Enterprise TE Products Pipeline Company LLC
Propane Inventory Policy
Dated January 1, 2012, and replaces the prior Policy dated May 14, 2010

Minimum Inventory ("MI"): For a Shipper to receive immediate delivery of propane, they must maintain a MI:

Where:
MI = the number of days in the TRANSIT TIME plus PUMPING CYCLE, with the sum multiplied by Shipper’s AVERAGE DAILY DELIVERIES (“ADD”);

Where:
The current TRANSIT TIME is:
• For Gulf Coast to Midwest (destinations south of Todhunter) = 8 days
• For Gulf Coast to Northeast (Todhunter and East) = 15 days
• For Northeast to Northeast = 0 days

The current PUMPING CYCLE equals ten (10) days.

ADD = Shipper’s average daily pipeline deliveries (for each respective transportation path) for the PREVIOUS MONTH; and,

PREVIOUS MONTH is defined as the first 25 days of the previous month PLUS the last 5 days of the month before the previous month. (For example, the ADD for May will calculated by using activity from March 27 through April 25.)

For example, if Shipper A delivered 30,000 barrels from the Gulf Coast to the Northeast for the PREVIOUS MONTH, they would have an ADD of 1,000 barrels, and as such, would be required to maintain a MI of 25,000 barrels in Pipeline inventory [(15 day TRANSIT TIME + 10 day PUMPING CYCLE) multiplied by ADD of 1,000, which equals 25,000 barrels].

If a Shipper’s inventory falls below their MI, Shipper’s propane deliveries to destinations will be subject to the Carrier’s TRANSIT TIME.

Allowable Inventory ("AI"): Shipper will be allowed to hold excess ALLOWABLE INVENTORY ("AI") which is equal to the GREATER OF THE FOLLOWING:

A. HISTORICAL USE:

Shipper Transported Propane Volumes over last 12 months (ending on the last day of the PREVIOUS MONTH, on a rolling basis) DIVIDED BY the Total System Transported Propane Volumes over the last 12 months (ending on the last day of the PREVIOUS MONTH, on the same rolling basis) MULTIPLIED by 1.7 Million Barrels.
Provided however, any shipper that did not receive propane from the Pipeline during the PREVIOUS MONTH shall receive no historical allotment as defined in the above formula. However, immediately upon commencement of receiving propane from the Pipeline, any shipper shall receive its historical allotment, as defined in the above formula.

OR

B. RECENT USE:

Equal to ADD MULTIPLIED BY 15

For example, as defined above, Shipper A has an ADD of 1,000 barrels; Assuming RECENT USE allows for greater volumetric rights than HISTORICAL USE, the AI for Shipper A will be 15,000 barrels (ADD of 1,000 MULTIPLIED BY 15).

If at the end of any given day, a Shipper’s total propane inventory exceeds their TOTAL ALLOWED INVENTORY (“TI”), where TI equals MI plus AI, Shipper shall incur the following daily charges:

If Shipper’s inventory exceeds their TI, Shipper will be assessed a daily over storage fee equal to the volume held above their TI multiplied by $0.075.

If Shipper’s inventory exceeds their TI multiplied by 1.20, Shipper will be assessed an additional daily over storage fee (in addition to the above fee of $0.075) equal to the volume held in excess of 120% of their TI multiplied by $0.15.

Examples:
For example, TI for Shipper A equals 40,000 barrels:

- If, on any given day, Shipper A has 41,000 barrels of inventory, Shipper A will incur an excess inventory charge for that day of $75 (1,000 barrels multiplied by $0.075).
- If, on any given day, Shipper A has 49,000 barrels of inventory, Shipper A will incur an excess inventory charge for that day of $750. [(8,000 barrels multiplied by $0.075 ($600) plus 1,000 barrels multiplied by $0.15 ($150).]

Miscellaneous:
1. For purposes of calculating excess inventory charges, any Shipper who has an AI of less than 5,000 barrels will be given credit as though they have 5,000 barrels of AI. Such credit will not apply to a Shipper whose ADD has fallen to zero, provided that as soon as such Shipper commences receiving propane from the Pipeline, the credit will apply immediately, regardless of whether the Shipper’s ADD is zero. If a Shipper is unable to receive propane due to Carrier’s inability to deliver, and the Shipper’s AI is less than 5,000 barrels, such Shipper will maintain the 5,000-barrel credit.
2. Carrier shall waive all related excess inventory charges for 3 business days following any significant event on the Carrier’s pipeline that prevents a shipper from receiving transportation services from Carrier.
3. Carrier shall notify each Shipper of its MI (specifying the Shipper’s ADD) and AI at least two (2) business days before the effective date of such MI and AI. Subject to changes to the MI (under the immediately following Item 4) or AI (under System Integrity Item 1), the MI and AI shall be effective the first day of each calendar month and shall remain effective for that entire month.
4. Carrier reserves the right in its sole and absolute discretion to temporarily modify (increase or decrease) the TRANSIT TIME and/or PUMPING CYCLE as necessary to ensure Pipeline integrity, provided however, if the temporary modification lasts greater than 180 days, the Carrier shall file with the Commission to amend this Propane Inventory Policy. And provided further, however, that carrier will furnish shippers an explanation of such temporary modification as soon as possible, but not later than 2 business days after implementation. In the event of an increase in TRANSIT TIME and/or PUMPING CYCLE, the Shipper shall have a grace period to meet increased MI requirements of three (3) business days after notice of the new MI. After which, if Shippers do not have their required MI, they will be subject to the Carrier’s TRANSIT TIME. In the event of a decrease in TRANSIT TIME and/or PUMPING CYCLE, for each impacted Shipper, Carrier shall waive any related excess inventory charges (equal to the change in Shipper’s MI, in barrels) for a period of three (3) business days after the notice of the new MI.

5. This Propane Inventory Policy shall only apply to destinations which are operational on the effective date of this Propane Inventory Policy.

6. When the Finger Lakes Destination (which is not currently operational) becomes operational, the following shall apply solely to propane tendered for delivery to the Finger Lakes Destination: Volumes tendered for delivery to Finger Lakes shall be excluded when calculating a shipper’s Historical Use or Recent Use for purposes of calculating the shipper’s AI. For all volumes tendered for delivery to Finger Lakes, and which Finger Lakes is operationally capable of accepting, for purposes of calculating excess inventory charges, Carrier will treat such shipper’s inventory account as reduced by such volume. For example, if a Shipper has 100,000 barrels in the system, and 25,000 barrels are destined for Finger Lakes, solely for purpose of calculating excess inventory charges, that Shipper will be deemed to have 75,000 barrels in the system.

**System Integrity:**

1. Regardless of the amount of AI calculated above, if the Carrier deems, in good faith, that its storage capacity is full (by region or system-wide) then Carrier has the option to suspend accepting additional volumes under this Propane Inventory Policy until inventory levels (by region or system-wide) are reduced. If this occurs, Pipeline shall notify and treat all Shippers in a non-discriminatory manner.

2. Notwithstanding the foregoing, while the Propane Inventory Policy is under suspension, each shipper will be allowed to tender propane into the system at a volume equal to its withdrawals out of the system, as calculated starting from the date injections were suspended.