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Date: 9/18/2016 4:03:20 PM

Subject: RE: ORS Update - AL Pipeline

We have been following the AL pipeline that was damaged and the effect on the gasoline supply in the southeast. After Thursday's report that the main line should be fixed over the weekend, Colonial had issues with vapors on Thursday night/Friday delaying repair work until Friday late. Simultaneously with repairs, Colonial is constructing a bypass line to reconnect the supply. Below is an update. I will continue to provide updates this evening.

Mitigation:

- There is a second line that typically carries jet fuel and diesel, but the Company is using it to deliver some gasoline for now. This is a temporary solution as it will have to revert back to jet and diesel at some point to prevent delays in those fuels.
- Tanker ships are delivering gasoline to the water terminals like Charleston, Savannah and Wilmington.
- SC, NC, GA, and TN have Executive Orders with hours of service waivers.
- NC has a second Executive Order waiving size and weight restrictions.
- EPA has issued an emergency fuel waiver of the reformulated gasoline (RFG) requirements which allows for quicker processing of fuel. Restrictions are off in AL, Delaware, GA, KY, MD, MS, NJ, NC, SC, TN, VA and the Dist. of Cola.
- Stores are receiving partial loads in order to keep supply flowing.
- DOT plans to implement *internal* fuel conservation measures Monday, cutting back on high fuel usage maintenance operations like ditching or routine non-emergency work. Pothole patching and road construction will continue.

Statewide Gasoline Impact:

- Prices are marginally up in the metro areas around the states. Highest prices as of last night were in Greenville, with one station at 2.09/gallon and one at 2.23/gallon.
- Charleston: Utilizing its water terminal. No problems.
- In the Pee Dee region, gasoline is being trucked in from the water terminals. Zero trucks are going to pipeline terminals.
- In the Midlands, we have not seen an impact.
- The Upstate/Spartanburg area feels the crunch the most as Colonial Pipeline has a terminal there. Most of the gas stations have put out statements asking customers to bear with them as they expect sporadic terminal gasoline supply outages. Only one gas station company (Quick Trip) has indicated it has had some rolling shortages.

Outside of the State:

- NC is reporting rolling shortages in areas such as Charlotte, Raleigh. Rolling shortages mean a pump is down for a window before receiving a fuel supply. These reports came from SCPMA and Director Hall.

Tonight/Tomorrow:

- While we have no current "asks", we are monitoring this closely.
- Swati and I have a phone call with Colonial at 5:00 to get an update on the estimated timeline of this event.
- In the morning we will brief the Governor and discuss further state action as needed.

Please let me know if anyone has questions.

Richele

From: Schimsa, Rebecca
Sent: Thursday, September 15, 2016 1:29 PM
To: Haley, Nikki; Patel, Swati; Taylor, Richele; Godfrey, Rob
Subject: ORS Update - AL Pipeline

As mentioned to you briefly yesterday, the AL pipeline that was damaged is starting to cause gasoline supply issues in the southeast. While the main issue should be resolved over the weekend, there may be a reduced supply for the next two or three weeks. Currently, industry believes that the Hours of Service waiver (issued yesterday) is enough to minimize impacts to customers by increasing the number of deliveries by truck.

Dukes Scott reports that there should be no significant impact to gasoline supply in South Carolina. The price of gas may increase slightly due to increased transportation costs. His major concern is not to alarm the public or create a panic that could then actually affect the supply--i.e. If people buy normally, then there should be no issues.

We advise to rely on the current Executive Order issued for GA's emergency and not issue an order specifically for SC. The effect of either order is the same: Hours of Service requirements are waived for all gasoline and fuel truckers in SC. If you have any other questions, please let us know.

Additional updates may be necessary if the situation changes.