

**WILLIAMS BAYOU ETHANE PIPELINE, L.L.C.**

**LOCAL PIPELINE TARIFF**

CONTAINING

**RATES, RULES, AND REGULATIONS**

Governing the Interstate Transportation and Handling  
of

**NATURAL GAS LIQUIDS**

Transported by Pipeline

**FROM ORIGINS IN TEXAS**

**TO**

**DESTINATIONS IN LOUISIANA**

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The rates in this tariff are expressed in cents per Barrel and are subject to change as provided by law and also to the Rules and Regulations published herein, supplements hereto and reissues thereof.

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

**[W]** This Tariff is filed in compliance with 18 C.F.R. § ~~341.3~~ 342.3 Indexing.

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**SECTION I  
GENERAL RULES AND REGULATIONS**

**ITEM NO. 5 - DEFINITIONS**

“Actual Shipments” shall mean volume of Product that is ultimately delivered to the Destination(s) for the account of Shipper.

“Affiliate” shall mean with respect to any specified Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person or, in the case of a Person that is a limited partnership, an “Affiliate” shall include any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with the general partner of such limited partnership. For the purposes of this definition, “control” means the ownership, directly or indirectly, of more than fifty percent (50%) of the voting stock or other ownership interest of such Person; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“Barrel” shall mean forty-two (42) Gallons.

“BPD” shall mean Barrels of Product per Day.

“Base Period” shall mean the twelve-Month period beginning thirteen (13) Months prior to the Proration Month and excluding the Month preceding the Proration Month. If Carrier has been in operation less than twelve (12) Months, then the Base Period shall be number of Months during which the Carrier has been in operation, excluding the Month preceding the Proration Month.

“Calendar Year” shall mean the twelve (12) month period beginning on January 1 and ending on December 31.

“Carrier” shall mean Williams Bayou Ethane Pipeline, L.L.C.

“Collateral” shall have the meaning set forth in Item No. 55 of this Tariff.

“Commencement of Service Date” shall mean the date on which Shipper begins regular deliveries of Product to the Pipeline at the Origin, unless the Commencement of Service Date is not the first day of a Month in which case it shall be the first day of the first Month immediately following the day which the Shipper begins regular deliveries, provided that in no event shall the Commencement of Service Date be more than three (3) months after the Effective Date of the TSA and if Shipper has not begun regular deliveries within three (3) months of the Effective Date, Shipper’s obligation to make Deficiency Payments shall begin on the third month anniversary of the Effective Date.

“Committed Rates” shall mean those rates applicable to Committed Shippers as listed in Item No. [W] 1465.

“Committed Shipper” shall mean a Shipper that has an effective TSA in which such Shipper made a minimum volume commitment for 10 years.

“Committed Volume” shall mean the minimum volume of Product (stated in BPD) that a Committed Shipper has committed in its TSA to Nominate and ship on the Pipeline, or otherwise pay a Deficiency Payment for, each Day during a Month.

“Contract Year” means each twelve (12) month period of the TSA beginning for the first Contract Year on the later of the Commencement of Service date or January 1, 2015.

“Day” shall mean the twenty-four (24) hours between 7:00 a.m. prevailing Central Time and 7:00 a.m. prevailing Central Time the following day.

“Deficiency Payment” shall have the meaning set forth in Item No. 120 and Item No. 140, Paragraph B, of this Tariff.

“Destination(s)” shall mean the Pipeline delivery point(s) listed in this Tariff and tariffs making reference hereto and incorporating this Tariff by reference therein.

“Encumbered Product” shall have the meaning set forth in Item No. 35 of this Tariff.

“Excess Volume” shall have the meaning set forth in Item No. 115, Paragraph E, of this Tariff.

“Force Majeure” shall mean any event or occurrence beyond the reasonable control of Carrier that prevents in whole or in part the performance by Carrier of any obligation or condition under this Tariff (and/or any tariffs making reference hereto and incorporating this Tariff by reference therein), including but not limited to strikes, lockouts, or other industrial disturbances, wars, sabotage, terrorism, blockades, insurrections, or acts of the public enemy; epidemics, landslides, lightning, earthquakes, tornadoes, loss of utilities, fires, explosions, storms, floods, washouts, or other acts of God; arrests or restraints of governments and people; riots or civil disturbances, failures, disruptions, breakdowns, or accidents to machinery, facilities, or lines of pipe (whether owned, leased or rented); freezing of lines; termination of a capacity lease by a lessor; embargoes, priorities, expropriation, or condemnation by government or governmental authorities; interference by civil or military authorities; compliance with any orders, directives, rules or regulations issued by governmental authority.

“Gallon” shall mean a U.S. gallon of 231 cubic inches at sixty degrees Fahrenheit (60°F) and equilibrium vapor pressure.

“Minimum Volume” shall have the meaning set forth in Item No. 135 Section i.

“Month” shall mean a period of time commencing at the start of the first Day of a calendar month and ending at the start of the first Day of the next calendar month.

“New Shipper” shall have the meaning set forth in Item No. 65 of this Tariff.

“Nominate,” “Nomination,” or “Nominated” shall mean an offer by Shipper to Carrier of a stated quantity of Product for transportation, from the specified Origin to the specified Destination pursuant to the terms of this Tariff (and/or any tariffs making reference hereto and incorporating this Tariff by reference therein).

“Obligations” shall have the meaning set forth in Item No. 55 of this Tariff.

“Off-Spec Penalty” shall have the meaning set forth in Item No. 10 of this Tariff.

“Off-Spec Product” shall have the meaning set forth in Item No. 10 of this Tariff.

“Origin(s)” shall mean the Pipeline receipt point(s) listed in this Tariff and in tariffs making reference hereto and incorporating this Tariff by reference therein.

“Party” shall mean Carrier or Shipper when referred to individually or “Parties” when referred to collectively.

“Person” shall mean any individual, corporation, partnership, joint venture, association, joint stock company, or limited liability company.

“Pipeline” shall mean the Williams Bayou Ethane Pipeline, originating in Texas and terminating in Louisiana.

“Product” shall mean ethane in a liquid state conforming to Carrier’s specifications, as set forth in Item No. 10 of this Tariff.

“Proration Month” shall mean the Month for which capacity on the Pipeline is subject to prorationing under Item No. 65 of this Tariff.

“Prorated Capacity” shall have the meaning set forth in Item No. 65 of this Tariff.

“Qualified Issuer” shall mean a United States office of a commercial bank or trust company organized under the laws of the United States of America or a political subdivision thereof or a foreign bank with a branch office located in the United States and unaffiliated to Shipper and, in either case, (A) subject to supervision or examination by a federal or state authority of the United States of America, (B) having a Credit Rating of BBB or higher by Standard and Poor’s or Baa or higher by Moody’s Investment Services and (C) having a minimum asset base of at least \$5,000,000,000.

“Regular Shipper” shall have the meaning set forth in Item No. 65 of this Tariff.

“Required Monthly Volume” shall mean the Committed Volume multiplied by the number of Days in the applicable Month.

“Service Commencement Date” means the date that service will commence under the Lake Charles Incentive Volume Program including, without limitation, Shipper’s obligation to ship the Minimum Volume or pay the Deficiency Payment and Williams’ obligation to provide service. The Service Commencement Date will be the earlier of: (1) the date that Shipper begins product flow, or (2) October 1, 2017.

“Shipper” shall mean any Person who gives notice to ship Product under the provisions outlined in this Tariff and in accordance with applicable law.

“Specifications” shall mean the specifications applicable to Product transported through the Pipeline, which Specifications shall be available upon request to Carrier.

“Tariff” shall mean this tariff.

“Term” shall mean the full term as defined under the applicable TSA and continuing through any successive terms pursuant to such TSA.

“Ticket Period” shall mean the time period between when Carrier pulls a ticket and the next time Carrier pulls a ticket.

“Transportation Services Agreement” or “TSA” shall mean an agreement executed by Carrier and a Shipper.

“Volume Incentive Rates” shall mean those rates applicable to Volume Incentive Shippers as listed in Item No. 170.

“Volume Incentive Shipper” shall mean a Shipper that has an effective Lake Charles Volume Incentive Transportation Agreement in which such Shipper made a minimum volume commitment for the required Term.

## **ITEM NO. 10 - PRODUCT SPECIFICATIONS**

Carrier is engaged in the transportation of Product as herein defined and will not accept any other commodity for transportation under this Tariff. Shipper shall perform applicable tests to ensure that the stream delivered to the Pipeline conforms to Carrier’s Specifications. Should spot samples, analyses, or any other test (including tests performed by Carrier) indicate that the stream delivered or to be delivered does not meet the Specifications required by Carrier, Shipper agrees to stop delivery of such off-Specification stream to Carrier until such time as it is determined by additional testing that the stream meets the definition of Product issued by Carrier and Carrier’s Specifications.

Carrier reserves the right to refuse to accept any “Off-Spec Product” for transportation. Off-Spec Product is Product that (i) does not conform to the Specifications, (ii) is not merchantable, (iii) is not readily acceptable for transportation through Carrier’s Pipeline and/or (iv) would otherwise adversely affect Carrier’s Pipeline or

another Product. As a prerequisite to transportation on the Pipeline, Shipper's Product must also conform to the quality specifications of the Nominated Destination. Shipper may be required to furnish Carrier with a certificate of analysis setting forth the composition of the Product from the original source of the Product to be transported in Carrier's facilities. Carrier reserves the right to sample and/or test any such shipment prior to acceptance or during receipt, and in the event of variance between Shipper's certificate and Carrier's test, the latter shall prevail.

Should Shipper become aware that any Product delivered fails at any time to conform to the Specifications, then Shipper shall promptly notify Carrier of any such failure. Shipper shall immediately undertake and diligently pursue such acts as may be necessary to correct such failure so as to tender Product conforming to the Specifications. If, upon investigation, Carrier determines that Shipper has delivered Product to the Pipeline that has contaminated the common fungible stream, rendering all or a portion of the fungible stream undeliverable, Carrier reserves the right to treat or otherwise dispose of all contaminated Product in any commercially reasonable manner at Shipper's sole expense. Shipper's liability in such an instance would include, but is not limited to, costs of handling, refractionating, processing or disposing of any and all products and decontaminating any facilities contaminated by any Off-Spec Product, as well as claims from other Shippers, carriers, users, and/or handlers of the contaminated Products and the costs of any regulatory or judicial proceeding. In addition, such Shipper will be excluded from further entry into applicable segments of the Pipeline until such time as Shipper's Product meets the quality specifications in this Item No. 10 to the satisfaction of Carrier. If Product received by Carrier does not meet the Specifications, Carrier reserves the right to charge the Shipper (i) the actual costs and expenses incurred by Carrier to treat or otherwise dispose of all contaminated Product, including contaminated Product of other shippers caused by such Shipper's failure to meet the Specifications and settle any claims from other shippers or third parties, and (ii) a one-hundred (100) cents per Barrel penalty for the volume of Product transported by Shipper ("Off-Spec Penalty") during the Ticket Period. If a composite sample, spot sample, or the results of any other test demonstrates that a Shipper's Product delivered to Carrier fails to meet the Specifications, the total penalty will be assessed by multiplying the Off-Spec Penalty by the total volume of Shipper's Product (in Barrels) received by Carrier during the Ticket Period. The Off-Spec Penalty is intended to discourage Shippers from delivering off-Specification Product to Carrier for transportation on the Pipeline.

Nothing contained in this Tariff, any other tariff filing, any pipeage contract or TSA or any other document, nor any temporary receipt of Off-Spec Product by Carrier (either unknowingly or as a temporary accommodation), shall be construed to affect Carrier's right, at any time and from time to time, to reject any Off-Spec Product and to refuse or suspend receipt of such Off-Spec Product until it is established to Carrier's reasonable satisfaction that subsequent deliveries of Product will conform to the Specifications.

Carrier reserves the right to modify its Specifications from time to time; such changes may be made for various reasons determined by Carrier, including, but not limited to, changes to maintain the integrity of the Pipeline facilities and to reflect the current industry accepted specifications for the markets served by Carrier's pipeline system. In the event Carrier makes modifications to its Specifications, Carrier will provide Shippers with advance notice of such modifications and provide a copy of, or access to, the Specifications. In all circumstances, it is the Shipper's responsibility to ensure that Product tendered for transportation meets the Specifications.

#### **ITEM NO. 15 - LINEFILL**

The Pipeline will supply a sufficient volume of Product for linefill in order to maintain efficient operations of Carrier's Pipeline.

#### **ITEM NO. 20 – NOMINATIONS, MINIMUM TENDER AND SCHEDULING**

Any Shipper desiring to tender Product for transportation hereunder shall submit on or before the fifteenth (15th) day of the Month preceding the Month of shipment a written Nomination to Carrier, on a form acceptable to Carrier, specifying the Origin, Destination, and quantity of Product to be shipped, except that, if space is available for current movement, a Shipper may nominate Product for transportation after the fifteenth (15th) day of the Month preceding the Month during which the transportation under the Nomination is to begin. Unless

a Shipper makes a timely Nomination, Carrier shall be under no obligation to accept Product from such Shipper for transportation.

Product will be accepted for transportation only where there has been tendered by the Shipper a quantity of Product of no less than ten thousand (10,000) Barrels in the applicable Month, provided, however, Carrier may for its convenience, transport same by intermittent pumping. Lower tender quantities may not be accepted at Carrier discretion if total supply available at a given Origin is less than ten thousand (10,000) Barrels in a Month. Product shall be offered for transportation in ratable quantities which can be received into Carrier's pipeline at full line flow rates.

Carrier will transport and deliver Product with reasonable diligence considering the quantity and quality of the Product, distance of transportation, safety of operations, and other material factors but will accept no Product to be transported at a particular time for any particular market. Furthermore, Carrier shall not be liable for any delay in shipments resulting from such scheduling.

Schedules of shipments and consignments will be issued to each Shipper by Carrier from time to time and in a manner and to the extent reasonably desirable to facilitate the efficient and economical use and operation of Carrier's facilities and to reasonably accommodate Shipper's needs for transport of Product.

#### **ITEM NO. 25 – IDENTITY OF SHIPMENTS**

Carrier may commingle Products received from the Origin(s). Product will be accepted for transportation only on condition that it shall be subject to such changes in characteristics while in transit that may result from the mixture with other Product, and Carrier shall be under no obligation to make delivery of the identical Product, but may make delivery out of common stock. Carrier reserves the right at any time to substitute and deliver to Shippers any common stream Product meeting the Specifications. Shippers will be required to accept delivery of such common stream Product, the characteristics of which may have changed due to mixing with other Product.

#### **ITEM NO. 30 - STORAGE, ORIGIN AND DESTINATION FACILITIES**

Carrier does not furnish storage facilities or services at the Origin(s) or the Destination(s).

Product will be accepted for transportation only when the Shipper has provided the necessary equipment and facilities, including storage facilities, necessary for delivering the Product to the Pipeline at the Origin and for receiving the Product as it arrives at the Destination at pressures and pumping rates required by Carrier, as determined by Carrier in Carrier's sole discretion, to be exercised in a manner that is not unduly discriminatory or unduly preferential. These facilities shall conform to the operating requirements of Carrier in Carrier's sole discretion. Satisfactory evidence of compliance with the provisions of this Item No. 30 may be required by Carrier before any obligation to furnish transportation shall arise. Shipper must also make all necessary arrangements for shipment beyond the Destination on Carrier's Pipeline, which may include Shipper's compliance with any quality specifications applicable to such shipment.

#### **ITEM NO. 35 – TITLE**

Carrier may require of Shipper satisfactory evidence of its perfected and unencumbered title (for example, an affidavit, lease agreement, exchange agreement, purchase agreement). Carrier shall have the right to reject any Product, when Nominated for transportation, which may be involved in litigation, or the title of which may be in dispute, or which may be encumbered by a lien or charge of any kind (other than the lien created hereunder in favor of Carrier). At the time of Nomination, Shipper shall inform Carrier if any Product Nominated and/or to be tendered to Carrier for transportation (i) may be involved in litigation, (ii) may be subject to a title dispute, or (iii) may be encumbered by a lien or charge of any kind (other than the lien created hereunder in favor of Carrier) ("Encumbered Product"); in the event Carrier receives such Shipper notice of Encumbered Product or otherwise learns that Shipper has or will Nominate or tender Encumbered Product, Carrier may require Shipper to provide a satisfactory indemnity bond, pre-payment of transportation charges, or a subordination agreement from the applicable lienholder, all to be determined in Carrier's sole discretion.



Shipper agrees to hold Carrier harmless for any and all loss, cost, liability, damage and/or expense resulting from Shipper's failure to have proper title thereto; provided that acceptance for transportation shall not be deemed a representation by Carrier as to title.

#### **ITEM NO. 40 - MEASUREMENT**

All Product transported by Carrier will be measured at the Origin and Destination in accordance with applicable Carrier and industry accepted practices and procedures as will be posted and may be changed from time to time. All measurements and tests shall be performed by the operator of each Origin and Destination but Shipper or its representatives may be present to witness such measurements and tests. All measurements and tests performed in respect of a given Origin or Destination shall be deemed final unless they are contested by Shipper within sixty (60) days of such action.

#### **ITEM NO. 45 - FAILURE TO TAKE DELIVERY AT DESTINATION**

After a shipment has had time to arrive at the Nominated Destination, Carrier may begin delivery of such shipment from its common stock to Shipper at Carrier's current rate of pumping. Shipper shall timely remove Product, or cause Product to be removed, from the Pipeline following transportation to a Nominated Destination. If Shipper is unable or refuses to receive said shipment, a daily demurrage charge shall accrue; such daily demurrage charge shall equal the Shipper's applicable tariff rate(s) in Item No. [W] ~~450~~160 (General Commodity Rate) or Item No. [W] ~~455~~165 (Committed Rates) or Item No. [W] ~~460~~170 (Volume Incentive Rates) herein multiplied by the number of Barrels of Product not removed by Shipper. In addition to such demurrage charge, Carrier shall have the right to make such disposition of unremoved Product as is necessary for the efficient operation of the Pipeline, and Shipper shall pay Carrier all charges associated with such disposition the same as if Shipper had authorized such, together with any associated additional costs and damages borne or incurred by Carrier. Shipper shall indemnify Carrier for all losses associated with unremoved Product and Carrier's disposition of unremoved Product. Carrier shall have no liability to Shipper associated with Shipper's unremoved Product or Carrier's disposition of unremoved Product.

#### **ITEM NO. 50 – CREDIT STANDARDS**

Shipper must provide to Carrier, meet, and thereafter maintain one or more of the following, as required by Carrier:

- i. Have a senior unsecured credit rating of at least BBB- from Standard and Poor's (or its successors) and Baa3 from Moody's Investment Services with a stable or positive outlook opinion (or successors). If the Shipper has a split rating between Standard and Poor's and Moody's Investment Services, the lower rating will be the applicable rating used.
- ii. Provide a guaranty in favor of Carrier in a form and substance acceptable from an entity that has a senior unsecured credit rating of at least BBB- from Standard and Poor's (or its successors) and Baa3 from Moody's Investment Services (or its successors). If the guarantor has a split rating between Standard and Poor's and Moody's Investment Services, the lower rating will be the applicable rating used.
- iii. To the extent the Shipper does not have a credit rating from Standard and Poor's and/or Moody's Investment Services, the Shipper must provide current audited financial statements to Carrier whereby Carrier will review working capital, profitability, net worth, cash flow and the overall financial condition of the Shipper, and Carrier will evaluate whether the Shipper has the ability to perform the financial obligations that would arise from the services provided by Carrier and whether Shipper is creditworthy for purposes of this Tariff.

In the event that, at any time, a Shipper ceases to meet the credit requirements set forth above, as required of the Shipper by Carrier, the Shipper shall be required to provide further credit assurances reasonably acceptable to Carrier, which credit assurances may include, without limitation, the following:

- i. With respect to Committed Shippers, an increase in such Committed Shipper's applicable Committed Rate from the Committed Rate set forth in Item No. [W] ~~455~~165 to the General Commodity Rate set forth in Item No. [W] ~~450~~160 of this Tariff.
- ii. With respect to Volume Incentive Shippers, an increase in such Volume Incentive Shipper's applicable Incentive Rate from the Incentive Rate set forth in Item No. [W]~~460~~170 to the General Commodity Rate set forth in Item No. [W] ~~450~~160 of this Tariff.
- iii. No later than thirty (30) days after the date requested by Carrier, Shipper shall cause a Qualified Issuer to issue a standby letter of credit in a form and substance acceptable to Carrier and (i) in an amount up to three (3) months service and term acceptable to Carrier in its reasonable discretion; and (iii) providing that such letter of credit shall be automatically renewed for a like term unless at least thirty (30) days prior to the then current expiration date of such letter of credit the Qualified Issuer thereof notifies Carrier and the Shipper of its intent not to renew such letter of credit.
- iv. Payment in advance for up to three (3) months service.
- v. Such other form of security that may be agreed to Carrier.

Carrier shall not be required to perform and shall have the ability to suspend service for any Shipper who is or becomes insolvent, fails to demonstrate creditworthiness under Item 50 or fails to provide credit assurances in the timeframe set forth in Item 50.

A Shipper's creditworthiness will be reviewed on a continuing basis and Carrier shall not be required to provide any service to any Shipper that fails to establish and/or maintain creditworthiness standards as required by Carrier in this Section. A Shipper that fails to meet the creditworthiness standards established by Carrier under this Section may become creditworthy by providing to Carrier financial assurances acceptable to Carrier in its sole discretion.

#### **ITEM NO. 55 - PAYMENT OF CARRIER CHARGES**

Carrier shall assess transportation and all other lawful charges accruing on Product accepted for transportation at the rate in effect at the date Product is delivered at the specified Destination. Carrier will invoice Shipper for transportation charges and all other lawful charges accruing on Product accepted in accordance with Carrier's then current payment policies and procedures at the rates published herein.

Carrier may invoice Shipper monthly for all transportation charges and other charges due based upon the number of Barrels delivered by Carrier on behalf of Shipper, less any adjustments made by Carrier pursuant to Item No. 70 of this Tariff. Shipper shall pay the full amount due under the invoice via electronic funds transfer within ten (10) days from receipt of the invoice. In the event Shipper fails to pay any such charges when due, in addition to any other remedies available to Carrier under this Tariff or under applicable law, Carrier shall not be obligated to provide Shipper access to the Pipeline or provide services pursuant to this Tariff until such time as payment is received by Carrier.

If any transportation or other charges are not paid by the due date stated on the invoice, Carrier shall have the right to assess finance charges on the entire past due balance (including principal and accumulated but unpaid finance charges) until paid in full at the rate equal to one hundred twenty-five percent (125%) of the prime rate of interest charged by Citibank N.A., New York, New York, as of the due date, or the maximum finance charge rate allowed by law, whichever is less. Carrier reserves the right to set-off any charges due Carrier by Shipper against any monies owed to Shipper by Carrier or any Product of Shipper in Carrier's custody.

Shipper hereby assigns and grants to Carrier a continuous and continuing security interest in, and assignment of, all of the following, whether now or hereafter existing or acquired, as collateral security for the prompt and complete payment and performance of the Obligations (as defined below): (a) all Product accepted by Carrier

for transportation or otherwise, (b) all other property of Shipper now in the possession of and at any time and from time to time hereafter delivered to Carrier or its agents, (c) all of Shipper's pre-payments, deposits, balances, and credits with, and any of its claims against, Carrier, at any time existing; and (d) all products and proceeds of any of the foregoing property in any form. The property described or referred to in subsections (a) through (d) above is collectively referred to as the "Collateral". This grant and assignment secures the following (collectively the "Obligations"): (a) all antecedent, current and future transportation, special, ancillary and other lawful charges arising under or related to this Tariff or the contracts entered into in connection with this Tariff; (b) the repayment of any amounts that Carrier may advance or spend for the storage or maintenance and preservation of the Collateral; and (c) all amounts owed under any modifications, renewals or extensions of any of the foregoing obligations. Carrier may withhold such Collateral from delivery until all unpaid charges have been paid. If said charges remain unpaid ten (10) days after final notice and demand therefore, Carrier shall have the right, in addition to and not in limitation of its other rights and remedies, directly or through an agent, to sell such Collateral at public auction, on any day not a legal holiday, in not less than forty-eight (48) hours after publication of notice of such sale in a daily newspaper of general circulation published in the town or city where the sale is to be held, stating the time, place of sale, and the quantity and location of Collateral to be sold. At said sale, Carrier shall have the right to bid, and if the highest bidder, to become the purchaser. From the proceeds of said sale, Carrier will pay itself the transportation and all other lawful charges, including expenses incident to said sale. The balance of the proceeds of the sale remaining, if any, shall be paid to Shipper or, if there is a dispute or claim as to entitlement, held for whoever may be lawfully entitled thereto. Carrier will have a claim for and against Shipper with respect to any deficiency arising from the debt due to Carrier from Shipper and the proceeds of any sale after reduction as set forth above.

#### **ITEM NO. 60 - CLAIMS, SUITS AND TIME FOR FILING**

Notice of claims for loss or damage must be made in writing to Carrier within nine (9) Months after delivery of the Product, or in the case of a failure to make delivery, then within nine (9) Months after a reasonable time for delivery has elapsed.

A suit against Carrier shall be instituted only within two (2) years and one (1) day after delivery of the Product, or in case of a failure to make delivery, then within two (2) years and one (1) day after a reasonable time for delivery has elapsed; provided, however, that where claims have been duly filed with the Carrier, suit must be brought within two (2) years and one (1) day from the day when notice in writing is given by Carrier to the claimant that Carrier has disallowed the claim or any part or parts thereof specified in the notice.

Where claims for loss or damage are not filed or suits are not instituted thereon in accordance with the foregoing provisions, Carrier shall not be liable and such claims will not be paid.

#### **ITEM NO. 65 – PRORATION OF PIPELINE CAPACITY**

##### **1. Definition of terms.**

Except where the context requires another meaning, the following terms have the following meanings:

**1.1 Regular Shipper** means a Shipper that has shipped Product on Carrier's system during each of the twelve (12) consecutive Months preceding the Proration Month, or the first twelve Months that Carrier is in service, a Shipper who has shipped during each of the preceding consecutive months.

**1.2 New Shipper** means a Shipper that is not a Regular Shipper.

##### **2. Prorating of capacity.**

**2.1 When capacity will be prorated.** Carrier will prorate the capacity of its system, or a portion of its system, during any Month when it determines, based upon the Nominations properly submitted by Shippers, that the total volume Nominated by all Shippers for shipment on Carrier's system, or portion thereof, during that Month exceeds the capacity of the system or portion thereof, whether due to total Nominations, Force Majeure, maintenance, or

otherwise. The capacity being prorated, whether the entire system or a portion thereof, is called the "Prorated Capacity" herein.

- 2.2 Basis for allocation: notification.** When prorating of the capacity of Carrier's system or portion thereof is in effect –
- (a) Prorated Capacity shall be allocated among eligible Shippers on a Monthly basis; and
  - (b) Carrier shall use reasonable efforts to notify each Shipper entitled to an allocation of Prorated Capacity of the amount of its allocation no later than the first working day of the Month for which the allocation is made.
- 2.3 Division of capacity between Shipper classes.** Prorated Capacity shall be divided between New Shippers as a class and Regular Shippers as a class.
- 2.4 Availability of capacity to New Shippers.** Not more than ten percent (10%) of the total available Prorated Capacity of Carrier's system shall be made available to New Shippers in the Proration Month.
- 2.5 Allocation to each New Shipper.** Each New Shipper shall be allocated an amount of capacity in the Proration Month that is equal to:
- (a) its Nomination, if the total volume Nominated by all New Shippers is less than or equal to ten percent (10%) of the Prorated Capacity
  - (b) or its pro rata share, in accordance with its Nomination, of the total volume Nominated by New Shippers, if the total volume Nominated by all New Shippers is greater than ten percent (10%) of the Prorated Capacity,
- 2.6 Availability of capacity to Regular Shippers.** After the allocation for New Shippers as provided in paragraphs 2.4 and 2.5, all remaining Prorated Capacity shall be available to Regular Shippers that have Nominated volumes for the Proration Month.
- 2.7 Allocation to each Regular Shipper.** Each Regular Shipper shall be allocated a fraction of the remaining Prorated Capacity available to all Regular Shippers, as defined in Section 2.6, for the Proration Month. The numerator of such fraction shall equal the number of Barrels shipped by the Regular Shipper on the Pipeline during the Base Period and the denominator of such fraction shall equal the total number of Barrels shipped by all Regular Shippers during the Base Period.
- 2.8 Remaining capacity.** Any remaining Prorated Capacity not allocated through the application of paragraphs, 2.4, 2.5, 2.6, and 2.7 shall be allocated pro rata among Shippers having unmet Nominations according to the following priority until the remaining Prorated Capacity is fully allocated or all of the remaining Nominations have been fulfilled: First to Regular Shippers and second to New Shippers.
- 2.9 Reallocation of unused allocated Prorated Capacity.** If during a Proration Month, a Shipper fails to use all of its allocation of Prorated Capacity, such unused allocation shall be made available first to Regular Shippers and second to New Shippers.
- 2.10 Failure to use allocated capacity.**
- (a) Except as provided in subparagraph (b) of this paragraph, a Shipper that fails to use all of its allocation of Prorated Capacity during a Proration Month shall have its allocation reduced in each subsequent Month of prorating until the total reductions

equal the amount of the deficiency. The amount of any such reduction shall be treated as unused allocated Prorated Capacity and shall be reallocated among other Shippers in accordance with the rules in paragraph 2.9.

- (b) Reduction of a Shipper's allocation for failure to use its allocated capacity during a prior Proration Month may be waived, in whole or in part if Carrier determines, in its sole discretion, that the Shipper's failure to use all or some of its allocated capacity was due to factors beyond the Shipper's reasonable control.

**2.11 Use of affiliates.** A Shipper may not use an affiliated or cooperating entity to obtain an increased allocation of Prorated Capacity or, in the case of a Regular Shipper, seek New Shipper status in order to pool two or more allocations to the benefit of the Shipper.

**2.12 Reverse Flow.** A Shipper will not establish allocation history and / or allocation rights for any barrels of Product that are transported on the Pipeline in reverse, from any Origin in Louisiana to any Port Arthur, Texas destination in accordance with Item. 150.

#### **ITEM NO. 70 - LIABILITY OF CARRIER**

While in possession of Product Nominated to it for transportation, Carrier shall not be liable to Shipper for any delay in delivery, damage thereto, or for any loss of Product caused by Force Majeure (including, but not limited to, any act of God or act of the public enemy), by act of default of Shipper, by act or default by the Product owner (if different from the Shipper), by a defect or vice in the transported Product, or resulting from any other cause not due to the gross negligence of Carrier, whether similar or dissimilar to the causes herein enumerated. Any such loss or damage shall be apportioned by Carrier to each shipment of Product or portion thereof involved in such loss in the proportion that such shipment or portion thereof bears to the total of all Product in the loss, and each Shipper shall be entitled to receive only that portion of its shipment remaining after deducting his proportion as above determined of such loss. Carrier shall prepare and submit a statement to Shipper showing the apportionment of any such loss.

Carrier will not be liable for discoloration, contamination, or deterioration of Product transported unless such discoloration, contamination, or deterioration of Product transported results from the gross negligence of Carrier.

The Carrier operates under this tariff solely as a common carrier and not as an owner, manufacturer, or seller of the Product transported or stored hereunder, and Carrier expressly disclaims any liability for any expressed or implied warranty for Product transported or stored hereunder including any warranties of merchantability or fitness for intended use.

**AS A CONDITION TO CARRIER'S ACCEPTANCE OF PRODUCT UNDER THIS TARIFF, EACH SHIPPER AGREES TO PROTECT AND INDEMNIFY CARRIER AGAINST ANY INDEMNIFIABLE CLAIM ASSERTED BY ANYONE RESULTING FROM OR ARISING OUT OF (1) ANY BREACH OF OR FAILURE TO ADHERE TO ANY PROVISION OF THIS TARIFF BY SHIPPER, CONSIGNEE, THEIR AGENTS, EMPLOYEES OR REPRESENTATIVES; (2) THE NEGLIGENT ACT(S) OR FAILURE(S) TO ACT OF SHIPPER, CONSIGNEE, THEIR AGENTS, EMPLOYEES OR REPRESENTATIVES IN CONNECTION WITH DELIVERY OR RECEIPT OF PRODUCT; AND/OR (3) ANY OFF-SPEC PRODUCT DELIVERED BY OR ON BEHALF OF SHIPPER TO CARRIER, INCLUDING, WITHOUT LIMITATION, THOSE ARISING FROM CONTAMINATION OF OTHER SHIPPERS' PRODUCT. THIS INDEMNITY OBLIGATION SHALL EXTEND TO ANY INDEMNIFIABLE CLAIM EVEN THOUGH SUCH CLAIM ARISES AS A RESULT OF THE NEGLIGENCE OF THE PARTY INTENDED TO BE INDEMNIFIED BY THE APPLICABLE INDEMNITY PROVISION, EXCEPT THAT THIS INDEMNITY SHALL NOT EXTEND TO ANY PORTION OF AN INDEMNIFIABLE CLAIM THAT ARISES AS A RESULT OF THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF THE PARTY INTENDED TO BE INDEMNIFIED BY THIS INDEMNITY PROVISION.**

#### **ITEM NO. 75 – PIPELINE GAINS AND LOSSES**

Carrier is responsible for and shall bear physical and economic impact of all gains and losses.

**ITEM NO. 80 – APPLICATION OF RATES TO INTERMEDIATE POINTS**

On a temporary basis not to exceed thirty (30) days, Product accepted for transportation from or to any point on Carrier’s Pipeline not named in this Tariff, but which is intermediate to a point where rates are published, will be assessed the rate in effect from or to the next more distant point published in this Tariff. Continuous use of intermediate point rate application for more than thirty (30) days requires establishment of a rate for the transportation service.

**ITEM NO. 85 - ADDITIONAL CONTRACTS**

Separate agreements in accord with this Tariff, and applicable regulations covering further details, may be required by Carrier before any duty for transportation shall arise.

With respect to Committed Shippers, separate agreements, including a TSA, in accord with this Tariff, and applicable regulations covering further details, are required by Carrier before a Committed Shipper qualifies for service under the provisions and rates applicable to such Committed Shippers.

**ITEM NO. 90 – PROVISION OF SERVICES**

To the extent permitted by applicable law and pursuant to the terms of this Tariff, including, but not limited to, Item No. 65, Carrier agrees to receive each Month from Shipper volumes of Product at the Origin(s), as properly Nominated and tendered by Shipper and to redeliver equivalent volumes of Product to Shipper at one or more of the Destination(s). Carrier may refuse to accept any Barrels of Product from Shipper for services if Shipper is in violation of the Tariff or in breach of the TSA at the time the volumes of Product are Nominated or tendered to Carrier.

**ITEM NO. 100 – CARRIER DISCRETION**

Carrier will operate its system and implement the rules and regulations contained in this Tariff, including those provisions providing for Carrier’s discretion, in a manner that is not unduly discriminatory or unduly preferential.

**SECTION II  
RULES AND REGULATIONS APPLICABLE TO COMMITTED SHIPPERS**

**ITEM NO. 110 – APPLICATION OF INCENTIVE PROGRAM**

In addition to the rules and regulations set forth in Section I, as applicable, the rules and regulations in this Section II shall apply to Committed Shippers. The Committed Rates identified in Item No. 165 and the terms set forth in this Section II will apply to qualifying shipments of a Committed Shipper in accordance with such Committed Shipper’s Committed Volume.

**ITEM NO. 115 – VOLUME COMMITMENTS**

- i. Commencing as of the Commencement of Service Date and continuing through the Term of the TSA, Shipper agrees to nominate and ship the Committed Volume or to pay any Deficiency Payments as detailed in Item No 120. Unless otherwise expressly agreed to by Carrier, Shipper shall not be permitted to reduce its Committed Volume during the Term of the TSA.
- ii. In any Month, the product of Shipper’s Committed Volume multiplied by the number of days in such Month shall be the “Required Monthly Volume” provided, however, that Shipper’s Required Monthly Volume for this purpose shall be reduced by any volumes Shipper tendered to Carrier for shipment in such Month, but which Carrier failed to accept for transportation, or

otherwise failed to transport, for any reason other than Shipper's failure to comply with the terms of the TSA or this Tariff.

- iii. Shipper's nominations of Product for shipment and Carrier's scheduling, acceptance, transporting, measuring, and delivering of Product, shall, at all times, be subject to, and implemented in accordance with, this Tariff.

#### **ITEM NO. 120 – TARIFF RATES AND CHARGES**

- A. The "Committed Rate" is the per Barrel rate that Committed Shipper agrees to pay for its actual shipments of Committed Volumes during the Term, as that rate may be changed from time to time during the Term in accordance with the provisions of this Tariff and such Committed Shipper's TSA.
- B. For each Calendar Year, if Shipper's total Actual Shipments for such Calendar Year are less than Shipper's Committed Volume multiplied by 365, Shipper shall be required to make a "Deficiency Payment" which shall be calculated as follows:

Where:

x = Shipper's Actual Shipments for the Calendar Year;  
y = Shipper's Committed Volume multiplied by 365; and  
z = y - x

If z is a positive amount then the Deficiency Payment due for such Calendar Year shall be calculated by multiplying z by the Committed Rate then in effect.

In the event the Commencement of Service Date is on a date other than January 1, for that first partial Calendar Year only, the Deficiency Payment owed by Shipper shall be calculated as above except that (1) x = Shipper's Actual Shipments from the Commencement of Service Date through December 31 of that same year; and (2) y = Shipper's Committed Volume multiplied times the number of days from the Commencement of Service Date through December 31 of that same year. For the partial Calendar Year of the Term the Deficiency Payment owed by Shipper shall be calculated as above except that (1) x = Shipper's Actual Shipments from January 1 through the last day of the Term of that same year, and (2) y = Shipper's Committed Volume multiplied times the number of days from January 1 through the last day of the Term of that same year.

- C. During the continuance of a Committed Shipper default of its TSA, the tariff rate payable by a Committed Shipper for its Committed Volume and any volumes that are shipped shall be the applicable General Commodity Rate then in effect, as set forth in Item No. 160.

**SECTION III  
RULES AND REGULATIONS APPLICABLE TO LAKE CHARLES VOLUME INCENTIVE  
PROGRAM**

**ITEM NO. 130 APPLICATION OF INCENTIVE PROGRAM**

In addition to the rules and regulations set forth in Section I, as applicable, the rules and regulations in this Section III shall apply to Volume Incentive Shippers. The Volume Incentive Rates identified in Item No. 170 and the terms set forth in this Section III will apply to qualifying shipments of a Volume Incentive Shipper in accordance with such Volume Incentive Shipper's Minimum Volume Commitment.

**ITEM NO. 135 – VOLUME COMMITMENTS**

- i. Volume Incentive Shipper must execute a Lake Charles Volume Incentive Transportation Agreement with Carrier by November 1, 2017.

Commencing as of the Service Commencement Date and continuing through the Term of the TSA, Volume Incentive Shipper commits to transport a certain minimum volume corresponding to the Commitment Level elected by the Volume Incentive Shipper (the "Minimum Volume") during each Contract Year or to pay any Deficiency Payments as detailed in Item No 140. Unless otherwise expressly agreed to by Carrier, Volume Incentive Shipper shall not be permitted to reduce its Minimum Volume during the Term of the TSA.

Volume Incentive Shipper shall have a one-time option at the end of the second Contract Year to change program levels from Level 2 to Level 1. Volume Incentive Shipper shall notify Carrier 30 days prior to the end of the second Contract Year if they choose to exercise this option.

- ii. In any Month, the product of Shipper's Minimum Volume multiplied by the number of days in such Month shall be the "Monthly Volume Commitment" provided, however, that Shipper's Monthly Volume Commitment for this purpose shall be reduced by any volumes meeting the Specifications Shipper tendered to Carrier for shipment in such Month, but which Carrier failed to accept for transportation, or otherwise failed to transport, for any reason other than Shipper's failure to comply with the terms of the TSA or this Tariff.
- iii. Shipper's nominations of Product for shipment and Carrier's scheduling, acceptance, transporting, measuring, and delivering of Product, shall, at all times, be subject to, and implemented in accordance with, this Tariff.
- iv. In the event that the Boardwalk Louisiana Midstream's Sulphur Ethane Pipeline in Lake Charles, Louisiana is added to this Tariff as a destination, it will be an available destination under this Lake Charles Volume Incentive Program.

**ITEM NO. 140 – TARIFF RATES AND CHARGES**

- A. The "Volume Incentive Rate" is the per Barrel rate that Volume Incentive Shipper agrees to pay for its actual shipments of Minimum Incentive Volumes during the Term, as that rate may be changed from time to time during the Term in accordance with the provisions of this Tariff and such Volume Incentive Shipper's TSA.
- B. For each Calendar Year, if Volume Incentive Shipper's total Actual Shipments for such Calendar Year are less than Shipper's Minimum Volume multiplied by 365 days, Shipper shall be required to make a "Deficiency Payment" which shall be calculated as follows:



Where:

x = Shipper's Actual Shipments for the Calendar Year;  
y = Shipper's Minimum Volume multiplied by 365 days; and  
z = y - x

If z is a positive amount then the Deficiency Payment due for such Calendar Year shall be calculated by multiplying z by the Incentive Rate then in effect.

In the event the Service Commencement Date is on a date other than January 1, for that first partial Calendar Year only, the Deficiency Payment owed by Shipper shall be calculated as above except that (1) x = Shipper's Actual Shipments from the Service Commencement Date through December 31 of that same year; and (2) y = Shipper's Minimum Volume multiplied times the number of days from the Service Commencement Date through December 31 of that same year. For the partial Calendar Year of the Term the Deficiency Payment owed by Shipper shall be calculated as above except that (1) x = Shipper's Actual Shipments from January 1 through the last day of the Term of that same year, and (2) y = Shipper's Minimum Volume multiplied times the number of days from January 1 through the last day of the Term of that same year.

- C. During the continuance of a Volume Incentive Shipper default of its TSA, the tariff rate payable by a Volume Incentive Shipper for its Minimum Incentive Volume and any volumes that are shipped shall be the applicable General Commodity Rate then in effect, as set forth in Item No. [W] ~~450~~ 160.

#### **ITEM NO. 150 – REVERSE FLOW**

Carrier's pipeline between Mont Belvieu, Texas and Geismar, Louisiana will generally accommodate only eastbound movements. Nominations for shipments of Product from any Louisiana origin to any Port Arthur, Texas destination will be accepted on a non-discriminatory and as available basis by Carrier when, in Carrier's sole judgement, operating conditions will permit such westbound movements.

**SECTION IV  
RATES**

**[W] ITEM NO. 160 – GENERAL COMMODITY RATES**

**GENERAL COMMODITY RATES**  
*(in cents per Barrel)*

ORIGIN(S)	DESTINATION	RATE
<p><del>[C] Enterprise Products West Storage Facility in Mont Belvieu, Texas</del> Lone Star's Central Storage Facility in Mont Belvieu, Texas Oneok's Storage Facility in Mont Belvieu, Texas</p>	<p>Nova's Geismar Petrochemical Facility, Louisiana</p>	<p><b>[U]</b> 381.08</p>
<p>Enterprise Products East Storage (Mont Belvieu Caverns, LLC) Facility in Mont Belvieu, Texas Lone Star's Central Storage Facility in Mont Belvieu, Texas via <u>Dow DuPont</u> Targa's Storage Facility in Mont Belvieu, Texas</p>	<p>Westlake Petrochemical Facility in Lake Charles, Louisiana Targa's Facility in Lake Charles, Louisiana Sasol Petrochemical Facility in Lake Charles, Louisiana</p>	<p><b>[U]</b> 163.32</p>
<p>Targa's Facility in Lake Charles, Louisiana Targa Gillis, Louisiana EnLink Eunice, Louisiana Boardwalk Choctaw Storage Facility, Louisiana</p>	<p>BASF Port Arthur, Texas <u>Indorama Huntsman</u>, Texas <u>Motiva Flint Hills</u>, Texas</p>	<p><b>[U]</b> 223.46 (1)</p>

(1) Tenders for shipment of Product at this Rate from the specified Origins to the specified Destinations will only be accepted pursuant to Item No. 150.

**ITEM NO. 165- COMMITTED RATES**

**COMMITTED RATES** <sup>(1)</sup>

*(in cents per Barrel)*

See Section II of this Tariff for Application

ORIGIN(S)	DESTINATION	RATE
<p><b>[C]</b> Enterprise Products West Storage Facility in Mont Belvieu, Texas Lone Star's Central Storage Facility in Mont Belvieu, Texas Oneok's Storage Facility in Mont Belvieu, Texas</p>	<p>Nova's Geismar Petrochemical Facility, Louisiana</p>	<p><b>[U]</b> 303.91</p>

(1) Subject to increase each July 1, in accordance with the mechanism set forth in FERC regulation 18 C.F.R. § 342.3 or any successor thereto.

**[W] ITEM NO. 170 – LAKE CHARLES VOLUME INCENTIVE PROGRAM RATES**

**LAKE CHARLES VOLUME INCENTIVE PROGRAM RATES** <sup>(1)</sup>

*(in cents per Barrel)*

See Section III of this Tariff for Application

ORIGIN(S)	DESTINATION	LEVEL (Notes A & B)	RATE
<p>Enterprise Products East Storage (Mont Belvieu Caverns, LLC) Facility in Mont Belvieu, Texas Lone Star's Central Storage Facility in Mont Belvieu, Texas via <del>Dow DuPont</del> Targa's Storage Facility in Mont Belvieu, Texas</p>	<p>Westlake Petrochemical Facility in Lake Charles, Louisiana Targa's Facility in Lake Charles, Louisiana Sasol Petrochemical Facility in Lake Charles, Louisiana</p>	Level 1	<b>[U]</b> 93.32
		Level 2	<b>[U]</b> 104.99

(1) Subject to increase each July 1, in accordance with the mechanism set forth in FERC regulation 18 C.F.R. § 342.3 or any successor thereto.

Notes Applicable to Lake Charles Volume Incentive Program Rates:

A. In order to qualify for the Level 1 Commitment Level, a Volume Incentive Shipper must have entered into a Lake Charles Volume Incentive Program Transportation Agreement with Carrier that has Volume Commitment of 10,000 barrels per day and a term of at least 10 years.

B. In order to qualify for the Level 2 Commitment Level, a Volume Incentive Shipper must have entered into a Lake Charles Volume Incentive Program Transportation Agreement with Carrier that has Volume Commitment of 5,000 barrels per day and a term of at least 10 years.

**EXPLANATION OF REFERENCE MARKS:**

<b>[N]</b>	<b>New</b>
<b>[C]</b>	<b>Cancel</b>
<b>[U]</b>	<b>Unchanged rate</b>
<b>[W]</b>	<b>Change in wording</b>
<b>[I]</b>	<b>Increase</b>
<b>[D]</b>	<b>Decrease</b>