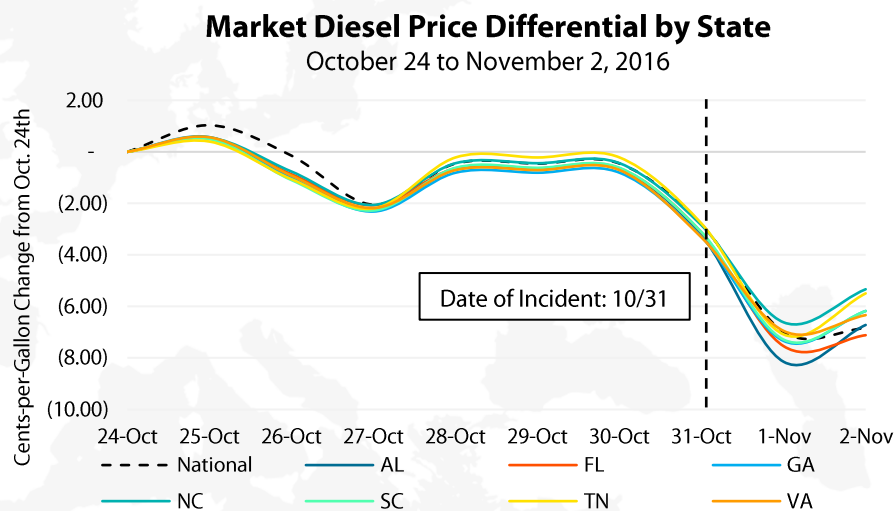


Advisor Pulse: Colonial Pipeline November Outage

On October 31st, there was an explosion on the gasoline line of the Colonial Pipeline system that killed one individual and injured several others in Alabama. As reported in an Advisor Pulse released in September, this is the same pipeline system that recently experienced a 12-day outage due to integrity issues. Monday's explosion occurred within several miles of the original outage, as a "trackhoe (used by a contract crew) hit the line," according to a release by the Colonial Pipeline Co. The work being done was in relation to repair from the original outage. The spark created by the equipment ignited the gasoline that began leaking out when the line was breached, creating a fire that continued to burn throughout the night.



The Colonial Pipeline Co. immediately shut down service on both the gasoline line and the second line for other refined products (such as diesel) after Monday's fire. Fortunately, however, they were able to restart operation on the second line by midnight of the same day. Consequently, while the dedicated

gasoline line remains out of commission until this weekend at the earliest, products including diesel are able to flow through the second line. The chart above shows how market diesel prices (based on wholesale rack contract pricing) have behaved in relation to the national average over the past week. As shown, the price impact has been limited, as supply flows for diesel were restarted quickly. Gasoline may experience more substantial price increases, but the diesel market has – to this point – progressed uninterrupted.

As of Wednesday (11/2), the gasoline line had yet to begin repairs, as the fire is under control, though not yet extinguished. Pipeline officials still set noon on Saturday as their timeline to restart gasoline line operations. Although the other refined products line has already been restarted, there is potential risk for a slight diesel price impact if the construction of the damaged line is delayed and gasoline must be moved into the secondary line, sharing space with other products. This is the scenario that unfolded over a 12-day period during the September outage on the Colonial pipeline system, though minimal diesel price volatility was observed.

The Breakthrough®Fuel Applied Knowledge Team will continue to monitor the situation and report any impacts, including price movements, in the coming days. In the meantime, please contact [Daniel Cullen](#), Director of Applied Knowledge at Breakthrough®Fuel, if you have any further questions.