

## PRORATION POLICY

### Purpose of Policy

The purpose of this Proration Policy is to enable Plantation Pipe Line Company to comply with its statutory obligations as a common carrier pipeline. This Proration Policy is intended to equitably allocate space among all shippers desiring to ship petroleum products at times when the aggregate monthly volume exceeds the capacity of any segment of the system.

### Definitions

"Proration Month" is the calendar month for which space is being allocated.

"Calculation Month" is the calendar month just preceding the "Proration Month."

"Base Period" is the 12-calendar month period just preceding the calculation month. Individual months within the base period are designated by numbers 1 through 12, with "month 1" being the most recent base period month and "month 12" being the oldest base period month.

An "Active Shipper" is any shipper that has been granted shipper status by Plantation and has moved product on any pipeline segment within the past 24 months.

A "Regular Shipper" is any shipper who has a record of movements on the specific segment to be prorated in any one of months 4 through 12 of the base period.

A "New Shipper" is any shipper who is not a "Regular Shipper." New shippers include shippers just granted shipper status and Active Shippers new to the affected pipeline segment ( i.e., no movements on the affected segment in any one of months 4 through 12 of the base period).

"Base Shipments" are the average monthly movements by a Regular Shipper during the base period. Base shipments will be calculated by dividing the total movements in the base period by the lesser of (a) 12 or (b) the number of the base period month within which the Regular Shipper first moved product on the affected pipeline segment.

An "Annual Forecast" is a 12-month forward forecast of a shipper's intended movements on Plantation covering a specific calendar year. The Annual Forecast is due in September of the calendar year preceding the intended movements. Plantation will accept and encourages shippers to update their forecast quarterly. An Annual Forecast can be updated at any time to reflect a significant change such as obtaining or disposing of assets. Shippers are not required to submit an Annual Forecast. Plantation will use the shippers actual deliveries for the most recent calendar year if no Annual Forecast was submitted.

A "Nomination" is a shipper's documented Notice Of Intent To Ship as outlined in ITEM 25 of the Plantation tariff. Nominations are due by the 5th day of the month preceding the month in which the product is to be moved.

### Nominations and Forecast Volumes

When the Management of Plantation determines that it may be necessary to allocate space on a specific pipeline segment, Plantation may request shippers to furnish an updated Nomination of volumes to be shipped in the next succeeding shipping month or portion of a month. If Plantation determines that the resulting nominated volumes are too large to properly manage, the effected segment will be prorated in accordance with this Proration Procedure.

If it appears that it will be necessary to allocate pipeline space for an extended period of time, Plantation may request shippers to update or submit a current Annual Forecast. Plantation will carefully examine all forecasts using every means available to ensure that they are true and realistic and will adjust any forecast that appears to be modified in an attempt to circumvent the Proration Policy.

All movements on a prorated segment of the pipeline must be nominated by the 10th day of the month preceding the month in which the product is to be moved.

An Active Shipper will be denied movements on a prorated segment if their Annual Forecast does not reflect such intentions.

An Active Shipper (and not considered a Regular Shipper) forecasting movements on a new pipeline segment will be treated as a "New Shipper" for proration purposes for such movements.

### Proration Procedure

When Nominations for any month exceed the capacity in any segment of the Plantation system, and that segment is placed on proration, space shall be allocated among shippers in that segment by the following procedure:

1. The forecast volumes, obtained from Annual Forecast(s) for each Regular Shipper during the base period, will be compared to their actual movements during that same period. Plantation reserves the right to adjust any forecast volume as deemed necessary to ensure consistency with actual volumes shipped.
2. The forecast volumes for each Regular Shipper and each New Shipper shall be totaled and divided into the line capacity of the prorated segment. The resultant fraction will be the "proration factor."
3. Each New Shipper shall be allocated space based upon their forecast volume multiplied by the proration factor. The New Shipper will receive up to 50% of their allocated space the first month, up to 75% the second, and up to 100% for any additional month until they become a Regular Shipper or until the segment is no longer under proration. Total space allocated to all New Shippers will not exceed 5% of the line capacity of the prorated segment.
4. The remaining capacity shall be allocated among Regular Shippers in proportion to their Base Shipments.

5. In the event any shipper is allocated more space than their Nomination, the excess of their space will be reallocated among all other shippers in proportion to their unsatisfied allocation.

To maintain equitable allocation of space on a prorated line segment, a New Shipper's allocation for the next proration month will be reduced by the allocated space not used in the preceding month.

Plantation reserves the right to adjust forecast volumes and/or Base Shipments to prevent permanent loss of allocated space of any shipper due to requests by Plantation to redistribute deliveries, force majeure or other causes beyond the control of a shipper.

### General

In no event will any portion of an allocation to a shipper be used in such a manner that it will increase the allocation of another shipper beyond what they are entitled to under this Proration Policy. Plantation may require written assurances from a responsible official stating that the shipper is not violating this requirement with respect to the use of allocated space. In the event that any shipper shall, by any device, scheme, or arrangement whatsoever, make available to another shipper or in the event any shipper shall receive and use any space from another shipper through violation of this requirement, the allocated space for both shippers will be reduced by the extent of the excess space so made available or used. The space reduction for both shippers will be applied to the first proration month following the discovery of the violation.

### HIGH LEVEL ALARMS

Plantation will cooperate with customers and terminal companies in the installation of tank high-level alarms at customer terminals and will take certain actions if alarms are activated. A copy of the policy covering tank high-level alarms is available from the Operations Control Department.

### INTERFACE HANDLING

Interface generated in the mainline system between Collins, Mississippi and Greensboro, North Carolina will be disposed of by the carrier. At all other terminus points of each line, interface will be delivered to the customers on a pro rata basis. Where interface is delivered to the customers, the value of such interface will be the average settlement price of 1/2 unleaded regular gasoline, and 1/2 common kerosene/aviation kerosene.

### NEW CUSTOMER REQUIREMENTS

New customers requesting to move product on Plantation are asked to provide specific information to establish shipper status. Information currently requested includes:

- A 24-month forward estimate of movements on our system in barrels per calendar day. Estimates should be broken down by product grade, by month.

- The origin(s) and destination(s) for product movements. Listing the actual facilities and terminal locations, whenever possible.
- General company information, including your latest annual report, credit references, the name of your primary bank, and a current Dun & Bradstreet report.
- The name(s), address(es), and telephone number(s) of those who will receive ticket and/or invoice correspondence.
- The name(s) and telephone number(s) of the person(s) authorized to schedule your movements on Plantation.

The Commercial Development Department is available to help you become a Plantation customer.

When new terminal facilities are planned for construction and connection to Plantation, information should be furnished giving geographic location relative to Plantation's delivery terminal, new tankage size and planned product service, and the size and location of delivery lines from Plantation's delivery header to the terminal tankage. The point of custody transfer and Plantation facility ownership at the various delivery terminals is the delivery valve on the customer's delivery header within the Plantation terminal property. Each customer must provide delivery lines with necessary valving facilities to receive products at full-line pumping rates with delivery pressure not to exceed 50 p.s.i. at Plantation's delivery header. Delivery rates for the various lines are available on request from the Operations Control Department. Customer delivery lines connected to Plantation's delivery manifold must terminate at a flange on the Plantation delivery manifold and should have a manual block valve and check valve to block deliveries and to prevent backflow. Easements and/or permits must be executed by the customer for the installation of delivery lines.

Where extraordinary expenses are incurred by Plantation to connect new customers, a throughput and/or deficiency agreement may be required from the customer to cover such expenses.

### **CUSTOMER CLAIMS**

Occasionally during the course of operations, differences may occur between the PPL delivery and customer delivery volumes. If a discrepancy is noted by a shipper, the local Area Manager is usually contacted. At this point, the claim is considered informal. Sometimes the Product Technologist may assist in the investigation. If no errors are found with Plantation's measurement, the customer is notified. If an error is found with Plantation's measurement or if the customer still feels there has been an error, the customer will be requested to complete the PPL Customer Claim Form, PPL 760-2, before further action can be taken. Once the claim form is received by the Area Manager, the formal claim process may begin. Every effort will be made to process the claim in a timely manner. The time required for this should not extend beyond 45 days. A copy of the Customer Claim Form is included in this section.

**PLANTATION PIPE LINE COMPANY - CUSTOMER CLAIM FORM**

**Customer Information**

_____ Company Name			_____ Date
_____ Street Address or Post Office Box			_____ Customer Representative to Contact
_____ City	_____ State	_____ Zip Code	_____ Customer Telephone Number

Batch No. \_\_\_\_\_ Delivery Date \_\_\_\_\_ Product Claim  Water Claim   
 PPL Delivery Amount \_\_\_\_\_ BBL Customer Claim Amount \_\_\_\_\_ Gal/BBL

**TANK GAUGE DATA**

Close Gauge Date   /  /   Time \_\_\_\_\_ Tank No. \_\_\_\_\_ Gal/BBL per inch \_\_\_\_\_  
 Close Product Gauge (Manual  Auto  ) \_\_\_\_\_ ft \_\_\_\_\_ / \_\_\_\_\_ in = \_\_\_\_\_ Gal/BBL  
 Close Water Gauge (Manual  Auto  ) \_\_\_\_\_ ft \_\_\_\_\_ / \_\_\_\_\_ in = \_\_\_\_\_ Gal/BBL  
 Close Gravity \_\_\_\_\_ \*API @ 60°F Close Uncorrected Product \_\_\_\_\_ Gal/BBL  
 Tank Thermometer Type (Portable Cup  Tank Shell Mounted  Electronic Probe  )  
 Close Tank Temperature \_\_\_\_\_ °F Close Temperature Factor \_\_\_\_\_  
 Close Corrected Product \_\_\_\_\_ Gal/BBL

Open Gauge Date   /  /   Time \_\_\_\_\_ Tank No. \_\_\_\_\_ Gal/BBL per inch \_\_\_\_\_  
 Open Product Gauge (Manual  Auto  ) \_\_\_\_\_ ft \_\_\_\_\_ / \_\_\_\_\_ in = \_\_\_\_\_ Gal/BBL  
 Open Water Gauge (Manual  Auto  ) \_\_\_\_\_ ft \_\_\_\_\_ / \_\_\_\_\_ in = \_\_\_\_\_ Gal/BBL  
 Open Gravity \_\_\_\_\_ \*API @ 60°F Open Uncorrected Product \_\_\_\_\_ Gal/BBL  
 Open Tank Temperature \_\_\_\_\_ °F Open Temperature Factor \_\_\_\_\_  
 Open Corrected Product \_\_\_\_\_ Gal/BBL  
 Corrected Tank Receipt \_\_\_\_\_ Gal/BBL

Additional Tanks \_\_\_\_\_ + \_\_\_\_\_ + \_\_\_\_\_ + \_\_\_\_\_ + \_\_\_\_\_ = \_\_\_\_\_ Gal/BBL  
*(Use separate sheet for each additional tank gauge data. e.g. line wash, transfers, etc.)*  
 Total Receipt into Tanks \_\_\_\_\_ Gal/BBL

**LOADOUT METER DATA**

Meter No.	_____	_____	_____	_____	_____
Opening Meter	_____	_____	_____	_____	_____
Date/Time	_____	_____	_____	_____	_____
Closing Meter	_____	_____	_____	_____	_____
Date/Time	_____	_____	_____	_____	_____
Difference	_____	_____	_____	_____	_____
Meter Factor	_____	_____	_____	_____	_____
Temp. Factor*	_____	_____	_____	_____	_____
Corrected Meter	_____	_____	_____	_____	_____
					Meter Total

\* Required if meter is not temperature compensated

**Total Corrected Receipt By Customer Equipment** \_\_\_\_\_ Gal/BBL  
**Plantation Delivery By Ticket** \_\_\_\_\_ Gal/BBL  
**Customer Over (+) Short (-)** \_\_\_\_\_ Gal/BBL