

**F.E.R.C. ICA OIL TARIFF
OPTION CODE: A**

**F.E.R.C. No. 166.32.0
(Cancels F.E.R.C. No. 166.31.1)**

WOLVERINE PIPE LINE COMPANY

LOCAL AND PROPORTIONAL TARIFF

CONTAINING

NON-CONTRACT RATES, CONTRACT RATES, AND VOLUME INCENTIVE RATES

THE RATES AND CHARGES NAMED IN THIS TARIFF ARE FOR THE TRANSPORTATION AND DELIVERY OF

PETROLEUM PRODUCTS

AS DEFINED IN ITEM 10, BY PIPELINES, SUBJECT TO THE REGULATIONS NAMED HEREIN.

**FROM POINTS NAMED IN:
ILLINOIS, INDIANA, AND MICHIGAN**

**TO POINTS NAMED IN:
MICHIGAN**

Issued in compliance with 18 CFR 342.3.

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

ISSUED: May 28, 2021

EFFECTIVE: July 1, 2021

Issued and Compiled by:

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**TABLE 1: LIST OF POINTS FROM AND TO WHICH NON-CONTRACT RATES APPLY
AND
NON-CONTRACT RATES ON PETROLEUM PRODUCTS IN CENTS PER BARREL
OF 42 UNITED STATES GALLONS**

[D] Rates on this page are decreased.

| TO ESTABLISHED DESTINATIONS | NON-CONTRACT RATES FROM: | | | | | |
|---|---|---|--|--|--|---|
| | Hammond (Whiting Refinery), Lake County, Indiana | Hammond, Lake County, Indiana (H) | Joliet, Will County, Illinois | Lemont- Lockport, Will County, Illinois | Niles Twp. Berrien County, Michigan | Stockbridge, Ingham County, Michigan (B) |
| MICHIGAN Grand Haven, Ottawa County | ----- | ----- | ----- | ----- | [D] 45.89 45.62 | ----- |
| Holland, Ottawa County | ----- | ----- | ----- | ----- | [D] 36.44 36.23 | ----- |
| Marshall Twp. (Marshall Meter Station), Calhoun County | [D] 80.56 80.09 | [D] 79.87 79.41 | [D] 103.99 103.39 | [D] 99.64 99.06 | ----- | ----- |
| Stockbridge, Ingham County (B) | [D] 128.74 127.99 | [D] 128.02 127.28 (D) | [D] 144.95 144.11 (D) | [D] 144.95 144.11 (D) | ----- | ----- |
| Lansing, Clinton County (B) | ----- | ----- | ----- | ----- | ----- | [D] 23.99 23.85 (D) |
| Bay City, Bay County (B) | ----- | ----- | ----- | ----- | ----- | [D] 77.73 77.28 (D) |

NOTES (Applicable only to Table 1):

- (A) This note currently not in use.
- (B) Use of common carrier breakout tankage at Stockbridge, Michigan will result in an additional fee as further described in Item 26 of the rules and regulations published herein.
- (C) This note currently not in use.
- (D) For contract rates see Table 2.
- (E) This note currently not in use.
- (F) This note currently not in use.
- (G) This note currently not in use.
- (H) Hammond Origins include Marathon and Valero Hammond Terminals, Buckeye Chicago Complex, Citgo E. Chicago Terminal, and Explorer Pipeline Hammond.

**TABLE 2: LIST OF POINTS FROM AND TO WHICH CONTRACT RATES APPLY
AND
CONTRACT RATES ON PETROLEUM PRODUCTS IN CENTS PER BARREL
OF 42 UNITED STATES GALLONS**

[D] Rates on this page are decreased.

| TO ESTABLISHED DESTINATIONS | CONTRACT RATES FROM: | | | |
|--|--|--|--|--|
| | Hammond, Lake County, Indiana (E) | Joliet, Will County, Illinois | Lemont-Lockport, Will County, Illinois | Stockbridge, Ingham County, Michigan (B) |
| MICHIGAN | | | | |
| Stockbridge, Ingham County (A) | [D] 128.02 127.28 (B) | [D] 144.95 144.11 (B) | [D] 144.95 144.11 (B) | ----- |
| Lansing, Clinton County (A) | ----- | ----- | ----- | [D] 17.99 17.85 (B) |
| Bay City, Bay County (A) | ----- | ----- | ----- | [D] 71.73 71.28 (B) |

NOTES (Applicable only to Table 2):

- (A) Use of common carrier breakout tankage at Stockbridge, Michigan will result in an additional fee as further described in Item 26 of the rules and regulations published herein.
- (B) See Item No. 115 of this tariff for provisions of Carrier's contract rate program.
- (C) This note currently not in use.
- (D) This note currently not in use.
- (E) Hammond Origins include Marathon and Valero Hammond Terminals, Buckeye Chicago Complex, Citgo E. Chicago Terminal, and Explorer Pipeline Hammond.

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Carrier will transport Petroleum Products from origin points named herein to destinations named herein subject to the following rules and regulations.

Item No. 5 Definitions

"Carrier" means Wolverine Pipe Line Company.

"Barrel" means forty-two (42) gallons, U.S. Measurement.

"Distillate" means a general classification for one of the petroleum fractions which, when produced in conventional distillation operations, has a boiling point at 675°F.

"Petroleum Products" means gasolines, Distillates and Diluent as further described in Item No. 10.

"Diluent" means liquid light hydrocarbons with an API gravity at sixty (60) degrees Fahrenheit of forty-five (45) degrees or higher which are naturally occurring petroleum or atmospherically stable products of refining and fractionation, gas well condensates or gas plant condensates (natural gas liquids), or any material acceptable for delivery to BP Pipelines (North America) Inc. pipeline at Black Oak Junction in Gary, Indiana.

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

"Shipper" means the party who contracts with the Carrier for transportation of Petroleum Products under the terms of this tariff.

Item No. 10 Specifications

- (a) Petroleum Products will not be accepted for transportation hereunder unless such products are free from water and other impurities; have a color not darker than No. 3 ASTM (except that gasolines to which artificial coloring has been added will be accepted for transportation regardless of color); have a vapor pressure not more than fifteen (15) pounds absolute at one-hundred (100) degrees Fahrenheit; have an API gravity at sixty (60) degrees Fahrenheit, not less than thirty (30) degrees and not more than eighty (80) degrees; have a viscosity not more than forty (40) seconds Saybolt Universal at one-hundred (100) degrees Fahrenheit; and have a temperature not exceeding one-hundred and twenty-five (125) degrees Fahrenheit
- (b) Carrier may require the Shipper to furnish certified laboratory reports showing the results of tests of the Petroleum Products offered for transportation. Carrier may, but shall not be required to, also make such tests of such Petroleum Products as it deems necessary, and in the event of variance between Shipper's report and Carrier's test, Carrier's test shall prevail.

Item No. 15 Minimum Batch

- (a) All nominations for transportation of Petroleum Products shall be accepted in quantities of not less than ten thousand (10,000) Barrels of similar quality and color from one Shipper consigned to one consignee. Delivery will be made in whole or in part at destinations along Carrier's lines subject to the provisions of Item No. 20 and to the rates applicable to the destinations of actual delivery.
- (b) A Shipper shall be permitted to aggregate volumes with other Shippers in order to meet these minimum batch requirements.

Item No. 20 Minimum Delivery

No delivery of less than five thousand (5,000) tendered Barrels of Petroleum Products of a given quality and color will be made at any of the destinations along Carrier's line. The provisions of this item shall not apply to such buffer material as may be required under Item No. 25 or to delivery of interface commingled products as provided under Item No. 100.

Item No. 25 Tenders for Shipment - Shipping Schedules

- (a) Carrier will prepare and furnish to each Shipper schedules showing the estimated time that each shipment will be received for transportation at origin points and the estimated time of arrival at destinations. Such schedules may be modified from time to time to the extent reasonably desirable to facilitate the efficient and economical use and operation of Carrier's facilities and to reasonably accommodate Shipper's needs for transportation. Carrier will furnish Shippers revised schedules when issued.

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- (b) Shipper shall have each shipment available in tankage connected to Carrier's origin stations at least eight (8) hours before the scheduled time for receipt by Carrier. When a product is not available in tankage within the time limits as aforesaid, acceptance of said product will be at the discretion of the Carrier; however, the Carrier will endeavor to accept same so long as such acceptance does not adversely affect operation of Carrier's facilities.
- (c) Nominations/Requests for Service; Shipping Schedules
 - (1) Nominations/requests for service are due to Carrier on or before 4:15 p.m. Central Time on the tenth (10th) day of the month preceding the month in which shipments are to be made. If the tenth (10th) day falls on a weekend or holiday, nominations are due the last business day preceding the tenth (10th) day.
 - (2) Shipper shall nominate all product movements, including all movements through common carrier breakout tankage at Stockbridge, MI, by accessing the Carrier's Shipper Information System ("SIS"). SIS requires that each nomination include the Cycle Number, the Shipper name, the product, the volume, the origination location, the source, and the destination location. Additionally, for common carrier breakout tankage, the Shipper shall specify the type and/or grade of product for which common carrier breakout tankage is required, the cycle for which such tankage is required, and the volume desired to be shipped for that cycle. The nomination shall be acknowledged on line in SIS by the Carrier as a valid request for service. In the alternative, Shipper may notify the Carrier in writing or by telephone, and Carrier shall acknowledge the nomination in writing as a valid request for service.
 - (3) Carrier shall schedule all nominated movements if space is available. Carrier's determination whether a nomination for shipment shall be approved or denied shall be made as soon as practicable, but in no event later than ten (10) days preceding the shipment cycle for which the nomination was made. In the event that Carrier denies a nomination/request for service, Carrier shall submit a written response to Shipper providing a full explanation of the nature, basis and reasons for such denial.
 - (4) Shipments pursuant to such nominations shall commence on or about the first (1st), eleventh (11th) and twenty-first (21st) day of each month. Each month is divided into three shipment cycles of approximately ten (10) days each.
 - (5) If space is available and operating conditions permit, Carrier may, at its reasonable discretion, accept Nominations, or revised Nominations after the Carrier's Monthly Nomination date.
 - (6) Because Petroleum Products are pumped in a certain sequence for efficient operation, Carrier reserves the right to specify the sequence of shipment of each kind of product on a nondiscriminatory basis.
 - (7) All common carrier breakout tankage at Stockbridge, MI shall be nominated in accordance with (2) above. Also, see Item No. 26 below.

Item No. 26 Common Carrier Breakout Tankage at Stockbridge, MI

Carrier shall provide access to common carrier breakout tankage at Stockbridge, MI in conjunction with Shipper's nomination/request for service in accordance with Item No. 25(c) and the following:

- (a) Such common carrier breakout tankage shall be provided at a rate of \$0.15 per barrel.
- (b) In the event total nominations for a given cycle exceed the Carrier's tankage capacity, Carrier will prorate the amounts in accordance with Item No. 70 to allocate the nominations between the cycles for a given month. In the event total nominations for a given month exceed the Carrier's tankage capacity, capacity will be prorated in accordance with Item No. 70 to determine which nominations are accepted.
- (c) Petroleum Products using common carrier breakout tankage will be commingled with Petroleum Products of the same grade in the common carrier breakout tankage in accordance with the specifications in Item No. 10.
- (d) Carrier will determine how common carrier tankage at Stockbridge, MI will be allocated between Petroleum Products grades in a non-discriminatory manner to facilitate the efficient and economical use and operation of Carrier's facilities, and to reasonably accommodate Shipper's needs for transportation.

Item No. 30 Segregation and Variations in Quality and Gravity

- (a) Carrier shall not be liable for variation in gravity or quality of Petroleum Products occurring while in its custody, resulting from normal pipeline operations.
- (b) Petroleum Products will be accepted for transportation on the condition that Carrier will use due diligence to transport same to destination with a minimum of contamination and to maintain the identity of each shipment. However, it being impracticable to maintain absolute identity of each inbound shipment of Petroleum Products, reasonable substitution of barrelage of the same kind of commodity will be permitted.

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Item No. 35 Origin and Destination Facilities Disposition of Products on Failure to Accept Delivery

- (a) Shipper shall provide reasonable evidence to Carrier that it has appropriate facilities to deliver Petroleum Products to the Carrier's manifold at origin stations at a rate equal to Carrier's full-line pumping rate and at a pressure as required by operating conditions.
- (b) No duty to transport will arise until Shipper has provided reasonable evidence to the Carrier that it has appropriate facilities connected to Carrier's system at destination points capable of receiving such shipments without delay at pressures and pumping rates required by Carrier, and has made necessary arrangements for accepting delivery of shipments promptly on arrival at destination.
- (c) In the event the Carrier has accepted Petroleum Products for transportation in reliance upon Shipper's representations as to acceptance at destination, and there is failure to take such Petroleum Products at destination as provided in paragraph (b) hereof, then and in such event Carrier shall have the right to divert, re-consign, or make whatever arrangements for disposition of the Petroleum Products it deems appropriate to clear its pipeline, including the right to sell the Petroleum Products at private sale for the best price obtainable. The Carrier may be a purchaser at such sale. Out of the proceeds of said sale, Carrier may pay itself all transportation charges and other necessary expense of caring for and maintaining the Petroleum Products and the balance shall be held for whosoever may be lawfully entitled thereto.
- (d) The Carrier shall not be liable for any damage to Shipper's or consignee's receiving facilities or products within such facilities resulting from the process of transferring custody of Petroleum Products from the Carrier to the Shipper or consignee.
- (e) For prorated pipeline segments, in the event the Carrier has accepted Petroleum Products for transportation in reliance upon Shipper's representation as to acceptance at destination, and there is failure to take such Petroleum Products at destination as provided in paragraph (b) hereof and the Carrier is forced to shut down operations of the pipeline facilities, the Shipper will be assessed penalties and fees as follows:
 - 1. Shipper will be assessed fees of one thousand dollars (\$1,000.00) for each hour of lost operation on the prorated pipeline segment.
 - 2. Shipper will be responsible for the prompt payment of any and all claims that may be brought against the Carrier from other Shippers or affected Parties as a result of the interruption of scheduled pipeline service.
 - 3. Shipper will be responsible for the prompt payment of any and all costs incurred by the pipeline to provide alternative service to its other Shippers whose Petroleum Products are delayed by the shutdown.

Item No. 40 Interconnection Agreements

Pursuant to its obligations under applicable law, Carrier shall connect with the facilities of a proposed Shipper upon request. Separate interconnection agreements in accordance with this tariff and these rules and regulations may be required of the proposed Shipper before any duty of transportation shall arise. The terms of such an interconnection agreement shall be offered on the same basis as agreements have been offered to, and entered into with, other Shippers similarly situated and on a non-discriminatory basis.

Item No. 45 Measuring and Volume Corrections

Quantities at origin and destination shall be determined either by meters or tank gauges. All shipments will be received and delivered with volume corrected to sixty (60) degrees Fahrenheit by use of applicable API-ASTM-IP Tables. Shipper or consignee may have representatives present during testing, meter reading, calibration, and gauging. Full deductions will be made for all water and other impurities in Petroleum Products received or delivered.

Item No. 50 Diversion or Reconsignment

Diversion or re-consignment may be made without charge if requested by the Shipper at least forty-eight (48) hours prior to scheduled arrival at original destination, subject to the rates, rules, and regulations applicable from point of origin to point of final destination, upon condition that no out-of-line or backhaul movement will be made.

Item No. 55 Applicable Rates

Petroleum Products transported shall be subject to rates in effect on the date such Petroleum Products are received by the Carrier.

Item No. 60 Transportation Charges

- (a) Transportation charges will be computed and collected at the rates provided herein, on the basis of the number of Barrels of Petroleum Products delivered at destinations, after volume corrections as provided in Item No. 45.

- (b) All payments are due within 10 days of receipt of the invoice, unless the Carrier determines in a manner not unreasonably discriminatory that the financial condition of Shipper or Shipper's guarantor (if any) is or has become impaired or unsatisfactory or Carrier determines in a manner not unreasonably discriminatory it necessary to do so, in which case the payment due date shall be that specified in a written notice to the Shipper.
- (c) If any charge remains unpaid after the due date specified in Carrier's invoice, then such amount due may accrue an interest penalty from the day after the due date until paid, calculated at a rate per annum equal to the U.S. prime rate as published in the Wall Street Journal plus two percent (2%) per annum, or, if less, the maximum interest rate permitted by Applicable Law. In addition Shipper shall pay all documented costs incurred by Carrier to collect any unpaid amounts, including but not limited to reasonable attorney fees.
- (d) In the event Shipper fails to pay any such charges when due, Carrier shall not be obligated to provide Shipper access to Carrier's facilities or provide services pursuant to Carrier's tariff until such time as payment is received by Carrier and Shipper meets the requirements of the following paragraph. In addition, in the event Shipper fails to pay any such charges when due, Carrier shall have the right to setoff such amounts owed and future amounts owed against those amounts Carrier owes Shipper.
- (e) In the event Carrier determines in a manner not unreasonably discriminatory that the financial condition of Shipper or Shipper's guarantor (if any) is or has become impaired or unsatisfactory or Carrier determines in a manner not unreasonably discriminatory it is necessary to obtain security from Shipper, Carrier, upon notice to Shipper, may require any of the following prior to Carrier's delivery of Shipper's Petroleum Products in Carrier's possession or prior to Carrier's acceptance of Shipper's Petroleum Products: (1) prepayment of all charges, (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.
- (f) Carrier shall have a lien on all Petroleum Products delivered to Carrier to secure the payment of any and all transportation or any other charges that are owed Carrier. Such lien shall survive delivery of Petroleum Products to Shipper. Such lien shall extend to all Petroleum Products in Carrier's possession beginning with Shipper's first receipt of transportation or other services from Carrier. The lien provided herein shall be in addition to any lien or security interest provided by statute or applicable law. Carrier may withhold delivery to Shipper of any of Shipper's Petroleum Products in its possession and exercise any other rights and remedies granted under this tariff or existing under applicable law until all such charges have been paid as provided above.
- (g) If Shipper fails to pay an invoice by the due date, in addition to any other remedies under this tariff or under applicable law, Carrier shall have the right, either directly or through an agent, to sell at a private sale any and all Petroleum Products of such Shipper in its custody at fair market value at the time of sale. The proceeds of any sale shall be applied to the following order: (A) To the reasonable expenses of holding, preparing for sale, selling, and to the extent allowed by law, reasonable attorney's fees and legal expenses incurred by Carrier; and (B) To the satisfaction of the Shipper's indebtedness including interest herein provided from the date of payment is due. The balance of the proceeds of the sale remaining, if any, shall be paid to Shipper or, if there is a dispute or claim as to entitlement, held for whoever may be lawfully entitled thereto.

Item No. 65 Corrosion Inhibitors

Shipper may be required to inject oil-soluble corrosion inhibitor, approved by Carrier, in the Petroleum Products to be transported.

Item No. 70 Proration of Pipeline Capacity

When the total volume offered for shipment in accordance with Items No. 25 or No. 26 is greater than can be transported within the period covered by such offers, Petroleum Products offered by each Shipper for transportation will be transported in such quantities and at such time to the limit of Carrier's capacity, in accordance with Carrier's "Wolverine Pipe Line Company Proration" dated March 1, 2017 supplements thereto and reissues thereof, which is available upon request.

Item No. 75 Title

An offer of Petroleum Products for shipment shall be deemed a warranty of title by the Shipper, but acceptance shall not be deemed a representation by the Carrier as to title. The Carrier may, in the absence of adequate security, decline to receive any Petroleum Products which are in litigation, or as to which a dispute over title may exist, or which are encumbered by a lien.

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Item No. 80 Liability of Carrier

The Carrier shall not be liable for any delay, damage, or loss caused by acts of God, public enemy, quarantine, authority of law, riots, nuclear or atomic explosion, floods, strikes, picketing, or other labor stoppages, whether of Carrier's employees or others, or act of default of Shipper or owner, or any other cause not due to the negligence of Carrier, whether similar or dissimilar to the causes herein enumerated. In the event of such loss each Shipper shall bear the loss in the same proportion as its share of the total quantity of the batch involved and shall be entitled to receive only so much of its share remaining after its due proportion of the loss is deducted.

Carrier shall compensate Shipper to the extent any such damage or loss is the result of Carrier's negligence by paying Shipper the lesser of Shipper's actual damages or an amount determined by multiplying the volume of such loss times the Platt's Oilgram Price Report/Chicago Pipeline for such product (or, if unavailable, other industry accepted price service selected by the Carrier) for the date of such damage or loss. Carrier's payment in accordance with this provision shall be Shipper's sole and exclusive remedy.

Item No. 95 Claims, Suits, Time for Filing

As a condition precedent to recovery, claims must be filed in writing with Carrier within nine (9) months after the delivery of the Petroleum Products or, in case of failure to make delivery, within nine (9) months after a reasonable time for delivery has elapsed; and suit shall be instituted against Carrier only within two (2) years 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 as specified in the notice. Where claims are not filed or suits are not instituted thereon in accordance with the foregoing provisions, Carrier shall not be liable and such claims will not be paid.

Item No. 100 Delivery Adjustments

- (a) Subject to Item No. 80 and Paragraph (b) of this Item No. 100, Carrier shall account to each Shipper for one-hundred (100) per cent of the Petroleum Products received in accordance with Item No. 45.
- (b) Interface generated between batches of different Petroleum Products in the pipeline will be subject to transportation charges to the final destination and will be disposed of in the following manner:
 - (1) Interface generated between Petroleum Products with compatible specifications will be fully included in the Petroleum Products shipment and will be divided equally (50-50) between those shipments which precede and follow this interface as nearly as operating conditions will permit.
 - (2) The interface of commingled Petroleum Products occurring in the pipeline between Petroleum Products having dissimilar basic physical characteristics, which commingled Petroleum Products cannot be readily absorbed into the shipments immediately preceding and following the interface (non-compatible interface), shall be retained in the pipeline [and transported to the destination?]. The non-compatible interface material resulting from each Distillate cycle will be prorated equally among the Shippers in that Distillate cycle and, subject to Paragraph (3) below, it shall be the Shipper's responsibility to remove such material from the Carrier's facilities.
 - (3) At destinations where no interface tanks are provided by the Carrier, the interface material will be delivered into facilities to be provided by the Shipper, such deliveries to be in proportion to their respective shipments to such destinations as nearly as operating conditions will permit.
- (c) Any settlement adjustments for overages and shortages borne by Carrier which are directly associated with handling Petroleum Products will be billed or credited to each Shipper in proportion to their respective shipments. Such settlement will be performed in the month subsequent to the month in which the overages and shortages occur.

Item No. 110 Temporary Service

Petroleum Products will be transported through Carrier's facilities only as provided in these rules, to the extent space is not utilized for the transportation of normal refined Petroleum Products, and subject to public notice, hereby given, that such service is temporary, and may be canceled at any time after notice Service thereof, as Carrier shall determine is necessary to properly serve its primary business of transporting normal refined Petroleum Products.

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Item No. 115 Wolverine Pipe Line Company's Table 2 Contract Rate Program

- (a) General Provisions - Carrier is offering a contract rate program which provides for certain contract rates which are shown in Table 2 herein. Carrier's contract rate program shall be available to any Shipper that signs a 20 year contractual commitment to ship sufficient quantities of Petroleum Products through the Carrier's system to provide incremental revenue ("Incremental Revenue Obligation") to Carrier. Such annual Incremental Revenue Obligation must be no less than the annual equivalent of \$12,000,000 as of June 1, 2002 and adjusted for inflation as described in Item 115 (e). Only the portion of annual revenue that is above the Shipper's base amount paid to Carrier during the 12 months preceding the date that the contractual obligation is executed shall be applicable. Shipments that generate the above described incremental annual revenue may not include Petroleum Products that are acquired from a third party prior to movement on Carrier and subsequently reacquired by the same third party after movement on Carrier where such actions are taken for the primary purpose of gaining eligibility for the contract rates described in this tariff item.
- (b) Term - Any Shipper who makes a contractual commitment, as described in Item 115 (a) above, prior to August 31, 2022 is eligible for Carrier's contract rates.
- (c) Waiver of Tankage Fee - Any Shipper who has entered into the contractual arrangement with Carrier as described in Item 115 (a) above is qualified for a common carrier breakout tankage fee of \$0.0 per barrel for use of Carrier's Stockbridge tankage facility as further described in Item 26 herein.
- (d) Consequence of Insufficient Pipeline Capacity - In the event that Carrier is unable to accept Shipper's entire nominated volume due to proration of pipeline capacity as described in Item 70 herein, the Shipper's Incremental Revenue Obligation will be reduced by the amount of revenue that was not generated due to such proration.
- (e) Adjustment of Incremental Revenue Obligation - The annual Incremental Revenue Obligation will be adjusted annually for inflation based on the average of the Consumer Price Index - Urban ("CPI") and the Producer Price Index-Finished Goods ("PPI"), as published by the U. S. Bureau of Labor Statistics, or any successor indices.
- (f) Example of Contract Rate Program

A Shipper signs a contractual commitment with an effective start date of January 2003. The Incremental Revenue Obligation in Year 2003 would be \$11,958,800. Each January for the following 20 years, this Incremental Revenue Obligation would be adjusted as described in Item 115 (e) above. The example below illustrates such adjustments using preliminary CPI and PPI figures for June 2002 and assuming that CPI and PPI will increase by 2% for all future years beyond June 2002:

RULES AND REGULATIONS

| CPI/PPI | | CPI/PPI | | Incremental Revenue | |
|-----------|-------|---------|---------|---------------------|--------------|
| Month | CPI | PPI | Average | % Change | Obligation |
| June 2001 | 178.0 | 142.2 | 160.1 | ----- | ----- |
| June 2002 | 179.9 | 139.2 | 159.6 | -0.34% | \$12,000,000 |
| June 2003 | 183.5 | 142.0 | 162.7 | 2.00% | \$11,958,800 |
| June 2004 | 187.2 | 144.8 | 166.0 | 2.00% | \$12,198,000 |
| June 2005 | 190.9 | 147.7 | 169.3 | 2.00 % | \$12,441,900 |
| June 2006 | 194.7 | 150.7 | 172.7 | 2.00 % | \$12,690,700 |
| June 2007 | 198.6 | 153.7 | 176.2 | 2.00 % | \$12,944,600 |
| June 2008 | 202.6 | 156.8 | 179.7 | 2.00 % | \$13,203,500 |
| June 2009 | 206.6 | 159.9 | 183.3 | 2.00 % | \$13,467,500 |
| June 2010 | 210.8 | 163.1 | 186.9 | 2.00 % | \$13,736,900 |
| June 2011 | 215.0 | 166.4 | 190.7 | 2.00 % | \$14,011,600 |
| June 2012 | 219.3 | 169.7 | 194.5 | 2.00 % | \$14,291,800 |
| June 2013 | 223.7 | 173.1 | 198.4 | 2.00 % | \$14,577,700 |
| June 2014 | 228.2 | 176.5 | 202.3 | 2.00 % | \$14,869,200 |
| June 2015 | 232.7 | 180.1 | 206.4 | 2.00 % | \$15,166,600 |
| June 2016 | 237.4 | 183.7 | 210.5 | 2.00 % | \$15,470,000 |
| June 2017 | 242.1 | 187.3 | 214.7 | 2.00 % | \$15,779,400 |
| June 2018 | 247.0 | 191.1 | 219.0 | 2.00 % | \$16,094,900 |
| June 2019 | 251.9 | 194.9 | 223.4 | 2.00 % | \$16,416,800 |
| June 2020 | 256.9 | 198.8 | 227.9 | 2.00 % | \$16,745,200 |
| June 2021 | 262.1 | 202.8 | 232.4 | 2.00 % | \$17,080,100 |
| June 2022 | 267.3 | 206.8 | 237.1 | 2.00 % | \$17,421,700 |

Explanation of Reference Marks:

- [U] Unchanged
- [I] Increased
- [D] Decreased
- [C] Changed
- [W] Change In Wording Only
- [N] New
- [M] Move