

# Enterprise Interstate Crude LLC Proration Policy for Basin Pipeline

## October 1, 2021

### Proration of Capacity

- A. This Proration Policy will be used by Carrier to allocate Capacity among all Shippers for any month for which Carrier determines that the aggregate volume of Initial Nominations submitted by all Shippers for receipt into or delivery from the Pipeline or a Pipeline segment exceeds the Capacity.
- B. Nothing in this Proration Policy shall prevent Carrier from allocating Capacity on an equitable basis in a manner that differs from the specific provisions of this Proration Policy during any period in which there is an imminent threat to public health, safety or the environment.

### 1. Definition of Terms

- 1.1 The defined terms “Allocation Volume”, “Carrier”, “Crude Petroleum”, “Initial Nomination”, “Nomination”, and “Shipper” shall have the meanings ascribed to them in Rules and Regulations, Item No. 1, of Carrier’s FERC Tariff No. 2.5.0, or subsequent issues thereof (“Tariff”).
- 1.2 The following defined terms when used in this Proration Policy shall have the meanings ascribed to them in this Section. 1.2:
  - 1.2.1 “Actual Shipments” means volumes of Crude Petroleum that originate on the Pipeline at the Receipt Point and that are ultimately delivered at a Delivery Point. All volumes shall be measured at the Receipt Point.
  - 1.2.2 “Affiliate” means any Person that, directly or indirectly: (i) controls a Party; (ii) is controlled by a Party; or (iii) is under common control with a Party; it being understood and agreed that for purposes of this definition the terms “control,” “controls” and “controlled by” shall mean the power to direct or cause the direction of the management and policies of another Person whether through the ownership of shares, a contract, trust arrangement or any other means, either directly or indirectly, that results in control in fact, but notwithstanding the foregoing includes the ownership of shares or equity interests carrying not less than 50% of the voting rights regardless of whether such ownership occurs directly or indirectly, as contemplated above. Affiliates are also Persons or Parties with common mailing or business addresses, business telephone numbers, or bank account(s).
  - 1.2.3 “Allocation Month” means any month in which Carrier determines that the aggregate volume of Initial Nominations submitted by all Shippers for receipt into or delivery from the Pipeline exceeds the Capacity in such month.
  - 1.2.4 “Average Monthly Volume” means the average of a Regular Shipper’s monthly volumes of Crude Petroleum tendered and received during the entire Base Period applicable to the Allocation Month. Average Monthly Volume may also be referred to herein as Shipper History, Shipment History, or History.
  - 1.2.5 “Base Period” means a cumulative rolling period of twelve (12) consecutive months ending one month prior to the Allocation Month.
  - 1.2.6 “Capacity” means the maximum throughput volume of the Pipeline for an Allocation Month under then current operating conditions as determined by Carrier
  - 1.2.7 “Delivery Points” means the “To” locations provided in the Tariff.
  - 1.2.8 “New Shipper” means a Shipper that is not a Regular Shipper.
  - 1.2.9 “Pipeline” refers to Carrier’s facilities on its ownership in the capacity of the Basin Pipeline which is operated by Plains All American Pipeline, LP.
  - 1.2.10 “Receipt Point” means the “From” locations provided in the Tariff.
  - 1.2.11 “Regular Shipper” means a Shipper that has had Actual Shipments in each of the twelve months of the Base Period. A Regular Shipper ceases to be a Regular Shipper if it has had no Actual Shipments for one

or more months out of the Base Period, and thereafter, that Shipper will be treated as a New Shipper unless and until it meets Regular Shipper criteria.

1.2.12 "Tariff" is defined in 1.1.

## **2. Proration Procedure**

For any Allocation Month, Carrier shall prorate the Initial Nominations among Shippers on the Pipeline or Pipeline segment as follows:

- 2.1 Ten percent (10%) of the Capacity will be allocated by the Carrier to the New Shippers, if any, based on the lesser of each New Shipper's 1) Initial Nomination or 2) one percent 1% of Capacity. If the resulting aggregate Allocation Volume assigned to New Shippers exceeds ten percent (10%) of the Capacity, each New Shipper's Allocation Volume shall be reduced on a proportional basis so that the aggregate Allocation Volume assigned to New Shippers does not exceed 10%. If the resulting aggregate Allocation Volume assigned to New Shippers is less than ten percent (10%) of Capacity, the remaining unallocated Capacity shall be allocated to Regular Shippers in accordance with 2.2. If the Allocation Volume assigned in a given month, based on the number of New Shippers submitting Initial Nominations, results in any New Shipper not receiving an Allocation Volume of at least 500 barrels per day, then Carrier will administer a lottery using a software-generated random process for the total Capacity available to New Shippers. Detailed procedures regarding Carrier's lottery process are outlined in Section 7 below. A New Shipper will not receive Allocation Volume pursuant to this Section 2.1 if it is: (i) an Affiliate of a Regular Shipper; or (ii) an Affiliate of another Shipper who received Allocation Volume.
- 2.2 Ninety percent (90%) of the Capacity, plus any unallocated Capacity remaining in accordance with 2.1, will be allocated by Carrier to all Regular Shippers pro rata based on the lesser of each Regular Shipper's 1) Average Monthly Volume or 2) Initial Nomination.
- 2.3 Any remaining Capacity not allocated through the application of Section 2.1 through 2.2 shall be allocated pro rata based on original Nominations among all New Shippers, or if the lottery is in effect, among all New Shippers successful in the lottery, having remaining Initial Nominations (and if the allocation to any New Shipper pursuant to this Section 2.3 exceeds its remaining Initial Nomination, the excess will be allocated among all other remaining Initial Nominations until the remaining Capacity is fully allocated or all of the remaining tenders have been fulfilled).
- 2.4 Once Carrier has determined the capacity allocated to each Shipper for the Allocation Month, it shall provide notice to each Shipper of its Allocation Volume for the Allocation Month. Any Shipper Nomination in excess of its Allocation Volume will be reduced accordingly.
- 2.5 No individual Shipper Nomination shall be considered beyond the physical capacity of the Pipeline. Furthermore, no individual New Shipper Nomination shall be considered beyond 10% of Capacity. Nominations in excess of these limits will be reduced accordingly.

## **3. Failure to Use Allocated Capacity**

If any Shipper fails to tender volumes during the Month equal to one hundred percent (100%) of its Allocation Volume for that month, that Shipper will lose its ability to ship volumes on the Pipeline for the period of one calendar month and will be subject to the Nomination Shortfall Charge in accordance with Item 19 of the Tariff.

## **4. Good Faith Nominations**

Carrier will accept only good faith Nominations from Shippers, and Carrier shall use whatever reasonable means necessary to determine whether Nominations are made in good faith. Good faith shall include, without limitation, the non-contingent ability of a Shipper to deliver to Carrier at the origin(s) or to receive from Carrier, at the destination(s) specified in the Nomination, all of the volume included in an Initial Nomination during the time period for which the Nomination is made. Carrier may request any additional documentation from a Shipper to document such Shipper's ability to deliver or receive the volume included in the Initial Nomination.

**5. Restrictions on Transfer of Allocation**

Subject to Section 6, the allocated Capacity of any Shipper may not be sold, assigned, conveyed, loaned, transferred or used in any manner except as expressly permitted in this Proration Policy. In the event any Shipper shall, by any device, scheme or arrangement whatsoever, attempt to sell or transfer all or any part of its allocated Capacity to any other Shipper in violation of this Proration Policy, or in the event any Shipper shall attempt to buy or receive and use any portion of the allocated Capacity of another Shipper in violation of this Proration Policy, the allocated Capacity of each such Shipper will be reduced in the next Allocation Month after the date that the violation is discovered, by a volume equal to twice such attempted transfer. Any allocated Capacity that becomes available under this Section 5 will be allocated among the other Shippers that Nominate in the next Allocation Month in an equitable manner.

**6. Transfer of Shipment History**

A Shipper's History may not be sold, assigned, conveyed, loaned, transferred to or used in any manner by another Shipper, except a Shipper may transfer its Average Monthly Volume as follows: (a) in the case of request by a Regular Shipper and that Regular Shipper's Affiliate to consolidate the Average Monthly Volume into a single entity; and (b) to a purchaser of the Crude Petroleum production that established the Shipment History. To transfer its Shipment History, a Shipper must provide Carrier with documentation agreeing to the transfer signed by an authorized individual in the Shipper's organization and by an authorized individual in the proposed transferee's organization. Such documentation must contain, at a minimum, the following information:

- 6.1 the percent of the Shipper's Shipment History from a specific origin to a specific destination to be transferred to the transferee's account; and
- 6.2 the effective date of the transfer of such Shipment History, which date must be as of the beginning of a calendar month and must be not less than ten (10) business days after Carrier receives notice of the proposed transfer.

Carrier, after receipt of such documentation, will promptly notify the Shipper and the transferee whether it has approved the transfer. Carrier shall be entitled to fully rely on and confirm its records to the requested transfer.

**7. Lottery Process**

Carrier will administer a lottery process in order to allocate capacity to New Shippers pursuant to Section 2.1 as follows:

- 7.1 Carrier will use a random number generating software to randomly assign each New Shipper a number from one to the number representing the total number of New Shippers participating in the lottery (i.e. if there are thirty New Shippers, numbers one through thirty will be assigned);
- 7.2 Each allotment of capacity subject to the lottery shall be equal to 500 barrels per day;
- 7.3 The New Shipper assigned number one will receive the first 500 barrels per day allocation. Thereafter, 500 barrels per day allocations will be assigned to New Shippers sequentially, from lowest assigned number to highest assigned number, until the Capacity available to New Shippers, as referenced in Section 2, is fully allocated; and
- 7.4 Following the lottery, Carrier will notify Shippers as to whether or not they will receive Allocation Volume for the Allocation Month.