3	[F2] 220.9	[F2] 209.6	[F2] 220.9	[F2] 207.2	[F2] 220.9
Shreveport Area Truck Rack (Bossier Parish, LA)	151.1	137.6	--	--	115.2	157.0	159.2	150.5	151.1	139.9	151.1	--	151.1
Speedway (Marion Co., IN)	246.47	234.9	--	64.87	212.5	254.2	256.5	247.8	250.35	237.1	250.35	234.7	255.37
West Memphis (Crittenden Co., AR)	216.8	203.3	--	--	171.1	222.6	224.9	216.2	216.8	205.5	216.8	203.1	216.8
Zionsville (Boone Co., IN)	246.47	234.9	--	64.87	212.5	254.2	256.5	247.8	250.35	237.1	250.35	234.7	255.37



# NON-INCENTIVE RATES (In Cents-per-bbl.)

## ITEM NO. 310

### Non-Incentive Rates for Distillate [U] All rates in this item are unchanged unless otherwise indicated.

DESTINATION	ORIGIN												
	Baytown (Harris Co., TX)	Beaumont (Jefferson Co., TX)	Clermont (Hendricks Co., IN)	Creal Springs - Centennial Pipeline (P)(4) (Marion Co., IL)	El Dorado (3) (Union Co., AR)	Hebert (1) (Beaumont - Port Arthur) (Jefferson Co., TX)	Houston (1) (Pasadena) (Harris Co., TX)	North Port Arthur (5) (Jefferson Co., TX)	Pasadena (Harris Co., TX)	Port Neches (Jefferson Co., TX)	Red Bluff (Harris Co., TX)	Shreveport (Caddo Parish, LA)	Texas City (Galveston Co., TX)
Arcadia (P) (Bienville Parish, LA)	[D] 131.82	[D] 130.03	--	--	--	[I] 161.60	[D] 163.55	[D] 144.44	[D] 131.82	[D] 130.03	[D] 134.06	--	[D] 131.82
Beaumont - Centennial Pipeline (Jefferson Co., TX)	129.4	115.9	--	--	--	135.2	137.5	--	129.4	118.1	129.4	--	129.4
Cape Girardeau (Scott Co., MO)	[F4] 229.5	[F4] 216.0	--	[F4] 59.62	[F4] 193.6	[F4] 235.3	[F4] 237.6	[F4] 228.9	[F4] 229.5	[F4] 218.2	[F4] 229.5	[F4] 215.8	[F4] 229.5
Chicago (Cook Co., IL)	[F1] 188.8	[F1] 175.0	120.8	71.27	[F1] 152.2	[F1] 194.8	[F1] 197.1	[F3] 188.2	[F1] 188.8	[F1] 177.3	[F1] 188.8	[F1] 174.8	[F1] 188.8
Griffith (Lake Co., IN)	[F1] 188.8	[F1] 175.0	120.8	71.27	[F1] 152.2	[F1] 194.8	[F1] 197.1	[F3] 188.2	[F1] 188.8	[F1] 177.3	[F1] 188.8	[F1] 174.8	[F1] 188.8
Indianapolis (Hendricks Co., IN)	256.3	242.7	--	68.40	220.4	262.1	264.3	255.6	256.3	245.0	256.3	242.5	256.3
Jonesboro (P) (Lawrence Co., AR)	[D] 209.70	[D] 206.32	--	--	[I] 169.55	[I] 235.23	[D] 213.06	[D] 222.46	[D] 213.06	[D] 209.23	[D] 216.44	[I] 206.01	[D] 213.06
Lebanon (Warren Co., OH) *	246.7*	233.2*	--	86.25*	210.8*	252.5*	254.8*	246.1*	246.7*	235.4*	246.7*	233.0*	246.7*
Lima (2) (Allen Co., OH) *	260.4*	237.5*	--	100.85*	224.5*	266.2*	268.4*	259.7*	260.4*	249.1*	260.4*	246.6*	260.4*
Memphis (Lion Oil Terminal) (Shelby Co., TN)	--	--	--	--	173.0	--	--	--	--	--	--	--	--
Memphis (WesPac Pipeline) (Shelby Co., TN)	221.3	207.8	--	--	--	227.1	229.4	220.7	--	210.1	221.3	207.6	221.3
Norris City (White Co., IL)	[F2]223.1	[F2]209.5	--	59.74	[F2]187.2	[F2]228.9	[F2]231.1	[F3] 222.4	[F2] 223.1	[F2]211.8	[F2]223.1	[F2]209.3	[F2]223.1
North Little Rock (P) (Pulaski Co., AR)	[D] 177.55	[D] 175.21	--	--	[I] 145.74	[I] 210.53	[D] 212.71	[D] 191.35	[D] 177.55	[D] 175.21	[D] 179.40	[I] 174.69	[D] 177.55
Princeton (Gibson Co., IN)	[F2]225.1	[F2]211.6	--	60.47	[F2]189.2	[F2]230.9	[F2]233.2	[F3] 224.5	[F2] 225.1	[F2]213.8	[F2]225.1	[F2]211.3	[F2]225.1
Seymour (Jackson Co., IN)	[F2]229.1	[F2]215.5	--	61.31	[F2]193.2	[F2]234.9	[F2]237.1	[F3] 228.4	[F2] 229.1	[F2]217.8	[F2]229.1	[F2]215.3	[F2]229.1
Shreveport Area Truck Rack  (Bossier Parish, LA)	155.4	141.9	--	--	119.5	161.2	163.5	154.8	155.4	144.2	155.4	--	155.4
Speedway (Marion Co., IN)	256.3	242.7	--	68.40	220.4	262.1	264.3	255.6	256.3	245.0	256.3	242.5	256.3
West Memphis (Crittenden Co., AR)	221.3	207.8	--	--	185.4	227.1	229.4	220.7	221.3	210.1	221.3	207.6	221.3
Zionsville (Boone Co., IN)	256.3	242.7	--	68.40	220.4	262.1	264.3	255.6	256.3	245.0	256.3	242.5	256.3

# NON-INCENTIVE RATES (In Cents-per-bbl.)(Continued)

ITEM NO. 320

## Non-Incentive Rates for Jet Fuel

[U] All rates in this item are unchanged unless otherwise indicated.

DESTINATION	ORIGIN											
	Baytown (Harris Co., TX)	Beaumont (Jefferson Co., TX)	Clermont (Hendricks Co., IN)	El Dorado (Union Co., AR)	Hebert (1) (Beaumont - Port Arthur) (Jefferson Co., TX)	Houston (1) (Pasadena) (Harris Co., TX)	North Port Arthur (5) (Jefferson Co., TX)	Pasadena (Harris Co., TX)	Port Neches (Jefferson Co., TX)	Red Bluff (Harris Co., TX)	Shreveport (Caddo Parish, LA)	Texas City (Galveston Co., TX)
Chicago (Cook Co., IL)	[F1]198.4	[F1] 185.8	110.2	--	[F1] 203.8	[F1] 205.9	[F3] 197.8	[F1] 198.4	[F1]187.9	[F1]198.4	[F1]185.6	[F1]198.4
Cincinnati/Northern Kentucky International Airport (Kenton Co., KY) *	308.3*	301.3*	--	--	320.7*	322.9*	314.2*	308.3*	303.6*	308.1*	301.1*	308.3*
Des Plaines (J) (Cook Co., IL)	231.35	218.75	--	--	236.75	238.85	--	231.35	220.85	231.35	218.55	231.35
Griffith (Lake Co., IN)	[F1] 198.4	[F1] 185.8	110.2	--	[F1] 203.8	[F1] 205.9	[F3] 197.8	[F1] 198.4	[F1]187.9	[F1]198.4	[F1]185.6	[F1]198.4
Indianapolis (Hendricks Co., IN)	256.3	242.7	--	--	262.1	264.3	255.6	236.9	245.0	256.3	242.5	256.3
Lebanon (Warren Co., OH) *	246.7*	233.2*	--	--	252.5*	254.8*	246.1*	246.7*	235.4*	246.7*	233.0*	246.7*
Lima (2) (Allen Co., OH) *	260.4*	246.8*	--	--	266.2*	268.4*	259.7*	260.4*	249.1*	260.4*	246.6*	260.4*
Memphis (WesPac Pipeline) (Shelby Co., TN)	232.1	218.5	--	--	237.9	240.2	231.4	--	220.8	232.1	218.3	232.1
North Little Rock (P) (Pulaski Co., AR)	[D] 177.55	[D] 175.21	--	[I] 145.74	[I] 210.53	[I] 212.71	[I] 191.35	[D] 177.55	[I] 175.21	[D] 179.40	[I] 174.69	[D] 177.55
Speedway (Marion Co., IN)	256.3	242.7	--	--	262.1	264.3	255.6	236.9	245.0	256.3	242.5	256.3
Zionsville (Boone Co., IN)	256.3	242.7	--	--	262.1	264.3	255.6	236.9	245.0	256.3	242.5	256.3

**NON-INCENTIVE RATES (In Cents-per-bbl.)(Continued)**

**ITEM NO. 330**

**Non-Incentive Rates for Unfinished Gasoline**  
[U] All rates in this item are unchanged.

DESTINATION	ORIGIN	
	Mont Belvieu (Chambers Co., TX)	Red Bluff (Harris Co., TX)
Chicago (Cook Co., IL)	[F1] 193.4	--
Griffin (Posey Co., IN)	206.7	--
Griffith (Lake Co., IN)	[F1] 193.4	--
Princeton (Gibson Co., IN)	[F2]186.0	200.0

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## SUSPENSION NOTICE

### Applies to Suspended FERC Tariff No. 55.11.0

Issued under authority of 18 CFR § 341.4(f) and in compliance with the Order of the Federal Energy Regulatory Commission in Docket No. IS12-203-000 issued April 13, 2012.

By Order of the Federal Energy Regulatory Commission, Tariff No. 55.11.0 issued by Enterprise TE is accepted and suspended, to become effective November 16, 2012, subject to refund. See below for the ordering paragraph.

### UNITED STATES OF AMERICA FEDERAL ENERGY REGULATORY COMMISSION

Docket No. IS12-203-000  
Order Accepting and Suspending Tariff Records  
Subject to Refund and Conditions  
(Issued April 13, 2012)

The Commission orders:

(A) Pursuant to the authority contained in the Interstate Commerce Act, particularly section 15(7) thereof, Enterprise's FERC Tariff Nos. 54.15.0 and 55.11.0 are accepted for filing and suspended, to become effective November 16, 2012, subject to refund, hearing procedures, and to further order of the Commission.

(B) Pursuant to the authority contained in the Interstate Commerce Act, particularly sections 15(1) and 15(7) thereof, and the Commission's regulations, a hearing is established to address the issues raised by Enterprise's filing.

(C) A Presiding Administrative Law Judge (ALJ) to be designated by the Chief Administrative Law Judge, for the purpose pursuant to 18 C.F.R. § 375.302 (2011), shall convene a prehearing conference in this proceeding to be held within twenty (20) days of the issuance of this order in a hearing or conference room of the Federal Energy Regulatory Commission, 888 First Street, NE, Washington, DC 20426. The prehearing conference shall be held to clarify positions of the participants, and for the ALJ to establish any procedural dates for the hearing. The ALJ is authorized to conduct further proceedings pursuant to this order and the Commission's Rules of Practice and Procedure.

By the Commission.

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## ROUTE DIRECTORY

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Rates in tariff apply via all routes made by use of Carrier's lines and via use of CPL lines from Hebert (Beaumont - Port Arthur) and Houston (Pasadena), Texas to Beaumont, Texas.

Via Enterprise TE's lines from all \*origins to Argo, Illinois; Thence, from Argo, Illinois via Wood River lines to Des Plaines, Illinois.

\* Hebert and Houston, Texas are CPL origins.

From Creal Springs, Illinois via use of Carrier's lines to Chicago and Norris City, Illinois; Griffith, Indianapolis, Princeton and Seymour, Indiana; Cape Girardeau, Missouri and Lebanon and Lima, Ohio.

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## EXPLANATION OF ABBREVIATIONS

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<b>API</b>	American Petroleum Institute
<b>API Gravity</b>	Gravity determined in accordance with ASTM Designation D287-67 and revisions thereof.
<b>ASTM</b>	American Society for Testing and Materials.
<b>ASTM Color</b>	Color determined by the ASTM (color of petroleum products Method ASTM Designated D1500-68 and D156-68 and revisions thereof).
<b>Bbl.</b>	Barrel
<b>CFR</b>	Code of Federal Regulations
<b>CPL</b>	Colonial Pipeline Company
<b>Co.</b>	County
<b>F</b>	Fahrenheit
<b>FERC</b>	Federal Energy Regulatory Commission
<b>No.</b>	Number
<b>psia</b>	Pounds per square inch absolute
<b>&amp;</b>	And
<b>¢</b>	Cents
<b>°</b>	Degrees
<b>\$</b>	Dollars
<b>%</b>	Percent
<b>§</b>	Section

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## EXPLANATION OF REFERENCE MARKS

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- (1) Denotes CPL origin.
- (3) Carrier's pipeline between Shreveport, Louisiana and El Dorado, Arkansas will generally accommodate eastbound shipments. Tenders for westbound shipments of Petroleum Products from El Dorado, Arkansas to Shreveport, Louisiana will only be accepted once all tenders have been accepted for the eastbound shipments.
- (4) Carrier's pipeline between Cape Girardeau, Missouri and Creal Springs, Illinois will generally accommodate northbound shipments. Tenders for southbound shipments of Petroleum Products from Creal Springs, Illinois to Cape Girardeau, Missouri will only be accepted once all tenders have been accepted for the northbound shipments.
- (5) North Port Arthur origin is the interconnect between Enterprise Refined Products Company LLC's North Port Arthur storage facility and Enterprise TE.
- [F1] Section Four rates, fourth section application dated March 14, 2003, effective April 14, 2003.
- [F2] Section Four rates, fourth section application dated May 14, 2010, effective June 14, 2010.
- [F3] Section Four rates, fourth section application dated March 21, 2011, effective April 1, 2011.
- [F4] Section Four rates, fourth section application dated March 16, 2012, effective April 16, 2012.
- (J) Joint rates in connection with Wood River Pipe Lines LLC.
- (P) Rates for the applicable origin(s) or destination(s) are not market based. All other rates are market based.
- \* The pipeline system is out of service.
- [D] Decrease.
- [I] Increase.
- [N] New.
- [U] Unchanged rate.
- [W] Change wording only.
-

## **Attachment 2**

# **Commission Orders Relevant to Settlement Agreement**

**Commission Orders Relevant to Evaluation of Settlement**

- Enterprise TE Products Pipeline Co. LLC, 139 FERC ¶ 61,036 (2012).



## **Attachment 3**

# **Proposed Order Approving Offer of Settlement**

**UNITED STATES OF AMERICA**  
**BEFORE THE**  
**FEDERAL ENERGY REGULATORY COMMISSION**

Enterprise TE Products Pipeline Company     )     Docket No. IS12-203-000  
LLC     (FERC Tariff Nos. 54.15.0 and 55.11.0)

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Dear Counsel:

On April 3, 2013, Enterprise TE Products Pipeline Company LLC (“Enterprise TE”), and the “Propane Group” (the members of which are identified in Appendix A attached to the Settlement Agreement), the “Refined Products Group” (the members of which are also identified in Appendix A attached to the Settlement Agreement), BP Products North America, Inc.,

Chevron Products Company (a Chevron U.S.A. Inc. division), CITGO Petroleum Corporation, Inergy Propane LLC, MarkWest Hydrocarbon, Inc., Murphy Oil USA, Inc., and Phillips 66 Company, (each individually a “Party” and collectively the “Parties”) filed an Offer of Settlement in the referenced proceedings for approval pursuant to Rule 602, including as Appendix B to the Settlement Agreement a joint Conditional Notice of Withdrawal for permission to withdraw protests pursuant to Rule 216, 18 C.F.R. § 385.216 (2013), and Section 1802(d)(2) of the Energy Policy Act of 1992.<sup>1</sup> If approved, the Offer of Settlement will resolve the protests and challenges in the captioned proceedings as between the Parties.

The Commission finds that the Offer of Settlement, and the mutual exchange of consideration provided thereunder, provides a fair and reasonable resolution of the disputes among the Parties, and is in the public interest. Neither the Settlement Agreement nor the Commission’s approval of this Settlement Agreement constitutes approval of, or precedent regarding, any principle or issue in these proceedings.

The Commission approves the Settlement Agreement without condition or modification and grants the joint conditional notice attached as Appendix B to the Settlement Agreement, subject to the Settlement Agreement becoming effective under its terms and FERC's receipt of written certification from Enterprise TE that it has made the payments required by Section III.D of the Settlement Agreement.

By direction of the Commission.

Kimberly D. Bose, Secretary

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<sup>1</sup> Energy Policy Act of 1992, Pub. L. 102-486 § 1802(d)(2), 106 Stat. 2776, 3010 (1992), *reprinted in* 42 U.S.C. §7172 notes.

Document Content(s)

Enterprise - Settlement Filing PUBLIC.PDF.....1-97

## Enterprise TE Timeline of Events

Date	Item	Docket
11/14/2012	Enterprise Liquids files ATEX Pipeline PDO stating that Enterprise TE will (i) transfer the 14-inch/16-inch line to Enterprise Liquids, and (ii) continue to provide refined products service to the Midwest on its 20-inch pipeline.	OR13-7
2/1/2013	FERC approves PDO for ATEX, recognizing that PDO says refined products service to the Midwest will continue on Enterprise TE.	OR13-7
4/3/2013	Enterprise TE and shippers file offer of settlement in cost-of-service rate proceeding.	IS12-203
5/1/2013	Enterprise TE files Tariff No. 55.28.0 cancelling interstate distillate and jet fuel service due to 14/16-inch line soon to be taken out of service for ATEX and claiming the \$50 million investment required to provide interstate distillate and jet fuel service on the 20-inch line was "not commercially feasible."	IS13-265
5/14/2013	Enterprise TE files Seymour Lateral PDO asking FERC approval to carve out up to 90 kbpd of capacity on the 20-inch line (90% being "firm") for new diluent transportation service to Chicago. Enterprise TE represents that "there will be more than adequate capacity available to provide traditional and reasonably forecasted movements of other products on its system."	OR13-20
5/31/2013	FERC approves settlement in cost-of-service rate proceeding.	IS12-203
5/31/2013	FERC approves Enterprise TE's tariff cancelling interstate distillate and jet fuel service.	IS13-265
6/24/2013	Enterprise TE files Reply Comments stating abandonment of distillate and jet fuel unrelated to diluent service which doesn't start until 4th Quarter 2013.	OR13-20
8/1/2013	FERC approves Seymour Lateral PDO noting "Enterprise TE states that it does not anticipate allocation of other products on the existing facilities upstream from the Seymour Project, due to adequate capacity to accommodate other products on the pipeline. Further, Enterprise TE may follow its historical practice of offloading other products onto the Centennial Pipeline if necessary."	OR13-20
11/1/2013	Seymour Lateral project with firm diluent service to Chicago goes into partial service.	OR 13-20
11/1/2013	For the first time since 2009 or earlier, Enterprise TE begins calculating "Available Capacity" under its prorationing policy and begins prorationing capacity.	n/a
3/31/2014	Enterprise TE files Tariff No. 55.35.0 reinstituting interstate distillate service "without prejudice to any of its rights in, or without making any admissions with respect to, the ongoing proceedings in Docket Nos. OR13-25-000 ... Enterprise TE also expressly reserves the right to file to cancel such distillate services effective June 1, 2015 or at any time thereafter."	IS14-266

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

CHS Inc.	)	
Federal Express Corporation	)	
GROWMARK, Inc.	)	
HWRT Oil Company LLC	)	
MFA Oil Company	)	Docket No. OR13-25-000
Southwest Airlines Co.	)	
United Airlines, Inc.	)	
UPS Fuel Services, Inc.	)	
<i>Complainants,</i>	)	
	)	
v.	)	
	)	
Enterprise TE Products Pipeline	)	
Company, LLC,	)	
<i>Respondent.</i>	)	
	)	
Chevron Products Company	)	
<i>Complainant,</i>	)	Docket No. OR13-26-000
	)	
v.	)	
	)	
Enterprise TE Products Pipeline	)	
Company, LLC,	)	(Consolidated)
<i>Respondent.</i>	)	

**REQUEST FOR REHEARING OF  
CHS INC., FEDERAL EXPRESS CORPORATION, GROWMARK, INC.,  
HWRT OIL COMPANY, LLC, MFA OIL COMPANY, SOUTHWEST AIRLINES CO.,  
UNITED AIRLINES, INC., AND UPS FUEL SERVICES, INC.**

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Inc.; and UPS Fuel Services, Inc.*

November 18, 2013

## TABLE OF CONTENTS

I.	BACKGROUND .....	3
A.	Enterprise TE .....	3
B.	Prior Rate Proceedings and Settlement Agreement .....	3
C.	Tariff No. 55.28.0 and Enterprise TE’s Intention to Refuse Nominations for Distillates and Jet Fuel Transportation.....	5
D.	Order on Tariff Filing .....	9
E.	Docket No. OR13-25-000 Complaint Order.....	10
II.	STATEMENT OF ISSUES .....	12
III.	REQUEST FOR REHEARING.....	14
A.	The Commission Erred In Allowing Enterprise TE To Define The Scope Of Its Common Carrier Obligations .....	16
B.	The Commission Erred In Declining To Order Enterprise TE to Continue Accepting Nominations And Providing Transportation For Jet Fuel And Distillates, As Required By The Settlement Agreement .....	29
1.	Enterprise TE’s Artificial Labeling of its Actions as an “Abandonment” Does Not Dictate the Commission’s Authority and Jurisdiction and the Commission Erred in Declaring that It had No Authority to Prohibit or Check the Pipeline’s Abusive Actions.....	29
2.	The Commission Erred in Determining that it Lacks the Authority and Jurisdiction to Require Enterprise TE to Adhere to Its Obligations As a Common Carrier Under the ICA.....	42
C.	Notwithstanding The Purported “Abandonment” Claims, The Commission Erred In Failing To Specifically Enforce The Terms Of The Settlement Agreement It Approved As An Unambiguous Contract Obligation.....	47
IV.	CONCLUSION.....	53

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

CHS Inc.	)	
Federal Express Corporation	)	
GROWMARK, Inc.	)	
HWRT Oil Company LLC	)	
MFA Oil Company	)	Docket No. OR13-25-000
Southwest Airlines Co.	)	
United Airlines, Inc.	)	
UPS Fuel Services, Inc.	)	
<i>Complainants,</i>	)	
	)	
v.	)	
	)	
Enterprise TE Products Pipeline	)	
Company, LLC,	)	
<i>Respondent.</i>	)	
	)	
Chevron Products Company,	)	
<i>Complainant,</i>	)	Docket No. OR13-26-000
	)	
v.	)	
	)	
Enterprise TE Products Pipeline	)	
Company, LLC,	)	(Consolidated)
<i>Respondent.</i>	)	

**REQUEST FOR REHEARING OF  
CHS INC., FEDERAL EXPRESS CORPORATION, GROWMARK, INC.,  
HWRT OIL COMPANY, LLC, MFA OIL COMPANY, SOUTHWEST AIRLINES CO.,  
UNITED AIRLINES, INC., AND UPS FUEL SERVICES, INC.**

1. Pursuant to Section 17(6) of the Interstate Commerce Act (“ICA” or “Act”), 49 U.S.C. app. §17(6), and Rule 713, 18 C.F.R. § 385.713, of the Federal Energy Regulatory Commission (“FERC” or the “Commission”) Rules of Practice and Procedure, CHS Inc. (“CHS”), Federal Express Corporation (“FedEx”), GROWMARK, Inc. (“GROWMARK”), HWRT Oil Company, LLC (“HWRT”), MFA Oil Company (“MFA”), Southwest Airlines Co. (“Southwest”), United Airlines, Inc. (“United”), and UPS Fuel Services, Inc. (“UPS”) jointly,



“Complainants”) hereby jointly request limited rehearing of the Commission’s October 17, 2013, Order Granting in Part and Consolidating Complaints, and Establishing Limited Hearing on Damages (“Complaint Order”) in the captioned proceeding. *CHS Inc., et al. v. Enterprise TE Products Pipeline Co., LLC*, 145 FERC ¶ 61,056 (2013).

2. As more fully set forth below, the Commission’s determination that it lacks the authority to direct Enterprise TE Products Pipeline Co., LLC (“Enterprise TE”) to continue to transport distillates and jet fuel is in error. The Complaint Order reflects a plain misapprehension of the Commission’s authority under Sections 1(4), 3(1), and 15(1) of the ICA and is in direct conflict with established case law. When a common carrier refuses or proposes to cancel or prohibit the transportation of a particular product or commodity, the Commission has the authority, as well as the obligation, under the ICA to determine whether such action conforms to the pipeline’s statutory common carrier obligations and, if applicable, its contractual obligations. If such action is inconsistent with and contrary to the ICA, the Commission has the authority and jurisdiction to order the pipeline to cease and desist from its practice and direct the acceptance of products or commodities for transportation. *See* ICA § 15(1). Contrary to the implications in the Complaint Order, the false or artificial labeling of an action as “abandonment” – when in actuality the action is nothing more than the simple refusal to accept nominations for or cancellation of particular product transportation by a common carrier – does not erase or curtail the Commission’s ICA jurisdiction.

3. Indeed, as detailed below, Enterprise TE gave the Commission the false impression that it was proposing not to accept nominations from all shippers of jet fuel which the Commission erroneously relied upon. But, by Enterprise TE’s subsequent filing with this Commission, it is clear that the Commission relied upon a false predicate. Enterprise TE was

arbitrarily refusing to accept nominations from only certain shippers of that product – not all shippers.

## **I. BACKGROUND**

### **A. Enterprise TE**

4. Enterprise TE is a common carrier liquids pipeline providing transportation of petroleum products, unfinished gasoline, and diluent from origins in the Gulf Coast. Among the products identified in its Tariff publications as being shipped by Enterprise TE are motor fuels, which include finished and subgrade gasoline grades; distillates, which include diesel fuel, Ultra Low Sulfur Diesel (“ULSD”) and petroleum distillates; and jet fuel, which Enterprise TE defines as fungible Jet-A turbine fuel.<sup>1</sup> Enterprise TE also transports unfinished gasoline, which includes natural gasoline, condensate, raffinate, straight-run gasoline, and naphtha; and natural gas liquids (“NGLs”) such as propane and butane.

### **B. Prior Rate Proceedings and Settlement Agreement**

5. In Docket No. IS12-203-000, Enterprise TE filed to substantially increase its rates for transportation of refined petroleum products and NGLs across its system. A number of shippers protested these rates, including several of the Complainants.

6. Ultimately, the parties entered into a Settlement Agreement resolving the protests and “establish[ing] new forward-looking rates for movements of refined petroleum products and natural gas liquids (“NGLs”) on Enterprise [TE]’s System.” Explanatory Statement, Docket No. IS12-203-000 at 2 (April 3, 2013). As a fundamental aspect of and integral basis for the

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<sup>1</sup> Enterprise TE’s applicable current tariff, FERC No. 55.31.0, defines Petroleum Products as “Motor Fuels” including finished and subgrade gasoline grades, “Distillates” including “diesel fuel, ULSD, and petroleum distillates”, “Jet Fuel,” which refers “to fungible Jet-A turbine fuel” and “Diluent” which refers to a “liquid hydrocarbon used to dilute heavy crude.” Enterprise TE FERC Tariff No. 55.31.0. Enterprise TE’s FERC Tariff No. 55.32.0, attached hereto as Attachment 1, defines these commodities in the same manner. Enterprise TE’s FERC Tariff 55.32.0 was filed on November 8, 2013, pursuant to the Commission’s Special Permission regulations and thus has been conditionally accepted subject to refund and/or other treatment pending a thirty (30) day review period. *See* 18 CFR § 341.14.

Settlement Agreement, Enterprise TE agreed that it “will not change the agreed-upon rates for a period of two years except pursuant to the Commission’s indexing methodology.” *Id.* at 3. This settlement, which covers rates for distillates and jet fuel shipments, is for a term of two years that is to end May 31, 2015.

7. The parties entered into the Settlement Agreement “to resolve uncertainty” and to “provide[] assurances to the Parties for at least two years with respect to the rates for the refined petroleum products and NGL movements at issue.” *Id.* at 5. As noted above, on May 31, 2013, the Commission approved the Settlement Agreement in *Enterprise TE Products Pipeline Company LLC*, 143 FERC ¶ 61,197 (2013). On April 3, 2013, Enterprise TE filed FERC Tariff No. 55.25.0 (FERC Docket No. IS13-233-000), which implements the rates established in the Settlement Agreement. Enterprise TE FERC Tariff No. 55.25.0 (“Enterprise [TE] is filing the above listed tariffs [*i.e.*, FERC Tariff Nos. 55.23.0 and 55.25.0] in accordance with the terms of the Settlement Agreement filed with the Commission in Docket No. IS12-203-000 on April 3, 2013.”). This tariff is in the same form and contains the same rates as the tariff and rates in Appendix D to the Settlement Agreement. This tariff contained both incentive (Items 210, 220, 230) and non-incentive (Item 230) rates for distillates and both incentive (Item 230) and non-incentive (Item 320) rates for jet fuel. These rates are the rates Enterprise TE agreed “shall remain in effect for the remainder of the Settlement Period.” Settlement Agreement at Section III.D.2(b). These are the “tariffs containing new rates (‘Settlement Rates’) as shown on Appendix D (‘Settlement Tariffs’)” as set forth in Section III.D.2(a) of the Settlement Agreement. Settlement Agreement, Section III.D.2(a) and Appendix D thereto (attached as Exhibit 1 to Complainants’ Amended Complaint).

**C. Tariff No. 55.28.0 and Enterprise TE's Intention to Refuse Nominations for Distillates and Jet Fuel Transportation**

8. On May 1, 2013, Enterprise TE submitted FERC Tariff No. 55.28.0. The primary change this tariff makes to Enterprise TE's operations is that, as of June 1, 2013, Enterprise TE will no longer accept nominations for the interstate transportation of distillates and jet fuel. Specifically, FERC Tariff No. 55.28.0 added the following new language to Item No. 130 of the Tariff:

Carrier will cease to accept nominations for the following services after June 1, 2013: (a) interstate transportation of Distillates in Item Nos. 210, 220, and 230 (Volume Incentive Rates) and Item No. 310 (Non-Incentive Rates), and (b) interstate transportation of Jet Fuel in Item No. 230 (Volume Incentive Rates) and Item No. 320 (Non-Incentive Rates). Carrier will continue to provide jet fuel service under its separate FERC Tariff No. 58.0.0 and reissues thereof from Lima, Ohio to the Cincinnati Airport.

Despite protests filed by multiple shippers, including the Complainants in this proceeding, the Commission accepted Tariff No. 55.28.0 on May 31, 2013. *Enterprise TE Products Pipeline Company LLC*, 143 FERC ¶ 61,191 (2013).

9. Tariff No. 55.28.0 is the penultimate step in Enterprise TE's plan, announced in March 2013, to purportedly cease most interstate transportation of distillates and jet fuel on its system.<sup>2</sup> On March 22, 2013, Enterprise TE provided a notice to its shippers that it planned to cease certain services effective July 1, 2013. March 22, 2013 Notice of TE Products Service Changes, attached to transmittal letter to Tariff No. 55.27.0 ("March Notice") (attached as

<sup>2</sup> As discussed in the protest in Docket No. IS13-265-000, Complainants contest whether Enterprise TE will truly cease all interstate jet fuel and distillate transportation on its systems under Tariff No. 55.28.0 (and successor tariffs), as some of the so-called "intrastate" movements it will continue to provide may in fact be interstate movements under Commission precedent. Indeed, Enterprise TE has recently filed, as discussed further herein, FERC Tariff No. 55.32.0 (Attachment 1 hereto), which specifically provides for the acceptance of nominations for the interstate transportation of jet fuel from existing origins in the Gulf Coast to the existing destination at Memphis (WesPac Pipeline) Tennessee. Nevertheless, for the purposes of the Complaint and lacking any discovery on the issue, Complainants have assumed that Enterprise TE is no longer accepting nominations and thus not providing interstate transportation of distillates or jet fuel except as noted above.

Exhibit 4 to Complainants' Amended Complaint). Specifically, Enterprise TE stated that it would no longer provide:

- Interstate transportation for ULSD;
- Interstate transportation for commercial jet fuel, except for currently-tariffed service from various origins to the Memphis, TN destination and the currently-tariffed service from the Lima, OH origin to the Cincinnati Airport destination; and
- Interstate transportation of military jet fuel.

Enterprise TE specifically stated that it would continue to offer interstate transportation for motor gasoline, natural gasoline, propane, normal butane, and isobutene. It also stated that it would continue to offer "intrastate" transportation of ULSD within the states of Arkansas, Texas, Louisiana, and Ohio; intrastate transportation of commercial jet fuel within the states of Texas and Ohio; and intrastate transportation of military jet fuel within the states of Louisiana and Ohio.

10. To begin implementing the changes proposed in the March Notice, on April 5, 2013, Enterprise TE submitted FERC Tariff No. 55.27.0. The significant change proposed in this filing appears in Item No. 130, where Enterprise TE indicated that it would "cease to accept nominations for . . . interstate transportation service for ultra-low sulfur diesel in Item No. 310 Non-Incentive Rates for Distillates, and . . . interstate transportation service for commercial jet fuel in Item No. 320 Non-Incentive Rates for Jet Fuel." This tariff, however, stated that Enterprise TE would continue to accept nominations for "the currently-tariffed service from all origins in Item No. 320 to Memphis, Tennessee and FERC Tariff No. 58.0.0 and reissues thereof from Lima, Ohio to the Cincinnati Airport." *Tariff No. 55.27.0 did not cancel any tariffs or tariff items providing for the transportation of particular commodities.* Further, it made no reference to incentive rates for distillates in Item No. 210, incentive rates for distillates in Item No. 220, or

incentive rates for distillates and jet fuel in Item No. 230, indicating that Enterprise TE would continue to accept nominations for transportation of ULSD and jet fuel between the origins and destinations specified in those Items from shippers who have entered incentive rate contracts with Enterprise TE. Several of the complainants and other parties protested Tariff No. 55.27.0.

11. In response to the protests of Tariff No. 55.27.0, Enterprise TE submitted FERC Tariff No. 55.28.0 “to correct for certain inadvertent oversights and to clarify certain issues.” Transmittal Letter to FERC Tariff No. 55.28.0 at 1. As discussed above, Tariff No. 55.28.0’s new Tariff rule or regulation declining to accept nominations applies to all interstate movements of distillates, not just ULSD, and to both incentive and non-incentive rates for distillates and jet fuel, rather than solely the non-incentive rates as indicated in Tariff No. 55.27.0. FERC Tariff No. 55.28.0 also applies its new Tariff rule or regulation refusing to accept nominations for transportation of interstate jet fuel to Memphis, Tennessee, a service it explicitly maintained under Tariff No. 55.27.0 and indicated it would retain in the March Notice. Once again, however, this Tariff filing did not cancel any tariff or tariff item providing for the transportation of particular commodities. Rather, Enterprise TE simply created a tariff rule/regulation that it would not accept nominations for the referenced commodities while accepting nominations and providing transportation for the other commodities listed in its Tariff.

12. Tariff No. 55.28.0 brings the plan outlined in Enterprise TE’s March Notice to fruition. Notwithstanding that its tariff publications list rates, as well as origins and destinations, for the transportation of jet fuel and distillates, as of June 1, 2013, Enterprise TE no longer accepted nominations for the interstate transportation of jet fuel and distillates.

13. Tariff No. 55.28.0 has been superseded by Enterprise TE’s filing of Tariff Nos. 55.29.0, 55.30.0, and 55.31.0. Notably, none of these subsequent tariff filings have changed

Enterprise TE's Tariff rule/regulation that it will not accept nominations for jet fuel and distillates transportation. Moreover, none of these Tariff filings cancelled any tariff or tariff item providing for the transportation of particular commodities. Rather, these Tariff filings simply continued Enterprise TE's Tariff rule/regulation of refusing to accept nominations for the transportation of jet fuel and distillates.

14. On November 8, 2013, Enterprise TE filed Tariff No. 55.32.0, cancelling Tariff No. 55.31.0, requesting an effective date of November 9, 2013. Tariff No. 55.32.0 provides that Enterprise TE will now accept nominations for the interstate transportation of jet fuel from existing origins in the Gulf Coast but only to the existing destination at Memphis (WesPac Pipeline) Tennessee. *See* Attachment 1 hereto for a copy of Enterprise TE's Tariff No. 55.32.0 filing. Enterprise TE states that it is offering this service "in light of, and solely because of, the obligation set forth in an existing transportation agreement for service that qualifies for the posted incentive rates applicable to such points."

15. Once again, however, Enterprise TE did not cancel any interstate transportation. Rather, Enterprise TE simply amended its Tariff rule/regulation refusing to accept nominations for distillates and jet fuel interstate transportation to exempt (*i.e.*, accept nominations of) jet fuel from Gulf Coast origins to one destination. Accordingly, Enterprise TE is now accepting nominations for the transportation of jet fuel from Gulf Coast origins to the Memphis (WesPac Pipeline) Tennessee destination and declining to accept distillates and jet fuel nominations for transportation to all other destinations. Importantly, however, as reflected in the attached Tariff No. 55.32.0, Enterprise TE still posts (*i.e.*, holds itself out to provide) specific rates and terms of service for the transportation of distillates and jet fuel across its system. *See* FERC Tariff No. 55.32.0, Item Nos. 210, 220, 230, 310, and 320. Moreover, it is Complainants' understanding

that Enterprise TE is also performing interstate transportation of jet fuel for various military installations.

**D. Order on Tariff Filing**

16. On May 1, 2013, the Commission issued its order accepting Enterprise TE's proposed Tariff No. 55.28.0 ("Tariff Order"). *See Enterprise TE Products Pipeline Co., LLC*, 143 FERC ¶ 61,191 (2013). In response to the Complainants' and others' protests challenging Enterprise TE's proposal to cease accepting nominations for distillates and jet fuel in light of the Docket No. IS12-203 Settlement Agreement, the Commission determined that it lacked jurisdiction "over the abandonment of service by oil pipelines." *Id.* at P 20 (footnote omitted). Moreover, in response to economic and commercial concerns raised in connection with Enterprise TE's decision to cease accepting nominations for distillates and jet fuel interstate transportation, the Commission determined that such issues were effectively irrelevant and would not be addressed as "ultimately it is the oil pipeline's choice what services it will offer." *Id.* at P 23.

17. In addressing the shippers' claims that the Docket No. IS12-203 Settlement Agreement required Enterprise TE to maintain the transportation of distillates and jet fuel for at least the two year term of the settlement, the Commission found that it had jurisdiction over the Settlement Agreement and the transportation encompassed therein. *Id.* at PP 24-26. The Commission stated that "[w]hile an abandonment of service is beyond the Commission's jurisdiction, if that abandonment alters an earlier agreement concerning jurisdictional service, the Commission has jurisdiction to appropriately remedy the situation." *Id.* at P 26. In this connection, while reiterating that it lacked authority, from an equitable remedy perspective, to prevent or delay the discontinuance of jet fuel and distillates nominations, the Commission found



that the issue of Enterprise TE's potential violation of the IS12-203 Settlement Agreement was more properly the subject of a ICA Section 13(1) complaint proceeding. *Id.* at P 27.

**E. Docket No. OR13-25-000 Complaint Order**

18. Given the Commission's determination in Docket No. IS13-265 (*i.e.*, the Tariff Order), Complainants filed, on June 14, 2013, a complaint re-asserting that Enterprise TE's actions in ceasing the acceptance of nominations for jet fuel and distillates interstate transportation were and are a direct violation of the Settlement Agreement in Docket No. IS12-203. In turn, Complainants requested that the Commission use its authority under the ICA to enforce the Settlement Agreement and, correspondingly, direct Enterprise TE to continue providing distillates and jet fuel transportation consistent with the terms of the Settlement Agreement as well as award monetary damages as a result of its breach of the Settlement Agreement.

19. On October 17, 2003, the Commission issued its Complaint Order granting the complaints in part and establishing a limited hearing as to any applicable damages. In the Complaint Order, the Commission correctly found that based on well-established canons of contract interpretation, Enterprise TE is required under the Settlement Agreement, to provide transportation of all commodities identified in the agreement, including distillates and jet fuel transportation, for the entirety of the settlement period. *Id.* at P 27. In rejecting Enterprise TE's argument that the Settlement Agreement did not implicate or affect its ability to cease providing the referenced transportation, the Commission properly explained:

An explicit agreement that rates shall remain in effect is, as discussed above, an agreement that the tariff placing the rates in effect will remain filed. A promise that a tariff will remain filed is an explicit promise not to file a replacement tariff to cancel the original tariff so as to abandon the service which the original tariff provided for. *The Settlement thus triggered an obligation for Enterprise TE to provide the service consistent with the obligations of common carriage set forth in the ICA.*

*Id.* at P 31 (emphasis added).

20. The Commission also properly rejected Enterprise TE's attempt to engage in inappropriate wordplay when it claimed that its cancellation of distillates and jet fuel transportation was nothing more than a change in operations which was a matter not covered by the Settlement Agreement. As the Commission appropriately explained, Enterprise TE's interpretation was both unreasonable and unsound:

Operational changes are different from cancellation of service. Agreeing that changes in operations are not within the scope of the Settlement, as the parties did here, does not mean that the parties agreed that the Settlement could be modified by Enterprise TE simply by labeling the modification an operational change. The general statement that the Settlement did not cover changes in operations does not supersede or nullify the specific agreement that the tariffed rates shall remain in effect for the entire two-year term of the Settlement Agreement.

*Id.* at P 33.

21. However, in response to Complainants' request that, in light of the pipeline's breach of the Settlement Agreement, the Commission should exercise its authority under the ICA and direct Enterprise TE to continue to provide jet fuel and distillates transportation, the Commission claimed that it could not grant such relief. *Id.* at P 39. Relying on its prior Tariff Order, the Commission stated "while it does possess jurisdiction to determine whether abandonment of service would violate the Settlement Agreement, it does not possess the authority to, as an equitable remedy, prevent or delay the abandonment of service by an oil pipeline." *Id.* (citing Tariff Order at P 27). In particular, the Tariff Order based its determination that the Commission does not have jurisdiction over the abandonment of "service" by oil pipelines and "has no jurisdiction to require an oil pipeline to continue to provide a service that it wishes to cancel in its entirety" on a number of prior Commission decisions. Tariff Order at P 20 (citing *Mid-America Pipeline Co., LLC*, 131 FERC ¶ 61,012, at PP 23 and 27 (2010));

*Plantation Pipe Line Co. v. Colonial Pipeline Co.*, 104 FERC ¶ 61,271, at P 28 (2003) (citing *Williams Pipe Line Co.*, Opinion No. 154, 21 FERC ¶ 61,260, at 61,690 n. 217 (1982)), *reh'g denied*, Opinion No. 154-A, 22 FERC ¶ 61,086 (1983).

22. Although finding it was without authority or jurisdiction to prohibit Enterprise TE from canceling the transportation of jet fuel and distillates, the Commission determined that, pursuant to Sections 8 and 13(1) of the ICA, it did have authority to hold a common carrier, such as Enterprise TE, liable for the full amount of damages resulting from its breach of the Settlement Agreement. Complaint Order, at P 40. As the determination of any damages resulting from Enterprise TE's breach of the Settlement Agreement is inherently a factual determination, the Commission established a hearing for the limited purpose of determining the level of damages resulting from Enterprise TE's ceasing to accept nominations for jet fuel and distillates interstate transportation in violation of the Settlement Agreement. *Id.*

## II. STATEMENT OF ISSUES

23. Consistent with Order Nos. 663 and 663-A and Rule 713(c), 18 C.F.R. § 385.713(c), Complainants seek rehearing as it respects the following issues and errors:

- a. The Commission erred in permitting Enterprise TE to unilaterally define the scope of its common carrier obligations. In turn, the Commission erred in failing to enforce Enterprise TE's common carrier duties by declining to direct the pipeline to transport jet fuel and distillates consistent with the pipeline's obligations under the ICA. As a statutory common carrier, Enterprise TE is under a duty and obligation to receive, transport, and deliver products tendered to it upon reasonable request. ICA § 1(4); *Belle Fourche Pipeline Co.*, 28 FERC ¶ 61,150 (1984). This duty and obligation is comprehensive and exceptions are limited and not to be implied. *American Trucking Assns., Inc. v. Atchison, T. & SFR Co.*, 387 U.S. 397 (1967). Further, common carriers subject to the ICA "cannot lawfully make fulfilling their statutory obligations contingent upon whether they think it is 'worth it' to do so"; "a carrier must adhere to its statutory obligations even if it suffers hardship in doing so." *Riffin v. Surface Transp. Bd.*, \_\_\_ F.3d \_\_\_, 2013 WL 5762797 (D.C. Cir. Oct. 25, 2013); *Akron, Canton & Youngstown RR Co., et al. v. ICC*, 611 F.2d 1162 (6<sup>th</sup> Cir. 1999); *American Orient Express Railway Co., LLC v. Surface*

*Transp. Bd.*, 484 F.3d 554 (D.C. Cir. 2007) (finding that the law imposes upon common carriers a duty of non-discrimination and to serve the public indiscriminately and “not ‘make individual decisions, in particular cases, whether and on what terms to deal.’”); *Crescent Liquor Co., et al. v. Platt*, 148 F. 894 (N.D. WV 1906). Here, there is no legitimate factual or legal dispute that a reasonable request has been made of Enterprise TE for jet fuel and distillates transportation as it specifically and voluntarily agreed to provide (*i.e.*, it held itself out to provide) the referenced jet fuel and distillates transportation for at least the term of the Settlement Agreement, which “triggered an obligation for Enterprise TE to provide the [jet fuel and distillates] service consistent with the obligation of common carriage set forth in the ICA.” Complaint Order, at P 31. Enterprise TE has provided no meaningful justification for its refusal to provide the referenced transportation. The Commission’s failure to require Enterprise TE to fulfill its statutory common carrier obligations reflects a lack of reasoned decision-making.

- b. The Commission erred in accepting Enterprise TE’s artificial labeling of its refusal to accept nominations for jet fuel and distillates transportation as an “abandonment” under the ICA. Enterprise TE’s characterization of its action does not dictate the Commission’s jurisdiction and authority. Both the ICA and established precedent identify that “abandonment” under the ICA reflects the *complete* termination of *all transportation* associated with a particular facility, a transportation system or segment, or route. *See* ICA § 1a(1). “Abandonment” under the Act does not involve the picking and choosing of commodities to transport. Rather, ceasing to transport particular products is properly the subject of ICA Sections 1(4) and 3(1). Moreover, the reasonableness of the institution of such a tariff rule/classification/regulation under Sections 1(4) and 3(1) of the ICA and the correction thereof, if necessary, is unquestionably within the jurisdiction and authority of the Commission under Sections 13 and 15 of the ICA. *Director General of Railroads, et al. v. Viscose Co.*, 254 U.S. 498 (1921); *Akron, Canton & Youngstown*, 611 F.2d at 1165; *Lake-and-Rail Butter and Egg Rates*, 29 I.C.C. 45 (1914); *ARCO Pipe Line Co.*, 66 FERC ¶ 61,159 (1994). The Complaint Order unreasonably fails to address or reconcile this authoritative precedent and thus fails to reflect reasoned decision-making. The Complaint Order’s reliance on the Commission’s decision in *Mid-America Pipeline Co.*, 131 FERC ¶ 61,012 (2010) is misplaced and without force as it is in conflict with established precedent and policy and fails to provide any reasoned or rational basis for its departure from this authority or address or reconcile its finding with a common carrier’s duties and obligations under the ICA. *Ramaprakash v. FAA*, 346 F.3d 1121, 1124 (D.C. Cir. 2003) (“Agencies are free to change course . . . but when they do so they must provide a reasoned analysis indicating that prior policies and standards are being deliberately changed, not casually ignored”). As Enterprise TE’s actions reflect the

establishment of an unreasonable tariff rule/classification/regulation rather than any “abandonment” under the ICA, the Commission erred in deciding, without a reasoned basis, that it lacked authority and jurisdiction to prohibit Enterprise TE’s actions in breach of the Settlement Agreement and in violation of its statutory common carrier obligations.

- c. Regardless of the Complaint Order’s “abandonment” analysis, the Commission erred in failing to specifically enforce the terms of the Settlement Agreement it approved as an unambiguous contract obligation. As the Commission correctly explained (i) the Settlement Agreement makes explicit the terms of the agreed to arm’s-length bargain, and (ii) refusing to accept nominations for jet fuel and distillates transportation is a direct violation of the Settlement Agreement, the related tariff, and Enterprise TE’s common carriage obligation. Complaint Order, at P 28-37. Whether or not Enterprise TE would generally have the right to decline distillates and jet fuel nominations (and thus their related transportation), Enterprise TE contractually agreed to waive any such right by agreeing to the negotiated arm’s-length Settlement Agreement, which expressly required the pipeline to leave the disputed product transportation in effect for at least the term of the Settlement Agreement. Just as shippers can waive their right to challenge a rate or term of service in an arm’s length negotiated settlement agreement, a pipeline can waive its right to change or cancel a rate or term of service. *See Enbridge Pipelines (Toledo) Inc., et al.*, 130 FERC ¶ 61,270 (2010) (“The Commission will not undo a settlement because certain parties now argue that the deal turned out differently than they thought.”). Enterprise TE, in unequivocal language, waived any rights it had to stop or cancel the provision of jet fuel and distillates transportation when it signed the Settlement Agreement and filed the related tariffs. Contrary to the Complaint Order’s conclusion that it only had authority to address damages for the breach of the Settlement Agreement, the Commission failed to engage in reasoned decision-making by failing to enforce Enterprise TE’s contractual obligations to continue to provide jet fuel and distillates transportation. Moreover, the Commission misapplies its *Sunoco* precedent as this line of cases does not inhibit or preclude the Commission’s authority to direct Enterprise TE to specifically provide the disputed transportation given the facts of this case. *Sunoco, Inc. (R&M) v. Transcontinental Gas Pipe Line Corp.*, 100 FERC ¶ 61,252 (2002), *order on reh’g*, 111 FERC ¶ 61,400 (2002), *order on further reh’g*, 114 FERC ¶ 61,180 (2006), *aff’d sub nom., Transcon. Gas Pipe Line Corp. v. FERC*, 485 F.3d 1172 (D.C. Cir. 2007).

### III. REQUEST FOR REHEARING

24. Complainants herein seek limited rehearing regarding the Commission’s Complaint Order. Complainants do not challenge or seek rehearing concerning the

Commission's well-founded determination that Enterprise TE is required, pursuant to the Settlement Agreement and established canons of contract interpretation, to provide transportation of all products identified in the agreement, including the transportation of distillates and jet fuel, for at least the entirety of the settlement period. Complaint Order, at P 27. Rather, Complainants' rehearing request is limited to the Commission's erroneous assertion that it does not possess authority to prevent or delay the cessation or termination of the transportation of particular products such as jet fuel and distillates on Enterprise TE.

25. Contrary to the Commission's statement that it "cannot" prohibit the cancellation of jet fuel or distillates transportation, the ICA and established precedent confirm that the Commission has jurisdiction and the authority to direct Enterprise TE to cease and desist from violating its common carrier obligations by refusing to accept nominations for the transport of jet fuel and distillates upon reasonable request which results in undue prejudice and disadvantage to Complainants. *See* ICA §§ 1(4), 3(1) and 15(1) ("the Commission is authorized and empowered to determine and prescribe . . . what individual or joint classification, regulation, or practice is or will be just, fair, and reasonable, to be thereafter followed, and to make an order that the carrier or carriers shall cease and desist from such violation.").

26. As discussed further below, the Commission appears to have confused or conflated the pipeline's common carrier duty to provide transportation upon reasonable request with the concept of "abandonment" under the ICA, resulting in confusion over its authority to enforce the Settlement Agreement by ordering Enterprise TE to continue accepting nominations and providing transportation for distillates and jet fuel. Here, the matter at issue is not one of "abandonment." Rather, the matter at issue is the pipeline's straight-forward termination or cancellation of nominations for transportation or carriage of products, contrary not only to its

contractual obligations, as the Commission has already appropriately determined, but also to its statutory common carrier obligations.

27. As the Commission has already established, the artificial labeling of an action does not dictate or determine the outcome of an issue. *See* Complaint Order, at P 33. Accordingly, the Commission's jurisdiction and authority cannot be curtailed or erased by Enterprise TE's artificial labeling of its action as an "abandonment." In substance and reality, Enterprise TE has simply refused to transport particular commodities or property which it has carried or transported for numerous years and continues to carry today. Indeed, Enterprise TE has refused to transport particular products for all but a few shippers. Such action does not involve an "abandonment" under the ICA; rather, this action involves the pipeline's statutory common carrier obligations and the reasonableness of the pipeline's actions. Both the actions and whether they were reasonable are directly within the Commission's jurisdiction under the ICA, and the Commission has the authority to correct Enterprise TE's unreasonable and prejudicial actions.

**A. The Commission Erred In Allowing Enterprise TE To Define The Scope Of Its Common Carrier Obligations**

28. There is no meaningful dispute that Enterprise TE is an oil pipeline common carrier under the ICA. *See Belle Fourche Pipeline Co.*, 28 FERC ¶ 61,150, 61,281 (1984). As a common carrier, it is well established in both agency and court precedent that Enterprise TE is under a duty to receive, carry, and deliver products or property delivered to it upon reasonable request. *Id.* Indeed, Section 1(4) of the ICA provides, in relevant part, that it is the duty of every common carrier subject to the ICA to furnish transportation upon reasonable request.

29. A common carrier's duty to furnish transportation without discrimination or preference has been a staple of the law of common carriers for over a century. For example, in

*Standard Lime & Stone Co., et al. v. Cumberland Valley Railroad Co., et al.*, 15 I.C.C. 620 (1909), the Interstate Commerce Commission (“ICC”) summarized common carrier law in a matter in which it directed a common carrier to cease and desist from refusing to provide complainants with equal service. As the ICC explained, “It is the duty of a carrier on being tendered a reasonable compensation to receive and carry all goods offered to it for transportation within the line of its business.” *Id.* at 622 (*quoting* Moore on Carriers at 92). Similarly, quoting Hutchinson on Carriers, 3d Edition, Volume 2, the ICC identified the following recognized common carrier principle:

But if he refuses without some legal reason for so doing to accept for carriage the goods, being such as he is accustomed to carry, of any person who is ready and willing to pay him his price for the carriage, he becomes liable to an action for damages for so doing. And not only is he obliged to receive and carry such goods, but he is required to carry for all his employers alike. He can show no favors, nor make distinctions which will give one employer an advantage over another, either in the time or order of shipment, or in the distance of the carriage, or in the conveniences or accommodations which may be afforded. “Common carriers are bound to carry indifferently, within the usual range of their business, for a reasonable consideration, all freight offered and all passengers who apply.”

*Id.* at 263 (quotes in original); *see also Indianapolis Freight Bureau v. Cleveland, Cincinnati, Chicago & St. Louis Ry. Co.*, 26 I.C.C. 53, 58 (1913) (“The principle is a plain one. A carrier’s duty is to serve the whole public and to do this upon reasonable rates and without discrimination. Fundamentally it may not, as a public servant, serve one community at the expense of another or build a rate wall around one point to advance the interests of a competing point.”).

30. The courts have upheld and reinforced these common carrier principles. For example, as the court explained in *Crescent Liquor Co. et al. v. Platt*, 148 F. 894 (N.D. WV 1906), where a common carrier was enjoined from refusing to receive and transport certain property, it is the duty of a common carrier:



to receive from and transport for complainants, to such points as can be conveniently reached by its lines, for a reasonable compensation to be paid it either by complainants or their consignee, all packages of lawful merchandise, duly consigned under the usual regulations. As a common carrier it owes obligations to the public, in fact to a great degree discharges the duties of a public office, and it should not be permitted to disregard them.

*Id.* at 896. Similarly, as the court explained in *American Orient Express Railway Co., LLC v. STB*, 484 F.3d 554 (D.C. Cir. 2007), the law imposes upon common carriers a duty of non-discrimination and to serve the public indiscriminately and “not ‘make individual decisions, in particular cases, whether and on what terms to deal.’” *Id.* at 446 (quoting *Nat’l Ass’n of Regulatory Util. Comm’rs v. FCC*, 525 F.2d 630, 641 (D.C. Cir. 1976) and citing *Nevada v. Dep’t of Energy*, 457 F.3d 78, 86 (D.C. Cir. 2006)). Indeed, the D.C. Circuit recently confirmed, in tracing the history of common carriers and Section 1(4) of the ICA, that the “obligation as common carriers is comprehensive and exceptions are not to be implied.” *Riffin v. Surface Transp. Bd.*, \_\_ F.3d \_\_, 2013 WL 5762797 at \*4 (D.C. Cir. Oct. 25, 2013) (“*Riffin*”).

31. As the Commission recognized in *Belle Fourche*, Section 1(4) of the ICA provides, in relevant part, that it is the duty of every common carrier subject to the ICA to provide and furnish transportation upon reasonable request therefore. 28 FERC at 61,281. The reasonableness of the request is a factual determination and not reserved to the unilateral discretion of the common carrier – here Enterprise TE. *Id.*

32. The Complaint Order finds that the Commission “cannot grant” the relief of directing Enterprise TE to transport jet fuel and distillates now that Enterprise TE has announced the cessation of receiving nominations for these products. Complaint Order, at P 39. This finding appears to be based on the Commission’s belief that “ultimately it is the oil pipeline’s choice what services it will offer” and that it lacks the jurisdiction to prevent a pipeline common carrier from discontinuing the transportation of particular commodities. Tariff Order, at PP 23,

20. Complainants submit that this belief is both a misstatement and mischaracterization of applicable law and, as a result, not the product of reasoned decision-making.

33. As detailed above, the general rule is that common carriers have a duty to transport products or property tendered to them when such tenders reflect a reasonable request. While it has been recognized that common carriers subject to the ICA may experience circumstances or requests which fall outside their duties as common carriers, it is simply inaccurate to contend that common carriers have the ability to pick and choose the products and property they wish to transport. Indeed, as the ICC found in *Barden & Swarthout v. Lehigh Valley RR Co.*, 12 I.C.C. 193 (1907), the “Commission does not think that a carrier can reserve to itself, or exercise, the right to determine as to what commodities shall or shall not be moved. . . except in so far as it is necessary and proper to afford protection to life and property against the handling or storage of dangerous commodities, such as explosives or highly flammable liquids.” The ICC echoed this principle in *Classification Specifications for Fiber-Box Containers*, 77 I.C.C. 713 (1923) where it stated, in reliance on prior precedent, that:

The reservation by a carrier of the right to refuse a shipment is one which of necessity must be closely scrutinized. The act itself, as we read it, does not contemplate the refusal of a shipment by a carrier under any circumstances. Such a right, nevertheless, undoubtedly exists; but it grows out of the necessities of each particular case.

*Id.* at 718 (quoting *Protection of Potato Shipments in Winter*, 26 I.C.C. 681, 685). If the refusal to ship was solely a discretionary decision on the part of the common carrier as the Complaint and Tariff Orders appear to contemplate, the Commission would have no obligation to closely scrutinize a refusal to ship as presented in the instant case.

34. The courts have consistently rejected the proposed principle that common carriers subject to the ICA can unilaterally designate which commodities they intend to transport and those which they will not. In *Crescent Liquor*, the court was faced with a carrier that had for

years prior received and transported, under established rates and regulations, packages of liquors to destinations in West Virginia. 148 F. at 895. Complainants were retail liquor dealers in West Virginia. *Id.* The carrier refused to receive and transport from complainants any packages of liquors destined to points in West Virginia while receiving for transportation similar packages from like dealers in other and adjoining states. *Id.* at 896. The carrier also refused to accept any packages of liquor for transportation and deliver to any point within West Virginia when such packages were offered on a C.O.D. basis. *Id.* The carrier claimed that its decision to no longer accept and transport packages of liquor was based on its interpretation of a West Virginia statute.

35. One of the carrier's main arguments in support of its refusal to receive and transport packages of liquor and its refusal to accept any such packages on a C.O.D. basis was that it was its prerogative to refuse the packages "in the exercise of its business discretion" and that it may refuse to engage in such transportation "should it deem [it] best" to do so. *Id.* at 900. The court rejected the carrier's claims. The court explained:

the express company is a common carrier, and it is the duty of that company to serve the public impartially, without fear and without favor, but with even-handed justice to all. A carrier is not discharging its duty, when by its rules, regulations and conduct it discriminates in favor of one citizen against another, of one business at the expense of another, or of even one locality to the detriment of another. Such preferences are unjust, and they result in the destruction of individual interests, and the impairment of rights that should be enjoyed by all. Complainants have the same right to ship their packages, and to conduct in the usual and regular way the business they are engaged in, that other shippers representing other avocations receive and enjoy.

\* \* \* \*

The avocation discriminated against is that of the liquor dealer, and the only reasons assigned for such discrimination is the statute heretofore mentioned. *This character of discrimination is far more destructive of trade, and ruinous of the rights of merchants and localities, than is the discrimination that shows favoritism between the individual shippers of the same class or avocation, and if permitted will enable the common carrier of its own will and pleasure, and for purposes of its own, to*

*destroy any industry depending upon such carrier for the transportation of its product. This character of discrimination, if it can be established and continued, will place under the control of the common carriers the industries of the public, and will indirectly give them the regulation of all traffic, both state and interstate. The power prohibited the states would in effect be conceded to and exercised by the common carriers. If today they decline to accept packages from liquor dealers, tomorrow or next day the products of our mills, factories, storerooms, and farms may for some reasons satisfactory to the carrier be placed under a like ban. The avocation favored today, may tomorrow find that by an order of the carrier it is in the disfavored list. Doubt and uncertainty would everywhere exist – elements fearfully antagonistic to commercial prosperity. The better rule is, equal rights to all, and special favors to none.*

*Id.* at 900-02 (emphasis added). Accordingly, the court rejected the carrier's claim that it had discretion to terminate the transportation of particular products and enjoined the carrier from refusing to receive and transport packages of liquor when duly presented.

36. Similarly, in *American Trucking Assns., Inc. v. Atchison, T. & SFR Co.*, 387 U.S. 397 (1967), the Supreme Court confronted the issue of whether the ICC could promulgate rules requiring railroads, which offered trailer-on-flatcar or piggyback service to the public under open-tariff publications, to make such service available on the same terms to motor and water common and contract carriers notwithstanding that the railroads did not offer and did not want to offer such service. *Id.* at 400-05. Relying on Sections 1(4) and 3(1) of the ICA, the Court found, among other things, that it is "of no consequence that the Act does not expressly command that the railroads furnish this service to motor carriers." *Id.* at 407. Rather, the Court explained that the "obligation of common carriers is comprehensive and exceptions are not to be implied. The fact that the person tendering traffic is a competitor does not permit the railroad to discriminate against him or in his favor." *Id.* at 407-08 (citing *ICC v. Delaware, L. & W. R. Co.*, 220 U.S. 235 (1911); *ICC v. Baltimore & O. R. Co.*, 225 U.S. 326 (1912); *Wight v. United States*, 167 U.S. 512 (1897)). Accordingly, in upholding the ICC's rule, the Court rejected the claim that the

railroads did not offer and did not want to offer the service the Commission was requiring them to provide.

37. In *Akron, Canton & Youngstown RR Co. et al. v. ICC*, 611 F.2d 1162 (6th Cir. 1999) (“*Akron, Canton & Youngstown*”), the court addressed the issue of whether the ICC had authority to order railroads to carry spent nuclear fuel and low-level reactor waste via rates prescribed by the Commission. *Id.* at 1163. In challenging the ICC’s ability to require them to carry the referenced products, the railroads claimed that while they were common carriers, they were not common carriers with respect to spent nuclear fuel and reactor waste as they did not hold themselves out to carry such products since they had “never published tariffs and rates for the carriage of these commodities.” *Id.* at 1166. The Court explained that while common law carriers had more of an ability “to pick and choose the goods which they would transport in common carriage,” such common law needed to be reconciled with the ICA and that “the activities which ‘lie outside’ a carrier’s duties under the Act are limited.” *Id.* at 1166-67.

38. Rejecting the railroads’ unilateral labeling of themselves as “private” carriers of nuclear materials and the “conscious refusal to hold themselves out for carriage” of the same, the Court explained “in the almost one hundred years since the passage of the Act there has developed a new ‘common’ law of transportation under which the public duty of railroads has been broadened beyond that extent under the common law of carriers.” *Id.* at 1168. In this connection, the Court identified that in addition to common carriage, “transportation” is subject to the ICA and the Commission’s statutory powers. *Id.* The Court further explained that the duties of common carriers run not only to shippers but to the public and that “public needs must shape the boundaries of these duties.” *Id.* In sum, notwithstanding the common carriers’ claim that they did not hold themselves out to provide transportation of the referenced commodities,

the Court concluded that the Commission was fully within its authority to require the common carriers to publish tariffs for the transportation of the nuclear materials and transport the same.<sup>3</sup>

39. Finally, in October of this year, the D.C. Circuit addressed directly a claim that a common carrier could declare, under common law, which commodities it would transport and which it would not and found such a claim deficient. In *Riffin*, the court addressed a petition for review of a Surface Transportation Board (“STB”) order rejecting an application to acquire and operate, as a common carrier, a small stretch of an industrial railroad where the applicant refused any obligation to transport “toxic inhalation hazard” products. *Riffin*, at \*1. The STB rejected the application as deficient since the applicant sought to inappropriately curtail its common carrier obligations by unilaterally designating what would and would not be transported over the line. *Id.* at \*1-2.

40. The thrust of the applicant’s challenge to the STB order was that, under common law, it had the right and ability to determine what commodities could be transported over the line. *Id.* at \*3. In finding the STB’s order reasonable and permissible, the court explained that in “[t]racing the history of railroad regulation and § 1(4) of the Act, the [Supreme] Court noted that under that section (the predecessor to 48 U.S.C. § 11101(a)) the ‘obligation as common carriers is comprehensive and exceptions are not implied.’” *Id.* at \*4 (citing *American Trucking*, 387 U.S. at 407). After rejecting the applicant’s common law claims for failing to recognize a common carrier’s statutory obligations, the court found reasonable and permissible the STB’s reasoning that railroads have a statutory common carrier obligation to provide transportation

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<sup>3</sup> The Court also stated that a railroad’s common carrier obligations in transporting nuclear materials must be seen to flow from their role in effecting the National Transportation Policy. *Akron, Canton & Youngstown*, 611 F.2d at 1168. More fundamentally, a common carrier’s duties and obligations in transporting products upon reasonable request must flow from and be consistent with the purpose of the ICA to secure equality, and preclude unjust discrimination of transportation and destroy favoritism as well as promoting the free movement of interstate commerce. See *New York, N.H. & H.R. Co. v. ICC*, 200 U.S. 361 (1906); *ICC v. Cincinnati, N.O. & T.R. Ry. Co.*, 167 U.S. 479 (1897).

upon reasonable request and that such obligation requires common carriers to transport hazardous materials where the appropriate agencies have promulgated comprehensive safety regulations. *Id.* at \*5. In turn, the STB concluded “that allowing a [common carrier] to avoid its own obligation to transport hazardous materials nonetheless would require it improperly to substitute its judgment about safety for that of the regulatory agencies.” *Id.*

41. Notably, the court also found that the STB’s rejection of the applicant’s claim that requiring it to transport hazardous materials would generate cost-prohibitive insurance premiums was neither arbitrary, capricious, nor contrary to law. *Id.* at \*6. As the STB detailed and the court confirmed, “[a]pplicants for common carrier authority. . . cannot lawfully make fulfilling their statutory obligations contingent upon whether they think it is ‘worth it’ to do so”; “a carrier must adhere to its statutory obligations even it is suffers hardship in so doing.” *Id.* (quoting *Pejepscot Indus. Park, Inc.*, 6 S.T.B. 886, 898 (2003)) (citing *Decatur Cnty. Comm’rs v. STB*, 308 F.3d 710, 715 (7th Cir. 2002), *reconsideration granted in part*, 7 S.T.B. 220 (2003)). In turn, the STB explained that the only appropriate method to either permanently or temporarily excuse itself from its common carrier obligation is when the facilities at issue are abandoned, embargoed, or discontinued and, absent such circumstances, “there is ‘an absolute duty to provide rates and service over the [l]ine upon reasonable request,’ and a ‘failure to perform that duty [is] a violation of section 11101.’” *Id.* at \*6.

42. Consistent with the above case precedent, as a statutory common carrier, Enterprise TE is obligated to provide transportation upon reasonable request pursuant to Sections 1(4) and 15(1) of the ICA. While in some instances questions of whether a request is reasonable may arise, in the instant proceeding there is no meaningful dispute that a reasonable request has been made of Enterprise TE for jet fuel and distillates transportation. As the Commission has

already correctly determined, Enterprise TE specifically and voluntarily agreed to provide (and held itself out to provide) the referenced jet fuel and distillates transportation for at least the term of the Settlement Agreement. Indeed, the Commission specifically found the “Settlement thus triggered an obligation for Enterprise TE to provide the [jet fuel and distillates] service consistent with the obligations of common carriage set forth in the ICA.” Complaint Order, at P 31.

43. Even setting aside the Settlement Agreement, the undisputed facts conclusively demonstrate that Complainants’ request to nominate and ship jet fuel and distillates barrels on Enterprise TE is a reasonable request under the statute which must be honored consistent with the pipeline’s statutory common carrier obligations. Enterprise TE is simply wrong in claiming that its transportation obligations extend only to those services that it holds itself out to provide. Enterprise TE Response to Protests, Docket No. IS13-265-000 at 9 (May 21, 2013) (*citing Potomac Electric Power Co. v. ICC*, 584 F.2d 1058, 1063 (D.C. Cir. 1978)).<sup>4</sup> While Complainants disagree with the contention that a pipeline can unilaterally limit its common carrier obligations by what it decides to put in its tariff,<sup>5</sup> in the instant case that disagreement is

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<sup>4</sup> In *Potomac Electric*, the relevant issue was whether a common carrier was required to supply unit-train cars and unit-train service to PEPCO for coal deliveries. The court agreed with the ICC that because the carrier already provided service to PEPCO’s delivery points utilizing carrier-furnished cars, its offering of such trainload service satisfied its obligation to provide service upon reasonable request. The failure of the carrier to hold out in its tariff a complete and separate unit-train service while already providing railroad service to PEPCO, albeit not in unit-trains, did not violate the ICA. *Potomac Electric*, 584 F.2d at 1063.

<sup>5</sup> See *Akron, Canton & Youngstown*, 611 F.2d at 1168 (finding that a common carrier’s duties “are not dependent upon a [a carrier’s] characterization of themselves. . . nor upon their supposedly conscious refusal to ‘hold themselves out’” for carriage or particular commodities. “This ‘holding out’ may have indeed been one of the earmarks of common carriers at common law; but in the almost one hundred years since the passage of the Act there has developed a new ‘common’ law of transportation under which the public duty of [common carriers] has been broadened beyond that extant under the common law of carriers. It is not only ‘common carriage,’ but transportation which is subject to the Act and to the Commission’s statutory powers.”) (citations omitted); see also *Pejepsco Industrial Park, Inc. d/b/a/ Grimmel Industries* – Petition for Declaratory Order, 6 S.T.B. 886 (2003) (finding that it is “axiomatic” that a common carrier “may not indirectly avoid its common carrier obligation to provide service by evading its obligation to establish rates upon request”); *Waxelbaum & Co. v. Atlantic Coast Line RR Co.*, 12 I.C.C. 178, 183 (1907) (“The jurisdiction of the Commission and the purposes of the [law] cannot be defeated by the omission or [failure] of the carriers to include in their schedules and to keep posted and open to public inspection the rates, fares, and charges for the entire service. . . which under the law they are bound to provide.”).



irrelevant as Enterprise TE continues to specifically “hold itself out” as a transporter of “Diluent, Petroleum Products, and Unfinished Gasoline.” *See* Attachment 1, FERC Tariff No. 55.32.0 at 1. Moreover, Enterprise TE specifically defines “Petroleum Products” as including “Jet Fuel” and “Distillates” in its Tariff. *Id.* at Item No. 5. Accordingly, Enterprise TE cannot exclude those products from its common carrier duty.

44. As the Commission found in its Complaint Order, Enterprise TE made an “explicit agreement that the rates shall remain in effect” which is “an agreement that the tariff placing the rates in effect will remain filed” (*i.e.*, it “holds itself out” to provide jet fuel and distillates transportation) in the Settlement Agreement. Complaint Order, at P 31. And, thus, as the Commission also found, Enterprise TE had “an obligation to provide the service consistent with the obligations of common carriage set forth in the ICA.” *Id.*

45. Further confirming the fact that Enterprise TE “holds itself out” as a transporter of jet fuel and distillates in its ordinary business operations is the Tariff’s unambiguous listing of specific rates, as well as origins and destinations, for jet fuel and distillates transportation in Item Nos. 210, 220, 230, 310, and 320. *See* Attachment 1, FERC Tariff No. 55.32.0. Indeed, Enterprise TE now readily concedes that it offers jet fuel transportation from existing Gulf Coast origins to the existing destination at Memphis (WesPac Pipeline), Tennessee at the rates existing in its FERC Tariff No. 55.32.0. *Id.* Contrary to any claim that it has cancelled or does not “hold itself out” as a transporter of jet fuel and distillates, the undisputed fact is that Enterprise TE’s current tariff and actions plainly demonstrate the opposite.

46. Enterprise TE’s claim that it has now determined that “it will not physically be able to transport distillates and jet fuel by using” its mainline unless it expends approximately \$50 million fares no better in the analysis of its statutory common carrier obligations to transport

upon reasonable request. Enterprise TE Response to Protests, Docket No. IS13-265-000, at 5 (May 21, 2013). Contrary to Enterprise TE's assertions, in the Settlement Agreement, as the Commission already found, Enterprise TE agreed to provide jet fuel and distillates transportation for all points listed in its tariff for at least the two-year duration of the Settlement Agreement. Were it actually physically impossible to perform jet fuel and distillates transportation based on its dealings with its affiliate, Enterprise TE would not have been acting in good faith when it agreed to the Settlement Agreement. Moreover, although Enterprise TE in its pleadings tries to draw a distinction between its 20-inch mainline, on which it is maintaining service, and its 14/16-inch line which it is transferring to its affiliate, Enterprise TE's Tariff and nomination procedures do not distinguish between the two lines. *Id.* at 3-6; *see also* Attachment 1. Further undermining the validity of Enterprise TE's capability claims is the fact that it is now specifically transporting jet fuel to Memphis, Tennessee from all Gulf Coast origins (*i.e.*, it is doing what it was purportedly physically not able to accomplish). *See* Attachment 1.

47. Moreover, Enterprise TE's claims of physical inability to transport jet fuel and distillate commodities without "substantial capital modifications" of approximately \$50 million have no meaningful relevance in the "reasonable request" analysis. That is, it is undisputed that Enterprise TE has transported jet fuel and distillates commodities consistent with the origins and destinations in its Tariff for decades without the alleged need for the claimed \$50 million in capital modifications. Accordingly, it is not the transportation of jet fuel and distillates that is the cause for the purported \$50 million in capital modifications. Rather, it was Enterprise TE's decision to sell or transfer a portion of its pipeline system to an affiliate in order to advance the affiliate's project and business interests. Enterprise TE Response to Protests, Docket No. IS13-265-000, at 4-5 (May 21, 2013). Simply put, it is Enterprise TE's actions (and its actions only)

that are the sole basis for the alleged capital modifications – not the continuation of jet fuel and distillates transportation for shippers. In this connection, the fact that Enterprise TE agreed in the Settlement Agreement to specific jet fuel and distillates rates (which do not contemplate or include the alleged capital costs as that claim is at best a forecast) demonstrates that these newly claimed costs have nothing to do with fair and reasonable rates for jet fuel and distillates transportation for the two-year term of the Settlement Agreement as set out in its Tariff.

48. In sum, the undisputed facts plainly demonstrate that Complainants have demonstrated that a reasonable request for transportation has been presented and agreed to by Enterprise TE in the executed Settlement Agreement. Thus, pursuant to Section 1(4) of the ICA, Enterprise TE is required to transport the disputed commodities pursuant to its statutory common carrier obligations. The Commission correctly recognized this fact in concluding that Enterprise TE breached the Settlement Agreement by failing to provide this transportation. It erred, however, in failing to address Enterprise TE's statutory common carrier obligations and the Commission's express authority associated therewith and allowing Enterprise TE to circumvent its statutory duty to provide this transportation by concluding that it lacked authority to order Enterprise TE to continue to provide that transportation.

49. In short, as discussed in more detail below, the Commission erroneously concluded that Enterprise TE's refusal to accept nominations and transport product was an "abandonment" of service over which the Commission lacks jurisdiction. The Commission failed to recognize that Enterprise TE's refusal to provide service upon reasonable request is a clear violation of Sections 1(4) and 3(1) of the ICA – a violation the Commission clearly has the authority to remedy.

**B. The Commission Erred In Declining To Order Enterprise TE to Continue Accepting Nominations And Providing Transportation For Jet Fuel And Distillates, As Required By The Settlement Agreement**

**1. Enterprise TE's Artificial Labeling of its Actions as an "Abandonment" Does Not Dictate the Commission's Authority and Jurisdiction and the Commission Erred in Declaring that It had No Authority to Prohibit or Check the Pipeline's Abusive Actions**

50. In the Complaint Order, the Commission determined that it lacked the authority to "prevent or delay the *abandonment* of service by an oil pipeline." Complaint Order, at P 39 (emphasis added). As support for its determination, the Commission cited its Tariff Order (at P 27) where it stated:

While the Commission does possess jurisdiction to review whether an abandonment of service would violate the settlement agreement, the present proceeding is not the proper forum for such a review of the external settlement and contracts cited by protestors. In *Sunoco, Inc.*, the Commission stated that concerns whether an abandonment would violate an existing settlement agreement should be raised by all parties in the abandonment proceedings. However, unlike *Sunoco* which was decided under the Natural Gas Act, the ICA does not require affirmative Commission approval of an abandonment. Therefore the Commission does not possess the authority to, as a potential equitable remedy, prevent or delay the abandonment of service of an oil pipeline. As such, the Protestors' claims are misplaced. In cases examined under the ICA, arguments that an abandonment of service may violate an existing jurisdictional agreement are outside the scope of an abandonment proceeding, and instead are properly raised under section 13(1) of the ICA for violation of the settlement agreement.

(Footnotes omitted). In short, the Commission addressed Enterprise TE's cessation of nominations for jet fuel and distillates transportation as an "abandonment" under the ICA without assessing the extent of its jurisdiction and authority under Sections 1(4), 3(1), and 15(1) of the ICA. As discussed in this section, Enterprise TE's determination to no longer take nominations for transporting jet fuel and distillates is not an "abandonment" as such action is defined and has been interpreted under the ICA. Enterprise TE's erroneous labeling of its action

does not dictate the Commission's jurisdictional authority and statutory power to review and, if necessary, correct activities that violate a pipeline's statutory common carrier obligations.

51. Contrary to the Commission's determination that it "cannot" prohibit or curtail the alleged "abandonment" and, as a result, order the transportation of jet fuel and distillates commodities, the Commission possesses the authority and jurisdiction to direct Enterprise TE to cease and desist from (i) violating its statutory common carrier obligations by refusing to transport such commodities upon reasonable request, and (ii) unduly prejudicing Complainants. The Commission has improperly confused and conflated the concept of "abandonment," as that term is used and interpreted in the context of the ICA, with its authority to enforce common carrier obligations under the ICA. Here, the matter at issue is the pipeline's unilateral determination to cease accepting certain nominations and, as a result, its refusal to transport particular commodities that it has historically carried, has contractually agreed to carry, and still carries today (albeit for a limited number of shippers). These actions are not only a violation of Enterprise TE's contractual obligations, as the Commission appropriately found, they are in violation of Enterprise TE's statutory common carrier obligations, a violation which is within the express jurisdiction and authority of the Commission. What this matter is *not* about is an "abandonment."

52. The Commission has already properly established that the artificial or false labeling of an action does not control the outcome of an issue. *See* Complaint Order, at P 33. Similarly, the Commission's jurisdiction and authority cannot be subverted or erased by Enterprise TE's false and artificial characterization of an action as an "abandonment" when in actuality the action is nothing more than cessation and refusal by a statutory common carrier to

accept particular commodities for transportation that it has historically carried, carries today for a limited number of shippers, and which its applicable Tariff lists as commodities to be carried.

53. When properly interpreted under the ICA, “abandonment” does not refer to the cessation of the transportation of particular commodities while continuing to transport other commodities. And, it certainly does not refer to the cessation of transportation for certain shippers of a particular commodity. Rather, “abandonment” under the ICA properly refers to taking out of service a particular facility, a transportation system or segment, or the complete termination of all transportation service over a route. In particular, the concept of “abandonment” under the ICA is confined to and can be understood by reference to Section 1a – (Abandonment and Discontinuance of Rail Service) which necessarily dictates its meaning. As the title to Section 1a of the ICA reflects and indicates, the concept of “abandonment” under the ICA addresses the complete termination of all transportation of commodities over facilities, segments of facilities, or routes. Indeed, Section 1a(1) provides:

No carrier by railroad and subject to this chapter shall abandon *all or any portion of any of its lines of railroad* (hereafter in this section referred to as “abandonment”) and no such carrier shall discontinue *the operation of all rail service over all or any portion of any such line* (hereinafter referred to as “discontinuance”), unless such abandonment or discontinuance is described in and covered by a certificate which is issued by the Commission and which declares that the present or future public convenience and necessity require or permit such abandonment or discontinuance.

*Id.* (emphasis added). Simply put, “abandonment” under the ICA does not involve the cessation of particular product transportation and there is no authoritative precedent that equates “abandonment” under the ICA with the refusal to accept nominations for or cancellation of transportation of particular commodities while the facilities at issue continue to transport other commodities. Rather, where a common carrier attempts to unilaterally pick and choose the commodities it proposes to transport over its facilities, such action does not implicate

“abandonment” but other sections of the ICA (*e.g.*, Sections 1(4) and 3(1)), under which the Commission has jurisdiction and authority to enforce common carrier obligations (*i.e.*, Section 15(1) of the ICA). Indeed, that “abandonment” does not involve ceasing to transport particular commodities in favor of others under the ICA is well supported in ICC and Federal court precedent<sup>6</sup> -- “abandonment” under the ICA is defined as the complete termination of all transportation over entire facilities, segments of facilities, or a particular route.

54. In *Farmers Union Central Exchange, Inc., et al. v. FERC*, 734 F.2d 1487 (D.C. Cir. 1984), the court explained that the Commission had “overstated the significance of its lack of abandonment authority.” *Id.* at 1509, n. 51. While the court stated that “pipeline companies may abandon service at will (which would be unlawful for many other utilities),” the court clarified that the Commission was inaccurate in claiming that the lack of abandonment control was “tantamount to no regulation at all.” *Id.* The court therefore rejected the line of reasoning that appears to undergird the Complaint Order, namely that the Commission’s lack of authority over “abandonment” limits its ability to enforce other provisions of the ICA. The court further clarified that abandonment was not a likely scenario given that the “extremely high sunk costs involved with initiating oil pipeline service [would] render a decision to abandon that service a weighty one indeed.” *Id.*

55. Contrary to any claim that “abandonment” under the ICA involves the cessation of transporting individual commodities while continuing to transport others over the same facilities, the court plainly understood that “abandonment” would require the cessation of all transportation on the pipeline which was not reasonable in light of the “extremely high sunk costs” with constructing and initiating pipeline service. *See Wheeling & L.E. Ry. Co. v.*

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<sup>6</sup> Decisions of the ICC applying the ICA that were issued prior to the effective date of the 1977 legislation transferring oil pipeline jurisdiction to the FERC are treated as if they were FERC decisions. *Frontier Pipeline Co. v. FERC*, 452 F.3d 774, 776 (D.C. Cir. 2006).

*Pittsburgh & W.V. Ry. Co.*, 33 F.2d 390, 392 (6th Cir. 1929) (“Abandonment does not mean a partial disuse. . . It means a final relinquishment or giving up without intention of resuming.”). Notably, the court also explained that the Commission had been “too modest about its own powers; the oil companies do not possess ‘veto power’ over FERC’s rate decisions.” *Farmers Union*, 734 F.2d at 1509, n.51. Similarly, the ICA does not give oil pipelines “veto power” over the statutory common carrier duties and obligations to transport upon reasonable request.

56. In all but one of the Commission’s past decisions addressing its jurisdictional authority where the issue of “abandonment” has been involved, the Commission has been, consistent with the plain interpretation of “abandonment” under the ICA, clear that where an oil pipeline ceases or terminates *all* service on a facility or a particular route, it lacks the statutory authority to preclude or inhibit the cessation of all such transportation where the facility or segment of a facility will be idled and no longer used. *See ARCO Pipe Line Co.*, 55 FERC ¶ 61,420 (1991) (Commission finding no jurisdiction where a particular segment of pipeline is being completely idled and no service to any shipper will be available on that segment of pipeline); *Texaco Pipeline Inc.*, 58 FERC ¶ 62,051 (1992) (Commission finding no jurisdiction where all services involving barge dock were discontinued); *Colonial Pipeline Co.*, 89 FERC ¶ 61,095, 61,269 (1999) (Commission finding no jurisdiction regarding cancellation of all rates involved with the idling of pipeline segment such that no transportation could be conducted on the pipeline segment); *Plantation Pipe Line Co.*, 98 FERC ¶ 61,219, 61,864-65 (2002) (Commission finding no jurisdiction over the cessation of all transportation associated with idled pipeline segment); *Tesoro High Plain Pipeline Co.*, 115 FERC ¶ 61,163 at PP 5-6 (2006) (Commission finding no jurisdiction over cancellation of tariff terminating all transportation service on lateral pipeline that was not in operation and incapable of receiving and discharging



crude oil); and *Thrifty Propane, Inc. v. Enterprise TE Products Pipeline, LLC*, 140 FERC ¶ 61,017 (2012) (Commission finding no jurisdiction where propane terminal completely closed down and no shippers could use it).

57. The Commission has also been consistent with its interpretation of “abandonment” under the ICA as it respects pipeline reversals where an oil pipeline has cancelled or terminated all transportation on a pipeline route or a segment of pipeline. As explained in *ARCO Pipe Line Co.*, 66 FERC ¶ 61,159 (1994) (“*ARCO*”), where the pipeline provides both southbound and northbound routes on the same line, the Commission does not have jurisdiction over the pipeline’s complete cessation of all transportation on the southbound route. The Commission determined that because *ARCO* was completely discontinuing all service on the southbound route, the pipeline’s action was an “abandonment” under the ICA which the Commission did not have jurisdiction over. *See also Lucking v. Detroit & Cleveland Navigation Co.*, 265 U.S. 246, 350-52 (1924) (finding non-rail common carrier had no duty to continue operating boats over route after such route was completely terminated).

58. Notwithstanding the above, the Commission has been equally clear in its past precedent that it is not devoid of jurisdiction or authority where certain common carrier transportation is being cancelled while other common carrier transportation is being continued on the pipeline. *See Colonial Pipeline Co.*, 89 FERC at 61,269; *Plantation Pipe Line Co.*, 98 FERC at 61,864-65. As explained in the *ARCO* decision, when analyzing the Commission’s jurisdiction over the complete termination of southbound service, *ARCO*’s cancellation of all transportation on its southbound route did not “involve a classification, regulation, or practice over which the Commission has authority under the ICA to consider its reasonableness,”

including where the terms of service “relate to the classification of property carried and [] the reasonableness of the service provided.” *ARCO*, 66 FERC at 61,313.

59. Unlike the cases cited above, Enterprise TE’s refusal to accept nominations and provide transportation for jet fuel and distillate commodities does not implicate the doctrine of “abandonment” under the ICA as Enterprise TE is not completely terminating transportation for all shippers on the pipeline, on a segment of pipeline, or on a pipeline route. Rather, Enterprise TE is simply refusing to transport jet fuel and distillates on its mainline which is being used to transport other shipper commodities and most recently jet fuel for a limited number of shippers. As discussed in the *ARCO* decision, Enterprise TE has done nothing more than create a “classification, regulation, or practice” whereby it has ceased the transportation of jet fuel and distillates on its mainline notwithstanding its posted tariff rates for such service and it’s continuing transportation of other petroleum products and other commodities. Indeed, as Enterprise TE’s recent Tariff filing establishes, the pipeline is now providing a limited level of jet fuel transportation which it has apparently deemed worth its effort.

60. That Enterprise TE’s action in refusing to transport jet fuel and distillate commodities (which it has contractually agreed to provide and which it has posted in its Tariff) is not “abandonment” is confirmed by the Supreme Court’s holding in *Director General of Railroads, et al. v. Viscose Co.*, 254 U.S. 498 (1921) (“*Viscose*”). In *Viscose*, a tariff amendment was authorized where silk was listed or included in a freight tariff as an article “that will not be accepted for shipment” notwithstanding that silk had been accepted for numerous years by rail carriers prior to the action. *Id.* at 499. Contrary to any discussion involving the purported “abandonment” of transportation of silk versus other commodities, the Court found that the issue of whether this action was reasonable was the exclusive province of the Commission based on

the common carrier's duties and obligations and the Commission's authority under Sections 1, 3, 6, 13, and 15 of the ICA. *Id.* at 502-04. The court explained:

that "exclusion is not classification" is an arresting but illusory expression. . . To exclude a commodity from all classes is classification of it in as real a sense and with as definite effect as to include it in any one of the usual classes. To strike artificial silk from the first class and to include it in the "prohibited list" which, for any cause, the carrier refuses to accept as freight, classifies it and sets it apart in a group subject to special treatment, as much as if it had been changed to the second class. We cannot doubt that the "exclusion" in this case was an attempted "classification," and that the proposed change in Rule 3 was an attempted change of regulation, applicable to artificial silks, and what when challenged by the shipper the reasonableness of both presented a question for decision within the exclusive initial jurisdiction of the Interstate Commerce Commission.

*Id.* at 503. In short, labeling the exclusion of particular commodities from common carrier transportation, while continuing to transport other commodities, as a purported "abandonment" under the ICA "is an arresting but illusory expression." As *Viscose* made clear, a carrier's decision not to carry a particular commodity is a classification over which the Commission can exercise jurisdiction.

61. Notably, the Court in *Viscose* found support for its determination by addressing, with approval, the ICC's decision in *Lake-and-Rail Butter and Egg Rates*, 29 I.C.C. 45 (1914). There, non-rail common carriers amended their tariffs (as Enterprise TE has, in effect, done here) to identify a list of commodities which would not be accepted for transportation that included, among other commodities, butter, poultry, and eggs. The non-rail common carriers' decision not to ship such commodities was based on the claim that such traffic required refrigeration at a cost greater than could be generated by permitting such shipments. Upon shipper complaints contending the non-rail common carriers' action was unreasonable under the Act, the ICC suspend the tariff filing and conducted a hearing where it found that the refusal to transport the subject commodities was unreasonable and unduly prejudicial for both the past and the future

and that the shippers' request that such commodities be shipped was reasonable. As a result, the ICC directed the non-rail common carriers to amend their tariffs and furnish the requested transportation for the commodities in dispute.

62. The same result should obtain in the present proceeding, especially given the fact that the Commission has unambiguously established that Enterprise TE has contractually agreed to provide the transportation in question and the pipeline's applicable Tariff posts related rates and routes. *See also Akron, Canton & Youngstown*, 611 F.2d at 1165 (finding "[e]xclusion of a commodity from a carrier's published tariffs. . . is clearly a 'classification' of that commodity within the meaning of that term under the Act").

63. Despite this precedent, in one relatively recent case, the Commission determined that a pipeline's cancellation of transportation of particular commodities while continuing the transportation of other commodities should be treated as an "abandonment" not subject to the Commission's jurisdiction. *See Mid-America Pipeline Co., LLC*, 131 FERC ¶ 61,012 (2010) ("*Mid-America*"). Complainants' respectfully submit the Commission's decision in *Mid-America* is without a reasoned basis, contrary to well-established precedent, and not the result of reasoned decision-making. Accordingly, the Commission erred in extending the flawed reasoning in *Mid-America* to the present case.<sup>7</sup>

64. More specifically, in *Mid-America*, the pipeline supported its cancellation of naphtha and refinery grade butane transportation (while continuing to transport four other commodities on its West Red Line) through the assertion that the revenues from these commodity shipments did not justify the costs associated with the services. *Id.* at P 24. *Mid-*

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<sup>7</sup> *See Ramaprakash v. FAA*, 346 F.3d 1121, 1124 (D.C. Cir. 2003) ("Agencies are free to change course as their expertise and experience may suggest or require, but when they do so they must provide a reasoned analysis indicating that prior policies and standards are being deliberately changed, not casually ignored") (quotation marks omitted).

America also claimed that naphtha and refinery grade butane, as well as the other commodities transported on the line, had “different chemical and physical properties, different uses, different prices, different markets, and different transportation characteristics” such that the transportation of each commodity was a “distinct” transportation service. *Id.* Mid-America further contended that “transportation of several products on a single line requires additional labor costs and causes scheduling and potential contamination problems, and operation problems for end-users such as petro-chemical plants.” *Id.*

65. Based on the pipeline’s claims that naphtha and refinery grade butane were “distinct” transportation services, the Commission found - without a hearing or any discussion regarding the Commission’s authority under Sections 1, 3, and 15 of the ICA - that it lacked jurisdiction to require Mid-America to continue to transport these commodities as the pipeline’s actions should be considered an “abandonment.” *Id.* at PP 25-26. As caselaw establishes, Mid-America’s basis for canceling the transportation of naphtha and refinery grade butane is irrelevant in light of the duties and obligations associated with its common carrier status under the ICA. Further, the Commission’s treatment of Mid-America’s cancellation of naphtha and refinery grade butane transportation as an “abandonment” under the ICA reflects a lack of awareness or, at a minimum, an inaccurate reflection of the law.

66. Besides the fact that no hearing or discovery was conducted to verify and test the validity of Mid-America’s cost and revenue claims, Mid-America, as a common carrier under the ICA, is not at liberty to make commodity transportation decisions based on its self-serving determination as to whether it is “worth it.” As the court in *Riffin* confirmed, a common carrier subject to the ICA “cannot lawfully make fulfilling their statutory obligations contingent upon whether they think it is ‘worth it’ to do so; a carrier must adhere to its statutory obligations even

if it suffers hardship in so doing.” *Riffin*, at \*6 (internal quotations and citations omitted). Moreover, as the court in *Riffin* further confirmed, absent the abandonment, embargo, or discontinuance of the common carrier’s *facilities* or *operations* “there is an absolute duty to provide rates and service over the [l]ine upon reasonable request and its failure to perform that duty [is] a violation of section 11101” (which the court clarified is the substantive equivalent of Section 1(4) of the ICA). *Id.* (internal quotations and citations omitted).

67. Mid-America’s attempt to identify particular characteristics of naphtha and refinery grade butane in order to label these commodities as a distinct transportation service is neither persuasive nor meaningful. At the outset, such distinctions arbitrarily ignore the fact that the fundamental service being provided is transportation, not several “distinct transportation services.” Further, it is no defense to claim that the subject commodities have different values, uses, markets, physical properties, and transportation characteristics, as this can be easily said of each of the six commodities or products Mid-America claimed to transport on its West Red Line. While such characteristics could potentially impact the ultimate rate to be charged, these characteristics have no relevancy to the issue of “abandonment” under the ICA. Just as all common carriers generally transport a mix of commodities, attempting to label each commodity based on its physical or economic characteristics is nothing more than an artificial diversion designed to minimize or bury the fact that the fundamental service and duty subject to ICA jurisdiction is common carrier transportation of property and passengers. *Akron, Canton & Youngstown*, 611 F.2d at 1168. It would also lead the Commission down the perilous path of determining whether various self-serving labeling practices are reasonable.

68. Accordingly, these so-called distinctions fail to reflect or establish any meaningful transportation significance, especially given that a review of the record in that

proceeding indicates that the subject pipeline was operated on a batched basis.<sup>8</sup> *See Iron Ore in Official Territory*, 208 I.C.C. 240, 242 (1935) (finding that distinguishing between commodities based on their use is inappropriate as such “a description may well be the source of discrimination, preference, and tariff evasion.”) (*citing ICC v. Baltimore & O. R. Co.*, 225 U.S. 326, 342-44 (1912) (court agreeing with the ICC that the service is transportation and that distinguishing between commodities based on elements that are extraneous to such transportation is inappropriate)); *see also Stowe-Fuller Co. v. Penn. Co., et al.*, 12 ICC 215, 219-20 (1907) (finding that classifications or distinctions between products that are transported and that have no transportation significance are not permitted).<sup>9</sup>

69. Finally, the determination in *Mid-America* that cancelling the transportation of particular commodities while continuing to transport others is the equivalent of “abandonment” under the ICA is without support and is devoid of any attempt to reconcile applicable precedent to the contrary.<sup>10</sup> As detailed above, *Mid-America*’s termination of transportation of the referenced commodities failed to meet the definition of an “abandonment” under the ICA. Moreover, as also fully addressed above, none of the cases referenced in the *Mid-America* decision stand for the proposition that an “abandonment” is anything less than the complete and total termination of all transportation for all shippers on the applicable transportation facilities or route. The *Mid-America* decision also failed to reconcile the Commission’s statutory authority

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<sup>8</sup> See Response of Mid-America Pipeline Co., LLC to Protest of Flint Hills Resources, LP, Docket No. IS10-168-000 (Mar. 31, 2010) at 2 (“The West Red Line is a batched line that currently moves propane as well as five products commonly referred to as “heavies” (so called, because they are heavier than propane”).

<sup>9</sup> See also *Trojan Scrap Iron Corp. v. Boston & M.R.*, 270 I.C.C. 729, 730 (1948) (ICC ordering transportation of refused commodities and finding, *inter alia*, “Defendant’s reasons for refusing to perform the service request are based largely on the difficulties of the operation from their yard to the public delivery track. Those difficulties are now encountered on all traffic moving to the public delivery yard and would not in any way be enlarged by service through the public delivery yard to Front Street.”).

<sup>10</sup> *Ramaprakash*, 346 F.3d at 1124 (“Agencies are free to change course as their expertise and experience may suggest or require, but when they do so they must provide a reasoned analysis indicating that prior policies and standards are being deliberately changed, not casually ignored”) (quotation mark omitted).

under Sections 1, 3, and 15 of the ICA and established precedent that provides the Commission has the jurisdiction and authority to assess the reasonableness of the pipeline's cancellation of transportation where it implicates the classification of property carried and the reasonableness of the service provided or not provided. *See ARCO*, 66 FERC ¶ 61,159; *Viscose*, 254 U.S. 498 (1921); *Akron, Canton & Youngstown*, 611 F.2d at 1165.

70. Indeed, the only discussion of the Commission's past precedent in *Mid-America* is centered on the *Amoco Pipeline, Co.*, 83 FERC ¶ 61,156 (1998) ("*Amoco*") decision, which the Commission materially mischaracterizes. Specifically, the *Mid-America* decision distinguished and explained, in relevant part, the *Amoco* decision as follows:

In *Amoco*, the pipeline proposed to cancel crude oil service from selected points on its line, while continuing to transport crude oil from others. *The Commission concluded that Amoco's proposal did not constitute the complete abandonment of a distinct service* because Amoco would continue crude oil service over the remainder of the line, and therefore, the Commission had jurisdiction to consider Amoco's proposal to limit service.

*Mid-America*, 131 FERC ¶ 61,012 at P 26 (emphasis added). Contrary to the concept alluded to in the *Mid-America* decision, however, the Commission did not base its determination on the existence or lack thereof of a "distinct service." Rather, as the Commission explained in *Amoco*:

Unlike *ARCO I*, where there was a cessation of service because a certain segment of pipeline was being abandoned completely, Amoco will continue to provide service through its portion of the Big Horn system. All of the pipeline system in use by Amoco will continue to be in use even after its cancellation tariffs are allowed to take effect. *As long as Amoco continues to hold itself out as providing common carrier service through its Big Horn system, it is not abandoning service on its line.*

*Amoco*, 83 FERC at 61,673 (emphasis added). Accordingly, contrary to the proposition that "abandonment" can be associated with the transportation of individual commodities, *Amoco* stands for the well-established principle that so long as a pipeline is a common carrier under the



ICA and providing transportation service, “abandonment” is neither implicated nor assumed.<sup>11</sup>

Because the Commission fundamentally misconstrued ICA and Commission precedent in reaching its decision in *Mid-America*, the Commission erred in relying on that decision to conclude that Enterprise TE “abandoned” service when it stopped accepting nominations for certain distillates and jet fuel movements.

71. In sum, based on the plain language of the ICA and well-established precedent interpreting the same, the Commission erred in considering Enterprise TE’s cancelling of nominations, and thus transportation, of jet fuel and distillate commodities as an “abandonment” of service under the ICA. So long as the pipeline continues to hold itself out for and continues to provide common carrier transportation under the ICA, it has not abandoned service, even if it decides to stop transporting certain commodities. This is especially the case given that Enterprise TE has contractually agreed to provide the referenced services for the term of the Settlement Agreement; posts rates and terms of services, as well as the origins and destinations, for the referenced commodities in its Tariff; and is currently providing jurisdictional common carrier service as it respects at least jet fuel.

**2. The Commission Erred in Determining that it Lacks the Authority and Jurisdiction to Require Enterprise TE to Adhere to Its Obligations As a Common Carrier Under the ICA**

72. By centering its jurisdictional focus on the principle of “abandonment,” the Commission confused and conflated the concept of “abandonment” under the ICA, with the duty

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<sup>11</sup> Enterprise TE, in this case, as did the pipeline in *Mid-America*, may have misled the Commission in their attempt to apply the concept of “abandonment” to “distinct” transportation service by, among other things, citing an *SFPP* case as authority for the purported fact that “transportation of turbine fuel (*i.e.*, jet fuel) constitutes a distinct service from the transportation of other types of refined products.” Enterprise TE Response to Protests, Docket No. IS 13-265-000, at 14-15 (May 21, 2013). The *SFPP* case cited (*SFPP, L.P.*, 86 FERC ¶ 61,022, at 61,063 (1999)) has nothing at all to do with “abandonment” of a pipeline’s common carrier obligations, but rather it referred to the fact that turbine fuel was being added to the tariff as a new service in the context of whether that rate was subject to grandfathering provisions of the Energy Policy Act of 1992 (“EPAAct”). EPAAct nowhere purports to change and had nothing to do with the ICA common carrier obligations at issue in this proceeding.

imposed on pipelines to provide service upon reasonable request by Section 1(4) of the ICA. Contrary to the Commission's determination in the Complaint and Tariff Orders, the Commission has direct and ample authority under Sections 1(4), 3(1), and 15(1) of the ICA to require Enterprise TE to cease and desist from unilaterally refusing to accept nominations for (and thus transporting) jet fuel and distillates transportation contrary to its statutory common carrier obligations, its historic practice, and the Settlement Agreement.

73. As the court in *Akron, Canton & Youngstown* identified, the scope of the Commission's authority must be drawn from the entire governing legislative scheme. 611 F.2d at 1164. Here, Section 1(4) of the ICA states, in relevant part, that it shall be the duty of all common carriers subject to the Act to provide and furnish transportation upon reasonable request therefore. In this connection, the Supreme Court clarified in *American Trucking* that this statutory common carrier obligation "is comprehensive and exceptions are not to be implied." 387 U.S. at 407. Section 3(1) of the ICA states, in relevant part, that it is unlawful for any common carrier subject to the Act "to make, give, or cause any undue or unreasonable preference or advantage to any particular person, company. . . or any particular description of traffic, in any respect whatsoever; or to subject any particular description of traffic, in any respect whatsoever; or to subject any particular person, company. . . or any particular description of traffic to any undue or unreasonable prejudice or disadvantage in any respect whatsoever."

74. Section 15(1) of the ICA states, in relevant part, that the Commission, whenever, after a hearing, determines "that any. . . individual or joint classification, regulation, or practice whatsoever of such carrier or carriers" subject to the Act "is or will be unjust or unreasonable or unjustly discriminatory or unduly preferential or prejudicial or otherwise in violation" of the Act, "*the Commission is authorized and empowered to determine and prescribe what will be the just*

*and reasonable. . . individual or joint classification, regulation, or practice* is or will be just, fair, and reasonable, to be thereafter followed, *and to make an order that the carrier or carriers shall cease and desist from such violation* to the extent to which the Commission finds that the same does or will exist.” (Emphasis added.) Enterprise TE’s refusal to accept nominations for jet fuel and distillates, resulting in its refusal to transport such commodities is plainly a “classification,” “regulation,” or “practice” within the meaning of these terms under the ICA as well as an improper refusal to transport upon reasonable request. *See, e.g., Viscose*, 254 U.S. at 503; *Akron, Canton & Youngstown*, 611 F.2d at 1165. Accordingly, in light of the fact that the Commission has already determined that Enterprise TE’s actions are a breach of the Settlement Agreement and correspondingly a violation of the pipeline’s common carrier obligations under the ICA which unduly prejudice Complainants, the Commission has the authority not only to award damages, but to order Enterprise TE to cease and desist from continuing this violation by removing the unjust and unreasonable practice.

75. Further, as the court explained in *Riffin*, “the question in every case is, simply, whether the statutory text forecloses the agency’s assertion of authority, or not.” *Riffin* at \*3 (quoting *City of Arlington, TX v. FCC*, \_\_\_ U.S. \_\_\_, 133 S. Ct. 1863, 1863 (2013)). Here, far from foreclosing an assertion of authority, the ICA expressly grants and obligates the Commission to exercise its authority to issue an order directing Enterprise TE to cease and desist from violating its common carrier obligations and causing undue prejudice or disadvantage to Complainants in order to prevent the unreasonable refusal of jet fuel and distillates transportation.

76. That the ICA does not explicitly state that the Commission is authorized to command or compel pipeline carriers to transport particular commodities is not a bar to the

Commission's exercise of such authority. *See American Trucking*, 387 U.S. at 407-11. Indeed, the court in *Riffin* explained:

In *United States v. Pennsylvania Railroad Co.*, 323 U.S. 612, 615-19 (1945), the Supreme Court upheld the ICC's authority to compel railroads to interchange their rail cars with water carriers despite the statute's silence on the subject. Rejecting the view "that the absence of specific language indicates a purpose of Congress not to require" the activities the ICC ordered, *id.* at 616, the Court concluded that the [ICA] "provide[s] sufficient authorization for the Commission's order." *Id.* at 619.

*Riffin*, at \*3. Particularly instructive in the context of the Commission's authority in the instant proceeding is the fact that the D.C. Circuit, in the case of *Riffin*, and the 6th Circuit, in the case of *Akron, Canton, & Youngstown*, found that the ICC's authority to define the permissible scope of the common carriage obligation and compel carriage in connection therewith was founded in 49 U.S.C. §§ 11101(a) and 10704, which for all relevant purposes reflect the same or equivalent requirements and/or obligations as Sections 1(4) and 15(1) of the ICA. *See Riffin*, at \*3 (stating that "§ 1(4) of the Interstate Commerce Act, [is] now 49 U.S.C. § 11101(a) (2006)" and finding that the STB's "interpretation of the freight obligation carriage obligations required under § 11101(a) [*i.e.*, that it is improper for a statutory common carrier to pick and choose what commodities to transport] is a permissible interpretation of the statute"); *Akron, Canton, & Youngstown*, 611 F.2d at 1164-65, n.1, (describing that one of the issues at bar is whether "the Commission lacks any statutory power under former 49 U.S.C. 1(4) (1976) to order carriers to provide such transportation" and noting that "[s]ubstantially identical language to that of § 1(4) is now found in 49 U.S.C.A. § 11101 (1979 Special Supp.)" and identifying that the power of the Commission under 49 U.S.C.A. § 10704 is reflected in language substantially identical to that of Section 15(1)) of the ICA.).<sup>12</sup>

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<sup>12</sup> Specifically, the court in *Akron, Canton, & Youngstown* quoted Section 10704(a)(1) as providing that when the ICC "after a full hearing, decides that a rate charged or collected by a carrier for transportation subject to the

77. Nor is the Commission's failure to recognize or refusal to exercise its authority to compel a common carrier pipeline to carry specific commodities in the past an obstacle to the Commission's exercise of such authority in the instant proceeding concerning Enterprise TE. The court in *Riffin* addressed this identical issue explaining:

the Supreme Court recognized that the ICC retained its regulatory authority even when it had previously declined to exercise jurisdiction over the issue in question. In *American Trucking Ass'ns v. Atchison, Topeka & Santa Fe Railway Co.*, 387 U.S. 397 (1967), the Court held that the ICC had authority to compel rail carriage even though its new rules would have departed from its established policies. Acknowledging that for over 25 years the ICC had expressly not required the service it now sought to compel, the Court observed that "the Commission, faced with new developments or in light of reconsideration of the relevant facts and its mandate, may alter its past interpretation and overturn past administrative rulings and practice. *Id.* at 416. Regulatory agencies "are neither required nor supposed to regulate the present and the future within the inflexible limits of yesterday." *Id.*

*Riffin*, at \*4; see also *CSX Transportation, Inc. v. STB*, 584 F.3d 1076, 1078 (D.C. Cir. 2009)

("Wisdom," Justice Frankfurter once said, 'too often never comes, and so one ought not to reject it merely because it comes late'") (*quoting Henslee v. Union Planters Nat'l Bank & Trust Co.*, 335 U.S. 595, 600 (1949) (Frankfurter, J. dissenting)).

78. In sum, contrary to the Commission's determination, the ICA provides the Commission with the jurisdiction to require Enterprise TE to cease and desist from refusing to accept nominations for jet fuel and distillates transportation and, in turn, require it to continue to

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jurisdiction of the Commission . . . or that a classification, rule, or practice of that carrier, [sic] does or will violate this subtitle, the Commission may prescribe the rate (including a maximum or minimum rate, or both), classification, rule, or practice to be followed. The Commission may order the carrier to stop the violation." 611 F.2d at 1165 (emphasis omitted); see also 49 U.S.C. § 10704. Similarly, Section 15(1) of the ICA states, in pertinent part, that whenever the Commission, after hearing, determines "that any . . . individual or joint classification, regulation, or practice whatsoever of such carrier or carriers" subject to the Act, "is or will be unjust or unreasonable or unjustly discriminatory or unduly preferential or prejudicial or otherwise in violation" of the Act, "the Commission is authorized and empowered to determine and prescribe what will be the just and reasonable individual or joint rate, fare, or charge, or rates, fares, or charges, to be thereafter observed in such case, . . . and what individual or joint classification, regulation, or practice is or will be just, fair, and reasonable, to be thereafter followed, and to make an order that the carrier or carriers shall cease and desist from such violation to the extent to which the Commission finds that the same does or will exist." ICA, Section 15(1)

provide the referenced transportation consistent with its statutory common carrier obligations under the ICA, as well as the Settlement Agreement, in order to prevent the (i) improper refusal to transport upon reasonable request, and (ii) unjust and unreasonable prejudice and disadvantage to Complainants caused by Enterprise TE's breach of the Settlement Agreement. Accordingly, the Commission should grant rehearing on the scope of its authority and jurisdiction under the ICA and its ability to prohibit the termination of jet fuel and distillates transportation by Enterprise TE. *See* Complaint Order, at P 39.

**C. Notwithstanding The Purported "Abandonment" Claims, The Commission Erred In Failing To Specifically Enforce The Terms Of The Settlement Agreement It Approved As An Unambiguous Contract Obligation**

79. The Complaint Order properly finds that the Commission possesses the jurisdiction and authority to review and determine whether a pipeline's actions violate an approved jurisdictional Settlement Agreement, including whether such action alters an agreement regarding jurisdictional service, and provide an appropriate remedy. Complaint Order, at P 39; Tariff Order, at PP 26-27. Yet, the Complaint Order decided that the Commission was without the ability to direct Enterprise TE to continue to provide distillates and jet fuel transportation and, instead found that only monetary damages could be awarded for the pipeline's breach of the Settlement Agreement. Complaint Order, at 39-40. In addition to failing to recognize and rely on its statutory authority under the ICA to order a common carrier to provide transportation upon reasonable request, the Complaint Order erroneously fails to address, and, in turn, implement the Commission's inherent authority to enforce Commission approved jurisdictional agreements, especially given the facts of the current proceeding.

80. As the Commission has appropriately determined, Enterprise TE is subverting shippers' expectations and depriving them of the benefit of their bargain by refusing to accept nominations and provide transportation of products covered by the Settlement Agreement. The

Commission erred, however, in failing to prevent this abuse by exercising its authority to enforce the approved Settlement Agreement and requiring Enterprise TE to perform its contractually agreed to duties and obligations thereunder consistent with both contract law and Commission precedent.

81. As the Commission correctly determined, the Settlement Agreement makes explicit the terms of the agreed to arms-length bargain. *See* Complaint Order, at PP 28-37. Section II.D.2(b) states, “The Parties agree that the Settlement Rates . . . *shall remain in effect* for the remainder of the Settlement Period and any action by the Commission in FERC Docket No. OR11-6 will not change those Settlement Rates during the Settlement Period.” (Emphasis added). If Enterprise TE is permitted to discontinue distillates and jet fuel transportation, the rates for this transportation – rates which are the object of the unambiguous Settlement Agreement and the related tariff sheets – will not remain in effect. Thus, as the Commission has explained, refusing to accept nominations for jet fuel and distillates transportation is a direct violation of the Settlement Agreement and the related Tariff. *See* Complaint Order, at PP 27-31.

82. Whether or not it would generally have the right to decline distillates and jet fuel nominations (and thus their related transportation), Enterprise TE has contractually agreed to waive any such right by agreeing to the negotiated arm’s-length Settlement Agreement, which expressly requires Enterprise TE to leave the rates and the related transportation in effect for at least the term of the Settlement Agreement. Just as shippers can waive their right to challenge a rate or term of service in an arm’s-length negotiated settlement agreement, a pipeline can waive its right to change or cancel a rate or term of service. Enterprise TE, in unequivocal language, waived any rights it had to stop or cancel the provision of distillates and jet fuel transportation when it signed the Settlement Agreement and filed the related tariffs.

83. Indeed, the parties entered into the Settlement Agreement “to resolve uncertainty” and to “provide[] assurances to the Parties for at least two years with respect to the rates for the refined petroleum products and NGL movements at issue.” Enterprise TE’s Tariff No. 55.28.0 (as well as Enterprise TE’s Tariff No. 55.32.0) would defeat these purposes. It would create – in fact, already has created – uncertainty by undermining the actions shippers have taken in reliance on the rates established in the Settlement Agreement. And it has eliminated any assurances shippers had with respect to distillates and jet fuel movements covered by the Settlement Agreement. The Commission’s failure to order Enterprise TE to continue to accept nominations for and provide distillates and jet fuel transportation allows Enterprise TE to evade its contractual responsibilities under the Settlement Agreement by simply cancelling the transportation of particular commodities in direct contravention of the express language of that agreement and the related tariff. *See Enbridge Pipelines (Toledo) Inc., et al.*, 130 FERC ¶ 61,270 at P 33 (2010) (“The Commission will not undo a settlement because certain parties now argue that the deal turned out differently than they thought.”).<sup>13</sup>

84. The Commission therefore correctly concluded that it has jurisdiction over the Settlement Agreement and that Enterprise TE violated that settlement agreement by refusing to accept nominations for and transport distillates and jet fuel. It erred, however, in concluding that it only had authority to order damages for the breach, and not to order Enterprise TE to abide by the terms of the Settlement Agreement. Indeed, it is at best odd and completely arbitrary that Enterprise TE, in its recent Tariff No. 55.32.0 filing, is offering limited jet fuel transportation “in

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<sup>13</sup> The Commission will not relieve customers from what those customers claim to be unfavorable contractual bargains merely because they turn out to be unfavorable. *See, e.g., PPL University Park, LLC v. Commonwealth Edison Co.*, 109 FERC ¶ 61,190 at P 20 (2004), *reh’g denied*, 110 FERC ¶ 61,117 (2005); *Pontook Operating Limited Partnership v. Public Service Co. of New Hampshire*, 94 FERC ¶ 61,144 at 61,551-52 (2001) (*Pontook*); *Southern Company Services, Inc.*, 43 FERC ¶ 61,003 at 61,014, *reh’g denied*, 43 FERC ¶ 61,394 (1988), *aff’d mem. sub nom. Gulf States Utilities Co. v. FERC*, 886 F.2d 442 (D.C. Cir. 1989); *accord Potomac Electric Power Co. v. FERC*, 210 F.3d 403, 409 (D.C. Cir. 2000).



light of, and solely because of, the *obligation set forth in an existing transportation agreement for service* that qualifies for the posted incentive rates applicable to such points”, yet it is unwilling to fulfill, and the Commission is unwilling to enforce, the equivalent contractual Settlement Agreement obligations requiring the pipeline to provide the agreed to jet fuel and distillates transportation for at least the term of the Settlement Agreement. *See* Complaint Order, at P 31 (“The Settlement thus triggered an obligation for Enterprise TE to provide the service consistent with the obligations of common carriage set forth in the ICA”). Such arbitrary and capricious behavior concerning established contractual obligations cannot be countenanced.

85. Complainants submit that in determining that it lacks the authority to direct Enterprise TE to provide the disputed jet fuel and distillates transportation, the Commission misapplied its *Sunoco* precedent. *See* Complaint Order, at P 39 (*citing* Tariff Order, at P 27). Contrary to the implication of the Complaint Order, the *Sunoco* precedent does not inhibit or preclude the Commission’s authority to direct Enterprise TE to specifically provide the disputed transportation given the facts of this case. Specifically, the facts that caused the Commission to reconsider its first *Sunoco* order directing the pipeline to continue providing the service specified in the settlement agreement at issue in those cases are not present in the instant proceeding. *See Sunoco, Inc. (R&M) v. Transcontinental Gas Pipe Line Corp.*, 100 FERC ¶ 61,252 at P 22 (2002) (“*Sunoco I*”). Importantly, in *Sunoco*, the Commission had already approved the divestment of the pipeline’s assets to a non-jurisdictional entity. The original remedy, rather than simply requiring the pipeline to continue to provide service on its own owned and operated jurisdictional facilities, would have modified the settlement agreement at issue and required Transco to acquire gathering capacity to service Sunoco. *Id.*

86. In contrast, here Enterprise TE still owns and operates all of the relevant facilities in question – and is still providing transportation (excluding distillates) on such facilities, including now jet fuel. On rehearing in *Sunoco*, to avoid any questions over whether it had the authority to order the pipeline to actually acquire non-jurisdictional capacity and offer non-jurisdictional services to the shipper, the Commission modified its remedy to provide financial compensation to the shipper for the costs imposed by the pipeline’s breach of the settlement agreement. See *Sunoco, Inc. (R&M) v. Transcontinental Gas Pipe Line Corp.*, 111 FERC ¶ 61,400 at PP 16, 18 (2002) (“*Sunoco II*”). In the present case, the Commission need only order Enterprise TE, as a result of its breach of the Settlement Agreement, to continue providing the same *jurisdictional* transportation it was providing at the time - transportation which it agreed to continue to provide for at least the term of the Settlement Agreement. The concerns the Commission expressed in *Sunoco* are not present in the instant proceeding.

87. Further, nowhere in the *Sunoco* line of cases did the Commission address the issue of whether the pipeline waived its right to discontinue transportation, in whole or in part, on the subject facilities. Unlike the pipeline in the *Sunoco* line of cases, as discussed above, Enterprise TE waived its right, jurisdictional or otherwise, to cancel the transportation of distillates and jet fuel by entering the Settlement Agreement, which expressly required Enterprise TE to leave the rates agreed to therein in effect (and necessarily the underlying transportation of referenced commodities) for at least the duration of the Settlement Agreement (*i.e.*, two years). Just as a shipper can waive its statutory right to challenge a rate or term of service in a negotiated arm’s-length settlement agreement, a pipeline can waive whatever rights it may have to change or cancel the transportation of commodities or related terms of service. In turn, here, where “[a]t the time of the settlement agreement, the Commission had authority to regulate the rates and

terms for shipment of distillate and jet fuel” and “[t]he Commission has jurisdiction over matters that relate to the interpretation of jurisdictional settlements and tariffs of the companies which the Commission regulates,” the Commission necessarily has the jurisdiction and authority (i) over all of the terms and conditions of jurisdictional service, including contracts that dictate such jurisdictional terms and conditions of such service, and (ii) to enforce the pipeline’s express contractual waiver set forth in the in the jurisdictional settlement to cancel the transportation of particular commodities by directing specific performance of the subject jurisdictional transportation.<sup>14</sup> Tariff Order, at P 26.

88. Moreover, while the Commission adjusted its remedy in the *Sunoco* line of cases, it emphatically, and repeatedly, rejected Transco’s claims that it lacked jurisdiction to enforce the settlement agreement at issue since the agreement covered non-jurisdictional activities. In its order in *Sunoco II*, the Commission ordered the pipeline to reimburse the shipper for the additional costs the pipeline’s breach of the settlement agreement caused the shipper as “[t]hese costs constitute consequential damages incurred as the result of the violation of a jurisdictional settlement agreement that Sunoco should be permitted to recover from Transco pursuant to the equitable, remedial power of the Commission.” *Sunoco II*, at P 18.

89. The Commission explained that it did “not believe that [its] remedy for Transco’s violation of the [settlement agreement] would constitute enforcement of a non-jurisdictional component of a settlement.” *Id.* at P 19. Further, “[t]he fact that the Commission would lack jurisdiction over Sunoco’s incurrence of [gathering services] costs . . . is irrelevant.” *Id.* at P 18.

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<sup>14</sup> By analogy, if what was at issue was a committed shipper contract such as the Commission has been dealing with in numerous instances where the subject transportation is to be provided for a specific time period, such as 5 or 10 years, the Commission would plainly have authority and jurisdiction over all of the referenced contract terms and conditions and the ability to enforce the same, including the time period of the contract. So too does the Commission have full authority and jurisdiction to enforce all of the terms and conditions unambiguously expressed in the instant Settlement Agreement, including the time period for the transportation of all commodities encompassed therein.

On rehearing of this order, the Commission again asserted its jurisdiction to remedy a breach of the settlement agreement. *See Sunoco, Inc. (R&M) v. Transcontinental Gas Pipe Line Corp.*, 114 FERC ¶ 61,180 at P 40 (2006) (“*Sunoco III*”) (“[W]e do not concede a lack of jurisdiction to craft the monetary remedy herein . . . [the Commission] may provide such monetary remedies under its equitable powers to remedy violations of settlements.”), *aff’d sub nom. Transcon. Gas Pipe Line Corp. v. FERC*, 485 F.3d 1172 (D.C. Cir. 2007). As the D.C. Circuit stated in affirming the Commission’s decision in *Sunoco III*, “At the time of the contract, FERC had authority to regulate the gathering services. FERC therefore had authority to order Transco to pay compensation for terminating those services in violation of the contract.” *Transcontinental Gas Pipe Line v. FERC*, 485 F.3d 1172, 1174 (D.C. Cir. 2007). The court did not express any view that the awarding of monetary damages was the limit of the Commission authority. Here, where the Commission had jurisdiction over Enterprise TE’s transportation of distillates and jet fuel at the time of the approval of the Settlement Agreement, it had the authority to remedy Enterprise TE’s breach of the Settlement Agreement which would include not only monetary damages but specific performance -- all facets of the transportation in dispute were and continue to be jurisdictional.

#### IV. CONCLUSION

90. While the Commission properly found in its Complaint Order that Enterprise TE violated the Settlement Agreement when it refused to accept nominations and provide transportation for distillates and jet fuel shipments, it erred in failing to order Enterprise TE to continue providing the transportation dictated by the Settlement Agreement. The Commission’s error stemmed from an erroneous characterization of Enterprise TE’s refusal to accept nominations as an abandonment, which led the Commission to incorrectly conclude that it lacked authority to order Enterprise TE to accept distillates and jet fuel nominations. The

Commission's conclusion is inconsistent with longstanding FERC, ICC, and federal court precedent regarding the definition of abandonment and a common carrier's duty to provide transportation of all commodities upon a reasonable request for service. Finally, regardless of whether Enterprise TE's actions constitute an abandonment, the Commission erred in concluding that it lacked the authority to order Enterprise TE to continue providing distillates and jet fuel transportation as an equitable remedy for Enterprise TE's breach of the Settlement Agreement.

Respectfully submitted,

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*Counsel for CHS Inc.; Federal Express Corporation; GROWMARK, Inc.; HWRT Oil Company, LLC; MFA Oil Company; Southwest Airlines Co.; United Airlines, Inc.; and UPS Fuel Services, Inc.*

November 18, 2013

**CERTIFICATE OF SERVICE**

I hereby certify that I have served this day by email the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Washington, D.C. this 18<sup>th</sup> day of November 2013.

/s/ Matthew Field

Matthew Field

## ENTERPRISE TE PRODUCTS PIPELINE COMPANY LLC

**OIL PIPELINE FILING**

November 8, 2013

Ms. Kimberly D. Bose, Secretary  
Federal Energy Regulatory Commission  
888 First Street N. E., Room 1A-209  
Washington, D.C. 20426

Dear Ms. Bose:

Enterprise TE Products Pipeline Company LLC (“Enterprise TE”) submits FERC Tariff No. 55.32.0, to be effective November 9, 2013 on less than one (1) days’ notice, in compliance with the Interstate Commerce Act (“ICA”) and the rules and regulations of the Federal Energy Regulatory Commission (“FERC”).

**Purpose of Filing**

FERC Tariff No. 55.32.0, which cancels FERC Tariff No. 55.31.0 (issued in Docket No. IS14-9-000) is being filed to modify the language contained in Item No. 130 “Tenders.” Previously, by filing made in Docket No. IS13-265-000, Enterprise TE issued FERC Tariff No. 55.28.0 to provide that it would no longer accept nominations for the interstate transportation of distillates (jet fuel and diesel). FERC Tariff No. 55.32.0 is now being issued to give notice to shippers, through language changes in Item No. 130 “Tenders” that relate to nominations for Jet Fuel service provided in Item Nos. 230 and 320, that Enterprise TE will accept nominations for the interstate transportation of jet fuel from existing origins in the Gulf Coast to the existing destination at Memphis (WesPac Pipeline), Tennessee, at rates that are already posted for the movements. Enterprise TE is offering this service in light of, and solely because of, the obligations set forth in an existing transportation agreement for service that qualifies for the posted incentive rates applicable to such points. Enterprise TE is providing this service without prejudice to any of its rights in, or without making any admissions with respect to, the ongoing proceedings in Docket Nos. OR13-25-000 and OR13-26-000. In particular, and without limiting the foregoing, Enterprise TE does not admit that such acceptance of nominations is required by the Settlement Agreement in Docket No. IS12-203-000.

Other than the changes described above, there are no other changes being proposed to Enterprise TE’s tariff.

**Special Permission**

Pursuant to 18 CFR § 341.14 – Special Permission, Enterprise TE requests that it be granted a waiver under Section 6(3) of the ICA to file the above subject tariff on less than one (1) days’ notice, to be effective November 9, 2013, in order to accept the nominations for qualifying service immediately, which will be a benefit to the shippers. Enterprise TE

Page 2 of 2

understands that this tariff filing is conditionally accepted subject to refund pending a thirty (30) day review period.

**Certification and Contact Information**

I hereby certify that I have on or before this date sent one copy of this filing to each tariff subscriber by means of transmission agreed upon in writing by the subscriber.

Pursuant to Section 343.3 of the Commission's regulations, Enterprise TE respectfully requests that all protests, complaints, suspensions, motions, or orders which in anyway affect this publication be transmitted to Diane A. Daniels, concurrent with their filing/issuance, via facsimile (713) 381-8290 and confirmed at (832) 387-7443.

If you need further information concerning this tariff filing, please feel free to contact me at (713) 381-4751, Jeffrey M. Molinaro at (713) 381 2533, or Mark Cook at (703) 904 4305.

Respectfully,

/s/ Diane A. Daniels

Diane A. Daniels

Sr. Specialist, Regulatory Affairs

Enclosures



**FERC ICA OIL TARIFF****FERC No. 55.32.0**  
(cancels FERC No. 55.31.0)**NOTICE OF TEMPORARY EMBARGO****ENTERPRISE TE PRODUCTS PIPELINE COMPANY LLC**

LOCAL AND JOINT PIPELINE TARIFF  
IN CONNECTION WITH WOOD RIVER PIPE LINES LLC  
FOR  
NON-INCENTIVE AND VOLUME INCENTIVE RATES

CONTAINING RULES & REGULATIONS GOVERNING

THE TRANSPORTATION AND HANDLING OF

DILUENT, PETROLEUM PRODUCTS

AND UNFINISHED GASOLINE

TRANSPORTED BY PIPELINE

FROM ORIGINS IN ARKANSAS, ILLINOIS, INDIANA, LOUISIANA AND TEXAS

TO DESTINATIONS IN ARKANSAS, ILLINOIS, INDIANA, KENTUCKY, LOUISIANA, MISSOURI, OHIO, TENNESSEE AND TEXAS

[C] ~~Issued under the authority of 18 CFR § 342.2(b) — Establishing Initial Rates.~~

**NOTICE OF TEMPORARY EMBARGO**

Enterprise TE FERC Tariff No. 55.23.0 was issued to temporarily embargo movements of Refined Products with origins outside of the state of Ohio to Lima and Lebanon, Ohio and Cincinnati/Northern Kentucky International Airport destinations. Enterprise TE requests that the temporary embargo remain in effect until a tariff filing is made to cancel the embargo and specify the date that the pipeline is operational. Movements to all other origins and destinations are unaffected by this embargo.

Issued on [W] less than one (1) days' notice under the authority of 18 CFR § 341.14. This tariff publication is conditionally accepted subject to refund pending a 30 day review period.

[F1], [F2], [F3], and [F4] This tariff contains rates that are higher for shorter than longer distances over the same route. Such departure from the terms of the amended Fourth Section of the Interstate Commerce Act is permitted by authority of the Federal Energy Regulatory Commission, Fourth Section Applications dated March 14, 2003, May 14, 2010, March 21, 2011, and March 16, 2012 respectively, as indicated herein.

THE RATES NAMED IN THIS TARIFF ARE FILED IN COMPLIANCE WITH 18 CODE OF FEDERAL REGULATIONS § 342.3 (INDEXING) AND § 342.4(B) (MARKET-BASED) PURSUANT TO THE COMMISSION'S ORDER ON APPLICATION FOR MARKET POWER DETERMINATION, TE PRODUCTS PIPELINE COMPANY, L.P., DOCKET NO. OR99-6-000, ISSUED APRIL 25, 2001.

All rates in this tariff are expressed in cents-per-barrel of forty-two (42) U. S. gallons, are subject to change as provided by law and are governed by the provisions found under the General Rules & Regulations shown herein.

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

**ISSUED****November 8, 2013****EFFECTIVE****November 9, 2013**

ISSUED AND COMPILED BY  
Diane A. Daniels  
Enterprise TE Products Pipeline Company LLC  
1100 Louisiana Street, Suite 1000  
Houston, Texas 77002-5227  
(713) 381-4751

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**TABLE OF CONTENTS**


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<b>Subject</b>	<b>Item No.</b>	<b>Page No.</b>
Explanation of Abbreviations		19
Explanation of Reference Marks		20
General Rules & Regulations		
A List of Definitions	5	3,4
Application of Rates for Intermediate Points	10	4
Claims, Time for Filing	20	5
Facilities Required at Origins & Destinations	25	5
Identity of Shipments and Commingling	35	5
In System Inventory Allowed	40	5
Jet Fuel Filtration	45	5
Liability of Carrier	50	6
Measurements and Deductions	55	6
Minimum Consignment	60	6
Minimum Shipment	65	7
Non-Compatible Product Handling	70	7
Payment of Transportation and Other Charges	75	8
Product Acceptable	80	8
Product Disposition If No Facilities Provided at Destination	85	9
Product Involved in Litigation or Encumbered	90	9
Proration of Pipeline Capacity	95	9
Reconsignment	100	9
Separate Pipeline Agreements	110	10
Tax Registration	125	10
Tenders	130	10
Testing	135	10
Volume Incentive Rates (In Cents-per-bbl.)		
Incentive Rates for Jonesboro Destination	210	11
Incentive Rates for Memphis (Lion Oil Terminal) Destination	220	12
Incentive Rates for Memphis (Wespac Pipeline) Destination	230	13
Non-Incentive Rates (In Cents-per-bbl.)		
Non-Incentive Rates for Motor Fuel	300	14
Non-Incentive Rates for Distillate	310	15
Non-Incentive Rates for Jet Fuel	320	16
Non-Incentive Rates for Unfinished Gasoline	330	17
Volume Incentive, Non-Incentive, and Priority Rates for Diluent	340	18
Route Directory		19

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## GENERAL RULES & REGULATIONS

The General Rules & Regulations published herein apply in their entirety to the services covered by this tariff, i.e., to the transportation and handling of Product(s) between the origin(s) and destination(s) named herein.

ITEM NO. 5	A List of Definitions
<b>Agreement</b>	Refers to the transportation agreement that has been executed by any Shipper with the Carrier in order to qualify for specific volume incentive rates as set forth in Item Nos. 210 thru 230, and Item No. 340.
<b>Agreement Period(s)</b>	Refers to the period beginning on the Commencement Date or any anniversary thereof and ending 365 or, if applicable, 366 days later during the term of an Agreement.
<b>Agreement Term</b>	<p>(a) With respect to the volume incentive rates set forth in Item No. 210, refers to ten (10) consecutive Agreement Periods.</p> <p>(b) With respect to the volume incentive rates set forth in Item No. 220, refers to the period beginning on the Commencement Date and continuing in effect for five (5) consecutive Agreement Periods.</p> <p>(c) With respect to the volume incentive rates set forth in Item No. 230, refers to the period beginning on the Commencement Date and continuing in effect for fifteen (15) consecutive Agreement Periods.</p> <p>(d) With respect to the volume incentive rates set forth in Item No. 340, refers to the period beginning on the Commencement Date and continuing in effect for ten (10) consecutive Agreement Periods.</p>
<b>Allowed Inventory</b>	The amount of inventory of each Common Shipment, by grade, that a Shipper is allowed to keep in the System to meet its delivery requirements, in accordance with Item No. 40.
<b>Average Inventory</b>	The sum of a Shipper's end of day Common Shipment inventory, by grade, for each day during the Month divided by the total number of days in the Month.
<b>Barrel(s)</b>	Forty-two (42) United States Gallons at 60° F.
<b>Batch</b>	A quantity of a Product handled through Carrier's pipeline facilities as a unit.
<b>Brand Shipment</b>	A Shipment of Products of uniform quality having the same specifications, which Shipment, Shipper desires separate identity and segregation from a Common Shipment so as to receive, as nearly as reasonably practicable, the same Products as delivered.
<b>Carrier</b>	Refers to Enterprise TE Products Pipeline Company LLC ("Enterprise TE") and other pipelines participating herein.
<b>Commencement Date</b>	The date established pursuant to the Agreement.
<b>Common Shipment</b>	Any Shipment of Products not a Brand Shipment; Common Shipments may be commingled with other Products of similar quality and specifications in effect at time Product is tendered.
<b>Contract Shipper</b>	A Shipper that is party to an Agreement that was executed with Carrier pursuant to an open season for Diluent service, and which includes a Minimum Volume commitment for Diluent.
<b>Diluent</b>	A liquid hydrocarbon used to dilute heavy crude and having properties conforming to those specified for diluent in Item No. 80.
<b>Excess Inventory Charge</b>	The charge to Shipper for holding inventory in excess of its Allowed Inventory as provided in Item No. 40.
<b>Excess Inventory Charge Rate</b>	The rate of [U]One Dollar and twenty-six cents (\$1.26) per Barrel used in Item No. 40 to determine the Excess Inventory Charges.
<b>Minimum Volume</b>	Represents the aggregate minimum quantity of Product(s) that Shipper guarantees to ship and take delivery of at destination during a designated time period which will allow that Shipper to qualify for specific volume incentive rates as set forth in Item Nos. 210 thru 230, and Item No. 340,

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## GENERAL RULES & REGULATIONS (Continued)

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**ITEM NO. 5 (Continued)****A List of Definitions**

<b>Month</b>	Means a calendar month.
<b>Petroleum Products</b>	<p><b>Motor Fuels</b> -- Includes finished and subgrade gasoline grades subject to Item No. 80 of this tariff.</p> <p><b>Distillates</b> -- Includes diesel fuel, ULSD and petroleum distillates subject to Item No. 80 of this tariff.</p> <p><b>Jet Fuel</b> -- Refers to fungible Jet-A turbine fuel subject to Item No. 80 of this tariff.</p>
<b>Priority Service</b>	The right not to be prorated to accommodate the nominations of Shippers (other than nominations of the Minimum Volumes of Contract Shippers) under ordinary operating conditions.
<b>Product(s)</b>	When mentioned in this tariff, represents individually and collectively, Diluent, Petroleum Products and Unfinished Gasoline.
<b>Regular Capacity</b>	Means pipeline capacity available.
<b>Shipment(s)</b>	Includes both Brand Shipment and Common Shipment transported under the terms and conditions of this tariff.
<b>Shipper(s)</b>	All shippers who transport Product under the terms and conditions of this tariff, with and without an Agreement.
<b>Tender Deductions</b>	Refers to the deduction to delivered volumes as set forth in Item No. 55 of this tariff.
<b>ULSD</b>	Includes ultra low sulfur diesel subject to Item No. 80 of this tariff.
<b>Unfinished Gasoline</b>	Subject to the approval of the Carrier, includes natural gasoline, condensate, raffinate, straight-run gasoline, naphtha and similar Products subject to Item No. 80 of this tariff.

**ITEM NO. 10****Application of Rates for Intermediate Points**

For Shipments accepted for transportation from any origin not named in this tariff to a destination named in this tariff, the rate for such shipment shall be the rate specified herein from the closest named origin to such named destination to which such unnamed origin would be an intermediate point.

For Shipments accepted for transportation from an origin named in this tariff to any destination not named in this tariff, the rate for such shipment shall be the rate specified herein from the named origin to the closest named destination to which such unnamed destination would be an intermediate point.

For Shipments accepted for transportation, an origin not named in this tariff to a destination not named in this tariff, the rate for such shipment shall be the rate specified herein from the closest named origin to the closest named destination to which such unnamed origin and unnamed destination are intermediate points.

Carrier will file a tariff publication applicable to the transportation movement within thirty (30) days of the start of the service if the intermediate point is to be used on a continuous basis for more than thirty (30) days.

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**GENERAL RULES & REGULATIONS (Continued)**

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**ITEM NO. 20****Claims, Time for Filing**

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As a condition precedent to recovery, claims must be made in writing to Carrier within nine (9) Months after receipt of delivery of the Shipment, or in case of a failure to make delivery, then within nine (9) Months after a reasonable time for delivery has elapsed. Suit against Carrier must be instituted by Shipper or its consignee 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 for loss or damage are not filed or suits are not instituted thereon in accordance with the foregoing provisions, such claims will not be paid, and Carrier shall not be liable therefor.

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**ITEM NO. 25****Facilities Required at Origins & Destinations**

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Shipments will be accepted for transportation hereunder only when:

a. Shipper has provided facilities satisfactory to Carrier capable of delivering Product at the origins at pressures and volumetric flow levels required by Carrier, and

b. Shipper or consignee has provided the necessary facilities at destination for receiving such Shipments without delay at pressures and at volumetric flow levels required by Carrier.

Carrier will not handle at any one point in time more than three (3) types or grades of Product at the McRae, Arkansas facilities for deliveries to destinations under this tariff, unless Carrier has sufficient facilities at McRae, Arkansas to accommodate more than three (3) types or grades of Product.

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**ITEM NO. 35****Identity of Shipments and Commingling**

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Except for Brand Shipments, Product transported through Carrier's facilities for Shippers will be intermixed with substantially similar Products and shall be subject to changes in quality and other characteristics as may result from such intermixing. Except for Brand Shipments, Shipper shall not be entitled to receive the same Product tendered by it to Carrier under this tariff.

Subject to the foregoing, Carrier will reasonably endeavor to maintain the identity of Brand Shipments of Products.

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**ITEM NO. 40****In System Inventory Allowed**

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In order to accommodate the needs of all Shippers and to keep the pipeline system from becoming congested, Carrier will limit the level of inventory of Common Shipments that each Shipper is allowed to maintain in the system pursuant to Carrier's then current publication, "In System Inventory Allowed Policy", dated May 14, 2010, as such may be modified from time to time. A copy of this document is available upon request from the tariff compiler referenced on the title page of this tariff.

When an Excess Inventory Charge is to be assessed pursuant to Carrier's aforementioned "In System Inventory Allowed Policy", Shipper will be assessed an Excess Inventory Charge determined by multiplying the Excess Inventory Charge Rate times the difference between the Shipper's end of Month Average Inventory and the Shipper's Allowed Inventory.

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**ITEM NO. 45****Jet Fuel Filtration**

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Carrier does not warrant nor in any way represent to Shipper that Jet Fuel as delivered by Carrier is suitable or otherwise fit for use in the operation of any aircraft. Carrier disclaims any and all warranties, express, implied or statutory, as to the Jet Fuel including but not limited to its merchantability or fitness for a particular purpose. Shipper shall have the ultimate responsibility for the filtration of Jet Fuel and not Carrier. Furthermore, Shipper shall have complete responsibility to provide all necessary tankage and filter facilities to assure that Jet Fuel is suitable for aircraft consumption.

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**GENERAL RULES & REGULATIONS (Continued)**

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**ITEM NO. 50****Liability of Carrier**

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Carrier shall not be liable for any loss or delay of, or damage to Products in or formerly in its possession caused by an act of God, public enemy, quarantine, authority of law, strike, riot, fire, flood, or act or default of Shipper or consignee, or for any other cause not due to the sole negligence of Carrier, whether similar or dissimilar to the causes herein enumerated; in such cases, except when Products involved in such loss are part of a Common Shipment, the owner of the Products shall stand the loss without a right to recourse against Carrier. In case the Product involved is part of a Common Shipment, the owner shall stand the loss from Carrier in the same proportion as the amount accepted for transportation and actually in Carrier's custody bears to the whole of the Common Shipment of all other Shippers participating in the Common Shipment from which loss occurs. The owner of such Product shall be entitled to receive only such portion of its Common Shipment as is left after deducting the due proportion of the loss as determined above.

Carrier shall not be liable for discoloration, commingling, contamination or deterioration of Product transported unless such discoloration, commingling, contamination or deterioration is caused by the sole negligence of Carrier. Normal commingling which occurs between Batches may be divided as equitably as practicable among Shippers participating in the Batches causing the commingling.

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**ITEM NO. 55****Measurement and Deductions**

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Quantities of Product received and delivered shall be determined by dynamic or static measurement methods in accordance with appropriate American Petroleum Institute (API) standards, latest revision, and adjusted to base (reference or standard) conditions. The base conditions for the measurement of liquids having a vapor pressure equal to or less than atmospheric pressure at base temperature are as follows: pressure - 14.696 psia and temperature - 60° F. Shipper may have the privilege of being present or represented at the time of measurement.

Except as provided in Item No. 50 of this tariff, Carrier will be accountable for delivery at any destination, excluding Des Plaines, Illinois, of one hundred percent (100%) of the original Shipment tender to the origins.

Except as provided in Item No. 50 of this tariff, Carrier will be accountable for delivery at Des Plaines, Illinois of ninety-nine and nine tenths percent (99.9%) of the original Shipment tendered to the origins. A deduction of one-tenth of one percent (0.1%) (the Tender Deduction) will be made to cover evaporation and other normal Product losses during transportation.

Shipper shall be responsible for product downgrades and/or interfaces.

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**ITEM NO. 60****Minimum Consignment**

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The minimum consignment of five thousand (5,000) Barrels of one Batch may be delivered to any destination other than West Memphis, Arkansas and Memphis (WesPac Pipeline), Tennessee;

The minimum consignment of twenty-five thousand (25,000) Barrels of one Shipment may be delivered to West Memphis, Arkansas;

The minimum consignment of twenty-five thousand (25,000) Barrels of one Shipment may be delivered to Memphis (WesPac Pipeline), Tennessee; provided that delivery of such consignment does not result in reducing the continuing Shipment below ten thousand (10,000) Barrels for movements in Carrier's 20" diameter pipeline or below ten thousand (10,000) Barrels for movements in Carrier's 16" diameter pipeline.

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**GENERAL RULES & REGULATIONS (Continued)**

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**ITEM NO. 65****Minimum Shipment**

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Except for movements to the destinations at Arcadia, Louisiana, Jonesboro and North Little Rock, Arkansas, the minimum quantity of a Shipment which will be accepted at points of origin, other than the Hebert and Houston, Texas origins on the Colonial Pipeline System and Clermont, Indiana, by Carrier shall be fifty thousand (50,000) Barrels, provided, however:

a. Common Shipments will be accepted by Carrier in tender of not less than ten thousand (10,000) Barrels when the total of the tenders of a Common Shipment at one particular time will make a Batch of fifty thousand (50,000) Barrels or more of like characteristics at the point of origin;

b. To the extent compatible with the efficient and economic use and operation of Carrier's facilities and pursuant to Shipper's request, Brand Shipments will be accepted in tenders and moved in a Batch of not less than ten thousand (10,000) Barrels;

c. Shipper requesting a Brand Shipment shall be responsible for any commingling of Brand Shipments and Common Shipments resulting from the movement of such Batch; and

The minimum quantity of a Common Shipment which will be accepted at the Hebert and Houston, Texas origins on the Colonial Pipeline System shall be twenty-five thousand (25,000) Barrels. Brand Shipments will not be accepted at the Hebert and Houston, Texas origins on the Colonial Pipeline System.

The minimum quantity of Petroleum Products which will be accepted at Clermont, Indiana by Carrier is twenty thousand (20,000) Barrels, provided, however, that to the extent compatible with the efficient and economic use and operation of Carriers facilities and pursuant to Shipper's request, Brand Shipment will be accepted in tenders and moved in a Batch of not less than ten thousand (10,000) Barrels. Shipper shall be responsible for any commingling of the Brand Shipments with Common Shipments resulting from the movement of such Batch.

For movements to the destinations at Arcadia, Louisiana, Jonesboro and North Little Rock, Arkansas, the minimum quantity of Shipment which will be accepted by Carrier at origin shall be ten thousand (10,000) Barrels.

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**ITEM NO. 70****Non-Compatible Product Handling**

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Shipper will be responsible for any Product that is delivered to Carrier at any origin that does not meet the certificate requirements as set forth in Item No. 135 (Testing). Carrier will elect one of the following options to handle the non-compatible Product: (1) Shipper will remove the non-compatible Product or (2) Shipper shall pay a penalty in the amount of [U]twenty (20¢) cents per gallon for reprocessing the non-compatible Product or 3) Shipper shall pay Carrier actual cost for the disposal plus handling and maintenance charges associated with the disposal of the non-compatible Product.

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**GENERAL RULES & REGULATIONS (Continued)**

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**ITEM NO. 75****Payment of Transportation and Other Charges**

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The transportation charges and all other charges accruing on Products accepted for transportation under this tariff shall be based on the applicable rates contained in other tariffs referencing this tariff.

Carrier may require that all payments to Carrier for services pertaining to the transportation of Products be wire transferred in accordance with the instructions on the Carrier's invoice to Shipper.

In the event Carrier determines that the financial condition of a Shipper or Shipper's guarantor (if any) is or has become impaired or unsatisfactory or Carrier determines it is necessary to obtain security from a Shipper, Carrier, upon notice to Shipper, will require any of the following prior to Carrier's delivery of Shipper's Products in Carrier's possession or prior to Carrier's acceptance of Shipper's Products: (1) prepayment of all charges by wire transfer and shall be held by the Carrier without interest accruing thereon until credited to Shipper, (2) a letter of credit at Shipper's expense in favor of Carrier in an amount sufficient to ensure payment of all such charges and, in a form, and from an institution acceptable to Carrier, or (3) a guaranty in an amount sufficient to ensure payment of all such charges, and in a form, and from a third party acceptable to Carrier. 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.

Carrier shall have a lien on all Products in its possession belonging to Shipper to secure the payment of charges due by said Shipper and may withhold such Products from delivery until all of such unpaid charges shall have been paid. If such charges shall remain unpaid for ten (10) days after notice of readiness to deliver, or if Shipper has less than five thousand (5,000) gallons of Products in Carrier's system which Shipper fails to remove after ten (10) days' notice from Carrier, Carrier shall have the right to sell said Products at public or private sale. Carrier may be a bidder and purchaser at such sale. From the proceeds of such sale, Carrier may pay itself all charges lawfully accruing and all expenses of such sale, and the balance remaining, if any, shall be held for whomsoever may be lawfully entitled thereto.

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**ITEM NO. 80****Product Acceptable**

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Carrier reserves the right to reject any Products under this tariff which would have a potential adverse effect on any Product Shipments or otherwise disrupt the efficient use of Carrier's facilities. Products tendered by Shipper pursuant to this tariff for movement as part of a Common Shipment shall meet the specifications for the individual Product as set forth in Carrier's then current product specification dated May 14, 2010, which shall be modified or substituted from time to time and at any time. A copy of this document is available upon request from the tariff compiler referenced on the title page of this tariff.

Subject to these General Rules & Regulations, Product as herein defined will be accepted for transportation at the origins at such time as Products of similar quality and specifications are currently being transported or Carrier is scheduling such Products for Shipment from such origins to destination in accordance with Carrier's sequence of pumping.

Products other than Diluent, which will be accepted hereunder are only those having an API Gravity of not less than 30° and not more than 90°, a vapor pressure of not more than 11 pounds per square inch absolute at the storing temperature, a temperature on receipt of not more than 100° F, viscosity not greater than 40 seconds Saybolt Universal and a color not darker than 2.5 ASTM. Any blending components other than pure hydrocarbons must be approved by Carrier.

Diluent which will be accepted hereunder is that liquid hydrocarbon meeting Carrier's Product Specification for Diluent, as amended by Carrier from time to time.

Shippers requesting Product to be moved as a Brand Shipment may be required to furnish buffer material in reasonable amounts and quantities satisfactory to Carrier for Shipments of Products. When Shipper is required under this item to provide buffer material for the Shipments of Products, Shipper will pay the same rate for the transportation of such buffer material as is the tariff rate applicable to the transportation of the Products the buffer material is being utilized to buffer.

Shipper may be required by Carrier to inject oil-soluble corrosion inhibitors acceptable to Carrier in the Products to be transported. Carrier, for corrosion protection, may inject corrosion inhibitors, and Products containing such inhibitors shall be accepted by Shipper or consignee of Shipper at destination.



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**GENERAL RULES & REGULATIONS (Continued)**

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**ITEM NO. 85****Product Disposition If No Facilities Provided at Destination**

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In the event Shipper is unable to have Product delivered to it hereunder at destination, as a result of any cause, Carrier agrees to reasonably cooperate with Shipper with respect to Shipper's disposal of such Product in Carrier's facilities; provided, however, if Shipper fails to make provisions for such disposal, Carrier shall have the right, at Shipper's sole cost and expense and for Shipper's account, to dispose of any such Product at the best commercial price then available under existing circumstances in order to free Carrier's facilities.

Carrier shall not be liable to Shipper or its consignee because of such disposition, and Shipper or its consignee shall pay for all costs thereof, the same as if Shipper or its consignee had requested or authorized such disposition.

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**ITEM NO. 90****Product Involved In Litigation or Encumbered**

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Carrier shall have the right to reject any Product, when offered for transportation, which may be involved in litigation, or the title of which may be in dispute, or which may be encumbered by lien or charge of any kind, and Carrier may require of Shipper satisfactory evidence of perfect and unencumbered title or satisfactory indemnity bond to protect Carrier against any and all losses.

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**ITEM NO. 95****Proration of Pipeline Capacity**

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When quantities of Product greater than can be transported are offered to Carrier for Shipment through Carrier's facilities, Carrier shall allocate available transportation on an equitable basis to all Shippers' pursuant to Carrier's then current proration policy dated October 18, 2013. A copy of this document is available upon request from the tariff compiler referenced on the title page of this tariff.

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**ITEM NO. 100****Reconsignment**

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If no out-of-line or back-haul movement is required, Shipper may, on forty-eight (48) hours' written notice to Carrier, and subject to (i) the applicable rate from point of origin to final destination, (ii) Carrier's pumping schedule and (iii) all other General Rules & Regulations herein, reconsign any Shipment or portion of any Shipment to destinations named in lawful tariffs applying on Products issued by or concurred in by Carrier, provided that such Product so reconsigned shall meet the applicable minimum consignment rules for such destination.

In the event Shipper or its consignee does not have adequate facilities available to receive Products from the line without delay at the time any Shipment or portion thereof arrives at a destination to which it is consigned, Carrier will reconsign said Shipment or any undelivered portion thereof to a destination where facilities are available to receive it and Carrier shall not be liable for any damage, loss in transit, or loss in storage which may occur by reason of such reconsignment. Such reconsignment shall have the same effect as though requested by Shipper and Shipper shall pay transportation charges and all other charges from point of origin to actual final destinations.

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**ITEM NO. 110****Separate Pipeline Agreements**

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Separate agreements, if applicable, in association with pipeline connections or other facilities ancillary to the Carrier's pipeline system and in accordance with this tariff shall be required of any Shipper or consignee before any obligation to provide transportation shall arise.

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## GENERAL RULES & REGULATIONS (Continued)

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**ITEM NO. 125****Tax Registration**

Shipper and its consignors and consignees shall be required to provide Carrier with proof of registration with or tax exemption from the appropriate Federal and/or State tax authorities related to the collection and payment of fuels excise tax or other similar taxes, levies or assessments. Shipper and its consignors and consignees shall further be required to immediately notify Carrier of any changes in their registration or tax exemption status. 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. 75.

**ITEM NO. 130****Tenders**

Contract Shipper, and all other shippers qualified to ship on Carrier's system, shall submit monthly nomination(s) (an "Initial Nomination") via the Transport4 system (or other system Carrier may identify in the future to provide similar function) on or before the fifth (5th) day of the month prior to the month of shipment, unless such day falls on the weekend or is a holiday, in which case the due date shall be the next business day following the weekend or holiday. Carrier shall not be obligated to accept tenders for transportation of Products during any Month unless the Shipper shall, on or before such due date, notify the Carrier of the quantity of such Product which it desires Carrier to receive at a particular valid origin (as identified among those listed in Carrier's then-current tariff(s)) and to deliver similar quantity to one or more particular valid pipeline destination(s) (as identified among those listed in Carrier's then-current tariff(s)). Contract Shipper's Initial Nomination eligible to be shipped at the Priority Service Rate is limited to the Contract Shipper's committed volume.

Carrier will notify Contract Shipper no later than five (5) days following the due date for nominations if the aggregate volumes validly nominated by all qualified pipeline shippers for shipment in the following month are projected to result in an allocation of capacity on Carrier's pipeline system.

Contract Shipper, upon receipt of notice from Carrier that allocation is expected for the flow month for which Contract Shipper has nominated volumes upon Carrier's system, shall notify Carrier in writing by no later than five (5) days following the date of Carrier's allocation notification of the proportion of its Initial Nomination for which it elects to call upon Priority Service.

Carrier shall notify Contract Shipper by no later than five (5) days following the date of Contract Shipper's notification of the final volumes accepted by Carrier for Priority Service.

Carrier will cease to accept nominations for the following services after June 1, 2013: (a) interstate transportation of Distillates in Item Nos. 210, 220 and 230 (Volume Incentive Rates) and Item No. 310 (Non-Incentive Rates) and (b) interstate transportation of Jet Fuel in [W] ~~Item No. 230 (Volume Incentive Rates) and Item No. 320 (Non-Incentive Rates)~~ [W] with the exception of Jet Fuel from Gulf Coast origins to Memphis (WesPac Pipeline). Carrier will continue to provide jet fuel service under its separate FERC Tariff No. 58.0.0 and reissues thereof from Lima, Ohio to the Cincinnati Airport. Notwithstanding the preceding paragraph, if requested by Carrier, Shipper shall furnish Carrier with a schedule of the expected deliveries of Products at origin and withdrawals at destination, setting forth Shipper's best estimate of daily rate of deliveries and withdrawals, and dates on which such deliveries and withdrawals shall commence. Acceptance of such schedule shall not constitute an obligation on the part of Carrier to meet such schedule.

**ITEM NO. 135****Testing**

Shipper shall furnish Carrier with a certificate setting forth in detail specifications of each Shipment of Products offered for transportation under the this tariff, and Shipper shall be liable for any contamination or damage to other Products being transported, or to Carrier's pipeline or other facilities in the event the Products tendered and shipped include blending components other than pure hydrocarbons that have not been approved by Carrier, or substandard to the specifications stated in Shipper's certificate. Carrier may--but shall not be required to--sample and/or test any Shipment prior to acceptance or during receipt of Shipment, and in the event of variance between said certificate and Carrier's test, Carrier's test shall prevail as to the specifications of Products received.

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## VOLUME INCENTIVE RATES (In Cents-per-bbl.) (Continued)

### ITEM NO. 210

**Incentive Rates for Jonesboro Destination**  
[U] All rates in this item are unchanged.

PRODUCT	DESTINATION	ORIGIN								
		Baytown (Harris Co., TX)	Beaumont (Jefferson Co., TX)	El Dorado (Union Co., AR)	Hebert (1) (Beaumont - Port Arthur) (Jefferson Co., TX)	Houston (1) (Pasadena) (Harris Co., TX)	Port Neches (Jefferson Co., TX)	Red Bluff (Harris Co., TX)	Shreveport (Caddo Parish, LA)	Texas City (Galveston Co., TX)
Motor Fuel	Jonesboro (P) (Lawrence Co., AR)	155.57	152.86	123.18	176.19	158.31	155.57	161.03	152.60	158.31
Distillate		161.40	158.69	129.01	182.03	164.13	161.40	166.85	158.43	164.13

### TERMS AND CONDITIONS

Rates, terms and conditions set forth in this item, supplements to and successive issues thereof will apply to Shipments of any Shipper agreeing in writing to have transported a volume of one million eight hundred twenty five thousand (1,825,000) Barrels of Petroleum Products (Minimum Volume), for an Agreement Period, from the origins to the destination for rates contained in this tariff, during the Agreement Term, counting from the effective date of the Agreement--subject to the following terms and conditions:

a) If at the end of such Agreement Period the volume of Petroleum Products shipped by Shipper is less than the Minimum Volume, Shipper shall pay Carrier within fifteen (15) days, [U]one dollar and twenty cents (\$1.20) times the number of Barrels Shipper is deficient. Such amount will be considered by Carrier as prepaid transportation, shall not bear interest, and will be credited to Shipper at the rate of [U] sixty cents (60¢) per Barrel against transportation charges on future volumes of Petroleum Products that Shipper may elect to ship to such destination from such origins for a period of twelve (12) Months after the Agreement Term or until the prepaid transportation is fully credited to Shipper, whichever comes first. However, if Shipper elects to enter into a new shipment agreement under this tariff for the yearly period immediately following the Agreement Term, then the foregoing prepaid transportation shall be credited to Shipments under such agreement, but only after the Minimum Volume for such year has been shipped.

(b) If during an Agreement Period, Carrier is unable to transport all of the volume offered for Shipment by Shipper (within the limitations of the Agreement and this tariff) and Shipper thereby fails to comply with the Minimum Volume obligation, then such volume, which Carrier was unable to transport, shall be deemed to be shipped for the purpose of determining compliance by Shipper of its Minimum Volume obligation; provided that Shipper gives Carrier written notice within thirty (30) days after the end of the Agreement Period.

**VOLUME INCENTIVE RATES (In Cents-per-bbl.) (Continued)**

**ITEM NO. 220**

**Incentive Rates for Memphis (Lion Oil Terminal) Destination**  
[U] All rates in this item are unchanged.

PRODUCT	DESTINATION	ORIGIN
Motor Fuel	Memphis (Lion Oil Terminal) (Shelby Co., TN)	El Dorado (Union Co., AR)
Distillate		113.7
Unfinished Gasoline		118.6
		137.6

**TERMS AND CONDITIONS**

Rates set forth in this item will apply to Shipments of Product of any Shipper that agrees to in writing to transport a Minimum Volume of four million (4,000,000) Barrels of Product during an Agreement Period, subject to the following rules and regulations:

a. If the volume of Product shipped by Shipper and delivered at destination during an Agreement Period is less than the Minimum Volume, Shipper shall pay to Carrier within fifteen (15) days after the end of the Agreement Period a deficiency charge of [U]seventy and five tenths cents (70.5¢) times the number of Barrels that Shipper is deficient. Any deficiency charge paid by Shipper shall be considered by Carrier as prepaid transportation, shall not bear interest, and will be credited to Shipper at the prepaid rate of [U]seventy and five tenths cents (70.5¢) per Barrel against transportation charges on Product delivered to Shipper at destination under and during the continuance of this Agreement in any future Agreement Period after the Minimum Volume has been received by Shipper at destination for such future Agreement Period.

b. Upon termination of the Agreement between Carrier and Shipper, any prepaid transportation remaining payable to Shipper under the provisions set forth in this item, shall not be reimbursable except that for a period not to exceed twelve (12) Months thereafter or any other period mutually agreed to by Carrier and Shipper, Shipper shall have the right to a credit of [U]seventy and five tenths cents (70.5¢) per Barrel against the then effective non-incentive rate for Product shipped by Shipper over Carrier's facilities from the origin to destination, as set forth in this tariff, as long as any of the prepaid transportation has not been utilized. Carrier shall be under no obligation to reimburse Shipper if Shipper should have any such prepaid transportation remaining at the expiration of twelve (12) Month period or any other period mutually agreed to by Carrier and Shipper. Furthermore, any such shipment of Product after termination of the Agreement shall be subject to the terms and conditions of the then effective non-incentive tariff relating to such transportation of Product from the origin to the destination.

## VOLUME INCENTIVE RATES (In Cents-per-bbl.) (Continued)

### ITEM NO. 230

#### Incentive Rates for Memphis (Wespac Pipeline) Destination

[U] All rates in this item are unchanged.

PRODUCT	DESTINATION	ORIGIN							
		Baytown (Harris Co., TX)	Beaumont (Jefferson Co., TX)	Hebert (1) (Beaumont - Port Arthur) (Jefferson Co., TX)	Houston (1) (Pasadena) (Harris Co., TX)	Port Neches (Jefferson Co., TX)	Red Bluff (Harris Co., TX)	Shreveport (Caddo Parish, LA)	Texas City (Galveston Co., TX)
Motor Fuel, Distillate & Jet Fuel	Memphis (WesPac Pipeline) (Shelby Co., TN)	147.4	145.3	163.3	165.4	147.4	151.6	145.1	149.5

### TERMS AND CONDITIONS

Rates set forth herein will apply to Shipments delivered to WesPac Pipeline at Memphis, Tennessee of Product of any Shipper that agrees to in writing to transport a total guaranteed volume obligation of eighty million four hundred and eighty one thousand (80,481,000) Barrels of Product for fifteen (15) successive Agreement Periods during an agreement term, subject to the following rules and regulations:

a. If the volume of Product shipped by Shipper and delivered at destination during an Agreement Period is less than the Minimum Volume as set forth in Table 1 below, Shipper shall pay to Carrier within thirty (30) days after the end of the Agreement Period a deficiency charge of [U]fifty cents (50¢) times the number of Barrels that Shipper is deficient. Any deficiency charge paid by Shipper shall be considered by Carrier as prepaid transportation, shall not bear interest, and will be credited to Shipper at the prepaid rate of [U] fifty cents (50¢) per Barrel against transportation charges on Product delivered to Shipper at destination under and during the continuance of this Agreement in any future Agreement after the Minimum Volume has been received by Shipper at destination for such future Agreement Period.

b. Upon termination of the Agreement between Carrier and Shipper, any prepaid transportation remaining payable to Shipper under the provisions set forth in paragraph a, shall not be reimbursable. Carrier shall be under no obligation to reimburse Shipper if Shipper should have any such prepaid transportation remaining at the expiration of Agreement. Furthermore, any such shipment of Product after termination of this Agreement shall be subject to the terms and conditions of any applicable tariff relating to such transportation of Product.

c. In the event Carrier is prevented from performing its obligation hereunder, due to a Force Majeure Event, the Minimum Volume obligation of Shipper shall abate in the same proportion as the inability of Carrier during the period of such Force Majeure. As used herein the terms "Force Majeure Event" and "Force Majeure" refers to, without limitation, acts of God; lockouts or other industrial disturbances; inability to obtain or delay in obtaining appropriate rights-of-way, permits, licenses, materials, supplies, or labor; acts of public enemy; wars; blockades; insurrection; riots; epidemics; landslides; lightning; earthquakes; fires; storms; floods; washouts; arrests; and restraints of governments and people; civil disturbances; explosions; breakage of or accidents to machinery; equipment or lines of pipe; freezing of lines of pipe; valid rules, regulations or orders of governments or governmental agencies; proration or allocation of any transportation of the Product; and other causes, whether of the same kind herein enumerated or otherwise, beyond the reasonable control of the party claiming such Force Majeure Event.

Shipper and Carrier shall enter into an Agreement prior to any delivery of Product under this tariff, which Agreement shall contain mutually acceptable and agreeable terms and conditions consistent with this tariff.

Table 1	
Agreement Period(s)	Minimum Volume (Barrels)
1	4,927,000
2	5,037,000
3	5,146,000
4	5,256,000
5	5,365,000
6 thru 15	5,475,000

# NON-INCENTIVE RATES (In Cents-per-bbl.)

## ITEM NO. 300

### Non-Incentive Rates for Motor Fuel

[U] All rates in this item are unchanged.

#### ORIGIN

DESTINATION	Baytown (Harris Co., TX)	Beaumont (Jefferson Co., TX)	Clermont (Hendricks Co., IN)	Creal Springs - Centennial Pipeline (P)(4) (Marion Co., IL)	El Dorado (3) (Union Co., AR)	Hebert (1) (Beaumont - Port Arthur) (Jefferson Co., TX)	Houston (1) (Pasadena) (Harris Co., TX)	North Port Arthur (S) (Jefferson Co., TX)	Port Neches (Jefferson Co., TX)	Red Bluff (Harris Co., TX)	Shreveport (Caddo Parish, LA)	Texas City (Galveston Co., TX)
Arcadia (P) (Bienville Parish, LA)	125.23	123.30	--	--	--	155.01	156.95	137.72	123.30	127.49	--	125.23
Beaumont - Centennial Pipeline (Jefferson Co., TX)	125.23	115.1	--	--	--	134.5	136.7	--	117.4	127.49	--	125.23
Cape Girardeau (Scott Co., MO)	[F4] 224.0	[F4] 210.5	--	[F4] 56.18	[F4] 188.1	[F4] 229.8	[F4] 232.1	[F4] 223.4	[F4] 212.7	[F4] 224.0	[F4] 210.3	[F4] 224.0
Chicago (Cook Co., IL)	[F1] 188.8	[F1] 175.0	120.8	67.71	[F1] 152.2	[F1] 194.8	[F1] 197.1	[F3] 188.2	[F1] 177.3	[F1] 188.8	[F1] 174.8	[F1] 188.8
Griffith (Lake Co., IN)	[F1] 188.8	[F1] 175.0	120.8	67.71	[F1] 152.2	[F1] 194.8	[F1] 197.1	[F3] 188.2	[F1] 177.3	[F1] 188.8	[F1] 174.8	[F1] 188.8
Indianapolis (Hendricks Co., IN)	246.47	234.9	--	64.87	212.5	254.2	256.5	247.8	237.1	250.35	234.7	255.37
Jonesboro (P) (Lawrence Co., AR)	202.46	199.10	--	--	162.33	227.99	205.84	215.24	202.64	209.23	198.78	205.84
Lebanon (Warren Co., OH) *	238.8*	225.2*	--	79.08*	202.9*	244.6*	246.8*	238.1*	227.5*	238.8*	225.0*	238.8*
Lima (2) (Allen Co., OH) *	255.4*	241.9*	--	97.31*	219.5*	261.2*	263.5*	254.8*	244.1*	255.4*	241.7*	255.4*
Memphis (Lion Oil Terminal) (Shelby Co., TN)	--	--	--	--	173.0	--	--	--	--	--	--	--
Memphis (WestPac Pipeline) (Shelby Co., TN)	216.8	203.3	--	--	--	222.6	224.9	216.2	205.5	216.8	203.1	216.8
Norris City (White Co., IL)	[F2] 216.9	[F2] 203.4	--	56.18	[F2] 181.0	[F2] 222.7	[F2] 225.0	[F3] 216.3	[F2] 205.6	[F2] 216.9	[F2] 203.2	[F2] 216.9
North Little Rock (P) (Pulaski Co., AR)	170.02	167.86	--	--	138.20	203.19	205.52	184.00	167.86	172.19	167.32	170.02
Princeton (Gibson Co., IN)	[F2] 218.5	[F2] 205.0	--	56.90	[F2] 182.6	[F2] 224.4	[F2] 226.6	[F3] 217.9	[F2] 207.3	[F2] 218.5	[F2] 204.8	[F2] 218.5
Seymour (Jackson Co., IN)	[F2] 220.9	[F2] 207.4	--	57.75	[F2] 185.0	[F2] 226.7	[F2] 229.0	[F3] 220.3	[F2] 209.6	[F2] 220.9	[F2] 207.2	[F2] 220.9
Shreveport Area Truck Rack (Bossier Parish, LA)	151.1	137.6	--	--	115.2	157.0	159.2	150.5	139.9	151.1	--	151.1
Speedway (Marion Co., IN)	246.47	234.9	--	64.87	212.5	254.2	256.5	247.8	237.1	250.35	234.7	255.37
West Memphis (Crittenden Co., AR)	216.8	203.3	--	--	171.1	222.6	224.9	216.2	205.5	216.8	203.1	216.8
Zionsville (Boone Co., IN)	246.47	234.9	--	64.87	212.5	254.2	256.5	247.8	237.1	250.35	234.7	255.37

# NON-INCENTIVE RATES (In Cents-per-bbl.)

ITEM NO. 310

Non-Incentive Rates for Distillate  
[U] All rates in this item are unchanged.

DESTINATION	ORIGIN											
	Baytown (Harris Co., TX)	Beaumont (Jefferson Co., TX)	Clermont (Hendricks Co., IN)	Creal Springs - Centennial Pipeline (P)(4) (Marion Co., IL)	El Dorado (3) (Union Co., AR)	Hebert (1) (Beaumont - Port Arthur) (Jefferson Co., TX)	Houston (1) (Pasadena) (Harris Co., TX)	North Port Arthur (5) (Jefferson Co., TX)	Port Neches (Jefferson Co., TX)	Red Bluff (Harris Co., TX)	Shreveport (Caddo Parish, LA)	Texas City (Galveston Co., TX)
Arcadia (P) (Bienville Parish, LA)	131.82	130.03	--	--	--	161.60	163.55	144.44	130.03	134.06	--	131.82
Beaumont - Centennial Pipeline (Jefferson Co., TX)	129.4	115.9	--	--	--	135.2	137.5	--	118.1	129.4	--	129.4
Cape Girardeau (Scott Co., MO)	[F4] 229.5	[F4] 216.0	--	[F4] 59.62	[F4] 193.6	[F4] 235.3	[F4] 237.6	[F4] 228.9	[F4] 218.2	[F4] 229.5	[F4] 215.8	[F4] 229.5
Chicago (Cook Co., IL)	[F1] 188.8	[F1] 175.0	120.8	71.27	[F1] 152.2	[F1] 194.8	[F1] 197.1	[F3] 188.2	[F1] 177.3	[F1] 188.8	[F1] 174.8	[F1] 188.8
Griffith (Lake Co., IN)	[F1] 188.8	[F1] 175.0	120.8	71.27	[F1] 152.2	[F1] 194.8	[F1] 197.1	[F3] 188.2	[F1] 177.3	[F1] 188.8	[F1] 174.8	[F1] 188.8
Indianapolis (Hendricks Co., IN)	256.3	242.7	--	68.40	220.4	262.1	264.3	255.6	245.0	256.3	242.5	256.3
Jonesboro (P) (Lawrence Co., AR)	209.70	206.32	--	--	169.55	235.23	213.06	222.46	209.23	216.44	206.01	213.06
Lebanon (Warren Co., OH) *	246.7*	233.2*	--	86.25*	210.8*	252.5*	254.8*	246.1*	235.4*	246.7*	233.0*	246.7*
Lima (2) (Allen Co., OH) *	260.4*	237.5*	--	100.85*	224.5*	266.2*	268.4*	259.7*	249.1*	260.4*	246.6*	260.4*
Memphis (Lion Oil Terminal) (Shelby Co., TN)	--	--	--	--	173.0	--	--	--	--	--	--	--
Memphis (WesPac Pipeline) (Shelby Co., TN)	221.3	207.8	--	--	--	227.1	229.4	220.7	210.1	221.3	207.6	221.3
Norris City (White Co., IL)	[F2] 223.1	[F2] 209.5	--	59.74	[F2] 187.2	[F2] 228.9	[F2] 231.1	[F3] 222.4	[F2] 211.8	[F2] 223.1	[F2] 209.3	[F2] 223.1
North Little Rock (P) (Pulaski Co., AR)	177.55	175.21	--	--	145.74	210.53	212.71	191.35	175.21	179.40	174.69	177.55
Princeton (Gibson Co., IN)	[F2] 225.1	[F2] 211.6	--	60.47	[F2] 189.2	[F2] 230.9	[F2] 233.2	[F3] 224.5	[F2] 213.8	[F2] 225.1	[F2] 211.3	[F2] 225.1
Seymour (Jackson Co., IN)	[F2] 229.1	[F2] 215.5	--	61.31	[F2] 193.2	[F2] 234.9	[F2] 237.1	[F3] 228.4	[F2] 217.8	[F2] 229.1	[F2] 215.3	[F2] 229.1
Shreveport Area Truck Rack	155.4	141.9	--	--	119.5	161.2	163.5	154.8	144.2	155.4	--	155.4
(Bossier Parish, LA)												
Speedway (Marion Co., IN)	256.3	242.7	--	68.40	220.4	262.1	264.3	255.6	245.0	256.3	242.5	256.3
West Memphis (Crittenden Co., AR)	221.3	207.8	--	--	185.4	227.1	229.4	220.7	210.1	221.3	207.6	221.3
Zionsville (Boone Co., IN)	256.3	242.7	--	68.40	220.4	262.1	264.3	255.6	245.0	256.3	242.5	256.3

Exhibit 1.2

Page 12 of 12

# NON-INCENTIVE RATES (In Cents-per-bbl.)(Continued)

ITEM NO. 320

Non-Incentive Rates for Jet Fuel  
[U] All rates in this item are unchanged.

DESTINATION	ORIGIN										
	Baytown (Harris Co., TX)	Beaumont (Jefferson Co., TX)	Clermont (Hendricks Co., IN)	El Dorado (Union Co., AR)	Hebert (1) (Beaumont - Port Arthur) (Jefferson Co., TX)	Houston (1) (Pasadena) (Harris Co., TX)	North Port Arthur (5) (Jefferson Co., TX)	Port Neches (Jefferson Co., TX)	Red Bluff (Harris Co., TX)	Shreveport (Caddo Parish, LA)	Texas City (Galveston Co., TX)
Chicago (Cook Co., IL)	[F1]198.4	[F1]185.8	110.2	--	[F1]203.8	[F1]205.9	[F3]197.8	[F1]187.9	[F1]198.4	[F1]185.6	[F1]198.4
Cincinnati/Northern Kentucky International Airport (Kenton Co., KY) *	308.3*	301.3*	--	--	320.7*	322.9*	314.2*	303.6*	308.1*	301.1*	308.3*
Des Plaines (I) (Cook Co., IL)	231.35	218.75	--	--	236.75	238.85	--	220.85	231.35	218.55	231.35
Griffith (Lake Co., IN)	[F1]198.4	[F1]185.8	110.2	--	[F1]203.8	[F1]205.9	[F3]197.8	[F1]187.9	[F1]198.4	[F1]185.6	[F1]198.4
Indianapolis (Hendricks Co., IN)	256.3	242.7	--	--	262.1	264.3	255.6	245.0	256.3	242.5	256.3
Lebanon (Warren Co., OH) *	246.7*	233.2*	--	--	252.5*	254.8*	246.1*	235.4*	246.7*	233.0*	246.7*
Lima (2) (Allen Co., OH) *	260.4*	246.8*	--	--	266.2*	268.4*	259.7*	249.1*	260.4*	246.6*	260.4*
Memphis (WesPac Pipeline) (Shelby Co., TN)	232.1	218.5	--	--	237.9	240.2	231.4	220.8	232.1	218.3	232.1
North Little Rock (P) (Pulaski Co., AR)	177.55	175.21	--	145.74	210.53	212.71	191.35	175.21	179.40	174.69	177.55
Speedway (Marion Co., IN)	256.3	242.7	--	--	262.1	264.3	255.6	245.0	256.3	242.5	256.3
Zionsville (Boone Co., IN)	256.3	242.7	--	--	262.1	264.3	255.6	245.0	256.3	242.5	256.3



NON-INCENTIVE RATES (In Cents-per-bbl.)(Continued)	
ITEM NO. 330	
Non-Incentive Rates for Unfinished Gasoline	
[U] All rates in this item are unchanged.	
DESTINATION	ORIGIN
Mont Belvieu (Chambers Co., TX)	
Chicago (Cook Co., IL)	[F1] 193.4
Griffin (Posey Co., IN)	206.7
Griffith (Lake Co., IN)	[F1] 193.4
Princeton (Gibson Co., IN)	[F2] 186.0

# **VOLUME INCENTIVE, NON-INCENTIVE AND PRIORITY SERVICE RATES (In Cents-per-bbl.)**

## **ITEM NO. 340**

### **Incentive, Non-Incentive, and Priority Service Rates for Diluent**

[U] All rates in this item are unchanged.

<b>DESTINATION</b>	<b>ORIGIN</b>		<b>TERMS AND CONDITIONS</b>
	<b>Rate Types</b>	<b>Rate Types</b>	
Manhattan (Will Co., IL)	Mont Belvieu (Chambers Co., TX)		
	186.0	Incentive Rate	For Contract Shippers committing a Minimum Volume of at least ten thousand (10,000) Barrels per day for ten years. The Incentive Rate shall be subject to the annual indexing as provided for in the Agreement.  The Incentive Rate in this Item No. 340, and any supplement and successive issues thereof, will apply to shipments of the committed volume of Diluent of any Contract Shipper.  If the volume of Product tendered by a Contract Shipper in any month is less than the Minimum Volume for any reason not excused under the Contract Shipper's Agreement, Contract Shipper will pay a shortfall payment to Carrier in accordance with the Agreement. Any shortfall payment will not bear interest, but will be credited against the transportation charges for Diluent in excess of the Minimum Volume tendered by Contract Shipper at the origin point selected in its Agreement within twelve (12) months after the shortfall payment was made.
	193.4	Non-Incentive Rate	The Non-Incentive Rate in this Item No. 340, and any supplement and successive issues thereof, will apply in lieu of the Incentive Rates in this Item No.340, to any volumes nominated by a Contract Shipper in excess of its Minimum Volume (other than the excess volumes described in the third paragraph above), or that are not eligible for the Incentive Agreement under the terms of the Contract Shipper's Agreement, or that are nominated from an origin point to a destination point not selected in the Contract Shipper's Agreement. The Non-Incentive Rate in this Item No. 340 shall also apply to all shippers of Diluent who are not Contract Shippers.
	194.4	Priority Service Rate	Priority Service Rates in this Item No. 340, and any supplement and successive issues thereof, will apply, in lieu of the Incentive Rates in this Item No. 340, to nominations of a Contract Shipper's Minimum Volume if the Contract Shipper elects to receive Priority Service under the proration policy for the pipeline during any period when the pipeline is in prorationing. The Priority Service Rate shall be one (1) cent higher than the then-effective Non-Incentive Rate.

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## ROUTE DIRECTORY

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Rates in tariff apply via all routes made by use of Carrier's lines and via use of CPL lines from Hebert (Beaumont - Port Arthur) and Houston (Pasadena), Texas to Beaumont, Texas.

Via Enterprise TE's lines from all \*origins to Argo, Illinois; Thence, from Argo, Illinois via Wood River lines to Des Plaines, Illinois.

\* Hebert and Houston, Texas are CPL origins.

From Creal Springs, Illinois via use of Carrier's lines to Chicago and Norris City, Illinois; Griffith, Indianapolis, Princeton and Seymour, Indiana; Cape Girardeau, Missouri and Lebanon and Lima, Ohio.

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## EXPLANATION OF ABBREVIATIONS

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<b>API</b>	American Petroleum Institute
<b>API Gravity</b>	Gravity determined in accordance with ASTM Designation D287-67 and revisions thereof.
<b>ASTM</b>	American Society for Testing and Materials.
<b>ASTM Color</b>	Color determined by the ASTM (color of petroleum products Method ASTM Designated D1500-68 and D156-68 and revisions thereof).
<b>Bbl.</b>	Barrel
<b>CFR</b>	Code of Federal Regulations
<b>CPL</b>	Colonial Pipeline Company
<b>Co.</b>	County
<b>F</b>	Fahrenheit
<b>FERC</b>	Federal Energy Regulatory Commission
<b>No.</b>	Number
<b>psia</b>	Pounds per square inch absolute
<b>&amp;</b>	And
<b>¢</b>	Cents
<b>°</b>	Degrees
<b>\$</b>	Dollars
<b>%</b>	Percent
<b>§</b>	Section

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## EXPLANATION OF REFERENCE MARKS

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- (1) Denotes CPL origin.
- (3) Carrier's pipeline between Shreveport, Louisiana and El Dorado, Arkansas will generally accommodate eastbound shipments. Tenders for westbound shipments of Petroleum Products from El Dorado, Arkansas to Shreveport, Louisiana will only be accepted once all tenders have been accepted for the eastbound shipments.
- (4) Carrier's pipeline between Cape Girardeau, Missouri and Creal Springs, Illinois will generally accommodate northbound shipments. Tenders for southbound shipments of Petroleum Products from Creal Springs, Illinois to Cape Girardeau, Missouri will only be accepted once all tenders have been accepted for the northbound shipments.
- (5) North Port Arthur origin is the interconnect between Enterprise Refined Products Company LLC's North Port Arthur storage facility and Enterprise TE.
- [F1] Section Four rates, fourth section application dated March 14, 2003, effective April 14, 2003.
- [F2] Section Four rates, fourth section application dated May 14, 2010, effective June 14, 2010.
- [F3] Section Four rates, fourth section application dated March 21, 2011, effective April 1, 2011.
- [F4] Section Four rates, fourth section application dated March 16, 2012, effective April 16, 2012.
- (J) Joint rates in connection with Wood River Pipe Lines LLC.
- (P) Rates for the applicable origin(s) or destination(s) are not market based. All other rates are market based.
- \* The pipeline system is out of service.
- [C] Cancel.
- [W] Change in wording only.
- [U] Unchanged rate.
-

FERC rendition of the electronically filed tariff records in Docket No. IS14-00038-000

Filing Data:

CID: C000775

Filing Title: Memphis Jet Fuel

Company Filing Identifier: 82

Type of Filing Code: 830

Associated Filing Identifier:

Tariff Title: Tariffs

Tariff ID: 19

Payment Confirmation:

Suspension Motion:

Tariff Record Data:

Record Content Description, Tariff Record Title, Record Version Number, Option Code:

Rates, Rules, & Regs RP, FERC No. 55.32.0, 55.32.0, A

Record Narrative Name:

Tariff Record ID: 3

Tariff Record Collation Value: 25165824 Tariff Record Parent Identifier: 0

Proposed Date: 2013-11-09

Priority Order: 1000000000

Record Change Type: CHANGE

Record Content Type: 2

Associated Filing Identifier:

This is a PDF section and we cannot render PDF in a RTF document.

Document Content(s)

Enterprise TE\_Transmittal\_FINAL.DOC.....1-2

Clean Tariff.PDF.....3-22

FERC GENERATED TARIFF FILING.RTF.....23-23

**ENTERPRISE TE PRODUCTS PIPELINE COMPANY LLC****OIL PIPELINE FILING**

March 31, 2014

Ms. Kimberly D. Bose, Secretary  
Federal Energy Regulatory Commission  
888 First Street N. E., Room 1A-209  
Washington, D.C. 20426

Dear Ms. Bose:

Enterprise TE Products Pipeline Company LLC (“Enterprise TE”) submits FERC Tariff No. 55.35.0 to be effective May 1, 2014 in compliance with the Interstate Commerce Act (“ICA”) and the rules and regulations of the Federal Energy Regulatory Commission (“FERC”).

**Purpose of Filing**

By filing made on May 1, 2013 in Docket No. IS13-265-000, Enterprise TE issued FERC Tariff No. 55.28.0 to, inter alia, add language to Item No. 130 “Tenders” in order to notify shippers that Enterprise TE would no longer accept nominations for certain interstate transportation of distillates (diesel) and jet fuel. FERC Tariff No. 55.35.0, which cancels FERC Tariff No. 55.34.0 (issued in Docket No. IS14-125-000), is now being issued to give notice to shippers that Enterprise TE will resume accepting nominations for the same interstate transportation of distillates, commencing May 1, 2014, at the existing posted rates. Specifically, Enterprise TE is removing from the previously inserted discontinuance language in Item No. 130 the reference to the applicable distillate services. Shippers are advised that nominations for movements commencing May 1, 2014, will be due April 5, 2014.

Enterprise TE is reinstituting these distillate services without prejudice to any of its rights in, or without making any admissions with respect to, the ongoing proceedings in Docket Nos. OR13-25-000 and OR13-26-000. In particular, and without limiting the foregoing, Enterprise TE does not admit that such acceptance of nominations is required by the Settlement Agreement in Docket No. IS12-203-000. Enterprise TE also expressly reserves the right to file to cancel such distillate services effective June 1, 2015 or at any time thereafter.

Other than the changes described above, there are no other changes being proposed to Enterprise TE’s tariff.

**Certification and Contact Information**

I hereby certify that I have on or before this date sent one copy of this filing to each tariff subscriber by means of transmission agreed upon in writing by the subscriber.

Pursuant to Section 343.3 of the Commission's regulations, Enterprise TE respectfully requests that all protests, complaints, suspensions, motions, or orders which in anyway affect this publication be transmitted, concurrent with their filing/issuance, via facsimile at (713) 803-1371 and confirmed at (713) 381-2533.

If you need further information concerning this tariff filing, please feel free to contact me at (713) 381-2533, or Mark Cook at (703) 904 4305.

Respectfully,

/s/ Jeffrey M. Molinaro  
Jeffrey M. Molinaro  
Manager, Regulatory Affairs  
Enclosures



**FERC ICA OIL TARIFF****FERC No. 55.35.0**  
(cancels FERC No. 55.34.0)**ENTERPRISE TE PRODUCTS PIPELINE COMPANY LLC**

LOCAL AND JOINT PIPELINE TARIFF  
IN CONNECTION WITH WOOD RIVER PIPE LINES LLC  
FOR  
NON-INCENTIVE AND VOLUME INCENTIVE RATES  
CONTAINING RULES & REGULATIONS GOVERNING

THE TRANSPORTATION AND HANDLING OF

DILUENT, PETROLEUM PRODUCTS

AND UNFINISHED GASOLINE

TRANSPORTED BY PIPELINE

FROM ORIGINS IN ARKANSAS, ILLINOIS, INDIANA, LOUISIANA AND TEXAS

TO DESTINATIONS IN ARKANSAS, ILLINOIS, INDIANA, KENTUCKY, LOUISIANA, MISSOURI, OHIO, TENNESSEE AND TEXAS

[F1], [F2], [F3], and [F4] This tariff contains rates that are higher for shorter than longer distances over the same route. Such departure from the terms of the amended Fourth Section of the Interstate Commerce Act is permitted by authority of the Federal Energy Regulatory Commission, Fourth Section Applications dated March 14, 2003, May 14, 2010, March 21, 2011, and March 16, 2012 respectively, as indicated herein.

THE RATES NAMED IN THIS TARIFF ARE FILED IN COMPLIANCE WITH 18 CODE OF FEDERAL REGULATIONS § 342.3 (INDEXING) AND § 342.4(B) (MARKET-BASED) PURSUANT TO THE COMMISSION'S ORDER ON APPLICATION FOR MARKET POWER DETERMINATION, TE PRODUCTS PIPELINE COMPANY, L.P., DOCKET NO. OR99-6-000, ISSUED APRIL 25, 2001.

All rates in this tariff are expressed in cents-per-barrel of forty-two (42) U. S. gallons, are subject to change as provided by law and are governed by the provisions found under the General Rules & Regulations shown herein.

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

**ISSUED****March 31, 2014****EFFECTIVE****May 1, 2014**

ISSUED AND COMPILED BY  
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Enterprise TE Products Pipeline Company LLC  
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**TABLE OF CONTENTS**


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<b>Subject</b>	<b>Item No.</b>	<b>Page No.</b>
Explanation of Abbreviations		19
Explanation of Reference Marks		20
General Rules & Regulations		
A List of Definitions	5	3,4
Application of Rates for Intermediate Points	10	4
Claims, Time for Filing	20	5
Facilities Required at Origins & Destinations	25	5
Identity of Shipments and Commingling	35	5
In System Inventory Allowed	40	5
Jet Fuel Filtration	45	5
Liability of Carrier	50	6
Measurements and Deductions	55	6
Minimum Consignment	60	6
Minimum Shipment	65	7
Non-Compatible Product Handling	70	7
Payment of Transportation and Other Charges	75	8
Product Acceptable	80	8
Product Disposition If No Facilities Provided at Destination	85	9
Product Involved in Litigation or Encumbered	90	9
Proration of Pipeline Capacity	95	9
Reconsignment	100	9
Separate Pipeline Agreements	110	10
Tax Registration	125	10
Tenders	130	10
Testing	135	10
Volume Incentive Rates (In Cents-per-bbl.)		
Incentive Rates for Jonesboro Destination	210	11
Incentive Rates for Memphis (Lion Oil Terminal) Destination	220	12
Incentive Rates for Memphis (Wespac Pipeline) Destination	230	13
Non-Incentive Rates (In Cents-per-bbl.)		
Non-Incentive Rates for Motor Fuel	300	14
Non-Incentive Rates for Distillate	310	15
Non-Incentive Rates for Jet Fuel	320	16
Non-Incentive Rates for Unfinished Gasoline	330	17
Volume Incentive, Non-Incentive, and Priority Rates for Diluent	340	18
Route Directory		19

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## GENERAL RULES & REGULATIONS

The General Rules & Regulations published herein apply in their entirety to the services covered by this tariff, i.e., to the transportation and handling of Product(s) between the origin(s) and destination(s) named herein.

### ITEM NO. 5

### A List of Definitions

<b>Agreement</b>	Refers to the transportation agreement that has been executed by any Shipper with the Carrier in order to qualify for specific volume incentive rates as set forth in Item Nos. 210 thru 230, and Item No. 340.
<b>Agreement Period(s)</b>	Refers to the period beginning on the Commencement Date or any anniversary thereof and ending 365 or, if applicable, 366 days later during the term of an Agreement.
<b>Agreement Term</b>	<p>(a) With respect to the volume incentive rates set forth in Item No. 210, refers to ten (10) consecutive Agreement Periods.</p> <p>(b) With respect to the volume incentive rates set forth in Item No. 220, refers to the period beginning on the Commencement Date and continuing in effect for five (5) consecutive Agreement Periods.</p> <p>(c) With respect to the volume incentive rates set forth in Item No. 230, refers to the period beginning on the Commencement Date and continuing in effect for fifteen (15) consecutive Agreement Periods.</p> <p>(d) With respect to the volume incentive rates set forth in Item No. 340, refers to the period beginning on the Commencement Date and continuing in effect for ten (10) consecutive Agreement Periods.</p>
<b>Allowed Inventory</b>	The amount of inventory of each Common Shipment, by grade, that a Shipper is allowed to keep in the System to meet its delivery requirements, in accordance with Item No. 40.
<b>Average Inventory</b>	The sum of a Shipper's end of day Common Shipment inventory, by grade, for each day during the Month divided by the total number of days in the Month.
<b>Barrel(s)</b>	Forty-two (42) United States Gallons at 60° F.
<b>Batch</b>	A quantity of a Product handled through Carrier's pipeline facilities as a unit.
<b>Brand Shipment</b>	A Shipment of Products of uniform quality having the same specifications, which Shipment, Shipper desires separate identity and segregation from a Common Shipment so as to receive, as nearly as reasonably practicable, the same Products as delivered.
<b>Carrier</b>	Refers to Enterprise TE Products Pipeline Company LLC ("Enterprise TE") and other pipelines participating herein.
<b>Commencement Date</b>	The date established pursuant to the Agreement.
<b>Common Shipment</b>	Any Shipment of Products not a Brand Shipment; Common Shipments may be commingled with other Products of similar quality and specifications in effect at time Product is tendered.
<b>Contract Shipper</b>	A Shipper that is party to an Agreement that was executed with Carrier pursuant to an open season for Diluent service, and which includes a Minimum Volume commitment for Diluent.
<b>Diluent</b>	A liquid hydrocarbon used to dilute heavy crude and having properties conforming to those specified for diluent in Item No. 80.
<b>Excess Inventory Charge</b>	The charge to Shipper for holding inventory in excess of its Allowed Inventory as provided in Item No. 40.
<b>Excess Inventory Charge Rate</b>	The rate of [U]One Dollar and twenty-six cents (\$1.26) per Barrel used in Item No. 40 to determine the Excess Inventory Charges.
<b>Minimum Volume</b>	Represents the aggregate minimum quantity of Product(s) that Shipper guarantees to ship and take delivery of at destination during a designated time period which will allow that Shipper to qualify for specific volume incentive rates as set forth in Item Nos. 210 thru 230, and Item No. 340,

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## GENERAL RULES & REGULATIONS (Continued)

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**ITEM NO. 5 (Continued)****A List of Definitions**

<b>Month</b>	Means a calendar month.
<b>Petroleum Products</b>	<p><b>Motor Fuels</b> -- Includes finished and subgrade gasoline grades subject to Item No. 80 of this tariff.</p> <p><b>Distillates</b> -- Includes diesel fuel, ULSD and petroleum distillates subject to Item No. 80 of this tariff.</p> <p><b>Jet Fuel</b> -- Refers to fungible Jet-A turbine fuel subject to Item No. 80 of this tariff.</p>
<b>Priority Service</b>	The right not to be prorated to accommodate the nominations of Shippers (other than nominations of the Minimum Volumes of Contract Shippers) under ordinary operating conditions.
<b>Product(s)</b>	When mentioned in this tariff, represents individually and collectively, Diluent, Petroleum Products and Unfinished Gasoline.
<b>Regular Capacity</b>	Means pipeline capacity available.
<b>Shipment(s)</b>	Includes both Brand Shipment and Common Shipment transported under the terms and conditions of this tariff.
<b>Shipper(s)</b>	All shippers who transport Product under the terms and conditions of this tariff, with and without an Agreement.
<b>Tender Deductions</b>	Refers to the deduction to delivered volumes as set forth in Item No. 55 of this tariff.
<b>ULSD</b>	Includes ultra low sulfur diesel subject to Item No. 80 of this tariff.
<b>Unfinished Gasoline</b>	Subject to the approval of the Carrier, includes natural gasoline, condensate, raffinate, straight-run gasoline, naphtha and similar Products subject to Item No. 80 of this tariff.

**ITEM NO. 10****Application of Rates for Intermediate Points**

For Shipments accepted for transportation from any origin not named in this tariff to a destination named in this tariff, the rate for such shipment shall be the rate specified herein from the closest named origin to such named destination to which such unnamed origin would be an intermediate point.

For Shipments accepted for transportation from an origin named in this tariff to any destination not named in this tariff, the rate for such shipment shall be the rate specified herein from the named origin to the closest named destination to which such unnamed destination would be an intermediate point.

For Shipments accepted for transportation, an origin not named in this tariff to a destination not named in this tariff, the rate for such shipment shall be the rate specified herein from the closest named origin to the closest named destination to which such unnamed origin and unnamed destination are intermediate points.

Carrier will file a tariff publication applicable to the transportation movement within thirty (30) days of the start of the service if the intermediate point is to be used on a continuous basis for more than thirty (30) days.

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**GENERAL RULES & REGULATIONS (Continued)**

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**ITEM NO. 20****Claims, Time for Filing**

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As a condition precedent to recovery, claims must be made in writing to Carrier within nine (9) Months after receipt of delivery of the Shipment, or in case of a failure to make delivery, then within nine (9) Months after a reasonable time for delivery has elapsed. Suit against Carrier must be instituted by Shipper or its consignee 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 for loss or damage are not filed or suits are not instituted thereon in accordance with the foregoing provisions, such claims will not be paid, and Carrier shall not be liable therefor.

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**ITEM NO. 25****Facilities Required at Origins & Destinations**

---

Shipments will be accepted for transportation hereunder only when:

a. Shipper has provided facilities satisfactory to Carrier capable of delivering Product at the origins at pressures and volumetric flow levels required by Carrier, and

b. Shipper or consignee has provided the necessary facilities at destination for receiving such Shipments without delay at pressures and at volumetric flow levels required by Carrier.

Carrier will not handle at any one point in time more than three (3) types or grades of Product at the McRae, Arkansas facilities for deliveries to destinations under this tariff, unless Carrier has sufficient facilities at McRae, Arkansas to accommodate more than three (3) types or grades of Product.

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**ITEM NO. 35****Identity of Shipments and Commingling**

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Except for Brand Shipments, Product transported through Carrier's facilities for Shippers will be intermixed with substantially similar Products and shall be subject to changes in quality and other characteristics as may result from such intermixing. Except for Brand Shipments, Shipper shall not be entitled to receive the same Product tendered by it to Carrier under this tariff.

Subject to the foregoing, Carrier will reasonably endeavor to maintain the identity of Brand Shipments of Products.

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**ITEM NO. 40****In System Inventory Allowed**

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In order to accommodate the needs of all Shippers and to keep the pipeline system from becoming congested, Carrier will limit the level of inventory of Common Shipments that each Shipper is allowed to maintain in the system pursuant to Carrier's then current publication, "In System Inventory Allowed Policy", dated May 14, 2010, as such may be modified from time to time. A copy of this document is available upon request from the tariff compiler referenced on the title page of this tariff.

When an Excess Inventory Charge is to be assessed pursuant to Carrier's aforementioned "In System Inventory Allowed Policy", Shipper will be assessed an Excess Inventory Charge determined by multiplying the Excess Inventory Charge Rate times the difference between the Shipper's end of Month Average Inventory and the Shipper's Allowed Inventory.

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**ITEM NO. 45****Jet Fuel Filtration**

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Carrier does not warrant nor in any way represent to Shipper that Jet Fuel as delivered by Carrier is suitable or otherwise fit for use in the operation of any aircraft. Carrier disclaims any and all warranties, express, implied or statutory, as to the Jet Fuel including but not limited to its merchantability or fitness for a particular purpose. Shipper shall have the ultimate responsibility for the filtration of Jet Fuel and not Carrier. Furthermore, Shipper shall have complete responsibility to provide all necessary tankage and filter facilities to assure that Jet Fuel is suitable for aircraft consumption.

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**GENERAL RULES & REGULATIONS (Continued)**

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**ITEM NO. 50****Liability of Carrier**

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Carrier shall not be liable for any loss or delay of, or damage to Products in or formerly in its possession caused by an act of God, public enemy, quarantine, authority of law, strike, riot, fire, flood, or act or default of Shipper or consignee, or for any other cause not due to the sole negligence of Carrier, whether similar or dissimilar to the causes herein enumerated; in such cases, except when Products involved in such loss are part of a Common Shipment, the owner of the Products shall stand the loss without a right to recourse against Carrier. In case the Product involved is part of a Common Shipment, the owner shall stand the loss from Carrier in the same proportion as the amount accepted for transportation and actually in Carrier's custody bears to the whole of the Common Shipment of all other Shippers participating in the Common Shipment from which loss occurs. The owner of such Product shall be entitled to receive only such portion of its Common Shipment as is left after deducting the due proportion of the loss as determined above.

Carrier shall not be liable for discoloration, commingling, contamination or deterioration of Product transported unless such discoloration, commingling, contamination or deterioration is caused by the sole negligence of Carrier. Normal commingling which occurs between Batches may be divided as equitably as practicable among Shippers participating in the Batches causing the commingling.

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**ITEM NO. 55****Measurement and Deductions**

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Quantities of Product received and delivered shall be determined by dynamic or static measurement methods in accordance with appropriate American Petroleum Institute (API) standards, latest revision, and adjusted to base (reference or standard) conditions. The base conditions for the measurement of liquids having a vapor pressure equal to or less than atmospheric pressure at base temperature are as follows: pressure - 14.696 psia and temperature - 60° F. Shipper may have the privilege of being present or represented at the time of measurement.

Except as provided in Item No. 50 of this tariff, Carrier will be accountable for delivery at any destination, excluding Des Plaines, Illinois, of one hundred percent (100%) of the original Shipment tender to the origins.

Except as provided in Item No. 50 of this tariff, Carrier will be accountable for delivery at Des Plaines, Illinois of ninety-nine and nine tenths percent (99.9%) of the original Shipment tendered to the origins. A deduction of one-tenth of one percent (0.1%) (the Tender Deduction) will be made to cover evaporation and other normal Product losses during transportation.

Shipper shall be responsible for product downgrades and/or interfaces.

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**ITEM NO. 60****Minimum Consignment**

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The minimum consignment of five thousand (5,000) Barrels of one Batch may be delivered to any destination other than West Memphis, Arkansas and Memphis (WesPac Pipeline), Tennessee;

The minimum consignment of twenty-five thousand (25,000) Barrels of one Shipment may be delivered to West Memphis, Arkansas;

The minimum consignment of twenty-five thousand (25,000) Barrels of one Shipment may be delivered to Memphis (WesPac Pipeline), Tennessee; provided that delivery of such consignment does not result in reducing the continuing Shipment below ten thousand (10,000) Barrels for movements in Carrier's 20" diameter pipeline or below ten thousand (10,000) Barrels for movements in Carrier's 16" diameter pipeline.

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**GENERAL RULES & REGULATIONS (Continued)**

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**ITEM NO. 65****Minimum Shipment**

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Except for movements to the destinations at Arcadia, Louisiana, Jonesboro and North Little Rock, Arkansas, the minimum quantity of a Shipment which will be accepted at points of origin, other than the Hebert and Houston, Texas origins on the Colonial Pipeline System and Clermont, Indiana, by Carrier shall be fifty thousand (50,000) Barrels, provided, however:

a. Common Shipments will be accepted by Carrier in tender of not less than ten thousand (10,000) Barrels when the total of the tenders of a Common Shipment at one particular time will make a Batch of fifty thousand (50,000) Barrels or more of like characteristics at the point of origin;

b. To the extent compatible with the efficient and economic use and operation of Carrier's facilities and pursuant to Shipper's request, Brand Shipments will be accepted in tenders and moved in a Batch of not less than ten thousand (10,000) Barrels;

c. Shipper requesting a Brand Shipment shall be responsible for any commingling of Brand Shipments and Common Shipments resulting from the movement of such Batch; and

The minimum quantity of a Common Shipment which will be accepted at the Hebert and Houston, Texas origins on the Colonial Pipeline System shall be twenty-five thousand (25,000) Barrels. Brand Shipments will not be accepted at the Hebert and Houston, Texas origins on the Colonial Pipeline System.

The minimum quantity of Petroleum Products which will be accepted at Clermont, Indiana by Carrier is twenty thousand (20,000) Barrels, provided, however, that to the extent compatible with the efficient and economic use and operation of Carriers facilities and pursuant to Shipper's request, Brand Shipment will be accepted in tenders and moved in a Batch of not less than ten thousand (10,000) Barrels. Shipper shall be responsible for any commingling of the Brand Shipments with Common Shipments resulting from the movement of such Batch.

For movements to the destinations at Arcadia, Louisiana, Jonesboro and North Little Rock, Arkansas, the minimum quantity of Shipment which will be accepted by Carrier at origin shall be ten thousand (10,000) Barrels.

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**ITEM NO. 70****Non-Compatible Product Handling**

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Shipper will be responsible for any Product that is delivered to Carrier at any origin that does not meet the certificate requirements as set forth in Item No. 135 (Testing). Carrier will elect one of the following options to handle the non-compatible Product: (1) Shipper will remove the non-compatible Product or (2) Shipper shall pay a penalty in the amount of [U]twenty (20¢) cents per gallon for reprocessing the non-compatible Product or 3) Shipper shall pay Carrier actual cost for the disposal plus handling and maintenance charges associated with the disposal of the non-compatible Product.

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**GENERAL RULES & REGULATIONS (Continued)**

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**ITEM NO. 75****Payment of Transportation and Other Charges**

---

The transportation charges and all other charges accruing on Products accepted for transportation under this tariff shall be based on the applicable rates contained in other tariffs referencing this tariff.

Carrier may require that all payments to Carrier for services pertaining to the transportation of Products be wire transferred in accordance with the instructions on the Carrier's invoice to Shipper.

In the event Carrier determines that the financial condition of a Shipper or Shipper's guarantor (if any) is or has become impaired or unsatisfactory or Carrier determines it is necessary to obtain security from a Shipper, Carrier, upon notice to Shipper, will require any of the following prior to Carrier's delivery of Shipper's Products in Carrier's possession or prior to Carrier's acceptance of Shipper's Products: (1) prepayment of all charges by wire transfer and shall be held by the Carrier without interest accruing thereon until credited to Shipper, (2) a letter of credit at Shipper's expense in favor of Carrier in an amount sufficient to ensure payment of all such charges and, in a form, and from an institution acceptable to Carrier, or (3) a guaranty in an amount sufficient to ensure payment of all such charges, and in a form, and from a third party acceptable to Carrier. 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.

Carrier shall have a lien on all Products in its possession belonging to Shipper to secure the payment of charges due by said Shipper and may withhold such Products from delivery until all of such unpaid charges shall have been paid. If such charges shall remain unpaid for ten (10) days after notice of readiness to deliver, or if Shipper has less than five thousand (5,000) gallons of Products in Carrier's system which Shipper fails to remove after ten (10) days' notice from Carrier, Carrier shall have the right to sell said Products at public or private sale. Carrier may be a bidder and purchaser at such sale. From the proceeds of such sale, Carrier may pay itself all charges lawfully accruing and all expenses of such sale, and the balance remaining, if any, shall be held for whomsoever may be lawfully entitled thereto.

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**ITEM NO. 80****Product Acceptable**

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Carrier reserves the right to reject any Products under this tariff which would have a potential adverse effect on any Product Shipments or otherwise disrupt the efficient use of Carrier's facilities. Products tendered by Shipper pursuant to this tariff for movement as part of a Common Shipment shall meet the specifications for the individual Product as set forth in Carrier's then current product specification dated May 14, 2010, which shall be modified or substituted from time to time and at any time. A copy of this document is available upon request from the tariff compiler referenced on the title page of this tariff.

Subject to these General Rules & Regulations, Product as herein defined will be accepted for transportation at the origins at such time as Products of similar quality and specifications are currently being transported or Carrier is scheduling such Products for Shipment from such origins to destination in accordance with Carrier's sequence of pumping.

Products other than Diluent, which will be accepted hereunder are only those having an API Gravity of not less than 30° and not more than 90°, a vapor pressure of not more than 11 pounds per square inch absolute at the storing temperature, a temperature on receipt of not more than 100° F, viscosity not greater than 40 seconds Saybolt Universal and a color not darker than 2.5 ASTM. Any blending components other than pure hydrocarbons must be approved by Carrier.

Diluent which will be accepted hereunder is that liquid hydrocarbon meeting Carrier's Product Specification for Diluent, as amended by Carrier from time to time.

Shippers requesting Product to be moved as a Brand Shipment may be required to furnish buffer material in reasonable amounts and quantities satisfactory to Carrier for Shipments of Products. When Shipper is required under this item to provide buffer material for the Shipments of Products, Shipper will pay the same rate for the transportation of such buffer material as is the tariff rate applicable to the transportation of the Products the buffer material is being utilized to buffer.

Shipper may be required by Carrier to inject oil-soluble corrosion inhibitors acceptable to Carrier in the Products to be transported. Carrier, for corrosion protection, may inject corrosion inhibitors, and Products containing such inhibitors shall be accepted by Shipper or consignee of Shipper at destination.



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**GENERAL RULES & REGULATIONS (Continued)**

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**ITEM NO. 85****Product Disposition If No Facilities Provided at Destination**

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In the event Shipper is unable to have Product delivered to it hereunder at destination, as a result of any cause, Carrier agrees to reasonably cooperate with Shipper with respect to Shipper's disposal of such Product in Carrier's facilities; provided, however, if Shipper fails to make provisions for such disposal, Carrier shall have the right, at Shipper's sole cost and expense and for Shipper's account, to dispose of any such Product at the best commercial price then available under existing circumstances in order to free Carrier's facilities.

Carrier shall not be liable to Shipper or its consignee because of such disposition, and Shipper or its consignee shall pay for all costs thereof, the same as if Shipper or its consignee had requested or authorized such disposition.

---

**ITEM NO. 90****Product Involved In Litigation or Encumbered**

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Carrier shall have the right to reject any Product, when offered for transportation, which may be involved in litigation, or the title of which may be in dispute, or which may be encumbered by lien or charge of any kind, and Carrier may require of Shipper satisfactory evidence of perfect and unencumbered title or satisfactory indemnity bond to protect Carrier against any and all losses.

---

**ITEM NO. 95****Proration of Pipeline Capacity**

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When quantities of Product greater than can be transported are offered to Carrier for Shipment through Carrier's facilities, Carrier shall allocate available transportation on an equitable basis to all Shippers' pursuant to Carrier's then current proration policy dated October 18, 2013. A copy of this document is available upon request from the tariff compiler referenced on the title page of this tariff.

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**ITEM NO. 100****Reconsignment**

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If no out-of-line or back-haul movement is required, Shipper may, on forty-eight (48) hours' written notice to Carrier, and subject to (i) the applicable rate from point of origin to final destination, (ii) Carrier's pumping schedule and (iii) all other General Rules & Regulations herein, reconsign any Shipment or portion of any Shipment to destinations named in lawful tariffs applying on Products issued by or concurred in by Carrier, provided that such Product so reconsigned shall meet the applicable minimum consignment rules for such destination.

In the event Shipper or its consignee does not have adequate facilities available to receive Products from the line without delay at the time any Shipment or portion thereof arrives at a destination to which it is consigned, Carrier will reconsign said Shipment or any undelivered portion thereof to a destination where facilities are available to receive it and Carrier shall not be liable for any damage, loss in transit, or loss in storage which may occur by reason of such reconsignment. Such reconsignment shall have the same effect as though requested by Shipper and Shipper shall pay transportation charges and all other charges from point of origin to actual final destinations.

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**ITEM NO. 110****Separate Pipeline Agreements**

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Separate agreements, if applicable, in association with pipeline connections or other facilities ancillary to the Carrier's pipeline system and in accordance with this tariff shall be required of any Shipper or consignee before any obligation to provide transportation shall rise.

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## GENERAL RULES & REGULATIONS (Continued)

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**ITEM NO. 125****Tax Registration**

Shipper and its consignors and consignees shall be required to provide Carrier with proof of registration with or tax exemption from the appropriate Federal and/or State tax authorities related to the collection and payment of fuels excise tax or other similar taxes, levies or assessments. Shipper and its consignors and consignees shall further be required to immediately notify Carrier of any changes in their registration or tax exemption status. 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. 75.

**ITEM NO. 130****Tenders**

Contract Shipper, and all other shippers qualified to ship on Carrier's system, shall submit monthly nomination(s) (an "Initial Nomination") via the Transport4 system (or other system Carrier may identify in the future to provide similar function) on or before the fifth (5th) day of the month prior to the month of shipment, unless such day falls on the weekend or is a holiday, in which case the due date shall be the next business day following the weekend or holiday. Carrier shall not be obligated to accept tenders for transportation of Products during any Month unless the Shipper shall, on or before such due date, notify the Carrier of the quantity of such Product which it desires Carrier to receive at a particular valid origin (as identified among those listed in Carrier's then-current tariff(s)) and to deliver similar quantity to one or more particular valid pipeline destination(s) (as identified among those listed in Carrier's then-current tariff(s)). Contract Shipper's Initial Nomination eligible to be shipped at the Priority Service Rate is limited to the Contract Shipper's committed volume.

Carrier will notify Contract Shipper no later than five (5) days following the due date for nominations if the aggregate volumes validly nominated by all qualified pipeline shippers for shipment in the following month are projected to result in an allocation of capacity on Carrier's pipeline system.

Contract Shipper, upon receipt of notice from Carrier that allocation is expected for the flow month for which Contract Shipper has nominated volumes upon Carrier's system, shall notify Carrier in writing by no later than five (5) days following the date of Carrier's allocation notification of the proportion of its Initial Nomination for which it elects to call upon Priority Service.

Carrier shall notify Contract Shipper by no later than five (5) days following the date of Contract Shipper's notification of the final volumes accepted by Carrier for Priority Service.

Carrier will [W] ~~not cease to~~ accept nominations for the following services [C] ~~after June 1, 2013:~~ (a) interstate transportation of [W] ~~Jet Fuel Distillates~~ in [W] ~~Item No. 210, 220 and 230 (Volume Incentive Rates) [C] and Item No. 310 (Non-Incentive Rates)~~ and (b) interstate transportation of Jet Fuel in Item No. 320 (Non-Incentive Rates) with the exception of Jet Fuel from Gulf Coast origins to Memphis (WesPac Pipeline). Carrier will continue to provide jet fuel service under its separate FERC Tariff No. 58.0.0 and reissues thereof from Lima, Ohio to the Cincinnati Airport. Notwithstanding the preceding paragraph, if requested by Carrier, Shipper shall furnish Carrier with a schedule of the expected deliveries of Products at origin and withdrawals at destination, setting forth Shipper's best estimate of daily rate of deliveries and withdrawals, and dates on which such deliveries and withdrawals shall commence. Acceptance of such schedule shall not constitute an obligation on the part of Carrier to meet such schedule.

**ITEM NO. 135****Testing**

Shipper shall furnish Carrier with a certificate setting forth in detail specifications of each Shipment of Products offered for transportation under this tariff, and Shipper shall be liable for any contamination or damage to other Products being transported, or to Carrier's pipeline or other facilities in the event the Products tendered and shipped include blending components other than pure hydrocarbons that have not been approved by Carrier, or substandard to the specifications stated in Shipper's certificate. Carrier may--but shall not be required to--sample and/or test any Shipment prior to acceptance or during receipt of Shipment, and in the event of variance between said certificate and Carrier's test, Carrier's test shall prevail as to the specifications of Products received.

## VOLUME INCENTIVE RATES (In Cents-per-bbl.) (Continued)

**ITEM NO. 210****Incentive Rates for Jonesboro Destination****[U] All rates in this item are unchanged.**

PRODUCT	DESTINATION	ORIGIN								
		Baytown (Harris Co., TX)	Beaumont (Jefferson Co., TX)	El Dorado (Union Co., AR)	Hebert (1) (Beaumont - Port Arthur) (Jefferson Co., TX)	Houston (1) (Pasadena) (Harris Co., TX)	Port Neches (Jefferson Co., TX)	Red Bluff (Harris Co., TX)	Shreveport (Caddo Parish, LA)	Texas City (Galveston Co., TX)
Motor Fuel	Jonesboro (P) (Lawrence Co., AR)	155.57	152.86	123.18	176.19	158.31	155.57	161.03	152.60	158.31
Distillate		161.40	158.69	129.01	182.03	164.13	161.40	166.85	158.43	164.13

**TERMS AND CONDITIONS**

Rates, terms and conditions set forth in this item, supplements to and successive issues thereof will apply to Shipments of any Shipper agreeing in writing to have transported a volume of one million eight hundred twenty five thousand (1,825,000) Barrels of Petroleum Products (Minimum Volume), for an Agreement Period, from the origins to the destination for rates contained in this tariff, during the Agreement Term, counting from the effective date of the Agreement--subject to the following terms and conditions:

a) If at the end of such Agreement Period the volume of Petroleum Products shipped by Shipper is less than the Minimum Volume, Shipper shall pay Carrier within fifteen (15) days, [U]one dollar and twenty cents (\$1.20) times the number of Barrels Shipper is deficient. Such amount will be considered by Carrier as prepaid transportation, shall not bear interest, and will be credited to Shipper at the rate of [U] sixty cents (60¢) per Barrel against transportation charges on future volumes of Petroleum Products that Shipper may elect to ship to such destination from such origins for a period of twelve (12) Months after the Agreement Term or until the prepaid transportation is fully credited to Shipper, whichever comes first. However, if Shipper elects to enter into a new shipment agreement under this tariff for the yearly period immediately following the Agreement Term, then the foregoing prepaid transportation shall be credited to Shipments under such agreement, but only after the Minimum Volume for such year has been shipped.

(b) If during an Agreement Period, Carrier is unable to transport all of the volume offered for Shipment by Shipper (within the limitations of the Agreement and this tariff) and Shipper thereby fails to comply with the Minimum Volume obligation, then such volume, which Carrier was unable to transport, shall be deemed to be shipped for the purpose of determining compliance by Shipper of its Minimum Volume obligation; provided that Shipper gives Carrier written notice within thirty (30) days after the end of the Agreement Period.

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**VOLUME INCENTIVE RATES (In Cents-per-bbl.) (Continued)**


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**ITEM NO. 220****Incentive Rates for Memphis (Lion Oil Terminal) Destination****[U] All rates in this item are unchanged.**

PRODUCT	DESTINATION	ORIGIN
		El Dorado (Union Co., AR)
Motor Fuel	Memphis (Lion Oil Terminal) (Shelby Co., TN)	113.7
Distillate		118.6
Unfinished Gasoline		137.6

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**TERMS AND CONDITIONS**

Rates set forth in this item will apply to Shipments of Product of any Shipper that agrees to in writing to transport a Minimum Volume of four million (4,000,000) Barrels of Product during an Agreement Period, subject to the following rules and regulations:

a. If the volume of Product shipped by Shipper and delivered at destination during an Agreement Period is less than the Minimum Volume, Shipper shall pay to Carrier within fifteen (15) days after the end of the Agreement Period a deficiency charge of [U]seventy and five tenths cents (70.5¢) times the number of Barrels that Shipper is deficient. Any deficiency charge paid by Shipper shall be considered by Carrier as prepaid transportation, shall not bear interest, and will be credited to Shipper at the prepaid rate of [U]seventy and five tenths cents (70.5¢) per Barrel against transportation charges on Product delivered to Shipper at destination under and during the continuance of this Agreement in any future Agreement Period after the Minimum Volume has been received by Shipper at destination for such future Agreement Period.

b. Upon termination of the Agreement between Carrier and Shipper, any prepaid transportation remaining payable to Shipper under the provisions set forth in this item, shall not be reimbursable except that for a period not to exceed twelve (12) Months thereafter or any other period mutually agreed to by Carrier and Shipper, Shipper shall have the right to a credit of [U]seventy and five tenths cents (70.5¢) per Barrel against the then effective non-incentive rate for Product shipped by Shipper over Carrier's facilities from the origin to destination, as set forth in this tariff, as long as any of the prepaid transportation has not been utilized. Carrier shall be under no obligation to reimburse Shipper if Shipper should have any such prepaid transportation remaining at the expiration of twelve (12) Month period or any other period mutually agreed to by Carrier and Shipper. Furthermore, any such shipment of Product after termination of the Agreement shall be subject to the terms and conditions of the then effective non-incentive tariff relating to such transportation of Product from the origin to the destination.

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## VOLUME INCENTIVE RATES (In Cents-per-bbl.) (Continued)

**ITEM NO. 230****Incentive Rates for Memphis (WesPac Pipeline) Destination**

[U] All rates in this item are unchanged.

PRODUCT	DESTINATION	ORIGIN							
		Baytown (Harris Co., TX)	Beaumont (Jefferson Co., TX)	Hebert (1) (Beaumont - Port Arthur) (Jefferson Co., TX)	Houston (1) (Pasadena) (Harris Co., TX)	Port Neches (Jefferson Co., TX)	Red Bluff (Harris Co., TX)	Shreveport (Caddo Parish, LA)	Texas City (Galveston Co., TX)
Motor Fuel, Distillate & Jet Fuel	Memphis (WesPac Pipeline) (Shelby Co., TN)	163.7	161.6	179.6	181.7	163.7	167.9	161.4	165.8

**TERMS AND CONDITIONS**

Rates set forth herein will apply to Shipments delivered to WesPac Pipeline at Memphis, Tennessee of Product of any Shipper that agrees to in writing to transport a total guaranteed volume obligation of eighty million four hundred and eighty one thousand (80,481,000) Barrels of Product for fifteen (15) successive Agreement Periods during an agreement term, subject to the following rules and regulations:

a. If the volume of Product shipped by Shipper and delivered at destination during an Agreement Period is less than the Minimum Volume as set forth in Table 1 below, Shipper shall pay to Carrier within thirty (30) days after the end of the Agreement Period a deficiency charge of [U]fifty cents (50¢) times the number of Barrels that Shipper is deficient. Any deficiency charge paid by Shipper shall be considered by Carrier as prepaid transportation, shall not bear interest, and will be credited to Shipper at the prepaid rate of [U] fifty cents (50¢) per Barrel against transportation charges on Product delivered to Shipper at destination under and during the continuance of this Agreement in any future Agreement after the Minimum Volume has been received by Shipper at destination for such future Agreement Period.

b. Upon termination of the Agreement between Carrier and Shipper, any prepaid transportation remaining payable to Shipper under the provisions set forth in paragraph a, shall not be reimbursable. Carrier shall be under no obligation to reimburse Shipper if Shipper should have any such prepaid transportation remaining at the expiration of Agreement. Furthermore, any such shipment of Product after termination of this Agreement shall be subject to the terms and conditions of any applicable tariff relating to such transportation of Product.

c. In the event Carrier is prevented from performing its obligation hereunder, due to a Force Majeure Event, the Minimum Volume obligation of Shipper shall abate in the same proportion as the inability of Carrier during the period of such Force Majeure. As used herein the terms "Force Majeure Event" and "Force Majeure" refers to, without limitation, acts of God; lockouts or other industrial disturbances; inability to obtain or delay in obtaining appropriate rights-of-way, permits, licenses, materials, supplies, or labor; acts of public enemy; wars; blockades; insurrection; riots; epidemics; landslides; lightning; earthquakes; fires; storms; floods; washouts; arrests; and restraints of governments and people; civil disturbances; explosions; breakage of or accidents to machinery; equipment or lines of pipe; freezing of lines of pipe; valid rules, regulations or orders of governments or governmental agencies; proration or allocation of any transportation of the Product; and other causes, whether of the same kind herein enumerated or otherwise, beyond the reasonable control of the party claiming such Force Majeure Event.

Shipper and Carrier shall enter into an Agreement prior to any delivery of Product under this tariff, which Agreement shall contain mutually acceptable and agreeable terms and conditions consistent with this tariff.

Table 1	
Agreement Period(s)	Minimum Volume
	(Barrels)
1	4,927,000
2	5,037,000
3	5,146,000
4	5,256,000
5	5,365,000
6 thru 15	5,475,000

## NON-INCENTIVE RATES (In Cents-per-bbl.)

**ITEM NO. 300**
**Non-Incentive Rates for Motor Fuel**

[U] All rates in this item are unchanged.

DESTINATION	ORIGIN											
	Baytown (Harris Co., TX)	Beaumont (Jefferson Co., TX)	Clermont (Hendricks Co., IN)	Creal Springs - Centennial Pipeline (P)(4) (Marion Co., IL)	El Dorado (3) (Union Co., AR)	Hebert (1) (Beaumont - Port Arthur) (Jefferson Co., TX)	Houston (1) (Pasadena) (Harris Co., TX)	North Port Arthur (5) (Jefferson Co., TX)	Port Neches (Jefferson Co., TX)	Red Bluff (Harris Co., TX)	Shreveport (Caddo Parish, LA)	Texas City (Galveston Co., TX)
Arcadia (P) (Bienville Parish, LA)	125.23	123.30	--	--	--	155.01	156.95	137.72	123.30	127.49	--	125.23
Beaumont - Centennial Pipeline (Jefferson Co., TX)	125.23	115.1	--	--	--	134.5	136.7	--	117.4	127.49	--	125.23
Cape Girardeau (Scott Co., MO)	[F4] 224.0	[F4] 210.5	--	[F4] 56.18	[F4] 188.1	[F4] 229.8	[F4] 232.1	[F4] 223.4	[F4] 212.7	[F4] 224.0	[F4] 210.3	[F4] 224.0
Chicago (Cook Co., IL)	[F1] 188.8	[F1] 175.0	120.8	67.71	[F1] 152.2	[F1] 194.8	[F1] 197.1	[F3] 188.2	[F1] 177.3	[F1] 188.8	[F1] 174.8	[F1] 188.8
Griffith (Lake Co., IN)	[F1] 188.8	[F1] 175.0	120.8	67.71	[F1] 152.2	[F1] 194.8	[F1] 197.1	[F3] 188.2	[F1] 177.3	[F1] 188.8	[F1] 174.8	[F1] 188.8
Indianapolis (Hendricks Co., IN)	246.47	234.9	--	64.87	212.5	254.2	256.5	247.8	237.1	250.35	234.7	255.37
Jonesboro (P) (Lawrence Co., AR)	202.46	199.10	--	--	162.33	227.99	205.84	215.24	202.64	209.23	198.78	205.84
Memphis (Lion Oil Terminal) (Shelby Co., TN)	--	--	--	--	173.0	--	--	--	--	--	--	--
Memphis (WesPac Pipeline) (Shelby Co., TN)	216.8	203.3	--	--	--	222.6	224.9	216.2	205.5	216.8	203.1	216.8
Norris City (White Co., IL)	[F2] 216.9	[F2] 203.4	--	56.18	[F2] 181.0	[F2] 222.7	[F2] 225.0	[F3] 216.3	[F2] 205.6	[F2] 216.9	[F2] 203.2	[F2] 216.9
North Little Rock (P) (Pulaski Co., AR)	170.02	167.86	--	--	138.20	203.19	205.52	184.00	167.86	172.19	167.32	170.02
Princeton (Gibson Co., IN)	[F2] 218.5	[F2] 205.0	--	56.90	[F2] 182.6	[F2] 224.4	[F2] 226.6	[F3] 217.9	[F2] 207.3	[F2] 218.5	[F2] 204.8	[F2] 218.5
Seymour (Jackson Co., IN)	[F2] 220.9	[F2] 207.4	--	57.75	[F2] 185.0	[F2] 226.7	[F2] 229.0	[F3] 220.3	[F2] 209.6	[F2] 220.9	[F2] 207.2	[F2] 220.9
Shreveport Area Truck Rack (Bossier Parish, LA)	151.1	137.6	--	--	115.2	157.0	159.2	150.5	139.9	151.1	--	151.1
Speedway (Marion Co., IN)	246.47	234.9	--	64.87	212.5	254.2	256.5	247.8	237.1	250.35	234.7	255.37
West Memphis (Crittenden Co., AR)	216.8	203.3	--	--	171.1	222.6	224.9	216.2	205.5	216.8	203.1	216.8
Zionsville (Boone Co., IN)	246.47	234.9	--	64.87	212.5	254.2	256.5	247.8	237.1	250.35	234.7	255.37

**NON-INCENTIVE RATES (In Cents-per-bbl.)****ITEM NO. 310****Non-Incentive Rates for Distillate****[U] All rates in this item are unchanged.**

DESTINATION	ORIGIN											
	Baytown (Harris Co., TX)	Beaumont (Jefferson Co., TX)	Clermont (Hendricks Co., IN)	Creal Springs - Centennial Pipeline (P)(4) (Marion Co., IL)	El Dorado (3) (Union Co., AR)	Hebert (1) (Beaumont - Port Arthur) (Jefferson Co., TX)	Houston (1) (Pasadena) (Harris Co., TX)	North Port Arthur (5) (Jefferson Co., TX)	Port Neches (Jefferson Co., TX)	Red Bluff (Harris Co., TX)	Shreveport (Caddo Parish, LA)	Texas City (Galveston Co., TX)
Arcadia (P) (Bienville Parish, LA)	131.82	130.03	--	--	--	161.60	163.55	144.44	130.03	134.06	--	131.82
Beaumont - Centennial Pipeline (Jefferson Co., TX)	129.4	115.9	--	--	--	135.2	137.5	--	118.1	129.4	--	129.4
Cape Girardeau (Scott Co., MO)	[F4] 229.5	[F4] 216.0	--	[F4] 59.62	[F4] 193.6	[F4] 235.3	[F4] 237.6	[F4] 228.9	[F4] 218.2	[F4] 229.5	[F4] 215.8	[F4] 229.5
Chicago (Cook Co., IL)	[F1] 188.8	[F1] 175.0	120.8	71.27	[F1] 152.2	[F1] 194.8	[F1] 197.1	[F3] 188.2	[F1] 177.3	[F1] 188.8	[F1] 174.8	[F1] 188.8
Griffith (Lake Co., IN)	[F1] 188.8	[F1] 175.0	120.8	71.27	[F1] 152.2	[F1] 194.8	[F1] 197.1	[F3] 188.2	[F1] 177.3	[F1] 188.8	[F1] 174.8	[F1] 188.8
Indianapolis (Hendricks Co., IN)	256.3	242.7	--	68.40	220.4	262.1	264.3	255.6	245.0	256.3	242.5	256.3
Jonesboro (P) (Lawrence Co., AR)	209.70	206.32	--	--	169.55	235.23	213.06	222.46	209.23	216.44	206.01	213.06
Memphis (Lion Oil Terminal) (Shelby Co., TN)	--	--	--	--	173.0	--	--	--	--	--	--	--
Memphis (WesPac Pipeline) (Shelby Co., TN)	221.3	207.8	--	--	--	227.1	229.4	220.7	210.1	221.3	207.6	221.3
Norris City (White Co., IL)	[F2]223.1	[F2]209.5	--	59.74	[F2]187.2	[F2]228.9	[F2]231.1	[F3] 222.4	[F2]211.8	[F2]223.1	[F2]209.3	[F2]223.1
North Little Rock (P) (Pulaski Co., AR)	177.55	175.21	--	--	145.74	210.53	212.71	191.35	175.21	179.40	174.69	177.55
Princeton (Gibson Co., IN)	[F2]225.1	[F2]211.6	--	60.47	[F2]189.2	[F2]230.9	[F2]233.2	[F3] 224.5	[F2]213.8	[F2]225.1	[F2]211.3	[F2]225.1
Seymour (Jackson Co., IN)	[F2]229.1	[F2]215.5	--	61.31	[F2]193.2	[F2]234.9	[F2]237.1	[F3] 228.4	[F2]217.8	[F2]229.1	[F2]215.3	[F2]229.1
Shreveport Area Truck Rack (Bossier Parish, LA)	155.4	141.9	--	--	119.5	161.2	163.5	154.8	144.2	155.4	--	155.4
Speedway (Marion Co., IN)	256.3	242.7	--	68.40	220.4	262.1	264.3	255.6	245.0	256.3	242.5	256.3
West Memphis (Crittenden Co., AR)	221.3	207.8	--	--	185.4	227.1	229.4	220.7	210.1	221.3	207.6	221.3
Zionsville (Boone Co., IN)	256.3	242.7	--	68.40	220.4	262.1	264.3	255.6	245.0	256.3	242.5	256.3

**NON-INCENTIVE RATES (In Cents-per-bbl.)(Continued)****ITEM NO. 320****Non-Incentive Rates for Jet Fuel****[U] All rates in this item are unchanged.**

<b>DESTINATION</b>	<b>ORIGIN</b>										
	Baytown (Harris Co., TX)	Beaumont (Jefferson Co., TX)	Clermont (Hendricks Co., IN)	El Dorado (Union Co., AR)	Hebert (1) (Beaumont - Port Arthur) (Jefferson Co., TX)	Houston (1) (Pasadena) (Harris Co., TX)	North Port Arthur (5) Jefferson Co., TX)	Port Neches (Jefferson Co., TX)	Red Bluff (Harris Co., TX)	Shreveport (Caddo Parish, LA)	Texas City (Galveston Co., TX)
Chicago (Cook Co., IL)	[F1]198.4	[F1] 185.8	110.2	--	[F1] 203.8	[F1] 205.9	[F3] 197.8	[F1]187.9	[F1]198.4	[F1]185.6	[F1]198.4
Des Plaines (J) (Cook Co., IL)	231.35	218.75	--	--	236.75	238.85	--	220.85	231.35	218.55	231.35
Griffith (Lake Co., IN)	[F1] 198.4	[F1] 185.8	110.2	--	[F1] 203.8	[F1] 205.9	[F3] 197.8	[F1]187.9	[F1]198.4	[F1]185.6	[F1]198.4
Indianapolis (Hendricks Co., IN)	256.3	242.7	--	--	262.1	264.3	255.6	245.0	256.3	242.5	256.3
Memphis (WesPac Pipeline) (Shelby Co., TN)	232.1	218.5	--	--	237.9	240.2	231.4	220.8	232.1	218.3	232.1
North Little Rock (P) (Pulaski Co., AR)	177.55	175.21	--	145.74	210.53	212.71	191.35	175.21	179.40	174.69	177.55
Speedway (Marion Co., IN)	256.3	242.7	--	--	262.1	264.3	255.6	245.0	256.3	242.5	256.3
Zionsville (Boone Co., IN)	256.3	242.7	--	--	262.1	264.3	255.6	245.0	256.3	242.5	256.3



**NON-INCENTIVE RATES (In Cents-per-bbl.)(Continued)**

**ITEM NO. 330**

**Non-Incentive Rates for Unfinished Gasoline**

[U] All rates in this item are unchanged.

DESTINATION	ORIGIN
	Mont Belvieu (Chambers Co., TX)
Chicago (Cook Co., IL)	[F1] 193.4
Griffin (Posey Co., IN)	206.7
Griffith (Lake Co., IN)	[F1] 193.4
Princeton (Gibson Co., IN)	[F2] 186.0

# **VOLUME INCENTIVE, NON-INCENTIVE AND PRIORITY SERVICE RATES (In Cents-per-bbl.)**

**ITEM NO. 340****Incentive, Non-Incentive, and Priority Service Rates for Diluent**

[U] All rates in this item are unchanged.

DESTINATION	ORIGIN		
	Mont Belvieu (Chambers Co., TX)	Rate Types	TERMS AND CONDITIONS
Manhattan (Will Co., IL)	186.0	Incentive Rate	<p>For Contract Shippers committing a Minimum Volume of at least ten thousand (10,000) Barrels per day for ten years. The Incentive Rate shall be subject to the annual indexing as provided for in the Agreement.</p> <p>The Incentive Rate in this Item No. 340, and any supplement and successive issues thereof, will apply to shipments of the committed volume of Diluent of any Contract Shipper.</p> <p>If the volume of Product tendered by a Contract Shipper in any month is less than the Minimum Volume for any reason not excused under the Contract Shipper's Agreement, Contract Shipper will pay a shortfall payment to Carrier in accordance with the Agreement. Any shortfall payment will not bear interest, but will be credited against the transportation charges for Diluent in excess of the Minimum Volume tendered by Contract Shipper at the origin point selected in its Agreement within twelve (12) months after the shortfall payment was made.</p>
	193.4	Non-Incentive Rate	<p>The Non-Incentive Rate in this Item No. 340, and any supplement and successive issues thereof, will apply in lieu of the Incentive Rates in this Item No.340, to any volumes nominated by a Contract Shipper in excess of its Minimum Volume (other than the excess volumes described in the third paragraph above), or that are not eligible for the Incentive Agreement under the terms of the Contract Shipper's Agreement, or that are nominated from an origin point to a destination point not selected in the Contract Shipper's Agreement. The Non-Incentive Rate in this Item No. 340 shall also apply to all shippers of Diluent who are not Contract Shippers.</p>
	194.4	Priority Service Rate	<p>Priority Service Rates in this Item No. 340, and any supplement and successive issues thereof, will apply, in lieu of the Incentive Rates in this Item No. 340, to nominations of a Contract Shipper's Minimum Volume if the Contract Shipper elects to receive Priority Service under the proration policy for the pipeline during any period when the pipeline is in prorationing. The Priority Service Rate shall be one (1) cent higher than the then-effective Non-Incentive Rate.</p>

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## ROUTE DIRECTORY

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Rates in tariff apply via all routes made by use of Carrier's lines and via use of CPL lines from Hebert (Beaumont - Port Arthur) and Houston (Pasadena), Texas to Beaumont, Texas.

Via Enterprise TE's lines from all \*origins to Argo, Illinois; Thence, from Argo, Illinois via Wood River lines to Des Plaines, Illinois.

\* Hebert and Houston, Texas are CPL origins.

From Creal Springs, Illinois via use of Carrier's lines to Chicago and Norris City, Illinois; Griffith, Indianapolis, Princeton and Seymour, Indiana; and Cape Girardeau, Missouri.

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## EXPLANATION OF ABBREVIATIONS

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<b>API</b>	American Petroleum Institute
<b>API Gravity</b>	Gravity determined in accordance with ASTM Designation D287-67 and revisions thereof.
<b>ASTM</b>	American Society for Testing and Materials.
<b>ASTM Color</b>	Color determined by the ASTM (color of petroleum products Method ASTM Designated D1500-68 and D156-68 and revisions thereof).
<b>Bbl.</b>	Barrel
<b>CFR</b>	Code of Federal Regulations
<b>CPL</b>	Colonial Pipeline Company
<b>Co.</b>	County
<b>F</b>	Fahrenheit
<b>FERC</b>	Federal Energy Regulatory Commission
<b>No.</b>	Number
<b>psia</b>	Pounds per square inch absolute
<b>&amp;</b>	And
<b>¢</b>	Cents
<b>°</b>	Degrees
<b>\$</b>	Dollars
<b>%</b>	Percent
<b>§</b>	Section

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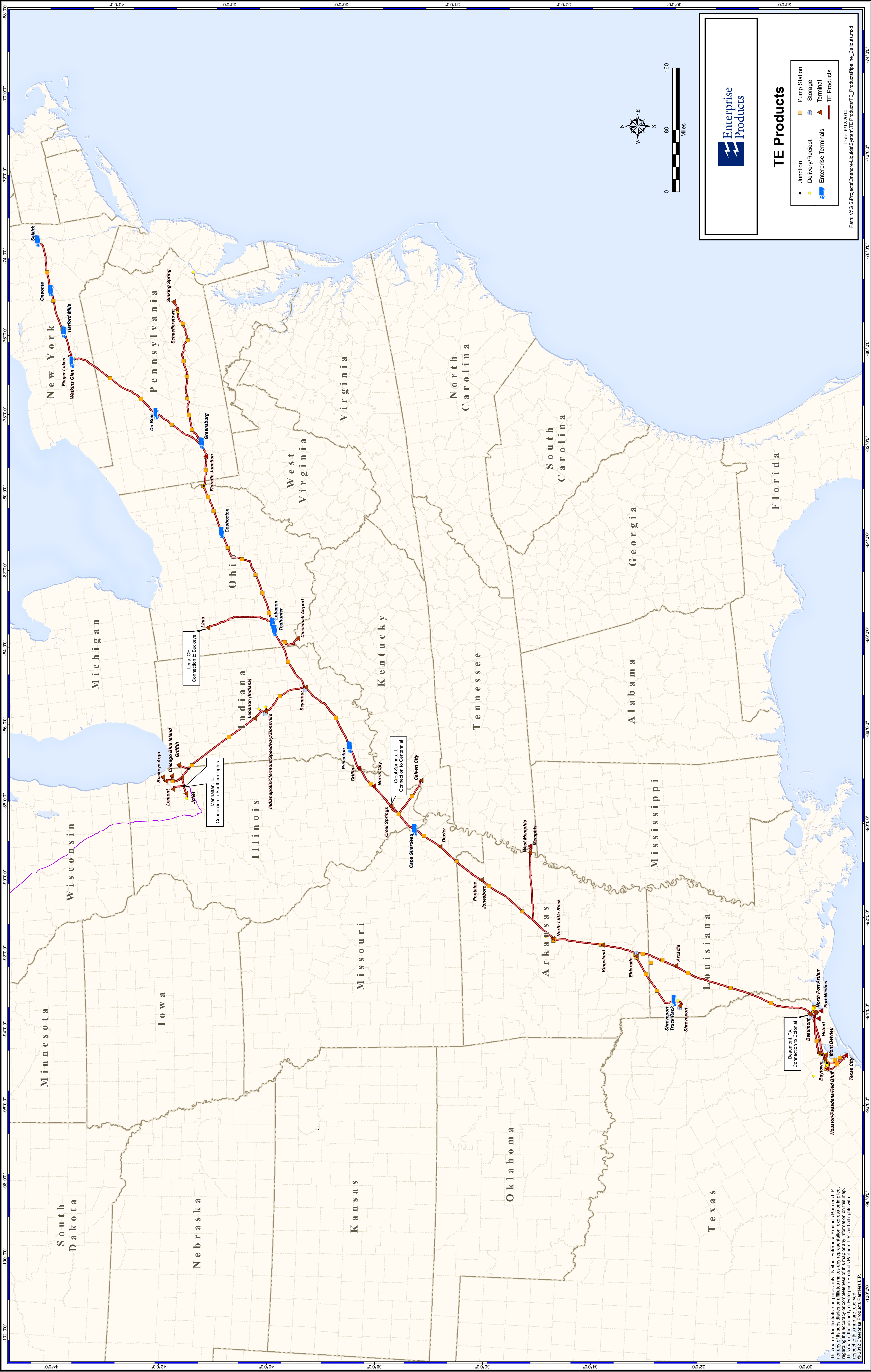
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## EXPLANATION OF REFERENCE MARKS

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- (1) Denotes CPL origin.
- (3) Carrier's pipeline between Shreveport, Louisiana and El Dorado, Arkansas will generally accommodate eastbound shipments. Tenders for westbound shipments of Petroleum Products from El Dorado, Arkansas to Shreveport, Louisiana will only be accepted once all tenders have been accepted for the eastbound shipments.
- (4) Carrier's pipeline between Cape Girardeau, Missouri and Creal Springs, Illinois will generally accommodate northbound shipments. Tenders for southbound shipments of Petroleum Products from Creal Springs, Illinois to Cape Girardeau, Missouri will only be accepted once all tenders have been accepted for the northbound shipments.
- (5) North Port Arthur origin is the interconnect between Enterprise Refined Products Company LLC's North Port Arthur storage facility and Enterprise TE.
- [F1] Section Four rates, fourth section application dated March 14, 2003, effective April 14, 2003.
- [F2] Section Four rates, fourth section application dated May 14, 2010, effective June 14, 2010.
- [F3] Section Four rates, fourth section application dated March 21, 2011, effective April 1, 2011.
- [F4] Section Four rates, fourth section application dated March 16, 2012, effective April 16, 2012.
- (J) Joint rates in connection with Wood River Pipe Lines LLC.
- (P) Rates for the applicable origin(s) or destination(s) are not market based. All other rates are market based.
- [C] Cancel.
- [W] Change in wording.
- [U] Unchanged.
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**EXHIBIT NO. HWR-21**

**HIGHLY CONFIDENTIAL 15(13)  
PROTECTED MATERIALS  
REMOVED**

**EXHIBIT NO. HWR-22**

**HIGHLY CONFIDENTIAL 15(13)  
PROTECTED MATERIALS  
REMOVED**

**EXHIBIT NO. HWR-23**

**HIGHLY CONFIDENTIAL 15(13)  
PROTECTED MATERIALS  
REMOVED**



**EXHIBIT NO. HWR-24**

**HIGHLY CONFIDENTIAL 15(13)  
PROTECTED MATERIALS  
REMOVED**

**EXHIBIT NO. HWR-25**

**HIGHLY CONFIDENTIAL 15(13)  
PROTECTED MATERIALS  
REMOVED**

**EXHIBIT NO. HWR-26**

**HIGHLY CONFIDENTIAL 15(13)  
PROTECTED MATERIALS  
REMOVED**

**EXHIBIT NO. HWR-27**

**HIGHLY CONFIDENTIAL 15(13)  
PROTECTED MATERIALS  
REMOVED**

**EXHIBIT NO. HWR-28**

**HIGHLY CONFIDENTIAL 15(13)  
PROTECTED MATERIALS  
REMOVED**

**EXHIBIT NO. HWR-29**

**HIGHLY CONFIDENTIAL 15(13)  
PROTECTED MATERIALS  
REMOVED**

**EXHIBIT NO. HWR-30**

**HIGHLY CONFIDENTIAL 15(13)  
PROTECTED MATERIALS  
REMOVED**

**EXHIBIT NO. HWR-31**

**HIGHLY CONFIDENTIAL 15(13)  
PROTECTED MATERIALS  
REMOVED**



**EXHIBIT NO. HWR-32**

**HIGHLY CONFIDENTIAL 15(13)  
PROTECTED MATERIALS  
REMOVED**

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

**Enterprise Liquids Pipeline LLC**

**Docket No. OR13-\_\_\_\_\_**

**PETITION FOR DECLARATORY ORDER  
OF ENTERPRISE LIQUIDS PIPELINE LLC**

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Counsel for Enterprise Liquids Pipeline  
LLC

**November 14, 2012**

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

**Enterprise Liquids Pipeline LLC**

**Docket No. OR13-\_\_\_\_\_**

**PETITION FOR DECLARATORY ORDER  
OF ENTERPRISE LIQUIDS PIPELINE LLC**

Pursuant to Rule 207(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.207(a)(2) (2012), Enterprise Liquids Pipeline LLC ("Enterprise") respectfully petitions the Commission to issue a declaratory order approving: (1) the rate structure and terms of service agreed to by Enterprise and shippers that have signed Transportation Service Agreements ("TSA") under which shippers have made long-term commitments to utilize, or pay for, capacity on the Appalachia-to-Texas (ATEX) Pipeline ("committed shippers"); and (2) a proration policy for ATEX Pipeline that recognizes an established historical pattern of shipment for committed shippers based on the greater of their historical volumes or volume commitments. Enterprise respectfully requests that the Commission act on this Petition by no later than February 1, 2013, so that this important new ethane pipeline serving the Marcellus/Utica region can be completed as quickly as possible.<sup>1</sup>

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<sup>1</sup> As required by Rule 381.302(a), 18 C.F.R. § 381.302(a) (2012), Enterprise is submitting a check for \$24,860.00 to cover the filing fee.

**I. CORRESPONDENCE AND SERVICE**

Enterprise requests that correspondence and service related to this proceeding be sent to the following persons:

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(202) 429-6232

**II. ATEX PIPELINE PROJECT**

As described in the affidavit of Thomas M. Zulim, Group Senior Vice President, Regulated Business & Refined Products for Enterprise (attached hereto as Exhibit A), in 2010, Enterprise began working with producers in the Marcellus and Utica region to address the growing logistical need to transport the ethane produced in association with the natural gas production from this liquids-rich region. It quickly became clear that an accelerated solution was required. Accordingly, Enterprise designed a pipeline system that would maximize the use of existing pipeline assets and existing pipeline corridors, thereby allowing Enterprise to bring the pipeline into service faster, cheaper, and with a smaller environmental footprint as compared with other potential alternatives. The project has significant shipper support, evidenced by long-term volume commitments to utilize or pay for the capacity on the pipeline being made available for committed shippers. The rate structure requires assurance that the contract rates will be discounted

compared to the uncommitted rate. Once in service, this project will directly benefit both natural gas producers and ethane consumers.<sup>2</sup>

**A. Need for Ethane Pipeline Capacity from the Marcellus/Utica Region**

Production of natural gas liquids set an all-time record in April, 2012, at almost 2.4 million barrels per day, with ethane and propane production accounting for 42% of this volume.<sup>3</sup> As one of the most prolific domestic areas of liquids-rich natural gas, the Marcellus/Utica region represents an important new source of domestic energy and economic growth potential, not only for that region but also for the Nation. However, the natural gas in that region needs to be processed, *i.e.*, stripped of most of the heavier hydrocarbons such as ethane, propane, normal butane, iso-butane and natural gasoline that are entrained in it. That process leaves predominantly methane in the residue natural gas. The heavier hydrocarbons, which when removed from natural gas are in liquid form, are commonly known as natural gas liquids or “NGLs.” Gas processing is necessary so that the residue natural gas will meet specific gas pipeline quality specifications, allowing safe delivery to gas transmission pipelines for subsequent safe and efficient transportation to consumer markets. Once NGLs are removed from the natural gas by processing, they

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<sup>2</sup> Zulim Aff. at ¶ 2.

<sup>3</sup> U.S. Energy Information Administration, *Natural Gas Plant Field Production*, available at [http://www.eia.gov/dnav/pet/pet\\_pnp\\_gp\\_dc\\_nus\\_mbbbl\\_m.htm](http://www.eia.gov/dnav/pet/pet_pnp_gp_dc_nus_mbbbl_m.htm) (Last Visited 11/13/2012).

are then fractionated into their separate purity products. NGLs have a separate and often higher value as purity NGLs than if they were left in the natural gas.<sup>4</sup>

Ethane accounts for approximately 40 to 50 percent of the volume of NGLs typically extracted by gas processing; however, in the liquids-rich Marcellus/Utica region, ethane volume can be as much as 62 percent. Ethane is used almost entirely as a petrochemical feedstock in the production of a variety of consumer plastics. Historically, because there has not been a pipeline in the area to transport ethane, the ethane entrained in natural gas produced in the Marcellus/Utica region has largely been left in the natural gas residue stream (*i.e.*, not recovered during processing like the other heavier hydrocarbons). Leaving ethane in the residue natural gas, however, has distinct limits. The more ethane that is left in the residue natural gas, the more difficult it becomes for the residue natural gas to meet the gas pipelines' quality specifications. Moreover, to the extent ethane remains in the residue natural gas stream, producers lose the ability to realize a higher value for the ethane as a purity product than its value when left in the residue natural gas.<sup>5</sup>

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<sup>4</sup> E. Russel Braziel, *Infrastructure Projects Connect Marcellus Shale to Ethane, NGL Markets*, American Oil & Gas Reporter, March 2011, available at <http://www.aogr.com/index.php/magazine/cover-story/infrastructure-projects-connect-marcellus-shale-to-ethane-ngl-markets> (Last Visited 11/13/2012).

<sup>5</sup> *Id.*

Over the past three years, the Marcellus/Utica region has seen a dramatic increase in regionally available natural gas processing and NGL fractionation capacity. Since 2009, when gas-processing capacity was only 0.25 Bcf/d, new capacity of 1.5 Bcf/d has come into service. Furthermore, in the next two years, twelve new processing plants are scheduled to be operational, which will result in an additional 3.1 Bcf/d of new gas processing capacity. Accordingly, as liquids-rich natural gas production in the Marcellus/Utica region increases, along with corresponding increases in gas processing and NGL fractionation capacities, the supply of ethane will dramatically increase to a level where, because of gas pipeline specifications, the ethane can no longer be left in the residue natural gas, even if the producers desired to do so.<sup>6</sup>

This significantly increased new output of ethane therefore requires sufficient ethane transportation infrastructure to provide adequate economic options for producers. Approximately ninety percent (90%) of the Nation's ethylene plants (the principal consumers of ethane) are located on the U.S. Gulf Coast, which is the most liquid market for ethane in North America. The ATEX Pipeline will provide sufficient pipeline take-away capacity for ethane all the way to that market, so that efficient production of natural gas and other NGLs in the Marcellus/Utica region can be maximized.<sup>7</sup>

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<sup>6</sup> *Id.*

<sup>7</sup> Zulim Aff. at ¶ 3.

## **B. Description of ATEX Pipeline**

As described in the Zulim Affidavit, the 1,230-mile ATEX Pipeline is an innovative project designed to facilitate natural gas production in the Marcellus/Utica region, by providing producers with takeaway capacity for ethane from Pennsylvania, West Virginia, and Ohio to the U.S. Gulf Coast petrochemical market. The project would utilize a combination of new and existing infrastructure. The northern portion of the pipeline will involve the construction by Enterprise of 369 miles of 20-inch diameter pipeline from Washington County, Pennsylvania to Seymour, Indiana following existing pipeline corridors, thus minimizing the environmental footprint of the project. At Seymour, the pipeline will interconnect with an existing 16-inch diameter line currently owned by Enterprise TE Products Pipeline Company LLC (“TE Products”). That 16-inch line from Seymour to El Dorado, Arkansas, along with a 14” line from El Dorado to Beaumont, Texas, will be transferred to Enterprise and reversed to accommodate southbound delivery of ethane to the U.S. Gulf Coast.<sup>8</sup> This 16-inch/14-inch TE Products pipeline is one of two lines owned by TE Products in that corridor that currently transports refined products and NGLs from the U.S. Gulf Coast to the Midwest and Northeast.<sup>9</sup> At the southern terminus of the existing 14-inch line in Beaumont, Enterprise

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<sup>8</sup> Zulim Aff. at ¶ 3.

<sup>9</sup> The other pipeline is the TE Products 20-inch pipeline. TE Products will continue to provide service on that pipeline for refined products and NGLs from the U.S. Gulf Coast



will construct a new 55-mile pipeline that will extend ATEX Pipeline to the existing NGLs storage complex at Mont Belvieu, Texas.<sup>10</sup>

The map below depicts the new ATEX Pipeline:



The ATEX Pipeline will provide an initial capacity of 125,000 barrels per day (“BPD”), which can be efficiently expanded to meet increased demand. The ATEX Pipeline is expected to be in service in the first quarter of 2014.<sup>11</sup>

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to the Midwest and for NGLs from the U.S. Gulf Coast to the Northeast. Zulim Aff. at ¶ 4.

<sup>10</sup> Zulim Aff. at ¶ 3.

By providing Marcellus/Utica region producers with direct pipeline access to the U.S. Gulf Coast petrochemical market, the ATEX Pipeline offers a timely, cost-effective, and expandable solution for meeting the Nation's long-term energy needs from both a supply and demand perspective. First and foremost, it provides producers the opportunity to recover and reliably transport their growing ethane production. This ensures reliability in their natural gas production (i.e., wells will not be shut-in because there is nowhere to go with the ethane) and access to markets. The U.S. Gulf Coast petrochemical market demand for price-advantaged ethane feedstocks – as opposed to crude oil-based feedstocks, such as naphtha that are priced relative to crude oil – currently is approximately one million barrels per day, and this demand continues to grow.<sup>12</sup> In contrast, the demand for products such as propane in the Northeast market (which is currently served in part using the 16-inch line that will be a component of the ATEX Pipeline) is seasonally intermittent. Even more importantly, the need for propane transportation from the U.S. Gulf Coast is being significantly reduced by the local Marcellus/Utica propane production.<sup>13</sup>

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<sup>11</sup> Zulim Aff. at ¶ 3.

<sup>12</sup> Zulim Aff. at ¶ 5.

<sup>13</sup> Zulim Aff. at ¶ 4. For the nine (9) months since January 4, 2012, the existing TE Products pipelines have not moved a single barrel of propane from the U.S. Gulf Coast to the Northeast. *Id.*

### **C. Open Season Proceedings**

The clear market justification for the ATEX Pipeline makes this a valuable and worthwhile undertaking. However, it will require a substantial capital investment, approximating \$1.4 billion, which means that shipper support is integral to the economic viability of the project.<sup>14</sup> To that end, beginning one year ago Enterprise sought term and ship-or-pay volume commitments in return for a discounted transportation rate. That process culminated in three publicized open seasons: (1) October 11, 2011 to November 10, 2011; (2) January 10, 2012 to January 23, 2012; and (3) August 30, 2012 to September 27, 2012. Notices for each of these opportunities were provided to interested parties, with additional notice provided by press releases (Attachment B) to more than 1,600 trade and general circulation print, broadcast, and online outlets. All shippers had an opportunity to participate in each of these open seasons, which offered shippers the opportunity to execute a transportation services agreement (“TSA”). The TSA requires the shipper to commit to ship a minimum volume of ethane, on a ship-or-pay basis, for at least ten years in consideration for negotiated, discounted transportation rates. Enterprise requested that shippers willing to commit to the project execute the TSA that was provided during the open season.<sup>15</sup>

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<sup>14</sup> Zulim Aff. at ¶ 3.

<sup>15</sup> Zulim Aff. at ¶ 6.

## D. TSA Terms and Rate Structure

The terms set forth in the TSA are the result of extensive negotiations. Under the TSA, shippers agreed to utilize, or pay for, capacity for a minimum daily volume, at different rates depending upon the volume and term commitments agreed to. Specifically, the contracted rates (“Contract Rates”) which are discounted below the uncommitted rates (referred to in the TSA as the “General Commodity Rates”) are payable based on the term and volume commitments as follows:

Term & Volume Commitment (BPD)		Contract Rate (per Barrel)
15 or 20Years	For 30,000 and above	5.88
	20,000 to 29,999	6.09
	Less than19,999	6.51

The fifteen-year term option carries with it a 100 percent (100%) ship-or-pay obligation for the entire term. The twenty-year term option provides for a 100 percent (100%) ship-or-pay obligation for the first ten years, followed by a ten-year dedication to ATEX Pipeline (but not a ship-or-pay obligation) for transportation of ethane produced at any fractionation facility that sourced volumes during the first ten years. Regardless of the

term selected, committed shippers at each level of volume commitment will the discounted Contract Rates.<sup>16</sup>

Enterprise is required to develop a General Commodity Rate pursuant to 18 C.F.R. § 342.2, and pursuant to the TSA, this rate will be no less than \$8.19 per barrel. The discounts from the General Commodity Rate recognize the economic advantage and risks for those shippers that have made substantial financial commitments to the project, as compared to shippers that have not made such commitments. Enterprise will have the right to upwardly adjust the Contract Rates annually, based on the annual FERC oil pipeline index, or, if FERC indexing is terminated, an agreed upon substitute. In the case of shippers agreeing to the highest level of volume commitment, such adjustments are capped over the term of the contract at \$10.50 per barrel. Moreover, if the Contract Rates as indexed exceed the General Commodity Rate at any time, the Contract Rates shall be reduced to equal the General Commodity Rate.<sup>17</sup>

Under the terms of the TSA, a committed shipper has the option to increase its contracted volumes by a total of up to 20,000 BPD, but must exercise that option by December 31, 2012. Committed shippers also have the option to utilize incremental available capacity at the Contract Rates, should they have additional equity production.<sup>18</sup>

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<sup>16</sup> Zulim Aff. at ¶ 7.

<sup>17</sup> Zulim Aff. at ¶ 8.

<sup>18</sup> Zulim Aff. at ¶ 9.

Under the terms of the TSA, Enterprise has not made more than 90% of the capacity of the pipeline available for volume commitments. The TSA also requires Enterprise to provide committed shippers with immediate base period volume histories equal to the greater of: (1) the volumes the shipper transported during the historical base period or (2) the contract volume applicable to any allocation period.<sup>19</sup> Enterprise will file its FERC Tariff and rates at least thirty (30) days prior to the in-service date of the system, which is currently estimated to occur in the first quarter of 2014.<sup>20</sup>

#### **E. Public Interest and Benefits**

The market has identified two immediate needs: (1) takeaway capacity for ethane from Pennsylvania, West Virginia, and Ohio to support the increased natural gas production in the Marcellus/Utica region; and (2) ethane supply to the U.S. Gulf Coast petrochemical market. Without additional and immediate ethane pipeline capacity out of the Marcellus/Utica region, the natural gas production in that area will be constrained.<sup>21</sup> Accordingly, the ATEX Pipeline will promote the development and use of domestic energy. The increased gas processing and NGL fractionation activity will also promote greater production of NGLs. Further, there will be multiple benefits for states and local communities along the proposed pipeline route in addition to the Nation as a whole. The

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<sup>19</sup> Zulim Aff. at ¶ 10.

<sup>20</sup> Zulim Aff. at ¶ 11.

<sup>21</sup> Note 4, *supra*.

ATEX Pipeline project is expected to generate as many as 4,000 temporary construction jobs, and will also result in full-time employment associated with the increased production activity and new and expanded ethylene plants. Enterprise estimates more than sixty field and operations employees will be required to operate and maintain a pipeline of this size.<sup>22</sup> States and counties will benefit from taxes generated by continued operation of the pipeline and by the enhanced related economic activity.

#### **F. Requested Rulings**

Enterprise respectfully requests an order declaring that the terms of the TSA and the accompanying pro forma tariff rate structures and service terms are lawful, and that the stated Contract Rates and prorationing provisions will govern the contracted shippers' service during the terms of the TSA, irrespective of changes that may occur as to the General Commodity Rates (except that the Contract Rates shall not be higher than the General Commodity Rate). This request includes the Contract Rates set out in each TSA and Item 300 to the *pro forma* tariff, and the agreed-upon escalation pursuant to the Commission's index. Further, Enterprise requests confirmation that it may provide committed shippers with immediate base period volume histories equal to the greater of either the volumes the shipper transported during the historical base period or the contract

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<sup>22</sup> Zulim Aff. at ¶ 3.

volume applicable to the allocation period, as set out in Item No. 80 of the *pro forma* tariff.

### III. DISCUSSION

#### A. **Enterprise Requests Approval of Its Committed Shipper Rate Structure**

Enterprise requests that the Commission approve the committed rate structure agreed to with shippers that have executed TSAs, and confirm that it will accept and uphold the committed rate structure in any future proceedings for the term of each TSA.<sup>23</sup> Enterprise further requests that the Commission confirm that the rates for the committed shippers will be determined only under the methodology set forth in each TSA.

The Commission has a well-established policy of approving rate structures for significant projects, by the issuance of declaratory orders, for the reasons stated in such orders. *See Shell Pipeline Co. LP*, 139 FERC ¶ 61,228, at P 20 (2012) (“Consistent with the precedent established by the Commission’s order in *Express*, Shell has sought advance approval for the rates, and terms conditions of a financially significant project in order to obtain regulatory certainty and to address issues outside of the compressed timetable of normal tariff filings.”); *Enbridge Energy Co., Inc.*, 110 FERC ¶ 61,211 at P 36 (2005) (“The Commission has accepted similar discounted rate structures through

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<sup>23</sup> At this time, Enterprise is not seeking approval of any specific General Commodity Rate.



declaratory orders it has issued for other proposed oil pipeline products.”); *Plantation Pipe Line Co.*, 98 FERC ¶ 61,219 (2002); *Express Pipeline P’ship*, 76 FERC ¶ 61,245, at 62,253, *order on reh’g*, 77 FERC ¶ 61,188 at 61,756 (1996). *Cf. Skelly-Belvie Pipeline Co., L.L.C.*, 138 FERC ¶ 61,153 at ¶¶16-18 (2012) (approving a different rate structure for committed shippers where the carrier “demonstrated that the supply of NGLs . . . increased significantly, straining the current capacity to reach downstream markets”); *Sunoco Pipeline, L.P.*, 137 FERC ¶ 61,107 at P 14 (approving a different rate structure for committed shippers where the carrier “demonstrated that the Project will provide additional capacity for increased production of ethane from the Marcellus Shale area . . . [and] entails a significant capital investment, which requires the support of committed shippers to share the financial risk of the Project”).

The Commission also has a well-established policy of approving “volume incentive programs to support pipelines’ efforts to attract shippers that will make long-term volume commitments to support the construction of new facilities.” *TransCanada Keystone Pipeline, LP*, 125 FERC ¶ 61,025, at P 21 (2008) (*TransCanada I*) quoting *Express Pipeline P’ship*, 77 FERC, at 61,756; *see also Shell Pipeline Co. LP*, 139 FERC ¶ 61,228, at PP 13, 20; *Enbridge Pipelines (Southern Lights) LLC*, 121 FERC ¶ 61,310, at P 31 (2007); *Mid-America Pipeline Company, LLC* 116 FERC ¶ 61,040, at P 23 (2006); *Enbridge Energy Co., Inc.* 110 FERC ¶ 61,211 at P 38; *Plantation Pipe Line Co.*, 98 FERC at ¶ 61,866. That precedent confirms that a volume incentive (or discounted)

rate does not violate the antidiscrimination or undue preference provisions of the Interstate Commerce Act (ICA) by virtue of being lower than the general commodity rate,<sup>24</sup> so long as the discounted rate has the following characteristics, both of which are satisfied in the context of the ATEX Pipeline:

1. All potential shippers had the opportunity to take advantage of the discounted rate; and
2. The discount rate reflects relevant differences among shippers.

*Express Pipeline P'ship*, 77 FERC at 61,766.

In the *Plantation Pipe Line Company* order, the Commission approved an arrangement by which shippers of guaranteed volumes would pay a discounted rate and

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<sup>24</sup> The relevant provisions of the Act contain broad delegations of authority to the Commission to determine whether certain practices of oil pipelines are reasonable and not unduly discriminatory. Under the ICA, pipelines must observe an obligation to “furnish transportation upon reasonable request” and may not “cause any undue or unreasonable preference or advantage to any particular person.” 49 U.S.C. app. §§ 1(4), 3(1) (1988). Two particular ICA provisions implicate the issue of volume discounted service:

- ICA Section 1(4), which embodies the common carrier obligation of the Act, provides that: “It shall be the duty of every common carrier subject to this chapter to provide and furnish transportation upon reasonable requests therefor...” *Id.* at § 1(4).
- ICA Section 3(1) prohibits undue preference for or prejudice against particular shippers or classes of shippers. It provides: “It shall be unlawful for any common carrier...to make, give, or cause any undue or unreasonable preference or advantage to any particular person ... or any particular description of traffic, in any respect whatsoever; or to subject any particular person ... or any particular description of traffic to any undue or unreasonable prejudice or disadvantage in any respect whatsoever....” *Id.* at § 3(1).

the discount would increase with the size of the volume commitment. *Plantation Pipe*

*Line Co.*, 98 FERC at ¶ 61,866. The Commission there acknowledged that:

With regard to discounted rates, the Commission has permitted nondiscriminatory, discounted rates to attract a particular group of shipper(s) who are amenable to committing substantial volumes and/or committing to substantial periods of time.

That structure is permissible, because, as the Commission stated in *Express*:

Each class of term shipper presents unlike circumstances because the longer term commitments provide greater assurances than the shorter term commitments, and hence more long-term revenue stability. Term volume shippers committing to longer terms assume greater risks than shippers assuming lesser shipment obligations because 15 and 10 year terms present very long lead times in the oil business.

*Express Pipeline P'ship*, 77 FERC at 61,766.

A more recent example is the *Shell Pipeline Company* order. There, the Commission approved an arrangement in which shippers could elect to enter into 10, 15 or 20-year contracts, for volume commitments at five different levels: 20,000-49,999 barrels per day; 50,000-99,999 barrels per day; 100,000- 199,999 barrels per day; 200,000-299,999 barrels per day; and 300,000+ barrels per day, with each volume tier and length of commitment bearing a different rate. *Shell Pipeline Co. LP*, 139 FERC ¶ 61,228, at P 8. There the Commission stated that:

Because all shippers had the opportunity to take advantage of competitive rates based on volume commitment and contract terms, there is not issue of undue discrimination or undue preference among the resulting classes of shippers differentiated by contract term and volume commitment. Such shippers are not similarly situated by their own choices.

*Id.* at P 20.

Enterprise is seeking approval of a rate structure that meets these same limitations and assurances required by the Commission of previously approved volume discount rates. The committed rates vary inversely based on the size of volume commitment – that is, the higher the volume the greater the discount relative to the rate for the lowest volume commitment. The TSA also prevents the Contract Rates from being higher than the General Commodity Rate throughout the term of the agreement.

In considering the approvals sought in this Petition, the Commission is again requested to acknowledge the important differences between committed and uncommitted shippers. Shippers who sign up for ship-or-pay commitments are taking on a substantial financial obligation to support the project. From Enterprise's perspective, shipper commitments allow for the financial certainty and support required to justify proceeding with a \$1.4 billion project, like the ATEX Pipeline. Conversely, uncommitted shippers will have no obligation to use the pipeline. They may choose to ship for one month and not the next, without penalty and without providing any assured cash flow to Enterprise. Therefore, so long as uncommitted shippers have reasonable access to the pipeline's capacity, as the Commission has previously recognized, there is nothing unlawful, inequitable or unfair about discounting the rates for those shippers whose substantial financial commitments made the project possible.

**B. Enterprise Requests Approval of an Established Historical Pattern of Shipment for Committed Shippers**

Enterprise also seeks confirmation of another critical component of the TSA structure that was requested by the committed shippers: that they can utilize either their historical volumes or their volume commitments as a basis for allocated capacity in the event of apportionment. In that regard, the ATEX Pipeline structure is consistent with Commission precedent ensuring that new shippers have access to at least 10 percent of total capacity. *See Sunoco Pipeline L.P.*, 139 FERC ¶ 61,259, at PP 9-11, 14 (2012). While the Commission “has not established a stated minimum percentage of capacity that must be set aside” for new shippers and has made clear that “[e]ach proposal presented to the Commission is appraised on its own merits,” *CCPS Transportation, LLC*, 122 FERC ¶ 61,123 at P 14 (2008), the Commission has indicated that reservation of ten percent (10%) of capacity for new shippers is sufficient to provide reasonable access.

Here, the *pro forma* tariff language states:

Ninety percent (90%) of the available capacity shall be allocated by Carrier, on a non-discriminatory basis, to all Shippers, with an individual Contract Shipper’s entitlement based on the greater of (1) the volume transported during an historical period or (2) Shipper’s Contract Volume applicable to the allocation period.

In *Shell*, the Commission approved a very similar provision. The text of the approved

*Shell pro forma* tariff provision states:

A Shipper which has executed a 10, 15 or 20 year Contract committing that Shipper to pay rates set forth in this tariff (“Contract Shipper”) shall have the committed volumes specified in its contract be deemed as its historical

shipment volumes for the twelve (12) months immediately prior to the commencement date. This treatment will immediately grant Contract Shipper status as a Regular Shipper. Following the commencement date, either the committed volume or the shipped volume, whichever is higher, will be used for purposes of the prorationing calculations to allocate capacity among Regular Shippers.

The Commission held that that these terms were appropriate:

[T]he imputation of an initial shipping history based on Committed Shippers' contracts is appropriate. Such a feature of the contracts protects Committed Shippers, who are financially supporting the construction of the pipeline, by allowing them to commit to an expected amount of volumes without diminishing their shipping rights due to the uncertainties regarding when their production will be available, and is consistent with Commission precedent.

*Shell Pipeline Co. LP*, 141 FERC ¶ 61,017, at P 14 (2012) citing *TransCanada Keystone Pipeline, LP*, 131 FERC ¶ 61,139, at P 12 (2010) (*TransCanada II*). In *TransCanada II*, the Commission held that this type of provision merely “prevents shippers who are contractually supporting the construction of the additional facilities from being shut out of those facilities once they are fully operational in the event prorationing.” *TransCanada II*, 131 FERC ¶ 61,139, at P 12. This is precisely the protection that the ATEX Pipeline committed shippers require.

**IV. CONCLUSION**

For the reasons set forth above, Enterprise respectfully request that the Commission grant the declaratory rulings requested herein.

Respectfully submitted,

/s/ Steven H. Brose

Of Counsel:

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Counsel for Enterprise Liquids Pipeline  
LLC

**November 14, 2012**

## Attachment A



**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

**Enterprise Liquids Pipeline LLC**

**Docket No. OR13-\_\_\_\_\_**

**AFFIDAVIT OF THOMAS M. ZULIM  
IN SUPPORT OF PETITION FOR DECLARATORY ORDER**

Thomas M. Zulim, being first duly sworn, states as follows:

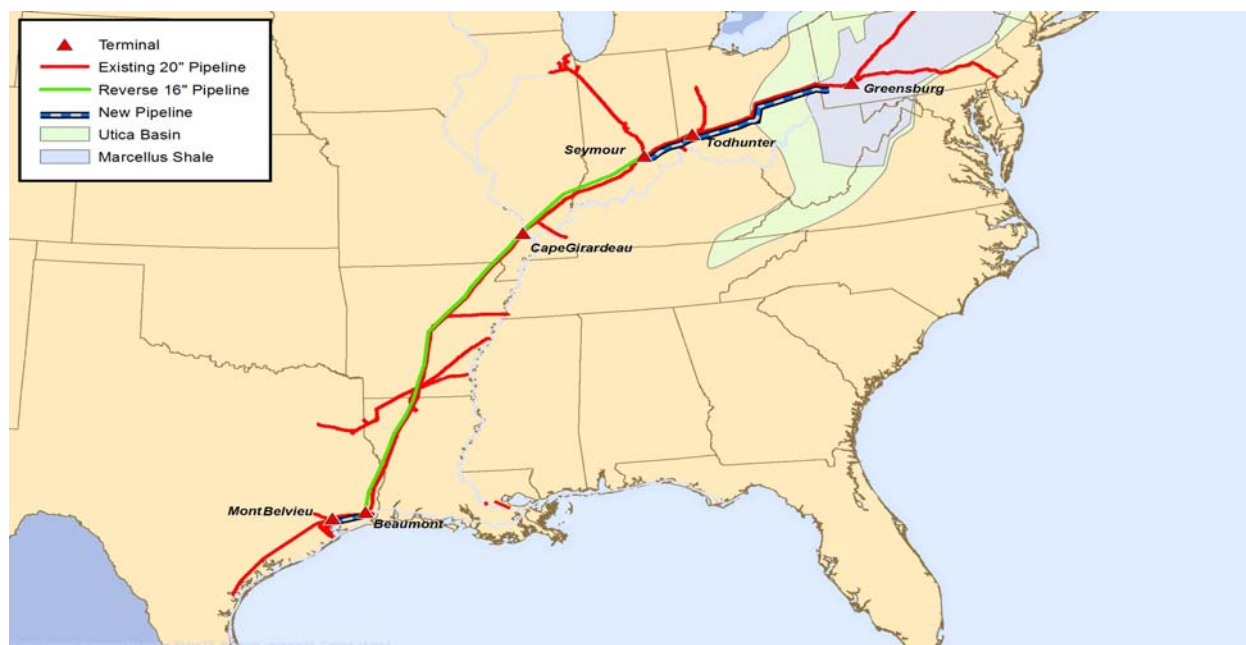
1. Since April 2012, I have served as Group Senior Vice President, Regulated Businesses & Refined Products, for Enterprise Products Holdings LLC, of which Enterprise Liquids Pipeline LLC is a wholly-owned subsidiary. I served as a Senior Vice President of Enterprise Products GP, LLC and other Enterprise entities from July 2008 to April 2012. I joined Enterprise in 1999 as Director of Business Management for the NGL Fractionation business. In these positions, I have gained extensive knowledge of the natural gas liquids (“NGL”) business. I am responsible for all aspects of the ATEX Pipeline.
2. In 2010, Enterprise began working with producers in the Marcellus and Utica region to address the growing logistical need to transport the ethane produced in association with the natural gas production from this liquids-rich region. It quickly became clear that an accelerated solution was required. Accordingly, Enterprise designed a pipeline system that would maximize the use of existing pipeline assets and existing pipeline corridors, thereby allowing Enterprise to bring the pipeline into service faster, cheaper, and with a smaller environmental footprint as compared with other potential

alternatives. The project has significant shipper support, evidenced by long-term volume commitments to utilize or pay for the capacity on the pipeline being made available for committed shippers. The rate structure requires assurance that the contract rates will be discounted compared to the uncommitted rate. Once in service, this project will directly benefit both natural gas producers and ethane consumers.

3. The 1,230-mile ATEX Pipeline is an innovative project designed to facilitate natural gas production in the Marcellus/Utica region, by providing producers with takeaway capacity for ethane from Pennsylvania, West Virginia, and Ohio to the U.S. Gulf Coast petrochemical market. The project would utilize a combination of new and existing infrastructure. The northern portion of the pipeline will involve the construction by Enterprise of 369 miles of 20-inch diameter pipeline from Washington County, Pennsylvania to Seymour, Indiana following existing pipeline corridors, thus minimizing the environmental footprint of the project. At Seymour, the pipeline will interconnect with an existing 16-inch diameter line currently owned by Enterprise TE Products Pipeline Company LLC ("TE Products"). That 16-inch line from Seymour to El Dorado, Arkansas, along with a 14" line from El Dorado to Beaumont, Texas, will be transferred to Enterprise and reversed to accommodate southbound delivery of ethane to the U.S. Gulf Coast. This 16-inch/14-inch TE Products pipeline is one of two lines owned by TE Products in that corridor that currently transports refined products and NGLs from the U.S. Gulf Coast to the Midwest and Northeast. At the southern terminus of the existing

14-inch line in Beaumont, Enterprise will construct a new 55-mile pipeline that will extend ATEX Pipeline to the existing NGLs storage complex at Mont Belvieu, Texas. The ATEX Pipeline will provide an initial capacity of 125,000 barrels per day (“BPD”), which can be efficiently expanded to meet increased demand. The ATEX Pipeline is expected to be in service in the first quarter of 2014. The project will require a substantial capital investment of approximately \$1.4 billion. The ATEX Pipeline project is expected to generate as many as 4,000 temporary construction jobs, and will also result in full-time employment associated with the increased production activity and new and expanded ethylene plants. Enterprise estimates more than sixty field and operations employees will be required to operate and maintain a pipeline of this size.

The map below depicts the new ATEX Pipeline as well as the remaining Enterprise TE Products Pipeline:



4. Enterprise will continue to provide service on the Enterprise TE Products 20-inch pipeline for refined products from the U.S. Gulf Coast to the Midwest and for NGLs from the U.S. Gulf Coast to the Northeast. In contrast, the demand for products such as propane in the Northeast market (which is currently served in part using the 16-inch line that will be a component of the ATEX Pipeline) is seasonally intermittent. Even more importantly, the need for propane transportation from the U.S. Gulf Coast is being significantly reduced by the local Marcellus/Utica propane production. For the nine (9) months since January 4, 2012, the existing TE Products pipelines have not moved a single barrel of propane from the U.S. Gulf Coast to the Northeast.

5. By providing Marcellus/Utica region producers with direct pipeline access to the U.S. Gulf Coast petrochemical market, the ATEX Pipeline offers a timely, cost-effective, and expandable solution for meeting the Nation's long-term energy needs from both a supply and demand perspective. First and foremost, it provides producers the opportunity to recover and reliably transport their growing ethane production. This ensures reliability in their natural gas production (i.e., wells will not be shut-in because there is nowhere to go with the ethane) and access to markets. The U.S. Gulf Coast petrochemical market demand for price-advantaged ethane feedstocks – as opposed to crude oil-based feedstocks, such as naphtha that are priced relative to crude oil – currently is approximately one million barrels per day, and this demand continues to grow.

6. One year ago, Enterprise began soliciting long-term transportation commitments and has now held three widely publicized open seasons: (1) October 11, 2011 to November 10, 2011; (2) January 10, 2012 to January 23, 2012; and (3) August 30, 2012 to September 27, 2012. Notices for each of these opportunities were provided to interested parties, with additional notice provided by press releases to more than 1,600 trade and general circulation print, broadcast, and online outlets. All shippers had an opportunity to participate in each of these open seasons, which offered shippers the opportunity to execute a transportation services agreement (“TSA”). The TSA requires the shipper to commit to ship a minimum volume of ethane, on a ship-or-pay basis, for at least ten years in consideration for negotiated, discounted transportation rates. Enterprise requested that shippers willing to commit to the project execute the TSA that was provided during the open season.

7. The terms set forth in the TSA are the result of extensive negotiations. Under the TSA, shippers agreed to utilize, or pay for, capacity for a minimum daily volume, at different rates depending upon the volume and term commitments agreed to. Specifically, the contracted rates (“Contract Rates”) which are discounted below the uncommitted rates (referred to in the TSA as the “General Commodity Rates”) are payable based on the term and volume commitments as follows:

Term & Volume Commitment (BPD)		Contract Rate (per Barrel)
15 or 20Years	For 30,000 and above	5.88
	20,000 to 29,999	6.09
	Less than 19,999	6.51

The fifteen-year term option carries with it a 100 percent (100%) ship-or-pay obligation for the entire term. The twenty-year term option provides for a 100 percent (100%) ship-or-pay obligation for the first ten years, followed by a ten-year dedication to ATEX Pipeline (but not a ship-or-pay obligation) for transportation of ethane produced at any fractionation facility that sourced volumes during the first ten years. Regardless of the term selected, committed shippers at each level of volume commitment will the discounted Contract Rate.

8. Enterprise is required to develop a General Commodity Rate pursuant to 18 C.F.R. § 342.2, and pursuant to the TSA, this rate will be no less than \$8.19 per barrel. The discounts from the General Commodity Rate recognize the economic advantage and risks for those shippers that have made substantial financial commitments to the project, as compared to shippers that have not made such commitments. Enterprise will have the right to upwardly adjust the Contract Rates annually, based on the annual FERC oil pipeline index, or, if FERC indexing is terminated, an agreed upon substitute. In the case of shippers agreeing to the highest level of volume commitment, such adjustments are

capped over the term of the contract at \$10.50 per barrel. Moreover, if the Contract Rates as indexed exceed the General Commodity Rate at any time, the Contract Rates shall be reduced to equal the General Commodity Rate.


9. Under the terms of the TSA, a committed shipper has the option to increase its contracted volumes by a total of up to 20,000 BPD, but must exercise that option by December 31, 2012. Committed shippers also have the option to utilize incremental available capacity at the Contract Rates, should they have additional equity production.

10. Under the terms of the TSA, Enterprise has not made more than 90% of the capacity of the pipeline available for volume commitments. The TSA also requires Enterprise to provide committed shippers with immediate base period volume histories equal to the greater of: (1) the volumes the shipper transported during the historical base period or (2) the contract volume applicable to any allocation period.

11. To guarantee the discounted rate, Enterprise plans to develop an uncommitted rate pursuant to 18 C.F.R. § 342.2 that will be higher than the discounted rates. Enterprise will file its FERC Tariff and rates at least thirty (30) days prior to the in-service date of the system, which is currently estimated to occur in the first quarter of 2014.

I declare under penalty of perjury under the laws of the United States of America  
that the foregoing is true and accurate.

Executed on November 14, 2012.



Thomas M. Zulim



## Attachment B

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## Enterprise Begins Open Commitment Period for Ethane Pipeline from Marcellus/Utica Shale to Gulf Coast

HOUSTON, Oct 11, 2011 (BUSINESS WIRE) –

Enterprise Products Partners L.P. (NYSE: EPD) today announced the start of a binding open commitment period for capacity on a proposed pipeline designed to transport ethane from the Marcellus and Utica shale regions in Pennsylvania, West Virginia and Ohio to the U.S. Gulf Coast. The partnership has already met with interested shippers willing to execute long-term contracts to support the project, and expects sufficient market support during the open commitment period. The open commitment period runs from 8 a.m. CDT Tuesday October 11, 2011 through 5 p.m. CST Thursday, November 10, 2011.

The approximately 1,230-mile pipeline would have an initial capacity of 125,000 barrels per day (BPD), and can be quickly expanded to meet increased shipper demand. The pipeline would deliver ethane to Enterprise's natural gas liquids storage complex at Mont Belvieu, Texas. Through connections at Mont Belvieu, ethane production from the Marcellus and Utica shales would ultimately have direct or indirect access to every ethylene plant in the U.S. The pipeline would be expected to begin commercial operations in the first quarter of 2014.

"For more than a year, we have been working with producers in the Marcellus Shale play, and more recently the Utica Shale, to address the growing logistical needs to transport their ethane production and facilitate natural gas production from this liquids-rich region," said A.J. "Jim" Teague, executive vice president and chief operating officer of Enterprise's general partner. "We have also built facilities to serve the petrochemical industry on the Gulf Coast as it continues to expand its use of price-advantaged domestic ethane over more expensive imported crude oil derivatives. By providing access to the Gulf Coast petrochemical market, our ethane pipeline offers a timely, cost-effective and expandable solution for meeting the country's long-term needs from both an energy supply and demand perspective."

The project would utilize a combination of new and existing infrastructure. The northern portion of the proposed system involves construction of a pipeline that would originate in Washington County, Pennsylvania and extend west, then southwest, following existing pipeline corridors in order to minimize the footprint of the project. At Cape Girardeau, Missouri the pipeline would interconnect with Enterprise's existing 16-inch diameter TE Products Pipeline, which would be reversed to accommodate southbound delivery of ethane to the U.S. Gulf Coast. At the terminus of the existing Enterprise TE Products Pipeline in Beaumont, Texas, the partnership would construct a 55-mile pipeline to the Mont Belvieu facility.

Additional details, including a Notice of Open Commitment and a Transportation Services Agreement form, will be distributed to shippers. Requests for additional information may be directed to Russ Kovin at [rkovin@eprod.com](mailto:rkovin@eprod.com) or (713) 381-7925.

Enterprise Products Partners L.P. is the largest publicly traded partnership and a leading North American provider of midstream energy services to producers and consumers of natural gas, NGLs, crude oil, refined products and petrochemicals. EPD's assets include approximately: 50,000 miles of onshore and offshore pipelines; 192 million barrels of storage capacity for NGLs, refined products and crude oil; and 27 billion cubic feet of natural gas storage capacity. Services include: natural gas transportation, gathering, processing and storage; NGL fractionation, transportation, storage, and import and export terminaling; crude oil and refined products storage, transportation and terminaling; offshore production platform; petrochemical transportation and storage; and a marine transportation business that operates primarily on the United States inland and Intracoastal Waterway systems and in the Gulf of Mexico. For additional information about Enterprise please visit [www.enterpriseproducts.com](http://www.enterpriseproducts.com).

*This press release includes "forward-looking statements" as defined by the Securities and Exchange Commission. All statements, other than statements of historical fact, included herein that address activities, events, developments or transactions that Enterprise expects, believes or anticipates will or may occur in the future, including anticipated benefits and other aspects of such activities, events, developments or transactions, are forward-looking statements. These forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially, including required approvals by regulatory agencies, the possibility that the anticipated benefits from such activities, events, developments or transactions cannot be fully realized, the possibility that costs or difficulties related thereto will be greater than expected, the impact of competition and other risk factors included in the reports filed with the Securities and Exchange Commission by Enterprise. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of their dates. Except as required by law, Enterprise does not intend to update or revise its forward-looking statements, whether as a result of new information, future events or otherwise.*

SOURCE: Enterprise Products Partners L.P.

Enterprise Products Partners L.P.

*Investor Relations:*

Randy Burkhalter, (713) 381-6812 or (866) 230-0745

or

*Media Relations:*

Rick Rainey, (713) 381-3635

## Enterprise to Offer Shippers Additional Opportunity for Capacity on ATEX Express Pipeline

HOUSTON—(BUSINESS WIRE)—Jan. 10, 2012— Enterprise Products Partners L.P. (NYSE:EPD) announced today that it is conducting a two-week supplemental open commitment period to accommodate additional shipper demand on the partnership's Appalachia to Texas pipeline ("ATEX Express"). Earlier this month, Enterprise announced that it had received sufficient long-term transportation commitments to move forward with development of the 1,230-mile ATEX Express pipeline, which will deliver growing ethane production from the Marcellus/Utica Shale areas of Pennsylvania, West Virginia and Ohio to the U.S. Gulf Coast.

"Since our announcement to proceed with development of the ATEX Express pipeline, we have received multiple inquiries from producers seeking transportation capacity," said A.J. "Jim" Teague, executive vice president and chief operating officer of Enterprise's general partner. "We will use this extended open commitment period to execute additional binding, 15-year transportation agreements."

The open commitment period begins today at 9 a.m. CST and will close on Monday, January 23, 2012 at 5 p.m. CST. For commercial inquiries or additional information related to the open commitment period, please contact Russ Kavin at (713) 381-7925 or rkavin@eprod.com.

Enterprise Products Partners L.P. is one of the largest publicly traded partnerships and a leading North American provider of midstream energy services to producers and consumers of natural gas, NGLs, crude oil, refined products and petrochemicals. The partnership's assets include approximately: 50,000 miles of onshore and offshore pipelines; 192 million barrels of storage capacity for NGLs, refined products and crude oil; and 8 billion cubic feet of natural gas storage capacity. Services include: natural gas gathering, treating, processing, transportation and storage; NGL transportation, fractionation, storage, and import and export terminaling; offshore production platform services; crude oil and refined products transportation, storage and services; and a marine transportation business that operates primarily on the United States inland and Intracoastal Waterway systems and in the Gulf of Mexico. For additional information, visit [www.enterpriseproducts.com](http://www.enterpriseproducts.com).

*This press release includes "forward-looking statements" as defined by the Securities and Exchange Commission. All statements, other than statements of historical fact, included herein that address activities, events, developments or transactions that Enterprise expects, believes or anticipates will or may occur in the future, including anticipated benefits and other aspects of such activities, events, developments or transactions, are forward-looking statements. Although Enterprise believes that the forward-looking statements included herein are based on information and assumptions which are current, reasonable and complete, these statements are necessarily subject to a variety of risks and uncertainties, including required approvals by regulatory agencies, the possibility that the anticipated benefits from such activities, events, developments or transactions cannot be fully realized, the possibility that costs or difficulties related thereto*

*will be greater than expected, the impact of competition and other risks and uncertainties included in the reports filed with the Securities and Exchange Commission by Enterprise. While Enterprise makes these forward-looking statements in good faith, should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may differ materially from those expected. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of their dates. Except as required by law, Enterprise does not intend to update or revise its forward-looking statements, whether as a result of new information, future events or otherwise.*

Source: Enterprise Products Partners L.P.

Enterprise Products Partners L.P.

Randy Burkhalter, 713-381-6812 or 866-230-0745

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or

Rick Rainey, 713-381-3635

Media Relations

## Enterprise Offering Additional Capacity on ATEX Express Ethane Pipeline

HOUSTON--(BUSINESS WIRE)--Aug. 30, 2012-- Enterprise Products Partners L.P. (NYSE:EPD) today announced the start of a binding open commitment period to determine additional shipper demand for capacity on the partnership's Appalachia-to-Texas ("ATEX Express") pipeline. The 1,230-mile system will deliver growing ethane production from the Marcellus/Utica Shale areas of Pennsylvania, West Virginia and Ohio to Mont Belvieu, Texas.

"While the long-term commitments we already have are more than sufficient to proceed with the development of ATEX Express pipeline, we continue to receive steady interest from other producers seeking long-term transportation capacity," said A.J. "Jim" Teague, executive vice president and chief operating officer of Enterprise's general partner. "We will use this open commitment period to determine market interest in executing additional binding, 15-year transportation agreements."

The open commitment period began today and will close on Thursday, September 27, 2012 at 5 p.m. CDT. For commercial inquiries or additional information related to the open commitment period, please contact Russ Kavin at (713) 381-7925 or [rkavin@eprod.com](mailto:rkavin@eprod.com).

Enterprise Products Partners L.P. is one of the largest publicly traded partnerships and a leading North American provider of midstream energy services to producers and consumers of natural gas, NGLs, crude oil, refined products and petrochemicals. The partnership's assets include approximately 50,700 miles of onshore and offshore pipelines; 190 million barrels of storage capacity for NGLs, petrochemicals, refined products and crude oil; and 14 billion cubic feet of natural gas storage capacity. Services include: natural gas gathering, treating, processing, transportation and storage; NGL transportation, fractionation, storage, and import and export terminals; crude oil and refined products transportation, storage and terminals; offshore production platforms; petrochemical transportation and services; and a marine transportation business that operates primarily on the United States inland and Intracoastal Waterway systems and in the Gulf of Mexico. Additional information is available at [www.enterpriseproducts.com](http://www.enterpriseproducts.com).

*This press release includes "forward-looking statements" as defined by the Securities and Exchange Commission. All statements, other than statements of historical fact, included herein that address activities, events, developments or transactions that Enterprise and its general partner expect, believe or anticipate will or may occur in the future are forward-looking statements. These forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from expectations, including required approvals by regulatory agencies, the possibility that the anticipated benefits from such activities, events, developments or transactions cannot be fully realized, the possibility that costs or difficulties related thereto will be greater than expected, the impact of competition, and other risk factors included in Enterprise's reports filed with the Securities and Exchange Commission. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of their dates. Except as required by law,*

*Enterprise does not intend to update or revise its forward-looking statements, whether as a result of new information, future events or otherwise.*

Source: Enterprise Products Partners L.P.

Enterprise Products Partners L.P.  
Randy Burkhalter, (713) 381-6812  
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Media Relations

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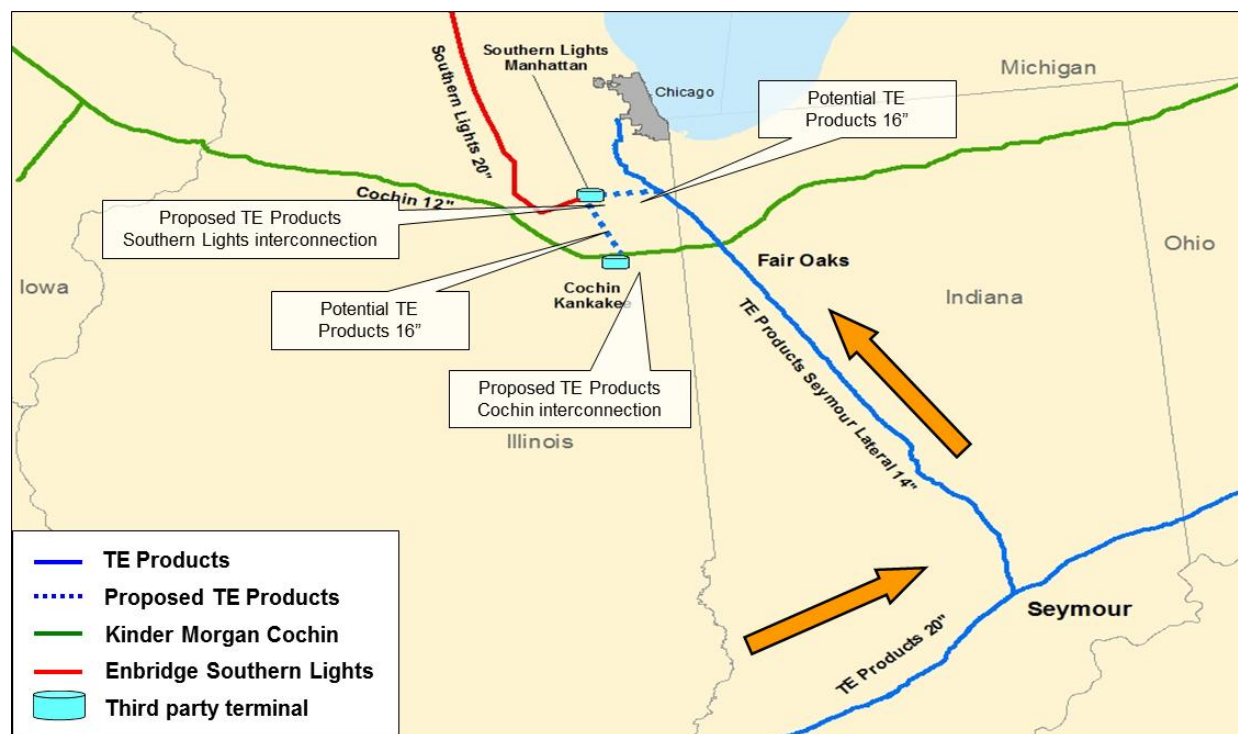


May 14, 2013



Cochin LLC's Cochin Pipeline facilities ("Cochin Pipeline") at a point to be determined. All of the foregoing project facilities, consisting of up to 44 miles of 16-inch pipeline and related facilities costing in excess of \$115 million, together comprise the "Seymour Lateral Extension Project", which is designed to provide an alternative to shippers for the transportation of petroleum diluent<sup>2</sup> from the Gulf Coast. These facilities are shown on the following map:

### Enterprise TE's Seymour Lateral Extension Project



The Seymour Lateral Extension Project is expected to begin partial service by the fourth quarter of 2013. When completed, in conjunction with assets under construction by affiliated companies,<sup>3</sup> the Seymour Lateral Extension Project is expected to create up to 90,000 barrels per

<sup>2</sup> "Diluent" is an industry term for a light hydrocarbon material, predominantly straight-chain molecules in the C5-C10 range, that is used to dilute heavy crude oil (which may contain molecules as long as C80-C100) so that it can flow through liquid pipelines at ambient temperatures.

<sup>3</sup> For example, other Enterprise affiliates are currently constructing necessary sulfur treatment units to reduce the sulfur content of the material as well as degassing infrastructure to remove the supplemental oxygen entrained in the material as a byproduct of the sulfur-treatment process.

day (“bpd”) of new diluent transportation capacity,<sup>4</sup> and will enhance the alternatives available for transporting diluent from the Gulf Coast.

Due to the substantial capital investment necessary to complete the Seymour Lateral Extension Project, Enterprise TE conducted a widely-publicized open season (described below), in which all bona fide interested parties had an equal opportunity to participate. In that regard, all interested parties, who established that they were legitimate potential shippers,<sup>5</sup> were provided the same information regarding the proposed project. The open season sought term and volume commitments, which are integral to the economic viability of the Seymour Lateral Extension Project. Enterprise TE requested that shippers willing to commit to the Seymour Lateral Extension Project execute the Transportation Service Agreement (“TSA”) that was made available to the interested potential shippers who established their interest in the proposed project and participated in the open season process.

The tariff structure of the Seymour Lateral Extension Project is based on a traditional one-part rate. During periods when the Seymour Lateral Extension Project is not in prorationing, committed shippers will pay discounted rates for their committed volumes (relative to the rates payable for transportation of uncommitted volumes) in recognition of the volume and term commitments that make the Seymour Lateral Extension Project possible. However, during periods of prorationing, committed shippers may choose to pay rates of at least \$0.01 per barrel more than uncommitted shippers in return for which committed shippers will receive priority service for their committed volumes.

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<sup>4</sup> The existing 14” TE Products Seymour pipeline lateral, which is depicted on the above map of the proposed project, currently has a capacity of 100,000 bpd.

<sup>5</sup> This included, for example, participants in the Canadian heavy oil production or diluent/natural gasoline marketing businesses who might be willing and able to make the significant financial commitment required to participate in the Seymour Lateral Extension Project.

No allocation is anticipated to occur for other product movements on the existing facilities of Enterprise TE upstream of the Seymour Lateral because Enterprise TE anticipates that during normal pipeline operations there will be more than adequate capacity to accommodate other products on the pipeline. Additionally, consistent with Enterprise TE's historic practice prior to the demand declines of recent years, other products may be offloaded for transportation onto the Centennial Pipeline (of which Enterprise is a 50 percent owner) when necessary to provide those movements. Specifically, based on the historic and projected continued declines in demand for other product movements from the Gulf Coast, during normal pipeline operations Enterprise TE anticipates that after taking into consideration the proposed movement of diluent it will continue to have at least approximately twenty-six percent (26%) of remaining available capacity for refined products and LPG movements to Creal Springs, Illinois, and approximately forty-four percent (44%) of remaining available capacity for movements further north on its system. This will be the case even after the 14-inch/16-inch pipeline is taken out of service as part of the ATEX project.<sup>6</sup>

## **B. Requested Rulings**

This Petition seeks an order approving Enterprise TE's proposal to allow up to 90% of the available capacity created through the Seymour Lateral Extension Project for diluent service, or up to 81,000 bpd, to be treated as discounted committed space which, at the option of the committed shipper, may be converted to a priority service rate during periods of prorationing. This rate structure will be available to shippers that committed, following a transparent and widely-publicized open season, to move volumes from the Gulf Coast through the Seymour Lateral on a ship-or-pay basis. The terms of this tariff and priority service structure for the

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<sup>6</sup> See *Enterprise Liquids Pipeline LLC*, 142 FERC ¶ 61,087 (2013).

Seymour Lateral Extension Project have been designed to conform to Commission precedent. *See, e.g., Explorer Pipeline Co.*, 140 FERC ¶ 61,098 (2012); *Sunoco Pipeline LP*, 139 FERC ¶ 61,259 (2012); *Skelly-Belview Pipeline Co., LLC*, 138 FERC ¶ 61,153 (2012); *CCPS Transportation, LLC*, 121 FERC ¶ 61,253 (2007); *Mid-America Pipeline Co.*, 116 FERC ¶ 61,040 (2006); *Express Pipeline P'ship*, 76 FERC ¶ 61,245 at 62,253 (1995), *order denying reh'g*, 77 FERC ¶ 61,188 at 61,755 (1996).

As discussed below, the assurances requested in this Petition will allow Enterprise TE to complete the Seymour Lateral Extension Project as soon as possible. The public interest will benefit from construction of additional transportation capacity for diluent from the Gulf Coast.

## **II. Seymour Lateral Extension Project**

### **A. Purpose and Description**

The purpose of the Seymour Lateral Extension Project is to create an additional transportation route for diluent shipped from production centers in the United States Gulf Coast.

### **B. Open Season**

The open season for the Seymour Lateral Extension Project commenced on March 19, 2013 and concluded on April 18, 2013. Notice of the open season was provided by press release (Attachment A to this Petition) to press wires monitored and reported by a full range of trade and general circulation and online publications. All bona fide potential shippers that contacted Enterprise TE received a pro forma TSA, which included a pro forma revised prorationing policy. The notice of open season stated that committed volumes nominated for priority service would not be subject to prorationing (other than in the event of pipeline capacity curtailment below the level of volumes nominated for priority service) when the committed shipper opts to pay a premium rate.

### C. TSA

As noted above, the Seymour Lateral Extension Project will require significant capital investment by Enterprise TE to (a) construct the new 16-inch lateral pipeline from the existing Seymour Lateral to Manhattan, IL, (b) connect the Seymour Lateral to the Southern Lights Pipeline, and (c) connect the Seymour Lateral to the Cochin Pipeline to allow transportation of diluent. Because of the investment required, success of the Seymour Lateral Extension Project depends on the support of committed shippers. Shippers that to date have signed TSAs have committed in the aggregate to ship on a ship-or-pay basis for 10 years sufficient volumes to make the Seymour Lateral Extension Project economically viable.<sup>7</sup> In consideration for their ship-or-pay commitment, committed shippers will pay discounted incentive rates on their committed volumes compared to the rate payable for uncommitted volumes during periods when the pipeline is not in prorationing. In the potential event that the Enterprise TE pipeline from the Gulf Coast through the Seymour Lateral is in prorationing,<sup>8</sup> committed shippers may choose to pay a priority service rate (*i.e.*, higher than the uncommitted rate for comparable volumes) for transportation of their committed volumes. In exchange for the payment of the premium rate, committed shippers will obtain priority service for their committed volumes during the period of prorationing. In other words, at any potential time when the normal operating capacity of the line from the Gulf Coast through the Seymour Lateral is oversubscribed, committed shippers, upon agreement to pay the required priority service rate, would be allowed to move their

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<sup>7</sup> In the event that there is interest expressed in additional commitments to the remaining amount of the priority service rate structure capacity for which approvals are sought in this petition, Enterprise TE confirms that any such additional commitments will be obtained through a similar transparent open season process that was previously conducted.

<sup>8</sup> As noted above, Enterprise TE anticipates that during normal pipeline operations there will be more than adequate capacity available to provide traditional and reasonably forecasted movements of other products on its system after diluent movements commence.

committed volumes without prorationing and the remaining pipeline capacity would be apportioned among all remaining uncommitted volumes seeking to access the pipeline.<sup>9</sup> If the pipeline's normal operating capacity is reduced by force majeure or other causes, the capacity available for committed volumes will be maintained until the pipeline's operating capacity falls below the level required to serve volumes nominated for priority service. Thus, committed volumes would have first call on the amount of priority space if they elect to pay the required rate premium, and uncommitted volumes would continue to have access to any remaining portion of pipeline operating capacity.

Enterprise TE's requested tariff structure is substantively the same as to that approved by the Commission in *Explorer Pipeline Co.*, 140 FERC ¶ 61,098 (2012). The tariff structure consists of three classes of rates: incentive rates, priority service rates, and uncommitted rates. When the pipeline is not in prorationing, committed shippers will pay incentive rates that will be included in Enterprise TE's tariff. Regardless of the volume selected by committed shippers in their TSAs, the incentive rates will be less than the uncommitted rates. When the pipeline is in prorationing, committed shippers may choose, in exchange for priority service, to pay the priority service rates. Regardless of the volume selected by committed shippers in their TSAs, priority service rates will be at least one cent (\$0.01) per barrel higher than the rates applicable to uncommitted volumes. These same features were approved in *Explorer*.

Enterprise TE will have the right to adjust all three classes of rates annually, based on the annual FERC oil pipeline index, commencing on the first July 1 following the in-service date of the Seymour Lateral Extension Project. In addition, as noted previously, the tariff rates paid by committed shippers for transportation of volumes with priority service during periods of

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<sup>9</sup> At least 10% of the capacity created by the Seymour Lateral Extension Project for diluent service, 9,000 bpd, will be reserved for uncommitted volumes during normal operating circumstances.



prorationing will remain at least \$0.01 per barrel more than the rate payable for the transportation of uncommitted volumes.

Subject to Commission approval, in exchange for their long-term ship-or-pay obligation and payment of a priority service rate, if a committed shipper chooses priority service during periods of prorationing, its committed volumes will not be subject to prorationing except when abnormal operating circumstances cause aggregate pipeline capacity to fall below the level required to serve volumes nominated for priority service. As in *Explorer*, this option for priority service protects committed shippers against the risk that the barrels they have committed to move under the TSA would be prorated out of the pipeline by uncommitted shippers that made no financial commitment to support the Seymour Lateral Extension Project. At the same time, during normal operating circumstances at least 10% of the diluent capacity added to the Enterprise TE system by the Seymour Lateral Extension Project will be reserved for uncommitted volumes.

### **III. Discussion**

#### **A. The Proposed Priority Service Terms and Rate Structures Are Consistent with Commission Precedent**

This Petition seeks approval for Enterprise TE to provide, based on commitments made through an open season, priority service at a priority service rate for the volumes of committed shippers for up to 90% of the available diluent capacity on the Seymour Lateral Extension Project. This structure is supported by Commission precedent and is a reasonable, non-discriminatory means of meeting the needs of both Enterprise TE and its shippers with respect to this critical new infrastructure project.

# **1. The Commission Has Discretion to Approve Petitioner's Proposed Priority Service Terms and Rate Structures**

The ICA gives the Commission discretion to approve priority contract service under appropriate circumstances. The relevant provisions of the Act contain broad delegations of authority to the Commission to determine whether certain practices of oil pipelines are reasonable and not unduly discriminatory. Three particular ICA provisions implicate the issue of priority service.

- ICA Section 1(1) states that the Act applies “to common carriers engaged in ...[t]he transportation of oil...by pipe line...from one State...to any other State.” 49 U.S.C. app. § 1(1)(b) (1988). Section 1(3) of the Act defines the term “common carrier” to include “all pipeline companies...and all persons, natural or artificial, engaged in such transportation as aforesaid as common carriers for hire.” *Id.* at § 1(3)(a).
- ICA Section 1(4), which embodies the common carrier obligation of the Act, provides that: “It shall be the duty of every common carrier subject to this chapter to provide and furnish transportation upon reasonable requests thereof...” *Id.* at § 1(4).
- ICA Section 3(1) prohibits undue preference for or prejudice against particular shippers or classes of shippers. It provides: “It shall be unlawful for any common carrier...to make, give, or cause any undue or unreasonable preference or advantage to any particular person...or any particular description of traffic, in any respect whatsoever; or to subject any particular person...or any particular description of traffic to any undue burden or unreasonable prejudice or disadvantage in any respect whatsoever...” *Id.* at § 3(1).

As these provisions show, the statute contains no specific requirements or prohibitions with respect to the common carrier obligation, but instead imposes a general reasonableness standard to be applied by the Commission. Under the ICA, pipelines must observe an obligation to “furnish transportation *upon reasonable request*” and may not “cause any “*undue or unreasonable preference or advantage* to any particular person.” *Id.* at §§ 1(4), 3(1) (emphasis added). Courts historically have interpreted these statutory provisions to provide the Commission with considerable discretion to assess the reasonableness of pipeline practices, taking into consideration all *current* industry conditions, and not just conditions as they existed

when the statute was adopted. *See, e.g., Sea-Land Services Inc. v. ICC*, 738 F.2d 1311, 1319 (D.C. Cir. 1984) (“[D]iscrimination has never been a static concept, but instead has steadily evolved over the past century to reflect not only refinements in ratemaking methodology, but changes in the national economy as well....”); *Indiana Harbor Belt R.R. v. United States*, 510 F.2d 644, 649 (7th Cir.), *cert. denied*, 422 U.S. 1042 (1975) (“That a body should exist fitted to make a primary determination from the facts as to whether a preference or discrimination obtains was one of the reasons for the creation of the Commission.”).

In *Sea-Land*, the D.C. Circuit explained that “Congress has delegated broad legislative discretion to the [Interstate Commerce] Commission to determine when differential treatment amounts to improper discrimination among shippers and which such treatment is justified by relevant dissimilarities in transportation conditions.” 738 F.2d at 1319. The ICC historically used that discretion to assess on a case-by-case basis contract provisions that included specialized service terms and rates.<sup>10</sup> When the ICC later allowed railroads to enter into individualized rate contracts with shippers, it also decided those issues on a case-by-case basis.<sup>11</sup>

Like the ICC, this Commission has exercised its discretion under the ICA to approve various methods for allocating capacity among different categories of shippers. As the Commission has explained, “[t]here is no single method of allocating capacity in times of excess demand ... and pipelines should have some latitude in crafting allocation methods to meet circumstance specific to their operations.” *Mid-America Pipeline Co., LLC*, 106 FERC ¶ 61,094, at 61,336 (2004) (citing *SFPP, L.P.*, 86 FERC ¶ 61,022, at 61,115 (1999) and *Total Petroleum*

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<sup>10</sup> *See, e.g., Rail & River Coal Co. v. Baltimore & Ohio R.R.*, 14 I.C.C. 86, 94-96 (1908) (holding that the choice of allocation method for coal cars was not unduly discriminatory because it “seems to be rationally and logically a question of fact to be determined according to the circumstances and conditions existing in the particular case”); *see also Farmers’ Elevator Co. of Vermillion, S.D. v. Chicago, M. & St. P. Ry.*, 47 I.C.C. 475, 482 (1917) (refusing to proscribe a method for basing rail car distribution).

<sup>11</sup> *See, e.g., Change of Policy, Railroad Contract Rates*, Ex Parte No. 358-F, 361 I.C.C. 205 (1979).

*Inc. v. Citgo Products Pipeline, Inc.*, 76 FERC ¶ 61,164, at 61,947 (1996)). As discussed further below, the Commission has on numerous occasions also used its discretion to evaluate requests for priority contract service and has approved projects similar to that proposed by Enterprise TE here.

## **2. The Proposed Priority Capacity and Rate Structures Proposals Are Consistent with Commission Precedent**

The Commission has approved requests for priority service on terms comparable to those proposed in this Petition. *See, e.g., Explorer*, 140 FERC ¶ 61,098 at P 21. Like the rate structure approved in *Explorer*, in recognition of the term and volume commitments that make the project possible, Enterprise TE's proposed rate structure provides that the tariff rates payable on committed volumes are discounted relative to the comparable uncommitted rates for time periods when Enterprise TE's system is not in prorationing. The capacity proposal also ensures that uncommitted shippers continue to have access to a significant amount of the capacity on Enterprise TE's pipeline system, while granting committed shippers the option of priority capacity for their committed volumes at the applicable priority service rate during periods when Enterprise TE's system is in prorationing. This service feature of the Seymour Lateral Extension Project not only benefits committed shippers in recognition of the significant financial commitments that they have made, but it also represents a reasonable, non-discriminatory means of balancing the needs of the pipeline, uncommitted shippers and committed shippers. Moreover, as explained above, the new service feature is not anticipated to have any impact on the capacity that is available during normal operations to accommodate the anticipated level of other traditional product movements on the Enterprise TE pipeline system.

As the Commission explained in *Explorer*, Enterprise TE's proposal represents "a blending of two separate proposals that, individually, have been accepted by the Commission in

prior declaratory orders.” 140 FERC ¶ 61,098 at P 16. Despite the blended nature of this rate structure, each of its constituent parts is permissible under the Commission’s regulations and, therefore, the priority capacity and rate structure as a whole comports with the ICA. *Id.* at P 21.

First, the Commission has approved discount rate structures in which committed shippers that enter into term and volume commitments with the pipeline pay lower rates on their committed volumes than the rate payable on uncommitted volumes. *See, e.g., Explorer*, 140 FERC ¶ 61,098 at P 17; *Sunoco Pipeline, LP*, 141 FERC ¶ 61,212, at P 20 (2012); *Shell Pipeline Co.*, 139 FERC ¶ 61,228, at PP 13, 20 (2012). Discount rate structures, such as the one proposed by Enterprise TE here, do “not violate the anti-discrimination or undue preference provisions of the ICA because the rate discount was made available to all interested shippers and reflects the difference between firm and non-firm shippers.” *Explorer*, 140 FERC ¶ 61,098 at P 17; *see also Enbridge Pipelines (Southern Lights) LLC*, 121 FERC ¶ 61,310, at P 31 (2007). Enterprise TE held a widely-publicized open season allowing all interested shippers the opportunity to enter into TSAs, thus eliminating concerns regarding discrimination. Further, committed shippers “are not similarly situated with other shippers who were unwilling or unable” to enter into TSAs. *Explorer*, 140 FERC ¶ 61,098 at P 17; *Express Pipeline P’ship*, 76 FERC ¶ 61,245, at 62,254 (1996). Committed shippers will be making large financial commitments to the pipeline, through ship-or-pay commitments, that obligate them to make payments for an extended period of years. As such, the discount rate structure proposed for the Seymour Lateral Extension Project should be approved.

Second, the Commission has also approved various proposals to charge a priority service rate in connection with priority service that will not be subject to prorationing. *See, e.g., Explorer*, 140 FERC ¶ 61,098 at P 21; *Sunoco*, 139 FERC ¶ 61,259 at PP 13-15; *CCPS*

*Transportation, LLC*, 121 FERC ¶ 61,253, at P 19 (2007), *order on reh’g*, 122 FERC ¶ 61,123 (2008) (“CCPS”).

As in *Explorer*, the priority rate structure for the Seymour Lateral Extension Project thus blends these two previously approved features of service by providing for discounted rates for shippers making commitments, with those shippers then having the “ability to secure priority capacity in time of prorationing” on the Enterprise TE system. *Explorer*, 140 FERC ¶ 61,098 at P 19-20. Enterprise TE’s proposed priority service meets the requirements that a carrier offering priority service charge a premium of at least \$0.01 per barrel over the uncommitted rate during periods of prorationing when the committed shippers elect to receive priority service. *Explorer*, 140 FERC ¶ 61,098 at P 18-21; *Sunoco*, 139 FERC ¶ 61,259 at PP 13-15.

The Seymour Lateral Extension Project also is consistent with Commission precedent in that Enterprise TE will reserve up to 90% of the diluent capacity for committed volumes while ensuring that uncommitted volumes have access to at least 10% of that capacity during periods of normal operations. *See Sunoco*, 139 FERC ¶ 61,259 at PP 9-15. Although the Commission “has not established a stated minimum percentage of capacity that must be set aside” for uncommitted shippers and has made clear that “[e]ach proposal presented to the Commission is appraised on its own merits,” *CCPS*, 122 FERC ¶ 61,123 at P 14, the Commission has indicated that reservation of 10% of capacity for uncommitted shippers is sufficient to provide reasonable access. *See Sunoco*, 139 FERC ¶ 61,259 at PP 9-15 (approving reservation of 90% of total pipeline capacity for committed shippers paying a premium rate); *see also CCPS*, 121 FERC ¶ 61,253 at P 17 n.33 (requiring 10% of expansion volumes to be reserved for uncommitted shippers in order to ensure that uncommitted shippers’ access to overall post-expansion capacity did not drop below 10%); *see also Enbridge (U.S.) Inc. and ExxonMobil Pipeline Co.*, 124 FERC

¶ 61,199, at P 35 (2008) (suggesting that a 90% apportionment for committed priority shippers where the preferential prorationing was “supported by premium rates, so as to make the preference not undue” would be acceptable to the Commission). The designation of priority service for capacity added to the Enterprise TE system by the Seymour Lateral Extension Project is therefore consistent with that previously found to be acceptable and approved by the Commission. *See, e.g., Sunoco*, 137 FERC ¶ 61,107 at P 15.

In considering the approvals sought in this Petition, the Commission is again respectfully requested to consider the important differences between committed and uncommitted shippers. As noted above, shippers that sign up for ship-or-pay commitments are assuming a significant financial obligation to support a pipeline. A committed shipper is expected to guarantee pipeline revenue over the course of a term extending for a number of years. From the shipper’s perspective, the commitment is equivalent to borrowing the guaranteed sum, since the shipper must make monthly payments regardless of whether it actually ships any volume in a particular month. Much like a debt obligation, ship-or-pay commitments add to the liabilities on a shipper’s balance sheet and can affect its ability to borrow additional funds during the term of commitment. From the pipeline’s perspective, long-term commitments provide the basis for the pipeline company to justify a significant capital investment in the project.

Conversely, uncommitted shippers have no obligation to use the pipeline. They may choose to ship in one month and not the next, without penalty and without providing any assured cash flow to the pipeline.

Therefore, so long as uncommitted shippers have reasonable access to the pipeline’s capacity, there is nothing inequitable or unfair about preserving on a priority basis a portion of the pipeline’s capacity for those shippers whose commitments made possible the pipeline

capacity and service that is being offered. *See Enbridge Energy Pipelines (North Dakota) LLC*, 133 FERC ¶ 61,167, at PP 39-40 (2010) (finding it appropriate that “uncommitted shippers ... will not enjoy [prorationing] protection because they are not providing the financial backing required for the [project]”); *CCPS*, 121 FERC ¶ 61,253 at P 19 (finding it not discriminatory to treat committed shippers differently, since “uncommitted shippers have maximum flexibility to react to changes in their own circumstances or market conditions, although they do not provide the assurances and financial support for the Expansion that the firm shippers provide”).

The ability to obtain priority service on the Seymour Lateral Extension Project was requested by committed shippers and was offered through a widely-publicized open season to those parties who established their potential shipper status, and a reasonable amount of capacity will be set aside for uncommitted volumes. Based on Commission precedent, the priority service proposed here is not discriminatory, and fully conforms to the ICA common carrier obligations. The Commission is requested to approve this petition and find the provision of priority service at a priority service rate for up to 90% of the diluent service on the Seymour Lateral Extension Project to be acceptable under the circumstances presented here.



## CONCLUSION

For the reasons set forth above, Enterprise TE respectfully requests that the Commission grant the declaratory rulings requested herein.

Respectfully submitted,

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Pipeline Company LLC*

May 14, 2013

# **Attachment A**



## ENTERPRISE ANNOUNCES OPEN COMMITMENT PERIOD

**Houston, Texas (March 19, 2013)** – Enterprise Products Partners L.P.

(NYSE:EPD) announced today the start of an open commitment period for the purpose of soliciting long-term transportation agreements with interested shippers for movements of diluent-quality natural gasoline from its Mont Belvieu, Texas liquids storage complex to several potential delivery points in and around the Chicago area, including potential connections to the Southern Lights and Cochin pipelines. The final delivery point(s) will be determined after evaluating the binding commitments received.

The open commitment period begins today at 9 a.m. CDT and will close Thursday, April 18, 2013 at 5 p.m. CDT. For commercial inquiries or additional information related to the open commitment period, please contact Patrick Tucker at (713) 381-5429 or [pktucker@eprod.com](mailto:pktucker@eprod.com).

Enterprise Products Partners L.P. is one of the largest publicly traded partnerships and a leading North American provider of midstream energy services to producers and consumers of natural gas, NGLs, crude oil, refined products and petrochemicals. Our services include: natural gas gathering, treating, processing, transportation and storage; NGL transportation, fractionation, storage, and import and export terminals; crude oil and refined products transportation, storage and terminals; offshore production platforms; petrochemical transportation and services; and a marine transportation business that operates primarily on the United States inland and Intracoastal Waterway systems and in the Gulf of Mexico. The partnership's assets include approximately 50,000 miles of onshore and offshore pipelines; 200 million barrels of storage capacity for NGLs, crude oil, refined products and petrochemicals; and 14 billion cubic feet of natural gas storage capacity. Additional information regarding Enterprise can be found on its website, [www.enterpriseproducts.com](http://www.enterpriseproducts.com).

*This press release includes "forward-looking statements" as defined by the Securities and Exchange Commission. All statements, other than statements of historical fact, included herein that address activities, events, developments or transactions that Enterprise expects, believes or anticipates will or may occur in the future, including anticipated benefits and other aspects of such activities, events, developments or transactions, are forward-looking statements. These forward-looking statements are subject to risks and uncertainties that may cause actual*

*results to differ materially, including required approvals by regulatory agencies, the possibility that the anticipated benefits from such activities, events, developments or transactions cannot be fully realized, the possibility that costs or difficulties related thereto will be greater than expected, the impact of competition and other risk factors included in the reports filed with the Securities and Exchange Commission by Enterprise. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of their dates. Except as required by law, Enterprise does not intend to update or revise its forward-looking statements, whether as a result of new information, future events or otherwise.*

*Contacts: Randy Burkhalter, Investor Relations, (713) 381-6812 or (866) 230-0745  
Rick Rainey, Media Relations (713) 381-3635*

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Document Content(s)

Enterprise - Seymour Lateral PDO (Final).PDF.....1-20

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

Enterprise TE Products Pipeline Company, LLC ) Docket No. OR13-20-000  
) (Petition for Declaratory Order)

**JOINT MOTION TO INTERVENE, COMMENT, AND PROTEST OF  
CHS INC.; DELTA AIR LINES, INC.; FEDERAL EXPRESS CORPORATION;  
GROWMARK, INC.; HWRT OIL COMPANY, LLC; MFA OIL COMPANY;  
SOUTHWEST AIRLINES CO.; UNITED AIRLINES, INC.;  
AND UPS FUEL SERVICES, INC.**

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June 7, 2013

TABLE OF CONTENTS

I. COMMUNICATIONS AND CORRESPONDENCE..... 4

II. BACKGROUND ..... 4

III. STATEMENT OF INTEREST..... 10

IV. PROTEST AND COMMENTS..... 11

    A. There is no basis on which to confirm that the discounted committed rates, uncommitted rates and priority service rates or structure are not unduly discriminatory or preferential and fully conform with the ICA..... 13

    B. As Proposed, Enterprise TEPPCO’s Proposed Priority Service is Contrary To The ICA ..... 16

V. CONCLUSION..... 22

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AND UPS FUEL SERVICES, INC.**

Pursuant to Sections 1(4), 1(5), 1(6), 3(1), and 15(7) of the Interstate Commerce Act (“ICA”), 49 U.S.C. app. §§ 1(4), 1(5), 1(6), 3(1), and 15(7), Rules 211 and 214 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“FERC” or “Commission”), 18 C.F.R. §§ 385.211 and 385.214 (2012), and Sections 343.2 and 343.3 of the Commission’s Rules Applicable to Oil Pipeline Proceedings, 18 C.F.R. § 343.2 and 343.3 (2012), CHS Inc. (“CHS”); Delta Air Lines, Inc. (“Delta”); Federal Express Corporation (“FedEx”); GROWMARK, Inc. (“GROWMARK”); HWRT Oil Company, LLC (“HWRT”); MFA Oil Company (“MFA Oil”); Southwest Airlines Co. (“Southwest”); United Airlines, Inc. (“United”); and UPS Fuel Services, Inc. (“UPS”) (jointly, “Joint Protesters”) hereby jointly and individually move to intervene and comment in the captioned proceeding and protest Enterprise TE Products Pipeline Company, LLC’s (“Enterprise TEPPCO”) Petition for Declaratory Order (“Petition”) filed in the captioned docket on May 14, 2013. Because Enterprise TEPPCO has not provided adequate information in support of its Petition, it has not shown that the requested rulings are just and reasonable. Moreover, the proposed changes will be unduly discriminatory or preferential, and will have a significant detrimental impact on the Joint Protesters’ businesses.



As set forth herein, Joint Protestors request that the Commission decline to issue the declaratory order as requested since there is no justification for granting new diluent shippers a priority or preference over historical shippers on Enterprise TEPPCO's 20-inch mainline or the existing 14-inch Seymour Lateral. Additionally, there is no basis on which to confirm that the discounted committed rates, uncommitted rates, or priority service rates or structure are not unduly discriminatory or preferential under the ICA.

## **I. COMMUNICATIONS AND CORRESPONDENCE**

Communications and correspondence regarding this proceeding should be directed to:

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## **II. BACKGROUND**

1. Enterprise TEPPCO is a common carrier liquids pipeline providing transportation of various products from origins in the Gulf Coast to points in Arkansas, Illinois, Indiana, Kentucky, Louisiana, Missouri, New York, Ohio, Pennsylvania, Tennessee, and Texas. Among the products shipped by Enterprise TEPPCO for its historical shippers are motor fuels, which include finished and subgrade gasoline grades; distillates, which include diesel fuel, Ultra Low Sulfur Diesel ("ULSD") and petroleum distillates; and jet fuel, which Enterprise TEPPCO defines as fungible Jet-A turbine fuel. Enterprise TEPPCO also transports unfinished gasoline, which includes natural gasoline, condensate, raffinate, straight-run gasoline, naphtha, and similar products and natural gas liquids ("NGLs"), such as propane and butane.

2. Enterprise TEPPCO's petition for a declaratory order seeks approval of priority service, an associated tariff rate structure, and service request allocation methodology for its Proposed Seymour Lateral Extension Project which is designed to facilitate the transportation of a new product – diluent. Petition at 2. The Seymour Lateral Extension Project consists of Enterprise TEPPCO's plans to “(a) construct a new 16” diameter lateral pipeline from a point in Illinois on its existing Seymour Lateral to a location in Manhattan, Illinois that is adjacent to tankage of Enbridge Pipelines (‘Southern Lights’) LLC’s Southern Lights Pipeline (‘Southern Lights Pipeline’), (b) construct a new interconnection with Southern Lights Pipeline, and (c) construct a new interconnection with Kinder Morgan’s Cochin LLC’s Cochin Pipeline facilities (‘Cochin Pipeline’) at a point to be determined.” *Id.* at 1-2. “All of the foregoing project facilities, consisting of 44 miles of 16-inch pipeline and related facilities costing in excess of \$115 million, together comprise the ‘Seymour Lateral Extension Project’.” *Id.* at 2-3. Enterprise TEPPCO states that the Seymour Lateral Extension Project is designed to provide an alternative to shippers for the transportation of petroleum diluent from the Gulf Coast. *Id.*

3. In connection with the proposal to build the 44-mile extension, Enterprise TEPPCO is requesting that the Commission approve discounted rates and priority service for committed diluent shippers not only on the 44-mile extension of the Seymour Lateral, but on the entire Enterprise TEPPCO system from the Gulf Coast. This priority service would also allow committed diluent shippers who pay one cent more than non-committed diluent shippers to move their volumes without prorationing in times of constraint or allocation. This priority for committed diluent shippers would extend beyond movements of all diluents to movements of all products on Enterprise TEPPCO, in effect enabling shippers whose support the pipeline requires to build a lateral extension to preempt the bulk of the Enterprise TEPPCO system. Neither the

committed nor the uncommitted diluent rates are set forth. There is no way, with the meager amount of information Enterprise TEPPCO has furnished, to compare the rates the new diluent shippers would pay to the rates existing shippers of other products pay. And the terms of the priority service and the related prorationing policy are not provided.

4. In order to fully evaluate Enterprise TEPPCO's Petition, it is necessary to understand the operational characteristics of Enterprise TEPPCO's system. Enterprise TEPPCO operates a refined products and NGL system which transports product from the Gulf Coast to the Midwest and Northeast. Enterprise TEPPCO's 20-inch mainline runs approximately 900 miles from the Gulf Coast to Seymour, Indiana, where it then goes in two directions. At Seymour, the 20-inch mainline interconnects with the 14-inch Seymour Lateral, which runs approximately 250 miles north to Chicago. The 20-inch mainline also continues northeast to Lebanon, Ohio, where it interconnects with other Enterprise TEPPCO lines which take product to upstate New York and Pennsylvania, approximately 1,600 miles from the Gulf Coast. Enterprise TEPPCO is planning to build a 44-mile 16-inch extension off the existing 14-inch Seymour Lateral in the Chicago area to interconnect with two other pipelines in order to permit its diluent shippers to transport diluent north into Canada.

5. The above description of Enterprise TEPPCO's system was confirmed in Enterprise TEPPCO's most recent rate case in FERC Docket No. IS12-203-000. Enterprise TEPPCO's company witness James M. Collingsworth described Enterprise TEPPCO's system as follows:

**Q. Please describe Enterprise TEPPCO's pipeline assets and the products that they transport.**

A. Exhibit No. ET-2 of my testimony is a map of the Enterprise TEPPCO system. As shown on the map, the system originates on the U.S. Gulf Coast and has several lines that gather and deliver natural gas liquids and refined petroleum products to the Enterprise

TEPPCO mainlines that begin at Beaumont, Texas. Enterprise TEPPCO has two mainlines that run parallel to each other. The larger of the two lines is a 20-inch diameter line extends from Beaumont to Lebanon, Ohio (which is approximately 10 miles to the east of Todhunter, Ohio). Enterprise TEPPCO also has a 14-inch diameter line from Beaumont to El Dorado, Arkansas, which is just north of the Louisiana border. At El Dorado, the diameter of the 14-inch line increases to 16-inches. The 16-inch line terminates at Seymour, Indiana.

Both mainlines transport batched products. The 14/16-inch line transports only certain types of refined petroleum products (*e.g.*, jet fuel, ultra-low sulfur diesel and motor gasoline). The 20-inch line primarily transports propane and butane, but at times may move certain grades of motor gasoline and unfinished gasoline. North of Seymour, the 20-inch line also moves jet fuel and ultra-low sulfur diesel.

Motor gasoline may move on both lines depending upon whether sufficient capacity exists on the 20-inch line to move all nominated propane and butane volumes. Propane is a heating fuel and historically its demand has increased significantly during the winter. Normal butane is a motor gasoline blending component the demand for which increases in September through March when vapor pressure restrictions are relaxed. During the summer, when demand for propane and normal butane is weak, Enterprise TEPPCO moves motor gasoline on the 20-inch line. In the fall and winter, Enterprise TEPPCO may shift more of its motor gasoline volumes to the 14/16 line.

At Lebanon, Ohio, the 20-inch line ends and an 8-inch line begins that transports propane (and lesser amounts of butane) eastward across Ohio to Pennsylvania. At Greensburg, Pennsylvania, the 8-inch line divides, with one leg moving eastward across Pennsylvania and the other leg moving north into Upstate New York. The leg that moves across Pennsylvania varies in diameter from 6 inches to 8 inches. The leg that moves into Upstate New York is 8 inches in diameter.

As shown on the map, Enterprise TEPPCO also has various lateral lines that branch off the mainline. The longest lateral is a 14-inch line that extends from Seymour, Indiana to various destinations in the Chicago area and which primarily moves refined petroleum products to those destinations. A 10-inch spur line also transports refined petroleum products and propane between Lima, Ohio, and Lebanon, Ohio. Other lateral lines are shown on Exhibit No. ET-2.

Prepared Direct Testimony of James M. Collingsworth on Behalf of Enterprise TE Products Pipeline Company LLC, Exhibit No. ET-1, dated July 9, 2012 (Docket No. IS12-203-000), at 4-6. The map of Enterprise TEPPCO's system referred to as Exhibit No. ET-2 above is Attachment 1 hereto. The 20-inch mainline which extends from the Gulf Coast north to Lebanon, Ohio is approximately 1025 miles. It has a capacity of approximately 240,000 barrels per day ("bpd").<sup>1</sup> And the 14-inch Seymour Lateral interconnects with the 20-inch mainline at Seymour, Indiana about 900 miles from the Gulf Coast. Then the Seymour Lateral runs approximately 250 miles to the Chicago area. From Lebanon, the Enterprise TEPPCO system extends through New York and Pennsylvania, approximately 1600 miles from the Gulf Coast. This is the extent of the system covered by Enterprise TEPPCO's existing interstate tariffs. The Seymour Lateral Extension Project, by contrast, consists of only 44 miles of pipeline.

6. Enterprise TEPPCO states that the "Seymour Lateral Extension Project is expected to create up to 90,000 bpd of new diluent transportation capacity, and will enhance the alternatives available for transporting diluent from the Gulf Coast." Petition at 2-3. In a footnote to this statement about the new 90,000 bpd capacity for diluent, Enterprise TEPPCO points out that the existing 14-inch Seymour Lateral has current capacity of 100,000 bpd. *Id.* fn. 4. It is not clear, however, how this Seymour Lateral Extension Project will create up to 90,000 bpd of *new* diluent transportation capacity or what is meant by this statement. There is no indication that any of the approximately \$115 million cost of the Seymour Lateral Extension Project will be spent on expanding the existing 14-inch Seymour Lateral or on expanding any other part of Enterprise TEPPCO's existing system stretching from the Gulf Coast to the beginning of the Seymour Lateral. *Id.* at 2.

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<sup>1</sup> Prepared Answering Testimony of Daniel S. Arthur in Docket No. OR11-6-000 (Feb. 17, 2012) at 79 (Attachment 2 hereto).

7. Enterprise TEPPCO next asserts that it conducted a widely-publicized open season and that “all interested parties, who established that they were potential shippers, were provided the same information regarding the project.” *Id.* at 3. The terms of the open season, including the discounted rates for committed shippers, the terms of the TSA and a pro forma revised prorationing policy are not set forth in the Petition, nor are they available publicly. *See id.* at 5. The only information about this so-called open season that has been made available to the public and to historical shippers on Enterprise TEPPCO’s system was contained in the March 19, 2013 press release, which is Attachment A to the Petition. *Id.* at 5. The March 19, 2013 press release provides as follows:

Enterprise Products Partners L.P. (NYSE:EPD) announced today the start of an open commitment period for the purpose of soliciting long-term transportation agreements with interested shippers for movements of diluent-quality natural gasoline from its Mont Belvieu, Texas liquids storage complex to several potential delivery points in and around the Chicago area, including potential connections to the Southern Lights and Cochin pipelines. The final delivery point(s) will be determined after evaluating the binding commitments received.

That is the sum total of information provided by Enterprise TEPPCO.

8. As reflected in the referenced press release, Enterprise TEPPCO’s open season was only made available to “interested shippers for movements of diluent-quality natural gasoline” and not the pipeline’s historical refined product and NGL shippers. Moreover, while the open commitment period closed on April 18, it is not known how many shippers signed contracts, what volume of diluent Enterprise TEPPCO expects to transport under these contracts, or what revenue Enterprise TEPPCO will receive as a result of these contracts. Although counsel for Joint Protestors requested information from Enterprise TEPPCO regarding the open season, Enterprise TEPPCO refused to provide this information. *See* Email from Mark Cook to Richard Powers dated May 7, 2013 (Attachment 3). Thus, the historical shippers on the

Enterprise TEPPCO system have little, if any, information on which to assess the impact of the proposed service on their rates and the quality of service they will be provided.

9. Enterprise TEPPCO states that to support the Seymour Lateral Expansion Project shippers that have to date signed TSAs have committed to ship on a ship-or-pay basis.

Enterprise TEPPCO refers to these shippers as “committed shippers.” Enterprise TEPPCO

(i) without including any tariff language, (ii) without including any proposed rates, and

(iii) without attaching any TSA or portion thereof, purports to describe the Tariff structure of the Seymour Lateral Extension, then describes the priority service it is requesting Commission approval to provide committed shippers. *Id.* at 3 and 7.

### III. STATEMENT OF INTEREST

10. The Joint Protesters, collectively and individually, are entitled to intervene and protest Enterprise TEPPCO’s instant Petition for the requested declaratory rulings. Verified Statements establishing the substantial economic interests of the Joint Protesters are appended hereto as Attachment 4. Specifically, these Verified Statements describe each of the Joint Protestors’ substantial economic interest in Enterprise TEPPCO’s Petition as required under Section 342.2(b) of the Commission’s regulations. 18 C.F.R. § 342.2(b) (2011). Each of the Joint Protesters is a past, present, and/or potential future shippers of significant volumes of motor gasoline, distillates and/or jet fuel on Enterprise TEPPCO’s pipeline system from various origins and to various destinations served by the pipeline. Accordingly, as Enterprise TEPPCO’s Petition will directly impact the quality and terms of services for historical shippers, Joint Protesters have a direct and substantial economic interest that will be significantly affected by the requested declaratory rulings, especially as it respects prorationing and terms and conditions of service. No other party can adequately represent the substantial economic interests of the Joint Protesters, either collectively or individually. Accordingly, the Joint Protesters, collectively and

individually, are entitled to intervene in this matter pursuant to Rule 214. 18 C.F.R. § 385.214 (2012).

#### IV. PROTEST AND COMMENTS

11. Enterprise TEPPCO offers in its Petition almost no information on which the Commission could legitimately conclude that the declaratory relief sought in the Petition can be granted in accordance with the requirements of the ICA and consistent with the relevant Commission precedent. Enterprise TEPPCO does not set forth any range for the so-called discounted committed rates; it does not set forth the so-called uncommitted rates; and it does not set forth the terms of the proposed prorationing policy or the priority service.<sup>2</sup> And while Enterprise TEPPCO relies heavily and almost exclusively on the Commission's declaratory order in *Explorer Pipeline Co.*, 140 FERC ¶ 61,098 (2012), Enterprise TEPPCO supplies nowhere near the amount of information on rates, TSAs, the priority service, and the open season that Explorer provided in that proceeding. *See, e.g.*, Petition for Declaratory Order of Explore Pipeline Company, filed March 23, 2012, FERC Docket No. OR12-10-000. Whether *Explorer* actually supports the declaratory order sought here is not at all as clear as Enterprise TEPPCO claims, since there were no protests in *Explorer* and the Commission only conditionally granted certain aspects of Explorer's requests, including particularly those related to prorationing and obtaining priority capacity. *Explorer Pipeline Co.*, 140 FERC ¶ 61,098 at P 21. In any event, Enterprise TEPPCO's request that the Commission approve priority service terms and rate structures nowhere described in the Petition is not supported and in fact is or appears to be unjust, unreasonable, and unduly discriminatory and preferential, all contrary to the ICA and existing precedent.

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<sup>2</sup> *Enterprise TE Products Pipeline Co.*, 131 FERC ¶ 61,134 at P 11 (2010) (Commission finding that it cannot approve a policy as reasonable it has not actually seen).



12. Enterprise TEPPCO seeks the following:

This Petition seeks an order approving Enterprise TE's proposal to allow up to 90% of the available capacity created through the Seymour Lateral Extension Project for diluent service, or up to 81,000 bpd, to be treated as discounted committed space which, at the option of the committed shipper, may be converted to a priority service rate during periods of prorationing. This rate structure will be available to shippers that committed, following a transparent and widely-publicized open season, to move volumes from the Gulf Coast through the Seymour Lateral on a ship-or-pay basis.

Petition at 4. Although the terms of priority service are not specifically set out and no tariff or other prorationing policy is attached, Enterprise TEPPCO indicates that at certain times this so-called priority service could adversely affect the availability of capacity for shippers other than priority diluent shippers and for movements of product other than diluent over much of the Enterprise TEPPCO system, including the existing 20-inch mainline and the existing 14-inch Seymour Lateral. Enterprise TEPPCO states:

Shippers that to date have signed TSAs have committed in the aggregate to ship on a ship-or-pay basis for 10 years sufficient volumes to make the Seymour Lateral Extension Project economically viable. In consideration for their ship-or-pay commitment, committed shippers will pay discounted incentive rates on their committed volumes compared to the rate payable for uncommitted volumes during periods when the pipeline is not in prorationing. In the potential event that the Enterprise TE pipeline *from the Gulf Coast through the Seymour Lateral* is in prorationing, committed shippers may choose to pay a priority service rate (*i.e.*, higher than the uncommitted rate for comparable volumes) for transportation of their committed volumes. In exchange for the payment of the premium rate, committed shippers will obtain priority service for their committed volumes during the period of prorationing. *In other words, at any potential time when the normal operating capacity of the line from the Gulf Coast through the Seymour Lateral is oversubscribed, committed shippers, upon agreement to pay the required priority service rate, would be allowed to move their committed volumes without prorationing and the remaining pipeline capacity would be apportioned among all remaining uncommitted volumes seeking to access the pipeline.* If the pipeline's normal operating capacity is reduced by force majeure or other causes, the capacity available for committed volumes will be maintained until the pipeline's operating capacity falls below the level required to serve volumes nominated for priority service. *Thus, committed volumes would*

*have first call on the amount of priority space if they elect to pay the required rate premium, and uncommitted volumes would continue to have access to any remaining portion of pipeline operating capacity.*

Petition at 6-7 (emphasis added).

13. Although Enterprise TEPPCO does not define who the uncommitted shippers are or what the uncommitted volumes are expected to be, they can only be referring to shippers and volumes associated with the diluent transportation capacity associated with the Seymour Lateral Extension Project and the related open season. Indeed, as the open season was only “open” to diluent shippers, it was not possible for historical shippers to become committed shippers or obtain any type of priority service. As such, even though Enterprise TEPPCO currently ships approximately 290,000 bpd of refined products, distillates, jet fuel and NGLs on its system,<sup>3</sup> Enterprise TEPPCO’s priority service could curtail or eliminate all movements of these volumes under certain circumstances. Enterprise TE Products Pipeline Company LLC’s 2012 FERC Form No. 6, Page 700 (showing 2012 interstate throughput of 105,030,627 barrels in calendar year 2012).

**A. There is no basis on which to confirm that the discounted committed rates, uncommitted rates and priority service rates or structure are not unduly discriminatory or preferential and fully conform with the ICA**

14. Enterprise TEPPCO states that its proposed tariff structure consists of three classes of rates for the proposed diluent shipments (*i.e.*, the committed shipper rate, uncommitted shipper rate, and committed shipper priority service rate). Protest at 7. However, nowhere in the Petition are any of these rates set forth. Rather, Enterprise TEPPCO merely provides two things with respect to these rates. First, “regardless of the volume selected by committed shippers in their TSAs, the incentive rates will be less than the uncommitted rates.” *Id.* at 7. Second, “when

<sup>3</sup> Joint Protestors acknowledge that Enterprise TEPPCO is planning to stop movements of distillate and jet fuel as of July 1, 2013. *Enterprise TE Products Company LLC*, 143 FERC ¶ 61,191 (May 31, 2013). Notwithstanding, Enterprise TEPPCO’s maintaining services on motor gasoline which is by far the largest volume of product shipped.

the pipeline is in prorationing, committed shippers may choose, in exchange for priority service, to pay the priority service rates,” which “will be at least one cent (\$0.01) per barrel higher than the rates applicable to uncommitted volume.” *Id.* As noted, neither the rates for committed nor uncommitted volumes are identified. Thus, contrary to Enterprise TEPPCO’s assertions, this is not like the structure approved in *Explorer* where both the committed rates and uncommitted rates were set forth. *Explorer* at P 6 and fn. 10.

15. Accordingly, Joint Protestors submit that before any declaratory ruling can be made regarding the potential reasonableness of the proposed tariff structure, the Commission needs to compare the proposed committed and uncommitted rates for the new diluent service to the rates Enterprise TEPPCO charges historical shippers for existing service on the same pipeline. In this case, the rates for the new diluent capacity on the Seymour Lateral Extension Project (which rates apply to transportation from the Gulf Coast through the 900 mile segment of the existing 20-inch mainline, through the approximately 250 mile existing 14-inch Seymour Lateral and finally through the 44 miles of to be constructed 16-inch Seymour Lateral Extension) are not identified. This lack of information concerning Enterprise TEPPCO’s proposed committed and uncommitted rates is problematic for a number of reasons.

16. First, Enterprise TEPPCO is currently transporting various refined petroleum products, including gasoline, and various NGLs from the Gulf Coast to various destinations throughout Enterprise TEPPCO’s system – a system that spans approximately 2,000 miles. Attachment 5 hereto contains Enterprise TEPPCO’s currently effective tariffs for refined products and NGLs, FERC Tariff Nos. 55.28.0 and 54.23.0, respectively. For example, FERC Tariff No. 55.28.0, Item No. 300 lists various rates for movements for motor gasoline from the Gulf Coast to destinations in and around the Chicago, Illinois area. These non-incentive rates are

in the \$2.24 to \$2.32 per barrel range. And, for example, in FERC Tariff No. 54.23.0, Item 135, the rate for movements of propane from the Gulf Coast to Seymour, Indiana is \$3.34 per barrel, and in FERC Tariff No. 54.23.0, Item No. 150, the rate for movements of butane from the Gulf Coast to Lemont, Illinois is \$3.37 per barrel. As discussed below, these rates, which are for movement to or through the existing Seymour Lateral from the Gulf Coast, should be compared to the new rates for committed, uncommitted and priority diluent services from the Gulf Coast through the Seymour Lateral in order to properly evaluate Enterprise TEPPCO's request.

17. The concerns over the committed, uncommitted, and priority service rates relate to whether these rates are covering the costs of the Seymour Lateral Extension Project and whether the existing historical shippers of refined products and NGLs on the Enterprise TEPPCO system will be inappropriately cross-subsidizing the proposed diluent service on the mainline as well as the construction of the Seymour Lateral Extension. If so, this would constitute an undue preference or discrimination contrary to Sections 2 and 3 of the ICA, especially since existing Enterprise TEPPCO shippers have been offered no opportunity to use these facilities, and the facilities will be of no benefit to historical shippers.<sup>4</sup> Simply put, in order for the Commission to make any reasonableness determination, it will need to evaluate whether Enterprise TEPPCO's purported committed and uncommitted rates properly recover the costs associated with all of the facilities utilized to accomplish the service (*i.e.*, the existing 20-inch mainline and the 14-inch

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<sup>4</sup> In *Farmers Union Cent. Exchange, Inc. v. FERC*, the Court specifically stated: "Because oil pipeline rates are charged on a point-to-point basis, such cost allocation [by shipment] ensures that the costs of providing service over a given territory will be recovered only from the companies that use the particular service." 734 F.2d 1486, 1528 (D.C. Cir. 1984) (*Farmers Union II*) (citation omitted). *Farmers Union II* is still controlling law, and the Commission has found that its "subsequent decisions are consistent with this admonition." *SFPP, L.P.*, 86 FERC ¶ 61,022, 61,080 (1999). Further, in the only litigated oil pipeline proceeding to address a departure from a fully-allocated cost methodology for designing rates under the ICA, the Commission took great care to require "particular attention" to the allocation of costs between shippers in order to ensure that one group of shippers did not subsidize another. *Williams Pipe Line Co.*, 68 FERC ¶ 61,136, 61,195 (1994).

Seymour Lateral) and not solely costs of the proposed 44-mile Seymour Lateral Extension Project.

**B. As Proposed, Enterprise TEPPCO's Proposed Priority Service is Contrary To The ICA**

18. In the event that “Enterprise TE pipeline from the Gulf Coast through the Seymour Lateral is in prorationing, committed shippers may choose to pay a priority service rate” (*i.e.*, at least one cent (\$0.01) per barrel higher than the rate for uncommitted diluent shippers). Petition at 6-7. For this the committed shippers, in times of oversubscription and proration, “would be allowed to move their committed volumes without prorationing and the remaining pipeline capacity would be apportioned among all remaining uncommitted volumes seeking to access the pipeline.” *Id.* Nowhere in its Petition does Enterprise TEPPCO justify the impact this priority service will have on historical shippers or their existing volumes. And, it reserves capacity for committed diluent shippers not only on the 44-mile Seymour Lateral Extension, but on the entire Enterprise TEPPCO system from the Gulf Coast. This contrasts with the premium service in *Explorer*, which only reserved capacity on the *new* segment of pipeline, not the entire pipeline. As set forth in *Explorer*,

Explorer explains that while the system has not been under prorationing since December 2007, and it does not expect the new volumes attracted by the Diluent Extension Project to lead to increased periods of prorationing, *when and if the pipeline is under prorationing Explorer will reserve approximately 71 percent of the capacity on the new segment from Peotone to Manhattan for Committed Shippers with priority service.*

*Explorer*, 140 FERC ¶ 61,098 at P 8 (emphasis added).

19. With respect to the impact on the 20-inch mainline and for movements further north, including on the existing 14-inch Seymour Lateral, Enterprise TEPPCO states:

Specifically, based on the historic and projected continued declines in demand for other product movements from the Gulf Coast, during normal pipeline operations Enterprise TE anticipates that after taking into

consideration the proposed movement of diluent it will continue to have at least approximately twenty-six percent (26%) of remaining available capacity for refined products and LPG movements to Creal Springs, Illinois, and approximately forty-four percent (44%) of remaining available capacity for movements further north on its system. This will be the case even after the 14-inch/16-inch pipeline is taken out of service as part of the ATEX project.

Protest at 4.

20. Joint Protestors submit that Enterprise TEPPCO's representations and capacity numbers do not make sense. First, the capacity of the 20-inch mainline, as reported by Enterprise TEPPCO, which goes to and through Creal Springs, Illinois, is approximately 240,000 bpd.<sup>5</sup> Twenty-six percent (26%) of 240,000 is 62,400 bpd, leaving 177,600 bpd of capacity. Enterprise TEPPCO claims that the new Seymour Lateral Extension Project is creating up to "90,000 barrels per day ("bpd") of new diluent transportation capacity." Petition at 3 and 4. What is happening to 87,600 bpd of capacity (*i.e.*, 177,600 bpd minus 90,000 bpd) that remains after the diluent is taken into account? There should be 150,000 bpd or sixty-two and a half percent (62.5%) of the remaining available capacity for refined product and NGL movements on the 20-inch mainline to Creal Springs (*i.e.*, 240,000 bpd minus 90,000 bpd / 240,000 bpd), and not only 62,400 bpd or twenty-six percent (26%) of available capacity for refined products and NGL movements.

21. Moreover, Enterprise TEPPCO claims that for movements north of Creal Springs, Illinois, which would include movements on the existing 14-inch Seymour Lateral, approximately forty-four percent (44%) of remaining space will be available for movements further north. Petition at 4. Enterprise TEPPCO also states that the existing 14-inch Seymour Lateral has a capacity of about 100,000 bpd. *Id.* at 3, fn. 4. Since you must go through the

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<sup>5</sup> Prepared Answering Testimony of Daniel S. Arthur in Docket No. OR11-6-000 (Feb. 17, 2012) at 79 (Attachment 2 hereto).

existing Seymour Lateral to get to the 90,000 bpd Seymour Lateral Extension capacity, that means there would be only about ten percent (10%), not forty-four percent (44%), of capacity remaining available for movements further north based on Enterprise TEPPCO's representations. That is, if you subtract the 90,000 bpd of diluent volumes going to the Seymour Lateral Extension from the 100,000 bpd capacity of the 14-inch Seymour Lateral you get 10,000 bpd (or 10% (not 44%)) of the Seymour Lateral) of capacity remaining available for movements north. In short, the numbers which Enterprise TEPPCO sets forth in its Petition do not appear to match with its existing system and capacities. Worst case, what Enterprise TEPPCO may be saying is that only 10,000 bpd of capacity will be available on the Seymour Lateral for movements of products other than diluent.

22. More importantly, however, Enterprise TEPPCO's request for priority service is inconsistent with existing Commission precedent. As noted above, Enterprise TEPPCO is effectively proposing to lock up approximately 75% of its Gulf Coast to Creal Springs 20-inch mainline capacity, including that associated with its exiting Seymour Lateral, for one class of new shippers, contrary to common carrier principles and the requirements of the ICA. In *Texaco Pipeline, Inc.*, 74 FERC ¶ 61,071 (1996), the Commission rejected as preferential a proposed tariff provision, similar to that being proposed here, that would have essentially locked historical shippers out of 80 percent of the pipeline's capacity that was to be reserved for one class of shippers. The Commission stated:

In conclusion, the tariff grants an unreasonable preference by designating a portion of the pipeline for the exclusive use of a special class of shippers. This preference takes the form of a guarantee of services, which, in effect denies access to other shippers. Thus the tariff violates the common carrier obligation to provide service upon reasonable request.

*Id.* at 61,201. This would be especially the case here, where the preference is being provided not only on the lateral extension, but rather on the entire existing mainline interstate system.

23. Consistent with *Texaco* is the Commission's decision in *TransCanada Keystone Pipeline, L.P.*, 125 FERC ¶ 61,025 (2008). In *Keystone*, the Commission denied the pipeline's request that it approve the proposed discounted rate to be paid by committed shippers whose access to 94.25 percent of the pipeline's capacity would never be subject to prorationing. *Id.* at 61,082. The Commission found this proposal unjust, unreasonable, and unduly discriminatory under the ICA and Commission precedent. *Id.*

24. Enterprise TEPPCO attempts to support its priority service proposal by noting that it held a "widely-publicized open season" whereby all interested shippers had an opportunity to become committed shippers, and that committed shippers will be charged at least \$0.01 per barrel over the uncommitted rate in order to obtain priority service. Petition at 12-13. Both of Enterprise TEPPCO's claims are erroneous and disingenuous.

25. As addressed above, Enterprise TEPPCO's open season was not available to historical shippers on its 20-inch mainline or the existing 14-inch Seymour Lateral. Accordingly, these historical shippers were not provided any opportunity to obtain priority service on a comparable basis. Moreover, Enterprise TEPPCO's claim that "there is nothing inequitable or unfair about preserving on a priority basis a portion of the pipeline's capacity for those shippers whose commitments made possible the pipeline capacity and service that is being offered" is specious. Specifically, the proposed new committed diluent shippers have done nothing to make the 20-inch mainline capacity or the existing 14-inch Seymour Lateral capacity possible. All these committed shippers have done is support an extension of the Seymour Lateral



(i.e., the Seymour Lateral Extension). Yet, if Enterprise TEPPCO were to have its way, this commitment to a relatively minor 44-mile lateral extension would enable the committed shippers to commandeer most of Enterprise TEPPCO system's capacity on the 20-inch mainline and the existing 14-inch Seymour Lateral to the clear detriment of historical shippers. This is clearly unreasonable, since Enterprise TEPPCO's historical shippers are the parties that have made this capacity possible and provided the ability for Enterprise TEPPCO even to offer its new diluent service. Indeed, as Enterprise TEPPCO has not identified what its committed, uncommitted, or priority service diluent rates are or how they were developed, it is not possible to determine whether the diluent shippers are paying for any costs associated with the existing 20-inch mainline or existing 14-inch Seymour Lateral.

26. Enterprise TEPPCO's claim that its proposed premium rate for committed diluent shippers resolves all issues surrounding its priority service is completely unfounded. As noted, no committed, uncommitted, or priority service rates have been identified. Moreover, the proposed priority service is to apply on the entire system and not just on the Seymour Lateral Extension. Accordingly, to the extent that Enterprise TEPPCO's alleged premium rates for diluent service are less than the rates of historical shippers currently on file for 20-inch mainline service and for service on the existing 14-inch Seymour Lateral, Enterprise TEPPCO's alleged premium rates would necessarily need to be considered discounted rates and not any type of a premium rates. Indeed, Enterprise TEPPCO's priority service proposal appears to be nothing more than a veiled attempt to obtain priority service for discounted rates, contrary to established Commission policy and precedent. As the Commission explained in *Enbridge (U.S.) Inc. and ExxonMobil Pipeline Co.*, 124 FERC ¶ 61,199 (2008), permitting shippers with discounted rates to have priority or firm service would be "unjust, unreasonable and unduly discriminatory under

the ICA and applicable precedent.” *See also TransCanada Keystone Pipeline, LP*, 125 FERC ¶ 61,025 at PP 39-51 (2008). Yet this may well be what Enterprise TEPPCO is proposing here. Based on what the pipeline has submitted, it is impossible to tell.

27. In sum, to the extent the committed, uncommitted, or priority service rates are less than those provided for historical shippers on the existing system, this would constitute an undue preference or discrimination contrary to Sections 2 and 3 of the ICA. As reflected in Section 3(1) of the ICA, “It shall be unlawful for any common carrier. . . to make or give any undue or unreasonable preference or advantage to any particular person, company, firm, corporation, association, locality. . . .” Here, historical shippers were not provided a similar opportunity to obtain priority service. The 20-inch mainline and the existing 14-inch Seymour Lateral are not new lines or expansions. Rather, Enterprise TEPPCO is proposing to add the discrete 44-mile Seymour Lateral Expansion (to the existing 900 plus mile system) for the benefit of a select number of diluent shippers and in so doing is providing unduly preferential and discriminatory rate and priority service treatment to the disadvantage of historical shippers on Enterprise TEPPCO’s existing system, including on its 20-inch mainline and the existing 14-inch Seymour Lateral. Enterprise TEPPCO has presented no justification for granting its new diluent shippers a priority or preference over historical shippers on its 20-inch mainline or its exiting 14-inch Seymour Lateral. As such, Enterprise TEPPCO’s Petition should be rejected as violative of Sections 1(4) and 3 of the ICA. *See, e.g., Belle Fourche Pipeline Co.*, 28 FERC ¶ 61,150 (1984).

## V. CONCLUSION

28. For the foregoing reasons, the Commission should decline to issue the declaratory order requested by Enterprise TEPPCO.

Respectfully submitted,

/s/ Richard E. Powers, Jr.

Richard E. Powers, Jr.

Steven A. Adducci

Matthew D. Field

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[repowers@venable.com](mailto:repowers@venable.com)

*Counsel for CHS Inc.; Delta Air Lines, Inc.;*

*Federal Express Corporation; GROWMARK, Inc.;*

*HWRT Oil Company, LLC; Southwest Airlines Co.;*

*United Airlines, Inc. and UPS Fuel Services, Inc.*

June 7, 2013

**CERTIFICATE OF SERVICE**

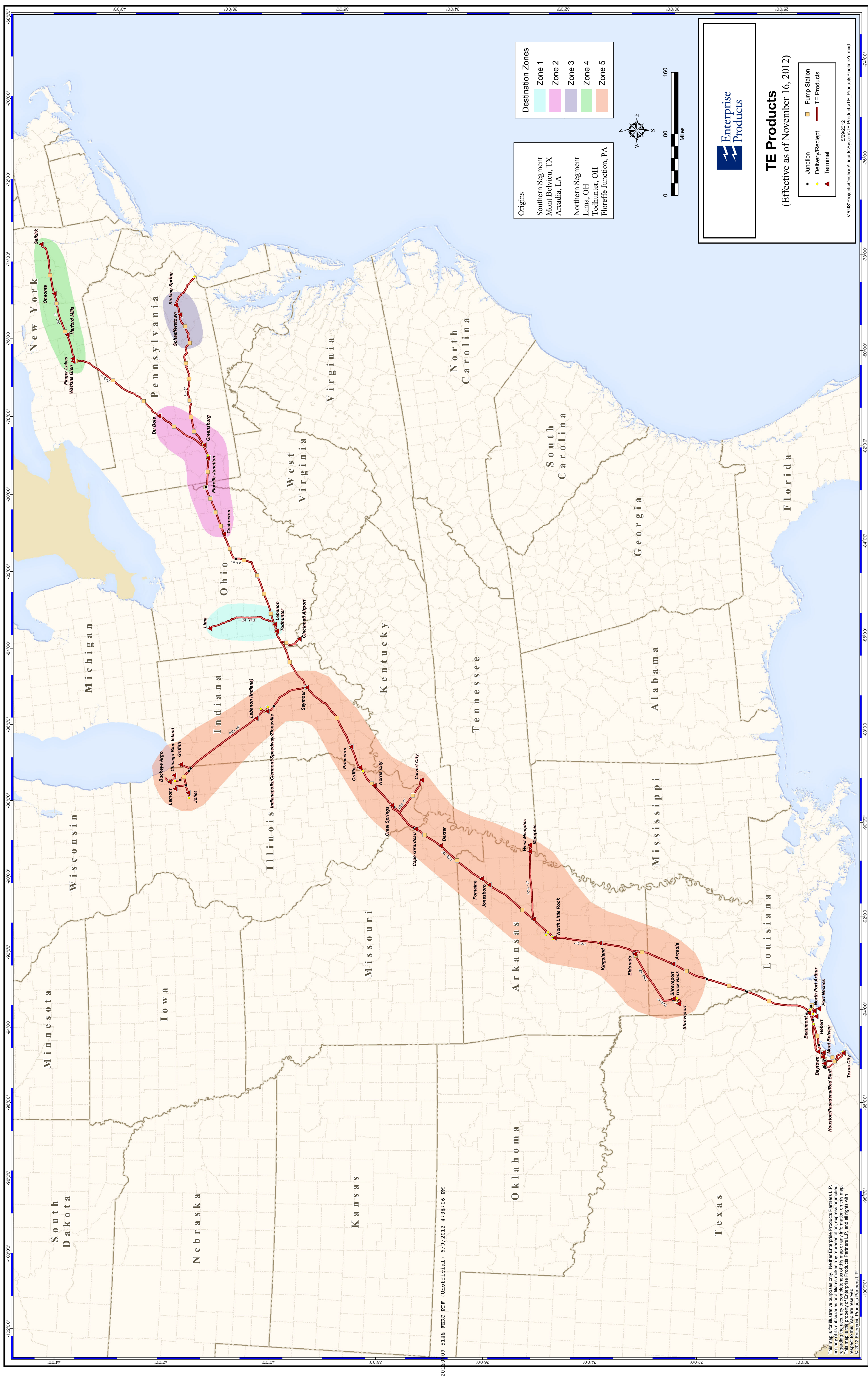
I hereby certify that I have this day served a copy of the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Washington, D.C., this 7<sup>th</sup> day of June 2013.

*/s/ Matthew D. Field*

Matthew D. Field







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**PUBLIC VERSION - CONFIDENTIAL PROTECTED MATERIALS REMOVED**

Exhibit No. CHV-1

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

Enterprise TE Products Pipeline Company LLC §

Docket No. OR11-6-000

**PREPARED ANSWERING TESTIMONY OF DANIEL S. ARTHUR  
ON BEHALF OF CHEVRON PRODUCTS COMPANY**

**February 17, 2012**

## PUBLIC VERSION - CONFIDENTIAL PROTECTED MATERIALS REMOVED

Exhibit No. CHV-1

Page 79 of 87

1 **Q. Does Enterprise TEPPCO's ability to decrease capacity increase the concern**  
2 **regarding a potential exercise of market power?**

3 A. Yes. Based on my market power analysis above, Enterprise TEPPCO possesses market  
4 power over the transportation of motor fuels (gasoline), distillate (diesel), and jet fuel to  
5 Arcadia, LA, Little Rock, AR, and Jonesboro, AR. A decrease in capacity below the  
6 volume currently being transported to and through those locations would decrease supply  
7 to those delivery locations, which would lead to an increase in the wholesale price of  
8 product at each delivery location. With market-based rates, Enterprise TEPPCO could  
9 increase its transportation rates to capture the increased difference in the wholesale price  
10 between its origin and destinations. This concern regarding Enterprise TEPPCO  
11 withholding capacity applies for all three destinations that are the subject of this  
12 proceeding.

13 **Q. Is Enterprise TEPPCO currently approaching capacity on its refined products**  
14 **system through Arcadia, LA, Little Rock, AR, and Jonesboro, AR**

15 A. [REDACTED] As shown in Figure 14, the Beaumont to El Dorado portion of Enterprise  
16 TEPPCO's system, containing the Arcadia, LA delivery location, ran at [REDACTED] of capacity  
17 during peak months, with an average capacity utilization of [REDACTED] to [REDACTED] during the 2009  
18 through 2011 period. While Enterprise TEPPCO's system has a slightly higher capacity  
19 north of El Dorado, containing the Little Rock, AR and Jonesboro, AR delivery locations,  
20 this portion of Enterprise TEPPCO's system had similar peak [REDACTED] and average capacity  
21 utilizations ([REDACTED] to [REDACTED]). Enterprise TEPPCO reports the capacity of the 20-inch line to  
22 be 240 MBPD, [REDACTED]  
23 [REDACTED]  
24 [REDACTED]  
25 [REDACTED]  
26 [REDACTED]

## PUBLIC VERSION - CONFIDENTIAL PROTECTED MATERIALS REMOVED

UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION

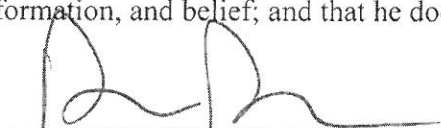
Enterprise TE Products Pipeline Company LLC

Docket No. OR11-6-000

AFFIDAVITCOMMONWEALTH OF MASSACHUSETTS )  
 )  
COUNTY OF MIDDLESEX )

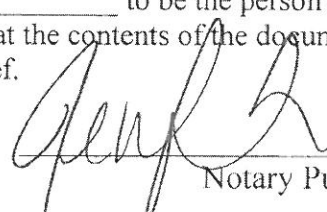
ss.

Daniel S. Arthur, being first duly sworn, deposes and says he is the same Daniel S. Arthur, whose Affidavit accompanies this Prepared Answering Testimony, that such testimony was prepared by him; that he is familiar with the contents thereof; and the facts set forth herein are true and correct to the best of his knowledge, information, and belief; and that he does adopt the same as his sworn testimony in this proceeding.



Daniel S. Arthur

On this 16<sup>th</sup> day of February, 2012, before me, the undersigned notary public, personally appeared Daniel S. Arthur, proved to me through satisfactory evidence of identification, which were Driver's License to be the person whose name is signed above, and who swore or affirmed to me that the contents of the document are truthful and accurate to the best of his knowledge and belief.

  
Notary PublicMy commission expires 2/11/16



**From:** Cook, Mark <GMCOOK@eprod.com>  
**Sent:** Tuesday, May 07, 2013 4:21 PM  
**To:** Powers, Richard E. Jr.  
**Cc:** Tucker, Patrick  
**Subject:** RE: Open Commitment Period for diluent-quality natural gasoline

Thanks Dick. Yes, Enterprise TE treated all requestors on a non-discriminatory, transparent basis, by seeking to be assured of their legitimate interest in the diluent project. Other requests came from business development personnel, whose companies' participation in the oil production or diluent marketing businesses was well known to Enterprise TE, and therefore their interest was evident and they were provided with the open season package. To ensure consistency of treatment, we asked you confirm the party for whom you were seeking the open season package, so that we could likewise verify that party's legitimate interest in the diluent project. If your client's business representatives would like to contact Mr. Tucker and identify their specific interest in the diluent project, Enterprise TE stands ready to reconsider its position.

Best regards,

Mark

-----Original Message-----

From: Powers, Richard E. Jr. [mailto:REPowers@Venable.com]  
Sent: Tuesday, May 07, 2013 11:24 AM  
To: Cook, Mark  
Cc: Tucker, Patrick  
Subject: RE: Open Commitment Period for diluent-quality natural gasoline

Mark,

Good morning. I just wanted to confirm our conversation yesterday in which you and Enterprise Products Partners L.P. refused again to provide me with any information on the open commitment period for diluent-quality natural gasoline. This is information I have been seeking since before the close of the open commitment period. As discussed in recent investors presentations this service is going to be a common carrier service subject to FERC regulation on Enterprise TE Products' 20 inch line from Texas origins though Seymour onto Enterprise TE Products' 14 inch line north to the Chicago area with potential interconnections to TE Products Cochin and TE Products Southern Lights. According to various reports this diluent is destined for Canada to be blended into the heavier Canadian oil sands production.

As I further understand this information was provided to a select group of about 10 companies, including presumably affiliates.

For convenience I have posted the press release regarding this open season below.

Regards, Dick

HOUSTON--(BUSINESS WIRE)--Mar. 19, 2013-- Enterprise Products Partners L.P. (NYSE:EPD) announced today the start of an open commitment period for the purpose of soliciting long-term transportation agreements with interested shippers for movements of diluent-quality natural gasoline from its Mont Belvieu, Texas liquids storage complex to several potential delivery points in and around the Chicago area, including potential connections to the Southern Lights and Cochin pipelines. The final delivery point(s) will be determined after evaluating the binding commitments received.

The open commitment period begins today at 9 a.m. CDT and will close Thursday, April 18, 2013 at 5 p.m. CDT. For commercial inquiries or additional information related to the open commitment period, please contact Patrick Tucker at (713) 381-5429 or [pktucker@eprod.com](mailto:pktucker@eprod.com).

Richard E. Powers, Jr.  
Venable LLP  
575 7th Street, N.W.  
Washington, D.C. 20004-1601

Direct Line: 202-344-4360  
Cell Line: 301-908-6072  
Facsimile: 202-344-8300  
E-mail: [repowers@venable.com](mailto:repowers@venable.com)  
Website: <http://www.venable.com>

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-----Original Message-----

From: Powers, Richard E. Jr.

Sent: Friday, May 03, 2013 12:21 PM

To: 'Cook, Mark'

Cc: Tucker, Patrick

Subject: RE: Open Commitment Period for diluent-quality natural gasoline

Mark,

I represent many current and potential shippers on your system and again request the information that you have already provided to some regarding the open season or commitment period on diluent natural gasoline.

Regards, Dick

Richard E. Powers, Jr.

Venable LLP

575 7th Street, N.W.

Washington, D.C. 20004-1601

Direct Line: 202-344-4360

Cell Line: 301-908-6072

Facsimile: 202-344-8300

E-mail: [repowers@venable.com](mailto:repowers@venable.com)

Website: <http://www.venable.com>

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-----Original Message-----

From: Cook, Mark [mailto:GMCOOK@eprod.com]

Sent: Friday, May 03, 2013 5:51 AM

To: Powers, Richard E. Jr.

Cc: Tucker, Patrick

Subject: Re: Open Commitment Period for diluent-quality natural gasoline

Dick, who is/was the potential shipper on whose behalf you were seeking the information that was made available by Enterprise TE all potential shippers in the diligent project open season?

On May 2, 2013, at 9:52 PM, "Powers, Richard E. Jr."

<REPowers@Venable.com<mailto:REPowers@Venable.com>> wrote:

Mark,

This is very difficult to understand. I have requested information from a common carrier - Enterprise TEPPCO - about an open commitment period that Enterprise TEPPCO has advertised to the public on an existing regulated pipeline ( regulated by the Federal Energy Regulatory Commission ). Enterprise TEPPCO is a common carrier currently regulated by the Federal Energy Regulatory Commission. I am more than happy to talk with you or anybody else at Enterprise TEPPCO, but my request remains the same. Please send me the materials/information that Enterprise TEPPCO sent to other parties/persons that asked about or requested information in response to your open commitment request - information that Enterprise TEPPCO publicly referred to and gave contact information about on your website. This is the information that I have requested during and after the so-called open commitment period. Also please advise as to the status of your solicitation. It is hard to understand, if it is or

was a truly open process offering a service which will be regulated by the Federal Energy Regulatory Commission, that Enterprise TEPPCO will not make available the materials which it indicated are/were available. Moreover, if history is any guide, Enterprise TEPPCO will at some point in the future file something with the Federal Energy Regulatory Commission asking for some sort of ruling as to this open commitment period. At the very minimum, Enterprise TEPPCO will need to file a tariff for the service proposed to be offered and it will impact your future and currently regulated services.

I look forward to receiving the information which TEPPCO has said are/were available - as well as an update on the process. And, if this information is not or has not been made available to other parties/persons or if Enterprise TEPPCO has cancelled the open commitment solicitation, please provide advise and provide an explanation.

Regards, Dick

Sent with Good ([www.good.com](http://www.good.com)<<http://www.good.com>>)

-----Original Message-----

From: Cook, Mark [GMCOOK@eprod.com<<mailto:GMCOOK@eprod.com>>]  
Sent: Thursday, May 02, 2013 05:06 PM Eastern Standard Time  
To: Powers, Richard E. Jr.; Tucker, Patrick  
Subject: RE: Open Commitment Period for diluent-quality natural gasoline

Understood, that is what I want to discuss with you as soon as you are able to call me.

Mark

From: Powers, Richard E. Jr. [<mailto:REPowers@Venable.com>]  
Sent: Thursday, May 02, 2013 5:01 PM  
To: Cook, Mark; Tucker, Patrick  
Subject: Re: Open Commitment Period for diluent-quality natural gasoline

Thanks Mark.

I will call tomorrow. In the meantime, I would still appreciate getting the requested information.

Regards, Dick

Richard E. Powers, Jr.  
Venable LLP  
575 7th Street, N.W.  
Washington, D.C. 20004-1601

Direct Line: 202-344-4360  
Cell Line: 301-908-6072  
Facsimile: 202-344-8300  
E-mail: repowers@venable.com<mailto:repowers@venable.com>  
Website: <http://www.venable.com>

-----  
Sent from my BlackBerry Wireless Handheld

From: Cook, Mark [mailto:GMCOOK@eprod.com]<mailto:[mailto:GMCOOK@eprod.com]>  
Sent: Thursday, May 02, 2013 04:55 PM  
To: Powers, Richard E. Jr.; Tucker, Patrick  
<PKTUCKER@eprod.com<mailto:PKTUCKER@eprod.com>>  
Subject: RE: Open Commitment Period for diluent-quality natural gasoline

Hi Dick, thanks for your message. I called you yesterday, and left you a voice mail. Please note that I am available from 7:00 am to noon tomorrow, but I am out of the office after that. I am also fairly available all day Monday.

I look forward to chatting to you about your request.

Best regards,

Mark Cook  
Assistant General Counsel

<image001.jpg>  
11921 Freedom Drive, Reston, VA 20190  
703-904-4305 office / 703-282-8876 cell / 281-887-7242 fax  
Email: gmcook@eprod.com<mailto:gmcook@eprod.com>

From: Powers, Richard E. Jr.  
[mailto:REPowers@Venable.com]<mailto:[mailto:REPowers@Venable.com]>

Sent: Thursday, May 02, 2013 4:48 PM  
To: Tucker, Patrick  
Cc: Cook, Mark  
Subject: Re: Open Commitment Period for diluent-quality natural gasoline

Mark,

I am out of the office today so will call you tomorrow. In the meantime it would be helpful if you would send me the requested information.

Regards, Dick

Richard E. Powers, Jr.  
Venable LLP  
575 7th Street, N.W.  
Washington, D.C. 20004-1601

Direct Line: 202-344-4360  
Cell Line: 301-908-6072  
Facsimile: 202-344-8300  
E-mail: [repowers@venable.com](mailto:repowers@venable.com)<<mailto:repowers@venable.com>>  
Website: <http://www.venable.com>

-----  
Sent from my BlackBerry Wireless Handheld

From: Tucker, Patrick  
[<mailto:PKTUCKER@eprod.com>]<[mailto:\[mailto:PKTUCKER@eprod.com\]](mailto:[mailto:PKTUCKER@eprod.com])>  
Sent: Tuesday, April 30, 2013 05:41 PM  
To: Powers, Richard E. Jr.  
Cc: Cook, Mark <[GMCOOK@eprod.com](mailto:GMCOOK@eprod.com)<<mailto:GMCOOK@eprod.com>>>  
Subject: RE: Open Commitment Period for diluent-quality natural gasoline

Mr. Powers,

Thank you for your note. Mark Cook will be in touch tomorrow to discuss.

Patrick Tucker

From: Powers, Richard E. Jr.  
[mailto:REPowers@Venable.com]<mailto:[mailto:REPowers@Venable.com]>  
Sent: Tuesday, April 30, 2013 9:55 AM  
To: Tucker, Patrick  
Cc: Totten, Patricia  
Subject: RE: Open Commitment Period for diluent-quality natural gasoline

Mr. Tucker,

I just wanted to close the loop. In response to my April 17, 2013 request for additional information on your open commitment period for diluent-quality natural gasoline, including information on the binding commitments, the term and price of different commitment levels, I have received no information from Enterprise TEPPCO. I did receive a phone call on April 17 from Patricia Totten who would not provide me any information. At this time I renew my request and would appreciate an update on your open season. As I recall, Enterprise TEPPCO is a common carrier and information about its operations should be generally available, especially when it has existing tariffs on file that could be impacted by the open season. It is not clear to me how you can have a legitimate open commitment period when you will not provide information about the open commitment period.

Regards, Dick Powers

Richard E. Powers, Jr.  
Venable LLP  
575 7th Street, N.W.  
Washington, D.C. 20004-1601

Direct Line: 202-344-4360  
Cell Line: 301-908-6072  
Facsimile: 202-344-8300  
E-mail: repowers@venable.com<mailto:repowers@venable.com>  
Website: <http://www.venable.com>

+++++ CONFIDENTIALITY

#### NOTICE

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information contained herein is prohibited. If you have received this email in error, please immediately notify the sender by return email and delete this email from your system. Thank You.

From: Powers, Richard E. Jr.  
Sent: Wednesday, April 17, 2013 11:52 AM  
To: 'pktucker@eprod.com<mailto:pktucker@eprod.com>'  
Subject: Open Commitment Period for diluent-quality natural gasoline

Mr. Tucker,

On Mar. 19, 2013-- Enterprise Products Partners L.P. (NYSE:EPD) announced today the start of an open commitment period for the purpose of soliciting long-term transportation agreements with interested shippers for movements of diluent-quality natural gasoline from its Mont Belvieu, Texas liquids storage complex to several potential delivery points in and around the Chicago area, including potential connections to the Southern Lights and Cochin pipelines. The final delivery point(s) will be determined after evaluating the binding commitments received.

Please send me additional information on this program, including information on the binding commitments, the term and price of different commitment levels.

Regards,

Richard Powers

Richard E. Powers, Jr.  
Venable LLP  
575 7th Street, N.W.  
Washington, D.C. 20004-1601

Direct Line: 202-344-4360  
Cell Line: 301-908-6072  
Facsimile: 202-344-8300  
E-mail: repowers@venable.com<mailto:repowers@venable.com>  
Website: <http://www.venable.com>

+++++ CONFIDENTIALITY

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other applicable tax authority; or (b) promoting, marketing or recommending to another party any tax-related matter addressed herein. We provide this disclosure on all outbound e-mails to assure compliance with new standards of professional practice, pursuant to which certain tax advice must satisfy requirements as to form and substance.

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U.S. Treasury Circular 230 Notice: Any tax advice contained in this communication (including any attachments) was not intended or written to be used, and cannot be used, for the purpose of (a) avoiding penalties that may be imposed under the Internal Revenue Code or by any other applicable tax authority; or (b) promoting, marketing or recommending to another party any tax-related matter addressed herein. We provide this disclosure on all outbound e-mails to assure compliance with new standards of professional practice, pursuant to which certain tax advice must satisfy requirements as to form and substance.

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U.S. Treasury Circular 230 Notice: Any tax advice contained in this communication (including any attachments) was not intended or written to be used, and cannot be used, for the purpose of (a) avoiding penalties that may be imposed under the Internal Revenue Code or by any other applicable tax authority; or (b) promoting, marketing or recommending to another party any tax-related matter addressed herein. We provide this disclosure on all outbound e-mails to assure compliance with new standards of professional practice, pursuant to which certain tax advice must satisfy requirements as to form and substance.

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U.S. Treasury Circular 230 Notice: Any tax advice contained in this communication (including any attachments) was not intended or written to be used, and cannot be used, for the purpose

of (a) avoiding penalties that may be imposed under the Internal Revenue Code or by any other applicable tax authority; or (b) promoting, marketing or recommending to another party any tax-related matter addressed herein. We provide this disclosure on all outbound e-mails to assure compliance with new standards of professional practice, pursuant to which certain tax advice must satisfy requirements as to form and substance.

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**UNITED STATES OF AMERICA BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

Enterprise TE Products Pipeline Company, LLC ) Docket No. OR13-20-000  
) (Petition for Declaratory Order)

## VERIFIED STATEMENT OF COUNSEL

I, Richard E. Powers, Jr., counsel for Delta Air Lines, Inc. (“Delta”) hereby attest and verify that Delta has a substantial economic interest in the captioned matter as a prior and/or potential future interstate shipper of significant jet or aviation turbine fuel volumes from various origins in Texas and Louisiana to Cincinnati/Northern Kentucky International Airport on Enterprise TEPPCO. In the captioned proceeding Enterprise TEPPCO seeks a declaratory order approving a priority service, a tariff rate structure, and a service request allocation methodology on its system. As such, Delta will be directly affected by this petition and has a substantial economic interest in the outcome of this proceeding that cannot be represented by any other party or participant.

Executed this 7<sup>th</sup> day of June 2013.

/s/ Richard E. Powers, Jr.  
Richard E. Powers, Jr.  
Venable LLP  
575 Seventh Street, N.W.  
Washington, D.C. 20004-1601

**UNITED STATES OF AMERICA BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

Enterprise TE Products Pipeline Company, LLC ) Docket No. OR13-20-000  
) (Petition for Declaratory Order)

## VERIFIED STATEMENT OF COUNSEL

I, Richard E. Powers, Jr., counsel for Federal Express Corporation (“FedEx”) hereby attest and verify that FedEx has a substantial economic interest in the captioned matter as a purchaser and consumer of significant jet or aviation turbine fuel volumes, including jet fuel or aviation turbine fuel that can be transported on Enterprise TE Products Pipeline Company LLC’s (“Enterprise TEPPCO”) pipelines from various origins in Texas and Louisiana to Memphis (WesPac Pipeline) in order to ensure that a sufficient supply of jet or aviation fuel is readily available for its operations at its Memphis hub, with impact to its entire transportation network. Further details of FedEx’s interest, including its contract with WesPac Pipeline to obtain supply through Enterprise TEPPCO’s system are set forth in the Verified Statement of Amy Langston dated May 14, 2013, which is attached as Exhibit B to the Joint Motion to Intervene and Protest of Joint Protesters (which included FedEx) filed on May 16, 2013 in FERC Docket No. IS13-265-000. As such, FedEx will be directly affected by this petition and has a substantial economic interest in the outcome of this proceeding that cannot be represented by any other party or participant.

Executed this 7<sup>th</sup> day of June 2013.

/s/ Richard E. Powers, Jr.  
Richard E. Powers, Jr.  
Venable LLP  
575 Seventh Street, N.W.  
Washington, D.C. 20004-1601

**UNITED STATES OF AMERICA BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

Enterprise TE Products Pipeline Company, LLC ) Docket No. OR13-20-000  
) (Petition for Declaratory Order)

## VERIFIED STATEMENT OF COUNSEL

I Richard E. Powers, Jr., counsel for GROWMARK, Inc. (“GROWMARK”), hereby attest and verify that GROWMARK has a substantial economic interest in this proceeding as a past, present, and/or potential future shipper of refined product (*i.e.*, gasoline (motor fuel) and ultra low sulfur diesel (distillate)) on the interstate pipeline system of Enterprise TE Products Pipeline Company, LLC (“Enterprise TEPPCO”) to various destinations including North Little Rock, AR, Cape Girardeau, MO, Lebanon, OH, Princeton, IN, and Shreveport, LA, from various origins in Texas and Louisiana. GROWMARK is also a past, present and/or future shipper of propane on Enterprise TEPPCO’s system. In the captioned proceeding Enterprise TEPPCO seeks a declaratory order approving a priority service, a tariff rate structure, and a service request allocation methodology on its system. As such, GROWMARK will be directly affected by this petition and has a substantial economic interest in the outcome of this proceeding that cannot be represented by any other party or participant.

Executed this 7<sup>th</sup> day of June 2013.

/s/ Richard E. Powers, Jr.  
Richard E. Powers, Jr.  
Venable LLP  
575 Seventh Street, N.W.  
Washington, D.C. 20004-1601



**UNITED STATES OF AMERICA BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

Enterprise TE Products Pipeline Company, LLC ) Docket No. OR13-20-000  
) (Petition for Declaratory Order)

## VERIFIED STATEMENT OF COUNSEL

I, Richard E. Powers, Jr., counsel for HWRT Oil Company, LLC. (“HWRT”), hereby attest and verify that HWRT has a substantial economic interest in this proceeding as a past, present, and/or potential future shipper of refined product (*i.e.* gasoline (motor fuel) and diesel (distillate)) on the interstate pipeline system of Enterprise TE Products Pipeline Company, LLC (“Enterprise TEPPCO”) to various destinations, including North Little Rock, AR, Cape Girardeau, MO (Scott City), Lebanon, OH, Norris City, IL, Princeton, IN, and Shreveport, LA, from various origins in Texas, Louisiana, and Arkansas. In the captioned proceeding Enterprise TEPPCO seeks a declaratory order approving a priority service, a tariff rate structure, and a service request allocation methodology on its system. As such, HWRT will be directly affected by this petition and has a substantial economic interest in the outcome of this proceeding that cannot be represented by any other party or participant.

Executed this 7<sup>th</sup> day of June 2013.

/s/ Richard E. Powers, Jr.  
Richard E. Powers, Jr.  
Venable LLP  
575 Seventh Street, N.W.  
Washington, D.C. 20004-1601

**UNITED STATES OF AMERICA BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

Enterprise TE Products Pipeline Company, LLC ) Docket No. OR13-20-000  
) (Petition for Declaratory Order)

## VERIFIED STATEMENT OF COUNSEL

I, Richard E. Powers, Jr., counsel for (“MFA”) hereby attest and verify that MFA has a substantial economic interest in this proceeding as a past, present, and/or potential future shipper of refined product (*i.e.*, gasoline (motor fuel) and diesel (distillate)) on the interstate pipeline system of Enterprise TE Products Pipeline Company, LLC (“Enterprise TEPPCO”) to Cape Girardeau, MO (Scott City) from origins in Louisiana. In the captioned proceeding Enterprise TEPPCO seeks a declaratory order approving a priority service, a tariff rate structure, and a service request allocation methodology on its system. As such, MFA will be directly affected by this petition and has a substantial economic interest in the outcome of this proceeding that cannot be represented by any other party or participant.

Executed this 7<sup>th</sup> day of June 2013.

/s/ Richard E. Powers, Jr.  
Richard E. Powers, Jr.  
Venable LLP  
575 Seventh Street, N.W.  
Washington, D.C. 20004-1601

**UNITED STATES OF AMERICA BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

Enterprise TE Products Pipeline Company, LLC ) Docket No. OR13-20-000  
) (Petition for Declaratory Order)

## VERIFIED STATEMENT OF COUNSEL

I, Richard E. Powers, Jr., counsel for Southwest Airlines Co. (“Southwest”) hereby attest and verify that Southwest has a substantial economic interest in the captioned matter as a prior, current and/or potential future interstate shipper of significant jet or aviation turbine fuel volumes from various origins in Texas and Louisiana to Chicago, IL and Indianapolis, IN. In the captioned proceeding Enterprise TEPPCO seeks a declaratory order approving a priority service, a tariff rate structure, and a service request allocation methodology on its system. As such, Southwest will be directly affected by this petition and has a substantial economic interest in the outcome of this proceeding that cannot be represented by any other party or participant.

Executed this 7<sup>th</sup> day of June 2013.

/s/ Richard E. Powers, Jr.  
Richard E. Powers, Jr.  
Venable LLP  
575 Seventh Street, N.W.  
Washington, D.C. 20004-1601

**UNITED STATES OF AMERICA BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

Enterprise TE Products Pipeline Company, LLC ) Docket No. OR13-20-000  
) (Petition for Declaratory Order)

## VERIFIED STATEMENT OF COUNSEL

I, Richard E. Powers, Jr., counsel for United Airlines, Inc. (“United”) hereby attest and verify that United has a substantial economic interest in the captioned matter as a prior and/or potential future interstate shipper of significant jet or aviation turbine fuel volumes from various origins in Texas and Louisiana to Chicago and Des Plaines, IL on Enterprise TEPPCO. Certain of United’s suppliers may also ship on Enterprise TEPPCO. Although Enterprise TEPPCO has both a 14/16 inch and 20 inch pipeline, nominations are not made to a specific line, only to the system as a whole. In the captioned proceeding Enterprise TEPPCO seeks a declaratory order approving a priority service, a tariff rate structure, and a service request allocation methodology on its system. As such, United will be directly affected by this petition and has a substantial economic interest in the outcome of this proceeding that cannot be represented by any other party or participant.

Executed this 7<sup>th</sup> day of June 2013.

/s/ Richard E. Powers, Jr.  
Richard E. Powers, Jr.  
Venable LLP  
575 Seventh Street, N.W.  
Washington, D.C. 20004-1601

**UNITED STATES OF AMERICA BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

Enterprise TE Products Pipeline Company, LLC ) Docket No. OR13-20-000  
) (Petition for Declaratory Order)

## VERIFIED STATEMENT OF COUNSEL

I, Richard E. Powers, Jr., counsel for UPS Fuel Services, Inc. (“UPS Fuel”) hereby attest and verify that UPS Fuel has a substantial economic interest in the captioned matter as a prior, current and/or potential future interstate shipper of ultra law sulfur diesel (“ULSD”) (distillate) in the interstate pipeline system of Enterprise TE Products Pipeline Company, LLC (“Enterprise TEPPCO”) from various origins in Texas and Louisiana to Indianapolis, IN, Lebanon, IN, North Little Rock AR, and Seymour, IN. In the captioned proceeding Enterprise TEPPCO seeks a declaratory order approving a priority service, a tariff rate structure, and a service request allocation methodology on its system. As such, UPS Fuel will be directly affected by this petition and has a substantial economic interest in the outcome of this proceeding that cannot be represented by any other party or participant.

Executed this 7<sup>th</sup> day of June 2013.

/s/ Richard E. Powers, Jr.  
Richard E. Powers, Jr.  
Venable LLP  
575 Seventh Street, N.W.  
Washington, D.C. 20004-1601

**FERC ICA OIL TARIFF**

**FERC No. 55.28.0**

**Issued in lieu of FERC Nos. 55.26.0 and 55.27.0 which were withdrawn  
(cancels FERC No. 55.25.0)**

**NOTICE OF TEMPORARY EMBARGO**

Certain items in this tariff remain under investigation in Docket No. IS12-203-000 issued April 13, 2012, subject to refund, hearing procedures, and further order of the Commission. Suspension Notice (See Page 18)

**ENTERPRISE TE PRODUCTS PIPELINE COMPANY LLC**

LOCAL AND JOINT PIPELINE TARIFF  
IN CONNECTION WITH WOOD RIVER PIPE LINES LLC  
FOR  
NON-INCENTIVE AND VOLUME INCENTIVE RATES  
CONTAINING RULES & REGULATIONS GOVERNING

THE TRANSPORTATION AND HANDLING OF

PETROLEUM PRODUCTS

AND UNFINISHED GASOLINE

TRANSPORTED BY PIPELINE

FROM ORIGINS IN ARKANSAS, ILLINOIS, INDIANA, LOUISIANA AND TEXAS

TO DESTINATIONS IN ARKANSAS, ILLINOIS, INDIANA, KENTUCKY, LOUISIANA, MISSOURI, OHIO, TENNESSEE AND TEXAS

~~[C] Filed in accordance with the terms of the settlement agreement filed with the Commission in Docket No. IS12-203-000 on April 3, 2013.~~

~~[C] Issued on twenty seven (27) days' notice under authority of 18 CFR § 341.14. This tariff publication is conditionally accepted subject to refund pending a 30 day review period.~~

**NOTICE OF TEMPORARY EMBARGO**

Enterprise TE FERC Tariff No. 55.23.0 was issued to temporarily embargo movements of Refined Products with origins outside of the state of Ohio to Lima and Lebanon, Ohio and Cincinnati/Northern Kentucky International Airport destinations. Enterprise TE requests that the temporary embargo remain in effect until a tariff filing is made to cancel the embargo and specify the date that the pipeline is operational. Movements to all other origins and destinations are unaffected by this embargo.

**[F1], [F2], [F3], and [F4] This tariff contains rates that are higher for shorter than longer distances over the same route. Such departure from the terms of the amended Fourth Section of the Interstate Commerce Act is permitted by authority of the Federal Energy Regulatory Commission, Fourth Section Applications dated March 14, 2003, May 14, 2010, March 21, 2011, and March 16, 2012 respectively, as indicated herein.**

THE RATES NAMED IN THIS TARIFF ARE FILED IN COMPLIANCE WITH 18 CODE OF FEDERAL REGULATIONS § 342.3 (INDEXING) AND § 342.4(B) (MARKET-BASED) PURSUANT TO THE COMMISSION'S ORDER ON APPLICATION FOR MARKET POWER DETERMINATION, TE PRODUCTS PIPELINE COMPANY, L.P., DOCKET NO. OR99-6-000, ISSUED APRIL 25, 2001.

All rates in this tariff are expressed in cents-per-barrel of forty-two (42) U. S. gallons, are subject to change as provided by law and are governed by the provisions found under the General Rules & Regulations shown herein.

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

**ISSUED**

**May 1, 2013**

**EFFECTIVE**

**June 1, 2013**

ISSUED AND COMPILED BY  
Diane A. Daniels  
Enterprise TE Products Pipeline Company LLC  
1100 Louisiana Street, Suite 1000  
Houston, Texas 77002-5227  
(713) 381-4751

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**TABLE OF CONTENTS**


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<b>Subject</b>	<b>Item No.</b>	<b>Page No.</b>
Explanation of Abbreviations		19
Explanation of Reference Marks		20
General Rules & Regulations		
A List of Definitions	5	3,4
Application of Rates for Intermediate Points	10	4
Claims, Time for Filing	20	5
Facilities Required at Origins & Destinations	25	5
Identity of Shipments and Commingling	35	5
In System Inventory Allowed	40	5
Jet Fuel Filtration	45	5
Liability of Carrier	50	6
Measurements and Deductions	55	6
Minimum Consignment	60	6
Minimum Shipment	65	7
Non-Compatible Product Handling	70	7
Payment of Transportation and Other Charges	75	8
Product Acceptable	80	8
Product Disposition If No Facilities Provided at Destination	85	9
Product Involved in Litigation or Encumbered	90	9
Proration of Pipeline Capacity	95	9
Reconsignment	100	9
Separate Pipeline Agreements	110	10
Tax Registration	125	10
Tenders	130	10
Testing	135	10
Volume Incentive Rates (In Cents-per-bbl.)		
Incentive Rates for Jonesboro Destination	210	11
Incentive Rates for Memphis (Lion Oil Terminal) Destination	220	12
Incentive Rates for Memphis (Wespac Pipeline) Destination	230	13
Non-Incentive Rates (In Cents-per-bbl.)		
Non-Incentive Rates for Motor Fuel	300	14
Non-Incentive Rates for Distillate	310	15
Non-Incentive Rates for Jet Fuel	320	16
Non-Incentive Rates for Unfinished Gasoline	330	17
Route Directory		18
Suspension Notice		18

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## GENERAL RULES & REGULATIONS

The General Rules & Regulations published herein apply in their entirety to the services covered by this tariff, i.e., to the transportation and handling of Product(s) between the origin(s) and destination(s) named herein.

### ITEM NO. 5

### A List of Definitions

<b>Agreement</b>	Refers to the transportation agreement that has been executed by any Shipper with the Carrier in order to qualify for specific volume incentive rates as set forth in Item Nos. 210 thru 230.
<b>Agreement Period(s)</b>	Refers to the period beginning on the Commencement Date or any anniversary thereof and ending 365 or, if applicable, 366 days later during the term of an Agreement.
<b>Agreement Term</b>	(a)With respect to the volume incentive rates set forth in Item No. 210, refers to ten (10) consecutive Agreement Periods.  (b)With respect to the volume incentive rates set forth in Item No. 220, refers to the period beginning on the Commencement Date and continuing in effect for five (5) consecutive Agreement Periods.  (c)With respect to the volume incentive rates set forth in Item No. 230, refers to the period beginning on the Commencement Date and continuing in effect for fifteen (15) consecutive Agreement Periods.
<b>Allowed Inventory</b>	The amount of inventory of each Common Shipment, by grade, that a Shipper is allowed to keep in the System to meet its delivery requirements, in accordance with Item No. 40.
<b>Average Inventory</b>	The sum of a Shipper's end of day Common Shipment inventory, by grade, for each day during the Month divided by the total number of days in the Month.
<b>Barrel(s)</b>	Forty-two (42) United States Gallons at 60° F.
<b>Batch</b>	A quantity of a Product handled through Carrier's pipeline facilities as a unit.
<b>Brand Shipment</b>	A Shipment of Products of uniform quality having the same specifications, which Shipment, Shipper desires separate identity and segregation from a Common Shipment so as to receive, as nearly as reasonably practicable, the same Products as delivered.
<b>Carrier</b>	Refers to Enterprise TE Products Pipeline Company LLC ("Enterprise TE") and other pipelines participating herein.
<b>Commencement Date</b>	The date established pursuant to the Agreement.
<b>Common Shipment</b>	Any Shipment of Products not a Brand Shipment; Common Shipments may be commingled with other Products of similar quality and specifications in effect at time Product is tendered.
<b>Excess Inventory Charge</b>	The charge to Shipper for holding inventory in excess of its Allowed Inventory as provided in Item No. 40.
<b>Excess Inventory Charge Rate</b>	The rate of [U]One Dollar and twenty-six cents (\$1.26) per Barrel used in Item No. 40 to determine the Excess Inventory Charges.
<b>Minimum Volume</b>	Represents the aggregate minimum quantity of Product(s) that Shipper guarantees to ship and take delivery of at destination during a designated time period which will allow that Shipper to qualify for specific volume incentive rates as set forth in Item Nos. 210 thru 230, inclusive.
<b>Month</b>	Means a calendar month.
<b>Petroleum Products</b>	<b>Motor Fuels</b> -- Includes finished and subgrade gasoline grades subject to Item No. 80 of this tariff.  <b>Distillates</b> -- Includes diesel fuel, ULSD and petroleum distillates subject to Item No. 80 of this tariff.  <b>Jet Fuel</b> -- Refers to fungible Jet-A turbine fuel subject to Item No. 80 of this tariff.



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## GENERAL RULES & REGULATIONS (Continued)

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**ITEM NO. 5 (Continued)****A List of Definitions**


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<b>Product(s)</b>	When mentioned in this tariff, represents individually and collectively, Petroleum Products and Unfinished Gasoline.
<b>Regular Capacity</b>	Means pipeline capacity available.
<b>Shipment(s)</b>	Includes both Brand Shipment and Common Shipment transported under the terms and conditions of this tariff.
<b>Shipper(s)</b>	All shippers who transport Product under the terms and conditions of this tariff, with and without an Agreement.
<b>Tender Deductions</b>	Refers to the deduction to delivered volumes as set forth in Item No. 55 of this tariff.
<b>ULSD</b>	Includes ultra low sulfur diesel subject to Item No. 80 of this tariff.
<b>Unfinished Gasoline</b>	Subject to the approval of the Carrier, includes natural gasoline, condensate, raffinate, straight-run gasoline, naphtha and similar Products subject to Item No. 80 of this tariff.

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**ITEM NO. 10****Application of Rates for Intermediate Points**


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For Shipments accepted for transportation from any origin not named in this tariff to a destination named in this tariff, the rate for such shipment shall be the rate specified herein from the closest named origin to such named destination to which such unnamed origin would be an intermediate point.

For Shipments accepted for transportation from an origin named in this tariff to any destination not named in this tariff, the rate for such shipment shall be the rate specified herein from the named origin to the closest named destination to which such unnamed destination would be an intermediate point.

For Shipments accepted for transportation, an origin not named in this tariff to a destination not named in this tariff, the rate for such shipment shall be the rate specified herein from the closest named origin to the closest named destination to which such unnamed origin and unnamed destination are intermediate points.

Carrier will file a tariff publication applicable to the transportation movement within thirty (30) days of the start of the service if the intermediate point is to be used on a continuous basis for more than thirty (30) days.

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**GENERAL RULES & REGULATIONS (Continued)**

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**ITEM NO. 20****Claims, Time for Filing**

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As a condition precedent to recovery, claims must be made in writing to Carrier within nine (9) Months after receipt of delivery of the Shipment, or in case of a failure to make delivery, then within nine (9) Months after a reasonable time for delivery has elapsed. Suit against Carrier must be instituted by Shipper or its consignee 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 for loss or damage are not filed or suits are not instituted thereon in accordance with the foregoing provisions, such claims will not be paid, and Carrier shall not be liable therefor.

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**ITEM NO. 25****Facilities Required at Origins & Destinations**

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Shipments will be accepted for transportation hereunder only when:

a. Shipper has provided facilities satisfactory to Carrier capable of delivering Product at the origins at pressures and volumetric flow levels required by Carrier, and

b. Shipper or consignee has provided the necessary facilities at destination for receiving such Shipments without delay at pressures and at volumetric flow levels required by Carrier.

Carrier will not handle at any one point in time more than three (3) types or grades of Product at the McRae, Arkansas facilities for deliveries to destinations under this tariff, unless Carrier has sufficient facilities at McRae, Arkansas to accommodate more than three (3) types or grades of Product.

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**ITEM NO. 35****Identity of Shipments and Commingling**

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Except for Brand Shipments, Product transported through Carrier's facilities for Shippers will be intermixed with substantially similar Products and shall be subject to changes in quality and other characteristics as may result from such intermixing. Except for Brand Shipments, Shipper shall not be entitled to receive the same Product tendered by it to Carrier under this tariff.

Subject to the foregoing, Carrier will reasonably endeavor to maintain the identity of Brand Shipments of Products.

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**ITEM NO. 40****In System Inventory Allowed**

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In order to accommodate the needs of all Shippers and to keep the pipeline system from becoming congested, Carrier will limit the level of inventory of Common Shipments that each Shipper is allowed to maintain in the system pursuant to Carrier's then current publication, "In System Inventory Allowed Policy", dated May 14, 2010, as such may be modified from time to time. A copy of this document is available upon request from the tariff compiler referenced on the title page of this tariff.

When an Excess Inventory Charge is to be assessed pursuant to Carrier's aforementioned "In System Inventory Allowed Policy", Shipper will be assessed an Excess Inventory Charge determined by multiplying the Excess Inventory Charge Rate times the difference between the Shipper's end of Month Average Inventory and the Shipper's Allowed Inventory.

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**ITEM NO. 45****Jet Fuel Filtration**

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Carrier does not warrant nor in any way represent to Shipper that Jet Fuel as delivered by Carrier is suitable or otherwise fit for use in the operation of any aircraft. Carrier disclaims any and all warranties, express, implied or statutory, as to the Jet Fuel including but not limited to its merchantability or fitness for a particular purpose. Shipper shall have the ultimate responsibility for the filtration of Jet Fuel and not Carrier. Furthermore, Shipper shall have complete responsibility to provide all necessary tankage and filter facilities to assure that Jet Fuel is suitable for aircraft consumption.

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**GENERAL RULES & REGULATIONS (Continued)**

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**ITEM NO. 50****Liability of Carrier**

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Carrier shall not be liable for any loss or delay of, or damage to Products in or formerly in its possession caused by an act of God, public enemy, quarantine, authority of law, strike, riot, fire, flood, or act or default of Shipper or consignee, or for any other cause not due to the sole negligence of Carrier, whether similar or dissimilar to the causes herein enumerated; in such cases, except when Products involved in such loss are part of a Common Shipment, the owner of the Products shall stand the loss without a right to recourse against Carrier. In case the Product involved is part of a Common Shipment, the owner shall stand the loss from Carrier in the same proportion as the amount accepted for transportation and actually in Carrier's custody bears to the whole of the Common Shipment of all other Shippers participating in the Common Shipment from which loss occurs. The owner of such Product shall be entitled to receive only such portion of its Common Shipment as is left after deducting the due proportion of the loss as determined above.

Carrier shall not be liable for discoloration, commingling, contamination or deterioration of Product transported unless such discoloration, commingling, contamination or deterioration is caused by the sole negligence of Carrier. Normal commingling which occurs between Batches may be divided as equitably as practicable among Shippers participating in the Batches causing the commingling.

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**ITEM NO. 55****Measurement and Deductions**

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Quantities of Product received and delivered shall be determined by dynamic or static measurement methods in accordance with appropriate American Petroleum Institute (API) standards, latest revision, and adjusted to base (reference or standard) conditions. The base conditions for the measurement of liquids having a vapor pressure equal to or less than atmospheric pressure at base temperature are as follows: pressure - 14.696 psia and temperature - 60° F. Shipper may have the privilege of being present or represented at the time of measurement.

Except as provided in Item No. 50 of this tariff, Carrier will be accountable for delivery at any destination, excluding Des Plaines, Illinois, of one hundred percent (100%) of the original Shipment tender to the origins.

Except as provided in Item No. 50 of this tariff, Carrier will be accountable for delivery at Des Plaines, Illinois of ninety-nine and nine tenths percent (99.9%) of the original Shipment tendered to the origins. A deduction of one-tenth of one percent (0.1%) (the Tender Deduction) will be made to cover evaporation and other normal Product losses during transportation.

Shipper shall be responsible for product downgrades and/or interfaces.

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**ITEM NO. 60****Minimum Consignment**

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The minimum consignment of five thousand (5,000) Barrels of one Batch may be delivered to any destination other than West Memphis, Arkansas and Memphis (WesPac Pipeline), Tennessee;

The minimum consignment of twenty-five thousand (25,000) Barrels of one Shipment may be delivered to West Memphis, Arkansas;

The minimum consignment of twenty-five thousand (25,000) Barrels of one Shipment may be delivered to Memphis (WesPac Pipeline), Tennessee; provided that delivery of such consignment does not result in reducing the continuing Shipment below ten thousand (10,000) Barrels for movements in Carrier's 20" diameter pipeline or below ten thousand (10,000) Barrels for movements in Carrier's 16" diameter pipeline.

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**GENERAL RULES & REGULATIONS (Continued)**

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**ITEM NO. 65****Minimum Shipment**

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Except for movements to the destinations at Arcadia, Louisiana, Jonesboro and North Little Rock, Arkansas, the minimum quantity of a Shipment which will be accepted at points of origin, other than the Hebert and Houston, Texas origins on the Colonial Pipeline System and Clermont, Indiana, by Carrier shall be fifty thousand (50,000) Barrels, provided, however:

a. Common Shipments will be accepted by Carrier in tender of not less than ten thousand (10,000) Barrels when the total of the tenders of a Common Shipment at one particular time will make a Batch of fifty thousand (50,000) Barrels or more of like characteristics at the point of origin;

b. To the extent compatible with the efficient and economic use and operation of Carrier's facilities and pursuant to Shipper's request, Brand Shipments will be accepted in tenders and moved in a Batch of not less than ten thousand (10,000) Barrels;

c. Shipper requesting a Brand Shipment shall be responsible for any commingling of Brand Shipments and Common Shipments resulting from the movement of such Batch; and

The minimum quantity of a Common Shipment which will be accepted at the Hebert and Houston, Texas origins on the Colonial Pipeline System shall be twenty-five thousand (25,000) Barrels. Brand Shipments will not be accepted at the Hebert and Houston, Texas origins on the Colonial Pipeline System.

The minimum quantity of Petroleum Products which will be accepted at Clermont, Indiana by Carrier is twenty thousand (20,000) Barrels, provided, however, that to the extent compatible with the efficient and economic use and operation of Carriers facilities and pursuant to Shipper's request, Brand Shipment will be accepted in tenders and moved in a Batch of not less than ten thousand (10,000) Barrels. Shipper shall be responsible for any commingling of the Brand Shipments with Common Shipments resulting from the movement of such Batch.

For movements to the destinations at Arcadia, Louisiana, Jonesboro and North Little Rock, Arkansas, the minimum quantity of Shipment which will be accepted by Carrier at origin shall be ten thousand (10,000) Barrels.

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**ITEM NO. 70****Non-Compatible Product Handling**

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Shipper will be responsible for any Product that is delivered to Carrier at any origin that does not meet the certificate requirements as set forth in Item No. 135 (Testing). Carrier will elect one of the following options to handle the non-compatible Product: (1) Shipper will remove the non-compatible Product or (2) Shipper shall pay a penalty in the amount of [U]twenty (20¢) cents per gallon for reprocessing the non-compatible Product or 3) Shipper shall pay Carrier actual cost for the disposal plus handling and maintenance charges associated with the disposal of the non-compatible Product.

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**GENERAL RULES & REGULATIONS (Continued)**

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**ITEM NO. 75****Payment of Transportation and Other Charges**

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The transportation charges and all other charges accruing on Products accepted for transportation under this tariff shall be based on the applicable rates contained in other tariffs referencing this tariff.

Carrier may require that all payments to Carrier for services pertaining to the transportation of Products be wire transferred in accordance with the instructions on the Carrier's invoice to Shipper.

In the event Carrier determines that the financial condition of a Shipper or Shipper's guarantor (if any) is or has become impaired or unsatisfactory or Carrier determines it is necessary to obtain security from a Shipper, Carrier, upon notice to Shipper, will require any of the following prior to Carrier's delivery of Shipper's Products in Carrier's possession or prior to Carrier's acceptance of Shipper's Products: (1) prepayment of all charges by wire transfer and shall be held by the Carrier without interest accruing thereon until credited to Shipper, (2) a letter of credit at Shipper's expense in favor of Carrier in an amount sufficient to ensure payment of all such charges and, in a form, and from an institution acceptable to Carrier, or (3) a guaranty in an amount sufficient to ensure payment of all such charges, and in a form, and from a third party acceptable to Carrier. 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.

Carrier shall have a lien on all Products in its possession belonging to Shipper to secure the payment of charges due by said Shipper and may withhold such Products from delivery until all of such unpaid charges shall have been paid. If such charges shall remain unpaid for ten (10) days after notice of readiness to deliver, or if Shipper has less than five thousand (5,000) gallons of Products in Carrier's system which Shipper fails to remove after ten (10) days' notice from Carrier, Carrier shall have the right to sell said Products at public or private sale. Carrier may be a bidder and purchaser at such sale. From the proceeds of such sale, Carrier may pay itself all charges lawfully accruing and all expenses of such sale, and the balance remaining, if any, shall be held for whomsoever may be lawfully entitled thereto.

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**ITEM NO. 80****Product Acceptable**

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Carrier reserves the right to reject any Products under this tariff which would have a potential adverse effect on any Product Shipments or otherwise disrupt the efficient use of Carrier's facilities. Products tendered by Shipper pursuant to this tariff for movement as part of a Common Shipment shall meet the specifications for the individual Product as set forth in Carrier's then current product specification dated May 14, 2010, which shall be modified or substituted from time to time and at any time. A copy of this document is available upon request from the tariff compiler referenced on the title page of this tariff.

Subject to these General Rules & Regulations, Product as herein defined will be accepted for transportation at the origins at such time as Products of similar quality and specifications are currently being transported or Carrier is scheduling such Products for Shipment from such origins to destination in accordance with Carrier's sequence of pumping.

Products which will be accepted hereunder are only those having an API Gravity of not less than 30° and not more than 90°, a vapor pressure of not more than 11 pounds per square inch absolute at the storing temperature, a temperature on receipt of not more than 100° F, viscosity not greater than 40 seconds Saybolt Universal and a color not darker than 2.5 ASTM. Any blending components other than pure hydrocarbons must be approved by Carrier.

Shippers requesting Product to be moved as a Brand Shipment may be required to furnish buffer material in reasonable amounts and quantities satisfactory to Carrier for Shipments of Products. When Shipper is required under this item to provide buffer material for the Shipments of Products, Shipper will pay the same rate for the transportation of such buffer material as is the tariff rate applicable to the transportation of the Products the buffer material is being utilized to buffer.

Shipper may be required by Carrier to inject oil-soluble corrosion inhibitors acceptable to Carrier in the Products to be transported. Carrier, for corrosion protection, may inject corrosion inhibitors, and Products containing such inhibitors shall be accepted by Shipper or consignee of Shipper at destination.

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**GENERAL RULES & REGULATIONS (Continued)**

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**ITEM NO. 85****Product Disposition If No Facilities Provided at Destination**

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In the event Shipper is unable to have Product delivered to it hereunder at destination, as a result of any cause, Carrier agrees to reasonably cooperate with Shipper with respect to Shipper's disposal of such Product in Carrier's facilities; provided, however, if Shipper fails to make provisions for such disposal, Carrier shall have the right, at Shipper's sole cost and expense and for Shipper's account, to dispose of any such Product at the best commercial price then available under existing circumstances in order to free Carrier's facilities.

Carrier shall not be liable to Shipper or its consignee because of such disposition, and Shipper or its consignee shall pay for all costs thereof, the same as if Shipper or its consignee had requested or authorized such disposition.

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**ITEM NO. 90****Product Involved In Litigation or Encumbered**

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Carrier shall have the right to reject any Product, when offered for transportation, which may be involved in litigation, or the title of which may be in dispute, or which may be encumbered by lien or charge of any kind, and Carrier may require of Shipper satisfactory evidence of perfect and unencumbered title or satisfactory indemnity bond to protect Carrier against any and all losses.

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**ITEM NO. 95****Proration of Pipeline Capacity**

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When quantities of Product greater than can be transported are offered to Carrier for Shipment through Carrier's facilities, Carrier shall allocate available transportation on an equitable basis to all Shippers' pursuant to Carrier's then current proration policy dated May 14, 2010. A copy of this document is available upon request from the tariff compiler referenced on the title page of this tariff.

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**ITEM NO. 100****Reconsignment**

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If no out-of-line or back-haul movement is required, Shipper may, on forty-eight (48) hours' written notice to Carrier, and subject to (i) the applicable rate from point of origin to final destination, (ii) Carrier's pumping schedule and (iii) all other General Rules & Regulations herein, reconsign any Shipment or portion of any Shipment to destinations named in lawful tariffs applying on Products issued by or concurred in by Carrier, provided that such Product so reconsigned shall meet the applicable minimum consignment rules for such destination.

In the event Shipper or its consignee does not have adequate facilities available to receive Products from the line without delay at the time any Shipment or portion thereof arrives at a destination to which it is consigned, Carrier will reconsign said Shipment or any undelivered portion thereof to a destination where facilities are available to receive it and Carrier shall not be liable for any damage, loss in transit, or loss in storage which may occur by reason of such reconsignment. Such reconsignment shall have the same effect as though requested by Shipper and Shipper shall pay transportation charges and all other charges from point of origin to actual final destinations.

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**ITEM NO. 110****Separate Pipeline Agreements**

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Separate agreements, if applicable, in association with pipeline connections or other facilities ancillary to the Carrier's pipeline system and in accordance with this tariff shall be required of any Shipper or consignee before any obligation to provide transportation shall arise.

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## GENERAL RULES & REGULATIONS (Continued)

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**ITEM NO. 125****Tax Registration**

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Shipper and its consignors and consignees shall be required to provide Carrier with proof of registration with or tax exemption from the appropriate Federal and/or State tax authorities related to the collection and payment of fuels excise tax or other similar taxes, levies or assessments. Shipper and its consignors and consignees shall further be required to immediately notify Carrier of any changes in their registration or tax exemption status. 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. 75.

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**ITEM NO. 130****Tenders**

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Carrier shall not be obligated to accept tenders for transportation of Products during any Month unless the Shipper shall, on or before the fifth (5th) day of the preceding Month, notify the Carrier in the Transport 4 ® website ([www.transport4.com](http://www.transport4.com)) or any other form of communication reasonably requested by Shipper which can be accommodated by Carrier, of the quantity of such Product which it desires to deliver at origin. [N] Carrier will cease to accept nominations for the following services after June 1, 2013: (a) interstate transportation of Distillates in Item Nos. 210, 220 and 230 (Volume Incentive Rates) and Item No. 310 (Non-Incentive Rates), and (b) interstate transportation of Jet Fuel in Item No. 230 (Volume Incentive Rates) and Item No. 320 (Non-Incentive Rates). Carrier will continue to provide jet fuel service under its separate FERC Tariff No. 58.0.0 and reissues thereof from Lima, Ohio to the Cincinnati Airport. Notwithstanding the preceding paragraph, if requested by Carrier, Shipper shall furnish Carrier with a schedule of the expected deliveries of Products at origin and withdrawals at destination, setting forth Shipper's best estimate of daily rate of deliveries and withdrawals, and dates on which such deliveries and withdrawals shall commence. Acceptance of such schedule shall not constitute an obligation on the part of Carrier to meet such schedule.

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**ITEM NO. 135****Testing**

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Shipper shall furnish Carrier with a certificate setting forth in detail specifications of each Shipment of Products offered for transportation under the this tariff, and Shipper shall be liable for any contamination or damage to other Products being transported, or to Carrier's pipeline or other facilities in the event the Products tendered and shipped include blending components other than pure hydrocarbons that have not been approved by Carrier, or substandard to the specifications stated in Shipper's certificate. Carrier may-- but shall not be required to--sample and/or test any Shipment prior to acceptance or during receipt of Shipment, and in the event of variance between said certificate and Carrier's test, Carrier's test shall prevail as to the specifications of Products received.

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## VOLUME INCENTIVE RATES (In Cents-per-bbl.) (Continued)

### ITEM NO. 210

**Incentive Rates for Jonesboro Destination**  
[U] All rates in this item are unchanged.

PRODUCT	DESTINATION	ORIGIN									
		Baytown (Harris Co., TX)	Beaumont (Jefferson Co., TX)	El Dorado (Union Co., AR)	Hebert (I) (Beaumont - Port Arthur) (Jefferson Co., TX)	Houston (I) (Pasadena) (Harris Co., TX)	Pasadena (Harris Co., TX)	Port Neches (Jefferson Co., TX)	Red Bluff (Harris Co., TX)	Shreveport (Caddo Parish, LA)	Texas City (Galveston Co., TX)
Motor Fuel	Jonesboro (P) (Lawrence Co., AR)	155.57	152.86	123.18	176.19	158.31	158.31	155.57	161.03	152.60	158.31
Distillate		161.40	158.69	129.01	182.03	164.13	164.13	161.40	166.85	158.43	164.13

### TERMS AND CONDITIONS

Rates, terms and conditions set forth in this item, supplements to and successive issues thereof will apply to Shipments of any Shipper agreeing in writing to have transported a volume of one million eight hundred twenty five thousand (1,825,000) Barrels of Petroleum Products (Minimum Volume), for an Agreement Period, from the origins to the destination for rates contained in this tariff, during the Agreement Term, counting from the effective date of the Agreement--subject to the following terms and conditions:

a) If at the end of such Agreement Period the volume of Petroleum Products shipped by Shipper is less than the Minimum Volume, Shipper shall pay Carrier within fifteen (15) days, [U]one dollar and twenty cents (\$1.20) times the number of Barrels Shipper is deficient. Such amount will be considered by Carrier as prepaid transportation, shall not bear interest, and will be credited to Shipper at the rate of [U] sixty cents (60¢) per Barrel against transportation charges on future volumes of Petroleum Products that Shipper may elect to ship to such destination from such origins for a period of twelve (12) Months after the Agreement Term or until the prepaid transportation is fully credited to Shipper, whichever comes first. However, if Shipper elects to enter into a new shipment agreement under this tariff for the yearly period immediately following the Agreement Term, then the foregoing prepaid transportation shall be credited to Shipments under such agreement, but only after the Minimum Volume for such year has been shipped.

b) If during an Agreement Period, Carrier is unable to transport all of the volume offered for Shipment by Shipper (within the limitations of the Agreement and this tariff) and Shipper thereby fails to comply with the Minimum Volume obligation, then such volume, which Carrier was unable to transport, shall be deemed to be shipped for the purpose of determining compliance by Shipper of its Minimum Volume obligation; provided that Shipper gives Carrier written notice within thirty (30) days after the end of the Agreement Period.



**VOLUME INCENTIVE RATES (In Cents-per-bbl.) (Continued)**

**ITEM NO. 220**

**Incentive Rates for Memphis (Lion Oil Terminal) Destination**  
[U] All rates in this item are unchanged.

PRODUCT	DESTINATION	ORIGIN
Motor Fuel	Memphis (Lion Oil Terminal) (Shelby Co., TN)	El Dorado (Union Co., AR)
Distillate		100.1
Unfinished Gasoline		104.4
		121.1

**TERMS AND CONDITIONS**

Rates set forth in this item will apply to Shipments of Product of any Shipper that agrees to in writing to transport a Minimum Volume of four million (4,000,000) Barrels of Product during an Agreement Period, subject to the following rules and regulations:

a. If the volume of Product shipped by Shipper and delivered at destination during an Agreement Period is less than the Minimum Volume, Shipper shall pay to Carrier within fifteen (15) days after the end of the Agreement Period a deficiency charge of [U]seventy and five tenths cents (70.5¢) times the number of Barrels that Shipper is deficient. Any deficiency charge paid by Shipper shall be considered by Carrier as prepaid transportation, shall not bear interest, and will be credited to Shipper at the prepaid rate of [U]seventy and five tenths cents (70.5¢) per Barrel against transportation charges on Product delivered to Shipper at destination under and during the continuance of this Agreement in any future Agreement Period after the Minimum Volume has been received by Shipper at destination for such future Agreement Period.

b. Upon termination of the Agreement between Carrier and Shipper, any prepaid transportation remaining payable to Shipper under the provisions set forth in this item, shall not be reimbursable except that for a period not to exceed twelve (12) Months thereafter or any other period mutually agreed to by Carrier and Shipper, Shipper shall have the right to a credit of [U]seventy and five tenths cents (70.5¢) per Barrel against the then effective non-incentive rate for Product shipped by Shipper over Carrier's facilities from the origin to destination, as set forth in this tariff, as long as any of the prepaid transportation has not been utilized. Carrier shall be under no obligation to reimburse Shipper if Shipper should have any such prepaid transportation remaining at the expiration of twelve (12) Month period or any other period mutually agreed to by Carrier and Shipper. Furthermore, any such shipment of Product after termination of the Agreement shall be subject to the terms and conditions of the then effective non-incentive tariff relating to such transportation of Product from the origin to the destination.

## VOLUME INCENTIVE RATES (In Cents-per-bbl.) (Continued)

### ITEM NO. 230

#### Incentive Rates for Memphis (Wespac Pipeline) Destination

[U] All rates in this item are unchanged.

PRODUCT	DESTINATION	ORIGIN							
		Baytown (Harris Co., TX)	Beaumont (Jefferson Co., TX)	Hebert (1) (Beaumont - Port Arthur) (Jefferson Co., TX)	Houston (1) (Pasadena) (Harris Co., TX)	Port Neches (Jefferson Co., TX)	Red Bluff (Harris Co., TX)	Shreveport (Caddo Parish, LA)	Texas City (Galveston Co., TX)
Motor Fuel, Distillate & Jet Fuel	Memphis (WesPac Pipeline) (Shelby Co., TN)	147.4	145.3	163.3	165.4	147.4	151.6	145.1	149.5

### TERMS AND CONDITIONS

Rates set forth herein will apply to Shipments delivered to WesPac Pipeline at Memphis, Tennessee of Product of any Shipper that agrees to in writing to transport a total guaranteed volume obligation of eighty million four hundred and eighty one thousand (80,481,000) Barrels of Product for fifteen (15) successive Agreement Periods during an agreement term, subject to the following rules and regulations:

a. If the volume of Product shipped by Shipper and delivered at destination during an Agreement Period is less than the Minimum Volume as set forth in Table 1 below, Shipper shall pay to Carrier within thirty (30) days after the end of the Agreement Period a deficiency charge of [U]fifty cents (50¢) times the number of Barrels that Shipper is deficient. Any deficiency charge paid by Shipper shall be considered by Carrier as prepaid transportation, shall not bear interest, and will be credited to Shipper at the prepaid rate of [U] fifty cents (50¢) per Barrel against transportation charges on Product delivered to Shipper at destination under and during the continuance of this Agreement in any future Agreement after the Minimum Volume has been received by Shipper at destination for such future Agreement Period.

b. Upon termination of the Agreement between Carrier and Shipper, any prepaid transportation remaining payable to Shipper under the provisions set forth in paragraph a, shall not be reimbursable. Carrier shall be under no obligation to reimburse Shipper if Shipper should have any such prepaid transportation remaining at the expiration of Agreement. Furthermore, any such shipment of Product after termination of this Agreement shall be subject to the terms and conditions of any applicable tariff relating to such transportation of Product.

c. In the event Carrier is prevented from performing its obligation hereunder, due to a Force Majeure Event, the Minimum Volume obligation of Shipper shall abate in the same proportion as the inability of Carrier during the period of such Force Majeure. As used herein the terms "Force Majeure Event" and "Force Majeure" refers to, without limitation, acts of God; lockouts or other industrial disturbances; inability to obtain or delay in obtaining appropriate rights-of-way, permits, licenses, materials, supplies, or labor; acts of public enemy; wars; blockades; insurrection; riots; epidemics; landslides; lightning; earthquakes; fires; storms; floods; washouts; arrests; and restraints of governments and people; civil disturbances; explosions; breakage of or accidents to machinery; equipment or lines of pipe; freezing of lines of pipe; valid rules, regulations or orders of governments or governmental agencies; proration or allocation of any transportation of the Product; and other causes, whether of the same kind herein enumerated or otherwise, beyond the reasonable control of the party claiming such Force Majeure Event.

Shipper and Carrier shall enter into an Agreement prior to any delivery of Product under this tariff, which Agreement shall contain mutually acceptable and agreeable terms and conditions consistent with this tariff.

Table 1	
Agreement Period(s)	Minimum Volume (Barrels)
1	4,927,000
2	5,037,000
3	5,146,000
4	5,256,000
5	5,365,000
6 thru 15	5,475,000

# NON-INCENTIVE RATES (In Cents-per-bbl.)

## ITEM NO. 300

### Non-Incentive Rates for Motor Fuel

[U] All rates in this item are unchanged.

DESTINATION	ORIGIN												
	Baytown (Harris Co., TX)	Beaumont (Jefferson Co., TX)	Clermont (Hendricks Co., IN)	Creal Springs - Centennial Pipeline (P)(4) (Marion Co., IL)	El Dorado (3) (Union Co., AR)	Hebert (1) (Beaumont - Port Arthur (Jefferson Co., TX)	Houston (1) (Pasadena (Harris Co., TX)	North Port Arthur (5) (Jefferson Co., TX)	Pasadena (Harris Co., TX)	Port Neches (Jefferson Co., TX)	Red Bluff (Harris Co., TX)	Shreveport (Caddo Parish, LA)	Texas City (Galveston Co., TX)
Arcadia (P) (Bienville Parish, LA)	125.23	123.30	--	--	--	155.01	156.95	137.72	125.23	123.30	127.49	--	125.23
Beaumont - Centennial Pipeline (Jefferson Co., TX)	125.23	115.1	--	--	--	134.5	136.7	--	125.23	117.4	127.49	--	125.23
Cape Girardeau (Scott Co., MO)	[F4] 224.0	[F4] 210.5	--	[F4] 56.18	[F4] 188.1	[F4] 229.8	[F4] 232.1	[F4] 223.4	[F4] 224.0	[F4] 212.7	[F4] 224.0	[F4] 210.3	[F4] 224.0
Chicago (Cook Co., IL)	[F1] 188.8	[F1] 175.0	120.8	67.71	[F1] 152.2	[F1] 194.8	[F1] 197.1	[F3] 188.2	[F1] 188.8	[F1] 177.3	[F1] 188.8	[F1] 174.8	[F1] 188.8
Griffith (Lake Co., IN)	[F1] 188.8	[F1] 175.0	120.8	67.71	[F1] 152.2	[F1] 194.8	[F1] 197.1	[F3] 188.2	[F1] 188.8	[F1] 177.3	[F1] 188.8	[F1] 174.8	[F1] 188.8
Indianapolis (Hendricks Co., IN)	246.47	234.9	--	64.87	212.5	254.2	256.5	247.8	250.35	237.1	250.35	234.7	255.37
Jonesboro (P)	202.46	199.10	--	--	162.33	227.99	205.84	215.24	205.84	202.64	209.23	198.78	205.84
Lebanon (Warren Co., OH) *	238.8*	225.2*	--	79.08*	202.9*	244.6*	246.8*	238.1*	238.8*	227.5*	238.8*	225.0*	238.8*
Lima (2) (Allen Co., OH) *	255.4*	241.9*	--	97.31*	219.5*	261.2*	263.5*	254.8*	255.4*	244.1*	255.4*	241.7*	255.4*
Memphis (Lion Oil Terminal) (Shelby Co., TN)	--	--	--	--	173.0	--	--	--	--	--	--	--	--
Memphis (WesPac Pipeline) (Shelby Co., TN)	216.8	203.3	--	--	--	222.6	224.9	216.2	--	205.5	216.8	203.1	216.8
Norris City (White Co., IL)	[F2] 216.9	[F2] 203.4	--	56.18	[F2] 181.0	[F2] 222.7	[F2] 225.0	[F3] 216.3	[F2] 216.9	[F2] 205.6	[F2] 216.9	[F2] 203.2	[F2] 216.9
North Little Rock (P) (Pulaski Co., AR)	170.02	167.86	--	--	138.20	203.19	205.52	184.00	170.02	167.86	172.19	167.32	170.02
Princeton (Gibson Co., IN)	[F2] 218.5	[F2] 205.0	--	56.90	[F2] 182.6	[F2] 224.4	[F2] 226.6	[F3] 217.9	[F2] 218.5	[F2] 207.3	[F2] 218.5	[F2] 204.8	[F2] 218.5
Seymour (Jackson Co., IN)	[F2] 220.9	[F2] 207.4	--	57.75	[F2] 185.0	[F2] 226.7	[F2] 229.0	[F3] 220.3	[F2] 220.9	[F2] 209.6	[F2] 220.9	[F2] 207.2	[F2] 220.9
Shreveport Area Truck Rack (Bossier Parish, LA)	151.1	137.6	--	--	115.2	157.0	159.2	150.5	151.1	139.9	151.1	--	151.1
Speedway (Marion Co., IN)	246.47	234.9	--	64.87	212.5	254.2	256.5	247.8	250.35	237.1	250.35	234.7	255.37
West Memphis (Crittenden Co., AR)	216.8	203.3	--	--	171.1	222.6	224.9	216.2	216.8	205.5	216.8	203.1	216.8
Zionsville (Boone Co., IN)	246.47	234.9	--	64.87	212.5	254.2	256.5	247.8	250.35	237.1	250.35	234.7	255.37

NON-INCENTIVE RATES (In Cents-per-bbl.)

ITEM NO. 310

Non-Incentive Rates for Distillate  
[U] All rates in this item are unchanged.

DESTINATION	ORIGIN												
	Baytown (Harris Co., TX)	Beaumont (Jefferson Co., TX)	Clermont (Hendricks Co., IN)	Creal Springs - Centennial Pipeline (P)(4) (Marion Co., IL)	El Dorado (3) (Union Co., AR)	Hebert (1) (Beaumont - Port Arthur) (Jefferson Co., TX)	Houston (1) (Pasadena) (Harris Co., TX)	North Port Arthur (5) (Jefferson Co., TX)	Pasadena (Harris Co., TX)	Port Neches (Jefferson Co., TX)	Red Bluff (Harris Co., TX)	Shreveport (Caddo Parish, LA)	Texas City (Galveston Co., TX)
Arcadia (P) (Bienville Parish, LA)	131.82	130.03	--	--	--	161.60	163.55	144.44	131.82	130.03	134.06	--	131.82
Beaumont - Centennial Pipeline (Jefferson Co., TX)	129.4	115.9	--	--	--	135.2	137.5	--	129.4	118.1	129.4	--	129.4
Cape Girardeau (Scott Co., MO)	[F4] 229.5	[F4] 216.0	--	[F4] 59.62	[F4] 193.6	[F4] 235.3	[F4] 237.6	[F4] 228.9	[F4] 229.5	[F4] 218.2	[F4] 229.5	[F4] 215.8	[F4] 229.5
Chicago (Cook Co., IL)	[F1] 188.8	[F1] 175.0	120.8	71.27	[F1] 152.2	[F1] 194.8	[F1] 197.1	[F3] 188.2	[F1] 188.8	[F1] 177.3	[F1] 188.8	[F1] 174.8	[F1] 188.8
Griffith (Lake Co., IN)	[F1] 188.8	[F1] 175.0	120.8	71.27	[F1] 152.2	[F1] 194.8	[F1] 197.1	[F3] 188.2	[F1] 188.8	[F1] 177.3	[F1] 188.8	[F1] 174.8	[F1] 188.8
Indianapolis (Hendricks Co., IN)	256.3	242.7	--	68.40	220.4	262.1	264.3	255.6	256.3	245.0	256.3	242.5	256.3
Jonesboro (P) (Lawrence Co., AR)	209.70	206.32	--	--	169.55	235.23	213.06	222.46	213.06	209.23	216.44	206.01	213.06
Lebanon (Warren Co., OH) *	246.7*	233.2*	--	86.25*	210.8*	252.5*	254.8*	246.1*	246.7*	235.4*	246.7*	233.0*	246.7*
Lima (2) (Allen Co., OH) *	260.4*	237.5*	--	100.85*	224.5*	266.2*	268.4*	259.7*	260.4*	249.1*	260.4*	246.6*	260.4*
Memphis (Lion Oil Terminal) (Shelby Co., TN)	--	--	--	--	173.0	--	--	--	--	--	--	--	--
Memphis (WesPac Pipeline) (Shelby Co., TN)	221.3	207.8	--	--	--	227.1	229.4	220.7	--	210.1	221.3	207.6	221.3
Norris City (White Co., IL)	[F2]223.1	[F2]209.5	--	59.74	[F2]187.2	[F2]228.9	[F2]231.1	[F3] 222.4	[F2] 223.1	[F2]211.8	[F2]223.1	[F2]209.3	[F2]223.1
North Little Rock (P) (Pulaski Co., AR)	177.55	175.21	--	--	145.74	210.53	212.71	191.35	177.55	175.21	179.40	174.69	177.55
Princeton (Gibson Co., IN)	[F2]225.1	[F2]211.6	--	60.47	[F2]189.2	[F2]230.9	[F2]233.2	[F3] 224.5	[F2] 225.1	[F2]213.8	[F2]225.1	[F2]211.3	[F2]225.1
Seymour (Jackson Co., IN)	[F2]229.1	[F2]215.5	--	61.31	[F2]193.2	[F2]234.9	[F2]237.1	[F3] 228.4	[F2] 229.1	[F2]217.8	[F2]229.1	[F2]215.3	[F2]229.1
Shreveport Area Truck Rack	155.4	141.9	--	--	119.5	161.2	163.5	154.8	155.4	144.2	155.4	--	155.4
(Bossier Parish, LA)	256.3	242.7	--	68.40	220.4	262.1	264.3	255.6	256.3	245.0	256.3	242.5	256.3
Speedway (Marion Co., IN)	221.3	207.8	--	--	185.4	227.1	229.4	220.7	221.3	210.1	221.3	207.6	221.3
West Memphis (Crittenden Co., AR)	256.3	242.7	--	68.40	220.4	262.1	264.3	255.6	256.3	245.0	256.3	242.5	256.3
Zionsville (Boone Co., IN)													

# NON-INCENTIVE RATES (In Cents-per-bbl.)(Continued)

ITEM NO. 320

Non-Incentive Rates for Jet Fuel  
[U] All rates in this item are unchanged.

DESTINATION	ORIGIN											
	Baytown (Harris Co., TX)	Beaumont (Jefferson Co., TX)	Clermont (Hendricks Co., IN)	El Dorado (Union Co., AR)	Hebert (1) (Beaumont - Port Arthur) (Jefferson Co., TX)	Houston (1) (Pasadena) (Harris Co., TX)	North Port Arthur (5) (Jefferson Co., TX)	Pasadena (Harris Co., TX)	Port Neches (Jefferson Co., TX)	Red Bluff (Harris Co., TX)	Shreveport (Caddo Parish, LA)	Texas City (Galveston Co., TX)
Chicago (Cook Co., IL)	[F1]198.4	[F1]185.8	110.2	--	[F1]203.8	[F1]205.9	[F3]197.8	[F1]198.4	[F1]187.9	[F1]198.4	[F1]185.6	[F1]198.4
Cincinnati/Northern Kentucky International Airport (Kenton Co., KY) *	308.3*	301.3 *	--	--	320.7 *	322.9 *	314.2 *	308.3 *	303.6 *	308.1 *	301.1 *	308.3 *
Des Plaines (J) (Cook Co., IL)	231.35	218.75	--	--	236.75	238.85	--	231.35	220.85	231.35	218.55	231.35
Griffith (Lake Co., IN)	[F1]198.4	[F1]185.8	110.2	--	[F1]203.8	[F1]205.9	[F3]197.8	[F1]198.4	[F1]187.9	[F1]198.4	[F1]185.6	[F1]198.4
Indianapolis (Hendricks Co., IN)	256.3	242.7	--	--	262.1	264.3	255.6	236.9	245.0	256.3	242.5	256.3
Lebanon (Warren Co., OH) *	246.7*	233.2 *	--	--	252.5 *	254.8 *	246.1 *	246.7 *	235.4 *	246.7 *	233.0 *	246.7 *
Lima (2) (Allen Co., OH) *	260.4 *	246.8 *	--	--	266.2 *	268.4 *	259.7 *	260.4 *	249.1 *	260.4 *	246.6 *	260.4 *
Memphis (WesPac Pipeline) (Shelby Co., TN)	232.1	218.5	--	--	237.9	240.2	231.4	--	220.8	232.1	218.3	232.1
North Little Rock (P) (Pulaski Co., AR)	177.55	175.21	--	145.74	210.53	212.71	191.35	177.55	175.21	179.40	174.69	177.55
Speedway (Marion Co., IN)	256.3	242.7	--	--	262.1	264.3	255.6	236.9	245.0	256.3	242.5	256.3
Zionsville (Boone Co., IN)	256.3	242.7	--	--	262.1	264.3	255.6	236.9	245.0	256.3	242.5	256.3

NON-INCENTIVE RATES (In Cents-per-bbl.)(Continued)			
ITEM NO. 330			
Non-Incentive Rates for Unfinished Gasoline			
[U] All rates in this item are unchanged.			
		ORIGIN	
DESTINATION	Mont Belvieu (Chambers Co., TX)	Red Bluff (Harris Co., TX)	
Chicago (Cook Co., IL)	[F1] 193.4	--	
Griffin (Posey Co., IN)	206.7	--	
Griffith (Lake Co., IN)	[F1] 193.4	--	
Princeton (Gibson Co., IN)	[F2]186.0	200.0	

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## SUSPENSION NOTICE

### Applies to Suspended FERC Tariff No. 55.11.0

Issued under authority of 18 CFR § 341.4(f) and in compliance with the Order of the Federal Energy Regulatory Commission in Docket No. IS12-203-000 issued April 13, 2012.

By Order of the Federal Energy Regulatory Commission, Tariff No. 55.11.0 issued by Enterprise TE is accepted and suspended, to become effective November 16, 2012, subject to refund. See below for the ordering paragraph.

### UNITED STATES OF AMERICA FEDERAL ENERGY REGULATORY COMMISSION

Docket No. IS12-203-000  
Order Accepting and Suspending Tariff Records  
Subject to Refund and Conditions  
(Issued April 13, 2012)

The Commission orders:

(A) Pursuant to the authority contained in the Interstate Commerce Act, particularly section 15(7) thereof, Enterprise's FERC Tariff Nos. 54.15.0 and 55.11.0 are accepted for filing and suspended, to become effective November 16, 2012, subject to refund, hearing procedures, and to further order of the Commission.

(B) Pursuant to the authority contained in the Interstate Commerce Act, particularly sections 15(1) and 15(7) thereof, and the Commission's regulations, a hearing is established to address the issues raised by Enterprise's filing.

(C) A Presiding Administrative Law Judge (ALJ) to be designated by the Chief Administrative Law Judge, for the purpose pursuant to 18 C.F.R. § 375.302 (2011), shall convene a prehearing conference in this proceeding to be held within twenty (20) days of the issuance of this order in a hearing or conference room of the Federal Energy Regulatory Commission, 888 First Street, NE, Washington, DC 20426. The prehearing conference shall be held to clarify positions of the participants, and for the ALJ to establish any procedural dates for the hearing. The ALJ is authorized to conduct further proceedings pursuant to this order and the Commission's Rules of Practice and Procedure.

By the Commission.

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## ROUTE DIRECTORY

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Rates in tariff apply via all routes made by use of Carrier's lines and via use of CPL lines from Hebert (Beaumont - Port Arthur) and Houston (Pasadena), Texas to Beaumont, Texas.

Via Enterprise TE's lines from all \*origins to Argo, Illinois; Thence, from Argo, Illinois via Wood River lines to Des Plaines, Illinois.

\* Hebert and Houston, Texas are CPL origins.

From Creal Springs, Illinois via use of Carrier's lines to Chicago and Norris City, Illinois; Griffith, Indianapolis, Princeton and Seymour, Indiana; Cape Girardeau, Missouri and Lebanon and Lima, Ohio.

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## EXPLANATION OF ABBREVIATIONS

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<b>API</b>	American Petroleum Institute
<b>API Gravity</b>	Gravity determined in accordance with ASTM Designation D287-67 and revisions thereof.
<b>ASTM</b>	American Society for Testing and Materials.
<b>ASTM Color</b>	Color determined by the ASTM (color of petroleum products Method ASTM Designated D1500-68 and D156-68 and revisions thereof).
<b>Bbl.</b>	Barrel
<b>CFR</b>	Code of Federal Regulations
<b>CPL</b>	Colonial Pipeline Company
<b>Co.</b>	County
<b>F</b>	Fahrenheit
<b>FERC</b>	Federal Energy Regulatory Commission
<b>No.</b>	Number
<b>psia</b>	Pounds per square inch absolute
<b>&amp;</b>	And
<b>¢</b>	Cents
<b>°</b>	Degrees
<b>\$</b>	Dollars
<b>%</b>	Percent
<b>§</b>	Section



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## EXPLANATION OF REFERENCE MARKS

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- (1) Denotes CPL origin.
- (3) Carrier's pipeline between Shreveport, Louisiana and El Dorado, Arkansas will generally accommodate eastbound shipments. Tenders for westbound shipments of Petroleum Products from El Dorado, Arkansas to Shreveport, Louisiana will only be accepted once all tenders have been accepted for the eastbound shipments.
- (4) Carrier's pipeline between Cape Girardeau, Missouri and Creal Springs, Illinois will generally accommodate northbound shipments. Tenders for southbound shipments of Petroleum Products from Creal Springs, Illinois to Cape Girardeau, Missouri will only be accepted once all tenders have been accepted for the northbound shipments.
- (5) North Port Arthur origin is the interconnect between Enterprise Refined Products Company LLC's North Port Arthur storage facility and Enterprise TE.
- [F1] Section Four rates, fourth section application dated March 14, 2003, effective April 14, 2003.
- [F2] Section Four rates, fourth section application dated May 14, 2010, effective June 14, 2010.
- [F3] Section Four rates, fourth section application dated March 21, 2011, effective April 1, 2011.
- [F4] Section Four rates, fourth section application dated March 16, 2012, effective April 16, 2012.
- (J) Joint rates in connection with Wood River Pipe Lines LLC.
- (P) Rates for the applicable origin(s) or destination(s) are not market based. All other rates are market based.
- \* The pipeline system is out of service.
- [C] Cancel.
- [N] New.
- [U] Unchanged rate.
-

**FERC ICA OIL TARIFF****FERC No. 54.23.0**  
(cancels FERC No. 54.22.0)**NOTICE OF TEMPORARY EMBARGO**  
**[C] ~~SEE SUSPENSION NOTICE PAGE 16~~**

[N] Certain items in this tariff remain under investigation in Docket No. IS12-203-000 issued April 13, 2012, subject to refund, hearing procedures, and further order of the Commission. Suspension Notice (See Page 15)

**ENTERPRISE TE PRODUCTS PIPELINE COMPANY LLC**

LOCAL PIPELINE TARIFF  
 FOR  
 NON-INCENTIVE AND VOLUME INCENTIVE RATES  
 CONTAINING  
 RULES AND REGULATIONS  
 GOVERNING THE TRANSPORTATION AND HANDLING OF  
 PROPANE, BUTANES AND BUFFER MATERIAL  
 TRANSPORTED BY PIPELINE  
 FROM ORIGINS  
 IN  
 LOUISIANA, OHIO, PENNSYLVANIA AND TEXAS  
 TO DESTINATIONS  
 IN  
 ARKANSAS, ILLINOIS, INDIANA, KENTUCKY, LOUISIANA, MISSOURI, NEW YORK, OHIO, AND PENNSYLVANIA

[N] Filed in accordance with the terms of the settlement agreement filed with the Commission in Docket No. IS12-203-000 on April 3, 2013.

[N] Issued on twenty-seven (27) days' notice under authority of 18 CFR § 341.14. This tariff publication is conditionally accepted subject to refund pending a 30 day review period.

**NOTICE OF TEMPORARY EMBARGO**

There are leaks in and around Enterprise TE's facilities at Todhunter, OH, and it is necessary to test the integrity of the storage caverns at Todhunter, OH. Enterprise TE FERC Tariff No. 54.22.0 is being issued to temporarily embargo movements of propane and butane at Lima, OH. Enterprise TE requests that the temporary embargo remain in effect until a tariff filing is made to cancel the embargo and specify the date that the pipeline is operational. Movements to all other origins and destinations are unaffected by this embargo.

**[C] ~~CORRECTION NOTICE~~**

~~To correct an inadvertent clerical error in Item No. 145 Volume Incentive Rates for Propane. The rate from Mont Belvieu, TX to Calvert City, KY was stated in error as 248.00 cents per barrel. The correct rate should have read 269.63 cents per barrel.~~

All rates in this tariff are expressed in cents-per-barrel of forty-two (42) U.S. gallons and are subject to change as provided by law and are governed by the provisions found under the General Rules & Regulations herein.

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

**ISSUED****April 3, 2013****EFFECTIVE****May 1, 2013****ISSUED AND COMPILED BY**

Diane A. Daniels  
 Enterprise TE Products Pipeline Company LLC  
 1100 Louisiana Street, Suite 1000  
 Houston, Texas 77002-5227  
 (713) 381-4751

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**TABLE OF CONTENTS**


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<b>Subject</b>	<b>Item No.</b>	<b>Page No.</b>
Explanation of Abbreviations		16
Explanation of Reference Marks		16
General Rules & Regulations		
A List of Definitions	5	3, 4
Application of Rates for Intermediate Points	10	4
Buffer Material	15	4
Claims, Time for Filing	20	4
December-through-February Charges	30	5
Delivery Services at Joliet and Lemont, Illinois	35	5
Facilities Required at Origins and Destinations	40	5
Identity of Shipments	45	5
Inventory Requirement	50	5
Liability of Carrier	55	6
Measurement and Deductions	60	6
Minimum Consignment	65	6
Minimum Shipment	70	7
Non-Compatible Product Handling	75	7
Payment of Transportation and Other Charges	80	8
Product Acceptable	85	8
Product Disposition If No Destination Facilities Provided	90	8
Product Involved in Litigation or Encumbered	95	9
Proration of Pipeline Capacity	100	9
Reconsignment	105	9
Seasonal Product Movements	110	9
Separate Pipeline Agreements	115	9
Tax Registration	120	9
Tenders	125	10
Testing	130	10
Rates (In Cents-per-bbl.)		
Non-Incentive Rates for Propane (Southern Segment Origins)	135	11
Non-Incentive Rates for Propane (Northern Segment Origins)	140	12
Volume Incentive Rates for Propane	145	13
Non-Incentive Rates for Butanes (Southern Segment Origins)	150	14
Non-Incentive Rate for Buffer Material	160	14
Route Directory		15
Suspension Notice		15

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## GENERAL RULES & REGULATIONS

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**The General Rules & Regulations published herein apply in their entirety to the services covered by this tariff, i.e., to the transportation and handling of Product(s) between the origin(s) and destination(s) named herein.**

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### ITEM NO. 5

### A List of Definitions

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<b>Agreement</b>	Refers to the agreed transportation arrangements between Shipper and Carrier.
<b>Agreement Period(s)</b>	Refers to the period beginning on the Commencement Date or any anniversary thereof ending 365 or, if applicable, 366 days later during the Agreement Term.
<b>Agreement Term</b>	Refers to the period beginning on the Commencement Date and continuing for five (5) consecutive Agreement Periods.
<b>Barrel</b>	Forty-two (42) United States Gallons at 60° F.
<b>Batch</b>	A quantity of Products handled through the pipeline as a unit.
<b>Buffer Material</b>	Carrier designated buffer material meeting Carrier's then current product specification, dated May 14, 2010, as such may be modified from time to time. A copy of this document is available upon request from the tariff compiler referenced on the title page of this tariff.
<b>Butanes</b>	Butanes are defined as iso-butane and/or refinery grade normal butane, meeting Carrier's then current product specification dated May 14, 2010, as such may be modified from time to time. A copy of this document is available upon request from the tariff compiler referenced on the title page of this tariff.
<b>Carrier</b>	Refers to Enterprise TE Products Pipeline Company LLC.
<b>Commencement Date</b>	The date established pursuant to the Agreement.
<b>Deficiency Charge(s)</b>	Charges assessed against Shipper resulting from Shipper not satisfying the Minimum Annual Volume requirements as set forth in Item No. 145 of this tariff.
<b>LPGs</b>	Means liquefied petroleum gases or means Product(s).
<b>Minimum Annual Volume</b>	Refers to Shipper's guarantee to ship and take delivery of at destination a minimum quantity of Propane for each Agreement Period as set forth in Item No. 145 of this tariff.
<b>Minimum Guaranteed Volume</b>	Refers to Shipper's guarantee to ship and take delivery of at destination a minimum quantity of one hundred thousand (100,000) Barrels per month of Butanes for the Obligation Period.
<b>Month</b>	Represents the period beginning at 12:00 a.m. (midnight) local Houston, Texas, time on the first day of a calendar month and ending at 12:00 a.m. (midnight) local Houston, Texas, time on the first day of the next calendar month.
<b>Obligation Period(s)</b>	Refers to any twelve (12) consecutive Month period.
<b>Prepaid Rate</b>	Represents [U] forty-two cents (42.0¢) per Barrel.
<b>Prepaid Transportation</b>	Represents Deficiency Charges to be credited to Shipper's account.
<b>Product(s)</b>	Refers collectively to Propane, Butanes (including iso-butane and/or refinery grade normal butane) and Buffer Material.
<b>Propane</b>	Propane meeting Carrier's then current product specification, dated May 14, 2010, as such may be modified from time to time. A copy of this document is available upon request from the tariff compiler referenced on the title page of this tariff.

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## GENERAL RULES & REGULATIONS (Continued)

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### ITEM NO. 5

### A List of Definitions (Continued)

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<b>Refined Products</b>	When mentioned in this tariff, covers finished gasoline, jet fuel, kerosene, fuel oil, diesel oil, petroleum distillate, subgrade gasoline, natural gasoline, condensate, raffinate, straight-run gasoline and naphtha.
<b>Shipper(s)</b>	The party or parties who enter(s) into Agreement with Carrier for the transportation of Product under the terms and conditions of this tariff.
<b>Transit Time</b>	Means the time a shipment would take to move from origin to destination.
<b>Volume(s)</b>	Represents the aggregate quantity of Product transported for a Shipper pursuant to the terms of the Agreement.

### ITEM NO. 10

### Application of Rates for Intermediate Points

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For Product Shipments accepted for transportation from any origin not named in this tariff, that is intermediate to the origin and destination between which the rate is published herein, through such unnamed point, Carrier will apply to such unnamed origin the rate published from the origin specified herein. For Product shipments accepted for transportation to any destination not named in this tariff, that is intermediate to the origin and destination between which the rate is published herein, through such unnamed point, Carrier will apply to such unnamed destination the rate published to the destination specified herein.

Carrier will file a tariff publication applicable to the transportation movement within thirty (30) days of the start of the service if the intermediate point is to be used on a continuous basis for more than thirty (30) days.

### ITEM NO. 15

### Buffer Material

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Shipper may be required to furnish Buffer Material satisfactory to Carrier for the transportation of Butanes under this tariff. When Carrier requires Shipper to provide Buffer Material, Shipper shall pay the motor fuel or unfinished gasoline tariff rate for such Buffer Material. The applicable rate can be found under Item Nos. 300 and 330, respectively, in Carrier's FERC Tariff No. [W] ~~55.23.0~~ 55.25.0, successive issues thereof, as the non-incentive rate for motor fuel or unfinished gasoline from Baytown, Texas to Chicago, Illinois. The maximum quantity of Buffer Material required for any one shipment shall be four thousand (4,000) Barrels.

For the purpose of assessing transportation charges, that portion of the shipment delivered into or through either Shipper's or Carrier's pressure storage at destination shall constitute Butanes and that portion delivered into Shipper's conventional storage at destination shall constitute Buffer Material.

For the purpose of determining Carrier's responsibility for Butanes, Carrier will receive credit for all Buffer Material delivered, whether delivered into conventional storage or through pressure storage in a Product mix.

### ITEM NO. 20

### Claims, Time for Filing

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As a condition precedent to recovery, claims must be made in writing to Carrier within nine (9) months after receipt of delivery of the Shipment, or in case of a failure to make delivery, then within nine (9) months after a reasonable time for delivery has elapsed. Suit against Carrier must be instituted by Shipper or its consignee only 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 for loss or damage are not filed or suits are not instituted thereon in accordance with the foregoing provisions, such claims will not be paid, and Carrier shall not be liable therefor.

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## GENERAL RULES & REGULATIONS (Continued)

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### ITEM NO. 30 December-through-February Charges

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If, during a single calendar month in the period December through February, Shipper receives deliveries at northeast terminals in excess of the total volume delivered to the same Shipper at such terminals during the preceding March-through-November period, a charge of [U]thirty cents (30¢) per Barrel in addition to all other charges shall apply to such excess volume. Northeast terminals as used herein shall mean Du Bois and Greensburg, Pennsylvania; Harford Mills, Oneonta, Selkirk and Watkins Glen, New York.

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### ITEM NO. 35 Delivery Services at Joliet and Lemont, Illinois

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Movements of refinery grade normal butane are subject to Carrier's approval and Carrier reserves the right to reject any movement of refinery grade normal butane under this tariff which would disrupt the efficient use of Carrier's facilities.

Shippers desiring delivery of refinery grade normal butane to Joliet or Lemont, Illinois must agree to take delivery of all interface material in Carrier's interface sphere and the interface material created during the movement of the product to the destination.

The maximum Batch size of refinery grade normal butane will be ten thousand (10,000) Barrels, unless otherwise agreed to by Carrier.

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### ITEM NO. 40 Facilities Required at Origin and Destination

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Carrier will provide such facilities at the origin as it deems necessary for the operation of the pipeline. Product will be accepted for transportation hereunder only when Shipper has provided facilities satisfactory to Carrier capable of delivering Product at pressures and at volumetric flow levels required by Carrier.

Product will be accepted for transportation hereunder only when Shipper or consignee has provided the necessary facilities at destination for receiving such Product at time of arrival without delay at pressures and at volumetric flow levels required by Carrier.

Delivery will be made at the applicable destinations during hours established from time to time by Carrier.

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### ITEM NO. 45 Identity of Shipments

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In view of the impracticability of maintaining the separate identity of shipments, shipments will not be segregated but will be commingled and deliveries will be made at destination from Carrier's common Product stream.

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### ITEM NO. 50 Inventory Requirement

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Shipper must maintain inventory of Propane in accordance with Carrier's then current Propane inventory policy dated January 1, 2012. A copy of this document is available upon request from the tariff compiler referenced on the title page of this tariff.

With respect to Butanes and Buffer Material, Shipper will be subject to Transit Time requirement.

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## GENERAL RULES & REGULATIONS (Continued)

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### ITEM NO. 55

### Liability of Carrier

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Carrier shall not be liable for any loss or delay of, or damage to Product in or formerly in its possession caused by an act of God, public enemy, quarantine, authority of law, strike, riot, fire, flood, or act or default of Shipper or consignee, or for any other cause not due to the negligence of Carrier, whether similar or dissimilar to the causes herein enumerated; in such cases Shipper shall stand the loss in the same proportion as the amount accepted for transportation and actually in Carrier's custody bears to the whole of the shipment of all Shippers participating in the shipment from which the loss occurs, and the Shipper shall be entitled to receive only such portion of its Product as is left after deducting a due proportion of the loss as so determined.

Carrier shall not be liable for discoloration, commingling, contamination or deterioration of Product transported unless such discoloration, commingling, contamination or deterioration is caused by the sole negligence of Carrier. Normal commingling which occurs between shipments may be divided as equitably as practicable among Shippers participating in the shipments involved in commingling. Shipper shall be responsible for commingling between butane and Buffer Material in the shipment.

Because Propane being transported by Carrier is not odorized, Carrier shall not be liable for any damages or losses of any nature that is attributable to the delivery of Propane that is not odorized, and Shipper shall unconditionally indemnify and hold Carrier harmless therefrom.

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### ITEM NO. 60

### Measurement and Deductions

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Except as otherwise provided, Carrier shall make no charge for metering Product upon receipt and delivery. Observed volumes of Product at operating pressures and temperatures shall be corrected to net volume at 60°F and equilibrium vapor pressure.

Except as otherwise provided in this item and Item No. 55 of this tariff, Carrier will be accountable for delivery at destination of one hundred percent (100%) of the Product tendered at the origin.

Shipper shall be responsible for product downgrades and/or interfaces.

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### ITEM NO. 65

### Minimum Consignment

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For Propane product movements with origin in Louisiana and Texas (excluding the West Memphis, Arkansas destination), the minimum consignment of Propane to any destination named herein shall be twenty thousand (20,000) Barrels; provided a minimum of two thousand (2,000) Barrels of Propane may be consigned to any such destination when the Carrier can combine such consignment with eighteen thousand (18,000) Barrels or more of Propane of the same specifications consigned to the same destination, or with twenty thousand (20,000) Barrels or more of Propane of the same specifications consigned to destinations beyond.

For Propane product movements with a destination of West Memphis, Arkansas, the minimum consignment of Propane to the destination named herein shall be fifteen thousand (15,000) Barrels; provided a minimum of two thousand (2,000) Barrels may be consigned to such destination when the Carrier can combine such consignment with thirteen thousand (13,000) Barrels or more of Propane of the same specifications consigned to the same destination.

For Propane product movements with origin in Ohio and Pennsylvania, the minimum consignment of Propane to any destination named herein shall be twenty thousand (20,000) Barrels; provided a minimum of one thousand (1,000) Barrels of Propane may be consigned to any such destination when the Carrier can combine such consignment with nineteen thousand (19,000) Barrels or more of Propane of the same specifications consigned to the same destination, or with twenty thousand (20,000) Barrels or more of Propane of the same specifications consigned to destinations beyond.

For Butanes product movements with origin in Texas, the minimum consignment of Butanes to any destination named herein shall be twenty thousand (20,000) Barrels; provided a minimum of five thousand (5,000) Barrels of Butanes may be consigned to any such destination when the Carrier can combine such consignment with fifteen thousand (15,000) Barrels or more of Butanes of the same specifications consigned to the same destination, or with twenty thousand (20,000) Barrels or more of Butanes of the same specifications consigned to destinations beyond.

Carrier may deliver any shipment by intermittent pumping.

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## GENERAL RULES & REGULATIONS (Continued)

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### ITEM NO. 70

### Minimum Shipment

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For Propane product movements with origin in Louisiana and Texas (excluding the West Memphis, Arkansas and Calvert City, Kentucky destinations), Carrier may delay transportation of a shipment until it can be combined with Propane of the same specifications at Mont Belvieu, Texas, to make a pipeline batch of at least fifty thousand (50,000) Barrels for transportation as far as Todhunter, Ohio. Propane will be accepted for transportation at Arcadia, Louisiana, only in such quantities as can be injected into Propane of the same specifications passing such point in Carrier's pipeline.

For Propane product movements with origin in Ohio and Pennsylvania, the minimum quantity of Propane which will be accepted by Carrier from the Lima origin shall be seventy-five thousand (75,000) Barrels; provided, however, a tender of not less than fifty thousand (50,000) Barrels will be accepted when it can be combined with other tenders from the Lima origin to make a batch of at least seventy-five thousand (75,000) Barrels. A tender of not less than ten thousand (10,000) Barrels will be accepted at the Todhunter or Floreffe Junction origins when it can be combined with Propane of the same specification to make a batch of fifty thousand (50,000) Barrels or more.

For Propane product movements with a destination of West Memphis, Arkansas, the minimum quantity of Propane which will be accepted by Carrier from the Mont Belvieu origin shall be twenty-five thousand (25,000) Barrels; provided, however, that a tender of not less than ten thousand (10,000) Barrels will be accepted when it can be combined with Propane of the same specification to make a batch of twenty-five thousand (25,000) Barrels or more.

For Propane product movements with a destination of Calvert City, Kentucky, Carrier may delay transportation of a shipment until it can be combined with Propane of the same specifications at origin, to make pipeline Batch of at least fifty thousand (50,000) Barrels for transportation as far as Todhunter, Ohio.

For Butane product movements with origin in Texas, the minimum quantity of Butanes which will be accepted by Carrier at the origin named herein, excluding Arcadia, Louisiana shall be fifty thousand (50,000) Barrels; provided, however, a tender of not less than twenty thousand (20,000) Barrels will be accepted when it can be combined with Butanes of the same specifications to make a batch of fifty thousand (50,000) Barrels or more at Mont Belvieu, Texas for transportation as far as Todhunter, Ohio. Butanes will be accepted for transportation at Arcadia, Louisiana, only in such quantities as can be injected into Butanes of the same specifications passing such point in Carrier's pipeline.

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### ITEM NO. 75

### Non-Compatible Product Handling

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Shipper will be responsible for any Product that is delivered to Carrier at any origin that does not meet the certificate requirements as set forth in Item No. 130 (Testing). Carrier will provide Shipper with one of the three options to handle the non-compatible Product: (1) Shipper will remove the non-compatible Product or (2) Shipper shall pay a penalty in the amount of [U]twenty (20¢) cents per gallon for reprocessing the non-compatible Product or (3) Shipper shall pay Carrier actual cost for the disposal plus handling and maintenance charges associated with the disposal of the non-compatible Product.



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## GENERAL RULES & REGULATIONS (Continued)

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### ITEM NO. 80

### Payment of Transportation and Other Charges

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The transportation charges and all other charges accruing on Products accepted for transportation under this tariff shall be based on the rates applicable herein.

Carrier may require that all payments to Carrier for services pertaining to the transportation of Products be wire-transferred in accordance with the instructions on the Carrier's invoice to Shipper.

In the event Carrier determines that the financial condition of a Shipper or Shipper's guarantor (if any) is or has become impaired or unsatisfactory or Carrier determines it is necessary to obtain security from a Shipper, Carrier, upon notice to Shipper, will require any of the following prior to Carrier's delivery of Shipper's Products in Carrier's possession or prior to Carrier's acceptance of Shipper's Products: (1) prepayment of all charges by wire transfer and shall be held by the Carrier without interest accruing thereon until credited to the Shipper, (2) a letter of credit at Shipper's expense in favor of Carrier in an amount sufficient to ensure payment of all such charges and, in a form, and from an institution acceptable to Carrier, or (3) a guaranty in an amount sufficient to ensure payment of all such charges, and in a form, and from a third party acceptable to Carrier. 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.

Carrier shall have a lien on all Products in its possession belonging to Shipper to secure the payment of charges due by said Shipper and may withhold such Products from delivery until all of such unpaid charges shall have been paid. If such charges shall remain unpaid for ten (10) days after notice of readiness to deliver, or if Shipper has less than five thousand (5,000) gallons of Products in Carrier's system which Shipper fails to remove after ten (10) days' notice from Carrier, Carrier shall have the right to sell said Products at public or private sale. Carrier may be a bidder and purchaser at such sale. From the proceeds of such sale, Carrier may pay itself all charges lawfully accruing and all expenses of such sale, and the balance remaining, if any, shall be held for whomsoever may be lawfully entitled thereto.

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### ITEM NO. 85

### Product Acceptable

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Carrier reserves the right to reject any Product under this tariff which would have a potential adverse effect on any Product shipments or otherwise disrupt the efficient use of Carrier's facilities.

Product will be accepted for transportation at origin at such time as Product of the same required specifications is currently being transported or accepted for transportation from such origin to the destination named herein.

Shipper may be required by Carrier to inject oil-soluble corrosion inhibitors acceptable to Carrier in the Product to be transported. Carrier, for corrosion protection, may inject corrosion inhibitors, and Product containing such inhibitors shall be accepted by Shipper or consignee of Shipper at destination.

Shipper will be required to furnish Buffer Material in amounts and product grade specified by Carrier for shipments of Propane with a destination of West Memphis, Arkansas. Such Buffer Material will be subject to the applicable Propane tariff rate set forth in this tariff, supplements thereto and successive issues thereof. Shipper may be required to furnish Buffer Material satisfactory to Carrier for shipments of Propane.

Shipper will be required to furnish Carrier designated Buffer Material for Shipments of Propane originating at Lima, Ohio in amounts as reasonably required by Carrier. This Carrier designated Buffer Material will be delivered to Carrier supplied storage at Todhunter, Ohio. Shipper shall pay the applicable rate on such Buffer Material as set forth in Item No. 160.

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### ITEM NO. 90

### Product Disposition If No Facilities Provided At Destination

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In the event Shipper or its consignee does not have adequate facilities available to receive all or any portion of the Product at its destination in accordance with Carrier's schedules, Carrier shall have the right to make whatever disposition of such undelivered Product which is necessary for the efficient operation of its pipeline system. Carrier shall not be liable to Shipper or its consignee because of such disposition, and Shipper or its consignee shall pay for all costs thereof, the same as if Shipper or consignee had requested or authorized such disposition.

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## GENERAL RULES & REGULATIONS (Continued)

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### ITEM NO. 95                      Product Involved in Litigation or Encumbered

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Carrier shall have the right to reject any Product, when offered for transportation, that may be involved in litigation, or the title of which may be in dispute, or that may be encumbered by lien or charge of any kind, and Carrier may require of Shipper satisfactory evidence of perfect and unencumbered title or satisfactory indemnity bond to protect Carrier against any and all losses.

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### ITEM NO. 100                      Proration of Pipeline Capacity

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When quantities of Product greater than can be transported are offered to Carrier for shipment through Carrier's facilities, Carrier shall allocate available transportation on an equitable basis to all Shippers' pursuant to Carrier's then current proration policy, dated May 14, 2010. A copy of this document is available upon request from the tariff compiler referenced on the title page of this tariff.

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### ITEM NO. 105                      Reconsignment

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If no out-of-line or back-haul movement is required, Shipper may, on forty-eight (48) hours' written notice or any other form of communication agreed upon between Shipper and Carrier, reassign any shipment or portion of any shipment to destinations named in lawful tariffs applying on Product issued by or concurred in by Carrier, provided that such Product so reassigned shall meet the applicable minimum consignment rules for such destination and further provided that such reconsignment can be reasonably accommodated by Carrier's pumping schedule. All such reassigned shipments of Product shall bear the applicable rate from point of origin to final destination as provided in this tariff, or the applicable tariff under which the Product is reassigned.

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### ITEM NO. 110                      Seasonal Product Movements

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From October 1st to February 28th, Carrier facilities will be scheduled and operated such that Refined Products will be transported from Lebanon, Ohio to Lima, Ohio provided that during such time period Carrier will, upon request of Shipper, schedule shipments of LPGs from Lima, Ohio to Lebanon, Ohio when and to the extent that such scheduling does not interfere with movements of Refined Products from Lebanon, Ohio to Lima, Ohio.

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### ITEM NO. 115                      Separate Pipeline Agreements

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Separate agreements, if applicable, in association with pipeline connections or other facilities ancillary to the Carrier's pipeline system and in accordance with this tariff may be required of any Shipper or consignee before any obligation to provide transportation shall arise.

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### ITEM NO. 120                      Tax Registration

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Shipper and its consignors and consignees shall be required to provide Carrier with proof of registration with or tax exemption from the appropriate Federal and/or State tax authorities related to the collection and payment of fuels excise tax or other similar taxes, levies or assessments. Shipper and its consignors and consignees shall further be required to immediately notify Carrier of any changes in their registration or tax exemption status. Any tax, levy, assessment or other charges imposed by such authority against Carrier as the result of such failure shall be collected by Carrier under the provisions of Item No. 80.

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## GENERAL RULES & REGULATIONS (Continued)

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### ITEM NO. 125

### Tenders

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Carrier shall not be obligated to accept tenders for transportation during any calendar month unless the Shipper shall, on or before the fifth day of the preceding calendar month, notify the Carrier in the Transport 4® website ([www.transport4.com](http://www.transport4.com)), of the quantity of such Product which it desires to deliver at origin.

If requested by Carrier, Shipper shall furnish Carrier with a schedule of the expected deliveries at origin and withdrawals at destination, setting forth Shipper's best estimate of daily rate of deliveries and withdrawals, and dates on which such deliveries and withdrawals shall commence. Acceptance of such schedule shall not constitute an obligation, legal or otherwise, on the part of Carrier to meet such schedule. Shipper shall establish its ability to meet the minimum tender requirements to satisfaction of Carrier before any duty of transportation shall arise.

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### ITEM NO. 130

### Testing

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Shipper shall furnish Carrier with a certificate setting forth in detail specifications of each shipment offered for transportation hereunder, and Shipper shall be liable for any contamination or damage to other Product in Carrier's custody, or to Carrier's pipeline or other facilities caused by failure of the shipment tendered to meet the specifications stated in Shipper's certificate.

Carrier may--but shall not be required to--sample and/or test any shipment prior to acceptance or during receipt of shipment, and in the event of variance between said certificate and Carrier's test, Carrier's test shall prevail as to the specifications of Product received.

**RATES (In Cents-per-bbl.)**

[U] All rates are unchanged unless otherwise indicated.

**ITEM NO. 135 Non-Incentive Rates for Propane (Southern Segment Origins)**

Destination	Origin	
	Arcadia (Bienville Parish, LA)	Mont Belvieu (Chambers Co., TX)
<b><u>ZONE 1</u></b>		
Lima (Allen Co., OH)	--	[I] 532.50 *
Todhunter (Butler Co., OH)	[D] 522.38	[I] 562.50
<b><u>ZONE 2</u></b>		
Coshocton (Coshocton Co., OH)	[D] 587.63	[D] 627.75
Du Bois (Clearfield Co., PA)	[D] 657.70 (1)	[D] 696.92 (1)
Greensburg (Westmoreland Co., PA)	[D] 618.47 (1)	[D] 657.70 (1)
<b><u>ZONE 3</u></b>		
Schaefferstown (Lebanon Co., PA)	--	[D] 751.31
Sinking Spring (Berks Co., PA)	--	[D] 751.31
<b><u>ZONE 4</u></b>		
Finger Lakes (Schuyler Co., NY)	[D] 701.38	[D] 740.79
Harford Mills (Cortland Co., NY)	--	[D] 743.31 (1)
Oneonta (Otsego Co., NY)	--	[D] 803.19 (1)
Selkirk (Albany Co., NY)	--	[D] 854.01 (1)
Watkins Glen (Schuyler Co., NY)	[D] 665.89 (1)	[D] 705.30 (1)
<b><u>ZONE 5</u></b>		
Arcadia (Bienville Parish, LA)	--	[I] 205.65
Calvert City (Marshall Co., KY)	--	[I] 382.92
Dexter (Stoddard Co., MO)	--	[I] 298.27
Fontaine (Green Co., AR)	--	[I] 280.23
Kingsland (Cleveland Co., AR)	--	[I] 237.67
Lebanon (Boone Co., IN)	--	[D] 351.78 (8)
North Little Rock (Pulaski Co., AR)	--	[I] 250.77
Princeton (Gibson Co., IN)	[I] 354.02	[I] 382.92
Seymour (Jackson Co., IN)	--	[D] 334.26
West Memphis (Crittenden Co., AR)	--	[I] 298.27 (8)

## RATES (In Cents-per-bbl.)

[U] All rates are unchanged unless otherwise indicated

**ITEM NO. 140      Non-Incentive Rates for Propane (Northern Segment Origins)**

	Origin					
Destination	Floreffe Junction (Allegheny Co., PA)		Lima (Allen Co., OH) *		Todhunter (Butler Co., OH)	
<u>ZONE 2</u>						
Du Bois (Clearfield Co., PA)	337.20	(1)(2)	[I] 534.05 *	(1)(3)	337.20	(1)
Greensburg (Westmoreland Co., PA)	337.20	(1)(2)	[I] 505.39*	(1)(3)	337.20	(1)
<u>ZONE 3</u>						
Schaefferstown (Lebanon Co., PA)	[D] 497.16	(2)	[I] 554.87 *	(3)	[D] 490.56	
Sinking Spring (Berks Co., PA)	[D] 497.16	(2)	[I] 554.87 *	(3)	[D] 490.56	
<u>ZONE 4</u>						
Finger Lakes (Schuyler Co., NY)	[D] 490.32		[D] 572.96 *	(3)	[D] 508.62	
Harford Mills (Cortland Co., NY)	[D] 473.78	(1)	[D] 557.83 *	(1)(3)	[D] 493.26	(1)
Oneonta (Otsego Co., NY)	[D] 512.88	(1)	[I] 593.77 *	(1)(3)	[D] 529.41	(1)
Selkirk (Albany Co., NY)	[D] 556.45		[I] 634.12 *	(1)(3)	557.90	(1)
Watkins Glen (Schuyler Co., NY)	[D] 456.04	(1)	[D] 541.09 *	(1)(3)	[D] 476.75	(1)

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## RATES (In Cents-per-bbl.)

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**ITEM NO. 145****Volume Incentive Rates for Propane**

	<b>Origin</b>
<b>Destination</b>	Mont Belvieu (Chambers Co., TX)
Calvert City (Marshall Co., KY)	[U] 269.63

Rate set forth in this item will apply to shipments of Propane of any Shipper that agrees to in writing to transport a Minimum Annual Volume of three million six hundred fifty thousand (3,650,000) Barrels of Propane during an Agreement Term, subject to the following rules and regulations:

a. If the Volume of Propane shipped by Shipper and delivered at destination during an Agreement Period is less than the Minimum Annual Volume, Shipper shall pay to Carrier within sixty (60) days after the end of the Agreement Period a Deficiency Charge of [U]forty-two cents (42.0¢) times the number of Barrels that Shipper is deficient, an invoice for which shall be submitted by Carrier. Any Deficiency Charge paid by Shipper shall be considered by Carrier as Prepaid Transportation, shall not bear interest, and will be credited to Shipper at the Prepaid Rate of [U]forty-two cents (42.0¢) per Barrel against transportation charges on Propane delivered to Shipper at destination under and during the continuance of this Agreement in any future Agreement Period after the Minimum Annual Volume has been received by Shipper at destination for such future Agreement Period.

b. Upon termination of the Agreement between Carrier and Shipper, any Prepaid Transportation remaining payable to Shipper under the provisions set forth in paragraph a, shall not be reimbursable except that for a period not to exceed six (6) months thereafter or any other period mutually agreed to by Carrier and Shipper, Shipper shall have the right to a credit of [U]forty-two cents (42.0¢) per Barrel against the then existing applicable tariff for Propane shipped by Shipper over Carrier's facilities from the origin to destination, as set forth in this item, as long as any of the Prepaid Transportation has not been utilized. Any such shipment of Propane after termination of the Agreement shall be subject to the terms and conditions of the Agreement relative to the transportation of Propane. Any credits for Prepaid Transportation remaining at the expiration of the six (6) Months period shall be automatically forfeited.

c. If the Volume shipped in any Agreement Period is greater than the sum of (i) the Minimum Annual Volume for such Agreement Period and (ii) the Volume of Propane over such Minimum Annual Volume on which Prepaid Transportation is credited under paragraph b, then any such excess Volume up to five hundred thousand (500,000) Barrels shall be credited against Shipper's Minimum Annual Volume obligations for the next succeeding Agreement Period.

d. If during any Month of an Agreement Period Carrier is unable to transport all Propane tendered for shipment by Shipper and Shipper thereby fails to comply with the Minimum Annual Volume obligation as set forth in this item, that Volume which was tendered but which was not accepted by Carrier shall be deemed to have been shipped during such Agreement Period for the sole purpose of determining compliance with this item, provided that Shipper has given Carrier written notice within thirty (30) days after the end of the Month of the Volume claimed to have been rejected and reasonable evidence that Shipper was able and ready to deliver such Volume to Carrier for shipment.

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## RATES (In Cents-per-bbl.)

### ITEM NO. 150 Non-Incentive Rates for Butanes (Southern Segment Origins)

[U] All rates are unchanged unless otherwise indicated.

	Origin
Destination	Mont Belvieu (Chambers Co., TX)
<b><u>ZONE 1</u></b>	
Lima (Allen Co., OH)	[I] 532.50 *
<b><u>ZONE 3</u></b>	
Harford Mills (Cortland Co., NY)	[D] 649.47
<b><u>ZONE 5</u></b>	
Arcadia (Bienville Parish, LA)	[I] 164.55
Griffin (Posey Co., IN)	[D] 269.68
Joliet (Will Co., IL)	[D] 337.27 (5)
Lebanon (Boone Co., IN)	[D] 351.78
Lemont (Cook Co., IL)	[D] 337.27 (5)
North Little Rock (Pulaski Co., AR)	[D] 208.86
Princeton (Gibson Co., IN)	[D] 276.09 (7)

### ITEM NO. 160 Non-Incentive Rate for Buffer Material

	Origin	
Destination	Lima (Allen Co., OH)	Mont Belvieu (Chambers Co., TX)
Todhunter (Butler Co., OH)	[U] 43.31 * (3)	--
West Memphis (Crittenden Co., AR)	--	[I] 298.27

**[C] ~~[E]~~ SUSPENSION NOTICE****Applies to Suspended FERC Tariff No. 54.15.0**

Issued under authority of 18 CFR § 341.4(f) and in compliance with the Order of the Federal Energy Regulatory Commission in Docket No. IS12-203-000 issued April 13, 2012.

By Order of the Federal Energy Regulatory Commission, FERC Tariff No. 54.15.0 issued by Enterprise TE is accepted and suspended, to become effective November 16, 2012, subject to refund. See below for the ordering paragraph.

**UNITED STATES OF AMERICA FEDERAL ENERGY REGULATORY COMMISSION**

Docket No. IS12-203-000  
 Order Accepting and Suspending Tariff Records  
 Subject to Refund and Conditions  
 (Issued April 13, 2012)

The Commission orders:

(A) Pursuant to the authority contained in the Interstate Commerce Act, particularly section 15(7) thereof, Enterprise's FERC Tariff Nos. 54.15.0 and 55.11.0 are accepted for filing and suspended, to become effective November 16, 2012, subject to refund, hearing procedures, and to further order of the Commission.

(B) Pursuant to the authority contained in the Interstate Commerce Act, particularly sections 15(1) and 15(7) thereof, and the Commission's regulations, a hearing is established to address the issues raised by Enterprise's filing.

(C) A Presiding Administrative Law Judge (ALJ) to be designated by the Chief Administrative Law Judge, for the purpose pursuant to 18 C.F.R. § 375.302 (2011), shall convene a prehearing conference in this proceeding to be held within twenty (20) days of the issuance of this order in a hearing or conference room of the Federal Energy Regulatory Commission, 888 First Street, NE, Washington, DC 20426. The prehearing conference shall be held to clarify positions of the participants, and for the ALJ to establish any procedural dates for the hearing. The ALJ is authorized to conduct further proceedings pursuant to this order and the Commission's Rules of Practice and Procedure.

By the Commission.

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**ROUTE DIRECTORY**


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Rates in tariff apply via all routes made by use of the line of the Carrier.

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## EXPLANATION OF ABBREVIATIONS

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<b>Bbl.</b>	Barrel
<b>Co.</b>	County
<b>F</b>	Fahrenheit
<b>FERC</b>	Federal Energy Regulatory Commission
<b>No.</b>	Number
<b>&amp;</b>	And
<b>¢</b>	Cents
<b>°</b>	Degrees
<b>%</b>	Percent
<b>\$</b>	Dollar

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## EXPLANATION OF REFERENCE MARKS

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- (1) See Item No. 30 for additional “December-through-February Charges”.
  - (2) Rates for these destinations with Floreffe Junction, PA as origin are applicable only on Shipments of Propane which originate in West Virginia and are tendered to Carrier at Floreffe Junction for completion of interstate pipeline transportation of the Propane.
  - (3) From October 1<sup>st</sup> to February 28<sup>th</sup>, this movement cannot be made. See Item No. 110 for “Seasonal Product Movements”.
  - (4) Rates apply only to refinery grade normal butane.
  - (5) Rates apply only to iso-butane except for refinery grade normal butane movements meeting the terms and conditions of Item No. 35, Delivery Services at Joliet and Lemont, Illinois.
  - (7) Rate includes delivery to connecting pipeline.
  - (8) Rate also pertains to butane buffer material.
  - \* The pipeline system is out of service.
  - [C] Cancel.
  - [D] Decrease.
  - [C] ~~[E] To reinstate the existing Suspension Notice language.~~
  - [I] Increase.
  - [N] New.
  - [U] Unchanged Rate.
-

Document Content(s)

Joint Motion to Intervene, Comment and Protest.PDF.....1-23

ATTACHMENT 1.PDF.....24-24

ATTACHMENTS 2-5.PDF.....25-84

**THE UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

**Enterprise TE Products Pipeline Company LLC     )     Docket No. OR13-20-000**

**REPLY COMMENTS OF ENTERPRISE TE PRODUCTS PIPELINE  
COMPANY LLC REGARDING PETITION FOR DECLARATORY ORDER**

Pursuant to Rule 213 of the Commission’s Rules of Practice and Procedure, 18 C.F.R. § 385.213 (2012), Enterprise TE Products Pipeline Company LLC (“Enterprise TE”) submits its reply comments to the June 7, 2013 joint motion to intervene, comment and protest (“Joint Comments”) filed by CHS Inc.; Delta Air Lines, Inc.; Federal Express Corporation; Growmark, Inc.; HWRT Oil Company, LLC; MFA Oil Company; Southwest Airlines Co.; United Airlines, Inc.; and UPS Fuel Services, Inc. (collectively, the “Joint Commenters”). The Joint Comments relate to Enterprise TE’s May 14, 2013 Petition for Declaratory Order (“Petition”) seeking Commission approval of the tariff rate structure and priority service proposal regarding the Seymour Lateral Extension Project (“Seymour Lateral Project”).<sup>1</sup>

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<sup>1</sup> To the extent leave is required to file these reply comments, Enterprise TE respectfully submits that good cause exists for the Commission to accept them, because the information provided will help to clarify the issues and facilitate the Commission’s decisional process. *See, e.g., Transwestern Pipeline Co.*, 50 FERC ¶ 61,211 (1990); *Buckeye Pipeline Co.*, 45 FERC ¶ 61,046 (1988).

Specifically, the Petition seeks approval for Enterprise TE's proposal to offer discounted rates to shippers that enter into long-term volume commitments for the transportation of diluent<sup>2</sup> on Enterprise TE's system and to offer priority service not subject to prorationing under normal operating conditions (*i.e.*, "firm service") on up to 81,000 barrels per day ("bpd") of capacity for the committed diluent shippers that choose to pay a premium rate during periods of capacity constraint on the system. *See* Petition at 3-4, 6-7. As set forth in the Petition and discussed further below, Enterprise TE's proposal is fully consistent with Commission precedent, and, in fact, is substantively identical to a proposal recently approved by the Commission in *Explorer Pipeline Co.*, 140 FERC ¶ 61,098 (2012). Joint Commenters' arguments to the contrary are without merit and provide no valid basis for not granting the Petition.

It should be noted at the outset that most of the Joint Commenters have no economic interest in the Petition. While Enterprise TE does not challenge their standing to file comments, there is no basis for the Joint Commenters' claim that they will be affected by the outcome of the Petition, much less that granting of the Petition "will have a significant detrimental impact on [their] businesses." Joint Comments at 1. Most of the Joint Commenters claim to ship only jet fuel or distillate. *See* Joint Comments at Attachment 4 (verified statements of counsel indicating that Delta, FedEx, Southwest and United ship only jet fuel and UPS ships only distillate). Given the Commission's

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<sup>2</sup> As explained in the Petition, diluent is an industry term for a light hydrocarbon material, predominantly straight-chain molecules in the C5-C10 range, that is used to dilute heavy crude oil (which may contain molecules as long as C80-C100) so that it can flow through liquid pipelines at ambient temperatures. *See* Petition at 2 n.2.

decision in *Enterprise TE Products Pipeline Company LLC*, 143 FERC ¶ 61,191 (2013) approving Enterprise TE's tariff discontinuing nominations for all interstate distillate and jet fuel service on Enterprise TE's mainline, those commenters who have shipped only distillates and jet fuel clearly have no economic interest in the Petition, since the last day for submitting interstate mainline jet fuel/distillate nominations on Enterprise TE was June 1, 2013. *Id.* at P 20. The discontinuance of that service to these shippers has no relationship to the Seymour Lateral Project, which is not expected to begin service until the fourth quarter of 2013. Petition at 2.

It should also be noted that all of the Joint Commenters were parties to a joint protest of Enterprise TE's tariff discontinuing nominations for all interstate mainline distillate and jet fuel transportation service, and they have also recently challenged the Commission's order approving that tariff through a motion to stay in Docket No. IS13-265-000 and a complaint in Docket No. OR13-25-000 (except Delta, which did not join the complaint). It thus appears that their comments here are motivated not by legitimate concerns regarding the proposed diluent service, but rather by their ongoing dispute with Enterprise TE's tariff discontinuing nominations for all interstate mainline distillate and jet fuel transportation, and the Commission's order approving that discontinuation. To the extent that is the purpose of the Joint Comments, it constitutes an improper collateral attack on the Commission's prior order and is otherwise mis-directed in the context of this docket. In any event, Joint Commenters' arguments lack merit for the reasons set forth below.

**I. Enterprise TE's Proposed Rate Structure Is Consistent with Commission Precedent and Should Be Approved.**

As explained in the Petition and summarized below, Commission precedent fully supports Enterprise TE's proposal to offer committed shippers discounts for volume shipments along with the option of priority service at a premium rate during periods of prorationing. The Commission has approved discounted rates for committed shippers on numerous occasions. *See, e.g., Explorer*, 140 FERC ¶ 61,098 at P 17; *TransCanada Keystone Pipelines, LP*, 125 FERC ¶ 61,025, at P 20-21 (2008); *Enbridge Pipelines*, 121 FERC ¶ 61,310, at P 31 (2007); *Express Pipeline Partnership*, 76 FERC ¶ 61,245 (1996). The Commission has also approved priority service for committed shippers that pay a premium of at least one cent per barrel over the rate for comparable non-priority service. *See, e.g., Explorer*, 140 FERC ¶ 61,098 at P 21; *Sunoco Pipeline, LP*, 139 FERC ¶ 61,259, at PP 13-15 (2012); *Skelly-Belvieu Pipeline Co., LLC*, 138 FERC ¶ 61,153, at P 16 (2012); *Sunoco Pipeline LP*, 137 FERC ¶ 61,107, at P 15 (2011); *CCPS Transportation, LLC*, 121 FERC ¶ 61,253, at PP 16-19 (2007). In *Explorer*, the Commission approved the use of both discount and premium rates in a proposal that was substantially the same as that proposed by Enterprise TE here. 140 FERC ¶ 61,098, at P 21 (finding the "proposed combination of discount rates and premium rates" to be reasonable).

Joint Commenters raise two related challenges. First, they argue that the proposed rate structure cannot be approved unless the specific rates for diluent are known, so that the diluent rates can be compared with the rates paid by shippers of other products. Joint

Comments at 13-14. There is however no requirement that a carrier identify the specific rates that will be charged as part of a petition for declaratory order seeking approval of the rate structure for a proposed pipeline project. Indeed, the Commission's usual approach is to rule on the general rate structure of projects, often before they are completed, without approving – or reviewing – specific rate levels. *See, e.g., Kinder Morgan Pony Express Pipeline LLC and Hiland Crude, LLC*, 141 FERC ¶ 61,249, at P 17 (2012) (approving petition even though ultimate rates were not known because the project was not completed); *Colonial Pipeline Company*, 116 FERC ¶ 61,078, at PP 10, 45 (2006), *order on reh'g*, 119 FERC ¶ 61,183, at P 25 (2007).

Second, Joint Commenters contend that it would be discriminatory for the diluent shippers to pay lower rates than the shippers of other products, since that allegedly would cause the other shippers to “cross-subsidiz[e]” the diluent movements. *Id.* at 13-16. They claim that the Commission should therefore evaluate whether Enterprise TE's diluent rates will “properly recover the costs” associated with the facilities used. *Id.* at 15. There is no merit to the Joint Commenters' attempt to convert a petition regarding the overall rate structure of the Seymour Lateral Project into a cost-of-service proceeding involving specific rates.

Once the new diluent rates have been filed, any diluent shipper with a substantial economic interest in the uncommitted diluent rates may challenge those rates (provided the shipper has not otherwise agreed not to challenge them). *See* 18 C.F.R. §§ 343.2 and 343.3. The committed diluent rates will continue to apply to the committed shippers' movements pursuant to the Commission's “policy of honoring contracts signed by

committed shippers.” *Seaway Crude Pipeline Company, LLC*, 142 FERC ¶ 61,201, at PP 12-13 (citing *Kinder Morgan Pony Express Pipeline LLC & Belle Fourche Pipeline Company*, 141 FERC ¶ 61,180, at P 21 (2012)). Since the Joint Commenters do not move diluent, *see* Joint Comments at Attachment 4, they would not appear to have any substantial economic interest in any future diluent rates. If after the diluent rates are filed a shipper of product other than diluent claims that the non-diluent rates are cross-subsidizing diluent transportation, they may raise that issue through a formal complaint (to the extent the shipper is not foreclosed from doing so by a settlement agreement). This is simply not the forum for that initiative. Nor, as noted above, is there any reason to address the specific level of the diluent rates here in a petition for review of the overall rate structure of the project.

There is also no basis for the Joint Commenters’ suggestion that it is discriminatory for Enterprise TE to offer discounts to shippers that enter into long-term commitments to ship certain volumes of diluent without providing similar discounts to other shippers. The Commission has made clear that shippers that agree to enter into volume commitments are “not similarly situated with other shippers who are unwilling or unable” to do so. *Explorer*, 140 FERC ¶ 61,098 at P 17 (citing *Express Pipeline P’ship*, 76 FERC ¶ 61,245, at 62,254 (1996)). The Commission has also held that the transportation of an individual product is a distinct service from the transportation of other products. *See Enterprise TE*, 143 FERC ¶ 61,191, at P 21; *Mid-America Pipeline Co., LLC*, 131 FERC ¶ 61,012, at PP 23-27 (2010). Thus, Enterprise TE’s other shippers



are not similarly situated to the committed diluent shippers, and it is not discriminatory to charge them different rates.

In any event, the diluent rates that Enterprise TE proposes to charge are comparable to the rates for other similar products that Enterprise TE transports. Enterprise TE proposes to file an initial general commodity rate of \$1.934 per barrel for uncommitted diluent movements from Mont Belvieu, Texas to Manhattan, Illinois and Fair Oaks, Indiana, both of which are near Chicago. *See* Affidavit of Thomas M. Zulim at P 3 (included herewith at Attachment A). Enterprise TE further proposes to file a discounted rate of \$1.86 per barrel for committed diluent movements on the same route. *Id.* The premium rate for priority service for diluent movements on the same route during periods of prorationing will initially be \$1.944 per barrel, *i.e.*, a one cent premium over the uncommitted rate. *Id.* The proposed \$1.934 per barrel uncommitted rate is the same as Enterprise TE's current rate for unfinished gasoline from Mont Belvieu to destinations in the Chicago area. *See* Tariff No. 55.28.0, Item No. 330 (included as Attachment 5 to the Joint Comments). As Mr. Zulim explains, unfinished gasoline includes products that are comparable to diluent, so Enterprise TE considered it reasonable to set the uncommitted rate for diluent equal to the existing rate for unfinished gasoline. *See* Zulim Aff. at P 3.

Enterprise TE's existing rates for transportation of motor gasoline to the Chicago area are also generally comparable to the rates proposed for diluent, although the rates are different because motor gasoline is a distinct product from diluent and the motor gasoline movements begin at origins other than Mont Belvieu. *Id.* at P 4. The following chart

compares Enterprise TE's proposed diluent rates with the current general commodity ("GC") rates for motor gasoline and unfinished gasoline from origins on the Gulf Coast to destinations in the Chicago area, as set forth in Enterprise TE's FERC Tariff No. 55.28.0.

Product	Origin	DESTINATIONS		
		Chicago (Cook Co., IL)	Griffith (Lake Co., IN)	Manhattan (Will County, IL) / Fair Oaks (Newton County, IN)
Motor Gasoline (existing GC rates)				
	Baytown	188.8	188.8	
	Beaumont	175.0	175.0	
	Hebert (Beaumont-Port Arthur)	194.8	194.8	
	Houston (Pasadena)	197.1	197.1	
	North Port Arthur	188.2	188.2	
	Pasadena	188.8	188.8	
	Port Neches	177.3	177.3	
	Red Bluff	188.8	188.8	
	Texas City	188.8	188.8	
Unfinished Gasoline (existing GC rate)				
	Mont Belvieu	193.4	193.4	
Diluent				
Incentive rate per TSA	Mont Belvieu			186.0
GC rate per TSA	Mont Belvieu			193.4
Priority service rate per TSA	Mont Belvieu			194.4
<b><i>Tariff rates are in cents per barrel</i></b>				

As shown on the chart, the incentive rate of \$1.86 per barrel that Enterprise TE plans to charge committed diluent shippers represents only a relatively modest discount when compared with the rates charged other generally comparable products on similar routes.<sup>3</sup> There is thus no basis for the suggestions that the other shippers will be required

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<sup>3</sup> Enterprise TE also offers butane transportation service from the U.S. Gulf Coast to destinations near Chicago (Joliet and Lemont, Illinois) at 337.27 cents per barrel. See FERC Tariff No. 54.23.0, Item No. 150 (included with the Joint Comments at Attachment 5). As Mr. Zulim explains, butane is a substantially different product from diluent. See Zulim Aff. at P 4. It is therefore not discriminatory to charge different rates for those distinct services.

to “subsidize” the diluent shippers or that the other shippers will otherwise be harmed by the committed shipper discounts. On the contrary, the discounts offered to the committed diluent shippers serve to attract additional volumes to the system. That added volume will benefit all shippers by allowing costs to be spread over more barrels.

With respect to Enterprise TE’s proposed premium rates, the Joint Commenters acknowledge that the Commission has required premium rates for priority service, but nevertheless challenge the priority service on various other grounds. Joint Comments at 20-21. Joint Commenters’ arguments regarding Enterprise TE’s priority service proposal are addressed in Section II.

## **II. Enterprise TE’s Proposed Priority Service is Consistent with Commission Precedent and Should Be Approved.**

Enterprise TE’s proposal to offer committed diluent shippers the option of priority service at a premium rate is also consistent with Commission precedent. The Commission has on several occasions permitted oil pipelines to offer priority service to committed shippers, provided that (1) uncommitted shippers continue to have reasonable access to pipeline capacity and (2) committed shippers pay a rate that is at least one cent per barrel higher than the rates for comparable non-priority service. *See, e.g., Explorer*, 140 FERC ¶ 61,098 at P 21; *Sunoco Pipeline L.P.*, 141 FERC ¶ 61,212, at PP 12-17 (2012); *Shell Pipeline Company LP*, 139 FERC ¶ 61,228, at P 21 (2012); *Sunoco Pipeline, LP*, 139 FERC ¶ 61,259, at PP 13-15 (2012); *Skelly-Belvieu Pipeline Co., LLC*, 138 FERC ¶ 61,153, at P 16 (2012); *Sunoco Pipeline LP*, 137 FERC ¶ 61,107, at P 15

(2011); *CCPS Transportation, LLC*, 121 FERC ¶ 61,253, at PP 16-19 (2007). Both requirements are met here.

In fact, in its recent *Explorer* decision, the Commission approved a priority service proposal that was substantively identical to that proposed by Enterprise TE in the Petition. 140 FERC ¶ 61,098, at PP 18-22. Both the Explorer pipeline and Enterprise TE propose to move diluent from the Gulf Coast to connections near Chicago with the Kinder Morgan Cochin pipeline and Enbridge Pipelines (Southern Lights) LLC's Southern Lights pipeline. See Petition at 1-2; *Explorer*, 140 FERC ¶ 61,098, at PP 3, 11. Thus, as was the case in *Explorer*, in order for Enterprise TE to offer priority service to committed diluent shippers, it must provide priority service on both the expansion capacity as well as the existing upstream portion of the system on which the diluent volumes will move. If Enterprise TE is not able to offer priority service on its entire system, diluent shippers will have minimal incentive to enter into long-term volume commitments with Enterprise TE, and both the pipeline and existing shippers will lose the benefits from the additional diluent volumes. Indeed, it is particularly crucial that Enterprise TE be permitted to offer the same type of priority service as was approved in *Explorer*, since the Explorer pipeline is a direct competitor of Enterprise TE. Enterprise TE would be placed at a significant disadvantage in attempting to attract diluent volumes to its system if the Petition is not approved, thereby reducing competition in the market-place.

Joint Commenters claim that the priority service provided by the pipeline in *Explorer* applied only on the new segment of the pipeline, not the rest of the system.

Joint Comments at 16. On the contrary, the priority service approved in *Explorer* applies “at any time Explorer’s pipeline system *as a whole* is in prorationing, not merely the proposed extension.” *Explorer*, 140 FERC ¶ 61,098, at P 20 (emphasis added); *see also id.* (explaining that the priority service proposal applies to “prorationing *on any part of the Explorer system*”) (emphasis added). Indeed, Explorer specifically sought approval to provide priority service not only on new expansion capacity that would connect Explorer to the Enbridge Southern Lights pipeline, but also with respect to volumes moving to a proposed interconnection with the Kinder Morgan Cochin pipeline. Amendment to Explorer Pipeline Company’s March 23, 2012 Petition for Declaratory Order, Docket No. OR12-10-000, at 3-4 (May 17, 2012) (emphasis added). Since the interconnection with the Cochin pipeline is on Explorer’s existing mainline, *id.*, the priority service proposal plainly applies to volumes moving on that pre-existing capacity as well as on Explorer’s new expansion capacity.

The Commission found Explorer’s proposal to offer priority service on both its new and existing capacity at a premium rate to be reasonable, subject to Explorer clarifying in its tariff the specific conditions that would trigger premium rates for priority service. *Explorer*, 140 FERC ¶ 61,098, at PP 20-21. Explorer’s subsequent tariff filing reconfirmed that priority service was available to committed shippers “during periods of proration *on any segment of the mainline.*” Explorer Pipeline Company, FERC Tariff No. 100.17.0, Item No. 90, Docket No. IS13-379-000 (May 30, 2013) (emphasis added).

Joint Commenters further claim that Enterprise TE’s priority service proposal will leave insufficient remaining capacity for other shippers. Joint Comments at 17-19. On

the contrary, the amount of capacity remaining for other shippers under Enterprise TE's proposal is fully consistent with what the Commission has found to be reasonable in other cases. The Commission has held that priority service may be offered on up to 90 percent of a pipeline's capacity, provided that at least 10 percent of capacity is reserved for other shippers. *See, e.g., Sunoco Pipeline L.P.*, 141 FERC ¶ 61,212, at PP 12-17 (2012); *Shell Pipeline Company LP*, 139 FERC ¶ 61,228, at P 21 (2012); *Sunoco Pipeline L.P.*, 139 FERC ¶ 61,259 at PP 9-15; *Enbridge (U.S.) Inc. and ExxonMobil Pipeline Co.*, 124 FERC ¶ 61,199, at P 35 (2008). Here, Enterprise TE proposes to make up to 81,000 bpd of capacity available for priority service for committed diluent shippers to the extent they elect to pay the premium rate during periods of capacity constraint. Petition at 4. Thus, as explained in the Petition, at least 10 percent of the capacity of the new pipeline extension off of the Seymour Lateral will be available for other shippers, which is consistent with Commission precedent. Petition at 1, 4.

In addition, as explained in more detail below, the 81,000 bpd is significantly less than 90% of the capacity of the applicable existing pipeline segments (meaning that well in excess of 10% of the capacity will remain available for uncommitted shippers on those segments of the pipeline after the project is completed). *Id.* at 1, 4. Moreover, the capacity remaining for shippers other than the diluent committed shippers on the applicable existing pipeline segments exceeds the projected demand for service from those shippers. *Zulim Aff.* at P 5. Thus, not only is the amount of capacity that Enterprise TE proposes to reserve for other shippers in the event of prorationing

reasonable and consistent with Commission precedent, given projected volume levels it is unlikely that prorationing will occur in the first place. *Id.*

As Mr. Zulim explains, the existing effective capacity from the Gulf Coast to Creal Springs, Illinois is approximately 341,000 bpd. Zulim Aff. at P 6. That includes both the approximately 212,000 bpd capacity of the Enterprise TE mainline and the approximately 129,000 bpd of capacity that can be added by offloading volumes onto the Centennial Pipeline, which Enterprise TE has historically done during periods of prorationing. *Id.*; see also Petition at 4. Thus, even if the 81,000 bpd of capacity potentially available for priority service for committed diluent shippers is excluded, the other shippers will continue to have access to 260,000 bpd of capacity in the event of prorationing. Approximately 76 percent of available capacity is therefore available for shippers other than committed diluent shippers, which is almost the exact opposite of what Joint Commenters contend. See Joint Comments at 18 (claiming that Enterprise TE is proposing to “lock up approximately 75% of its Gulf Coast to Creal Springs 20-inch mainline capacity” for priority service shippers). Moreover, Enterprise TE projects that the non-diluent volumes on that segment of the pipeline will be no more than approximately 193,000 bpd going forward. See Zulim Aff. at P 6. Thus, 67,000 bpd of capacity (which represents 26% of the approximately 260,000 bpd of capacity available for non-diluent shippers) will remain available for use even if 81,000 bpd is made available to committed diluent shippers. *Id.*

From Creal Springs to Seymour, Illinois, the existing capacity of the mainline segment is approximately 212,000 bpd. Thus, approximately 131,000 bpd (62%) of the

capacity on that segment will be available for shippers other than diluent committed shippers even if the full 81,000 bpd is dedicated to priority service during prorationing. Enterprise TE projects that the non-diluent volumes on that segment of the pipeline will be no more than approximately 73,000 bpd going forward. *See Zulim Aff. at P 7.* Thus, 58,000 bpd of capacity (or 44% of the 131,000 bpd available for non-diluent shippers) will remain available for use.

The existing 14-inch Seymour Lateral, which extends from the Enterprise TE mainline at Seymour to the interconnection with the Seymour Lateral Project, has a current capacity of approximately 103,000 bpd. Enterprise TE has been able to complete hydraulic studies since the filing of the Petition that indicate that the capacity of the Seymour Lateral is readily expandable in twelve months or less to approximately 134,000 bpd with simple pump and motor upgrades and associated electrical work at three of its existing pump stations. Thus, approximately 22,000 bpd to as much as 53,000 bpd (or 21% and 40%, respectively) of the readily available capacity of that segment will be available for shippers other than the diluent committed shippers in the event of prorationing. The Seymour Lateral segment of Enterprise TE's line has been significantly underutilized in recent years, and recent volume levels have averaged only approximately 18,750 bpd. With non-diluent volume levels continuing to decline, Enterprise TE does not anticipate that future non-diluent volumes on the Seymour Lateral will exceed 22,000 bpd, much less 53,000 bpd. There is thus sufficient capacity for other shippers even if 81,000 bpd is reserved for the committed diluent shippers, especially



given the ready expandability of this segment should the combined demands of committed and uncommitted shippers warrant. *See Zulim Aff.* at P 8.

The following chart sets forth the available capacity on the applicable existing segments in barrels per day:

	<b>Gulf Coast to Creal Springs</b>	<b>Creal Springs to Seymour</b>	<b>Seymour Lateral</b>	<b>Seymour Lateral Post-Expansion</b>
Available Capacity	341,000	212,000	103,000	134,000
Available for Shippers other than Diluent Committed Shippers	260,000	131,000	22,000	53,000
Percentage of available capacity (Line 2 divided by Line 1)	76%	62%	21%	40%
Projected Volumes of Shippers other than Diluent Committed Shippers	193,000	73,000	18,750	18,750
Percentage of capacity ((Line 2 minus Line 4) divided by Line 2)	26%	44%	15%	65%

The volume projections shown in the above chart do not include any interstate distillate or jet fuel volumes, since as noted Enterprise discontinued accepting nominations of those volumes effective June 1, 2013. On June 20, 2013, an Arkansas Circuit Court Judge issued a Temporary Restraining Order enjoining Enterprise TE from refusing to provide transportation services under the terms and conditions of the parties' transportation agreement, pending a hearing on June 27, 2013. Enterprise TE believes there is no basis for the state court injunction and seeks to have it vacated as quickly as possible. Even in the unlikely event that it continues to transport interstate distillate or jet fuel volumes as a result of these proceedings or the outcome of Joint Commenters' motion for stay discussed above, Enterprise TE anticipates that there will be, at projected volume levels, substantial Gulf Coast to Creal Springs 20-inch mainline capacity available for shippers other than diluent shippers. *See Zulim Aff.* at P 9.

Joint Commenters further speculate that the premium rates that committed diluent shippers have the option to pay in exchange for priority service may not be higher than the rates paid by shippers of other products. Joint Comments at 20. As an initial matter, the rates paid by shippers of other products are irrelevant, since, as noted above, the transportation of other products constitutes distinct services. The Commission does not require the premium rate for priority service to be higher than all other rates charged by the pipeline, but only that the premium rate be at least one cent per barrel higher than the rate for the equivalent non-priority service. *See, e.g., Sunoco Pipeline L.P.*, 141 FERC ¶ 61,212, at P 7 (2012) (permitting pipeline to offer priority service to shippers paying premium rates in comparison to other shippers at the same volume level); *Shell Pipeline*

*Company LP*, 139 FERC ¶ 61,228, at PP 7-8, 21-23 (2012) (same). Indeed, in *Explorer*, the Commission approved the pipeline's proposal to provide priority service for committed diluent shippers on the ground that the premium rate exceeded the equivalent rate for uncommitted diluent shippers, without addressing how the committed diluent rate related to the rates for movements of other products on the Explorer pipeline. See 140 FERC ¶ 61,098, at PP 2, 7, 18.

In any event, as shown in the chart in Section I above, the 194.4 cent per barrel premium rate that Enterprise TE proposes to charge committed diluent shippers that voluntarily elect priority service is in fact higher than both the uncommitted rate for diluent service and the uncommitted rate for the comparable unfinished gasoline transportation service. Moreover, the premium diluent rate is several cents higher than all but two of the motor gasoline rates from Gulf Coast origins to Chicago area destinations.<sup>4</sup>

Finally, Joint Commenters argue that it is discriminatory to offer priority service only to committed diluent shippers, since, the Joint Commenters contend, the "open season was not available to historical shippers." Joint Comments at 19. On the contrary, the open season process was widely-publicized, and all shippers interested in entering

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<sup>4</sup> As shown on the chart in Section I above, the motor gasoline rates from Hebert and Houston, Texas to Chicago area destinations are slightly higher than the diluent premium rate. Both of those movements, however, originate on another pipeline. See Tariff No. 55.28.0, Item 300 and footnote 1. Those movements therefore are not comparable to the diluent movements, because they involve a different product and different origins and destinations. For the same reasons, and as explained above, the higher rates for butane movements from the Gulf Coast to the Chicago area are not comparable to the rates for diluent movements.

into long-term commitments to move diluent volumes were given the opportunity to do so. *See* Petition at 3, 5, and Attachment A. Any historical shipper that elected to enter into such an agreement would also have obtained the option of priority service at a premium rate.<sup>5</sup>

As noted above, the Commission has made clear that “[s]hippers who enter into [transportation services agreements] are not similarly situated with other shippers who are unwilling or unable to do so.” *Explorer*, 140 FERC ¶ 61,098, at P 17 (citing *Express Pipeline Partnership*, 76 FERC ¶ 61,245, at 62,254 (1996)); *see also* *CCPS Transportation, LLC*, 121 FERC ¶ 61,253, at PP (2007) (“premium rate firm shippers are not similarly situated with the pipeline’s non-firm shippers”). Thus, shippers that are unwilling or unable to enter into long-term commitments for the shipment of diluent volumes are not similarly situated with shippers that are. There is no requirement that the same rate structure and terms of service be offered to all shippers regardless of the level of volumes committed and regardless of the product shipped. In fact, in *Explorer*, the Commission approved the pipeline’s proposal to offer priority service to committed diluent shippers even though the pipeline did not offer the same service to shippers of

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<sup>5</sup> Counsel for the Joint Commenters sought access to the confidential open season documents, which request Enterprise TE appropriately denied, since the Joint Commenters’ counsel was unwilling or unable to show that he represented any commercial entity with a legitimate interest in the diluent project. *See* Joint Comments at Attachment 3. As counsel for Enterprise TE made clear to Joint Commenters’ counsel, “[t]o ensure consistency of treatment, we asked you confirm the party for whom you were seeking the open season package, so that we could likewise verify that party’s legitimate interest in the diluent project. If your client’s business representatives would like to contact [Enterprise TE’s representative] and identify their specific interest in the diluent project, Enterprise TE stands ready to reconsider its position.” *Id.*

other products or to shippers that did not agree to ship the requisite volume levels. 140

FERC ¶ 61,098, at PP 2, 18-21.

In short, Enterprise TE's priority service proposal is consistent with Commission precedent. Joint Commenters' arguments to the contrary fail to present any valid basis not to approve the Petition.

### III. CONCLUSION

For the foregoing reasons, Enterprise TE respectfully requests that the Commission grant the Petition.

Respectfully submitted,

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**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served a copy of the foregoing document on each person designated on the official service list compiled by the Secretary for this proceeding.

Dated at Washington, D.C. this 24<sup>th</sup> day of June, 2013.

/s/ Joseph R. Hicks

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# **Attachment A**

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

**Enterprise TE Products Pipeline Company LLC     )     Docket No. OR13-20-000**

**AFFIDAVIT OF THOMAS M. ZULIM  
ON BEHALF OF ENTERPRISE TE PRODUCTS PIPELINE COMPANY LLC**

1.     My name is Thomas M. Zulim. I am the Group Senior Vice President, Regulated Businesses & Refined Products, for Enterprise Products Holdings LLC, of which Enterprise TE Products Pipeline Company LLC (“Enterprise TE”) is a wholly-owned subsidiary. I am responsible for all aspects of the business and operations of Enterprise TE. My business address is 1100 Louisiana Avenue, Houston, Texas 77002.

2.     I am providing this affidavit on behalf of Enterprise TE in response to comments regarding Enterprise TE’s petition for a declaratory order regarding its proposal to provide diluent service in connection with its Seymour Lateral Extension Project.

3.     The diluent rates that Enterprise TE proposes to charge are comparable to the rates for other similar products that Enterprise TE transports. Enterprise TE proposes to file a rate of \$1.934 per barrel for uncommitted diluent movements from Mont Belvieu, Texas to Manhattan, Illinois, and Fair Oaks, Indiana, both of which are near Chicago. Enterprise TE further proposes to file a discounted rate of \$1.86 per barrel for



committed diluent movements on the same route, and a rate of \$1.944 per barrel for priority service for diluent movements on the same route during periods of prorationing.

The proposed \$1.934 per barrel uncommitted rate is the same as Enterprise TE's current rate for unfinished gasoline from Mont Belvieu to destinations in the Chicago area.

Enterprise TE considered it reasonable to set the uncommitted rate for diluent equal to the existing rate for unfinished gasoline, since unfinished gasoline includes products that are comparable to diluent.

4. Enterprise TE's existing rates for transportation of motor gasoline to the Chicago area are also generally comparable to the rates proposed for diluent, although the rates are different because motor gasoline is a different product from diluent and the motor gasoline movements begin at origins other than Mont Belvieu. Enterprise TE also offers butane transportation service from the U.S. Gulf Coast to destinations near Chicago (Joliet and Lemont, Illinois). Butane is a substantially different product from diluent. Among other things, diluent, motor gasoline and butane have different uses, different prices, different customers, different chemical and physical properties, and different effects on pipeline operations. Diluent is a light hydrocarbon material, consisting of predominantly straight-chain molecules in the C5-C10 range, which is used to dilute heavy crude oil (which may contain molecules as long as C80-C100) so that it can flow through liquid pipelines at ambient temperatures. Motor gasoline molecules are generally within the C4-C12 range, while butane has only four carbon atoms per molecule. Apart from the chemical differences, the products have very different uses. Motor gasoline is a fuel for motor vehicles. Butane has various uses, primarily as a

feedstock in the refining process and in producing petrochemicals. Because the uses are different, the customers that seek to purchase diluent, motor gasoline and butane are different from each other. The prices for the different products are also different. The products also move in separate batches and are stored in separate tanks or caverns.

5. Even after excluding the 81,000 barrels per day (“bpd”) of capacity potentially reserved for priority service for committed diluent shippers, the capacity remaining for the shippers other than the diluent committed shippers on the applicable existing pipeline segments exceeds the projected demand for service from those shippers. Thus, not only is the amount of capacity that Enterprise TE proposes to reserve for non-diluent committed shippers in the event of prorationing reasonable, given projected volume levels it is unlikely that prorationing will occur in the first place.

6. The existing effective capacity from the Gulf Coast to Creal Springs, Illinois is approximately 341,000 bpd. That includes both the approximately 212,000 bpd capacity of the Enterprise TE mainline and the approximately 129,000 bpd of capacity that can be added by offloading volumes onto the Centennial Pipeline, which Enterprise TE has historically done during periods of prorationing. Thus, even if the 81,000 bpd of capacity potentially available for priority service for committed diluent shippers is excluded, the other shippers will continue to have access to 260,000 bpd of capacity in the event of prorationing. Approximately 76 percent of available capacity is therefore available for shippers other than committed diluent shippers. Moreover, Enterprise TE projects that the non-diluent volumes on that segment of the pipeline will be no more than approximately 193,000 bpd going forward. Thus, 67,000 bpd of capacity (which

represents 26% of the approximately 260,000 bpd of capacity available for non-diluent shippers) will remain available for use even if 81,000 bpd is made available to committed diluent shippers.

7. From Creal Springs to Seymour, Illinois, the existing capacity of the mainline segment is approximately 212,000 bpd. Thus, approximately 131,000 bpd (62%) of the capacity on that segment will be available for shippers other than diluent committed shippers even if the full 81,000 bpd is dedicated to priority service during prorationing. Enterprise TE projects that the non-diluent volumes on that segment of the pipeline will be no more than approximately 73,000 bpd going forward. Thus, 58,000 bpd of capacity (or 44% of the 131,000 bpd available for non-diluent shippers) will remain available for use.


8. The existing 14-inch Seymour Lateral, which extends from the Enterprise TE mainline at Seymour to the interconnection with the Seymour Lateral Project, has a current capacity of approximately 103,000 bpd. Enterprise TE has been able to complete hydraulic studies since the filing of the Petition that indicate that the capacity of the Seymour Lateral is readily expandable in twelve months or less to approximately 134,000 bpd with simple pump and motor upgrades and associated electrical work at three of its existing pump stations. Thus, approximately 22,000 bpd to as much as 53,000 bpd (or 21% and 40%, respectively) of the readily available capacity of that segment will be available for shippers other than the diluent committed shippers in the event of prorationing. The Seymour Lateral segment of Enterprise TE's line has been significantly underutilized in recent years, and recent volume levels have averaged only

approximately 18,750 bpd. With non-diluent volume levels continuing to decline, Enterprise TE does not anticipate that future non-diluent volumes on the Seymour Lateral will exceed 22,000 bpd, much less 53,000 bpd. There is thus sufficient capacity for other shippers even if 81,000 bpd is reserved for the committed diluent shippers, especially given the ready expandability of this segment should the combined demands of committed and uncommitted shippers warrant.

9. The above volume projections do not include any interstate distillate or jet fuel volumes, since Enterprise discontinued accepting nominations of those volumes effective June 1, 2013. In the unlikely event that Enterprise TE continues to transport interstate distillate or jet fuel volumes in the future, Enterprise TE anticipates that there will be, at projected volume levels, substantial Gulf Coast to Creal Springs 20-inch mainline capacity available for shippers other than diluent shippers.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Executed this 24<sup>th</sup> day of June, 2013.



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Thomas M. Zulim

Document Content(s)

Seymour Lateral PDO Reply Comments (Final).PDF.....<sup>1-26</sup>  
**Exhibit No. HWR-36**  
**Page 27 of 27**

**EXHIBIT NO. HWR-37**

**HIGHLY CONFIDENTIAL 15(13)  
PROTECTED MATERIALS  
REMOVED**

**EXHIBIT NO. HWR-38**

**HIGHLY CONFIDENTIAL 15(13)  
PROTECTED MATERIALS  
REMOVED**

**EXHIBIT NO. HWR-39**

**HIGHLY CONFIDENTIAL 15(13)  
PROTECTED MATERIALS  
REMOVED**



**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

CHS Inc.,  
Federal Express Corporation  
GROWMARK, Inc.  
HWRT Oil Company LLC  
MFA Oil Company  
Southwest Airlines Co.  
United Airlines, Inc.  
UPS Fuel Services, Inc.

Docket No. OR13-25-002

v.

Enterprise TE Products Pipeline Company, LLC

Chevron Products Company

Docket No. OR13-26-002

v.

Enterprise TE Products Pipeline Company, LLC

(consolidated)

**Objections of Enterprise TE Products Pipeline Company LLC  
To the First Set of Discovery Requests of Complainants**

Pursuant to the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“FERC”), 18 C.F.R. §§ 385.401, *et. seq.*, and the “Order Establishing Procedural Schedule” issued by the Presiding Administrative Law Judge on April 24, 2014, Enterprise TE Products Pipeline Company LLC (“Enterprise TE”) submits these objections to the First Set of Discovery Requests of Complainants (CHS Inc., Federal Express Corporation, GROWMARK, Inc., HWRT Oil Company LLC, MFA Oil Company, Southwest Airlines Co., United Airlines, Inc., and UPS Fuel Services, Inc.) in the above-captioned proceeding.

**I. GENERAL OBJECTIONS**

In addition to the objections to the specific requests, Enterprise TE objects generally to the data requests set forth below. The following general objections are applicable to and are hereby incorporated by reference into all of Enterprise TE's objections and responses to specific data requests. No specific objection set forth below constitutes a waiver, in whole or in part, of any of the foregoing general objections.

1. Enterprise TE objects to any discovery request to the extent it seeks information or documents that are not relevant to the subject matter of the above-captioned FERC proceeding and are not reasonably calculated to lead to the discovery of admissible evidence in that proceeding.

2. Enterprise TE objects to any discovery request to the extent it seeks information or documents protected from disclosure by the attorney-client privilege, other statutory or judicially recognized privileges, or the attorney work product doctrine.

3. Enterprise TE objects to any discovery request that calls for proprietary and confidential information and/or trade secrets, or information prohibited from being disclosed pursuant to Section 15(13) of the Interstate Commerce Act, 49 U.S.C. app. § 15(13). Notwithstanding this objection, all responsive confidential information produced shall be produced and served on those parties that have properly executed non-disclosure certificates pursuant to the Protective Order issued by the Presiding Judge on November 19, 2013.

4. Enterprise TE objects to any discovery that calls for information or documents that are not in the possession, custody, or control of Enterprise TE.

5. Enterprise TE objects to all discovery requests that are overly broad and/or unduly burdensome. As part of this objection, Enterprise TE objects to all discovery requests that seek

“all documents” and similarly worded requests on the grounds that such requests are unreasonably cumulative and duplicative, fail to identify with specificity the information or material sought, and create an unreasonable burden compared to the likelihood of such requests leading to the discovery of admissible evidence. Notwithstanding this objection, Enterprise TE will produce all relevant, non-privileged information not otherwise objected to that it is able to locate after a reasonable inquiry of persons expected to have knowledge of the requested information.

6. Enterprise TE objects to all discovery requests to the extent that the request would impose an undue burden on Enterprise TE by requiring it to perform studies, analyses, or calculations or otherwise to create documents that do not currently exist.

7. Enterprise TE objects to providing information or documents that are readily available to Complainants with a reasonable expenditure of effort, to include information or documents already in any of the Complainants’ possession, custody, or control. Enterprise TE further objects to the data requests to the extent that they seek public information and documents that are obtainable from alternative sources that are more convenient, less burdensome, or less expensive.

8. Enterprise TE objects to all data requests to the extent that the request is vague, unintelligible, or fails to identify with sufficient particularity the information or documents requested and, thus, is not susceptible to response at this time.

9. Enterprise TE objects to any request that is unreasonably cumulative or duplicative of other requests.

10. Enterprise TE objects to any request that requires production of information and documents beyond the period at issue in this proceeding.

11. Enterprise TE objects to any request that: (1) asks for a legal conclusion to be drawn or legal research to be conducted on the ground that such requests are not designed to elicit facts and, thus, violate the principles underlying discovery; (2) requires Enterprise TE's witnesses or counsel to do legal research or perform additional analysis in order to respond to the request; or (3) seeks access to counsel's legal research or which seeks a way to ascertain counsel's legal authority or theory in the case.

12. Enterprise TE's responses to the Complainants' requests will be made solely for the purposes of this proceeding. In providing the responses, Enterprise TE does not concede the relevancy or materiality of any information provided. The responses are provided subject to, and without waiver of, any objections as to competency, materiality, or admissibility of evidence.

## **II. OBJECTIONS TO GENERAL INSTRUCTIONS AND DEFINITIONS**

1. Enterprise TE objects generally to all “Definitions” and “Instructions” to the extent they are inconsistent with or require Enterprise TE to do anything not required by the procedures and requirements set forth in the FERC Rules of Practice and Procedure or the rules of the Presiding Administrative Law Judge.

2. Enterprise TE objects to Instruction No. 2 to the extent it purports to impose obligations in addition to the Commission’s rules regarding supplementation of discovery responses as set forth in 18 C.F.R. § 385.403(d).

3. Enterprise TE objects to Instruction Nos. 7, 14, 18, and 19, 20 and 21 to extent they require production of information that is not in Enterprise TE’s possession, custody, or control.

4. Enterprise TE objects to Instruction No. 8 to the extent it requires Enterprise TE to answer any data requests that is vague or ambiguous.

5. Enterprise TE objects to Definition No. 1 to the extent it defines “Enterprise TE” to mean any entity or person other than “Enterprise TE Products Pipeline Company LLC.”

6. Enterprise TE objections to Definition No. 2 to the extent it defines “Enterprise” to mean any entity or person other than “Enterprise Products Partners L.P.”

7. Enterprise TE objects to Definition No. 8 as unduly burdensome. In responding to Complainants’ data requests, Enterprise TE will make reasonable efforts to identify documents, communications, and persons where appropriate.

8. Enterprise TE objects to Definition No. 10 and Instruction 15 to the extent that they attempt to require a narrative response when reference to a document is sufficient.

**CMP-ENT 1-16:** In its May 21, 2013 “Response of Enterprise TE Products Pipeline Company LLC to Protests and Motions to Intervene” in FERC Docket No. IS13-265 at page 5 and the accompanying Affidavit of Thomas M. Zulim on Behalf of Enterprise TE Products Pipeline Company LLC at Par. 7, Enterprise TE claims that it will no longer be able to transport jet fuel and diesel once the 14/16 inch line is out of service “unless it were to undertake substantial modifications that Enterprise TE estimates would cost approximately \$50 million.”

- a. Please provide all managerial-level reports, evaluations, and/or analyses that relate to the conclusion that Enterprise TE would not be able to provide jet fuel and diesel service following the removal of the 14/16 inch line.
- b. Please provide the operational and economic reports and/or analyses that form the basis for the \$50 million cost estimate.
- c. Please provide a narrative explanation as to whether and when Enterprise TE spent the \$50 million or a portion thereof prior to its resumption of diesel service on or about May 1, 2014.
- d. To the extent Enterprise TE did not spend the \$50 million prior to its resumption of diesel service on or about May 1, 2014, please explain:
  - i. What circumstances changed to allow Enterprise TE to provide diesel service without making the referenced expenditures.
  - ii. Please provide all substantive reports, evaluations, and/or other analyses that relate to the conclusion that Enterprise TE will now (from on or about May 1, 2014 forward) be able to provide diesel service despite the removal of the 14/16 inch line.
  - iii. Please provide all Board meeting minutes and managerial reports, evaluations, and/or other managerial-level analyses addressing the issue or topic of reinstituting diesel service subsequent to the removal of the 14/16 inch line from Enterprise TE’s operations.
  - iv. Please provide all documents, reports and/or other analyses which show the amount of money, if any, Enterprise TE spent to resume diesel service on or about May 1, 2014. This should include identifying when and on what the money, if any, was spent.
  - v. Please describe and explain all operational modifications made to Enterprise TE’s system that permitted it to resume diesel service on or about May 1, 2014.

**Objections:** Enterprise TE objects to this request on the grounds set forth in General Objections 1 and 5.

**Objections prepared by:**  
*Counsel*

May 6, 2014

**EXHIBIT NO. HWR-41**

**HIGHLY CONFIDENTIAL 15(13)  
PROTECTED MATERIALS  
REMOVED**