UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Colonial Pipeline Company) Docket No. OR14-__

PETITION FOR DECLARATORY ORDER OF COLONIAL PIPELINE COMPANY

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November 8, 2013

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Pursuant to Rule 207(a)(2) of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission ("Commission"), 18 C.F.R. § 385.207(a)(2) (2012), Colonial Pipeline Company ("Colonial") hereby petitions for a declaratory order: (1) approving the proposed tariff rate structure and terms of service agreed to by Colonial and shippers ("Contract Shippers") that have signed Transportation Service Agreements ("TSAs"), which provide terms and conditions for commitments by the Contract Shippers to originate volumes of refined petroleum products on Colonial's pipeline system or pay a deficiency payment for failure so to do, (2) approving a prorationing methodology under which the calculation of a Contract Shipper's capacity allocation on Colonial's Line 1 and Line 2 will utilize the greater of that shipper's then-current annual volume commitment[1] or its history of refined petroleum products shipped over the relevant twelve (12) month period, and (3) approving a procedure by which available excess system capacity will be allocated first to Contract Shippers that have an annual volume commitment of at least 1,000,000 barrels.[2]

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[1] As more fully explained below, the Contract Shipper's annual volume commitment may not be greater than the volumes originated by the shipper during the most recent twelve (12) month period for which inventories have been finalized by Colonial.

[2] As required by Rule 381.302(a), Colonial is submitting a check for $24,370 to cover the filing fee. 18 C.F.R. § 381.302(a)(2012).

Colonial respectfully requests that the Commission act on this Petition by no later than February 7, 2014. Prompt approval of the authorizations requested in this Petition will expedite the time when Contract Shippers can begin receiving significant rate discounts, which is projected to amount to millions of dollars each month, as well as the other valuable allocation benefits provided for in the TSAs. Because Contract Shippers will benefit greatly through reduced rates, they have urged Colonial to implement the proposal as promptly as possible.

CORRESPONDENCE AND SERVICE

Colonial requests that correspondence and service related to this proceeding be sent to the following persons:

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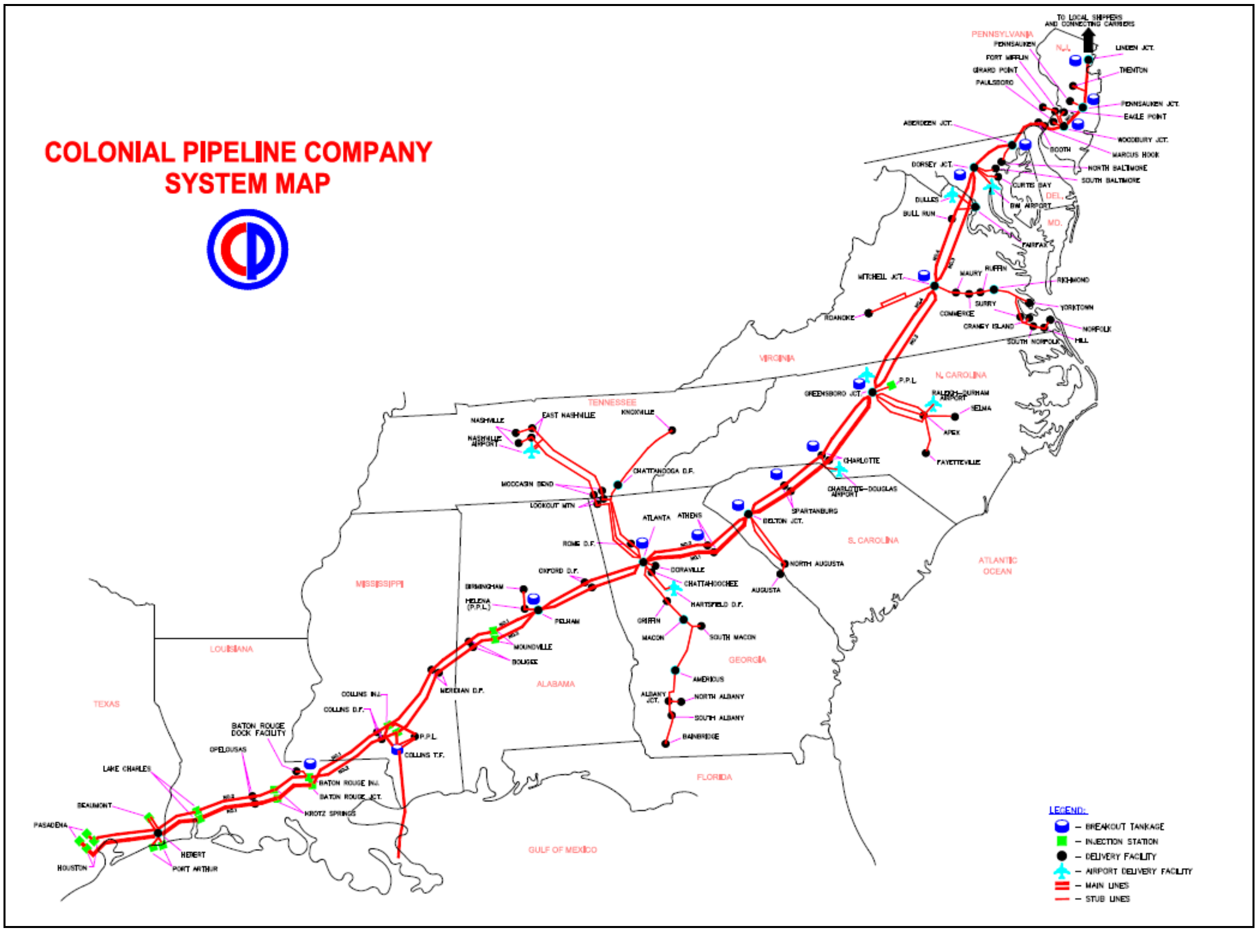
I. BACKGROUND

A. The Colonial Pipeline System

Colonial owns and operates a common carrier pipeline system that transports a broad slate of refined petroleum products. The Colonial system includes approximately 5,500 miles of pipe, over an area extending from Houston, Texas to Linden, New Jersey in the New York harbor area. Colonial serves refineries in the Gulf Coast and Northeast regions and consumer markets throughout the Gulf Coast, Southeast, Mid-Atlantic and Northeastern states. Below is a map of the Colonial pipeline system:



Brown Declaration, Att. A, at ¶ 4.

B. System Capacity

Colonial operates the largest refined petroleum products pipeline system in the United States. Currently, more than 104 million gallons (approximately 2.5 million barrels) of gasoline, heating oil, aviation fuel and other refined products are transported daily by Colonial. As a common carrier under the Interstate Commerce Act (“ICA”), Colonial is required to accommodate without undue discrimination or preference all shippers’ reasonable requests for service in accordance with Colonial’s filed tariffs. If the requests for service exceed available pipeline capacity, the volumes nominated by shippers must be allocated, consistent with the methodology set forth in Colonial's Rules and Regulations Tariff 98.12.0, as it may be supplemented and superseded from time to time ("Rules Tariff"). Att. A, at ¶ 5.

Due to increased production at Gulf Coast refineries as well as other factors, requests for space on Colonial's system have steadily increased over the last several years. As a result, Colonial's main lines have been allocated for the last two years, and the shippers on those lines have seen their nominated volumes reduced. *Id.* at ¶ 6. To address this situation, and to accommodate shippers' needs to the maximum extent reasonably practical, Colonial has undertaken a series of capacity expansions and system modifications that have attempted to alleviate the need to allocate line space.[3] In fact, Colonial completed expansion projects to alleviate bottlenecks on Lines 1, 2 and 3 during the past two years at a cost of over $95 million, all while forgoing any rate increases. The ability further to increase capacity in an incremental fashion through system modifications is diminishing, and Colonial is reaching the point where it needs to determine whether to initiate large-scale and expensive expansion efforts. *Id.* at ¶ 7.

Part of the analysis that will determine whether such major expenditures are justified includes consideration of the extent to which the volumes that are currently shipping on Colonial's system will be sustained in future years. Volumes shipped from and delivered to various regions can change significantly over time as supply and demand conditions change, and as shippers choose among competitive alternatives that may exist for movement of their products. Demand for pipeline service also can vary as regulatory changes and the availability of alternative fuels (such as natural gas and renewable fuel) affect heating oil and gasoline demand

[3] In particular, in April 2013, Colonial completed a 100,000 barrels per day ("bpd") expansion of Line 1 from Houston, TX to Greensboro, NC. In June 2011, Colonial completed a 20,000 bpd expansion of Line 2 from Houston to Greensboro, and in July 2012 completed an additional 55,000 bpd expansion of Line 2. In the Fall of 2011, Colonial completed a 100,000 bpd expansion of Line 3 from Greensboro to Linden and in the first quarter of this year, completed a 60,000 bpd expansion of the same line.

at the consumer level. Other factors, including technological advances in crude oil extraction, the development of new and expansive domestic crude oil sources, shifting upstream crude oil supply patterns, and the expansion or reduction of refinery capacity in an area, may also have a significant impact on Colonial's business. The liquids pipeline industry has seen numerous instances in which changes in supply sources, refinery capacity, logistical constraints (including pipelines), regulations, technology, economic conditions and other factors have resulted in swings in throughput over time, resulting for some in positive outcomes, while for others it has resulted in sharply reduced throughput and pipeline revenues. *Id.* at ¶ 8.[4]

One growing means of enhancing a pipeline's confidence in the soundness and tenability of a major investment in new capacity is to secure long-term shipper support for the investment in the form of throughput guarantees. Colonial has not typically sought minimum throughput commitments or "ship or pay" conditions from its shippers, and therefore it is currently in a position in which it has little assurance that the strong demand for its services will be sustained in future years. That situation makes long-term planning to anticipate and help meet the needs of Colonial's shippers exceedingly difficult. Colonial therefore has turned its attention to finding ways to achieve some measure of volume and revenue certainty, consistent with its shippers' interests and the pipeline's common carrier obligations. *Id.* at ¶ 9.

C. Shippers' Concerns Regarding Line Space

The combination of growing demand for service on Colonial and the pipeline's limited ability to add further capacity through relatively low-cost incremental means has led to shippers'

[4] For example, last year, Explorer Pipeline, which transports petroleum products from the Gulf Coast to Houston, Dallas, Tulsa, St. Louis and Chicago markets, saw its throughput decline substantially due to markets in the U.S. mid-continent becoming oversupplied with refined product. *See*, OPIS Price Watch Alert (July 3, 2012). Similarly, in 2012, Enterprise TE Products Pipeline Company experienced a significant decrease in its south to north product flow that resulted from the sharply higher price of gasoline in the Gulf Coast as compared to Chicago. *See*, OPIS Price Watch Alert (March 30, 2012).

increasing concerns about their ability to rely on Colonial to satisfy fully their requests for service. This has especially been a source of anxiety among those entities that have a long history as Colonial shippers and that rely heavily on the services Colonial provides (typically these are "Regular Shippers" as defined in Colonial's Rules Tariff).[5] These shippers have seen their historic expectations about access to Colonial line space steadily reduced. While alternative transportation options exist for them, these shippers favor Colonial due, at least in part, to its comparatively low tariff rates. Particularly hard hit are those Regular Shippers that directly supply local consumers, which have faced increasing difficulty locating and arranging for alternate sources of supply at reasonable costs. Brown Dec., Att. A, at ¶ 10.

In April 2013, Colonial filed with the Commission changes to the Rules Tariff in an effort to address these shipper concerns regarding eroding line space. *Id.* at ¶ 11. The changes included implementing capacity limits for new shippers to five percent (5%) of total capacity on Line 1 and Line 2 and ten percent (10%) of total capacity on all other lines. *See* Rules Tariff, Item 31(b). Colonial also revised its prorationing policies with respect to available excess system capacity, defined as capacity that remains when shippers elect not to ship all of their allocated volumes. *Id*. No shipper protested those changes, and the Rules Tariff went into effect without suspension or investigation on May 26, 2013. Att. A, at ¶ 11.

[5] Under Colonial's Rules Tariff, "Regular Shippers" are shippers that met the threshold volume level on the applicable segment during the base period. "Established New Shippers" are shippers (other than Regular Shippers or their affiliates) that shipped a volume of petroleum products on the applicable segment in at least one cycle during the twelve months ending on May 26, 2013. "New Shippers" include any shipper on Colonial's system that is not a Regular Shipper or an Established New Shipper that has been approved by Colonial for shipments on a segment. "Prospective New Shippers," that is, entities that submitted a request to become a shipper on the Colonial system prior to the close of the open season, were also permitted to participate in the open season. Att. A, at ¶ 14.

While these changes helped to address shippers' concerns regarding their accustomed access to line space on Colonial's system during periods of over-nomination (which, again, has consistently been the case for the past two years), Regular Shippers continue to experience erosion of their allocations on Colonial, with important negative effects for them and their customers. In particular, as provided in the Rules Tariff, Colonial allocates 25,000 barrels per cycle for each mainline to Established New Shippers and to New Shippers based on a lottery system (up to the new shipper capacity limits on each applicable line segment). As these Established New Shippers and New Shippers build history, they will become Regular Shippers and vie for line space in the Regular Shipper "pool." Over time, this leads to a degradation of space available to Regular Shippers. The effect is to interfere with the expectations of often long-standing shippers that they will be able to move their volumes in a consistent and reliable manner. In an effort to address these concerns, as well as to further Colonial's fundamental interest in long-term volume and rate certainty, Colonial developed the proposal that is the subject of this Petition (the "Proposal"). *Id.* at ¶ 12.

D. Open Season

The open season for the Proposal commenced on September 12, 2013 and concluded on October 28, 2013. Notice of the open season was widely circulated through a Notice of Open Season released as a shipper bulletin.[6] In addition, Colonial's shippers were contacted through emails, telephone calls, and in-person communications. All of Colonial's shippers were contacted at least once to provide them with notice of the open season. Colonial also provided additional notice by press release, which in turn was widely reported in the trade press.[7] One hundred and forty six (146) confidentiality agreements were signed by interested parties,

[6] A copy of the Notice of Open Season is attached hereto as Attachment "B".

[7] A copy of the press release announcing the open season is attached hereto as Attachment "C".

representing approximately 98.1% of the volume shipped on Colonial's system. The parties that executed a confidentiality agreement received the *pro forma* TSA. Those parties encompassed the full range of Colonial shippers, including refiners, wholesalers, retailers, end-users, airlines, marketers, terminal operators, and traders. This universe also included "Regular Shippers," "Established New Shippers," and "New Shippers" on Colonial's system, all as defined in Colonial's existing Rules Tariff, as well as prospective New Shippers. In fact, of the confidentiality agreements that were executed, 30 were signed by New Shippers or Established New Shippers, 95 by Regular Shippers, and 21 by prospective New Shippers. Brown Dec., Att. A, at ¶ 13.

By the end of the open season, a total of 76 TSAs were executed by parties representing approximately 75% of the volume shipped on Colonial's system and approximately 75% of Colonial's pipeline-related revenues. Twelve TSAs were executed by New Shippers or Established New Shippers, 57 by Regular Shippers, and 7 by prospective New Shippers. The Contract Shippers include those that ship gasoline, distillates, and jet fuel and, therefore, represent nearly the full spectrum of product types shipped on Colonial's system. Moreover, the Contract Shippers encompass a wide range of Colonial shippers, including refiners, integrated oil companies, wholesalers, retailers, marketers, terminal operators, and traders. Shippers were able to choose TSAs with contract terms of five or ten years, with the further option to make an annual volume commitment for either a one-year period or a five year-period. Thus, a Contract Shipper that selected, for example, a five-year contract term and a one-year commitment period is required to submit its initial annual volume commitment prior to the commencement date of the TSA and then submit a new annual volume commitment prior to the end of each one-year commitment period. In contrast, a Contract Shipper that selected a ten-year contract term and a five-year commitment period is required to submit its initial annual volume commitment for the first five years prior to the commencement date of the TSA. Then, prior to the end of the first five-year commitment period, the Contract Shipper is required to select a new commitment period of one-year or five-years for the final five years of the initial term of the contract, and also submit a new annual volume commitment. At the end of the contract term, the TSA is automatically extended for five year terms unless terminated by either party.[8] *Id.* at ¶ 15.

Under the TSAs, a Contract Shipper that is a Regular Shipper on Line 1 or Line 2 ("Contract Historic Shipper") can make an annual volume commitment for any volume amount that is at or below that shipper's history during the most recent twelve month period for which Colonial has finalized inventories. Therefore, a shipper that is uncertain about making a long-term volume commitment may choose to make a small commitment, even zero, and may change that volume commitment every year if it selects a one-year commitment period. A Contract Shipper that is an Established New Shipper, New Shipper, or prospective New Shipper ("Contract New Shipper"), has a zero annual volume commitment unless and until such shipper becomes a Regular Shipper on Line 1 or Line 2. *Id.* at ¶ 17.

E. Terms of Service

As described in the Brown Declaration, the commercial terms of the TSAs include: (1) the tariff rate structure for Contract Shipper volumes; and (2) the amended prorationing

[8] Under the TSAs, Colonial also has a right, but not an obligation, to terminate the agreements at any time if (1) it determines to expand the capacity of the pipeline and the estimated expansion costs will exceed $250,000,000, or (2) it determines that unforeseen expenditures will be incurred in connection with the pipeline resulting in a cost in excess of $250,000,000. Att. A, at ¶ 16.

methodology. Att. A, at ¶ 18.[9]

1. Tariff Rate Structure

The contract rates include, for each origin point and destination point, (a) a base contract tariff rate applicable to all movements of Contract New Shippers, and all movements of Contract Historic Shippers with an annual volume commitment less than 1,000,000 barrels; and (b) discounted contract tariff rates applicable to all movements of Contract Historic Shippers with an annual volume commitment of 1,000,000 barrels or more. Att. A, at ¶ 20. The contract rates follow a tiered structure with the amount of the discount relative to the base contract rates increasing based on the level of volume commitment and length of term. The *pro forma* TSA includes the actual base contract rates and discounted contract rates applicable to Contract Shippers. Thus, all Contract Shippers (as well as all other shippers that signed the confidentiality agreement) have had the opportunity to review these rates. The TSAs permit Colonial to adjust the contract rates from time to time during the terms of the TSAs so long as the percentage differential between the discounted contract rates and the base contract rates is not less than the percentage differential between the initial discounted contract rates and the initial base contract rates. The initial base contract rates will be equal to or less than Colonial's rates for walk-up shippers. Colonial also has agreed not to maintain a walk-up rate that is less than the base contract rate for the same service unless it is required to do so by any governmental authority or as agreed to by Colonial and the Contract Shippers due to certain unforeseen expenditures. *Id.* at ¶ 21. In this regard, Colonial has exercised moderation in increasing rates, as evident from its decision not to increase rates as permitted by the FERC-approved index in the last two years, which has resulted in rates significantly below the index ceiling level. For indexed rates,

[9] The TSA and accompanying proposed changes to Colonial's Rules Tariff do not alter the capacity set aside or the process for allocating space for New Shippers and Established New Shippers on Colonial's system. Att. A, at ¶ 19.

Colonial's intent is to limit increases in 2014 to no more than the percentage increase allowed by the 2014 FERC-approved index and, for all other rates, to evaluate cost increases and market conditions in making decisions on rate adjustments consistent with the TSA. Through its structure of rate adjustments under the TSA, Colonial has retained the flexibility that currently exists in adjusting rates in accordance with FERC regulations.

The TSA provisions are designed to establish a significant measure of volume and rate certainty for Colonial, while providing Contract Shippers with significant rate discounts based on volume commitments. Consistent with that motivation, the TSAs provide that, during the term of the TSA, a contracting shipper may not protest or otherwise challenge any of Colonial's rates, including for past periods. Thus, both Colonial and Contract Shippers are assured of regulatory and contractual stability between one another, along with the other consideration received by each party for entering into the TSA. This is intended to assure that there will be a substantial period of regulatory peace between the contracting parties, precisely as their important long-term concessions to each other would anticipate. *Id.* at ¶ 22.

2. Historical Prorationing and Excess Capacity Allocation

Colonial's Rules Tariff provides for historical prorationing based on a shipper's history of shipments during the applicable base period. The TSAs provide that Colonial will amend its prorationing methodology to provide that in return for committing to ship the contracted volume or pay the specified deficiency, a Contract Historic Shipper's capacity allocation on Line 1 and Line 2 of Colonial's system will be calculated using the greater of (a) that shipper's annual volume commitment, or (b) its history of movements that originated on the applicable line during the relevant twelve month period.

This allocation methodology was designed to reduce the pace of capacity erosion experienced by Contract Historic Shippers but does not guarantee line space to Contract Historic

Shippers during periods of allocation.[10] Under existing allocation procedures, a shipper's line space is allocated pursuant to a formula that takes into account the shipper's history. Because history is calculated on a monthly basis, it can fall each month as New Shippers and Established New Shippers move into the Regular Shipper "pool" (up to five percent for Line 1 and five percent for Line 2). Using the higher of history or a Contract Historic Shipper's annual volume commitment can help to slow this potential erosion because the annual volume commitment will be locked in for the duration of the commitment period (either one year or five years). For example, if a Contract Historic Shipper has a 50,000 barrel (per cycle) volume commitment for a five-year commitment period, and that Shipper's actual history falls below 50,000 barrels during that five-year period, its allocation will be calculated based on 50,000 barrels per cycle, consistent with its contracted financial obligation. *Id.* at ¶ 25.

In addition, the TSAs provide qualifying Contract Shippers with first access to the allocation of any available excess system capacity. By way of background, excess system capacity exists if shippers with allocated line space choose not to fully utilize their space. Colonial can neither predict nor guarantee that excess capacity will exist on any given cycle because it only occurs if, after allocations are announced, shippers enter final nominations below their allocations. Shippers' nominations may fall due to supply disruptions, inventory positions in the markets they serve, or demand variability. When Colonial determines that excess capacity exists, it has a process whereby it makes the line space available to shippers that nominated volumes in excess of their allocation. Currently, the available excess capacity is first allocated to Regular Shippers (based on both history and their nominations that exceed their allocations), and

[10] While the proposed methodology would alter the way Colonial allocates line space on Lines 1 and 2 to Contract Shippers, the TSA does not provide "firm" or priority service for Contract Shippers. Contract Shippers will continue to be subject to allocation. Att. A at ¶ 24.

then to New Shippers and Established New Shippers as set forth in the Rules Tariff. Under the TSAs, Colonial will allocate the available excess system capacity first to Contract Historic Shippers with a then-current annual volume commitment of at least 1,000,000 barrels. This excess capacity allocation methodology may help Contract Shippers to maximize their use of the system while at the same time slowing erosion of their history. *Id.* at ¶ 26.

F. Requested Rulings

Colonial seeks Commission approval of (1) the tariff rate structure and terms of service agreed to by the Contract Shippers in the TSAs, (2) the proposed prorationing methodology under which the calculation of the Contract Historic Shipper's capacity allocation will be based on the greater of that shipper's annual volume commitment or its history of refined petroleum products shipped over the relevant twelve (12) month period, and (3) the procedure by which excess system capacity is allocated first to eligible Contract Shippers.

II. DISCUSSION

The TSAs that are the subject of this Petition have been carefully crafted to meet the needs of Colonial and each class of shippers on the Colonial system. In developing the TSA, Colonial's intent was not to pick winners and losers among its various categories and types of shippers, but rather to construct an even-handed solution that accommodates the broadest set of interests possible. Its success in achieving that goal is demonstrated by the number and variety of shippers that signed TSAs, which includes a cross-section of Colonial's shippers that ship nearly every type of product transported on Colonial's system. The specific aspects of the TSAs for which approval is sought have been designed to conform to the standards and rulings in prior Commission decisions.

Colonial recognizes that many of the oil pipeline declaratory orders that the Commission has recently decided largely related to construction projects and have permitted "priority service" or "firm service", which is where committed shippers' contract volumes are not subject to prorationing. *See*, *e.g.*, *CenterPoint Energy Bakken Crude Services, LLC,* 144 FERC ¶ 61,130 at PP 7, 26-27 (2013). In permitting priority service for such projects, the Commission has sought to protect shipper expectations of access to pre-existing capacity. *See e.g.*, *Enbridge Pipelines (Illinois) LLC*, 144 FERC ¶ 61,085 at PP 23-24 (2013); *Sunoco Pipeline L.P.*, 139 FERC ¶ 61,259 at PP 13-14 (2012). That consideration does not apply here, where there is no offer of priority service; no shipper – contract or otherwise – will be immune from allocation in the event of nominations in excess of capacity. Thus, although in this instance Colonial is not immediately constructing new infrastructure, the TSA is consistent with Commission precedent and policy.

Moreover, while other pipelines typically have implemented volume-incentive or term-incentive rate structures aimed at a particular market or specific target, Colonial is applying a similar incentive structure to its entire system. The application of this well-established structure to an entire pipeline system does not change the fact that it is consistent with FERC approvals of narrower volume-incentive or term-incentive structures. The proposed contract rate structure provides mutual benefits for shippers and Colonial alike, leading to greater regulatory certainty and system stability, and ultimately benefits all interested parties.

A. Approval of the Proposed Contract Rate Structure is Consistent with Commission Precedent.

Colonial requests that the Commission approve the contract rate structure agreed to with shippers that have executed TSAs, and confirm that it will accept and uphold the contract rate structure for the term of each TSA. Colonial further requests that the Commission confirm that the rates for the Contract Shippers will be determined only under the methodology set forth in each TSA, irrespective of any action that Colonial or the Commission may take with respect to non-contract rates.

The TSA rate structure provides for a discounted rate in return for a contractual volume commitment. The Commission has a well-established policy of approving as consistent with the ICA discounted rate structures like that provided for in the TSA. In *Enterprise Liquids Pipeline LLC*, the Commission stated:

> The Commission affirms that a volume incentive (or discounted) rate does not violate the anti-discrimination or undue preference provision of the [ICA] by virtue of being lower than the general commodity rate, so long as (1) all potential shippers had the opportunity to take advantage of the discounted rate and (2) the discounted rate reflects the relevant differences among shippers.

142 FERC ¶ 61,087 at P 25 (2013); *see also*, *Enbridge Energy Co., Inc.*, 110 FERC ¶ 61,211 at P 36 (2005) ("The Commission has accepted similar discounted rate structures through declaratory orders it has issued for other proposed oil pipeline products."); *Express Pipeline P'ship*, 76 FERC ¶ 61,245, *order on reh'g*, 77 FERC ¶ 61,188 (1996). While here the amount of any Contract Shipper's specific commitment may vary over time, the obligations it is making to the pipeline are nevertheless potentially substantial, as are those Colonial is making to the Contract Shipper. These arrangements are materially different from those applicable to non-contract shippers, and warrant a different rate structure for each class.

Further, in *Enterprise Liquids Pipeline LLC*, the Commission approved an arrangement by which the discount for contract shippers would increase with the size of the volume commitment, such that "the higher the volume the greater the discount relative to the rate for the lowest volume commitment." 142 FERC ¶ 61,087 at P 25. The Commission there acknowledged that:

> Because all shippers had the opportunity in well publicized open seasons to take advantage of the competitive rates based on volume commitment and contract

> term, there is no issue of undue discrimination or undue preference among the resulting classes of shippers differentiated by contract term and volume commitment. Committed shippers are not similarly situated to shippers that did not enter into a commitment by their own choices.

Id. at P 26; *see also Plantation Pipe Line Co*., 98 FERC ¶ 61,219 at 61,866 (2002) (approving a similar tiered discount rate structure for contract shippers based on increasing levels of volume commitments).

Colonial is seeking approval of a rate structure that meets these same limitations and assurances required by the Commission of previously approved volume discount rates. The contract rates vary inversely based on the size of volume commitment – that is, the higher the volume commitment, the greater the discount relative to the rate for the lowest volume commitment.

This rate structure is not uncommon. Numerous carriers have implemented rate structures whereby a shipper has the option to make a volume commitment and thereby be entitled to pay a discounted rate. For example, the Commission has held that carriers may offer shippers discounted uncommitted rates relative to those shipping lesser volumes. *See, e.g.*, *Sunoco Pipeline L.P.*, 141 FERC ¶ 61,212 at P 20 (2012) (accepting a proposal "for discounted rates for uncommitted shippers who agree to certain volume commitments"); *Shell Pipeline Co. LP*, 139 FERC ¶ 61,228, at P 20 (2012). Similarly here, the TSAs establish a framework by which Contract Shippers periodically have the option to elect to make volume commitments and obtain discounted rates. Indeed, Colonial's approach is more favorable to shippers than many other volume or term incentive programs included in common carrier tariffs, because Contract Shippers can elect to make a new volume commitment for each annual period rather than make a life-of-contract volume commitment, as is often the case. Because the TSA rate structure was offered to all shippers in a transparent open season process, that arrangement presents no issue of undue discrimination. All Colonial shippers and other interested parties have been provided the opportunity to commit to a contract term and volume level, and to receive a discount tailored to their chosen commitment.

In considering the approvals sought in this Petition, the Commission is again requested to acknowledge the important differences between contract and non-contract shippers. Shippers that sign up for ship-or-pay commitments are potentially taking on a substantial obligation to support the pipeline. From Colonial's perspective, shipper commitments allow for planning and investment decisions that are in the long-term best interests of Colonial and its shippers. Conversely, walk up shippers will have no obligation to use the pipeline. They may choose to ship for one month and not the next, without penalty and without providing any assured cash flow to Colonial. Therefore, as the Commission has previously recognized, so long as walk up shippers have reasonable access to the pipeline's capacity, and retain all of their other statutory rights, there is nothing unlawful, inequitable or unfair about discounting the rates for those shippers whose substantial commitments provide a pipeline with financial certainty. *See Marketlink, LLC*, 144 FERC ¶ 61,086 at P 13 (2013) (approving discounted rates for shippers making binding volume commitments and noting "[u]ncommitted shippers exchange the flexibility in nominations for rates higher than the committed rates").

B. Approval of the Proposed Prorationing Methodology is Consistent with Commission Precedent.

Colonial requests that the Commission approve its proposed prorationing methodology under which the calculation of a Contract Shipper's capacity allocation on Line 1 and Line 2 of Colonial's system will use the greater of that shipper's annual volume commitment or its history of refined petroleum products shipped over the relevant twelve (12) month period. The Commission has approved prorationing methodologies under which contract shippers can utilize either their historical volumes or their volume commitments as a basis for allocated capacity in the event of apportionment. In doing so, the Commission has recognized that treatment of the initial commitment as a historical baseline is appropriate because it helps protect contract shippers that are making long-term commitments to the pipeline and recognizes the fact that the contracting shippers are obligated to pay for the barrels they have committed to move whether or not they actually tender them to the pipeline for transportation. *See, e.g.*, *Enterprise Liquids Pipeline LLC*, 142 FERC ¶ 61,087 at P 28 (2013); *Shell Pipeline Co. LP*, 141 FERC ¶ 61,017, at P 14 (2012); *TransCanada Keystone Pipeline, LP*, 131 FERC ¶ 61,139, at P 12 (2010); *Kinder Morgan Pony Express Pipeline LLC and Hiland Crude, LLC*, 141 FERC ¶ 61,249 at PP 27, 30 (2012).[11]

The Commission "has not established a stated minimum percentage of capacity that must be set aside" for new shippers and has instead made clear that "[e]ach proposal presented to the Commission is appraised on its own merits." *CCPS Transportation, LLC*, 122 FERC ¶ 61,123 at P 14 (2008). Nevertheless, it is worth noting that the provisions for which approval is being requested here do not alter the reservation of capacity or the process to allocate space for New Shippers that Colonial put into effect in May 2013 without objection. Colonial believes that this reservation is sufficient to provide all shippers with reasonable access, and is consistent with Commission precedent.

[11] As noted above, Contract Shippers are permitted to commit to no more than their 12-month history on Colonial at the time they make their commitment. This limitation on volume commitments is necessary so that New Shippers, Established New Shippers, and walk-up shippers, may all continue to have the opportunity for line space during periods of allocation.

C. Approval of the Proposed Excess Volume Provision is Consistent with Commission Precedent.

Colonial requests that the Commission approve its proposed provision whereby available excess system capacity will be allocated first to Contract Historic Shippers with an annual volume commitment of at least 1,000,000 barrels.

The Commission has upheld the provision of specific rights and benefits to Contract Shippers to induce them to enter into long-term volume commitments, so long as those benefits are offered to all interested shippers in an open season. For example, in *Enbridge Pipelines (Southern Lights) LLC*, the Commission issued a declaratory order confirming the validity of a contractual right of first offer ("ROFO"). 141 FERC ¶ 61,244 (2012). Under the ROFO provision, in the event the pipeline decided to hold another open season, the committed shippers would have the option to exercise their ROFO rights to secure additional remaining capacity before the pipeline offered the capacity to all prospective shippers. *Id.* at P 5. The pipeline explained that the ROFO "was an essential element of the package of benefits that induced the Committed Shippers to make the long-term volume commitments that made [the project] possible." *Id.* at P 12. Further, the ROFO "was offered to all interested shippers through two well publicized, non-discriminatory open seasons," and "any prospective shipper . . . could have had the benefit of the . . . ROFO if that shipper was willing to accept the burden of being an anchor shipper for this pipeline project." *Id.* The Commission held that the ROFO was valid and that there was "no issue of undue discrimination or undue preference" because "all shippers had the opportunity to take advantage of the terms and conditions of the original TSA." *Id.* at ¶ 26. *See also, CenterPoint Energy Bakken Crude Services, LLC*, 144 FERC ¶ 61,130 at P 13 (2013) ("The Commission has found such a right of first offer in a TSA is permissible, inasmuch as the original TSA was available to all shippers in a widely publicized open season, and all shippers had the same opportunity to take advantage of the terms and conditions of the original TSA.”).

Here too, the benefit of having first access to excess capacity allocation was an important element of the overall package offered to shippers. Colonial complied with Commission precedent by offering the excess capacity allocation provision in a widely-publicized, non-discriminatory open season, giving all interested shippers notice and an opportunity to sign TSAs accepting those terms. The shippers that executed the TSAs considered this benefit a key component of the overall package and a necessary element in their decision. It is consistent with Commission precedent and should be approved here.

In considering the various rulings being requested in this Petition, the Commission should bear in mind the key point that shippers that signed the TSAs affirmatively concluded that they will be better off by joining the contract rate program; those that reached the opposite conclusion were free to decline, and they will continue to be able to move product on Colonial in accordance with the pipeline’s Rules Tariff. In these circumstances, approval of this Petition will further shipper interests both individually and as a whole. For the reasons discussed below, approval of this Petition is warranted and should be granted.

III. CONCLUSION

For the reasons set forth above, Colonial respectfully requests that the Commission approve this Petition and grant the declaratory rulings requested herein.

Respectfully submitted,

/s/ Steven H. Brose

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November 8, 2013

Attachment A

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Colonial Pipeline Company) Docket No. OR14-__

DECLARATION OF JAMES E. BROWN
IN SUPPORT OF PETITION FOR DECLARATORY ORDER

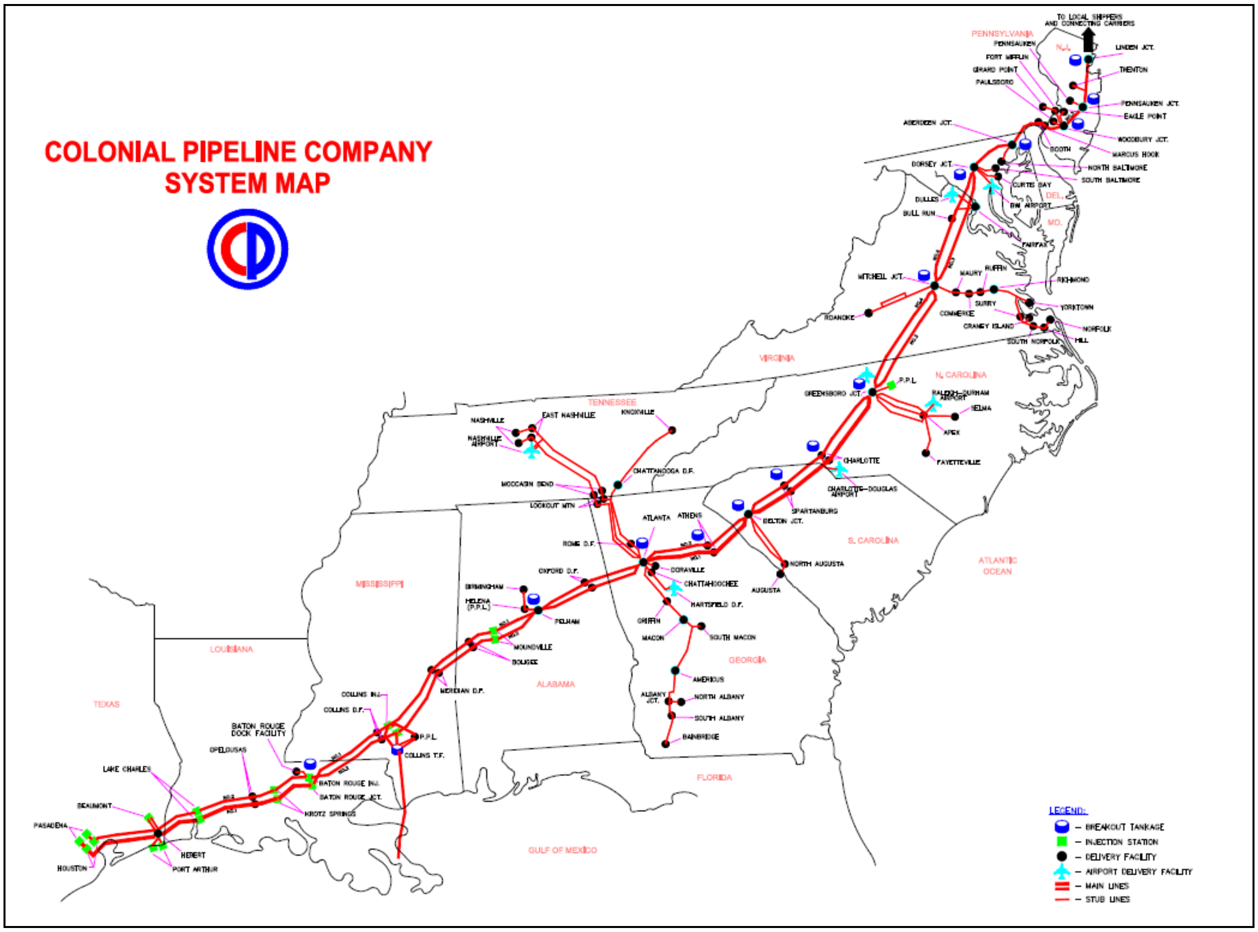
I, James E. Brown, hereby declare as follows:

1. I am providing this affidavit in support of the Petition for Declaratory Order of Colonial Pipeline Company ("Colonial").

2. My business address is 1185 Sanctuary Parkway, Suite 100, Alpharetta, Georgia 30009.

3. My current position is Scheduling and Shipper Support Leader which I have held since 2008. My responsibilities include scheduling pipeline lifting and delivery, quality assurance, inventory and customer relations.

4. Colonial owns and operates a common carrier refined products pipeline system that transports a broad slate of refined petroleum products. The Colonial system includes approximately 5,500 miles of pipe, over an area extending from Houston, Texas to Linden, New Jersey in the New York harbor area. Colonial serves refineries in the Gulf Coast and Northeast regions and consumer markets throughout the Gulf Coast, Southeast, Mid-Atlantic and Northeastern states. Below is a map of the Colonial pipeline system:



5. Colonial operates the largest refined petroleum products pipeline system in the United States. Currently, more than 104 million gallons (approximately 2.5 million barrels) of gasoline, heating oil, aviation fuel and other refined products are transported daily by Colonial. As a common carrier under the Interstate Commerce Act ("ICA"), Colonial is required to accommodate without undue discrimination or preference all shippers' reasonable requests for service in accordance with Colonial's filed tariffs. If the requests for service exceed available pipeline capacity, the volumes nominated by shippers must be allocated, consistent with the methodology set forth in Colonial's Rules and Regulations Tariff 98.12.0, as it may be supplemented and superseded from time to time ("Rules Tariff").

6. Due to increased production at Gulf Coast refineries as well as other factors, requests for space on Colonial's system have steadily increased over the last several years. As a result, Colonial's main lines have been allocated for the last two years, and the shippers on those lines have seen their nominated volumes reduced.

7. To address this situation, and to accommodate shippers' needs to the maximum extent reasonably practical, Colonial has undertaken a series of capacity expansions and system modifications that have attempted to alleviate the need to allocate line space. In particular, in April 2013, Colonial completed a 100,000 barrels per day ("bpd") expansion of Line 1 from Houston, TX to Greensboro, NC. In June 2011, Colonial completed a 20,000 bpd expansion of Line 2 from Houston to Greensboro, and in July 2012 completed an additional 55,000 bpd expansion of Line 2. In the Fall of 2011, Colonial completed a 100,000 bpd expansion of Line 3 from Greensboro to Linden and in the first quarter of this year, completed a 60,000 bpd expansion of the same line. In fact, Colonial completed expansion projects to alleviate bottlenecks on Lines 1, 2 and 3 during the past two years at a cost of over $95 million, all while forgoing any rate increases. The ability further to increase capacity in an incremental fashion through system modifications is diminishing, and Colonial is reaching the point where it needs to determine whether to initiate large-scale and expensive expansion efforts.

8. Part of the analysis that will determine whether such major expenditures are justified includes consideration of the extent to which the volumes that are currently shipping on Colonial's system will be sustained in future years. Volumes shipped from and delivered to various regions can change significantly over time as supply and demand conditions change, and as shippers choose among competitive alternatives that may exist for movement of their products. Demand for pipeline service also can vary as regulatory changes and the availability of

alternative fuels (such as natural gas and renewable fuel) affect heating oil and gasoline demand at the consumer level. Other factors, including technological advances in crude oil extraction, the development of new and expansive domestic crude oil sources, shifting upstream crude oil supply patterns, and the expansion or reduction of refinery capacity in an area, may also have a significant impact on Colonial's business. The liquids pipeline industry has seen numerous instances in which changes in supply sources, refinery capacity, logistical constraints (including pipelines), regulations, technology, economic conditions and other factors have resulted in swings in throughput over time, resulting for some in positive outcomes, while for others it has resulted in sharply reduced throughput and pipeline revenues.

9. One growing means of enhancing a pipeline's confidence in the soundness and tenability of a major investment in new capacity is to secure long-term shipper support for the investment in the form of throughput guarantees. Colonial has not typically sought minimum throughput commitments or "ship or pay" conditions from its shippers, and therefore it is currently in a position in which it has little assurance that the strong demand for its services will be sustained in future years. That situation makes long-term planning to anticipate and help meet the needs of Colonial's shippers exceedingly difficult. Colonial therefore has turned its attention to finding ways to achieve some measure of volume and revenue certainty, consistent with its shippers' interests and the pipeline's common carrier obligations.

10. The combination of growing demand for service on Colonial and the pipeline's limited ability to add further capacity through relatively low-cost incremental means has led to shippers' increasing concerns about their ability to rely on Colonial to satisfy fully their requests for service. This has especially been a source of anxiety among those entities that have a long history as Colonial shippers and that rely heavily on the services Colonial provides (typically

these are "Regular Shippers" as defined in Colonial's Rules Tariff). These shippers have seen their historic expectations about access to Colonial line space steadily reduced. While alternative transportation options exist for them, these shippers favor Colonial due, at least in part, to its comparatively low tariff rates. Particularly hard hit are those Regular Shippers that directly supply local consumers, which have faced increasing difficulty locating and arranging for alternate sources of supply at reasonable costs.

11. In April 2013, Colonial filed with the Commission changes to the Rules Tariff in an effort to address these shipper concerns regarding eroding line space. The changes included implementing capacity limits for new shippers to five percent (5%) of total capacity on Line 1 and Line 2 and ten percent (10%) of total capacity on all other lines. Colonial also revised its prorationing policies with respect to available excess system capacity, defined as capacity that remains when shippers elect not to ship all of their allocated volumes. No shipper protested those changes, and the Rules Tariff went into effect without suspension or investigation on May 26, 2013.

12. While these changes helped to address shippers' concerns regarding their accustomed access to line space on Colonial's system during periods of over-nomination (which, again, has consistently been the case for the past two years), Regular Shippers continue to experience erosion of their allocations on Colonial, with important negative effects for them and their customers. In particular, as provided in the Rules Tariff, Colonial allocates 25,000 barrels per cycle for each mainline to Established New Shippers and to New Shippers based on a lottery system (up to the new shipper capacity limits on each applicable line segment). As these Established New Shippers and New Shippers build history, they will become Regular Shippers and vie for line space in the Regular Shipper "pool." Over time, this leads to a degradation of

space available to Regular Shippers. The effect is to interfere with the expectations of often long-standing shippers that they will be able to move their volumes in a consistent and reliable manner. In an effort to address these concerns, as well as to further Colonial's fundamental interest in long-term volume and rate certainty, Colonial developed the proposal that is the subject of its Petition for Declaratory Order.

13. The open season for the Proposal commenced on September 12, 2013 and concluded on October 28, 2013. Notice of the open season was widely circulated through a Notice of Open Season released as a shipper bulletin. In addition, Colonial's shippers were contacted through emails, telephone calls, and in-person communications. All of Colonial's shippers were contacted at least once to provide them with notice of the open season. Colonial also provided additional notice by press release, which in turn was widely reported in the trade press. One hundred and forty six (146) confidentiality agreements were signed by interested parties, representing approximately 98.1% of the volume shipped on Colonial's system. The parties that executed a confidentiality agreement received the *pro forma* TSA. Those parties encompassed the full range of Colonial shippers, including refiners, wholesalers, retailers, end-users, airlines, marketers, terminal operators, and traders. This universe also included "Regular Shippers," "Established New Shippers," and "New Shippers" on Colonial's system, all as defined in Colonial's existing Rules Tariff, as well as prospective New Shippers. In fact, of the confidentiality agreements that were executed, 30 were signed by New Shippers or Established New Shippers, 95 by Regular Shippers, and 21 by prospective New Shippers.

14. Under Colonial's Rules Tariff, "Regular Shippers" are shippers that met the threshold volume level on the applicable segment during the base period. "Established New Shippers" are shippers (other than Regular Shippers or their affiliates) that shipped a volume of

petroleum products on the applicable segment in at least one cycle during the twelve months ending on May 26, 2013. "New Shippers" include any shipper on Colonial's system that is not a Regular Shipper or an Established New Shipper that has been approved by Colonial for shipments on a segment. "Prospective New Shippers," that is, entities that submitted a request to become a shipper on the Colonial system prior to the close of the open season, were also permitted to participate in the open season.

15. By the end of the open season, a total of 76 TSAs were executed by parties representing approximately 75% of the volume shipped on Colonial's system and approximately 75% of Colonial's pipeline-related revenues. Twelve TSAs were executed by New Shippers or Established New Shippers, 57 by Regular Shippers, and 7 by prospective New Shippers. The Contract Shippers include those that ship gasoline, distillates, and jet fuel and, therefore, represent nearly the full spectrum of product types shipped on Colonial's system. Moreover, the Contract Shippers encompass a wide range of Colonial shippers, including refiners, integrated oil companies, wholesalers, retailers, marketers, terminal operators, and traders. Shippers were able to choose TSAs with contract terms of five or ten years, with the further option to make an annual volume commitment for either a one-year period or a five year-period. Thus, a Contract Shipper that selected, for example, a five-year contract term and a one-year commitment period is required to submit its initial annual volume commitment prior to the commencement date of the TSA and then submit a new annual volume commitment prior to the end of each one-year commitment period. In contrast, a Contract Shipper that selected a ten-year contract term and a five-year commitment period is required to submit its initial annual volume commitment for the first five years prior to the commencement date of the TSA. Then, prior to the end of the first five-year commitment period, the Contract Shipper is required to select a new commitment

period of one-year or five-years for the final five years of the initial term of the contract, and also submit a new annual volume commitment. At the end of the contract term, the TSA is automatically extended for five year terms unless terminated by either party.

16. Under the TSAs, Colonial also has a right, but not an obligation, to terminate the agreements at any time if (1) it determines to expand the capacity of the pipeline and the estimated expansion costs will exceed $250,000,000, or (2) it determines that unforeseen expenditures will be incurred in connection with the pipeline resulting in a cost in excess of $250,000,000.

17. Under the TSAs, a Contract Shipper that is a Regular Shipper on Line 1 or Line 2 ("Contract Historic Shipper") can make an annual volume commitment for any volume amount that is at or below that shipper's history during the most recent twelve month period for which Colonial has finalized inventories. Therefore, a shipper that is uncertain about making a long-term volume commitment may choose to make a small commitment, even zero, and may change that volume commitment every year if it selects a one-year commitment period. A Contract Shipper that is an Established New Shipper, New Shipper, or prospective New Shipper ("Contract New Shipper"), has a zero annual volume commitment unless and until such shipper becomes a Regular Shipper on Line 1 or Line 2.

18. The commercial terms of the TSAs include: (1) the tariff rate structure for Contract Shipper volumes; and (2) the amended prorationing methodology.

19. The TSA and accompanying proposed changes to Colonial's Rules Tariff do not alter the capacity set aside or the process for allocating space for New Shippers and Established New Shippers on Colonial's system.

20. The contract rates include, for each origin point and destination point, (a) a base contract tariff rate applicable to all movements of Contract New Shippers, and all movements of Contract Historic Shippers with an annual volume commitment less than 1,000,000 barrels; and (b) discounted contract tariff rates applicable to all movements of Contract Historic Shippers with an annual volume commitment of 1,000,000 barrels or more.

21. The contract rates follow a tiered structure with the amount of the discount relative to the base contract rates increasing based on the level of volume commitment and length of term. The *pro forma* TSA includes the actual base contract rates and discounted contract rates applicable to Contract Shippers. Thus, all Contract Shippers (as well as all other shippers that signed the confidentiality agreement) have had the opportunity to review these rates. The TSAs permit Colonial to adjust the contract rates from time to time during the terms of the TSAs so long as the percentage differential between the discounted contract rates and the base contract rates is not less than the percentage differential between the initial discounted contract rates and the initial base contract rates. The initial base contract rates will be equal to or less than Colonial's rates for walk-up shippers. Colonial also has agreed not to maintain a walk-up rate that is less than the base contract rate for the same service unless it is required to do so by any governmental authority or as agreed to by Colonial and the Contract Shippers due to certain unforeseen expenditures.

22. The TSA provisions are designed to establish a significant measure of volume and rate certainty for Colonial, while providing Contract Shippers with significant rate discounts based on volume commitments. Consistent with that motivation, the TSAs provide that, during the term of the TSA, a contracting shipper may not protest or otherwise challenge any of Colonial's rates, including for past periods. Thus, both Colonial and Contract Shippers are

assured of regulatory and contractual stability between one another, along with the other consideration received by each party for entering into the TSA. This is intended to assure that there will be a substantial period of regulatory peace between the contracting parties, precisely as their important long-term concessions to each other would anticipate.

23. Colonial's Rules Tariff provides for historical prorationing based on a shipper's history of shipments during the applicable base period. The TSAs provide that Colonial will amend its prorationing methodology to provide that in return for committing to ship the contracted volume or pay the specified deficiency, a Contract Historic Shipper's capacity allocation on Line 1 and Line 2 of Colonial's system will be calculated using the greater of (a) that shipper's annual volume commitment, or (b) its history of movements that originated on the applicable line during the relevant twelve month period.

24. While the proposed methodology would alter the way Colonial allocates line space on Lines 1 and 2 to Contract Shippers, the TSA does not provide "firm" or priority service for Contract Shippers. Contract Shippers will continue to be subject to allocation.

25. This allocation methodology was designed to reduce the pace of space erosion experienced by Contract Historic Shippers but does not guarantee line space to Contract Historic Shippers during periods of allocation. Under existing allocation procedures, a shipper's line space is allocated pursuant to a formula that takes into account the shipper's history. Because history is calculated on a monthly basis, it can fall each month as New Shippers and Established New Shippers move into the Regular Shipper "pool" (up to five percent for Line 1 and five percent for Line 2). Using the higher of history or a Contract Historic Shipper's annual volume commitment can help to slow this potential erosion because the annual volume commitment will be locked in for the duration of the commitment period (either one year or five years). For

example, if a Contract Historic Shipper has a 50,000 barrel (per cycle) volume commitment for a five-year commitment period, and that Shipper's actual history falls below 50,000 barrels during that five-year period, its allocation will be calculated based on 50,000 barrels per cycle, consistent with its contracted financial obligation.

26. In addition, the TSAs provide qualifying Contract Shippers with first access to the allocation of any available excess system capacity. By way of background, excess system capacity exists if shippers with allocated line space choose not to fully utilize their space. Colonial can neither predict nor guarantee that excess capacity will exist on any given cycle because it only occurs if, after allocations are announced, shippers enter final nominations below their allocations. Shippers' nominations may fall due to supply disruptions, inventory positions in the markets they serve, or demand variability. When Colonial determines that excess capacity exists, it has a process whereby it makes the line space available to shippers that nominated volumes in excess of their allocation. Currently, the available excess capacity is first allocated to Regular Shippers (based on both history and their nominations that exceed their allocations), and then to New Shippers and Established New Shippers as set forth in the Rules Tariff. Under the TSAs, Colonial will allocate the available excess system capacity first to Contract Historic Shippers with a then-current annual volume commitment of at least 1,000,000 barrels. This excess capacity allocation methodology may help Contract Shippers to maximize their use of the system while at the same time slowing erosion of their history.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and accurate.

October 31, 2013

James E. Brown Jr.

James E. Brown

Attachment B

From:	transport4@transport4.com
Sent:	Thursday, September 12, 2013 1:12 PM
To:	Chanthaphonh, Souriya (Eddy)
Subject:	T4 Bulletin: Colonial - Notice of Colonial Pipeline's Open Season sent to eddyc (Auto Push)

Bulletin

Notice of Colonial Pipeline's Open Season

Publisher: Colonial		Carrier: Colonial		Number: 11685
Type:	Carrier	Date:	09/12/13 12:00	

Why you received this bulletin

Registered to receive bulletins via push

Notice of Open Season

Colonial Pipeline Company announces a binding Open Season beginning today and ending at 5:00 pm CDT Monday, Oct. 28, 2013. Shippers and prospective shippers have the opportunity to execute a Transportation Services Agreement during the Open Season.

HIGHLIGHTS OF TRANSPORTATION SERVICES AGREEMENT

- Certain rate discounts based on shipper commitment to originate volumes on Lines 1 and 2, with flexibility to adjust volume commitments periodically
- Enhancements to the allocation calculation and excess capacity allocation processes for contract shippers
- Initial contract term of up to ten years, with commitment and discounts anticipated to begin early 2014

OPEN SEASON PROCESS

Shippers and prospective shippers that wish to receive access to the Open Season documents, including the Transportation Services Agreement, are required to execute and deliver a Confidentiality Agreement, which may be found through the following link: www.colpipe.com/ca.pdf OR obtained by contacting Colonial's Open Season Hotline at 678-762-2472. It is recommended that shippers and prospective shippers contact Colonial as soon as possible to allow sufficient time for receipt and review of the Open Season documents.

Executed Confidentiality Agreements should be directed to:

Colonial Pipeline Company
Attn: Beth Anderson, Open Season Administrator
1185 Sanctuary Parkway, Suite 100
Alpharetta, Georgia 30009
770-754-8134 (Fax)
OpenSeason@colpipe.com

Inquiries should be directed to:

Colonial's Open Season Hotline: 678-762-2472

OR

OpenSeason@colpipe.com

Media inquiries should be directed to Steve Baker at 678-762-2589.

September 12, 2013.

Attachment C

Colonial Pipeline Company

For more information, contact:
Steve Baker
Director of Communications
(678) 762-2589

FOR IMMEDIATE RELEASE

COLONIAL ANNOUNCES OPEN SEASON FOR MAINLINE COMMITMENTS

Certain Rate Discounts Accompany Volume Commitments

ALPHARETTA, Ga. (Sept. 12, 2013) – Colonial Pipeline Company announces a binding Open Season that gives shippers and prospective shippers the opportunity to enter into a Transportation Services Agreement.

Highlights of the Open Season offering include:

- Certain rate discounts based on shipper commitment to originate volumes on Lines 1 and 2, with flexibility to adjust volume commitments periodically
- Enhancements to the allocation calculation and the excess capacity allocation processes for contract shippers
- Initial contract term of up to ten years, with commitment and discounts anticipated to begin in early 2014

The Open Season begins immediately and ends at 5:00 pm CDT Monday, October 28, 2013.

Shippers and prospective shippers that want access to the Open Season documents, including the Transportation Services Agreement, are required to execute and deliver a Confidentiality Agreement.

A copy of the Confidentiality Agreement is on Colonial's website at: www.colpipe.com/ca.pdf and may also be obtained by contacting Colonial's Open Season Hotline at 678-762-2472.

It is recommended that shippers and prospective shippers contact Colonial as soon as possible to allow sufficient time for receipt and review of the Open Season documents.

Executed Confidentiality Agreements may be submitted to:

Colonial Pipeline Company
Attn: Beth Anderson, Open Season Administrator
1185 Sanctuary Parkway, Suite 100
Alpharetta, Georgia 30009
770-754-8134 (Fax)
OpenSeason@colpipe.com

Inquiries should be directed to Colonial's Open Season Hotline, 678-762-2472, or to OpenSeason@colpipe.com. Media inquiries should be directed to Steve Baker at 678-762-2589.

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