

# ONEOK North System, L.L.C.

## Local Pipe Line Tariff

CONTAINING

## RATES, RULES AND REGULATIONS

Governing the Interstate Transportation and Handling  
OF

## PRODUCT

Transported by Pipeline

## VOLUME INCENTIVE TARIFF

This tariff is filed in compliance with § 341 and 342.3(a)

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The rates named in this tariff are expressed in cents per barrel of forty-two (42) United States gallons and are subject to change as provided by law and also to the Rules and Regulations published herein and reissues thereof.

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

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**ISSUED: August 29, 2018**

**EFFECTIVE: October 1, 2018**

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## **GENERAL APPLICATION OF TARIFF**

The services covered by this tariff, that is, the transportation and handling of Product between the origin and destination points named herein shall be provided only in accordance with the General Rules and Regulations published herein.

## **GENERAL RULES AND REGULATIONS**

### **ITEM 1 – DEFINITIONS**

Barrel –The volume of Product contained in a barrel as used herein shall consist of forty-two (42) United States gallons at sixty degrees (60°) Fahrenheit and equilibrium vapor pressure.

Carrier – ONEOK North System, L.L.C. (“ONEOK”)

Consignee – The party to whom a Shipper has ordered delivery of Product.

Product(s) – Propane, Isobutane, Refinery Grade Butane and Normal Butane

Shipper – The party or parties who contract with Carrier for the transportation of Product under the terms of this tariff

### **ITEM 5 – PRODUCT ACCEPTABILITY**

Carrier is engaged in the transportation of Product as herein defined and will not accept any other commodity for transportation under this tariff. Product will be accepted for transportation only at such time as Product of the same quality and specifications are currently being transported or scheduled to be transported. Carrier will transport Product as defined herein with reasonable diligence, considering the quality of such Product, the distance of transportation and other material elements.

### **ITEM 10 – SCHEDULING SHIPMENTS**

Carrier will transport and deliver Product with reasonable diligence and dispatch considering the quantity and quality of the Products, the distance of transportation, safety of operations, and other material factors, but will accept no Product to be transported in time for any particular market.

### **ITEM 15 – FACILITIES AT ORIGIN AND DESTINATION**

Carrier will provide such facilities at the points of origin and destination as it deems necessary for the operation of the pipeline. Shipments will be accepted for transportation hereunder only when Shipper has provided facilities at the points of origin and destination which are capable of delivering Product or receiving Product at pressures and at pumping rates required by Carrier.

### **ITEM 20 – MINIMUM SHIPMENT**

A minimum shipment of ten thousand (10,000) Barrels of the same quality and specifications of Product shall be required for transportation at one point of origin from one Shipper; provided however, Carrier may elect to accept a smaller shipment, but such shipment may be received subject to delay, at Carrier’s discretion until Carrier has accumulated at the same point of origin ten thousand (10,000) Barrels of Product of the same quality and specifications from the same or other Shippers.

## **ITEM 25 – BUFFER MATERIAL**

The Carrier, as a condition of transportation to protect the quality of Product, may require the Shipper to furnish buffer material in kind, quality and quantity satisfactory to Carrier. Carrier will deliver such buffer material, which may include other Products commingled with it, into facilities which shall be supplied by Shipper or Consignee at destination.

Carrier reserves the right to determine the quality and quantities of Products commingled and included in deliveries of buffer material to Shipper or Consignee at destination, and Shipper shall pay charges on such Products in accordance with ONEOK's currently effective tariff for like Products.

## **ITEM 30 – TESTING**

Carrier may require Shipper to furnish a certificate setting forth in detail specifications of each shipment of Product offered for transportation hereunder, and Shipper shall be liable for any contamination or damage to other Product in Carrier's custody or to Carrier's pipeline or other facilities caused by failure of the Product tendered to meet the specifications stated in Shipper's certificate; however, Carrier may, but shall not be required to, sample and/or test any shipment prior to acceptance or during or after receipt of shipment, and, in the event of variance between the specifications contained in said certificate and the specifications indicated by Carrier's test, Carrier's test results shall prevail and be determinative as to whether the shipment meets Carrier's required specifications.

## **ITEM 35 – MEASUREMENT**

All Product will be measured at the time of receipt and delivery by Carrier in accordance with applicable Carrier and industry accepted practices and procedures. All measurements and tests shall be performed by Carrier, but Shipper or its representative may be present to witness such measurements and tests. All measurements and tests performed by Carrier shall be determinative unless they are contested within 90 days of receipt of appropriate documentation from Shipper.

## **ITEM 40 – IDENTITY OF SHIPMENTS**

Carrier will not maintain identity of Product shipments but will deliver from its common stream. Carrier shall have the right to treat all Product as fungible, without limitation, and shall have the right to blend one Product with a different Product as long as the Product delivered to Shipper at the destination point meets the requirements of Item 5.

## **ITEM 45 - NOMINATIONS**

Carrier will receive nominations from Shipper showing the point at which the Products are to be received, point of delivery, Consignee and amount of Products to be transported.

Any Shipper desiring to nominate Product for transportation shall make such nomination to Carrier in writing on or before the tenth (10<sup>th</sup>) day of the month preceding the month during which the transportation is to begin, except that, if space is available for current movement, a Shipper may nominate Product for transportation after the tenth (10<sup>th</sup>) day of the month preceding the month during which the transportation is to begin.

## **ITEM 50 – PRODUCT SUBJECT TO LIENS OR INVOLVED IN LITIGATION**

Carrier shall have the right to reject any Product offered for transportation which may be involved in litigation, or the title of which may be in dispute, or which may be encumbered by a lien or charge of any kind, and Carrier may require of the Shipper satisfactory evidence of Shipper's perfect and unencumbered title and/or satisfactory bond indemnifying Carrier against any and all loss.

## **ITEM 55 – PAYMENT OF CARRIER CHARGES AND CARRIER'S LIEN**

Transportation fees and all other lawful charges accruing on Product accepted for transportation shall be assessed by Carrier at the rates specified herein on the basis of quantities of Product delivered at the destination. Payment for all applicable charges shall be considered due upon presentation of statement of charges from Carrier. Carrier may require Shipper to make full or partial prepayment of transportation charges, or provide letters of credit, or require any other method of insuring payment deemed appropriate by Carrier at the time of Carrier's acceptance of Product for transportation, or before release of Product from the custody of Carrier.

Carrier shall have a lien on all Product in its custody belonging to Shipper to secure payment of all unpaid transportation charges and any other lawful charges due from Shipper to Carrier; and Carrier may withhold all or a portion of said Product from delivery until all charges have been paid.

If such charges remain unpaid, Carrier, or Carrier's agent, shall have the right to sell such Product at public or private sale, on any day not a legal holiday and upon not less than seventy-two (72) hours notice to Shipper. Said notice to Shipper shall include the time and place of the sale and the quantity and location of the Products to be sold. From the proceeds of the sale, the transportation and all other lawful charges due from Shipper to Carrier, including the expenses incidental to the sale, shall be paid, and the balance, if any, shall be remitted to the Shipper. Should the proceeds of such sale be insufficient to pay the transportation and other lawful charges, including expenses of sale, due from Shipper to Carrier, the Shipper shall remain liable to Carrier for the unpaid balance.

In addition to the other remedies available to Carrier in this Item 55, Carrier shall also have the right to assess finance charges on the entire past due balance (including principal and accumulated but unpaid finance charges) until paid in full at the rate equal to one hundred twenty-five percent (125%) of the prime rate of interest charged by Citibank N.A., New York, New York, as of the due date or the maximum finance charge rate allowed by law, whichever is less. Carrier reserves the right to set-off any charges due Carrier by Shipper against any monies owed to Shipper by Carrier or any Products of Shipper in Carrier's custody.

For the purposes of this Item 55, Products shall mean all of Shipper's Products in Carrier's custody.

All notices required under this Item 55 shall become effective at time and date when Carrier notifies Shipper.

## **ITEM 60 – FAILURE TO TAKE DELIVERY AT DESTINATION**

Shipper shall remove Product, or cause Product to be removed, from Carrier's facilities following transportation to a nominated destination. In the event failure to remove Product threatens or prevents delivery of succeeding shipments into or out of Carrier's facilities, and/or threatens or causes congestion at Carrier's facilities, Carrier shall have the right, after using reasonable efforts to notify Shipper, without liability to Shipper, to make such sale or disposition of unremoved Product as is necessary for the efficient operation of the pipeline, and Shipper shall pay Carrier all charges associated with such sale or disposition the same as if Shipper had authorized such, together with any associated additional costs and damages borne or incurred by Carrier. If Carrier sells such Product, Carrier will remit the proceeds therefrom, less its cost of selling the Product and all other associated costs and damages borne or incurred by Carrier, to Shipper.

Following the notice as described above in this Item No. 60, in addition to any remedy available to Carrier, Shipper will pay a penalty charge in the event Shipper fails to remove Product from Carrier's pipeline and that failure prevents the movement of succeeding shipments. The penalty charge will be \$12,500 per hour for each hour that Shipper's failure to remove product prevents the movement of succeeding shipments.

**ITEM 65 – RECONSIGNMENT**

If no backhaul movement is required, and if current operating conditions permit, Product in the custody of Carrier may be reconsigned to destinations named in Carrier's tariffs, or to other destinations on other pipelines named in lawful tariffs concurred to by Carrier. No additional charge will be made for any such reconsignment; however, Product so reconsigned shall be subject to the rates, rules and regulations applicable from initial origin to final destination in effect on the date the shipment originates. Such reconsignment shall be allowed at Carrier's sole discretion.

**ITEM 70 – ALLOCATION OF CARRIER'S PIPELINE FACILITIES**

When all products offered to Carrier for transportation are in quantities greater than can be transported or otherwise handled, Carrier shall undertake the allocation of its available facilities on an equitable basis and shall restrict or suspend receipts to the extent necessary to effect such allocation. When withdrawals of products requested at a destination exceeds Carrier's delivery capabilities at such destination, Carrier shall allocate withdrawals among all Shippers on an equitable basis and shall restrict or suspend withdrawals to the extent necessary to effect such allocation. Allocation of pipeline receipts and withdrawals will be performed pursuant to Carrier's allocation policy dated October 1, 2014 (available on Carrier's company website) as amended from time to time.

**ITEM 75 – LIABILITY OF CARRIER**

Carrier shall not be liable for any delay in delivery, damage to or loss of Product or injury or death to any person caused by Force Majeure, including but not limited to, an Act of God, public enemy, quarantine, authority of law, riot, strike, picketing or other labor stoppage, whether of Carrier's employees or otherwise, fire, flood, or the act or default of any Shipper or any third party, or resulting from any other cause or circumstance not directly due to the sole negligence of Carrier, whether similar or dissimilar to the causes herein enumerated. In the event of damage to or loss of Product for which Carrier is not liable, such loss or the effect of such damage may be apportioned by Carrier to each shipment or portion thereof involved in the incident or loss or damage in the proportion that such shipment or portion thereof bears to the total of all Product involved in Carrier's custody at the time of the incident, and the amount of Product ultimately delivered to each Shipper involved shall be determined in accordance with the foregoing. If apportionment is made by Carrier, Carrier shall compute the quantity of damaged or lost Product and submit a statement to the Shippers involved showing the apportionment of the quantities of Product damaged or lost among Shippers involved. Carrier reserves the right, at its sole and complete discretion, to institute legal or other proceedings to recover Product in kind and/or monetary damages for Product lost or damaged under this tariff. Upon recovery of Product in kind and/or monetary damages, Carrier shall deduct the cost of recovery, including a reasonable attorney's fee, and shall then apportion the remaining Product in kind and/or monetary damages recovered among the affected Shippers in the same proportion as the allocated losses or damages.

**ITEM 80 – CLAIMS, TIME FOR FILING**

Claim for any delay of delivery or damage to or loss of Product must be made in writing to Carrier within nine (9) months after Carrier's delivery at the destination of the shipment involved, or, in case of failure by Carrier to deliver, or within nine (9) months after the date upon which delivery would have reasonably been completed by Carrier. Such written claim, made as aforesaid, shall be a condition precedent to any suit on the subject matter of such claim.

Suit(s) for any delay of delivery or damage to, or loss of Product shall be instituted within two (2) years and one (1) day after notice in writing is given by Carrier to Shipper that Carrier has disallowed the claim or any part or parts thereof specified in the notice. Claims or suits for delay of delivery or

damage to, or loss of Product not filed or instituted in accordance with the foregoing provisions will not be paid and Carrier will not be liable with regard thereto.

#### **ITEM 85 – PIPEAGE CONTRACTS**

A separate pipeage contract, in accordance with these Rules and Regulations, covering further details, is required by Carrier before any duty of transportation shall arise. Such pipeage contract may also include additional charges or prepayment obligations for reimbursement for facilities necessary to receive and/or deliver Shipper's shipments or to comply with the minimum volume obligations of the tariff.

#### **ITEM 90 – APPLICATION OF RATES TO INTERMEDIATE POINTS**

For Product accepted for transportation from a point not named in Carrier's tariff, the existing rates between points named in the tariff will be applied to transportation movements from intermediate origin points not named in the tariff to named destination points, and from named origin points to intermediate destination points not named in the tariff. Carrier will file a tariff publication applicable to the transportation movements within thirty (30) days of the start of the service if the intermediate point is to be used on a continuous basis for more than thirty (30) days.

#### **ITEM 100 – GAINS OR LOSSES**

In addition to Item No. 75 Liability of Carrier, Shippers are responsible for pipeline gains and losses (including component imbalances), calculated as the difference between measured receipts and measured deliveries. Gains or losses will be apportioned according to each Shipper's proportionate share of measured deliveries.

#### **ITEM 105 – LINE CLEARING**

In order to facilitate deliveries to the delivery points, Carrier may request Barrels of Product from Shipper at the delivery points that will be used to clear other Products from the pipeline prior to delivering Product to the delivery points. Carrier shall redeliver all such Product to Shipper at the delivery points. There will be no additional fee charged to Shipper by Carrier for Barrels of Product received for this purpose and redelivered to Shipper at the delivery points. The volume of Product to be used for such purpose will not exceed 12,000 Barrels per occurrence. Barrels used to clear other Products from the pipeline prior to delivering Product to the delivery points will not be included when calculating the Monthly Minimum Volume.

#### **ITEM 110 – LOSS ALLOWANCE**

A monthly deduction of thirty-five hundredths of one percent (.35%) will be made by Carrier upon delivery to the Shipper at the delivery point to cover losses inherent in transportation.

#### **ITEM 115 – ADDITIVES**

Carrier reserves the right to inject drag reducing agents in Refinery Grade Butane to be transported.

**ITEM 120 – VOLUME INCENTIVE PROGRAM EFFECTIVE OCTOBER 1, 2018 THROUGH  
MAY 31, 2024**

**TERM**

The term of Volume Incentive Program shall commence as of October 1, 2018 (the “Effective Date”) and will continue for a period of five (5) years and eight (8) months. This period of time from the Effective Date until May 31, 2024 shall be defined as the “Contract Term”. The Contract Term consists of six (6) periods (shown below).

Shippers must sign a transportation services agreement (“TSA”) documenting their commitment to ship under this Item no later than October 1, 2018.

**CONTRACT MINIMUM VOLUME**

Shipper shall ship a minimum of 12,000,000 Barrels of Product under this Item during the Contract Term (“Contract Minimum Volume”).

**PROGRAM PERIODS (“PERIOD”)**

- Period 1: October 1, 2018 through September 30, 2019
- Period 2: October 1, 2019 through September 30, 2020
- Period 3: October 1, 2020 through September 30, 2021
- Period 4: October 1, 2021 through September 30, 2022
- Period 5: October 1, 2022 through September 30, 2023
- Period 6: October 1, 2023 through May 31, 2024

**PERIOD MINIMUM VOLUME**

Shipper shall ship a minimum volume of 1,000,000 Barrels of Product for each Period under this Item (“Period Minimum Volume”).

**TIERED VOLUMES**

- Tier 1 Volumes – 0 to 1,000,000 Barrels
- Tier 2 Volumes – 1,000,001 to 2,500,000 Barrels
- Tier 3 Volumes – 2,500,001 Barrels and up

Volumes shipped up to 1,000,000 Barrels per Period shall be billed the Tier 1 Volume Incentive Rate. Volumes shipped in excess of 1,000,000 Barrels up to 2,500,000 Barrels per Period shall be billed the Tier 2 Volume Incentive Rate. Volumes shipped in excess of 2,500,000 Barrels per Period shall be billed the Tier 3 Volume Incentive Rate. Volumes shipped in one Period shall not be credited towards a future Period Minimum Volume obligation.

**PERIOD SHORTFALL AMOUNT**

If Shipper fails to ship at least the Period Minimum Volume under this Item during each Period, Carrier shall, at the end of each Period, invoice and Shipper shall pay the then current local transportation rate applicable to Refinery Grade Butane published in ONEOK North System, L.L.C. Tariff F.E.R.C. No. 39.16.0 and successive reissues thereof, times the difference between the number of Barrels shipped during such Period and the Period Minimum Volume (“Period Shortfall Payment”). The Period Shortfall Payment is in addition to payments due for Barrels shipped. Barrels that were not shipped and invoiced the Period Shortfall Payment shall be deemed to have been shipped for compliance with the Period Minimum Volume and Contract Minimum Volume obligations. However, if Shipper fails to ship the Period Minimum Volume because Carrier is unable to transport its volume, for reasons other than Force Majeure, such volume that Carrier is unable to ship, up to the difference between the Period Minimum Volume and the volume shipped by Shipper during such Period, shall be deemed to have been shipped for the purpose of determining compliance with this section for the Period of such inability.



**CONTRACT TERM SHORTFALL PAYMENT**

If Shipper fails to ship at least 12,000,000 Barrels of Product during the Contract Term under this Item then, at the end of the Contract Term, in addition to payments due for Barrels shipped, Carrier shall invoice and Shipper shall pay an amount equal to the then current local transportation rate applicable to Refinery Grade Butane published in ONEOK North System, L.L.C. Tariff F.E.R.C. No. 39.16.0 and successive reissues thereof, times the difference between the number of Barrels shipped during the Contract Term and 12,000,000 Barrels (the “Contract Term Shortfall Payment”). For purposes of this Item, volumes shipped in a continuous movement beginning on the last day of the Contract Term shall be deemed shipped during the Contract Term and will be billed at the corresponding Volume Incentive Rate. If, however, Shipper fails to ship the Contract Term Minimum Volume because Carrier is unable to transport volume, for reasons other than Force Majeure, such volume that Carrier is unable to ship up to the difference between the Contract Term Minimum Volume and the volume shipped by Shipper during the Contract Term, shall be deemed to have been shipped for the purpose of determining compliance with this section.

**VOLUME INCENTIVE RATES**

The Volume Incentive Rates under this Item will be increased subject to the Federal Energy Regulatory Commission Indexing Methodology.

**Volume Incentive Rates for the Transportation of Product by Pipeline under Item 120**  
*(Rates in cents per Barrel)*

| Tier(s) | ORIGIN(S)                 | DESTINATION(S)            | Rate       |
|---------|---------------------------|---------------------------|------------|
| Tier 1  | Hutchinson and Conway, KS | Wichita, KS               | [N] 100.00 |
|         | Wichita, KS               | Hutchinson and Conway, KS |            |
| Tier 2  | Hutchinson and Conway, KS | Wichita, KS               | [N] 80.00  |
|         | Wichita, KS               | Hutchinson and Conway, KS |            |
| Tier 3  | Hutchinson and Conway, KS | Wichita, KS               | [N] 40.00  |
|         | Wichita, KS               | Hutchinson and Conway, KS |            |

The FERC tariffs containing the local rate(s) for these volume incentive movements are shown below.

- Propane – FERC Tariff No. 43.15.0 and successive reissues thereof
- Isobutane, Refinery Grade Butane and Normal Butane – FERC Tariff No. 39.16.0 and successive reissues thereof

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**Explanation of Reference Marks:**

[N] New