

**Section Four  
Invoicing Information**

# Bengal Pipeline Company

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## REVENUE ACCOUNTING

The Revenue Accounting Section of Bengal Pipeline Company is responsible for the creation, distribution and collection of payment for all invoices pertaining to Transportation Charges and Settlement for Product Gain or Loss. In addition, Revenue Accounting distributes to the shippers on a monthly basis the Statement in Barrels of Inventory in Carrier Custody and a copy of the State Report.

Bengal's invoices are sent to the shippers by the use of electronic mail and are DUE AND PAYABLE UPON RECEIPT.

Invoices will bear interest at a rate of the Prime Interest Rate (posted by Wachovia Bank, Atlanta, Georgia on the first day of any given month) plus three percent (3%) on invoices which have not been paid and received by Bengal within 15 days from the date of the invoice.

The following is a synopsis of documents which will be forwarded to the shippers by the Revenue Accounting Section. If any questions, please do not hesitate to contact:

<p>Cristy Campbell – Revenue and Tariffs Manager @ (800) 925 – 7473 – ext. 2495 or (678) 762 – 2495 Fax (678) 762 – 2571 E-mail: <a href="mailto:ccampbel@colpipe.com">ccampbel@colpipe.com</a></p>
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# Bengal Pipeline Company

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## TRANSPORTATION INVOICES

Bengal Pipeline Company's Transportation Invoices are generated and sent to the Shippers of record four times per month for the following periods:

1. The 1<sup>st</sup> thru the 7<sup>th</sup> day of the month
2. The 8<sup>th</sup> thru the 14<sup>th</sup> day of the month
3. The 15<sup>th</sup> thru the 21<sup>st</sup> day of the month
4. The 22<sup>nd</sup> thru the last day of the month

Transportation charges are billed from the origination of the shipper's product to the point of delivery. The transportation charge is based on Bengal Pipeline Company's current posted tariffs.

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## SETTLEMENT STATEMENT FOR PRODUCT GAIN OR LOSS

The settlement statement is generated in the form of an invoice which indicates at the end of a month whether Bengal owes a shipper for product which has been lost or a shipper owes Bengal for a gain in product.

The product type on the settlement statement is listed in numerical order for the product which Bengal is making settlement with the shipper. The barrels of products gained or lost listed on the statement may be traced directly to the Statement in Barrels of Inventory in Carrier Custody.

### Pricing Policy

All settlements for overages and shortages will be made as follows for the indicated products when that product has been quoted for the posted days of the month used by Bengal. All Bengal deliveries will be priced by product using an average of the "Spot Assessments" for "U.S. Gulf Coast - Pipeline" low posted prices published by Platt's Oilgram Price Report for the 5th, 11th and 17th posted days (not calendar days) of the month for which settlement is being made.

#### 1. Gasolines:

Gasolines will be priced using the low posted price per gallon for the grades and types quoted for the 5<sup>th</sup>, 11<sup>th</sup>, and 17<sup>th</sup> posted days of the month of settlement.

#### 2. Kerosines:

Kerosines will be priced using the low posted price per gallon for the grades and types quoted for the 5<sup>th</sup>, 11<sup>th</sup>, and 17<sup>th</sup> posted days of the month of settlement.

#### 3. Fuel Oils:

Fuel Oils will be priced using the low posted price per gallon for the grades and types quoted for the 5<sup>th</sup>, 11<sup>th</sup>, and 17<sup>th</sup> posted days of the month of settlement.

#### 4. Transmix:

Transmix will be priced using the average low posted price per gallon for 88 grade and M grade products quoted for the 5<sup>th</sup>, 11<sup>th</sup>, and 17<sup>th</sup> posted days of the month of settlement.

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## SETTLEMENT STATEMENT FOR PRODUCT GAIN OR LOSS

### 5. Products other than Gasolines, Kerosines, Fuel Oils, and Transmix:

- (1) Any product other than gasoline will be priced using the low posted price per gallon of such product involved.
- (2) If there is no posting for such product, the low posted price for the closed comparable product will be used.

### Pricing Policy Calculation Description

The 5<sup>th</sup>, 11<sup>th</sup>, and 17<sup>th</sup> low posted days (not calendar days) for each product grade will be: 1) summed in cents/gallon with two decimal; 2) Averaged by 3 and rounded to the second decimal; 3) Converted to cents/barrel; and 4) Converted to dollars/barrel and stated to the fourth decimal. Pricing policy example:

Pricing policy example using (54) Aviation Kerosene pricing for the period ending March 2006 calculated on a product batch originating in the Gulf Coast:

- |  |               |
|--|---------------|
| 1) 5 <sup>th</sup> posted date – calendar date 3-07-06 – | 180.70        |
| 11 <sup>th</sup> posted date – calendar date 3-15-06 –   | 187.05        |
| 17 <sup>th</sup> posted date – calendar date 3-23-06 –   | <u>186.90</u> |
|  | 554.65        |
- 2)  $554.65/3 = 184.88$  Rounded to the second decimal
  - 3)  $184.88 \times 42 = 7,764.96$  Cents per Barrel
  - 4)  $7,764.96/100 = 77.6496$  Dollars per Barrel stated to the fourth decimal

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## SETTLEMENT STATEMENT FOR PRODUCT GAIN OR LOSS

### Transmix Allocation

Transmix which can be a charge to shipper or a credit to a shipper is based on the transmix (or commingled product) generated in the operation of the pipeline. Bengal disposes of its transmix on a contractual basis during the month as it is accumulated. At the end of each month Bengal allocates a charge to shippers for transmix generated as well as a credit for transmix which has been sold. The formula by which Bengal makes the allocation is based on the shipper's use of the pipeline. In other words, if a shipper's delivered barrels constitute 1% of the total delivered barrels for a month, then that shipper will be charged for 1% of the transmix sold. Therefore, the entry on the settlement statement for transmix allocation may be a charge to the shipper one month and then may appear as a credit on another month depending on the amount of transmix which is generated or sold. The logic is that over a given period of time, the transmix allocation account will be a wash account where the charges and credits will offset each other.

### Product Loss Allocation

The product loss allocation is a charge made to shippers for Bengal to recover losses resulting from evaporation, and downgrading of product in the operation of the pipeline. The charge being made to shippers at present time is 1.0 cents per delivered barrel.

The final line of the settlement statement is the ending balance which shows whether a shipper is due a settlement from Bengal for a loss of product or whether the shipper owes Bengal for a gain of product. In the event that the ending balance is a NET CREDIT to a shipper, Bengal will issue a check or wire in payment of the credit balance. In no case should a shipper deduct a credit for product settlement from the payment of any other invoices. If the final balance is a CHARGE to the shipper, then the invoice terms are the same as other invoices, DUE UPON RECEIPT.

# **Bengal Pipeline Company**

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## **STATEMENT IN BARRELS OF INVENTORY IN CARRIER CUSTODY**

As the shipper of record, you will receive a report from Bengal referred to as “The Statement in Barrels of Inventory in Carrier Custody.” The report lists all receipts into the pipeline and all deliveries made from the pipeline.

At the bottom of the page will be listed the beginning inventory, total receipts, total deliveries, book inventory, any gain or loss and the ending inventory which is the shipper’s physical inventory. Each grade of product a shipper has in inventory will be shown on a separate page of the report.

For those shippers who would like to view their inventory statement prior to receiving the hard copy, access the Transport4 system. The final information should be available on approximately the fifth business day of each month.