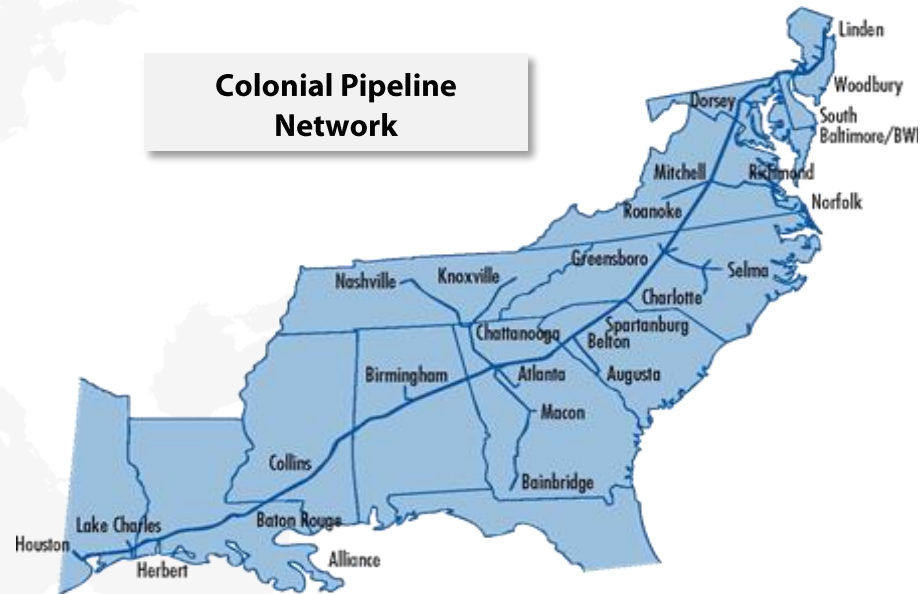


Advisor Pulse: Colonial Pipeline November Outage

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. It is likely that 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.

There are two major differences between the latest Colonial Pipeline network disruptions and the September outage. First, the Colonial Pipeline Co. immediately shut down service on both the gasoline line and the line for other refined products (including diesel) after Monday's fire. In the September outage, only the gasoline line was down and all gasoline was



moved to the multi-product pipeline. Since this is a full shutdown of the network, there is a much higher probability of diesel price impacts. The second difference is that this outage should be shorter than the 12-day outage experienced in September. Once the fire is contained, and barring any unforeseen circumstances, the multi-product pipeline's operation should be quickly restored and repair of the gasoline line should only be necessary for the small portion where the incident occurred.

Looking at the Colonial Pipeline map above, it is reasonable to anticipate pricing volatility from Alabama, Georgia, and up the East Coast. Florida, which receives its refined products primarily from marine terminals and not from the Colonial, should see a lower impact, but residual effects may be felt this week. The magnitude of the diesel price impact will be determined by the length of the outage on the refined products line and also the timeframe of restarting operations on the gasoline line, as all products (including gasoline) will likely move on the secondary line until full operation is restored.

The Breakthrough® Fuel Applied Knowledge Team will continue to monitor the situation and report any impacts, including price movements, in the coming days. **Please look for additional coverage in the Breakthrough® Advisor that will be released November 2nd.** In the meantime, please contact your Client Services Manager with any questions.