Risk Factors Comparison 2024-02-16 to 2023-02-17 Form: 10-K

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Below we have provided a summary of our key risk factors, followed by detail of these and other risks that should be reviewed when considering an investment in our securities. The risk factors set forth below are not all the risks we face and other factors that we face in the ordinary course of our business, that are currently considered immaterial or that are currently unknown to us may impact our future operations. **Index to Financial Statements** Risk Factor Summary Risks Related to Our Business Results of Operations and Financial Condition. Our results of operations and financial condition could be impacted by many risks that are beyond our control, including the following: ~~◦~~• cash distributions are not guaranteed and may fluctuate with our performance and other external factors; ~~◦~~• general economic, financial, and political conditions; ~~◦~~• changes in the prices of motor fuel; ~~◦~~• demand for motor fuel, including consumer preference for alternative motor fuels or improvements in fuel efficiency; ~~◦~~• seasonal trends; ~~◦~~• dangers inherent in the storage and transportation of motor fuel; ~~◦~~• operational and business risks associated with our fuel storage terminals; ~~◦~~• events or developments associated with our branded suppliers; ~~◦~~• extreme weather events that may be more severe or frequent than historically experienced and that may be attributable to changes in climate due to adverse effects of an industrialized economy; ~~◦~~• competition and fragmentation within the wholesale motor fuel distribution industry; ~~◦~~• competition within the convenience store industry, including the impact of new entrants; ~~◦~~• possible increased costs related to land use and facilities and equipment leases; ~~◦~~• possible future litigation; ~~◦~~• potential loss of key members of our senior management team; ~~◦~~• failure to attract and retain qualified employees; ~~◦~~• failure to insure against risks incident to our business; ~~◦~~• terrorist attacks and threatened or actual war; ~~◦~~• cybersecurity attacks, data breaches and other disruptions affecting us, or our service providers; ~~◦~~• disruption of our information ~~technology~~ systems; ~~◦~~• failure to protect sensitive customer, employee or vendor data, or to comply with applicable regulations relating to data security and privacy; ~~◦~~• failure to obtain trade credit terms to adequately fund our ongoing operations; ~~◦~~• our dependence on cash flow generated by our subsidiaries; and ~~◦~~• potential impairment of goodwill and intangible assets. Acquisitions and Future Growth. Our business, results of operations, cash flows, financial condition and future growth could be impacted by the following: ~~◦~~• failure to make acquisitions on economically acceptable terms, including as a result of recent increases in cost of capital resulting from Federal Reserve policies and changes in financial institutions' policies or practices concerning businesses linked to fossil fuels, or to successfully integrate acquired assets; ~~◦~~• any acceleration of the domestic and / or international transition to a low carbon economy as a result of the IRA 2022 or otherwise; and ~~◦~~• failure to manage risks associated with acquisitions. Regulatory Matters. Our business, results of operations, cash flows, financial condition and future growth could be impacted by the following: ~~◦~~• significant expenditures or liabilities resulting from federal, state and local laws and regulations pertaining to environmental protection, operational safety, or the Renewable Fuel Standard **(" RFS ")** ; ~~◦~~• changes in demand for motor fuel resulting from federal and / or state regulations that may discourage the use or storage of petroleum products; ~~◦~~• significant expenditures or penalties associated with federal, state and local laws and regulations that govern the product quality specifications of refined petroleum products we purchase; ~~◦~~• changes in federal, state or local laws and regulations pertaining to the facilities and operations of third parties that supply fuel to **or transport for** our storage terminals; ~~◦~~• impacts to our business as a result of the energy transition and legislative, regulatory, and financial risks relating to climate change; and ~~◦~~• regulatory provisions of the **Dodd- Frank Wall Street Reform and Consumer Protection Act (the "** Dodd- Frank Act **")** and the rules adopted thereunder. Indebtedness. Our business, results of operations, cash flows and financial condition, as well as our ability to make distributions and the market value of our common units, could be impacted by the following: ~~◦~~• our future debt levels; ~~◦~~• increases in interest rates, including the impact to the relative value of our distributions to yield- oriented investors; and ~~◦~~• restrictions and financial covenants associated with our debt agreements. Risks Related to Our Structure Our General Partner. Our stakeholders could be impacted by risks related to our General Partner, including: ~~◦~~• our General Partner' s and its affiliates' conflicts of interest with us and contractually- limited duties; ~~◦~~• our General Partner' s limited liability regarding our obligations; ~~◦~~• our General Partner' s ability to approve the issuance of partnership securities and specify the terms of such securities; and ~~◦~~• cost reimbursements due to our General Partner and its affiliates for services provided to us or on our behalf. Our Partnership Agreement. Our stakeholders could be impacted by risks related to our partnership agreement, including: ~~◦~~• the requirement that we distribute all of our available cash; ~~◦~~• the limited liability and duties of our General Partner and restrictions on the remedies available for actions taken; ~~◦~~• the potential need to issue common units in connection with a resetting of the target distribution levels related to our **IDRs** ~~incentive distribution rights~~ ; ~~◦~~• our common unitholders' limited voting rights and lack of rights to elect our General Partner or its directors; ~~◦~~• limitations on our common unitholders' ability to remove our General Partner without its consent; ~~◦~~• potential transfer of the General Partner interest or the control of our General Partner to a third party; ~~◦~~• the potential requirement for unitholders to sell their common units at an undesirable time or price; ~~◦~~• our ability to issue additional units without unitholder approval; ~~◦~~• potential sales of substantial amounts of our common units in the public or private markets; ~~◦~~• restrictions on the voting rights of unitholders owning 20 % or more of our outstanding common units; ~~◦~~• the dependence of our distributions primarily on our cash flow and not solely on profitability; ~~◦~~• our unitholders' potential liability to repay distributions; and ~~◦~~• the lack of certain corporate governance requirements by the New York Stock Exchange (" NYSE") for a publicly traded partnership like us. Tax Risks to Common Unitholders Our unitholders could be impacted by tax risks, including: ~~◦~~• our potential to be taxed as a corporation or otherwise become subject to a material amount of entity- level taxation; ~~◦~~• the potential for our unitholders to be required to pay taxes on their share of our income even if they do not receive any cash distributions from us; and ~~◦~~• unique tax issues faced by tax- exempt entities from owning common units.

Detail of Risk Factors Related to Our Business Cash distributions are not guaranteed and may fluctuate with our performance and other external factors. Cash distributions to unitholders is principally dependent upon cash generated from operations. The amount of cash generated from operations will fluctuate from quarter to quarter based on a number of factors, some of which are beyond our control, which include, among others: • demand for motor fuel in the markets we serve, including the result of secular trends towards increased usage of electric vehicles and / or seasonal fluctuations in demand for motor fuel; • competition from other companies that sell motor fuel products or have convenience stores in the market areas in which we or our commission agents or dealers operate; • regulatory action affecting the supply of or demand for motor fuel, our operations, our existing contracts or our operating costs; • prevailing economic conditions; • rising interest rates and slowing economic growth; • the accelerated transition to a low carbon economy; • geopolitical events such as the armed conflict in Ukraine and political instability in the Middle East; • supply, extreme weather and logistics disruptions; and • volatility of margins for motor fuel. In addition, the actual amount of cash we will have available for distribution will depend on other factors such as: • the level and timing of capital expenditures we make; • the cost of acquisitions, if any; • our debt service requirements and other liabilities; • fluctuations in our general working capital needs; • reimbursements made to our General Partner and its affiliates for all direct and indirect expenses they incur on our behalf pursuant to the partnership agreement; • our ability to borrow funds at favorable interest rates and access capital markets, including as a result of recent increases in cost of capital resulting from Federal Reserve policies; • restrictions contained in debt agreements to which we are a party; • the level of costs related to litigation and regulatory compliance matters; and • the amount of cash reserves established by our General Partner in its discretion for the proper conduct of our business. If our cash flow from operations is insufficient to satisfy our needs, we cannot be certain that we will be able to obtain bank financing or access the capital markets. Further, incurring additional debt may significantly increase our interest expense and financial leverage and issuing additional limited partner interests may result in significant unitholder dilution and would increase the aggregate amount of cash required to maintain the cash distribution rate which could materially decrease our ability to pay distributions. If additional capital resources are unavailable to us, our business, financial condition, results of operations and ability to make distributions could be materially adversely affected. Our business could be negatively impacted by the inflationary pressures which may decrease our operating margins and increase working capital investments required to operate our business. The U. S. ~~economy has experienced rising~~ inflation **rate steadily rose** in **2021 and into** 2022 **before eventually declining throughout 2023** . A sustained increase in inflation may continue to increase our costs for labor, services ~~,~~ and materials **, which, in turn, could cause our operating costs and capital expenditures to increase** . Further **,** our customers face inflationary pressures and resulting impacts, such as the tight labor market and supply chain disruptions. The rate and scope of these various inflationary factors may increase our operating costs and capital expenditures materially, which may not be readily recoverable in the prices of our services and may have an adverse effect on our costs, operating margins, results of operations and financial condition. Additionally, **the** Federal Reserve **and other central banks have implemented** policies **in an effort** to ~~combat~~ **curb** inflationary ~~pressures~~ - **pressure on the costs of goods and services across the U. S.** , including the significant increases in prevailing interest rates that occurred during 2022 **and 2023** as a result of the ~~425~~ **525** aggregate basis point increase in the federal funds rate, and the associated macroeconomic impact on slowdown in economic growth ~~,~~ could negatively impact **our business. While the Federal Reserve indicated in December 2023 that it may reduce benchmark interest rates in 2024, the continuation of rates at the current level could have the effects of raising the cost of capital and depressing economic growth, either of which — or the combination thereof — could hurt the financial and operating results of** our business. General economic, financial, and political conditions may materially adversely affect our results of operations and financial condition. General economic, financial, and political conditions may have a material adverse effect on our results of operations and financial condition. For example, following the election of President Biden and passage of laws such as the IRA 2022, it is possible that our operations and the operations of the oil and gas industry may be subject to greater environmental, health, and safety restrictions. Similarly, declines in consumer confidence and / or consumer spending, changes in unemployment, significant inflationary or deflationary changes or disruptive regulatory or geopolitical events could contribute to increased volatility and diminished expectations for the economy and our markets, including the market for our goods and services, and lead to demand or cost pressures that could negatively and adversely impact our business. These conditions could affect both of our business segments. Examples of such conditions could include: • a general or prolonged decline in, or shocks to, regional or broader macro- economies; • regulatory changes that could impact the markets in which we operate, such as immigration or trade reform laws or regulations prohibiting or limiting hydraulic fracturing, which could reduce demand for or supply of our goods and services or lead to pricing, currency, or other pressures; and • deflationary economic pressures, which could hinder our ability to operate profitably in view of the challenges inherent in making corresponding deflationary adjustments to our cost structure. The nature of these types of risks, which are often unpredictable, makes them difficult to plan for, or otherwise mitigate, and they are generally uninsurable — which compounds their potential impact on our business. Our financial condition and results of operations are influenced by changes in the prices of motor fuel, which may adversely impact our margins, our customers' financial condition and the availability of trade credit. Our operating results are influenced by prices for motor fuel. General economic and political conditions, acts of war or terrorism and instability in oil producing regions, particularly in the Middle East, South America, Russia and Africa could significantly impact crude oil supplies and refined product petroleum costs. Significant increases or high volatility in petroleum costs could impact consumer demand for motor fuel and convenience merchandise. Such volatility makes it difficult to predict the impact that future petroleum costs fluctuations may have on our operating results and financial condition. We are subject to dealer tank wagon pricing structures at certain locations further contributing to margin volatility. A significant change in any of these factors could materially impact both wholesale and retail fuel margins, the volume of motor fuel we distribute or sell, and overall customer traffic, each of which in turn could have a material adverse effect on our business, financial condition, results of operations and cash available for distribution to our unitholders. Significant increases in wholesale motor fuel prices could impact us as some of our customers may have insufficient credit to purchase motor fuel from us at their historical volumes. Higher prices for motor fuel may also reduce our access to trade credit support or cause it to become more expensive. A significant decrease in demand for motor fuel, including increased consumer preference for alternative motor fuels or improvements in fuel efficiency **or a material shift toward electric or other alternative- power vehicles** , in the areas we serve would reduce our ability to make distributions to our unitholders. Sales of refined motor fuels ~~account~~ **accounted** for approximately 98 % of our total revenues and ~~72~~ **69** % of our profit for the year ended December 31, ~~2022~~ **2023** . A significant decrease in demand for motor fuel in the areas we serve could significantly reduce our revenues and our ability to make distributions to our unitholders. Our revenues are dependent on various trends, such as trends in commercial truck traffic, travel and tourism in our areas of operation, and these trends can change. Regulatory action, including government imposed fuel efficiency standards, may also affect demand for motor fuel. Because certain of our operating costs and expenses are fixed and do not vary with the volumes of motor fuel we distribute, our costs and expenses might not decrease ratably or at all should we experience such a reduction. As a result, we may experience declines in our profit margin if our fuel distribution volumes decrease. Any technological advancements, regulatory changes or changes in consumer preferences causing a significant shift toward alternative motor fuels could reduce demand for the conventional petroleum based motor fuels we currently sell. Additionally, a shift toward electric, hydrogen, natural gas or other alternative- power vehicles could fundamentally change our customers' shopping habits or lead to new forms of fueling destinations or new competitive pressures. New technologies have been developed and governmental mandates have been implemented to improve fuel efficiency, which may result in decreased demand for petroleum- based fuel. For example, in December 2021, the Biden Administration announced revised GHG emissions standards for light- duty vehicle fleets for Model Years 2023- 2026, which some manufacturers may meet by increasing fuel efficiency or increasing the prevalence of zero- emissions vehicles in their fleets. The Biden Administration has also set a goal for federal vehicle acquisitions to be 100 % zero- emissions vehicles by 2035, which may further influence the composition of vehicle fleets. Laws such as the Bipartisan Infrastructure Act and the IRA 2022 allocate funds to the development of electric vehicle infrastructure and provide incentives for consumers and manufacturers related to their use or development of electric vehicles, and the adoption rate of electric vehicles in the U. S. has continued to accelerate, with projections for the future rate of adoption in some reports more than doubling in recent years. Any of these actions could result in fewer visits to our convenience stores or independently operated commission agents and dealer locations, a reduction in demand from our wholesale customers, decreases in both fuel and merchandise sales revenue, or reduced profit margins, any of which could have a material adverse effect on our business, financial condition, results of operations and cash available for distribution to our unitholders. The industries in which we operate are subject to seasonal trends, which may cause our operating costs to fluctuate, affecting our cash flow. We rely in part on consumer travel and spending patterns, and may experience more demand for gasoline in the late spring and summer months than during the fall and winter. Travel, recreation and construction are typically higher in these months in the geographic areas in which we or our commission agents and dealers operate, increasing the demand for motor fuel that we sell and distribute. Therefore, our revenues and cash flows are typically higher in the second and third quarters of our fiscal year. As a result, our results from operations may vary widely from period to period, affecting our cash flow. The dangers inherent in the storage and transportation of motor fuel could cause disruptions in our operations and could expose us to potentially significant losses, costs or liabilities. We store motor fuel in underground and ~~aboveground~~ **above ground** storage tanks. We transport the majority of our motor fuel in our own trucks, instead of by third- party carriers. Our operations are subject to significant hazards and risks inherent in transporting and storing motor fuel. These hazards and risks include, but are not limited to, traffic accidents, fires, explosions, spills, discharges, and other releases, any of which could result in distribution difficulties and disruptions, environmental pollution, governmentally- imposed fines or clean- up obligations, personal injury or wrongful death claims, and other damage to our properties and the properties of others. Any such event not covered by our insurance could have a material adverse effect on our business, financial condition, results of operations and cash available for distribution to our unitholders. Our fuel storage terminals are subject to operational and business risks which may adversely affect our financial condition, results of operations, cash flows and ability to make distributions to our unitholders. Our fuel storage terminals are subject to operational and business risks, the most significant of which include the following: • our inability to renew a ground lease for certain of our fuel storage terminals on similar terms or at all; • our dependence on third parties to supply our fuel storage terminals; • outages at our fuel storage terminals or interrupted operations due to weather- related or other natural causes; • the threat that the nation' s terminal infrastructure may be a future target of terrorist organizations; • the volatility in the prices of the products stored at our fuel storage terminals and the resulting fluctuations in demand for our storage services; • the effects of a sustained recession or other adverse economic conditions; • the possibility of federal and / or state regulations that may discourage our customers from storing gasoline, diesel fuel, ethanol and jet fuel at our fuel storage terminals or reduce the demand by consumers for petroleum products; • competition from other fuel storage terminals that are able to supply our customers with comparable storage capacity at lower prices; and • climate change legislation or regulations that restrict emissions of ~~greenhouse gases ("~~ GHGs ~~")~~ could result in increased operating and capital costs and reduced demand for our storage services. The occurrence of any of the above situations, among others, may affect operations at our fuel storage terminals and may adversely affect our business, financial condition, results of operations, cash flows and ability to make distributions to our unitholders. Negative events or developments associated with our branded suppliers could have an adverse impact on our revenues. We believe that the success of our operations is dependent, in part, on the continuing favorable reputation, market value, and name recognition associated with the motor fuel brands sold at our convenience stores and at stores operated by our independent, branded dealers and commission agents. Erosion of the value of those brands could have an adverse impact on the volumes of motor fuel we distribute, which in turn could have a material adverse effect on our business, financial condition, results of operations and ability to make distributions to our unitholders. Severe weather, which may increase in frequency and intensity due to climate change, could adversely affect our business by damaging our suppliers' or our customers’ facilities or communications networks. A substantial portion of our wholesale distribution and retail networks are located in regions susceptible to severe storms, including hurricanes. A severe storm could damage our facilities or communications networks, or those of our suppliers or our customers, as well as interfere with our ability to distribute motor fuel to our customers or our customers’ ability to operate their locations. If warmer temperatures, or other climate changes, lead to changes in extreme weather events, including increased frequency, duration or severity, these weather- related risks could become more pronounced. Any weather- related catastrophe or disruption could have a material adverse effect on our business, financial condition and results of operations, potentially causing losses beyond the limits of the insurance we currently carry. The wholesale motor fuel distribution industry is characterized by intense competition and fragmentation. Failure to effectively compete could result in lower margins. The market for distribution of wholesale motor fuel is highly competitive and fragmented, which results in narrow margins. We have numerous competitors, some of which may have significantly greater resources and name recognition than us. We rely on our ability to provide value- added, reliable services and to control our operating costs in order to maintain our margins and competitive position. If we fail to maintain the quality of our services, certain of our customers could choose alternative distribution sources and our margins could decrease. While major integrated oil companies have generally continued a strategy of limited direct retail operation and the corresponding wholesale distribution to such sites, such major oil companies could shift from this strategy and decide to distribute their own products in direct competition with us, or large customers could attempt to buy directly from the major oil companies. The occurrence of any of these events could have a material adverse effect on our business, financial condition, results of operations and cash available for distribution to our unitholders. The convenience store industry is highly competitive and impacted by new entrants. Failure to effectively compete could result in lower sales and lower margins. The geographic areas in which we operate and supply independently operated commission agent and dealer locations are highly competitive and marked by ease of entry and constant change in the number and type of retailers offering products and services of the type we and our independently operated commission agents and dealers sell in our stores. Our convenience stores and the commission agents and dealer locations we supply compete with other convenience store chains, independently owned convenience stores, motor fuel stations, supermarkets, drugstores, discount stores, dollar stores, club stores, mass merchants and local restaurants. Over the past two decades, several non- traditional retailers, such as supermarkets, hypermarkets, club stores and mass merchants, have impacted the convenience store industry, particularly in the geographic areas in which we operate and supply, by entering the motor fuel retail business. These non- traditional motor fuel retailers have captured a significant share of the motor fuels market, and we expect their market share will continue to grow. In some of our markets, our competitors have been in existence longer and have greater financial, marketing, and other resources than we or our independently operated commission agents and dealers do. As a result, our competitors may be able to respond better to changes in the economy and new opportunities within the industry. To remain competitive, we must constantly analyze consumer preferences and competitors’ offerings and prices to ensure that we offer a selection of convenience products and services at competitive prices to meet consumer demand. We must also maintain and upgrade our customer service levels, facilities and locations to remain competitive and attract customer traffic to our stores. We may not be able to compete successfully against current and future competitors, and competitive pressures faced by us could have a material adverse effect on our business, results of operations and cash available for distribution to our unitholders. We do not own all of the land on which our retail service stations are located, and we lease certain facilities and equipment, and we are subject to the possibility of increased costs to retain necessary land use which could disrupt our operations. We do not own all of the land on which our retail service stations are located. We have rental agreements for approximately ~~35~~ **33** % of the partnership, commission agent or dealer operated retail service stations where we currently control the real estate. We also have rental agreements for certain logistics facilities. As such, we are subject to the possibility of increased costs under rental agreements with landowners, primarily through rental increases and renewals of expired agreements. We are also subject to the risk that such agreements may not be renewed. Additionally, certain facilities and equipment (or parts thereof) used by us are leased from third parties for specific periods. Our inability to renew leases or otherwise maintain the right to utilize such facilities and equipment on acceptable terms, or the increased costs to maintain such rights, could have a material adverse effect on our financial condition, results of operations and cash flows. Future litigation could adversely affect our financial condition and results of operations. We are exposed to various litigation claims in the ordinary course of our wholesale business operations, including dealer litigation and industry- wide or class- action claims arising from the products we carry, the equipment or processes we use or employ or industry- specific business practices. If we were to become subject to any such claims, our defense costs and any resulting awards or settlement amounts may not be fully covered by our insurance policies. Additionally, our retail operations are characterized by a high volume of customer traffic and by transactions involving a wide array of product selections. These operations carry a higher exposure to consumer litigation risk when compared to the operations of companies operating in many other industries. Consequently, we are frequently party to individual personal injury, bad fuel, products liability and other legal actions in the ordinary course of our business. While we believe these actions are generally routine in nature, incidental to the operation of our business and immaterial in scope, if our assessment of any action or actions should prove inaccurate our financial condition and results of operations could be adversely affected. Additionally, several fossil fuel companies have been the targets of litigation alleging, among other things, that such companies created public nuisances by producing and marketing fuels that contributed to climate change or that the companies have been aware of the adverse effects of climate change but failed to adequately disclose those impacts. While we cannot predict the likelihood of success of such suits, to the extent the plaintiffs prevail, we could face significant costs or decreased demand for our services, which could adversely affect our financial condition and results of operations. Because we depend on our senior management’ s experience and knowledge of our industry, we could be adversely affected were we to lose key members of our senior management team. We are dependent on the expertise and continued efforts of our General Partner’ s senior management team. If, for any reason, our senior executives do not continue to be active, our business, financial condition, or results of operations could be adversely affected. We do not maintain key man life insurance for our senior executives or other key employees. We compete with other businesses in our market with respect to attracting and retaining qualified employees. Our continued success depends on our ability to attract and retain qualified personnel in all areas of our business. We compete with other businesses in our market with respect to attracting and retaining qualified employees. A tight labor market, increased overtime and a higher full- time employee ratio may cause labor costs to increase. A shortage of qualified employees may require us to enhance wage and benefits packages in order to compete effectively in the hiring and retention of such employees or to hire more expensive temporary employees. No assurance can be given that our labor costs will not increase, or that such increases can be recovered through increased prices charged to customers. We are especially vulnerable to labor shortages in oil and gas drilling areas when energy prices drive higher exploration and production activity. We are not fully insured against all risks incident to our business. We are not fully insured against all risks incident to our business. We may be unable to obtain or maintain insurance with the coverage that we desire at reasonable rates. As a result of market conditions, the premiums and deductibles for certain of our insurance policies have increased and could continue to do so. Certain insurance coverage could become unavailable or available only for reduced amounts of coverage. If we were to incur a significant liability for which we were not fully insured, it could have a material adverse effect on our business, financial condition, results of operations and ability to make distributions to our unitholders. Terrorist attacks and threatened or actual war may adversely affect our business. Our business is affected by general economic conditions and fluctuations in consumer confidence and spending, which can decline as a result of numerous factors outside of our control. Terrorist attacks or threats, whether within the United States or abroad, rumors or threats of war, actual conflicts involving the United States or its allies, or military or trade disruptions impacting our suppliers or our customers may adversely impact our operations. Specifically, strategic targets such as energy related assets (which could include refineries that produce the motor fuel we purchase, ports in which crude oil is delivered or attacks to the electrical grid) may be at greater risk of future terrorist attacks than other targets in the United States. These occurrences could have an adverse impact on energy prices, including prices for motor fuels, and an adverse impact on our operations. Any or a combination of these occurrences could have a material adverse effect on our business, financial condition, results of operations and cash available for distribution to our unitholders. Cybersecurity attacks, data breaches and other disruptions affecting us, or our service providers, could materially and adversely affect our business, operations, reputation, and financial results. The security and integrity of our information technology **(" IT ")** infrastructure and physical assets is critical to our business and our ability to perform day- to- day operations and deliver services. In addition, in the ordinary course of our business, we collect, process, transmit and store sensitive data, including intellectual property, our proprietary business information and that of our customers, suppliers and business partners, as well as personally identifiable information, in our data centers and on our networks. We also engage third parties, such as service providers and vendors, who provide a broad array of software, technologies, tools, and other products, services and functions (e. g., human resources, finance, data transmission, communications, risk, compliance, among others) that enable us to conduct, monitor and / or protect our business, operations, systems and data assets. Our **IT** ~~information technology~~ and **IT** infrastructure, physical assets and data, may be vulnerable to unauthorized access, computer viruses, malicious attacks and other events (e. g., distributed denial of service attacks ~~,~~ **or** ransomware attacks) that are beyond our control. These events can result from malfeasance by external parties, such as hackers, or due to human error by our or our service providers' employees and contractors (e. g., due to social engineering or phishing attacks). In addition, ~~the COVID- 19 pandemic has presented additional operational and cybersecurity risks to our information technology infrastructure and physical assets due to~~ our providers' work- from- home arrangements **may present additional operational and cybersecurity risks to our IT infrastructure and physical assets** . We and certain of our service providers have **,** from time to time, been subject to ~~cyberattacks~~ **cybersecurity attacks** and **other** security incidents. The frequency and magnitude of ~~cyberattacks~~ **cybersecurity attacks** is expected to increase and attackers are becoming more sophisticated. We may be unable to anticipate, detect or prevent future attacks, particularly as the methodologies used by attackers change frequently or are not recognized until launched, and we may be unable to investigate or remediate incidents because attackers are increasingly using techniques and tools designed to circumvent controls, to avoid detection, and to remove or obfuscate forensic evidence. Breaches of our **IT** ~~information technology~~ infrastructure or physical assets, or other disruptions, could result in damage to our assets, safety incidents, damage to the environment, potential liability or the loss of contracts, and have a material adverse effect on our operations, financial position and results of operations. A successful ~~cyberattack~~ **cybersecurity attack** or other security incident could compromise our networks and the information stored there could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or loss could result in legal claims or proceedings, regulatory investigations and enforcement, penalties and fines, increased costs for system remediation and compliance requirements, disruption of our operations, damage to our reputation, loss of confidence in our products and services, any or all of which could have a material adverse effect on our business and results. We may be required to invest significant additional resources to comply with evolving cybersecurity regulations and to modify and enhance our information security and controls, and to investigate and remediate any security vulnerabilities. Any losses, costs or liabilities may not be covered by, or may exceed the coverage limits of, any or all of our applicable insurance policies. **See " Item 1C. Cybersecurity " for additional information on our cybersecurity risk management, strategy and governance.** We rely on our information ~~technology~~ systems to manage numerous aspects of our business, and a disruption of these systems could adversely affect our business. We depend on our information ~~technology (" IT ")~~ systems to manage numerous aspects of our business transactions and provide analytical information to management. Our ~~IT~~ **information** systems are an essential component of our business and growth strategies, and a serious disruption to our ~~IT~~ **information** systems could significantly limit our ability to manage and operate our business efficiently. These systems are vulnerable to, among other things, damage and interruption from power loss or natural disasters, computer system and network failures, loss of telecommunications services, physical and electronic loss of data, security breaches and computer viruses, which could result in a loss of sensitive business information, systems interruption or the disruption of our business operations. To protect against unauthorized access or attacks, we have implemented infrastructure protection technologies and disaster recovery plans, but there can be no assurance that a technology systems breach or systems failure will not have a material adverse effect on our financial condition or results of operations. **See " Item 1C. Cybersecurity " for additional information on our cybersecurity risk management, strategy and governance.** Our business and our reputation could be adversely affected by the failure to protect sensitive customer, employee or vendor data, whether as a result of ~~cyber security~~ **cybersecurity** attacks or otherwise, or to comply with applicable regulations relating to data security and privacy. In the normal course of our business as a motor fuel, food service and merchandise retailer, we obtain large amounts of personal data, including credit and debit card information from our customers. In recent years several retailers have experienced data breaches resulting in exposure of sensitive customer data, including payment card information. While we have invested significant amounts in the protection of our ~~IT~~ **information** systems and maintain what we believe are adequate security controls over individually identifiable customer, employee and vendor data provided to us, a breakdown or a breach in our systems that results in the unauthorized release of individually identifiable customer or other sensitive data could nonetheless occur and have a material adverse effect on our reputation, operating results and financial condition. Such a breakdown or breach could also materially increase the costs we incur to protect against such risks. Also, a material failure on our part to comply with regulations relating to our obligation to protect such sensitive data or to the privacy rights of our customers, employees and others could subject us to fines or other regulatory sanctions and potentially to lawsuits. ~~Cyber~~ **Cybersecurity** attacks are rapidly evolving and becoming increasingly sophisticated. A successful ~~cyber~~ **cybersecurity** attack resulting in the loss of sensitive customer, employee or vendor data could adversely affect our reputation, results of operations, financial condition and liquidity, and could result in litigation against us or the imposition of penalties. Moreover, a security breach could require that we expend significant additional resources to upgrade further the security measures that we employ to guard against ~~cyber~~ **cybersecurity** attacks **. See " Item 1C. Cybersecurity " for additional information on our cybersecurity risk management, strategy and governance** . We rely on our suppliers to provide trade credit terms to adequately fund our ongoing operations. Our business is impacted by the availability of trade credit to fund fuel purchases. An actual or perceived downgrade in our liquidity or operations (including any credit rating downgrade by a rating agency) could cause our suppliers to seek credit support in the form of additional collateral, limit the extension of trade credit, or otherwise materially modify their payment terms. Any material changes in our payment terms, including early payment discounts, or availability of trade credit provided by our principal suppliers could impact our liquidity, results of operations and cash available for distribution to our unitholders. We depend on cash flow generated by our subsidiaries. We are a holding company with no material assets other than the equity interests in our subsidiaries. Our subsidiaries conduct all of our operations and own all of our assets. These subsidiaries are distinct legal entities and, under certain circumstances, legal and contractual restrictions may limit our ability to obtain cash from our subsidiaries and our subsidiaries may not be able to, or be permitted to, make distributions to us. There are significant restrictions that the agreements governing the Partnership' s debt impose on the ability of these subsidiaries to make distributions and other payments to us, including restrictions on the ability of these subsidiaries to transfer funds to us in the form of dividends, loans or advances. In the event that we do not receive distributions from our subsidiaries, we may be unable to meet our financial obligations or make distributions to our unitholders. An impairment of goodwill and intangible assets could reduce our earnings. As of December 31, ~~2022~~ **2023** , our consolidated balance sheet reflected $ 1. 60 billion of goodwill and $ ~~588~~ **544** million of intangible assets. Goodwill is recorded when the purchase price of a business exceeds the fair value of the tangible and separately measurable intangible net assets. Generally accepted accounting principles (" GAAP ") require us to test goodwill and indefinite- lived intangible assets for impairment on an annual basis or when events or circumstances occur, indicating that goodwill or indefinite- lived intangible assets might be impaired. Long- lived assets such as intangible assets with finite useful lives are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If we determine that any of our goodwill or intangible assets were impaired, we would be required to take an immediate charge to earnings with a correlative effect on partners' capital and balance sheet leverage as measured by debt to total capitalization. Impairment charges are allowed to be removed from our debt covenant calculations. See Note 7 ~~," Goodwill and Other Intangible Assets" in the accompanying Notes~~ to **our** ~~Consolidated~~ **consolidated financial statements included in " Item 8.** Financial Statements ~~for more information~~ **and Supplementary Data** . **"** If we are unable to make acquisitions on economically acceptable terms from third parties, our future growth and ability to increase distributions to unitholders will be limited. A portion of our strategy to grow our business is dependent on our ability to make acquisitions that result in an increase in cash flow. The acquisition component of our growth strategy is based, in part, on our expectation of ongoing strategic divestitures of wholesale fuel distribution assets by industry participants. If we are unable to make acquisitions from third parties for any reason, including if we are unable to identify attractive acquisition candidates or negotiate acceptable purchase contracts, we are unable to obtain financing for these acquisitions on economically acceptable terms, we are outbid by competitors, or we or the seller are unable to obtain all necessary consents, our future growth and ability to increase distributions to unitholders will be limited. In addition, if we consummate any future acquisitions, our capitalization and results of operations may change significantly, and unitholders will not have the opportunity to evaluate the economic, financial, and other relevant information considered in determining the application of these funds and other resources. Finally, we may complete acquisitions which at the time of completion we believe will be accretive, but which ultimately may not be accretive. If any of these events were to occur, our future growth would be limited. Integration of assets acquired in past acquisitions or future acquisitions with our existing business will be a complex, time- consuming and costly process, particularly given that assets acquired to date significantly increased our size and diversified the geographic areas in which we operate. A failure to successfully integrate the acquired assets with our existing business in a timely manner may have a material adverse effect on our business, financial condition, results of operations or cash available for distribution to our unitholders. The difficulties of integrating past and future acquisitions with our business include, among other things: • operating a larger combined organization in new geographic areas and new lines of business; • hiring, training or retaining qualified personnel to manage and operate our growing business and assets; • integrating management teams and employees into existing operations and establishing effective communication and information exchange with such management teams and employees; • diversion of management' s attention from our existing business; • assimilation of acquired assets and operations, including additional regulatory programs; • loss of customers or key employees; • maintaining an effective system of internal controls in compliance with the Sarbanes- Oxley Act of 2002 as well as other regulatory compliance and corporate governance matters; and • integrating new technology systems for financial reporting. If any of these risks or other unanticipated liabilities or costs were to materialize, then desired benefits from past acquisitions and future acquisitions could result in a negative impact to our future results of operations. In addition, acquired assets may perform at levels below the forecasts used to evaluate them, due to factors beyond our control. If the acquired assets perform at levels below the forecasts, then our future results of operations could be negatively impacted. Also, our reviews of proposed business or asset acquisitions are inherently imperfect because it is generally not feasible to perform an in- depth review of each such proposal given time constraints imposed by sellers. Even if performed, a detailed review of assets and businesses may not reveal existing or potential problems, and may not provide sufficient familiarity with such business or assets to fully assess their deficiencies and potential. Inspections may not be performed on every asset, and environmental problems, such as groundwater contamination, may not be observable even when an inspection is undertaken. Acquisitions are subject to substantial risks that could adversely affect our financial condition and results of operations and reduce our ability to make distributions to unitholders. Any acquisitions involve potential risks, including, among others: • the validity of our assumptions about revenues, capital expenditures and operating costs of the acquired business or assets, as well as assumptions about achieving synergies with our existing business; • the validity of our assessment of environmental and other liabilities, including legacy liabilities; • the costs associated with additional debt or equity capital, which may result in a significant increase in our interest expense and financial leverage resulting from any additional debt incurred to finance the acquisition, or the issuance of additional common units on which we will make distributions, either of which could offset the expected accretion to our unitholders from such acquisition and could be exacerbated by volatility in the equity or debt capital markets; • a failure to realize anticipated benefits, such as increased available cash per unit, enhanced competitive position or new customer relationships; • a decrease in our liquidity by using a significant portion of our available cash or borrowing capacity to finance the acquisition; • the incurrence of other significant charges, such as impairment of goodwill or other intangible assets, asset devaluation or restructuring charges; and • the risk that our existing financial controls, information systems, management resources and human resources will need to grow to support future growth and we may not be able to react timely. **Our unitholders will have a reduced ownership in us after our acquisition of NuStar. Pursuant to that certain Agreement and Plan of Merger, dated January 22, 2024, NuStar unitholders have the right to receive 0. 400 of our common unit per each NuStar common unit. The actual number of our common units to be issued will be determined at the completion of the acquisition based on the number of NuStar common units outstanding immediately prior to such time. The issuance of these new units could have the effect of depressing the market price of our common units, through dilution of earnings per share or otherwise. Any dilution of, or delay of any accretion to, our earnings per share could cause the price of our common units to decline or increase at a reduced rate. Failure to complete the acquisition of NuStar and successfully integrate the businesses of SUN and NuStar in the expected time frame could negatively impact the price of our common units and have a material adverse effect on our results of operations, cash flows and financial position. If our acquisition of NuStar is not completed for any reason, including as a result of failure to obtain all requisite regulatory approvals or our unitholders fail to approve the applicable proposals, the anticipated benefits of the acquisition may not be realized or may take longer to realize than expected. The success of the merger will depend, in part, on the ability of the Partnership to realize the anticipated benefits from combining the businesses of SUN and NuStar. If SUN and NuStar are unable to successfully combine their businesses, the anticipated benefits of the merger may take longer to realize than expected. In addition, the actual integration may result in additional and unforeseen expenses, which could reduce the anticipated benefits of the merger. Additionally, we would be subject to a number of risks, including the following: • negative reactions from the financial markets, including negative impacts on the price of our common units; • negative reactions from our respective customers, distributors, suppliers, vendors, landlords, joint venture partners and other business partners; • we will still be obligated to pay certain significant costs relating to our acquisition of NuStar, such as legal, accounting, financing, financial advisor and printing fees; • we may be obligated to pay a termination fee as required by the merger agreement governing the acquisition; • the merger agreement governing the acquisition places certain restrictions on the conduct of our business, which may delay or prevent the undertaking of business opportunities that, absent the merger agreement governing the acquisition, may have been pursued; • matters relating to our acquisition of NuStar (including integration planning) require substantial commitments of time and resources by management, which may have resulted in the distraction from ongoing business operations and pursuing other opportunities that could have been beneficial; • litigation related to any failure to complete our acquisition of NuStar or related to any enforcement proceeding commenced against us to perform our respective obligations under the merger agreement governing the acquisition; and • loss of key employees, the disruption of each of SUN' s and NuStar' s ongoing businesses and relationships with customers, or inconsistencies in their standards, controls, procedures and policies. If the acquisition is not completed, the risks described above may materialize and they may have a material adverse effect on our results of operations, cash flows, financial position and price of our common units.** The Inflation Reduction Act of 2022 could accelerate the transition to a low carbon economy and could impose new costs on our operations. In August 2022, President Biden signed the IRA 2022, which contains hundreds of billions in incentives for the development of renewable energy, clean hydrogen, clean fuels, electric vehicles and supporting infrastructure and carbon capture and sequestration, amongst other provisions. In addition, the IRA 2022 imposes the first ever federal fee on the emission of **GHGs** ~~greenhouse gases~~ through a methane emissions charge. The IRA 2022 amends the Clean Air Act to impose a fee on the emission of methane from sources required to report their GHG emissions to the EPA, including those sources in the onshore petroleum and natural gas production categories. The methane emissions charge ~~would~~ **has** ~~start~~ **started** in calendar year 2024 at $ 900 per ton of methane, **will** increase to $ 1, 200 in 2025, and be set at $ 1, 500 for 2026 and each year after. Calculation of the fee is based on certain thresholds established in the IRA 2022. In addition, the multiple incentives offered for various clean energy industries referenced above could further accelerate the transition of the economy away from the use of fossil fuels towards lower- or zero- carbon emissions alternatives. This could decrease demand for gasoline and diesel, increase our compliance and operating costs and consequently adversely affect our business. Our operations are subject to federal, state and local laws and regulations pertaining to environmental protection and operational safety that may require significant expenditures or result in liabilities that could have a material adverse effect on our business. Our business is subject to various federal, state and local environmental laws and regulations, including those relating to terminals, underground storage tanks, the release or discharge of regulated materials into the air, water and soil, the generation, storage, handling, use, transportation and disposal of hazardous materials, the exposure of persons to regulated materials, and the health and safety of our employees. A violation of, liability under, or noncompliance with these laws and regulations, or any future environmental law or regulation, could have a material adverse effect on our business, financial condition, results of operations and cash available for distribution to our unitholders. Regulations under the ~~Federal Water Pollution Control Act of 1972 (the "~~ Clean Water Act ~~")~~, the Oil Pollution Act of 1990 (" OPA 90 ") and state laws impose regulatory burdens on terminal operations. Spill prevention control and countermeasure requirements of federal and state laws require containment to mitigate or prevent contamination of waters in the event of a refined product overflow, rupture, or leak from above- ground pipelines and storage tanks. The Clean Water Act also requires us to maintain spill prevention control and countermeasure plans at our terminal facilities with above- ground storage tanks and pipelines. In addition, OPA 90 requires that most fuel transport and storage companies maintain and update various oil spill prevention and oil spill contingency plans. Facilities that are adjacent to water require the engagement of Federally Certified Oil Spill Response Organizations to be available to respond to a spill on water from above ground storage tanks or pipelines. Transportation and storage of refined products over and adjacent to water involves risk and potentially subjects us to strict, joint, and potentially unlimited liability for removal costs and other consequences of an oil spill where the spill is into navigable waters, along shorelines or in the exclusive economic zone of the United States. In the event of an oil spill into navigable waters, substantial liabilities could be imposed upon us. The Clean Water Act imposes restrictions and strict controls regarding the discharge of pollutants into navigable waters, with the potential of substantial liability for the violation of permits or permitting requirements. Terminal operations and associated facilities are subject to the Clean Air Act as well as comparable state and local statutes. Under these laws, permits may be required before construction can commence on a new source of potentially significant air emissions, and operating permits may be required for sources that are already constructed. If regulations become more stringent, additional emission control technologies may be required at our facilities. Any such future obligation could require us to incur significant additional capital or operating costs. For ~~example~~ **more information** , **see our regulatory disclosure titled** ~~in November 2021, the EPA proposed a rule that would establish new standards of performance for methane and volatile organic compound emissions for both new and existing sources in the oil and gas sector, including transmission and storage facilities. Operators of affected facilities would have to comply with specific standards of performance to include leak detection using optical gas imaging and subsequent repair requirement, and reduction of emissions by 95 % through capture and control systems. In November 2022, the EPA released its supplemental methane proposal. Among other items, the proposal sets forth specific revisions strengthening the first nationwide emission guidelines for states to limit methane emissions from existing crude oil and natural gas facilities. The proposal also revises requirements for fugitive emissions monitoring and repair as well as equipment leaks and the frequency of monitoring surveys, establishes a~~ " ~~super- emitter~~ **Air Emissions and Climate Change.** " ~~response program to timely mitigate emissions events, and provides additional options for the use of advanced monitoring to encourage the deployment of innovative technologies to detect and reduce methane emissions. The proposal is currently subject to public comment and is expected to be finalized in 2023.~~ Terminal operations are subject to additional programs and regulations under ~~the Occupational Safety and Health Act ("~~ OSHA ~~")~~. Liability under, or a violation of compliance with, these laws and regulations, or any future laws or regulations, could have a material adverse effect on our business, financial condition, results of operations and cash available for distribution to our unitholders. Certain environmental laws, including ~~the Comprehensive Environmental Response, Compensation, and Liability Act ("~~ CERCLA ~~")~~, impose strict, and under certain circumstances, joint and several, liability on the current and former owners and operators of properties for the costs of investigation and removal or remediation of contamination and also impose liability for any related damages to natural resources without regard to fault. Under CERCLA and similar state laws, as persons who arrange for the transportation, treatment, and disposal of hazardous substances, we may also be subject to liability at sites where such hazardous substances come to be located. We may be subject to third- party claims alleging property damage and / or personal injury in connection with releases of or exposure to hazardous substances at, from, or in the vicinity of our current or former properties or off- site waste disposal sites. Costs associated with the investigation and remediation of contamination, as well as associated third- party claims, could be substantial, and could have a material adverse effect on our business, financial condition, results of operations and our ability to service our outstanding indebtedness. In addition, the presence of, or failure to remediate, identified or unidentified contamination at our properties could materially and adversely affect our ability to sell or rent such property or to borrow money using such property as collateral. We are required to make financial expenditures to comply with regulations governing underground storage tanks as adopted by federal, state and local regulatory agencies. Compliance with existing and future environmental laws regulating underground storage tanks systems of the kind we use may require significant capital expenditures. For example, the EPA has previously published rules that amend existing federal underground storage tank rules, requiring certain upgrades to underground storage tanks and related piping to further ensure the detection, prevention, investigation, and remediation of leaks and spills. ~~The Clean Air Act and similar state laws impose requirements on emissions from motor fueling activities in certain areas of the country, including those that do not meet state or national ambient air quality standards. These laws may require the installation of vapor recovery systems to control emissions of volatile organic compounds during the motor fueling process. While we believe we are in material compliance with all applicable regulatory requirements with respect to underground storage tank systems of the kind we use, regulatory requirements may become more stringent or apply to an increased number of underground storage tanks in the future, which would require additional, potentially material, expenditures.~~ We are required to comply with federal and state financial responsibility requirements to demonstrate that we have the ability to pay for cleanups or to compensate third parties for damages incurred as a result of a release of regulated materials from our underground storage tank systems. We seek to comply with these requirements by maintaining insurance that we purchase from private insurers and in certain circumstances, rely on applicable state trust funds, which are funded by underground storage tank registration fees and taxes on wholesale purchases of motor fuels. Coverage afforded by each fund varies and is dependent upon the continued maintenance and solvency of each fund. We are responsible for investigating and remediating contamination at a number of our current and former properties. We are entitled to reimbursement for certain of these costs under various third- party contractual indemnities and insurance policies, subject to eligibility requirements, deductibles, per incident, annual and aggregate caps. To the extent third parties (including insurers) do not pay for investigation and remediation, and / or insurance is not available, we will be obligated to make these additional payments, which could have a material adverse impact on our business, liquidity, results of operations and cash available for distribution to our unitholders. We believe we are in material compliance with applicable environmental requirements; however, we cannot ensure that violations of these requirements will not occur in the future. Although **we believe that** we have a comprehensive environmental, health, and safety program, we may not have identified all environmental liabilities at all of our current and former locations; material environmental conditions not known to us may exist; existing and future laws, ordinances or regulations may impose material environmental liability or compliance costs on us; or we may be required to make material environmental expenditures for remediation of contamination that has not been discovered at existing locations or locations that we may acquire. The occurrence of any of the events described above could have a material adverse effect on our business, financial condition, results of operations and cash available for distribution to our unitholders. Our operations are subject to a series of risks related to climate change. The threat of climate change continues to attract considerable attention in the United States and in foreign countries. In the United States to date, no comprehensive climate change legislation has been implemented at the federal level. However, President Biden has announced that climate change will be a focus of his administration. On January 27, 2021, he issued an executive order calling for substantial action on climate change, including, among other things, the increased use of zero- emissions vehicles by the federal government, the elimination of subsidies provided to the fossil fuel industry, and increased emphasis on climate- related risks across agencies and economic sectors. Additionally, federal regulators, state and local governments, and private parties have taken (or announced that they plan to take) actions related to climate change that have or may have a significant impact on our operations. For example, in response to findings that emissions of carbon dioxide, methane and other GHGs endanger public health and the environment, the EPA has adopted regulations under existing provisions of the Clean Air Act that, among other things, establish PSD construction and Title V operating permit reviews for certain large stationary sources that are already potential major sources of certain principal, or criteria, pollutant emissions. Facilities required to obtain PSD permits for their GHG emissions also will be required to meet " best available control technology " standards that will be established by the states or, in some cases, by the EPA for those emissions. The EPA has also adopted rules requiring the monitoring and reporting of GHG emissions from certain sources in the United States on an annual basis, including certain of our operations; moreover, as part of President Biden' s focus on climate change, the EPA has proposed new methane standards for both new and existing sources in the oil and gas sector. For more information, see our regulatory disclosure titled " Air Emissions and Climate Change. " In August 2022, the IRA 2022 was signed into law, which appropriates significant federal funding for renewable energy initiatives and amends the Clean Air Act to impose a first- time fee on the emission of methane from sources required to report their GHG emissions to the EPA. The IRA 2022 imposes a methane emissions charge on sources required to report their GHG emissions to the EPA, which ~~would~~ **has** ~~start~~ **started** in calendar year 2024 at $ 900 per ton of methane, **will** increase to $ 1, 200 in 2025, and be set at $ 1, 500 for 2026 and each year after. Calculation of the fee is based on certain thresholds established in the IRA 2022. Internationally, the United Nations- sponsored " Paris Agreement " requires member states to individually determine and submit non- binding emissions reduction targets every five years after 2020. President Biden has recommitted the United States to the Paris agreement and, in April 2021, announced a goal of reducing the United States' emissions by 50- 52 % below 2005 levels by 2030. Additionally, at COP26 in Glasgow in November 2021, the United States and the European Union jointly announced the launch of a Global Methane Pledge, an initiative committing to a collective goal of reducing global methane emissions by at least 30 ~~percent~~ **%** from 2020 levels by 2030, including " all feasible reductions " in the energy sector. At COP27 in Sharm El- Sheik in November 2022, countries reiterated the agreements from COP26 and were called upon to accelerate efforts toward the phase- out of fossil fuel subsidies. The United States also announced, in conjunction with the European Union and other partner countries, that it would develop standards for monitoring and reporting methane emissions to help create a market for low methane- intensity natural gas **. At COP28 in December 2023, the parties signed onto an agreement to transition away from fossil fuels in energy systems and increase renewable energy capacity, though no timeline for doing so was set. While non- binding, the agreements coming out of COP28 could result in increased pressure among financial institutions and various stakeholders to reduce or otherwise impose more stringent limitations on funding for and increase potential opposition to the exploration and production of fossil fuels** . Although no firm commitment or timeline to phase out or phase down all fossil fuels was made at COP27 **or COP28** , there can be no guarantees that countries will not seek to implement such a phase out in the future. The full impact of these actions is uncertain at this time. However, any efforts to control and / or reduce GHG emissions by the United States or other countries, or concerted conservation efforts that result in reduced consumption, could adversely impact demand for our products and, in turn, our financial position and results of operations. Increasingly, fossil fuel companies are also exposed to litigation risks from climate change. Additionally, in response to concerns related to climate change, companies in the fossil fuel sector may be exposed to increasing financial risks. For example, at COP26, the GFANZ announced that commitments from over 450 firms across 45 countries had resulted in over $ 130 trillion in capital committed to net zero goals. The various sub- alliances of GFANZ generally require participants to set short- term, sector- specific targets to transition their financing, investing, and / or underwriting activities to net zero emissions by 2050. There is also a risk that financial institutions will be required to adopt policies that have the effect of reducing the funding provided to the fossil fuel sector. The Federal Reserve has joined the NGFS, a consortium of financial regulators focused on addressing climate- related risks in the financial sector, and, in November 2021, the Federal Reserve issued a statement in support of the efforts of the NGFS to identify key issues and potential solutions for the climate- related challenges most relevant to central banks and supervisory authorities. In September 2022, the Federal Reserve announced that six of the United States' largest banks will participate in a pilot climate scenario analysis exercise to enhance the ability of firms and supervisors to measure and manage climate- related financial risk. Participant instructions for this exercise were released in January 2023, and initial responses from the banks ~~are~~ **were** due on July 31, 2023, with the exercise ~~expected to be~~ concluded at the end of 2023. While we cannot predict what polices may result from these developments, a material reduction in the capital available to the fossil fuel industry could make it more difficult to secure funding for exploration, development, production, transportation, and processing activities, or for us to obtain funding for growth projects, and consequently could both indirectly affect demand for our services and directly affect our ability to fund construction or other capital projects. Additionally, **in 2023** the **SEC** ~~Securities and Exchange Commission~~ released a proposed rule that would require climate disclosures from registrants ~~, which is expected to be finalized in early 2023~~ . **Similarly, California has recently enacted a set of laws that may require climate- related disclosures from companies " doing business in California " with certain total annual revenue amounts. For more information, see our regulatory disclosure titled " Air Emissions and Climate Change. "** Although the final form and substance of these requirements is not yet known, ~~this~~ **these rules and laws** may result in additional costs to comply with any such disclosure requirements. Climate change may also result in various physical risks, such as the increased frequency or intensity of extreme weather events or changes in meteorological and hydrological patterns that could adversely impact our operations or those of our supply chains. Such physical risks may result in damage to our facilities or otherwise adversely impact our operations, such as to the extent changing weather and temperature trends reduce the demand for our products or frequency with which consumers may visit our locations or impact the cost or availability of insurance. Moreover, certain parties, including local and state governments, have from time to time filed lawsuits against various fossil fuel energy companies seeking damages for alleged physical impacts resulting from climate change or relating to false or misleading statements related to fossil fuel' s contribution to climate change. These various political, regulatory, financial, physical and litigation risks related to climate change have the potential adversely impact our operations and financial performance. A climate- related decrease in demand for crude oil could negatively affect our business. Supply and demand for crude oil is dependent upon a variety of factors, many of which are beyond our control. These factors include, among others, the potential adoption of new government regulations, including those related to fuel conservation measures and climate change regulations, technological advances in fuel economy and energy generation devices. For example, legislative, regulatory or executive actions intended to reduce emissions of GHGs could increase the cost of consuming crude oil, thereby potentially causing a reduction in the demand for this product. A broader transition to alternative fuels or energy sources, whether resulting from potential new government regulation, carbon taxes, governmental incentives and funding such as those provided in the IRA 2022, or consumer preferences could result in decreased demand for products like crude oil. Any decrease in demand could consequently reduce demand for our services and could have a negative effect on our business. Increased attention to environmental, social and governance (" ESG ") matters and conservation measures may adversely impact our business. Increasing attention to climate change, societal expectations on companies to address climate change and other ESG matters, investor and societal expectations regarding voluntary ESG disclosures, and consumer demand for alternative forms of energy may result in increased costs, reduced demand for our products, reduced profits, increased investigations and litigation, and negative impacts on our ~~stock~~ **common unit** price and access to capital markets. Increasing attention to climate change and environmental conservation, for example, may result in reduced demand for fossil fuel products and additional governmental investigations and private litigation against us. To the extent that societal pressures or political or other factors are involved, it is possible that such liability could be imposed without regard to our causation of or contribution to climate change or asserted damage to the environment, or to other mitigating factors. Moreover, while we may create and publish voluntary disclosures regarding ESG matters from time to time, many of the statements in those voluntary disclosures may be based on expectations and assumptions. Such expectations and assumptions are necessarily uncertain and may be prone to error or subject to misinterpretation given the long timelines involved and the lack of an established single approach to identifying, measuring and reporting on many ESG matters. In addition, organizations that provide information to investors on corporate governance and related matters have developed ratings processes for evaluating companies on their approach to ESG matters. Such ratings are used by some investors to inform their investment and voting decisions. Unfavorable ESG ratings and recent activism directed at shifting funding away from companies with fossil fuel- related assets could lead to increased negative investor sentiment toward us and our industry and to the diversion of investment to other industries, which could have a negative impact on our ~~stock~~ **common unit** price and our access to and costs of capital. Also, institutional lenders may decide not to provide funding for fossil fuel companies based on climate change related concerns, which could affect our access to capital. We are subject to federal laws related to the **RFS** ~~Renewable Fuel Standard~~ . New laws, new interpretations of existing laws, increased governmental enforcement of existing laws or other developments could require us to make additional capital expenditures or incur additional liabilities. For example, at times, certain independent refiners have initiated discussions with the EPA to change the way the ~~Renewable Fuel Standard ("~~RFS ~~")~~ is administered in an attempt to shift the burden of compliance from refiners and importers to blenders and distributors. Under the RFS, which requires an annually increasing amount of biofuels to be blended into the fuels used by U. S. drivers, refiners / importers are obligated to obtain renewable identification numbers (" ~~RINS~~ **RINs** ") either by blending biofuel into gasoline or through purchase in the open market. If the obligation was shifted from the importer / refiner to the blender / distributor, the Partnership would potentially have to utilize the ~~RINS~~ **RINs** it obtains through its blending activities to satisfy a new obligation and would be unable to sell ~~RINS~~ **RINs** to other obligated parties, which may cause an impact on the fuel margins associated with the Partnership' s sale of gasoline. Additionally, the price of ~~RINS~~ **RINs** is not fixed and is subject to change due to various considerations, including regulatory actions. In ~~December~~ **June** ~~2022~~ **2023** , the EPA released a ~~proposed~~ **final** rule under the RFS for renewable fuel volumes for the years 2023- 2025 that further increases targets for the production of renewable fuels. Subject to certain limitations, **the** EPA now has significant discretion to set renewable fuel targets under the RFS, which could result in increased compliance obligations on refiners and importers and transportation fuels. We are subject to federal, state and local laws and regulations that govern the product quality specifications of refined petroleum products we purchase, store, transport, and sell to our distribution customers. Various federal, state, and local government agencies have the authority to prescribe specific product quality specifications for certain commodities, including commodities that we distribute. Changes in product quality specifications, such as reduced sulfur content in refined petroleum products, or other more stringent requirements for fuels, could reduce our ability to procure product, require us to incur additional handling costs and / or require the expenditure of capital. If we are unable to procure product or recover these costs through increased selling price, we may not be able to meet our financial obligations. Failure to comply with these regulations could result in substantial penalties. The swaps regulatory provisions of the Dodd- Frank Act and the rules adopted thereunder could have an adverse effect on our ability to use derivative instruments to mitigate the risks of changes in commodity prices and interest rates and other risks associated with our business. Provisions of the Dodd- Frank ~~Wall Street Reform and Consumer Protection~~ Act ~~(the " Dodd- Frank Act ")~~ and rules adopted by the Commodity Futures Trading Commission (the " CFTC "), the SEC and other prudential regulators establish federal regulation of the physical and financial derivatives, including over- the- counter derivatives market and entities, such as us, participating in that market. While most of these regulations are already in effect, the implementation process is still ongoing and the CFTC continues to review and refine its initial rulemakings through additional interpretations and supplemental rulemakings. As a result, any new regulations or modifications to existing regulations could significantly increase the cost of derivative contracts, materially alter the terms of derivative contracts, reduce the availability and / or liquidity of derivatives to protect against risks we encounter, reduce our ability to monetize or restructure our existing derivative contracts, and increase our exposure to less creditworthy counterparties. Any of these consequences could have a material adverse effect on our financial condition, results of operations and cash available for distribution to our unitholders. The CFTC has re- proposed speculative position limits for certain futures and option contracts in the major energy markets and for swaps that are their economic equivalents, although certain bona fide hedging transactions would be exempt from these position limits provided that various conditions are satisfied. The CFTC has also finalized a related aggregation rule that requires market participants to aggregate their positions with certain other persons under common ownership and control, unless an exemption applies, for purposes of determining whether the position limits have been exceeded. If adopted, the revised position limits rule and its finalized companion rule on aggregation may create additional implementation or operational exposure. In addition to the CFTC federal speculative position limit regime, designated contract markets (" DCMs ") also maintain speculative position limit and accountability regimes with respect to contracts listed on their platform as well as aggregation requirements similar to the CFTC' s final aggregation rule. Any speculative position limit regime, whether imposed at the federal- level or at the DCM- level may impose added operating costs to monitor compliance with such position limit levels, addressing accountability level concerns and maintaining appropriate exemptions, if applicable. The Dodd- Frank Act requires that certain classes of swaps be cleared on a derivatives clearing organization and traded on a DCM or other regulated exchange, unless exempt from such clearing and trading requirements, which could result in the application of certain margin requirements imposed by derivatives clearing organizations and their members. The CFTC and prudential regulators have also adopted mandatory margin requirements for uncleared swaps entered into between swap dealers and certain other counterparties. We currently qualify for and rely upon an end- user exception from such clearing and margin requirements for the swaps we enter into to hedge our commercial risks. However, the application of the mandatory clearing and trade execution requirements and the uncleared swaps margin requirements to other market participants, such as swap dealers, may adversely affect the cost and availability of the swaps that we use for hedging. In addition to the Dodd- Frank Act, the European Union and other foreign regulators have adopted and are implementing local reforms generally comparable with the reforms under the Dodd- Frank Act. Implementation and enforcement of these regulatory provisions may reduce our ability to hedge our market risks with non- U. S. counterparties and may make transactions involving cross- border swaps more expensive and burdensome. Additionally, the lack of regulatory equivalency across jurisdictions may increase compliance costs and make it more difficult to satisfy our regulatory obligations. **If third- party pipelines and other facilities interconnected to our fuel storage terminals and transmix processing facilities become partially or fully unavailable to transport refined products, our revenues could be adversely affected. We depend upon third- party pipelines and other facilities that provide delivery options to and from our fuel storage terminals and transmix processing facilities. Since we do not own or operate these pipelines or other facilities, their continuing operation in their current manner is not within our control. If any of these third- party facilities become partially or fully unavailable, or if the quality specifications for their facilities change so as to restrict our ability to utilize them, our financial condition and results of operations could be adversely affected. The third parties on whom we rely for transportation services to our fuel storage terminals and transmix processing facilities are subject to complex federal, state, and other laws that could adversely affect our financial condition and results of operations. The operations**

of the third parties on whom we rely for transportation services are subject to complex and stringent laws and regulations that require obtaining and maintaining numerous permits, approvals and certifications from various federal, state and local government authorities. These third parties may incur substantial costs in order to comply with existing laws and regulations. If existing laws and regulations governing such third- party services are revised or reinterpreted, or if new laws and regulations become applicable to their operations, these changes may affect the costs that we pay for services. Similarly, a failure to comply with such laws and regulations by the third parties could have a material adverse effect on our financial condition and results of operations. Our future debt levels may impair our financial condition and our ability to make distributions to our unitholders. We had $ 3. 6 billion of debt outstanding as of December 31, ~~2022~~ **2023** . We have the ability to incur additional debt under our ~~revolving credit~~ **Credit** ~~facility~~ **Facility** and the indentures governing our senior notes **. In connection with our merger with NuStar, we expect to assume NuStar' s debt and issue additional debt, aggregating approximately $ 4. 2 billion** . The level of our future indebtedness could have important consequences to us, including: • making it more difficult for us to satisfy our obligations with respect to our senior notes and our credit agreements governing our ~~revolving credit~~ **Credit** ~~facility~~ **Facility** ; • limiting our ability to borrow additional amounts to fund working capital, capital expenditures, acquisitions, debt service requirements, the execution of our growth strategy and other activities; • requiring us to dedicate a substantial portion of our cash flow from operations to pay interest on our debt, which would reduce our cash flow available to make distributions to our unitholders and to fund working capital, capital expenditures, acquisitions, execution of our growth strategy and other activities; • making us more vulnerable to adverse changes in general economic conditions, our industry and government regulations and in our business by limiting our flexibility in planning for, and making it more difficult for us to react quickly to, changing conditions; and • placing us at a competitive disadvantage compared with our competitors that have less debt. In addition, we may not be able to generate sufficient cash flow from our operations to repay our indebtedness when it becomes due and to meet other cash needs. Our ability to service our debt depends upon, among other things, our financial and operating performance as impacted by prevailing economic conditions, and financial, business, regulatory and other factors, some of which are beyond our control. In addition, our ability to service our debt will depend on market interest rates, since the rates applicable to a portion of our borrowings fluctuate. If we are not able to pay our debts as they become due, we will be required to pursue one or more alternative strategies, such as selling assets, refinancing or restructuring our indebtedness or selling additional debt or equity securities. We may not be able to refinance our debt or sell additional debt or equity securities or our assets on favorable terms, if at all, and if we must sell our assets, it may negatively affect our ability to generate revenues. Increases in interest rates could reduce the amount of cash we have available for distributions as well as the relative value of those distributions to yield- oriented investors, which could cause a decline in the market value of our common units. Approximately $ ~~900~~ **411** million of our outstanding indebtedness as of December 31, ~~2022~~ **2023** bears interest at variable interest rates. Should variable interest rates rise, the amount of cash we would otherwise have available for distribution would ordinarily be expected to decline, which could impact our ability to maintain or grow our quarterly distributions. Additionally, an increase in interest rates in lower risk investment alternatives, such as United States treasury securities, could cause investors to demand a relatively higher distribution yield on our common units, which, unless we are able to raise our distribution, would imply a lower trading price for our common units. Consequently, rising interest rates could cause a significant decline in the market value of our common units. Our existing debt agreements have substantial restrictions and financial covenants that may restrict our business and financing activities and our ability to pay distributions to our unitholders. We are dependent upon the earnings and cash flow generated by our operations in order to meet our debt service obligations and to allow us to make cash distributions to our unitholders. The operating and financial restrictions and covenants in our credit agreement, the indentures governing our senior notes and any future financing agreements may restrict our ability to finance future operations or capital needs, to engage in or expand our business activities or to pay distributions to our unitholders. For example, our credit agreement and the indentures governing our senior notes restrict our ability to, among other things: • incur certain additional indebtedness; • incur, permit, or assume certain liens to exist on our properties or assets; • make certain investments or enter into certain restrictive material contracts; • repurchase units; and • merge or dispose of all or substantially all of our assets. In addition, our credit agreement contains covenants requiring us to maintain certain financial ratios. See " Item 7. Management' s Discussion and Analysis of Financial Condition and Results of Operations- Liquidity and Capital Resources " for additional information. Our future ability to comply with these restrictions and covenants is uncertain and will be affected by the levels of cash flow from our operations and other events or circumstances beyond our control. If market or other economic conditions deteriorate, our ability to comply with these covenants may be impaired. If we violate any provisions of our credit agreement or the indentures governing our senior notes that are not cured or waived within the appropriate time period provided therein, a significant portion of our indebtedness may become immediately due and payable, our ability to make distributions to our unitholders will be inhibited and our lenders' commitment to make further loans to us may terminate. We might not have, or be able to obtain, sufficient funds to make these accelerated payments. **Detail of Risk Factors Related to Our Structure** Energy Transfer owns and controls our General Partner, which has sole responsibility for conducting our business and managing our operations. Our General Partner and its affiliates, including Energy Transfer, have conflicts of interest with us and limited contractual duties and they may favor their own interests to the detriment of us and our unitholders. Energy Transfer owns and controls our General Partner and appoints all of the officers and directors of our General Partner. Although our General Partner has a contractual obligation to manage us in a manner it believes is not adverse to us, the executive officers and directors of our General Partner also have a contractual duty to manage our General Partner in a manner beneficial to Energy Transfer. Therefore, conflicts of interest may arise between Energy Transfer and its affiliates, including our General Partner, on the one hand, and us and our unitholders, on the other hand. In resolving these conflicts of interest, our General Partner may favor its own interests and the interests of its affiliates over the interests of our common unitholders. These conflicts include the following situations, among others: • Our General Partner' s affiliates, including Energy Transfer and its affiliates, are not prohibited from engaging in other business or activities, including those in direct competition with us. • In addition, neither our partnership agreement nor any other agreement requires Energy Transfer to pursue a business strategy that favors us. The affiliates of our General Partner have contractual duties to make decisions in their own best interests and in the best interest of their owners, which may be contrary to our interests. In addition, our General Partner is allowed to take into account the interests of parties other than us or our unitholders, such as Energy Transfer, in resolving conflicts of interest. • Certain officers and directors of our General Partner are officers or directors of affiliates of our General Partner, and also devote significant time to the business of these entities and are compensated accordingly. • Affiliates of our General Partner, including Energy Transfer, are not limited in their ability to compete with us and may offer business opportunities or sell assets to parties other than us. • Our partnership agreement provides that our General Partner may, but is not required to, in connection with its resolution of a conflict of interest, seek " special approval " of such resolution by appointing a conflicts committee of the General Partner' s board of directors composed of one or more independent directors to consider such conflicts of interest and to either, itself, take action or recommend action to the board of directors, and any resolution of the conflict of interest by the conflicts committee shall be conclusively deemed to be approved by our unitholders. • Except in limited circumstances, our General Partner has the power and authority to conduct our business without unitholder approval. • Our General Partner determines the amount and timing of asset purchases and sales, borrowings, repayment of indebtedness and issuances of additional partnership securities and the level of reserves, each of which can affect the amount of cash that is distributed to our unitholders. • Our General Partner determines the amount and timing of any capital expenditure and whether a capital expenditure is classified as a maintenance capital expenditure or an expansion capital expenditure. These determinations can affect the amount of cash that is distributed to our unitholders. • Our General Partner may cause us to borrow funds in order to permit the payment of cash distributions, even if the purpose or effect of the borrowing is to make incentive distributions on the **IDRs** ~~incentive distribution rights~~ . • Our partnership agreement permits us to distribute up to $ 25 million as operating surplus, even if it is generated from asset sales, non- working capital borrowings or other sources that would otherwise constitute capital surplus. This cash may be used to fund distributions on the **IDRs** ~~incentive distribution rights~~ . • Our General Partner determines which costs incurred by it and its affiliates are reimbursable by us. • Our partnership agreement does not restrict our General Partner from causing us to pay it or its affiliates for any services rendered to us or entering into additional contractual arrangements with its affiliates on our behalf. There is no limitation on the amounts our General Partner can cause us to pay it or its affiliates. • Our General Partner has limited its liability regarding our contractual and other obligations. • Our General Partner may exercise its right to call and purchase common units if it and its affiliates own more than 80 % of the common units. • Our General Partner controls the enforcement of obligations owed to us by it and its affiliates. In addition, our General Partner will decide whether to retain separate counsel or others to perform services for us. • Energy Transfer may elect to cause us to issue common units to it in connection with a resetting of the target distribution levels related to Energy Transfer' s **IDRs** ~~incentive distribution rights~~ without the approval of the conflicts committee of the board of directors of our General Partner or our unitholders. This election may result in lower distributions to our common unitholders in certain situations. Our General Partner has limited its liability regarding our obligations. Our General Partner has limited its liability under contractual arrangements so that the counterparties to such arrangements have recourse only against our assets, and not against our General Partner or its assets. Our General Partner may therefore cause us to incur indebtedness or other obligations that are nonrecourse to our General Partner. Our partnership agreement provides that any action taken by our General Partner to limit its liability is not a breach of our General Partner' s contractual duties to us, even if we could have obtained more favorable terms without the limitation on liability. In addition, we are obligated to reimburse or indemnify our General Partner to the extent that it incurs obligations on our behalf. Any such reimbursement or indemnification payments would reduce the amount of cash otherwise available for distribution to our unitholders. Our General Partner may, in its sole discretion, approve the issuance of partnership securities and specify the terms of such partnership securities. Pursuant to our partnership agreement, our General Partner has the ability, in its sole discretion and without the approval of our unitholders, to approve the issuance of securities by the Partnership at any time and to specify the terms and conditions of such securities. The securities authorized to be issued may be issued in one or more classes or series, with such designations, preferences, rights, powers and duties (which may be senior to existing classes and series of partnership securities), as shall be determined by our General Partner, including: • the right to share in the Partnership' s profits and losses; • the right to share in the Partnership' s distributions; • the rights upon dissolution and liquidation of the Partnership; • whether, and the terms upon which, the Partnership may redeem the securities; • whether the securities will be issued, evidenced by certificates and assigned or transferred; and • the right, if any, of the security to vote on matters relating to the Partnership, including matters relating to the relative rights, preferences and privileges of such security. Cost reimbursements due to our General Partner and its affiliates for services provided to us or on our behalf will reduce cash available for distribution to our unitholders. The amount and timing of such reimbursements will be determined by our General Partner. Prior to making any distribution on the common units, we will reimburse our General Partner and its affiliates for all expenses they incur and payments they make on our behalf pursuant to our partnership agreement. Our partnership agreement does not limit the amount of expenses for which our General Partner and its affiliates may be reimbursed. Our partnership agreement provides that our General Partner will determine in good faith the expenses that are allocable to us. Reimbursement of expenses and payment of fees to our General Partner and its affiliates will reduce the amount of cash available to pay distributions to our unitholders. Our partnership agreement requires that we distribute all of our available cash, which could limit our ability to grow and make acquisitions. Our partnership agreement requires that we distribute all of our available cash to our unitholders. Our General Partner will determine the amount and timing of such distributions and has broad discretion to establish and make additions to our reserves in amounts it determines in its reasonable discretion to be necessary or appropriate. As such, we rely primarily upon external financing sources, including borrowings under our ~~revolving credit~~ **Credit** ~~facility~~ **Facility** and the issuance of debt and equity securities, to fund our acquisitions and expansion capital requirements. To the extent we are unable to finance growth externally, our cash distribution policy may significantly impair our ability to grow. In addition, because we distribute all of our available cash, our growth rate may not be as fast as that of businesses that reinvest their available cash to expand ongoing operations. To the extent we issue additional units in connection with any acquisitions or expansion capital expenditures, the payment of distributions on those additional units may increase the risk that we will be unable to maintain or increase our per unit distribution level. There are no limitations in our partnership agreement on our ability to issue additional units, including units ranking senior to existing common units. The incurrence of bank borrowings or other debt to finance our growth strategy may result in increased interest expense, which, in turn, may impact the available cash that we have to distribute to our unitholders. Our partnership agreement limits the liability and duties of our General Partner and restricts the remedies available to us and our common unitholders for actions taken by our General Partner that might otherwise constitute breaches of fiduciary duty if we were a Delaware corporation. Our partnership agreement limits the liability and duties of our General Partner, while also restricting the remedies available to our common unitholders for actions that, without these limitations, might constitute breaches of fiduciary duty under Delaware law. Delaware partnership law permits such contractual reductions or elimination of fiduciary duty. By purchasing common units, common unitholders consent to be bound by the partnership agreement, and pursuant to our partnership agreement, each unitholder consents to various actions and conflicts of interest contemplated in our partnership agreement that might otherwise constitute a breach of fiduciary or other duties under Delaware law. For example: • Our partnership agreement permits our General Partner to make a number of decisions in its individual capacity, as opposed to its capacity as General Partner. This entitles our General Partner to consider only the interests and factors that it desires, with no duty or obligation to give consideration to the interests of, or factors affecting, our common unitholders. Decisions made by our General Partner in its individual capacity will be made by Energy Transfer, as the owner of our General Partner, and not by the board of directors of our General Partner. Examples of such decisions include: ◦ whether to exercise limited call rights; ◦ how to exercise voting rights with respect to any units it owns; ◦ whether to exercise registration rights; and ◦ whether to consent to any merger or consolidation, or amendment to our partnership agreement. • Our partnership agreement provides that our General Partner will not have any liability to us or our unitholders for decisions made in its capacity as General Partner so long as it acted in good faith as defined in the partnership agreement, meaning it believed that the decisions were not adverse to the interests of our partnership. • Our partnership agreement provides that our General Partner and the officers and directors of our General Partner will not be liable for monetary damages to us for any acts or omissions unless there has been a final and non- appealable judgment entered by a court of competent jurisdiction determining that our General Partner or those persons acted in bad faith or, in the case of a criminal matter, acted with knowledge that such person' s conduct was criminal. • Our partnership agreement provides that our General Partner will not be in breach of its obligations under the partnership agreement or its duties to us or our limited partners with respect to any transaction involving an affiliate if: ◦ the transaction with an affiliate or the resolution of a conflict of interest is: • approved by the conflicts committee of the board of directors of our General Partner, although our General Partner is not obligated to seek such approval; or • approved by the vote of a majority of the outstanding common units, excluding any common units owned by our General Partner and its affiliates; or • the board of directors of our General Partner acted in good faith in taking any action or failing to act. If an affiliate transaction or the resolution of a conflict of interest is not approved by our common unitholders or the conflicts committee then it will be presumed that, in making its decision, taking any action or failing to act, the board of directors acted in good faith, and in any proceeding brought by or on behalf of any limited partner or the partnership, the person bringing or prosecuting such proceeding will have the burden of overcoming such presumption. Energy Transfer may elect to cause us to issue common units to it in connection with a resetting of the target distribution levels related to its **IDRs** ~~incentive distribution rights~~ , without the approval of the conflicts committee of our General Partner' s board of directors or the holders of our common units. This could result in lower distributions to holders of our common units. Energy Transfer has the right, at any time it has received incentive distributions at the highest level to which it is entitled (50 %) for each of the prior four consecutive whole fiscal quarters (and the amount of each such did not exceed adjusted operating surplus for each such quarter), to reset the initial target distribution levels at higher levels based on our cash distributions at the time of the exercise of the reset election. Following a reset election by Energy Transfer, the minimum quarterly distribution will be adjusted to equal the reset minimum quarterly distribution, and the target distribution levels will be reset to correspondingly higher levels based on the same percentage increases above the reset minimum quarterly distribution reflected by the current target distribution levels. If Energy Transfer elects to reset the target distribution levels, it will be entitled to receive a number of common units equal the number of common units which would have entitled their holder to an average aggregate quarterly cash distribution in the prior two quarters equal to the average of the distributions to Energy Transfer on the **IDRs** ~~incentive distribution rights~~ in the prior two quarters. We anticipate that Energy Transfer would exercise this reset right in order to facilitate acquisitions or internal growth projects that would not be sufficiently accretive to cash distributions per common unit without such conversion. It is possible, however, that Energy Transfer could exercise this reset election at a time when it is experiencing, or expects to experience, declines in the cash distributions it receives related to its **IDRs** ~~incentive distribution rights~~ and may, therefore, desire to be issued common units rather than retain the right to receive incentive distributions based on the initial target distribution levels. As a result, a reset election may cause our common unitholders to experience a reduction in the amount of cash distributions that they would have otherwise received had we not issued new common units to Energy Transfer in connection with resetting the target distribution levels. Holders of our common units have limited voting rights and are not entitled to elect our General Partner or its directors. Unlike the holders of common stock in a corporation, our common unitholders have only limited voting rights on matters affecting our business and, therefore, limited ability to influence management' s decisions regarding our business. Our common unitholders have no right on an annual or ongoing basis to elect our General Partner or its board of directors. The board of directors of our General Partner, including the independent directors, are chosen entirely by Energy Transfer due to its ownership of our General Partner, and not by our common unitholders. Unlike a publicly traded corporation, we do not conduct annual meetings of our unitholders to elect directors or conduct other matters routinely conducted at annual meetings of stockholders of corporations. Our partnership agreement also contains provisions limiting the ability of unitholders to call meetings or to acquire information about our operations, as well as other provisions limiting our unitholders' ability to influence the manner or direction of management. Even if holders of our common units are dissatisfied, they cannot easily remove our General Partner without its consent. If our unitholders are dissatisfied with the performance of our General Partner, they have limited ability to remove our General Partner. Our General Partner generally may not be removed except upon the vote of the holders of 66⅔ % of our outstanding common units, including units owned by our General Partner and its affiliates. As of December 31, ~~2022~~ **2023** , Energy Transfer and its affiliates held approximately 33. ~~9~~ **7** % of our outstanding common units, which constitutes a 28. ~~3~~ **2** % limited partner interest in us. Our General Partner interest or the control of our General Partner may be transferred to a third party without unitholder consent. Our General Partner may transfer its General Partner interest to a third party without the consent of our unitholders in a merger, in a sale of all or substantially all of its assets or in other transactions so long as certain conditions are satisfied. Furthermore, our partnership agreement does not restrict the ability of Energy Transfer to transfer all or a portion of its interest in our General Partner to a third party. Any new owner of our General Partner or our General Partner interest would then be in a position to replace the board of directors and executive officers of our General Partner with its own designees without the consent of unitholders and thereby exert significant control over us, and may change our business strategy. Our General Partner has a limited call right that may require unitholders to sell their common units at an undesirable time or price. If at any time our General Partner and its affiliates own more than 80 % of the common units, our General Partner will have the right, which it may assign to any of its affiliates or to us, but not the obligation, to acquire all, but not less than all, of the common units held by unaffiliated persons at a price equal to the greater of (1) the average of the daily closing price of the common units over the 20 trading days preceding the date three days before notice of exercise of the call right is first mailed and (2) the highest per- unit price paid by our General Partner or any of its affiliates for common units during the 90- day period preceding the date such notice is first mailed. As a result, unitholders may be required to sell their common units at an undesirable time or price and may not receive any return or a negative return on their investment. Unitholders may also incur a tax liability upon a sale of their units. Our General Partner is not obligated to obtain a fairness opinion regarding the value of the common units to be repurchased by it upon exercise of the limited call right. There is no restriction in our partnership agreement that prevents our General Partner from issuing additional common units and exercising its call right. We may issue additional units without unitholder approval, which would dilute existing unitholder ownership interests. Our partnership agreement does not limit the number of additional limited partner interests we may issue at any time without the approval of our unitholders. The issuance of additional common units or other equity interests of equal or senior rank will have the following effects: • our existing unitholders' proportionate ownership interest in us will decrease; • the amount of cash available for distribution on each unit may decrease; • the ratio of taxable income to distributions may increase; • the relative voting strength of each previously outstanding unit may be diminished; and • the market price of the common units may decline. The market price of our common units could be adversely affected by sales of substantial amounts of our common units in the public or private markets, including sales by Energy Transfer. As of December 31, ~~2022~~ **2023** , Energy Transfer owned 28, 463, 967 of our common units. The sale or disposition of a substantial portion of these units in the public or private markets could reduce the market price of our outstanding common units. Our partnership agreement restricts the voting rights of unitholders owning 20 % or more of our outstanding common units. Our partnership agreement restricts unitholders' voting rights by providing that any units held by a person or group that owns 20 % or more of any class of units then outstanding, other than our General Partner and its affiliates, their transferees and persons who acquired such units with the prior approval of the board of directors of our General Partner, cannot vote on any matter. The amount of cash we have available for distribution to holders of our units depends primarily on our cash flow and not solely on profitability, which may prevent us from making cash distributions during periods when we record net income. The amount of cash we have available for distribution depends primarily upon our cash flow, including cash flow from working capital or other borrowings, and not solely on profitability, which will be affected by non- cash items. As a result, we may pay cash distributions during periods when we record net losses for financial accounting purposes and may not pay cash distributions during periods when we record net income. Unitholders may have liability to repay distributions. Under certain circumstances, unitholders may have to repay amounts wrongfully returned or distributed to them. Under Section 17- 607 of the Delaware Revised Uniform Limited Partnership Act (the " Delaware Act "), we may not make a distribution to our unitholders if the distribution would cause our liabilities to exceed the fair value of our assets. Delaware law provides that for a period of three years from the date of an impermissible distribution, limited partners who received the distribution and who knew at the time of the distribution that it violated Delaware law will be liable to the limited partnership for the distribution amount. A purchaser of units who becomes a limited partner is liable for the obligations of the transferring limited partner to make contributions to the partnership that are known to such purchaser at the time it became a limited partner and for unknown obligations if the liabilities could be determined from the partnership agreement. Liabilities to partners on account of their partnership interests and liabilities that are non- recourse to the partnership are not counted for purposes of determining whether a distribution is permitted. Our partnership agreement limits the forum, venue and jurisdiction of claims, suits, actions or proceedings. Our partnership agreement is governed by Delaware law. Our partnership agreement requires that any claims, suits, actions or proceedings: • arising out of or relating in any way to our partnership agreement (including any claims, suits or actions to interpret, apply or enforce the provisions of our partnership agreement or the duties, obligations or liabilities among our limited partners or of our limited partners to us, or the rights or powers of, or restrictions on, our limited partners or us); • brought in a derivative manner on our behalf; • asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee of us or our General Partner, or owed by our General Partner, to us or the limited partners; • asserting a claim arising pursuant to any provision of the Delaware Act; or • asserting a claim governed by the internal affairs doctrine, will be exclusively brought in the Court of

Chancery of the State of Delaware (or, if such court does not have subject matter jurisdiction thereof, any other court located in the State of Delaware with subject matter jurisdiction). By purchasing a common unit, a limited partner is irrevocably consenting to these limitations and provisions regarding claims, suits, actions or proceedings and submitting to the exclusive jurisdiction of the Court of Chancery of the State of Delaware in connection with any such claims, suits, actions or proceedings. The provisions may have the effect of discouraging lawsuits against our directors, officers, employees and agents. The enforceability of similar forum selection provisions in other companies' certificates of incorporation or similar governing documents have been challenged in legal proceedings, and it is possible that, in connection with one or more actions or proceedings described above, a court could find that the forum selection provision contained in our partnership agreement is inapplicable or unenforceable in such action or actions, including with respect to claims arising under the federal securities laws. Limited partners will not be deemed, by operation of the forum selection provision alone, to have waived claims arising under the federal securities laws and the rules and regulations thereunder. The forum selection provision is intended to apply " to the fullest extent permitted by applicable law " to the above- specified types of actions and proceedings, including, to the extent permitted by the federal securities laws, to lawsuits asserting both the above- specified claims and federal securities claims. However, application of the forum selection provision may in some instances be limited by applicable law. Section 27 of the Exchange Act provides: " The district courts of the United States... shall have exclusive jurisdiction of violations of the Exchange Act or the rules and regulations thereunder, and of all suits in equity and actions at law brought to enforce any liability or duty created by the Exchange Act or the rules and regulations thereunder. " As a result, the forum selection provision will not apply to actions arising under the Exchange Act or the rules and regulations thereunder. However, Section 22 of the Securities Act of 1933, as amended (the" Securities Act") provides for concurrent federal and state court jurisdiction over actions under the Securities Act and the rules and regulations thereunder, subject to a limited exception for certain " covered class actions " as defined in Section 16 of the Securities Act and interpreted by the courts. Accordingly, we believe that the forum selection provision would apply to actions arising under the Securities Act or the rules and regulations thereunder, except to the extent a particular action fell within the exception for covered class actions. The NYSE does not require a publicly traded partnership like us to comply with certain corporate governance requirements. Because we are a publicly traded partnership, the NYSE does not require us to have a majority of independent directors on our General Partner' s board of directors or to establish a compensation committee or a nominating and corporate governance committee. Accordingly, unitholders do not have the same protections afforded to stockholders of corporations that are subject to all of the corporate governance requirements of the applicable stock exchange. **Detail of Tax Risks to Common Unitholders** Our tax treatment depends on our status as a partnership for U. S. federal income tax purposes, as well as our not being subject to a material amount of entity- level taxation by individual states. If the Internal Revenue Service (" IRS ") were to treat us as a corporation for U. S. federal income tax purposes or we were otherwise subject to a material amount of entity- level taxation, then our cash available for distribution to our unitholders would be substantially reduced. The anticipated after- tax economic benefit of an investment in our common units depends largely on our being treated as a partnership for U. S. federal income tax purposes. Despite the fact that we are organized as a limited partnership under Delaware law, we will be treated as a corporation for U. S. federal income tax purposes unless we satisfy a " qualifying income " requirement. Based upon our current operations, we believe we satisfy the qualifying income requirement **and will continue to satisfy the qualifying income requirement after the acquisition of NuStar** . However, no ruling has been or will be requested regarding our treatment as a partnership for U. S. federal income tax purposes. Failing to meet the qualifying income requirement or a change in current law could cause us to be treated as a corporation for U. S. federal income tax purposes or otherwise subject us to taxation as an entity. If we were treated as a corporation for U. S. federal income tax purposes, we would pay U. S. federal income tax on our taxable income at the corporate tax rate, which is currently a maximum of 21 %, and would likely pay state income tax at varying rates. Distributions to our unitholders who are treated as holders of corporate stock would generally be taxed again as corporate distributions, and no income, gains, losses, deductions or credits would flow through to our unitholders. Because a tax would be imposed upon us as a corporation, our cash available for distribution to our unitholders would be substantially reduced. Our partnership agreement provides that if a law is enacted or existing law is modified or interpreted in a manner that subjects us to taxation as a corporation or otherwise subjects us to entity- level taxation for federal, state or local income tax purposes, the minimum quarterly distribution amount and the target distribution amounts may be adjusted to reflect the impact of that law on us. In addition, changes in current state law may subject us to additional entity- level taxation by individual states. Several states are evaluating ways to subject partnerships to entity- level taxation through the imposition of state income, franchise and other forms of taxation. For example, we are currently subject to the entity- level Texas franchise tax. Imposition of any such additional taxes on us or an increase in the existing tax rates would reduce the cash available for distribution to our unitholders. Therefore, if we were treated as a corporation for U. S. federal income tax purposes or otherwise subjected to a material amount of entity- level taxation, there would be a material reduction in the anticipated cash flow and after- tax return to our unitholders, likely causing a substantial reduction in the value of our common units. The tax treatment of publicly traded partnerships or an investment in our common units could be subject to potential legislative, judicial or administrative changes or differing interpretations, possibly applied on a retroactive basis. The present U. S. federal income tax treatment of publicly traded partnerships, including us, or an investment in our common units may be modified by administrative, legislative or judicial changes or differing interpretations at any time. Members of Congress have frequently proposed and considered substantive changes to the existing U. S. federal income tax laws that would affect publicly traded partnerships, including proposals that would eliminate our ability to qualify for partnership tax treatment. Recent proposals have provided for the expansion of the qualifying income exception for publicly traded partnerships in certain circumstances and other proposals have provided for the total elimination of the qualifying income exception upon which we rely for our partnership tax treatment. In addition, the Treasury Department has issued, and in the future may issue, regulations interpreting those laws that affect publicly traded partnerships. There can be no assurance that there will not be further changes to U. S. federal income tax laws or the Treasury Department' s interpretation of the qualifying income rules in a manner that could impact our ability to qualify as a partnership in the future. Any modification to the U. S. federal income tax laws and interpretations thereof may or may not be retroactively applied and could make it more difficult or impossible for us to meet the exception for certain publicly traded partnerships to be treated as partnerships for U. S. federal income tax purposes. We are unable to predict whether any changes or other proposals will ultimately be enacted. Any future legislative changes could negatively impact the value of an investment in our common units. If the IRS makes audit adjustments to our income tax returns for tax years beginning after December 31, 2017, it (and some states) may assess and collect directly from us taxes (including any applicable penalties and interest) resulting from such audit adjustments, in which case our cash available for distribution to our unitholders might be substantially reduced. Pursuant to the Bipartisan Budget Act of 2015, for tax years beginning after December 31, 2017, if the IRS makes audit adjustments to our income tax returns, it (and some states) may assess and collect any taxes (including any applicable penalties and interest) resulting from such audit adjustment directly from us. To the extent possible under these rules, our General Partner may elect to either pay the taxes (including any applicable penalties and interest) directly to the IRS or, if we are eligible, issue an information statement to our current and former unitholders with respect to an audited and adjusted return. Although our General Partner may elect to have our current and former unitholders take such audit adjustment into account in accordance with their interests in us during the tax year under audit, there can be no assurance that such election will be practical, permissible or effective in all circumstances. As a result, our current unitholders may bear some or all of the tax liability resulting from such audit adjustment, even if such unitholders did not own units in us during the tax year under audit. If, as a result of any such audit adjustment, we are required to make payments of taxes, penalties and interest, our cash available for distribution to our unitholders might be substantially reduced. We have subsidiaries that are treated as corporations for U. S. federal income tax purposes and are subject to corporate- level income taxes. Even though we (as a partnership for U. S. federal income tax purposes) are not subject to U. S. federal income tax, some of our operations are currently conducted through subsidiaries that are organized as corporations for U. S. federal income tax purposes. The taxable income, if any, of these subsidiaries is subject to corporate- level U. S. federal income taxes, which may reduce the cash available for distribution to us and, in turn, to our unitholders. If the IRS or other state or local jurisdictions were to successfully assert that these corporations have more tax liability than we anticipate or legislation is enacted that increases the corporate tax rate, then cash available for distribution could be further reduced. The income tax return filing positions taken by these corporate subsidiaries requires significant judgment, use of estimates, and the interpretation and application of complex tax laws. Significant judgment is also required in assessing the amounts of deductible and taxable items. Despite our belief that the income tax return positions taken by these subsidiaries are fully supportable, certain positions may be successfully challenged by the IRS, state or local jurisdictions. Our unitholders will be required to pay taxes on their share of our income even if they do not receive any cash distributions from us. Because our unitholders will be treated as partners to whom we will allocate taxable income that could be different in amount than the cash we distribute, our unitholders will be required to pay U. S. federal income taxes and, in some cases, state and local income taxes on their share of our taxable income whether or not they receive cash distributions from us. Our unitholders may not receive cash distributions from us equal to their share of our taxable income or even equal to the actual tax liability that results from that income. Tax gain or loss on the disposition of our common units could be more or less than expected. If a unitholder sells its common units, it will recognize a gain or loss equal to the difference between the amount realized and its tax basis in those common units. Because distributions in excess of a unitholder' s allocable share of our net taxable income result in a decrease in its tax basis in its common units, the amount, if any, of such prior excess distributions with respect to the common units it sells will, in effect, become taxable income to the unitholder if it sells such common units at a price greater than its tax basis in those common units, even if the price the unitholder receives is less than its original cost. In addition, because the amount realized includes a unitholder' s share of our nonrecourse liabilities, if a unitholder sells its common units, such unitholder may incur a tax liability in excess of the amount of cash received from the sale. Furthermore, a substantial portion of the amount realized, whether or not representing gain, may be taxed as ordinary income due to potential recapture of depreciation deductions and certain other items. In addition, because the amount realized includes a unitholder' s share of our nonrecourse liabilities, if a unitholder sells its common units, the unitholder may incur a tax liability in excess of the amount of cash it receives from the sale. Tax- exempt entities face unique tax issues from owning common units that may result in adverse tax consequences to them. Investments in our common units by tax- exempt entities, such as employee benefit plans and individual retirement accounts (" IRAs ") raise issues unique to them. For example, virtually all of our income allocated to organizations that are exempt from U. S. federal income tax, including IRAs and other retirement plans, will be unrelated business taxable income and will be taxable to them. **Additionally, all or part of any gain recognized by such tax- exempt organization upon a sale or other disposition of our units may be unrelated business taxable income.** Tax- exempt entities should consult a tax advisor before investing in our common units. If the IRS contests the U. S. federal income tax positions we take, the market for our common units may be adversely impacted and the cost of any IRS contest will reduce our cash available for distribution to our unitholders. The IRS may adopt positions that differ from the positions we take, and the IRS' s positions may ultimately be sustained. It may be necessary to resort to administrative or court proceedings to sustain some or all of the positions we take. A court may not agree with some or all of the positions we take. Any contest by the IRS may materially and adversely impact the market for our common units and the price at which they trade. The costs of any contest by the IRS will be borne indirectly by our unitholders because the costs will reduce our cash available for distribution. We treat each purchaser of our common units as having the same tax benefits without regard to the actual common units purchased. The IRS may challenge this treatment, which could adversely affect the value of the common units. Because we cannot match transferors and transferees of common units, we have adopted certain methods for allocating depreciation and amortization deductions that may not conform to all aspects of existing Treasury regulations. A successful IRS challenge to those positions could adversely affect the amount of tax benefits available to a unitholder. It also could affect the timing of these tax benefits or the amount of gain from a unitholder' s sale of common units and could have a negative impact on the value of our common units or result in audit adjustments to a unitholder' s tax returns. We generally prorate our items of income, gain, loss and deduction between transferors and transferees of our common units each month based upon the ownership of our common units on the first day of each month, instead of on the basis of the date a particular common unit is transferred. The IRS may challenge this treatment, which could change the allocation of items of income, gain, loss and deduction among our unitholders. We generally prorate our items of income, gain, loss and deduction between transferors and transferees of our common units each month based upon the ownership of our common units on the first day of each month (the " Allocation Date "), instead of on the basis of the date a particular common unit is transferred. Similarly, we generally allocate certain deductions for depreciation of capital additions, gain or loss realized on a sale or other disposition of our assets and, in the discretion of the General Partner, any other extraordinary item of income, gain, loss or deduction based upon ownership on the Allocation Date. Treasury regulations allow a similar monthly simplifying convention, but such regulations do not specifically authorize all aspects of the proration method we have currently adopted. If the IRS were to successfully challenge our proration method, we may be required to change the allocation of items of income, gain, loss and deduction among our unitholders. A unitholder whose common units are the subject of a securities loan (e. g., a loan to a " short seller " to cover a short sale of common units) may be considered as having disposed of those common units. If so, the unitholder would no longer be treated for U. S. federal income tax purposes as a partner with respect to those common units during the period of the loan and may recognize gain or loss from the disposition. Because there are no specific rules governing the U. S. federal income tax consequence of loaning a partnership interest, a unitholder whose common units are the subject of a securities loan may be considered as having disposed of the loaned common units. In that case, he may no longer be treated for U. S. federal income tax purposes as a partner with respect to those common units during the period of the loan and the unitholder may recognize gain or loss from such disposition. Moreover, during the period of the loan, any of our income, gain, loss or deduction with respect to those common units may not be reportable by the unitholder and any cash distributions received by the unitholder as to those common units could be fully taxable as ordinary income. Unitholders desiring to assure their status as partners and avoid the risk of gain recognition from a securities loan are urged to consult a tax advisor to discuss whether it is advisable to modify any applicable brokerage account agreements to prohibit their brokers from borrowing their common units. We have adopted certain valuation methodologies in determining a unitholder' s allocations of income, gain, loss and deduction. The IRS may challenge these methods or the resulting allocations, and such a challenge could adversely affect the value of our common units. In determining the items of income, gain, loss and deduction allocable to our unitholders, we must routinely determine the fair market value of our respective assets. Although we may from time to time consult with professional appraisers regarding valuation matters, we make many fair market value estimates using a methodology based on the market value of our common units as a means to measure the fair market value of our respective assets. The IRS may challenge these valuation methods and the resulting allocations of income, gain, loss and deduction. A successful IRS challenge to these methods or allocations could adversely affect the amount, character, and timing of taxable income or loss being allocated to our unitholders. It also could affect the amount of gain from our unitholders' sale of common units and could have a negative impact on the value of the common units or result in audit adjustments to our unitholders' tax returns without the benefit of additional deductions. Unitholders will likely be subject to state and local taxes and return filing requirements in states where they do not live as a result of investing in our common units. In addition to U. S. federal income taxes, unitholders may be subject to other taxes, including state and local income taxes, unincorporated business taxes, and estate, inheritance or intangibles taxes that may be imposed by the various jurisdictions in which we conduct business or own property now or in the future or in which the unitholder is a resident. We currently own property or do business in a substantial number of states, most of which impose a personal income tax and many of which impose an income tax on corporations and other entities. We may also own property or do business in other states in the future. Although an analysis of those various taxes is not presented here, each prospective unitholder should consider their potential impact on its investment in us. Although you may not be required to file a return and pay taxes in some jurisdictions because your income from that jurisdiction falls below the filing and payment requirement, you will be required to file income tax returns and to pay income taxes in many of the jurisdictions in which we do business or own property and may be subject to penalties for failure to comply with those requirements. Some of the jurisdictions may require us, or we may elect, to withhold a percentage of income from amounts to be distributed to a unitholder who is not a resident of the jurisdiction. Withholding, the amount of which may be greater or less than a particular unitholder' s income tax liability to the jurisdiction, generally does not relieve a nonresident unitholder from the obligation to file an income tax return. It is the responsibility of each unitholder to investigate the legal and tax consequences, under the laws of pertinent jurisdictions, of its investment in us. We strongly recommend that each prospective unitholder consult, and depend on, its own tax counsel or other advisor with regard to those matters. Further, it is the responsibility of each unitholder to file all state, local, and non- U. S., as well as U. S. federal tax returns that may be required of it. Unitholders may be subject to limitations on their ability to deduct interest expense we incur. In general, we are entitled to a deduction for interest paid or accrued on indebtedness properly allocable to our trade or business during our taxable year. However, our deduction for " business interest " is limited to the sum of our business interest income and 30 % of our " adjusted taxable income. " For the purposes of this limitation, our adjusted taxable income is computed without regard to any business interest expense or business interest income. If our " business interest " is subject to limitation under these rules, our unitholders will be limited in their ability to deduct their share of any interest expense that has been allocated to them. As a result, unitholders may be subject to limitation on their ability to deduct interest expense incurred by us. Non- U. S. unitholders will be subject to U. S. federal income taxes and withholding with respect to their income and gain from owning our common units. Non- U. S. unitholders are generally taxed and subject to U. S. federal income tax filing requirements on income effectively connected with a U. S. trade or business. Income allocated to our unitholders and any gain from the sale of our units will generally be considered to be " effectively connected " with a U. S. trade or business. As a result, distributions to a non- U. S. unitholder will be subject to withholding at the highest applicable effective tax rate and a non- U. S. unitholder who sells or otherwise disposes of a common unit will also be subject to U. S. federal income tax on the gain realized from the sale or disposition of that unit. In addition to the withholding tax imposed on distributions of effectively connected income, distributions to a non- U. S. unitholder will also be subject to a 10 % withholding tax on the amount of any distribution in excess of our cumulative net income. As we do not compute our cumulative net income for such purposes due to the complexity of the calculation and lack of clarity in how it would apply to us, we intend to treat all of our distributions as being in excess of our cumulative net income for such purposes and subject to such 10 % withholding tax. Accordingly, distributions to a non- U. S. unitholder will be subject to a combined withholding tax rate equal to the sum of the highest applicable effective tax rate and 10 %. Moreover, the transferee of an interest in a partnership that is engaged in a U. S. trade or business is generally required to withhold 10 % of the " amount realized " by the transferor unless the transferor certifies that it is not a foreign person. While the determination of a partner' s " amount realized " generally includes any decrease of a partner' s share of the partnership' s liabilities, the Treasury regulations provide that the " amount realized " on a transfer of an interest in a publicly traded partnership, such as our common units, will generally be the amount of gross proceeds paid to the broker effecting the applicable transfer on behalf of the transferor, and thus will be determined without regard to any decrease in that partner' s share of a publicly traded partnership' s liabilities. For a transfer of interests in a publicly traded partnership that is effected through a broker on or after January 1, 2023, the obligation to withhold is imposed on the transferor' s broker. Current and prospective non- U. S. unitholders should consult their tax advisors regarding the impact of these rules on an investment in our common units.