UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ **Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

for the fiscal year ended December 31, 2022

OR

☐ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the transition period to

Commission File Number 001-32505

TRANSMONTAIGNE PARTNERS LLC
(Exact name of registrant as specified in its charter)

Delaware	**34-2037221**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

Suite 3100, 1670 Broadway
Denver, Colorado 80202
(Address, including zip code, of principal executive offices)
(303) 626-8200
(Telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: **NONE**

Title of Each Class	Name of Each Exchange on Which Registered

Securities registered pursuant to Section 12(g) of the Act: **NONE**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☒ No ☐

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☐ No ☐ *

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☐	Non-accelerated filer ☒	Smaller reporting company ☐
			Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant’s executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes ☐ No ☒

The aggregate market value of common units held by non-affiliates of the registrant on June 30, 2022 was $nil.

As of the date of this filing, the registrant has no common units outstanding.

* The registrant is a voluntary filer of reports required to be filed by certain companies under Section 13 or 15(d) of the Securities Exchange Act of 1934 and has filed all reports that would have been required to have been filed by the registrant during the preceding 12 months had it been subject to such filing requirements during the entirety of such period.

DOCUMENTS INCORPORATED BY REFERENCE

None.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K (this “Annual Report”) contains “forward-looking statements” within the meaning of federal securities laws. Forward-looking statements give our current expectations, contain projections of results of operations or of financial condition, or forecasts of future events. When used in this Annual Report, the words “could,” “may,” “should,” “will,” “seek,” “believe,” “expect,” “anticipate,” “intend,” “continue,” “estimate,” “plan,” “target,” “predict,” “project,” “attempt,” “is scheduled,” “likely,” “forecast,” the negatives thereof and other similar expressions are used to identify forward-looking statements, although not all forward-looking statements contain such identifying words. These forward-looking statements are based on our current expectations and assumptions about future events and are based on currently available information as to the outcome and timing of future events. You are cautioned not to place undue reliance on any forward-looking statements. When considering forward-looking statements, you should keep in mind the risk factors and other cautionary statements described under the heading “Item 1A. Risk Factors” included in this Annual Report. You should also understand that it is not possible to predict or identify all such factors and should not consider the following list to be a complete statement of all potential risks and uncertainties. Factors that could cause our actual results to differ materially from the results contemplated by such forward-looking statements include:

- our ability to successfully implement our business strategy;
- competitive conditions in our industry;
- actions taken by third-party customers, producers, operators, processors and transporters;
- pending legal or environmental matters;
- costs of conducting our operations;
- fluctuations in the price of the products that we purchase and sell;
- our ability to complete internal growth projects on time and on budget;
- general economic conditions, including inflation;
- the price of oil, natural gas, natural gas liquids and other commodities in the energy industry;
- large customer defaults;
- rising interest rates;
- operating hazards, global health epidemics, natural disasters, weather-related delays, cyber-security breaches, IT system outages, global or regional conflicts, casualty losses and other matters beyond our control;
- uncertainty regarding our future operating results;
- effects of existing and future laws and governmental regulations;
- the effects of future litigation;
- plans, objectives, expectations and intentions contained in this Annual Report that are not historical; and
- public health crises, epidemics and pandemics, including the ongoing COVID-19 pandemic.

All forward-looking statements, expressed or implied, included in this Annual Report are expressly qualified in their entirety by this cautionary statement. This cautionary statement should also be considered in connection with any subsequent written or oral forward-looking statements that we or persons acting on our behalf may issue.

Except as otherwise required by applicable law, we disclaim any duty to update any forward-looking statements, all of which are expressly qualified by the statements in this section, to reflect events or circumstances after the date of this Annual Report.

Part I

As used in this Annual Report, unless the context requires otherwise, references to "we," "us," "our," "TransMontaigne Partners," "the Partnership," or "the Company" are intended to mean, TransMontaigne Partners LLC, and our wholly owned and controlled operating subsidiaries. References to 'ArcLight' are intended to mean ArcLight Energy Partners Fund VI, L.P., its affiliates and subsidiaries, other than us and our subsidiaries.

ITEMS 1 AND 2. BUSINESS AND PROPERTIES

Overview

We are a terminaling and transportation company with assets and operations in the United States along the Gulf Coast, in the Midwest, in Houston and Brownsville, Texas, along the Mississippi and Ohio Rivers, in the Southeast and along the West Coast. We provide integrated terminaling, storage, transportation and related services for companies engaged in the distribution and marketing of light refined petroleum products, heavy refined petroleum products, renewable products, crude oil, chemicals, fertilizers and other liquid products. In addition, we sell refined and renewable products to major fuel producers and marketers in the Pacific Northwest at our terminal in Tacoma, Washington. Light refined products include gasolines, diesel fuels, heating oil and jet fuels. Heavy refined products include residual fuel oils and asphalt. Renewable products include ethanol, biodiesel, renewable diesel and relevant feedstocks. Our direct exposure to changes in commodity prices is limited to product sales out of our Tacoma, Washington terminal and the value of product gains and losses arising from terminaling services agreements with certain customers, which accounts for a small portion of our revenue.

We use our owned and operated terminaling facilities to, among other things: receive refined products and renewable products from the pipeline, ship, barge or railcar making delivery on behalf of our customers and transfer those products to the tanks located at our terminals; store the products in our tanks for our customers; monitor the volume of the products stored in our tanks; heat residual fuel oils and asphalt stored in our tanks; and distribute the products out of our terminals in vessels, railcars or truckloads using truck racks and other distribution equipment located at our terminals, including pipelines. We also continue to provide ethanol logistics services and other services to the growing renewable products market, as well as to engage in blending activities related to the throughput process.

We are 100% owned by TLP Finance Holdings, LLC ("TLP Finance"), an indirect controlled subsidiary of ArcLight. We are voluntarily filing with the Securities and Exchange Commission pursuant to the covenants contained in our outstanding 6.125% senior unsecured notes due 2026.

Contribution of Pacific Northwest assets. On November 17, 2021, Arclight contributed Pike West Coast Holdings, LLC ("Pike West Coast"), a portfolio company of ArcLight Energy Partners Fund VI, L.P. to the Company. Pike West Coast is an infrastructure company with significant operations across the renewable fuels supply chain in the U.S. Pacific Northwest (the "Pacific Northwest Contribution").

Pike West Coast owns a 100% ownership interest in SeaPort Financing, LLC. SeaPort Financing, LLC owns a 100% ownership interest in SeaPort Sound Terminal, LLC ("SeaPort Sound"), which owns a refined and renewable products terminal in Tacoma, Washington, a 51% ownership interest in SeaPort Midstream Partners, LLC ("SeaPort Midstream"), which owns refined and renewable products terminals in both Seattle, Washington and Portland, Oregon, and a 30% ownership interest in Olympic Pipeline Company, LLC ("Olympic Pipeline Company"), which owns the Olympic Pipeline between Blaine, Washington and Portland, Oregon and a refined and renewable products terminal in Bayview, Washington.

The Pacific Northwest Contribution has been recorded at carryover basis as a reorganization of entities under common control. As such, all periods presented include the assets, liabilities, and results of operations of the Pacific Northwest Contribution.

Assets and Operations

Our terminals are located in six geographic regions, which we refer to as our Gulf Coast, Midwest, Brownsville, River, Southeast and West Coast terminals. In addition, we have unconsolidated investments in BOSTCO, Olympic Pipeline Company, SeaPort Midstream and Frontera (each defined below). The locations and approximate aggregate active storage capacity at our owned and joint venture terminal facilities as of December 31, 2022 are as follows:

	Active storage capacity [1] (shell bbls)
Our Terminals by Region:	
Gulf Coast Terminals:	
Port Everglades North (Fort Lauderdale), FL	2,487,000
Port Everglades South (Fort Lauderdale), FL [2]	376,000
Jacksonville, FL	271,000
Cape Canaveral, FL	724,000
Port Manatee, FL	1,293,000
Pensacola, FL	270,000
Fisher Island (Miami), FL	673,000
Tampa, FL	760,000
Gulf Coast Total	6,854,000
Midwest Terminals:	
Rogers, AR and Mount Vernon, MO (aggregate amounts)	419,000
Cushing, OK	1,005,000
Oklahoma City, OK	158,000
Midwest Total	1,582,000
Brownsville Terminal	1,647,000
River Terminals:	
Evansville, IN	245,000
New Albany, IN	201,000
Greater Cincinnati, KY	199,000
Henderson, KY	170,000
Louisville, KY	183,000
Owensboro, KY	154,000
Paducah, KY	322,000
Baton Rouge, LA (Dock)	—
Greenville, MS	369,000
Cape Girardeau, MO	140,000
East Liverpool, OH	228,000
River Total	2,211,000

	Active storage capacity [1] (shell bbls)
Southeast Terminals:	
Albany, GA	203,000
Americus, GA	98,000
Athens, GA	203,000
Bainbridge, GA	368,000
Birmingham, AL	178,000
Charlotte, NC	121,000
Collins/Purvis, MS (Collins terminal)	6,280,000
Collins, MS (Collins rack)	200,000
Doraville, GA	438,000
Fairfax, VA	507,000
Greensboro, NC	479,000
Griffin, GA	107,000
Lookout Mountain, GA	219,000
Macon, GA	174,000
Meridian, MS	139,000
Norfolk, VA	1,336,000
Richmond, VA	448,000
Rome, GA	152,000
Selma, NC	529,000
Spartanburg, SC	166,000
Southeast Total	12,345,000
West Coast Terminals:	
Martinez, CA	5,034,000
Richmond, CA	682,000
Tacoma, WA	1,481,000
West Coast Total	7,197,000
Our Joint Ventures Terminals:	
BOSTCO Joint Venture Terminal [3]	7,080,000
Olympic Pipeline Company Joint Venture Terminal [4]	510,000
SeaPort Midstream Joint Venture Terminal [5]	1,251,000
Frontera Joint Venture Terminal [6]	1,656,000
TOTAL CAPACITY	42,333,000

(1) Active storage capacity includes terminals which do not need capital investment to contract available storage capacity.

(2) Reflects our ownership interest net of a major oil company's ownership interest in certain tank capacity.

(3) Reflects the total active storage capacity of Battleground Oil Specialty Terminal Company LLC ("BOSTCO"), of which we have a 42.5%, general voting, Class A Member interest.

(4) Reflects the total active storage capacity of Olympic Pipeline Company, of which we have a 30% ownership interest.

(5) Reflects the total active storage capacity of SeaPort Midstream, of which we have a 51% ownership interest.

(6) Reflects the total active storage capacity of Frontera Brownsville LLC ("Frontera"), of which we have a 50% ownership interest.

Gulf Coast Operations. Our Gulf Coast terminals consist of eight active product terminals and comprise the largest terminal network in Florida. These terminals have approximately 6.9 million barrels of aggregate active storage capacity in ports including Port Everglades, Miami and Cape Canaveral, which are among the busiest cruise ship ports in the nation. At our Gulf Coast terminals, we handle refined and renewable products and crude oil on behalf of, and provide integrated terminaling services to, customers engaged in the distribution and marketing of products and crude oil. Our Gulf Coast terminals receive products from vessels on behalf of our customers. In addition, our Jacksonville terminal also receives asphalt by rail, and our Port Everglades (North) terminal also receives product by truck. We distribute by truck or barge at all of our Gulf Coast terminals. In addition, we distribute products by pipeline at our Port Everglades and Tampa terminals. A major oil company retains an ownership interest, ranging from 25% to 50%, in specific tank capacity at our Port Everglades (South) terminal. We manage and operate the Port Everglades (South) terminal, and we are reimbursed by the major oil company for its proportionate share of our operating and maintenance costs.

Midwest Terminals. In Missouri and Arkansas, we own the Razorback pipeline and terminals in Mount Vernon, Missouri, at the origin of the pipeline and in Rogers, Arkansas, at the terminus of the pipeline. We refer to these two terminals collectively as the Razorback terminals. The Razorback pipeline is a 67-mile, 8-inch diameter interstate common carrier pipeline that transports light refined product from our terminal at Mount Vernon, where it is interconnected with a pipeline system owned by a third party, to our terminal at Rogers. The Razorback pipeline has a capacity of approximately 30,000 barrels per day. The Razorback terminals have approximately 0.4 million barrels of aggregate active storage capacity. Effective January 1, 2021, a third party leases the capacity, and assumed operatorship, of the Razorback pipeline and the terminals in Mount Vernon, Missouri and in Rogers, Arkansas. Our Rogers facility is the only products terminal located in Northwest Arkansas.

We lease land in Cushing, Oklahoma and constructed storage tanks and associated infrastructure on the property for the receipt of crude oil by truck and pipeline, the blending of crude oil and the storage of approximately 1.0 million barrels of crude oil.

We also own and operate a terminal facility in Oklahoma City, Oklahoma with approximately 0.2 million barrels of aggregate active storage capacity. Our Oklahoma City terminal receives gasolines and diesel fuels from pipeline systems owned by third parties for delivery via our truck rack for redistribution to locations throughout the Oklahoma City region.

Brownsville, Texas Operations. We own and operate a product terminal with approximately 1.6 million barrels of aggregate active storage capacity and related ancillary facilities in Brownsville independent of the Frontera joint venture, as well as the Diamondback pipeline which handles liquid product movements between south Texas and Mexico. At our Brownsville terminal we handle refined petroleum products, chemicals, vegetable oils, naphtha, and wax on behalf of, and provide integrated terminaling services to, customers engaged in the distribution and marketing of petroleum products. Our Brownsville facilities receive products on behalf of our customers from a pipeline system owned by a third party, vessels, by truck or railcar.

The Diamondback pipeline consists of an 8” pipeline that previously transported propane approximately 16 miles from our Brownsville facilities to the U.S./Mexico border and a 6” pipeline, which runs parallel to the 8” pipeline that can be used by us in the future to transport additional refined products to Matamoros, Mexico. Operations on the Diamondback pipeline were shut down in the first quarter of 2018; however, we expect to recommission the Diamondback Pipeline and resume operations on both the 8” pipeline, providing gasoline service thereon, and the previously idle 6” pipeline, providing diesel service thereon, in the second half of 2023, and have previously filed revised tariffs with the FERC to support such activities.

River Operations. Our River terminals are composed of 11 active product terminals located along the Mississippi and Ohio Rivers with approximately 2.2 million barrels of aggregate active storage capacity. Our River operations also include a dock facility in Baton Rouge, Louisiana, which is the only direct waterborne connection between the Colonial pipeline and Mississippi River waterborne transportation. At our River terminals, we handle renewable fuels, renewable fuel feedstocks, gasolines, diesel fuels, heating oil, chemicals and fertilizers on behalf of, and provide integrated terminaling services to, customers engaged in the distribution and marketing of products and industrial and commercial end-users. Our River terminals receive products from vessels, barges and trucks on behalf of our customers and distribute products primarily to trucks and barges.

Southeast Operations. Our Southeast terminals consist of 20 active product terminals located along the Colonial and Plantation pipelines in Alabama, Georgia, Mississippi, North Carolina, South Carolina and Virginia with an aggregate active storage capacity of approximately 12.3 million barrels. At our Southeast terminals, we handle gasolines, diesel fuels, ethanol, biodiesel, jet fuel and heating oil on behalf of, and provide integrated terminaling services to, customers engaged in the distribution and marketing of refined products. Our Southeast terminals primarily receive products from the Colonial and Plantation pipelines on behalf of our customers and distribute products primarily to trucks with the exception of the Collins terminal. The Collins terminal is the only independent terminal capable of storing and redelivering product to, from and between the Colonial and Plantation pipelines.

West Coast Operations. Our West Coast terminals consist of three active product terminals with approximately 7.2 million barrels of aggregate active storage capacity. Our two California terminals are well positioned with pipeline connections to two of the three local refineries, one of the two local renewable fuels plants, the Northern California products pipeline distribution system and marine access to all three refineries and both renewable fuels plants in the San Francisco Bay area. Our Tacoma, Washington terminal is connected via pipeline to the four largest refineries in Washington and by marine to all five Washington refineries. The Tacoma terminal is the only independent terminal in the Puget Sound area with a unit train facility. The Tacoma terminal sells refined and renewable products and crude oil to major fuel producers and marketers in the Pacific Northwest. At our West Coast terminals, we handle crude oil, gasoline, diesel, jet fuel, gasoline blend stocks, fuel oil, Avgas, ethanol and other renewable products and feedstocks on behalf of, and provide integrated terminaling services to, customers engaged in the distribution and marketing of products. Our West Coast terminals primarily receive products from vessels, pipeline and rail facilities on behalf of our customers and distribute products primarily via vessel, pipeline, truck and rail facilities.

Investment in BOSTCO. On December 20, 2012, we acquired a 42.5% Class A ownership interest in BOSTCO from Kinder Morgan Battleground Oil, LLC, a wholly owned subsidiary of Kinder Morgan. BOSTCO is a terminal facility on the Houston Ship Channel designed to handle residual fuel, feedstocks, distillates and other black oils. BOSTCO currently has fully subscribed capacity of approximately 7.1 million barrels. Our investment in BOSTCO entitles us to appoint a member to the Board of Managers of BOSTCO, to vote our proportionate ownership share on general governance matters and to certain rights of approval over significant changes in, or expansion of, BOSTCO’s business. Kinder Morgan is responsible for managing BOSTCO’s day-to-day operations. Our 42.5% Class A ownership interest does not allow us to control BOSTCO, but does allow us to exercise significant influence over its operations. Accordingly, we account for our investment in BOSTCO under the equity method of accounting.

Investment in Olympic Pipeline Company. As part of the Pacific Northwest Contribution on November 17, 2021, we acquired a 30% ownership interest in Olympic Pipeline Company joint venture, which owns the Olympic Pipeline between Blaine, Washington and Portland, Oregon and the Bayview, Washington terminal with approximately 0.5 million barrels of aggregate active storage capacity. The Olympic Pipeline is a 400-mile FERC regulated pipeline that serves as the primary refined product distribution pipeline in the Pacific Northwest. ARCO Midcon LLC, an affiliate of BP, owns the remaining 70% interest and operates both the Olympic Pipeline and the Bayview terminal. BP is responsible for managing Olympic Pipeline Company’s day-to-day operations. Our investment in Olympic Pipeline Company entitles us to appoint one member, out of two, to the Management Committee of Olympic Pipeline Company, to vote our proportionate ownership share on general governance matters and to certain rights of approval over significant changes in, or expansion of, Olympic Pipeline Company’s business. Our 30% ownership interest does not allow us to control Olympic Pipeline Company but does allow us to exercise significant influence over its operations. Accordingly, we account for our investment in Olympic Pipeline Company under the equity method of accounting.

Investment in SeaPort Midstream. As part of the Pacific Northwest Contribution on November 17, 2021, we acquired a 51% ownership interest in SeaPort Midstream joint venture, which owns two terminals in Seattle, Washington and Portland, Oregon with approximately 1.3 million barrels of aggregate active storage capacity. Each terminal is connected to the Olympic Pipeline and has multimodal connectivity, including rail, barge, tanker and truck. BP Mariner Holding Company LLC owns the remaining 49% interest in SeaPort Midstream. We operate the SeaPort Midstream assets under an operating and administrative agreement between us and SeaPort Midstream. Our investment in SeaPort

Midstream entitles us to appoint two, out of four, of the members to the Board of Managers, to vote our proportionate ownership share on general governance matters and to certain rights of approval over significant changes in, or expansion of, SeaPort Midstream's business. Our ownership interest does not allow us to control SeaPort Midstream but does allow us to exercise significant influence over its operations. Accordingly, we account for our investment in SeaPort Midstream under the equity method of accounting.

Investment in Frontera. On April 1, 2011, we contributed approximately 1.5 million barrels of light petroleum product storage capacity, as well as related ancillary facilities, to the Frontera joint venture, in exchange for a cash payment of approximately $25.6 million and a 50% ownership interest in the Frontera joint venture. An affiliate of PEMEX, Mexico's state owned petroleum company, acquired the remaining 50% ownership interest in Frontera for a cash payment of approximately $25.6 million. We operate the Frontera assets under an operations and reimbursement agreement between us and Frontera. Frontera has approximately 1.7 million barrels of aggregate active storage capacity. Our 50% ownership interest does not allow us to control Frontera but does allow us to exercise significant influence over its operations. Accordingly, we account for our investment in Frontera under the equity method of accounting.

Our Services and Revenue Streams

We generate revenue from our terminal and pipeline transportation operations by charging fees for providing integrated terminaling, transportation and related services. In addition, we sell refined and renewable products to major fuel producers and marketers in the Pacific Northwest at our terminal in Tacoma, Washington. The fees we charge and our other sources of revenue are composed of:

- ***Terminaling services fees.*** Our terminaling services agreements are structured as either throughput agreements or storage agreements. Our throughput agreements contain provisions that require our customers to make minimum payments, which are based on a contractually established minimum volumes of throughput of the customer's product at our facilities over a stipulated period of time. Due to this minimum payment arrangement, we recognize a fixed amount of revenue from the customer over a certain period of time, even if the customer throughputs less than the minimum volume of product during that period. In addition, if a customer throughputs a volume of product exceeding the minimum volume, we would recognize additional revenue on this incremental volume. Our storage agreements require our customers to make minimum payments based on the volume of storage capacity available to the customer under the agreement, which results in a fixed amount of recognized revenue. We refer to the fixed amount of revenue recognized pursuant to our terminaling services agreements as being "firm commitments." Revenue recognized in excess of firm commitments and revenue recognized based solely on the volume of product distributed or injected are referred to as "ancillary." In addition, "ancillary" revenue also includes fees received from ancillary services including heating and mixing of stored products, product transfer, railcar handling, butane blending, proceeds from the sale of product gains, wharfage and vapor recovery.

- ***Management fees.*** We manage and operate certain tank capacity at our Port Everglades South terminal for a major oil company and receive a reimbursement of its proportionate share of operating and maintenance costs. We manage and operate the Frontera joint venture and receive a management fee based on our costs incurred. We lease land under operating leases as the lessor or sublessor with third parties and affiliates. We manage and operate rail sites at certain Southeast terminals on behalf of a major oil company and receive reimbursement for operating and maintenance costs. We manage and operate SeaPort Midstream and receive a management fee based on our costs incurred. We also manage additional terminal facilities that are owned by affiliates of ArcLight, including Lucknow-Highspire Terminals, LLC, which operates terminals throughout Pennsylvania encompassing approximately 9.9 million barrels of storage capacity and we receive a management fee based on our costs incurred.

- ***Pipeline transportation fees.*** We earned pipeline transportation fees at our Diamondback pipeline under a capacity reservation agreement that ended on May 26, 2021. Revenue associated with the capacity reservation agreement was recognized ratably over the respective term, regardless of whether the capacity was actually utilized. We earned pipeline transportation fees at our Razorback pipeline based on an allocation of the aggregate fees charged under the capacity agreement with our customer who was contracted for 100% of our Razorback system through December 31, 2020. Effective January 1, 2021, our customer has leased 100% of our Razorback system and assumed operatorship of the Razorback pipeline and the terminals in Mount Vernon, Missouri and in Rogers, Arkansas. Beginning in 2021, the fees associated with this lease agreement are recognized as terminaling services fees.

- ***Product sales.*** Our product sales revenue refers to the sale of refined and renewable products at our Tacoma, Washington terminal. Product sales revenue pricing is contractually specified and is recognized at a point in time when our customers take control and legal title of the commodities purchased. Product sales revenue is recorded gross of cost of product sales, which includes product supply and transportation costs.

Further detail regarding our financial information can be found under Item 8. “Financial Statements and Supplementary Data” of this Annual Report.

Business Strategies

Generate stable cash flows through the use of long-term contracts with our customers. We intend to continue to generate stable and predictable cash flows by capitalizing on our high quality, well positioned and geographically diverse asset base, which is critical infrastructure for our customers. In addition, we seek to continue to enhance the stability of our business by focusing on our highly contracted assets, long-term relationships with high quality customers, fee-based cash flows and multi-year minimum revenue commitments. We generate revenue from customers who pay us fees based on the volume of terminal capacity contracted for, volume of products throughput at our terminals or volume of products transported in our pipelines.

Attract additional volumes and products to our systems. We intend to attract new volumes of refined products, renewable products, crude oil and specialty chemicals to our systems and terminals from existing and new customers by leveraging our asset base, continuing to provide superior customer service and through aggressively marketing our services to additional customers in our areas of operation. We have limited available capacity at certain terminal locations and our terminal facilities that have traditionally handled refined products are also well-positioned to service other products, including renewable products; as a result, we can accommodate additional volumes and varying products at a minimal incremental cost.

Capitalize on organic growth opportunities associated with our existing assets. We continually seek to identify and evaluate economically attractive organic expansion and asset enhancement opportunities that leverage our existing asset footprint and strategic relationships with our customers. We intend to focus on projects that can be completed at a relatively low cost, that have potential for attractive returns, and that are responsive to changes in customer demand, including as it may relate to an increased demand for renewable products storage capacity and terminaling services.

Maintain a disciplined financial policy. We will continue to pursue a disciplined financial policy by maintaining a prudent capital structure, managing our exposure to interest rate risk and conservatively managing our cash reserves. We believe this conservative capital structure will allow us to consider attractive growth projects and acquisitions even in challenging commodity price or capital market environments.

Pursue strategic and accretive acquisitions. We plan to pursue accretive acquisitions of high quality, critical energy infrastructure assets that are complementary to our existing asset base or that provide attractive returns in new operating regions or business lines. We will pursue acquisitions in our areas of operation that we believe will allow us to realize operational efficiencies by capitalizing on our existing infrastructure, personnel and customer relationships. We will also seek acquisitions in new geographic areas or new but related business lines to the extent that we believe we can utilize our operational expertise to enhance our business with these acquisitions.

Competitive Conditions

We face competition from other terminals and pipelines that may be able to supply our customers with integrated terminaling and transportation services on a more competitive basis. We compete with national, regional and local terminal and transportation companies, including the major integrated oil companies, of widely varying sizes, financial resources and levels of experience. In particular, our ability to compete could be harmed by factors we cannot control, including:

- price competition from terminal and transportation companies, some of which are substantially larger than we are and have greater financial resources, and control substantially greater storage capacity, than we do;
- the perception that another company can provide better service; and
- the availability of alternative supply points, or supply points located closer to our customers' operations.

We also compete with national, regional and local terminal and transportation companies for acquisition and expansion opportunities. Some of these competitors are substantially larger than us and have greater financial resources and lower costs of capital than we do.

Significant Customer Relationships

We generate revenue from our terminal and pipeline transportation operations by charging fees for providing integrated terminaling, transportation and related services. In addition, our Tacoma, Washington terminal sells refined and renewable products and crude oil to major fuel producers and marketers in the Pacific Northwest. We have several significant customer relationships, our top 10 customers made up approximately 63% of the total revenue for the year ended December 31, 2022.

Terminals and Pipeline Control Operations

The pipelines we own or operate are operated via optical fiber, wireless and wide area network communication systems from a central control room located in Atlanta, Georgia, with the exception of the Tacoma terminal. We can also monitor activity at our terminals from this control room or other areas within the Atlanta, Georgia office. The Tacoma control room is located on-site.

The control centers operate with Supervisory Control and Data Acquisition, or SCADA, systems. Our control centers are equipped with computer systems designed to continuously monitor operational data, including product throughput, flow rates and pressures. In addition, the control centers monitor alarms and throughput balances. The control centers operate remote pumps, motors and valves associated with the delivery and receipt of refined products. The computer systems are designed to enhance leak-detection capabilities, sound automatic alarms if operational conditions outside of pre-established parameters occur and provide for remote-controlled shutdown of pumping operations. Pump stations and meter-measurement points on the pipeline are linked by high-speed communication systems for remote monitoring and control. In addition, our Collins terminal contains full back-up/redundant disaster recovery systems covering all of our SCADA systems with the exception of the Tacoma terminal.

Government Regulation and Environmental Matters

Our business is subject to various federal, state, and local laws and regulations, including relating to protection of the environment. We are committed to complying with these laws and regulations. To date, such compliance has not had a material adverse effect on our business, financial position, results of operations, liquidity, or competitive position.

Regulation. We are subject to regulation by the Department of Transportation Office of Pipeline and Hazardous Materials Safety Administration, or PHMSA, including the Pipeline Inspection, Protection, Enforcement and Safety Acts of 2002, 2006, 2011, 2016 and 2020 or PIPES and comparable state statutes relating to the design, installation, testing, construction, operation, replacement and management of the pipeline facilities we operate or own. PIPES covers petroleum and petroleum products pipelines and requires any entity that owns or operates such pipeline facilities to comply with certain regulations, to permit access to and copying of records, and to make certain reports and provide information as required by the Secretary of Transportation. We believe that we are in material compliance with PIPES and the regulations promulgated thereunder.

PHMSA has promulgated regulations that require qualification of pipeline personnel. These regulations require pipeline operators to develop and maintain a written qualification program for individuals performing covered tasks on pipeline facilities. The intent of these regulations is to ensure a qualified work force and to reduce the probability and consequence of incidents caused by human error. The regulations establish qualification requirements for individuals performing covered tasks and amend certain training requirements in existing regulations. We believe that we are in material compliance with these PHMSA regulations.

We also are subject to PHMSA regulations applicable to High Consequence Areas, or HCAs, for Category 2 pipeline systems (companies operating less than 500 miles of jurisdictional pipeline). These regulations specify how to assess, evaluate, repair and validate the integrity of pipeline segments that could impact populated areas, areas unusually sensitive to environmental damage and commercially navigable waterways, in the event of a release. The pipelines we own or manage are subject to these requirements. The regulations require an integrity management program that utilizes internal pipeline inspection, pressure testing, or other equally effective means to assess the integrity of pipeline segments in HCAs. The program requires periodic review of pipeline segments in HCAs to ensure adequate preventative and mitigating measures exist. Through this program, we evaluated a range of threats to each pipeline segment's integrity by analyzing available information about the pipeline segment and consequences of a failure in an HCA. The regulations require prompt action to address integrity issues raised by the assessment and analysis. We have completed baseline assessments for all segments and believe that we are in material compliance with these PHMSA regulations. In October 2019, PHMSA submitted three major rules to the Federal Register, including rules focused on the safety of hazardous liquid pipelines and enhanced emergency order procedures. The safety of hazardous liquid pipelines rule extended leak detection requirements to all non-gathering hazardous liquid pipelines and requires operators to inspect affected pipelines following extreme weather events or natural disasters to address any resulting damage. This rule took effect on July 1, 2020. The enhanced emergency procedures rule focuses on increased emergency safety measures. In particular, this rule increases the authority of PHMSA to issue an emergency order that addresses unsafe conditions or hazards that pose an imminent threat to pipeline safety. This rule took effect on December 2, 2019.

Our terminals also are subject to various state regulations regarding our storage of product in aboveground storage tanks. These regulations require, among other things, registration of tanks, financial assurances and inspection and testing, consistent with the standards established by the American Petroleum Institute. We have completed baseline assessments for all of the segments and believe that we are in material compliance with these aboveground storage tank regulations.

We also are subject to the requirements of the federal Occupational Safety and Health Act, or OSHA, and comparable state statutes that regulate the protection of the health and safety of workers. In addition, the OSHA hazard communication standard, the Environmental Protection Agency, or EPA, community right-to-know regulations under Title III of the Federal Superfund Amendment and Reauthorization Act, and comparable state statutes require us to organize and disclose information about the hazardous materials used in our operations. Certain parts of this information must be reported to employees, state and local governmental authorities and local citizens upon request. We believe that we are in material compliance with OSHA and state requirements, including general industry standards, record keeping requirements and monitoring of occupational exposures.

In general, we expect to increase our expenditures during the next decade to comply with higher industry and regulatory safety standards such as those described above. Although we cannot estimate the magnitude of such expenditures at this time, we do not believe that they will have a material adverse impact on our results of operations.

Environmental Matters. Our operations are subject to stringent and complex laws and regulations pertaining to health, safety and the environment. As an owner or operator of product terminals and pipelines, we must comply with these laws and regulations at federal, state and local levels. These laws and regulations can restrict or impact our business activities in many ways, such as:

- requiring remedial action to mitigate releases of hydrocarbons, hazardous substances or wastes caused by our operations or attributable to former operators;
- requiring capital expenditures to comply with environmental control requirements; and

- enjoining the operations of facilities deemed in non-compliance with permits issued pursuant to such environmental laws and regulations.

Failure to comply with these laws and regulations may trigger a variety of administrative, civil and criminal enforcement measures, including the assessment of monetary penalties, the imposition of remedial requirements, and the issuance of orders enjoining future operations. Certain environmental statutes impose strict, joint and several liability for costs required to cleanup and restore sites where hydrocarbons, hazardous substances or wastes have been released or disposed of. Moreover, it is not uncommon for neighboring landowners and other third parties to file claims for personal injury and property damage allegedly caused by the release of hydrocarbons, hazardous substances or other wastes into the environment.

The trend in environmental regulation is to place more restrictions and limitations on activities that may affect the environment. As a result, there can be no assurance as to the amount or timing of future expenditures that may be required for environmental compliance or remediation, and actual future expenditures may be different from the amounts we currently anticipate. We try to anticipate future regulatory requirements that may affect our operations and to plan accordingly to comply with and minimize the costs of such requirements.

We believe that the various environmental activities in which we are presently engaged are not expected to materially interrupt or diminish our operational ability. We cannot assure, however, that future events, such as changes in existing laws, the promulgation of new laws, or the development or discovery of new facts or conditions will not cause us to incur significant costs. The following is a discussion of certain potential material environmental concerns that relate to our business.

Water. The Federal Water Pollution Control Act of 1972, renamed and amended as the Clean Water Act or CWA, imposes strict controls against the discharge of pollutants, including oil and its derivatives into navigable waters. The discharge of pollutants into regulated waters is prohibited except in accordance with the regulations issued by the EPA or the state. We are subject to various types of storm water discharge requirements at our terminals. The EPA and a number of states have adopted regulations that require us to obtain permits to discharge storm water run-off from our facilities. Such permits may require us to monitor and sample the effluent from our operations. The cost involved in obtaining and renewing these storm water permits is not material. We believe that we are in material compliance with effluent limitations at our facilities and with the CWA generally.

The CWA provides penalties for any discharges of petroleum products in reportable quantities and imposes substantial potential liability for the costs of removing an oil or hazardous substance spill. State laws for the control of water pollution also provide for various civil and criminal penalties and liabilities in the event of a release of petroleum or its derivatives in surface waters or into the groundwater. Spill prevention control and countermeasure requirements of federal laws require, among other things, appropriate containment be constructed around product storage tanks to help prevent the contamination of navigable waters in the event of a product tank spill, rupture or leak.

The primary federal law for oil spill liability is the Oil Pollution Act of 1990, as amended, or OPA, which addresses three principal areas of oil pollution—prevention, containment and cleanup. It applies to vessels, offshore platforms, and onshore facilities, including terminals, pipelines and transfer facilities. In order to handle, store or transport oil, facilities are required to file oil spill response plans with the United States Coast Guard, the Office of Pipeline Safety and/or the EPA. Numerous states have enacted laws similar to OPA and require similar or additional prevention and response plans. Under OPA and similar state laws, responsible parties for a regulated facility from which oil is discharged may be liable for removal costs and natural resources damages. We believe that we are in material compliance with regulations pursuant to OPA and similar state laws.

Contamination resulting from spills or releases of products is an inherent risk in the petroleum terminal and pipeline industry. To the extent that groundwater contamination requiring remediation exists around the facilities we own as a result of past operations, we believe any such contamination is being controlled or remedied without having a material adverse effect on our financial condition. However, such costs can be unpredictable and are site specific and, therefore, the effect may be material in the aggregate.

Air Emissions. Our operations are subject to the federal Clean Air Act, or CAA, and comparable state and local statutes. The CAA requires most industrial operations in the United States to incur ongoing expenditures to meet the air emission control standards that are developed and implemented by the EPA and state environmental agencies. These laws and regulations regulate emissions of air pollutants from various industrial sources, including our operations, and also impose various monitoring and reporting requirements. Such laws and regulations may require a facility to obtain pre-approval for the construction or modification of certain projects or assets expected to produce air emissions or result in the increase of existing air emissions. Accordingly, such facilities must obtain and strictly comply with air permits containing requirements.

Most of our terminaling operations require air permits. These operations generally include volatile organic compound emissions (primarily hydrocarbons) associated with truck loading activities and tank working and breathing losses. The sources of these emissions are strictly regulated through the permitting process. Such regulation includes stringent control technology and extensive permit review with periodic renewal. The cost involved in obtaining and renewing these permits is not material.

Moreover, any of our facilities that emit volatile organic compounds or nitrogen oxides and are located in ozone non-attainment areas face increasingly stringent regulations, including requirements to install various levels of control technology on sources of pollutants. We believe that we are in material compliance with existing standards and regulations pursuant to the CAA and similar state and local laws, and we do not anticipate that implementation of additional regulations will have a material adverse effect on us.

Congress and numerous states are currently considering proposed legislation directed at reducing “greenhouse gas emissions.” It is not possible at this time to predict how future legislation that may be enacted to address greenhouse gas emissions would impact our operations. We believe we are in compliance with existing federal and state greenhouse gas reporting regulations. Although future laws and regulations could result in increased compliance costs or additional operating restrictions, they are not expected to have a material adverse effect on our business, financial position, results of operations and cash flows.

Hazardous and Solid Waste. Our operations are subject to the Federal Resource Conservation and Recovery Act, as amended, or RCRA, and comparable state laws, which impose detailed requirements for the handling, storage, treatment, and disposal of hazardous and solid waste. Our terminal facilities are routinely classified by the EPA as Very Small Quantity Generators. Our terminals do not generate hazardous waste except in isolated and infrequent cases. At such times, only third party disposal sites which have been audited and approved by us are used. Our operations also generate solid wastes that are regulated under state law or the less stringent solid waste requirements of RCRA. We believe that we are in substantial compliance with the existing requirements of RCRA and similar state and local laws, and the cost involved in complying with these requirements is not material.

Site Remediation. The Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, or CERCLA, also known as the “Superfund” law, and comparable state laws impose liability without regard to fault or the legality of the original conduct, on certain classes of persons responsible for the release of hazardous substances into the environment. Such classes of persons include the current and past owners or operators of sites where a hazardous substance was released, and companies that disposed or arranged for disposal of hazardous substances at offsite locations such as landfills. In the course of our operations we will generate wastes or handle substances that may fall within the definition of a “hazardous substance.” CERCLA authorizes the EPA and, in some cases, third parties to take actions in response to threats to the public health or the environment and to seek to recover from the responsible classes of persons the costs they incur. Under CERCLA, we could be subject to joint and several liability for the costs of cleaning up and restoring sites where hazardous substances have been released, for damages to natural resources and for the costs of certain health studies. We believe that we are in material compliance with the existing requirements of CERCLA.

We currently own, lease, or operate numerous properties and facilities that for many years have been used for industrial activities, including product terminaling operations. Hazardous substances, wastes, or hydrocarbons may have been released on or under the properties owned or leased by us, or on or under other locations where such substances have been taken for disposal. In addition, some of these properties have been operated by third parties or by previous owners whose treatment and disposal or release of hazardous substances, wastes, or hydrocarbons, was not under our control. These properties and the substances disposed or released on them may be subject to CERCLA, RCRA and analogous state laws. Under such laws, we could be required to remove previously disposed substances and wastes (including substances disposed of or released by prior owners or operators) or remediate contaminated property (including groundwater contamination, whether from prior owners or operators or other historic activities or spills).

In connection with our acquisition of the Florida (other than Pensacola), Midwest, Brownsville, Texas, River, Southeast, and Pensacola, Florida terminals and facilities, a third party agreed to indemnify us against certain potential environmental claims, losses and expenses. Based on our current knowledge, we expect that the active remediation projects subject to the benefit of this indemnification obligation are winding down and will not involve material additional claims, losses, and expenses.

Endangered Species Act. The Endangered Species Act restricts activities that may affect endangered or threatened species or their habitats. While some of our facilities are in regions that may be designated as habitat for endangered or threatened species, we believe that we are in substantial compliance with the Endangered Species Act. However, the discovery of previously unidentified endangered or threatened species could cause us to incur additional costs or become subject to operating restrictions or bans in the affected area.

Operational Hazards and Insurance. Our terminal and pipeline facilities may experience damage as a result of an accident or natural disaster. These hazards can cause personal injury and loss of life, severe damage to and destruction of property and equipment, pollution or environmental damage and suspension of operations. We maintain insurance of various types that we consider adequate to cover our operations, properties and loss of income at specified locations. Coverage for domestic acts of terrorism as defined in Terrorism Risk Insurance Program Reauthorization Act 2007 are covered under certain of our casualty insurance policies.

The insurance covers all of our facilities in amounts that we consider to be reasonable. The insurance policies are subject to deductibles that we consider reasonable and not excessive. Our insurance does not cover every potential risk associated with operating terminals, pipelines and other facilities. Consistent with insurance coverage generally available to the industry, our insurance policies provide limited coverage for losses or liabilities relating to pollution, with broader coverage for sudden and accidental occurrences.

Climate Change. The concern over climate change continues to attract considerable attention in the United States and around the globe. As a result, numerous proposals have been advanced and are likely to continue to be initiated at the international, national, regional and state levels of government to monitor and limit emissions of greenhouse gases ("GHGs"). These efforts have included consideration of cap-and-trade programs, carbon taxes and GHG reporting and tracking programs, vehicle efficiency standards, electric vehicle mandates, and regulations that directly limit GHG emissions from certain sources. These proposals and future legislation could increase operating costs within the oil and gas industry and accelerate the transition away from fossil fuels, which could in turn reduce demand for our customer's products, and our services, and adversely affect our business and results of operations.

Domestically, federal and state legislative and regulatory initiatives have attempted to and will likely continue to address climate change and control or limit greenhouse gas emissions. A number of states, including states in which we operate such as California and Washington, have enacted or passed measures to track and reduce emissions of greenhouse gases, primarily through the planned development of greenhouse gas emission inventories and regional greenhouse gas cap-and-trade programs and establish vehicle efficiency standards and electric vehicle mandates.

In December 2015, over 190 countries, including the United States, reached an agreement to reduce global greenhouse gas emissions (the "Paris Agreement"). Though the United States had withdrawn under President Trump, in January 2021, President Biden issued an executive order whereby the United States again became a party to the Paris Agreement. President Biden also issued an Executive Order on climate change in which he announced putting the U.S. on a path to achieve net-zero carbon emissions, economy-wide, by 2050. In November 2021, the United States enacted a nearly $1 trillion bipartisan infrastructure law, which provided significant funding for electric vehicles and clean energy technologies in an effort to accelerate the transition away from fossil fuels.

On March 21, 2022, the Securities and Exchange Commission issued a proposed rule that would enhance and standardize climate-related disclosures for investors. If passed, such rule could increase our costs to operate and maintain our facilities by, for example, requiring that we measure and report our emissions, install new emission controls at our facilities, acquire allowances to authorize our emissions, pay taxes related to our emissions and administer and manage an emissions program, among other possible measures. We may be unable to include some or all of these increased costs in the fees we charge to our customers and any such recovery may depend on events beyond our control, including the provisions of any final legislation or implementing regulations.

In August 2022, the United States enacted the Inflation Reduction Act of 2022, which allocated $369 billion to climate change and environmental initiatives, including transportation electrification, fees on and greater regulation of methane emissions, and support for green energy manufacturing programs. Certain of these initiatives are subject to ongoing litigation, and the impacts of each of these laws and orders, and the terms of any legislation or regulation to implement the U.S. commitment under the Paris Agreement, remain unclear at this time. Changes to U.S. climate change strategy under the current Biden administration and future administrations remain subject to the ultimate passage of legislation and action of federal and state regulatory agencies; therefore, the impact to our industry and our current and future operations due to climate change and greenhouse gas regulation is unknown at this time.

Climatic events in the areas in which we operate, whether from climate change or otherwise, can cause disruptions, and in some cases, delays in, or suspension of, our services. These events, including but not limited to storms, drought, wildfire, extreme temperatures or flooding, may become more intense or more frequent as a result of climate change and could impact our operations, including damages to our facilities. As a result of losses sustained at our facilities, in the energy industry, or in the geographies where our facilities are located, we may experience increased insurance costs, or difficulty obtaining adequate insurance coverage. Extreme weather events could cause damage to our facilities that may exceed our insurance coverage and our financial condition and results of operations could be adversely affected.

Tariff Regulation. The Razorback pipeline, which runs between Mount Vernon, Missouri and Rogers, Arkansas and the Diamondback pipeline, which runs between Brownsville, Texas and the U.S./Mexico border, transport petroleum products subject to regulation by the FERC under the Interstate Commerce Act and the Energy Policy Act of 1992 and rules and orders promulgated under those statutes. We expect to recommission the Diamondback Pipeline and resume operations on both the 8” pipeline, providing gasoline service thereon, and the previously idle 6” pipeline, providing diesel service thereon, in the second half of 2023, and have previously filed revised tariffs with the FERC to support such activities. FERC regulation requires that the rates of pipelines providing interstate service, such as the Razorback and Diamondback pipelines, be filed at FERC and posted publicly, and that these rates be “just and reasonable” and nondiscriminatory. Rates are currently regulated by the FERC primarily through an index methodology, whereby a pipeline is allowed to change its rates based on the change from year to year in the Producer Price Index for Finished Goods (PPI-FG). In January 2022, in response to rising inflation and a rehearing proceeding, the FERC set the new index at PPI-FG minus 0.21% for the five-year period extending through June 2026, and ordered pipelines to recalculate their rate ceiling levels effective March 1, 2022. The FERC had previously set the index at PPI-FG plus 0.78% for the five-year period beginning July 1, 2021. In the alternative, interstate pipeline companies may elect to support rate filings by using a cost-of-service methodology, competitive market showings, or actual agreements (that is, negotiated rates agreements) between shippers and the oil pipeline company.

Negotiated Rates. The current rates charged by the Razorback pipeline and, upon recommencement of service, the Diamondback pipeline, are negotiated rates that were established via agreement with non-affiliated shippers and are not index rates or cost-of-service rates. Therefore, while we continue to monitor FERC’s policy changes with respect to index rates and cost-of-service rates, we do not expect such changes to have an adverse impact on the rates charged by the Razorback and Diamondback pipelines and do not discuss such changes here.

The FERC generally has not investigated interstate oil pipeline rates on its own initiative when those rates have not been the subject of a protest or a complaint by a shipper. A shipper or other party having a substantial economic interest in our rates could, however, challenge our rates. In response to such challenges, the FERC could investigate our rates and require us to modify the amounts charged. In the absence of a challenge to our rates, given our ability to utilize either filed rates as annually indexed or to utilize rates tied to cost of service methodology, competitive market showing, or actual agreements between shippers and us, we do not believe that FERC’s regulations governing oil pipeline ratemaking would have any negative material monetary impact on us unless the regulations were substantially modified in such a manner so as to effectively prevent a pipeline company's ability to earn a fair return for the shipment of petroleum products utilizing its transportation system, which we believe to be an unlikely scenario.

In addition to being regulated by the FERC, we are required to maintain a Presidential Permit from the United States Department of State to operate and maintain the Diamondback pipeline, because the pipeline transports petroleum products across the international boundary line between the United States and Mexico. The Department of State's regulations do not affect our rates but do require the agency's approval for the international crossing. We do not believe that these regulations would have any negative material monetary impact on us unless the regulations were substantially modified, which we believe to be an unlikely scenario.

Safety and Maintenance. We perform preventive and normal maintenance on the pipeline and terminal systems we operate or own and make repairs and replacements when necessary or appropriate. We also conduct routine and required inspections of the pipeline and terminal tanks we operate or own as required by code or regulation. External coatings and impressed current cathodic protection systems are used to protect against external corrosion. We conduct all cathodic protection work in accordance with National Association of Corrosion Engineers standards. We continually monitor, test, and record the effectiveness of these corrosion-inhibiting systems.

We monitor or require the monitoring of the structural integrity of all of our PHMSA, regulated pipeline systems. These pipeline systems include the 67-mile Razorback pipeline; a 37-mile pipeline, known as the "Pinebelt pipeline," located in Covington County, Mississippi that transports refined petroleum liquids between our Collins and Purvis bulk storage terminal facilities; approximately 5 miles of various diameter petroleum pipeline in and around Martinez, California; approximately 3 miles of pipeline connected to our Tacoma, Washington terminal; and the Diamondback pipeline. The maintenance of structural integrity includes a program of integrity management by us or required by us that conforms to Federal and State regulations and follows industry periodic inspection and testing guidelines. Beginning in 2002, PHMSA required internal inspections or other integrity testing of all PHMSA-regulated crude oil and refined product pipelines that affect or could affect high consequence areas, or HCA's. We believe that the pipelines we own and manage meet or exceed all PHMSA inspection requirements for pipelines located in the United States.

Maintenance facilities containing equipment for pipe repairs, spare parts, and trained response personnel are located along all of these pipelines. Employees participate in simulated spill response and deployment exercises on a regular basis. They also participate in actual spill response boom deployment exercises in planned spill scenarios in accordance with Oil Pollution Act of 1990 requirements. We believe that the pipelines we own and manage have been constructed and are maintained or are required to be maintained in all material respects in accordance with applicable federal, state, and local laws and the regulations and standards prescribed by the American Petroleum Institute, PHMSA, and accepted industry practice.

At our terminals, tanks designed for gasoline (or other high vapor pressure products) storage are equipped with internal or external floating roofs or alternative vapor control devices designed to minimize emissions and prevent the development of potentially flammable vapor from accumulating within the vapor space between fluid levels and the roof of the tank. Our terminal facilities operate with all required facility response plans, spill prevention and control plans, and other plans and programs to respond to emergencies.

Many of our terminal loading racks are protected with fire protection systems activated by either heat sensors or an emergency switch. Many of our storage tanks are also protected by aqueous fire-fighting foam systems that are activated in case of fire.

Title to Properties

The Razorback, Pinebelt, Tacoma and Diamondback pipelines are generally constructed on easements and rights-of-way granted by the apparent record owners of the property and in some instances these grants are revocable at the election of the grantor. Several rights-of-way for the Razorback pipeline and other real property assets are shared with other pipelines and other assets owned by third parties. In many instances, lands over which rights-of-way have been obtained are subject to prior liens that have not been subordinated to the right-of-way grants. We have obtained permits from public authorities to cross over or under, or to lay facilities in or along, watercourses, county roads, municipal streets, and state highways and, in some instances, these permits are revocable at the election of the grantor. We have also obtained permits from railroad companies to cross over or under lands or rights-of-way, many of which are also revocable at the grantor's election. In some cases, property for pipeline purposes was purchased in fee.

Some of the leases, easements, rights-of-way, permits, licenses and franchise ordinances transferred to us will require the consent of the grantor to transfer these rights, which in some instances is a governmental entity. We have obtained sufficient third-party consents, permits, and authorizations for the transfer of the facilities necessary for us to operate our business in all material respects as described in this Annual Report. With respect to any consents, permits, or authorizations that have not been obtained, we believe that these consents, permits, or authorizations will be obtained, or that the failure to obtain these consents, permits, or authorizations would not have a material adverse effect on the operation of our business.

We believe that we have satisfactory title to all of our assets. Although title to these properties is subject to encumbrances in some cases, such as customary interests generally retained in connection with acquisition of real property, liens that can be imposed in some jurisdictions for government-initiated action to cleanup environmental contamination, liens for current taxes and other burdens, and easements, restrictions and other encumbrances to which the underlying properties were subject at the time of our acquisition, we believe that none of these burdens should materially detract from the value of these properties or from our interest in these properties or should materially interfere with their use in the operation of our business.

Human Capital Management

Employees. Our executive officers are employed by TransMontaigne Management Company LLC ("TMC"), a wholly owned subsidiary of ArcLight, which also provides services to certain other ArcLight affiliates. All other employees who provide services to the Company are employed by our subsidiary, TLP Management Services L.L.C. ("TMS"). TMS provides certain payroll functions and maintains all employee benefits programs on behalf of TMC pursuant to a services agreement between TMC and TMS. As of February 28, 2023, we had approximately 532 employees.

Attracting, Retaining and Developing Personnel. We face a competitive talent environment, including having an aging workforce. Maintaining appropriate headcount levels is critical to the operation of our terminals and other assets. To attract and retain a successful workforce, we study market trends, benchmarking the attractiveness of our employee value proposition, and analyzing retention data. We also focus on driving employee engagement, which is key to increasing employee productivity, retention, and safety. We take a data-centric approach, including the use of surveys among management employees, to identify new initiatives that will help boost engagement and drive business results. We provide a competitive pay and benefits package that is designed to attract and retain a skilled and diverse workforce.

Employee Safety and Training. Employee health and safety and community safety are at the core of our operating principles. We are continuously monitoring and seeking to improve our safety performance. We measure this performance by tracking internal metrics such as incident rates. Our internal safety-audit program incorporates a risk based, terminal specific design that helps to ensure our continuous compliance with safety regulations and industry standards. We provide terminal personnel with ongoing facility operations training, including terminal specific requirements and ongoing safety compliance training, and we recognize our terminal employees with annual safety awards. All accident, incident, injury/lost-time and near-miss events are investigated and reviewed by our dedicated safety and health department and reported to executive management and, as applicable, to terminal managers, vendors, and employees. We use this investigation, review and reporting to translate events into safety/operational enhancements, policy changes, training, or discipline, in each case as appropriate, to mitigate the potential for recurrence. We have been recognized by the International Liquids Terminals Association (ILTA) multiple times for safety excellence.

Employee Development and Retention. We also emphasize developing personnel in connection with employee attraction and retainage efforts, as well as in connection with the efficient operation of our business. We provide a range of developmental programs, opportunities, skills, and resources for our employees to work safely and be successful in their careers. For example, we have a formalized terminal manager training and career advancement process to develop and promote talent from within. We provide hands-on training and simulation training designed to improve training effectiveness and safety outcomes. We also use modern learning and performance technologies to offer robust professional growth opportunities. Through on-demand digital course offerings, custom-built learning paths, and performance-management tools, our platforms deliver a contemporary, convenient, and inclusive approach to professional development.

Finally, we are committed to recruiting the most qualified, talented, and diverse people. We strive to create a diverse, equitable, and inclusive workplace where a wide range of perspectives and experiences are represented, valued, and empowered to thrive. While our current workforce reflects a broad range of backgrounds and experiences, we continue to focus on building an even more diverse workforce.

Sustainability Report

We voluntarily publish a Sustainability Report, which describes our sustainability vision, energy-efficiency initiatives, handling of renewable fuels, environmental and safety programs, greenhouse gas emissions programs, community commitment and involvement, safety, cybersecurity, employee development and training, governance, ethics, diversity and inclusion and risk management. Our Sustainability Report can be viewed at the "Sustainability" section of our website at www.transmontaignepartners.com. Our Sustainability Report and the information contained on our website are not part of this Annual Report on Form 10-K, are not deemed filed with the SEC and are not to be incorporated by reference into any of our filings under the Securities Act of 1934.

Available Information

We file annual, quarterly, and current reports, and other documents with the SEC under the Securities Exchange Act of 1934. The SEC maintains an Internet website that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. The public can obtain any documents that we file at http://www.sec.gov.

In addition, our annual reports on Form 10-K, as well as our quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to all of the foregoing reports, are made available free of charge on or through the "Investor" section of our website at www.transmontaignepartners.com as soon as reasonably practicable after such reports are electronically filed with or furnished to the SEC.

ITEM 1A. RISK FACTORS

Our business, operations and financial condition are subject to various risks. You should carefully consider the following risk factors together with all of the other information set forth in this Annual Report, including the matters addressed under "Cautionary Statement Regarding Forward-Looking Statements," in connection with any investment in our securities. If any of the following risks actually occurs, our business, financial condition, results of operations or cash flows could be materially adversely affected, which could result in investors in our securities losing all or part of their investment.

Risks Inherent in Our Business

We depend upon a relatively small number of customers for a substantial majority of our revenue. A substantial reduction of revenue from one or more of these customers would have a material adverse effect on our financial condition and results of operations.

We expect to derive a substantial majority of our revenue from several significant customers for the foreseeable future. Events that adversely affect the business operations of any one or more of our significant customers may adversely affect our financial condition or results of operations. Therefore, we are indirectly subject to the business risks of our significant customers, many of which are similar to the business risks we face. For example, a material decline in refined petroleum product supplies available to our customers, or a significant decrease in our customers' ability to negotiate marketing contracts on favorable terms, could result in a material decline in the use of our tank capacity or throughput of product at our terminal facilities, which would likely cause our revenue and results of operations to decline. In addition, if any of our significant customers were unable to meet their contractual commitments to us for any reason, then our revenue and cash flow would decline.

We are exposed to the credit risks of our significant customers which could affect our creditworthiness. Any material nonpayment or nonperformance by such customers could also adversely affect our financial condition and results of operations.

We have various credit terms with virtually all of our customers, and our customers have varying degrees of creditworthiness. Although we evaluate the creditworthiness of each of our customers, we may not always be able to fully anticipate or detect deterioration in their creditworthiness and overall financial condition, which could expose us to risks of loss resulting from nonpayment or nonperformance by our significant customers. Some of our significant customers may be highly leveraged and subject to their own operating and regulatory risks. Any material nonpayment or nonperformance by our significant customers could require us to pursue substitute customers for our affected assets or provide alternative services. There can be no assurance that any such efforts would be successful or would provide similar revenue. These events could adversely affect our financial condition and results of operations.

Our continued expansion programs may require access to additional capital. Tightened capital markets or more expensive capital could impair our ability to maintain or grow our operations.

Our primary liquidity needs are to fund our approved capital projects and future expansion. Our revolving credit facility provides for a maximum borrowing line of credit equal to $150 million. At December 31, 2022, our outstanding borrowings were $nil. At December 31, 2022, the capital expenditures to complete the approved additional investments and expansion capital projects are estimated to be approximately $35 million. We expect to fund our future investments and expansion capital expenditures with cash flows from operations and borrowings under our revolving credit facility. If we cannot obtain adequate financing to complete the approved investments and capital projects while maintaining our current operations, we may not be able to continue to operate our business as it is currently conducted.

Moreover, our long term business strategies include acquiring additional energy-related terminaling and transportation facilities and further expansion of our existing terminal capacity. We will need to raise additional funds to grow our business and implement these strategies. We anticipate that such additional funds may be raised through equity contributions from ArcLight or debt financings depending on the circumstances. Any equity contributions or debt financing, if available at all, may not be on terms that are favorable to us. Limitations on our access to capital could result from events or causes beyond our control, and could include, among other factors, significant increases in interest rates, increases in the risk premium required by investors, generally or for investments in energy-related companies, decreases in the availability of credit or the tightening of terms required by lenders. If we cannot obtain adequate financing, we may not be able to fully implement our business strategies, and our business, results of operations and financial condition would be adversely affected.

Our debt levels may limit our flexibility in obtaining additional financing and in pursuing other business opportunities.

As of December 31, 2022, we had total long-term debt of $1.3 billion and we had an unused borrowing base availability of $150 million under our revolving credit facility. Our level of debt could have important consequences to us. For example our level of debt could:

- impair our ability to obtain additional financing, if necessary, for working capital, capital expenditures, acquisitions or other purposes;
- require us to dedicate a substantial portion of our cash flow to make principal and interest payments on our debt, reducing the funds that would otherwise be available for operations and future business opportunities;

- make us more vulnerable to competitive pressures, changes in interest rates or a downturn in our business or the economy generally; or
- limit our flexibility in responding to changing business and economic conditions.

If our operating results are not sufficient to service our current or future indebtedness, we will be forced to take actions such as reducing or delaying our business activities, acquisitions, investments or capital expenditures, selling assets, restructuring or refinancing our debt or seeking additional equity capital. We may not be able to affect any of these actions on satisfactory terms, or at all.

Restrictive covenants in our senior secured term loan and revolving credit facility, the indenture governing our senior notes and future debt instruments may limit our ability to respond to changes in market conditions or pursue business opportunities.

Our senior secured term loan and revolving credit facility and the indenture governing our senior notes contain, and the terms of any future indebtedness may contain, restrictive covenants that limit our ability to, among other things:

- incur or guarantee additional debt;
- make distributions under certain circumstances;
- make certain investments and acquisitions;
- incur certain liens or permit them to exist;
- enter into certain types of transactions with affiliates;
- merge or consolidate with another company or undergo a change in control; and
- transfer, sell or otherwise dispose of assets.

Our senior secured term loan and revolving credit facility also contains covenants requiring us to maintain certain financial ratios and tests. Our ability to meet those financial ratios and tests can be affected by events beyond our control, and there is no assurance that that we will meet any such ratios and tests.

The provisions of our senior secured term loan and revolving credit facility may affect our ability to obtain future financing and pursue attractive business opportunities and our flexibility in planning for and reacting to, changes in business conditions. In addition, a failure to comply with the provisions of our debt agreements could result in a default or an event of default that could enable our lenders to declare the outstanding principal of that debt, together with accrued and unpaid interest, to be immediately due and payable. If the payment of our debt is accelerated, our assets may be insufficient to repay such debt in full, and our security-holders could experience a partial or total loss of their investment. Please read "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources."

We may incur substantial additional indebtedness, which could further exacerbate the risks that we may face.

Subject to the restrictions in the instruments governing our outstanding indebtedness, we may incur substantial additional indebtedness (including secured indebtedness) in the future. Although the instruments governing our outstanding indebtedness do contain restrictions on the incurrence of additional indebtedness, these restrictions will be subject to waiver and a number of significant qualifications and exceptions, and indebtedness incurred in compliance with these restrictions could be substantial. As of December 31, 2022, we had additional borrowing capacity of $150 million under our revolving credit facility, all of which would be secured if borrowed.

Any increase in our level of indebtedness will have several important effects on our future operations, including, without limitation:

- we will have additional cash requirements in order to support the payment of interest on our outstanding indebtedness;
- increases in our outstanding indebtedness and leverage will increase our vulnerability to adverse changes in general economic and industry conditions, as well as to competitive pressure; and
- depending on the levels of our outstanding indebtedness, our ability to obtain additional financing for working capital, capital expenditures and general company purposes may be limited.

The obligations of our customers under their terminaling services agreements may be reduced or suspended in some circumstances, which would adversely affect our financial condition and results of operations.

Our agreements with our customers provide that, if any of a number of events occur, which we refer to as events of force majeure, and the event renders performance impossible with respect to a facility, usually for a specified minimum period of days, our customer's obligations would be temporarily suspended with respect to that facility. Force majeure events include, but are not limited to, wars, acts of enemies, embargoes, import or export restrictions, strikes, lockouts, acts of nature, including fires, storms, floods, hurricanes, explosions and mechanical or physical failures of our equipment or facilities or those of third parties. In the event of a force majeure, a significant customer's minimum revenue commitment may be reduced or the contract may be subject to termination. As a result, our revenue and results of operations could be materially adversely affected.

A significant portion of our operations are conducted through joint ventures, over which we do not maintain full control and which have unique risks.

A significant portion of our operations are conducted through joint ventures. We are entitled to appoint members to the BOSTCO and Olympic Pipeline Company board of managers and maintain certain rights of approval over significant changes to, or expansion of, BOSTCO's or Olympic Pipeline Company's business, however Kinder Morgan serves as the operator of BOSTCO and is responsible for its day-to-day operations and an affiliate of BP serves as the operator of Olympic Pipeline Company and is responsible for its day-to-day operations. Although we serve as the operator of Frontera and SeaPort Midstream, and are responsible for the day-to-day operations of each, there are restrictions and limitations on our authority to take certain material actions absent the consent of our joint venture partner.

With respect to our existing joint ventures, we share ownership with partners that may not always share our goals and objectives. Differences in views among the partners may result in delayed decisions or failures to agree on major matters, such as large expenditures or contractual commitments, the construction of assets or borrowing money, among others. Delay or failure to agree may prevent action with respect to such matters, even though such action may not serve our best interest or that of the joint venture. Accordingly, delayed decisions and disagreements could adversely affect the business and operations of the joint ventures and, in turn, our business and operations. From time to time, our joint ventures may be involved in disputes or legal proceedings which may negatively affect our investments. Accordingly, any such occurrences could adversely affect our financial condition, operating results and cash flows.

Competition from other terminals and pipelines that are able to supply our customers with storage capacity at a lower price could adversely affect our financial condition and results of operations.

We face competition from other terminals and pipelines that may be able to supply our customers with integrated terminaling services on a more competitive basis. We compete with national, regional and local terminal and pipeline companies, including the major integrated oil companies, of widely varying sizes, financial resources and experience. Our ability to compete could be harmed by factors we cannot control, including:

- price competition from terminal and transportation companies, some of which are substantially larger than us and have greater financial resources and control substantially greater product storage capacity, than we do;
- the perception that another company may provide better service; and
- the availability of alternative supply points or supply points located closer to our customers' operations.

In addition, our affiliates, including ArcLight, may engage in competition with us. If we are unable to compete with services offered by our competitors, including ArcLight and its affiliates, it could have a material adverse effect on our financial condition, results of operations and cash flows.

Many of our terminal facilities are connected to, and rely on, pipelines owned and operated by third parties for the receipt and distribution of refined petroleum products, and such pipeline operators may compete with us, make changes to their transportation service offerings or their pipeline tariffs, or suffer outages or reduced product transportation, which in each case would adversely affect our financial condition and results of operations.

Our Southeast facilities include 20 active product terminals located along the Plantation and Colonial pipeline systems and primarily receive refined products from Plantation and Colonial on behalf of our customers. In addition, the Collins terminal receives from, delivers to, and transfers refined petroleum products between the Plantation and Colonial pipeline systems. In these instances, we depend on our terminals' connections to such petroleum pipelines owned and operated by third parties to supply our terminal facilities. Our ability to compete in a particular terminal market could be harmed by factors we cannot control, including changes in pipeline service offerings at one or more of our terminals or changes in pipeline tariffs that make alternative third party terminal locations or different transportation options more attractive to our current or prospective customers.

The FERC regulates the rates the pipeline operators can charge, and the terms and conditions they can offer, for interstate transportation service on refined products pipelines that connect to our terminals. Generally, petroleum products pipelines may change their rates within prescribed levels, which could lead our current or prospective customers to seek alternative delivery methods or destinations. Moreover, we cannot control or predict the amount of refined petroleum products that our customers are able to transport on the third party pipelines connecting into our terminals. The level of throughput on these pipelines can be impacted by a number of factors, including the quality or quantity of refined product produced, pipeline outages or interruptions due to weather-related or other natural causes, competitive forces, testing, line repair, damage, reduced operating pressures or other causes any of which could negatively impact our customers' shipments to our terminals. As a result our revenue, results of operations and cash flows could be materially adversely affected.

Fluctuations in the price of the products that we purchase and sell could adversely affect our results of operations.

We purchase and sell refined and renewable products at our Tacoma, Washington terminal and maintain limited product inventories to support these activities. We currently do not hedge our exposure to price fluctuations and a significant fluctuation in market prices of refined and renewable products could result in losses or lower profits from these sales activities.

Expanding our business by constructing new facilities subjects us to risks that the project may not be completed on schedule and that the costs associated with the project may exceed our estimates or budgeted costs, which could adversely affect our financial condition and results of operations.

The construction of additions or modifications to our existing terminal and transportation facilities, and the construction of new terminals and pipelines, involves numerous regulatory, environmental, political, legal and operational uncertainties beyond our control and requires the expenditure of significant amounts of capital. If we undertake these projects, they may not be completed on schedule or at all and may exceed the budgeted cost. If we experience material cost overruns, we would have to finance these overruns using cash from operations, delaying other planned projects, incurring additional indebtedness or obtaining additional equity. Any or all of these methods may not be available when needed or may adversely affect our future results of operations and cash flows. Moreover, our revenue may not increase immediately upon the expenditure of funds on a particular project. For instance, if we construct additional storage capacity, the construction may occur over an extended period of time, and we will not receive any material increases in revenue until the project is completed. Moreover, we may construct additional storage capacity to capture anticipated future growth in consumption of products in a market in which such growth does not materialize. In addition, continuing supply chain issues and inflationary pressure that emerged during the economic recovery following the COVID-19 pandemic are likely to impact the completion timetable and/or increase our costs for construction materials.

Continued inflationary pressures could negatively impact our financial condition and results of operations.

The operation of our assets and the execution of expansion projects require significant expenditures for materials, property, equipment, labor and services. The high inflationary pressures that emerged during the economic recovery following the COVID-19 pandemic could result in higher operating expenses and project costs for us, as well as higher interest rates, and we may not be able to pass these increased costs on to our customers in the form of higher fees for our services. In response to continued rising inflation, we expect interest rates to increase, which will increase the interest expense related to our variable interest rate debt. Changes in price levels that lead to decreases in our revenue or increases in the prices we pay to operate, maintain and expand our assets could adversely affect our business.

Adverse economic conditions periodically result in weakness and volatility, or higher interest rates, in the capital markets, that may limit, temporarily or for extended periods, the ability of one or more of our significant customers to secure financing arrangements adequate to purchase their desired volume of product, which could reduce use of our tank capacity and throughput volumes at our terminal facilities and adversely affect our financial condition and results of operations.

Domestic and international economic conditions affect the functioning of capital markets and the availability of credit. Adverse economic conditions periodically result in weakness and volatility in the capital markets, which in turn can limit, temporarily or for extended periods, the credit available, and/or make such credit more costly, to various enterprises, including those involved in the supply and marketing of products. As a result of these conditions, some of our customers may suffer short or long-term reductions in their ability to finance their supply and marketing activities, or may voluntarily elect to reduce their supply and marketing activities in order to preserve working capital. A significant decrease in our customers' ability to secure financing arrangements adequate to support their historic product throughput volumes could result in a material decline in the use of our tank capacity or the throughput of product at our terminal facilities. We may not be able to generate sufficient additional revenue from third parties to replace any shortfall in revenue from our current customers, which would likely cause our revenue, results of operations and cash flows to decline.

Our business involves many hazards and operational risks, including adverse weather conditions, which could cause us to incur substantial liabilities and increased operating costs.

Our operations are subject to the many hazards inherent in the terminaling and transportation of products, including:

- leaks or accidental releases of products or other materials into the environment, whether as a result of human error or otherwise;
- extreme weather conditions, such as hurricanes, tropical storms and rough seas, which are common along the Gulf Coast, and earthquakes, which are common along the West Coast;
- explosions, fires, accidents, mechanical malfunctions, faulty measurement and other operating errors;
- epidemic or pandemic diseases; or
- acts of terrorism or vandalism.

If any of these events were to occur, we could suffer substantial losses because of personal injury or loss of life, severe damage to and destruction of storage tanks, pipelines and related property and equipment, and pollution or other environmental damage resulting in curtailment or suspension of our related operations and potentially substantial unanticipated costs for the repair or replacement of property and environmental cleanup. In addition, if we suffer accidental releases or spills of products at our terminals or pipelines, we could be faced with material third-party costs and liabilities, including those relating to claims for damages to property and persons and governmental claims for natural resource damages or fines or penalties for related violations of environmental laws or regulations. We are not fully insured against all risks to our business and if losses in excess of our insurance coverage were to occur, they could have a material adverse effect on our operations. Furthermore, events like hurricanes can affect large geographical areas which can cause us to suffer additional costs and delays in connection with subsequent repairs and operations because contractors and other resources are not available, or are only available at substantially increased costs following widespread catastrophes.

We are not fully insured against all risks incident to our business and could incur substantial liabilities as a result.

We may not be able to maintain or obtain insurance of the type and amount we desire at reasonable rates. As a result of market conditions, premiums and deductibles for certain of our insurance policies have increased substantially, and could escalate further. In some instances, certain insurance could become unavailable or available only for reduced amounts of coverage. For example, our insurance carriers require broad exclusions for losses due to terrorist acts. If we were to incur a significant liability for which we were not fully insured, it could have a material adverse effect on our financial condition. In accordance with typical industry practice, we do not have any property or title insurance on the Razorback and Diamondback pipelines.

Our insurance policies each contain caps on the insurer's maximum liability under the policy, and claims made by us are applied against the caps. In the event we reach the cap, we would seek to acquire additional insurance in the marketplace; however, we can provide no assurance that such insurance would be available or if available, at a reasonable cost.

A significant decrease in demand for refined products due to alternative fuel sources, new technologies or adverse economic conditions, including rising fuel prices, may cause one or more of our significant customers to reduce their use of our tank capacity and throughput volumes at our terminal facilities, which would adversely affect our financial condition and results of operations.

Market uncertainties, adverse economic conditions or lack of consumer confidence, in each case, may result in lower consumer spending on gasolines, distillates and travel, and higher prices of refined products could cause a reduction in demand for refined products, which could result in a material decline in the use of our tank capacity or throughput of product at our terminal facilities. Additionally, the volatility in the price of refined products may render our customers' hedging activities ineffective, which could cause one or more of our significant customers to decrease their supply and marketing activities in order to reduce their exposure to price fluctuations.

Additional factors that could lead to a decrease in market demand for refined products include:

- an increase in the market price of crude oil that leads to higher refined product prices;
- higher fuel taxes or other governmental or other regulatory actions that increase, directly or indirectly, the cost of gasolines or other refined products;
- a shift by consumers to more fuel-efficient or alternative fuel vehicles or an increase in fuel economy, whether as a result of technological advances by manufacturers, pending legislation proposing to mandate higher fuel economy, rising fuel prices or otherwise;
- an increase in the use of alternative fuel sources, such as ethanol, biodiesel, fuel cells and solar, electric and battery-powered engines (although, we do handle or would be capable of handling many renewable products at most of our terminal facilities); or

- events that impact global market demand in a way that is not presently possible to predict, including impacts from global or regional conflicts, and global health epidemics and concerns, such as the COVID-19 pandemic.

Mergers between our existing customers and our competitors could provide strong economic incentives for the combined entities to utilize their existing systems instead of ours in those markets where the systems compete. As a result, we could lose some or all of the volumes and associated revenues from these customers and we could experience difficulty in replacing those lost volumes and revenues.

Because most of our operating costs are fixed, any decrease in throughput volumes at our terminal facilities, would likely result not only in a decrease in our revenue, but also a decline in cash flow of a similar magnitude, which would adversely affect our results of operations, financial position and cash flows.

Cyber-attacks that circumvent our security measures and other breaches of our information technology systems, or a failure of our critical information technology systems, could disrupt our operations and result in increased costs.

We utilize information technology systems to operate our assets and manage our businesses. A cyber-attack or other security breach of our information technology systems could result in a breach of critical operational or financial controls and lead to a disruption of our operations, commercial activities or financial processes, including as a result of attempts to seek ransom from the Company. Additionally, we rely on third-party systems that could also be subject to cyber-attacks or security breaches, and the failure of which could have a significant adverse effect on the operation of our assets. We and the operators of the third-party systems on which we depend may not have the resources or technical sophistication to anticipate or prevent every emerging type of cyber-attack, and such an attack, or the additional security measures undertaken to prevent such an attack, could adversely affect our results of operations, financial position or cash flows.

In addition, we collect and store sensitive data, including our proprietary business information and information about our customers, suppliers and other counterparties, and personally identifiable information of our employees and of employees of TMC, on our information technology networks. Despite our security measures, our information technology and infrastructure may be vulnerable to cyber-attacks or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise our networks and the information stored therein could be accessed, publicly disseminated, lost or stolen. Any such access, dissemination or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties or could disrupt our operations, any of which could adversely affect our results of operations, financial position or cash flows.

We could also face attempts to obtain unauthorized access to our information technology systems, proprietary business information, and information about our customers by targeting acts of deception against individuals with legitimate access to physical locations or information. We regularly remind our officers and the employees providing services to the Company of these risks, and we annually update our executive team as to current and evolving risks relating to a variety of cyber-attacks; however, these efforts are not guaranteed to prevent the effectiveness of these cyber-attacks or any losses that may arise as a result thereof.

In addition to a cyber-attack or other security breach of our information technology systems, a failure of one or more of our critical information technology systems could result in a failure of critical operational or financial controls and lead to a disruption of our operations, commercial activities or financial processes. Such failures could disrupt our operations and/or adversely affect our business.

Because of our lack of asset diversification, adverse developments in our terminals or pipeline operations could adversely affect our revenue and cash flows.

We rely exclusively on the revenue generated from our terminals and pipeline operations. Because of our lack of diversification in asset type, an adverse development in these businesses would have a significantly greater impact on our financial condition and results of operations than if we maintained more diverse assets.

Our operations are subject to governmental laws and regulations relating to the protection of the environment that may expose us to significant costs and liabilities.

Our business is subject to the jurisdiction of numerous governmental agencies that enforce complex and stringent laws and regulations with respect to a wide range of environmental, safety and other regulatory matters. We could be adversely affected by increased costs resulting from stricter pollution control requirements or liabilities resulting from non-compliance with required operating or other regulatory permits. New environmental laws and regulations might adversely impact our activities, including the transportation, storage and distribution of petroleum products. Federal, state and local agencies also could impose additional safety requirements, any of which could affect our profitability. Furthermore, our failure to comply with environmental or safety related laws and regulations also could result in the assessment of administrative, civil and criminal penalties, the imposition of investigatory and remedial obligations and even the issuance of injunctions that restrict or prohibit the performance of our operations.

Federal, state and local agencies also have the authority to prescribe specific product quality specifications of refined products. Changes in product quality specifications or blending requirements could reduce our throughput volume, require us to incur additional handling costs or require capital expenditures. For example, different product specifications for different markets impact the fungibility of the products in our system and could require the construction of additional storage. If we are unable to recover these costs through increased revenues, our cash flows could be adversely affected.

Terrorist attacks, and the threat of terrorist attacks, have resulted in increased costs to our business. Continued war in Ukraine, global hostilities or other sustained military campaigns may adversely impact our cash flows.

The long-term impact of terrorist attacks and the threat of future terrorist attacks, on the energy transportation industry in general, and on us in particular, is impossible to predict. Increased security measures that we have taken as a precaution against possible terrorist attacks have resulted in increased costs to our business. Uncertainty surrounding continued war in Ukraine, global hostilities or other sustained military campaigns may affect our operations in unpredictable ways, including the possibility that infrastructure facilities could be direct targets of, or indirect casualties of, an act of terrorism.

Many of our storage tanks and portions of our pipeline system have been in service for several decades and could require increased maintenance or remediation expenditures, which could adversely affect our results of operations and our cash flows.

Our pipeline and storage assets are generally long-lived assets. As a result, some of those assets have been in service for many decades. The age and condition of these assets could result in increased maintenance or remediation expenditures. Any significant increase in these expenditures could adversely affect our results of operations, financial position and cash flows.

Climate change legislation or regulations restricting emissions of "greenhouse gases" or setting fuel economy or air quality standards could result in increased operating costs or reduced demand for the refined petroleum products that we transport, store or otherwise handle in connection with our business.

Federal and state legislative and regulatory initiatives in the United States have attempted to and will likely continue to address climate change and control or limit greenhouse gas (GHG) emissions. Although it is not possible to predict how they will impact our business, any such future laws or regulations could adversely affect demand for the products that we transport, store or otherwise handle or increase our costs to operate and maintain our facilities. A number of states, including states in which we operate such as California and Washington, have enacted or passed measures to track and reduce emissions of greenhouse gases, primarily through the planned development of greenhouse gas emission inventories and regional greenhouse gas cap-and-trade programs, and establish vehicle efficiency standards and electric vehicle mandates.

In December 2015, over 190 countries, including the United States, reached an agreement to reduce global greenhouse gas emissions (the “Paris Agreement”). Though the United States had withdrawn under President Trump, on January 20, 2021, President Biden issued an executive order whereby the United States again became a party to the Paris Agreement. President Biden also issued an Executive Order on climate change in which he announced putting the U.S. on a path to achieve net-zero carbon emissions, economy-wide, by 2050. In November 2021, the United States enacted a nearly $1 trillion bipartisan infrastructure law, which provided significant funding for electric vehicles and clean energy technologies, and in August 2022, the United States enacted the Inflation Reduction Act of 2022, which allocated $369 billion to climate change and environmental initiatives, including transportation electrification, fees on and greater regulation of methane emissions, and support for green energy manufacturing programs. On March 21, 2022, the Securities and Exchange Commission issued a proposed rule that would enhance and standardize climate-related disclosures for investors. If passed, such rule could increase our costs to operate and maintain our facilities by, for example, requiring that we measure and report our emissions, install new emission controls at our facilities, acquire allowances to authorize our emissions, pay taxes related to our emissions and administer and manage an emissions program, among other possible measures. We may be unable to include some or all of these increased costs in the fees we charge to our customers and any such recovery may depend on events beyond our control, including the provisions of any final legislation or implementing regulations. Certain of these initiatives are subject to ongoing litigation, and the impacts of these laws and orders, and the terms of any legislation or regulation to implement the U.S. commitment under the Paris Agreement, remain unclear at this time.

These climate related regulatory initiatives could drive down demand for the refined petroleum products and other hydrocarbon products we transport, store or otherwise handle in connection with our business by stimulating demand for alternative forms of energy that do not rely on the combustion of fossil fuels. Such decreased demand could have a material adverse effect on our business, financial condition, results of operations and cash flows.

In addition, scientists and the Federal Government have stated that increasing concentrations of greenhouse gases in the earth’s atmosphere produce climate changes that have significant physical effects, such as increased frequency and severity of storms, droughts, floods and other climate events. As a result of losses sustained at our facilities, in the energy industry, or in the geographies where are facilities are located, we may experience increased insurance costs, or difficulty obtaining adequate insurance coverage. Extreme weather events could cause damage to our facilities that may exceed our insurance coverage and our financial condition and results of operations could be adversely affected.

Risks Inherent in an Investment in Us

ArcLight indirectly controls the conduct of our business and the management of our operations. ArcLight has conflicts of interest with and limited fiduciary duties to us, which may permit them to favor their own interests to our detriment.

ArcLight is our sole equity-holder. Therefore, conflicts of interest may arise between ArcLight and its affiliates and subsidiaries, on the one hand, and us, on the other hand. In resolving those conflicts of interest, ArcLight may favor its own interests and the interests of its affiliates over the interests of the Company.

These conflicts include, among others, the following potential conflicts of interest:

- ArcLight and its affiliates may engage in competition with us under certain circumstances;
- Neither our operating agreement nor any other agreement requires ArcLight or its affiliates to pursue a business strategy that favors us. This entitles ArcLight to consider only the interests and factors that it desires, and it has no duty or obligation to give any consideration to any interest of, or factors affecting, us, our affiliates or any other security-holder. ArcLight’s directors and officers have fiduciary duties to make decisions in the best interests of ArcLight, which may be contrary to our interests or the interests of our customers;
- Our operating agreement does not restrict ArcLight from causing us to pay it or its affiliates for any services rendered to us or entering into additional contractual arrangements with any of these entities on our behalf;

- ArcLight is allowed to take into account the interests of parties other than us, such as ArcLight, or its affiliates, in resolving conflicts of interest. Specifically, in determining whether a transaction or resolution is “fair and reasonable,” ArcLight may consider the totality of the relationships between the parties involved, including other transactions that may be particularly advantageous or beneficial to us;
- Our officers are officers of affiliates of Arclight, and we are managed by TLP Finance, our direct parent and a controlled subsidiary of ArcLight, and also devote significant time to the business of these entities and are compensated accordingly;
- ArcLight has limited its liability and reduced its fiduciary duties, and also has restricted the remedies available to any party for actions that, without the limitations, might constitute breaches of fiduciary duty. ArcLight will not have any liability to us for decisions made in its capacity as our sole equity-holder so long as it acted in good faith, meaning it believed that its decision was in the best interests of our company;
- ArcLight determines the amount and timing of acquisitions and dispositions, capital expenditures, borrowings, issuance of additional securities, and reserves, each of which can affect our cash flows;
- ArcLight determines the amount and timing of any capital expenditures by our company and whether a capital expenditure is a maintenance capital expenditure, which reduces operating surplus, or an expansion capital expenditure, which does not reduce operating surplus, which can affect our cash flows;
- ArcLight and its officers and directors will not be liable for monetary damages to us, our security-holders or assignees for any acts or omissions unless there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that ArcLight or those other persons acted in bad faith or engaged in fraud or willful misconduct; or
- ArcLight decides whether to retain separate counsel, accountants or others to perform services on our behalf.

ArcLight and its affiliates may compete with us and do not have any obligation to present business opportunities to us.

Neither our operating agreement nor any other agreement will prohibit ArcLight or its affiliates from owning assets or engaging in businesses that compete directly or indirectly with us. In addition, ArcLight and its affiliates may acquire, construct or dispose of midstream assets or other assets in the future without any obligation to offer us the opportunity to purchase any of those assets. ArcLight and its affiliates are large, established participants in the energy industry and may have greater resources than we have, which may make it more difficult for us to compete with these entities with respect to commercial activities as well as for acquisition opportunities. As a result, competition from ArcLight and its affiliates could materially adversely impact our results of operations and cash flows.

General Risks

We could be negatively impacted by future public health crises, epidemics and pandemics, including future developments in the ongoing COVID-19 pandemic.

Our operations expose us to risks associated with public health crises and outbreaks of epidemics, pandemics, or contagious diseases, such as COVID-19. In light of the uncertain and continually evolving situation relating to the ongoing COVID-19 pandemic and its variants, including Omicron and its more recent sub-variants, this public health concern, or a future public health crisis, could pose a continuing risk to our employees, our customers, our vendors and the communities in which we operate, which could negatively impact our business. The extent to which a future public health crisis or the continuing COVID-19 pandemic may impact our business will depend on future developments, which remain uncertain. We may experience, among other impacts, (a) future customer shutdowns to prevent spread of the virus, which could, among other things, have an impact on any excess throughput or ancillary services we might otherwise provide for our customers, and (b) limitations on our ability to execute on our business plan, including as a result of employee impacts from illness or school closures and other community response measures, all of which could adversely affect our business, financial condition and results of operations. In addition, economic conditions in the wake of the COVID-19 pandemic have resulted in ongoing supply chain disruptions and inflationary pressure, which could result in higher operating expenses and project costs for us, as well as continued higher interest rates.

Any acquisitions we make are subject to substantial risks, which could adversely affect our financial condition and results of operations.

Any acquisition involves potential risks, including risks that we may:

- fail to realize anticipated benefits, such as cost-savings or cash flow enhancements;
- decrease our liquidity by using a significant portion of our available cash or borrowing capacity to finance acquisitions;
- significantly increase our interest expense or financial leverage if we incur additional debt to finance acquisitions;
- encounter difficulties operating in new geographic areas or new lines of business;
- be unable to secure adequate customer commitments to use the acquired systems or facilities;
- incur or assume unanticipated liabilities, losses or costs associated with the business or assets acquired for which we are not indemnified or for which the indemnity is inadequate;
- be unable to hire, train or retain qualified personnel to manage and operate our growing business and assets;
- be unable to successfully integrate the assets or businesses we acquire;
- less effectively manage our historical assets because of the diversion of management's attention; or
- incur other significant charges, such as impairment of goodwill or other intangible assets, asset devaluation or restructuring charges.

If any acquisitions we ultimately consummate result in one or more of these outcomes, our financial condition and results of operations may be adversely affected.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 3. LEGAL PROCEEDINGS

We are party to various legal, regulatory and other matters arising from the day-to-day operations of our business that may result in claims against us. While the ultimate impact of any proceedings cannot be predicted with certainty, our management believes that the resolution of any of our pending legal proceedings will not have a material adverse effect on our business, financial position, results of operations or cash flows.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

Part II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON UNITS, RELATED UNITHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Not applicable.

ITEM 6.

Reserved.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of the results of operations and financial condition should be read in conjunction with the accompanying consolidated financial statements included elsewhere in this Annual Report.

OVERVIEW

We are a terminaling and transportation company with assets and operations in the United States along the Gulf Coast, in the Midwest, in Houston and Brownsville, Texas, along the Mississippi and Ohio Rivers, in the Southeast and along the West Coast. We provide integrated terminaling, storage, transportation and related services for companies engaged in the distribution and marketing of light refined petroleum products, heavy refined petroleum products, renewable products, crude oil, chemicals, fertilizers and other liquid products. In addition, we sell refined and renewable products to major fuel producers and marketers in the Pacific Northwest at our terminal in Tacoma, Washington. Light refined products include gasolines, diesel fuels, heating oil and jet fuels. Heavy refined products include residual fuel oils and asphalt. Renewable products include ethanol, biodiesel, renewable diesel and relevant feedstocks. Our direct exposure to changes in commodity prices is limited to product sales out of our Tacoma, Washington terminal and the value of product gains and losses arising from terminaling services agreements with certain customers, which accounts for a small portion of our revenue.

We use our owned and operated terminaling facilities to, among other things: receive refined products and renewable products from the pipeline, ship, barge or railcar making delivery on behalf of our customers and transfer those products to the tanks located at our terminals; store the products in our tanks for our customers; monitor the volume of the products stored in our tanks; heat residual fuel oils and asphalt stored in our tanks; and distribute the products out of our terminals in vessels, railcars or truckloads using truck racks and other distribution equipment located at our terminals, including pipelines. We also continue to provide ethanol logistics services and other services to the growing renewable products market, as well as to engage in blending activities related to the throughput process.

NATURE OF ASSETS

Gulf Coast Operations. Our Gulf Coast terminals consist of eight active product terminals and comprise the largest terminal network in Florida. These terminals have approximately 6.9 million barrels of aggregate active storage capacity in ports including Port Everglades, Miami and Cape Canaveral, which are among the busiest cruise ship ports in the nation. At our Gulf Coast terminals, we handle refined and renewable products on behalf of, and provide integrated terminaling services to, customers engaged in the distribution and marketing of products and crude oil. Our Gulf Coast terminals receive products from vessels on behalf of our customers. In addition, our Jacksonville terminal also receives asphalt by rail, and our Port Everglades (North) terminal also receives product by truck. We distribute by truck or barge at all of our Gulf Coast terminals. In addition, we distribute products by pipeline at our Port Everglades and Tampa terminals. A major oil company retains an ownership interest, ranging from 25% to 50%, in specific tank capacity at our Port Everglades (South) terminal. We manage and operate the Port Everglades (South) terminal, and we are reimbursed by the major oil company for its proportionate share of our operating and maintenance costs.

Midwest Terminals. In Missouri and Arkansas, we own the Razorback pipeline and terminals in Mount Vernon, Missouri, at the origin of the pipeline and in Rogers, Arkansas, at the terminus of the pipeline. We refer to these two terminals collectively as the Razorback terminals. The Razorback pipeline is a 67-mile, 8-inch diameter interstate common carrier pipeline that transports light refined product from our terminal at Mount Vernon, where it is interconnected with a pipeline system owned by a third party, to our terminal at Rogers. The Razorback pipeline has a capacity of approximately 30,000 barrels per day. The Razorback terminals have approximately 0.4 million barrels of aggregate active storage capacity. Effective January 1, 2021, a third party leases the capacity, and assumed operatorship, of the Razorback pipeline and the terminals in Mount Vernon, Missouri and in Rogers, Arkansas. Our Rogers facility is the only products terminal located in Northwest Arkansas.

We lease land in Cushing, Oklahoma and constructed storage tanks and associated infrastructure on the property for the receipt of crude oil by truck and pipeline, the blending of crude oil and the storage of approximately 1.0 million barrels of crude oil.

We also own and operate a terminal facility in Oklahoma City, Oklahoma with approximately 0.2 million barrels of aggregate active storage capacity. Our Oklahoma City terminal receives gasolines and diesel fuels from pipeline systems owned by a third parties for delivery via our truck rack for redistribution to locations throughout the Oklahoma City region.

Brownsville, Texas Operations. We own and operate a product terminal with approximately 1.6 million barrels of aggregate active storage capacity and related ancillary facilities in Brownsville independent of the Frontera joint venture, as well as the Diamondback pipeline which handles liquid product movements between south Texas and Mexico. At our Brownsville terminal we handle refined petroleum products, chemicals, vegetable oils, naphtha, and wax on behalf of, and provide integrated terminaling services to, customers engaged in the distribution and marketing of petroleum products. Our Brownsville facilities receive products on behalf of our customers from a pipeline system owned by a third party, vessels, by truck or railcar.

The Diamondback pipeline consists of an 8” pipeline that previously transported propane approximately 16 miles from our Brownsville facilities to the U.S./Mexico border and a 6” pipeline, which runs parallel to the 8” pipeline that can be used by us in the future to transport additional refined products to Matamoros, Mexico. Operations on the Diamondback pipeline were shut down in the first quarter of 2018; however, we expect to recommission the Diamondback Pipeline and resume operations on both the 8” pipeline, providing gasoline service thereon, and the previously idle 6” pipeline, providing diesel service thereon, when our customer obtains all the necessary approvals from the Mexican government, which the customer expects in the second half of 2023. We have previously filed revised tariffs with the FERC to support such activities.

River Operations. Our River terminals are composed of 11 active product terminals located along the Mississippi and Ohio Rivers with approximately 2.2 million barrels of aggregate active storage capacity. Our River operations also include a dock facility in Baton Rouge, Louisiana, which is the only direct waterborne connection between the Colonial pipeline and Mississippi River waterborne transportation. At our River terminals, we handle renewable fuels, renewable fuel feedstocks, gasolines, diesel fuels, heating oil, chemicals and fertilizers on behalf of, and provide integrated terminaling services to, customers engaged in the distribution and marketing of products and industrial and commercial end-users. Our River terminals receive products from vessels, barges and trucks on behalf of our customers and distribute products primarily to trucks and barges.

Southeast Operations. Our Southeast terminals consist of 20 active product terminals located along the Colonial and Plantation pipelines in Alabama, Georgia, Mississippi, North Carolina, South Carolina and Virginia with an aggregate active storage capacity of approximately 12.3 million barrels. At our Southeast terminals, we handle gasolines, diesel fuels, ethanol, biodiesel, jet fuel and heating oil on behalf of, and provide integrated terminaling services to, customers engaged in the distribution and marketing of refined products. Our Southeast terminals primarily receive products from the Colonial and Plantation pipelines on behalf of our customers and distribute products primarily to trucks with the exception of the Collins terminal. The Collins terminal is the only independent terminal capable of storing and redelivering product to, from and between the Colonial and Plantation pipelines.

West Coast Operations. Our West Coast terminals consist of three active product terminals with approximately 7.2 million barrels of aggregate active storage capacity. Our two California terminals are well positioned with pipeline connections to two of the three local refineries, one of the two local renewable fuels plants, the Northern California products pipeline distribution system and marine access to all three refineries and both renewable fuels plants in the San Francisco Bay area. Our Tacoma, Washington terminal is connected via pipeline to the four largest refineries in Washington and by marine to all five Washington refineries. The Tacoma terminal is the only independent terminal in the Puget Sound area with a unit train facility. The Tacoma terminal sells refined and renewable products and crude oil to major fuel producers and marketers in the Pacific Northwest. At our West Coast terminals, we handle crude oil, gasoline, diesel, jet fuel, gasoline blend stocks, fuel oil, Avgas, ethanol and other renewable products and feedstocks on behalf of, and provide integrated terminaling services to, customers engaged in the distribution and marketing of products. Our West Coast terminals primarily receive products from vessels, pipeline and rail facilities on behalf of our customers and distribute products primarily via vessel, pipeline, truck and rail facilities.

Investment in BOSTCO. On December 20, 2012, we acquired a 42.5% Class A ownership interest in Battleground Oil Specialty Terminal Company LLC ("BOSTCO"), from Kinder Morgan Battleground Oil, LLC, a wholly owned subsidiary of Kinder Morgan. BOSTCO is a terminal facility on the Houston Ship Channel designed to handle residual fuel, feedstocks, distillates and other black oils. BOSTCO currently has fully subscribed capacity of approximately 7.1 million barrels. Our investment in BOSTCO entitles us to appoint a member to the Board of Managers of BOSTCO, to vote our proportionate ownership share on general governance matters and to certain rights of approval over significant changes in, or expansion of, BOSTCO's business. Kinder Morgan is responsible for managing BOSTCO's day-to-day operations. Our 42.5% Class A ownership interest does not allow us to control BOSTCO, but does allow us to exercise significant influence over its operations. Accordingly, we account for our investment in BOSTCO under the equity method of accounting.

Investment in Olympic Pipeline Company. As part of the Pacific Northwest Contribution on November 17, 2021, we acquired a 30% ownership interest in the Olympic Pipeline Company LLC joint venture ("Olympic Pipeline Company"), which owns the Olympic Pipeline between Blaine, Washington and Portland, Oregon and the Bayview, Washington terminal with approximately 0.5 million barrels of aggregate active storage capacity. The Olympic Pipeline is a 400-mile FERC regulated pipeline that serves as the primary refined product distribution pipeline in the Pacific Northwest. ARCO Midcon LLC, an affiliate of BP, owns the remaining 70% interest and operates both the Olympic Pipeline and the Bayview terminal. BP is responsible for managing Olympic Pipeline Company's day-to-day operations. Our investment in Olympic Pipeline Company entitles us to appoint one member, out of two, to the Management Committee of Olympic Pipeline Company, to vote our proportionate ownership share on general governance matters and to certain rights of approval over significant changes in, or expansion of, Olympic Pipeline Company's business. Our 30% ownership interest does not allow us to control Olympic Pipeline Company but does allow us to exercise significant influence over its operations. Accordingly, we account for our investment in Olympic Pipeline Company under the equity method of accounting.

Investment in SeaPort Midstream. As part of the Pacific Northwest Contribution on November 17, 2021, we acquired a 51% ownership interest in the SeaPort Midstream Partners, LLC joint venture ("SeaPort Midstream"), which owns two terminals in Seattle, Washington and Portland, Oregon with approximately 1.3 million barrels of aggregate active storage capacity. Each terminal is connected to the Olympic Pipeline and has multimodal connectivity, including rail, barge, tanker and truck. BP Mariner Holding Company LLC owns the remaining 49% interest in SeaPort Midstream. We operate the SeaPort Midstream assets under an operating and administrative agreement between us and SeaPort Midstream. Our investment in SeaPort Midstream entitles us to appoint two, out of four, of the members to the Board of Managers, to vote our proportionate ownership share on general governance matters and to certain rights of approval over significant changes in, or expansion of, SeaPort Midstream's business. Our ownership interest does not allow us to control SeaPort Midstream but does allow us to exercise significant influence over its operations. Accordingly, we account for our investment in SeaPort Midstream under the equity method of accounting.

Investment in Frontera. On April 1, 2011, we contributed approximately 1.5 million barrels of light petroleum product storage capacity, as well as related ancillary facilities, to the Frontera Brownsville, LLC joint venture ("Frontera"), in exchange for a cash payment of approximately $25.6 million and a 50% ownership interest in the Frontera joint venture. An affiliate of PEMEX, Mexico's state owned petroleum company, acquired the remaining 50% ownership interest in Frontera for a cash payment of approximately $25.6 million. We operate the Frontera assets under an operations and reimbursement agreement between us and Frontera. Frontera has approximately 1.7 million barrels of aggregate active storage capacity. Our 50% ownership interest does not allow us to control Frontera but does allow us to exercise significant influence over its operations. Accordingly, we account for our investment in Frontera under the equity method of accounting.

Central Services. Our Central services segment primarily represents the costs of employees performing operating oversight functions, engineering, health, safety and environmental services to our terminals and terminals that we operate. In addition, Central services represent the cost of employees at standalone affiliate terminals that we operate or manage. We receive a fee from these affiliates based on our costs incurred.

NATURE OF REVENUE AND EXPENSES

We generate revenue from our terminal and pipeline transportation operations by charging fees for providing integrated terminaling, transportation and related services. In addition, our Tacoma, Washington terminal sells refined and renewable products to major fuel producers and marketers in the Pacific Northwest. We have several significant customer relationships, our top 10 customers made up approximately 63% of the total revenue for the year ended December 31, 2022.

The fees we charge, our other sources of revenue and our direct costs and expenses are described below.

Terminaling services fees. Our terminaling services agreements are structured as either throughput agreements or storage agreements. Our throughput agreements contain provisions that require our customers to make minimum payments, which are based on a contractually established minimum volume of throughput of the customer's product at our facilities over a stipulated period of time. Due to this minimum payment arrangement, we recognize a fixed amount of revenue from the customer over a certain period of time, even if the customer throughputs less than the minimum volume of product during that period. In addition, if a customer throughputs a volume of product exceeding the minimum volume, we would recognize additional revenue on this incremental volume. Our storage agreements require our customers to make minimum payments based on the volume of storage capacity available to the customer under the agreement, which results in a fixed amount of recognized revenue. We refer to the fixed amount of revenue recognized pursuant to our terminaling services agreements as being "firm commitments." Revenue recognized in excess of firm commitments and revenue recognized based solely on the volume of product distributed or injected are referred to as "ancillary." In addition, ancillary revenue also includes fees received from ancillary services including heating and mixing of stored products, product transfer, railcar handling, butane blending, proceeds from the sale of product gains, wharfage and vapor recovery.

Management fees. We manage and operate certain tank capacity at our Port Everglades South terminal for a major oil company and receive a reimbursement of its proportionate share of operating and maintenance costs. We manage and operate the Frontera joint venture and receive a management fee based on our costs incurred. We lease land under operating leases as the lessor or sublessor with third parties and affiliates. We manage and operate rail sites at certain Southeast terminals on behalf of a major oil company and receive reimbursement for operating and maintenance costs. We manage and operate SeaPort Midstream and receive a management fee based on our costs incurred. We also manage additional terminal facilities that are owned by affiliates of ArcLight, including Lucknow-Highspire Terminals, LLC, which operates terminals throughout Pennsylvania encompassing approximately 9.9 million barrels of storage capacity and we receive a management fee based on our costs incurred.

Pipeline transportation fees. We earned pipeline transportation fees at our Diamondback pipeline under a capacity reservation agreement that ended on May 26, 2021. Revenue associated with the capacity reservation agreement was recognized ratably over the respective term, regardless of whether the capacity was actually utilized. We earned pipeline transportation fees at our Razorback pipeline based on an allocation of the aggregate fees charged under the capacity agreement with our customer who was contracted for 100% of our Razorback system through December 31, 2020. Effective January 1, 2021, our customer has leased 100% of our Razorback system and assumed operatorship of the Razorback pipeline and the terminals in Mount Vernon, Missouri and in Rogers, Arkansas. Beginning in 2021, the fees associated with this lease agreement are recognized as terminaling services fees.

Product sales. Our product sales revenue refers to the sale of refined and renewable products at our Tacoma, Washington terminal. Product sales revenue pricing is contractually specified and is recognized at a point in time when our customers take control and legal title of the commodities purchased. Product sales revenue is recorded gross of cost of product sales, which includes product supply and transportation costs.

Operating costs and expenses. The operating costs and expenses of our operations include wages and employee benefits, utilities, communications, repairs and maintenance, rent, property taxes, vehicle expenses, environmental compliance costs, materials and supplies needed to operate our terminals and pipelines.

General and administrative expenses. General and administrative expenses cover the costs of corporate functions such as legal, accounting, treasury, insurance administration and claims processing, information technology, human resources, credit, payroll, taxes and other corporate services. General and administrative expenses also include third party accounting costs associated with annual and quarterly reports and tax return preparation and distribution, and legal fees.

Insurance expenses. Insurance expenses include charges for insurance premiums to cover costs of insuring activities such as property, casualty, pollution, automobile, directors' and officers' liability, and other insurable risks.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

A summary of the significant accounting policies that we have adopted and followed in the preparation of our historical consolidated financial statements is detailed in Note 1 of Notes to consolidated financial statements. Certain of these accounting policies require the use of estimates. In management's opinion, the estimate of useful lives of our plant and equipment are subjective in nature, require the exercise of judgment and involve complex analyses. These estimates are based on our knowledge and understanding of current conditions and actions we may take in the future. Changes in these estimates will occur as a result of the passage of time and the occurrence of future events. Subsequent changes in these estimates may have a significant impact on our financial condition and results of operations (see Note 1 of Notes to consolidated financial statements).

Useful lives of plant and equipment. We calculate depreciation using the straight-line method, based on estimated useful lives of our assets. These estimates are based on various factors including age (in the case of acquired assets), manufacturing specifications, technological advances and historical data concerning useful lives of similar assets. Uncertainties that impact these estimates include changes in laws and regulations relating to restoration, economic conditions and supply and demand in the area. When assets are put into service, we make estimates with respect to useful lives that we believe to be reasonable. However, subsequent events could cause us to change our estimates, thus impacting the future calculation of depreciation. Estimated useful lives are 15 to 25 years for terminals and pipelines and 3 to 25 years for furniture, fixtures and equipment.

RESULTS OF OPERATIONS—YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020

The Pacific Northwest Contribution has been recorded at carryover basis as a reorganization of entities under common control. As such, prior periods set forth herein and under Item 8. "Financial Statements and Supplementary Data" of this Annual Report, include the assets, liabilities, and results of operations of the Pacific Northwest Contribution for all periods presented.

We operate our business and report our results of operations in seven principal business segments: (i) Gulf Coast terminals, (ii) Midwest terminals, (iii) Brownsville terminals including management of Frontera, (iv) River terminals, (v) Southeast terminals, (vi) West Coast terminals and (vii) Central services. Our Central services segment primarily represents the costs of employees performing operating oversight functions, engineering, health, safety and environmental services to our terminals and terminals that we operate. In addition, Central services represent the cost of employees at standalone affiliate terminals that we operate or manage. We receive a fee from these affiliates based on our costs incurred.

ANALYSIS OF REVENUE

Terminal revenue. The majority of our revenue is derived from our terminal and pipeline transportation operations by charging fees for providing integrated terminaling, transportation and related services.

The terminal revenue by category was as follows (in thousands):

	Terminal Revenue by Category		
	Year ended December 31, 2022	Year ended December 31, 2021	Year ended December 31, 2020
Terminaling services fees	$ 290,950	$ 276,481	$ 279,672
Management fees	14,420	12,322	10,942
Pipeline transportation fees	—	638	3,519
Terminal revenue	$ 305,370	$ 289,441	$ 294,133

Product sales, gross margin. Our product sales revenue refers to the sale of refined and renewable products at our terminal in Tacoma, Washington. Product sales revenue pricing is contractually specified and is recognized at a point in time when our customers take control and legal title of the commodities purchased. Product sales revenue is recorded gross of cost of product sales, which includes product supply and transportation costs.

The product sales, gross margin was as follows (in thousands):

	Product Sales, Gross Margin		
	Year ended December 31, 2022	Year ended December 31, 2021	Year ended December 31, 2020
Product sales	$ 361,025	$ 231,239	$ 183,555
Cost of product sales	(347,302)	(218,395)	(171,727)
Product sales, gross margin	$ 13,723	$ 12,844	$ 11,828

The change in product sales and cost of product sales for the year ended December 31, 2022, is a result of increased product prices and volumes in 2022. The change in product sales and cost of product sales for the year ended December 31, 2021, is primarily a result of the COVID-19 impact on product prices in 2020.

The terminal revenue by business segment is presented and further analyzed below by category of revenue.

	Terminal Revenue by Business Segment		
	Year ended December 31, 2022	Year ended December 31, 2021	Year ended December 31, 2020
Gulf Coast terminals	$ 86,612	$ 77,115	$ 76,907
Midwest terminals	10,269	10,504	10,267
Brownsville terminals	25,634	23,490	21,969
River terminals	14,466	13,998	11,700
Southeast terminals	69,849	78,123	89,520
West Coast terminals	91,286	80,332	79,133
Central services	7,254	5,879	4,637
Terminal revenue	$ 305,370	$ 289,441	$ 294,133

Terminaling services fees. Our terminaling services agreements are structured as either throughput agreements or storage agreements. Our throughput agreements contain provisions that require our customers to make minimum payments, which are based on contractually established minimum volumes of throughput of the customer's product at our facilities over a stipulated period of time. Due to this minimum payment arrangement, we recognize a fixed amount of revenue from the customer over a certain period of time, even if the customer throughputs less than the minimum volume of product during that period. In addition, if a customer throughputs a volume of product exceeding the minimum volume, we would recognize additional revenue on this incremental volume. Our storage agreements require our customers to make minimum payments based on the volume of storage capacity available to the customer under the agreement, which results in a fixed amount of recognized revenue.

We refer to the fixed amount of revenue recognized pursuant to our terminaling services agreements as being “firm commitments.” Revenue recognized in excess of firm commitments and revenue recognized based solely on the volume of product distributed or injected are referred to as “ancillary.” In addition, “ancillary” revenue also includes fees received from ancillary services including heating and mixing of stored products, product transfer, railcar handling, butane blending, proceeds from the sale of product gains, wharfage and vapor recovery.

The terminaling services fees by business segments were as follows (in thousands):

	Terminaling Services Fees by Business Segment		
	Year ended December 31, 2022	Year ended December 31, 2021	Year ended December 31, 2020
Gulf Coast terminals	$ 86,549	$ 77,061	$ 76,875
Midwest terminals	10,269	10,504	8,358
Brownsville terminals	19,723	17,595	15,071
River terminals	14,466	13,998	11,700
Southeast terminals	68,699	77,031	88,573
West Coast terminals	91,244	80,292	79,095
Central services	—	—	—
Terminaling services fees	$ 290,950	$ 276,481	$ 279,672

The increase in terminaling services fees at our Gulf Coast terminals for the year ended December 31, 2022 is primarily due to contracting available capacity and increased ancillary fees.

The increase in terminaling services fees at our Midwest terminals for the year ended December 31, 2021 is due to our customer leasing 100% of our Razorback system and assuming operatorship of the Razorback pipeline and the terminals in Mount Vernon, Missouri and in Rogers, Arkansas effective January 1, 2021. The fees associated with this lease agreement are recognized as terminaling services fees. Prior to January 1, 2021, we earned pipeline transportation fees at our Razorback pipeline based on an allocation of the aggregate fees charged under a capacity agreement with our customer who was contracted for 100% of our Razorback system through December 31, 2020.

The increase in terminaling services fees at our Brownsville terminals for the years ended December 31, 2022 and 2021 is primarily a result of placing into service approximately 0.2 million barrels of new tank capacity and construction of gasoline railcar loading capabilities during the first quarter of 2021 and increased ancillary fees.

The increase in terminaling services fees at our River terminals for the year ended December 31, 2021 is primarily a result of contracting available capacity.

The decrease in terminaling services fees at our Southeast terminals for the years ended December 31, 2022 and 2021 is primarily due to available capacity at our Collins, Mississippi terminal.

The increase in terminaling services fees at our West Coast terminals for the year ended December 31, 2022 is primarily a result of placing various growth projects into service during the first quarter of 2022 and increased ancillary fees. The increase in terminaling services fees at our West Coast terminals for the year ended December 31, 2021 is primarily a result of contracting available capacity and re-contracting capacity at higher rates.

Included in terminaling services fees for the years ended December 31, 2022, 2021 and 2020 are fees charged to affiliates of approximately $11.8 million, $12.5 million and $11.3 million, respectively.

The “firm commitments” and “ancillary” revenue included in terminaling services fees were as follows (in thousands):

	Firm Commitments and Ancillary Terminaling Services Fees		
	Year ended December 31, 2022	Year ended December 31, 2021	Year ended December 31, 2020
Firm commitments	$ 222,635	$ 222,760	$ 229,362
Ancillary	68,315	53,721	50,310
Terminaling services fees	$ 290,950	$ 276,481	$ 279,672

The remaining terms on the terminaling services agreements that generated “firm commitments” for the year ended December 31, 2022 were as follows (in thousands):

Less than 1 year remaining	$ 59,653	26%
1 year or more, but less than 3 years remaining	85,892	39%
3 years or more, but less than 5 years remaining	35,236	16%
5 years or more remaining [(1)]	41,854	19%
Total firm commitments for the year ended December 31, 2022	$ 222,635	

(1) We have a terminaling services agreement with a third party relating to our Southeast terminals that will continue unless and until the third party provides at least 24 months’ prior notice of its intent to terminate the agreement. Effective at any time from and after July 31, 2040, we have the right to terminate the agreement by providing at least 24 months’ prior notice of our intent to terminate the agreement. We do not believe the third party will terminate the agreement prior to July 31, 2040; therefore we have presented the firm commitments related to this terminaling services agreement in the 5 years or more remaining category in the table above.

Management fees. We manage and operate certain tank capacity at our Port Everglades South terminal for a major oil company and receive a reimbursement of its proportionate share of operating and maintenance costs. We manage and operate the Frontera joint venture and receive a management fee based on our costs incurred. We lease land under operating leases as the lessor or sublessor with third parties and affiliates. We manage and operate rail sites at certain Southeast terminals on behalf of a major oil company and receive reimbursement for operating and maintenance costs. We manage and operate SeaPort Midstream and receive a management fee based on our costs incurred. We also manage additional terminal facilities that are owned by affiliates of ArcLight, including Lucknow-Highspire Terminals, LLC, which operates terminals throughout Pennsylvania encompassing approximately 9.9 million barrels of storage capacity and we receive a management fee based on our costs incurred.

The management fees by business segments were as follows (in thousands):

	Management Fees by Business Segment		
	Year ended December 31, 2022	Year ended December 31, 2021	Year ended December 31, 2020
Gulf Coast terminals	$ 63	$ 54	$ 32
Midwest terminals	—	—	—
Brownsville terminals	5,911	5,257	5,288
River terminals	—	—	—
Southeast terminals	1,150	1,092	947
West Coast terminals	42	40	38
Central services	7,254	5,879	4,637
Management fees	$ 14,420	$ 12,322	$ 10,942

Included in management fees for the years ended December 31, 2022, 2021 and 2020 are fees charged to affiliates of approximately $13.2 million, $11.2 million and $9.9 million, respectively.

Pipeline transportation fees. We earned pipeline transportation fees at our Diamondback pipeline under a capacity reservation agreement that ended on May 26, 2021. Revenue associated with the capacity reservation agreement was recognized ratably over the respective term, regardless of whether the capacity was actually utilized. We earned pipeline transportation fees at our Razorback pipeline based on an allocation of the aggregate fees charged under the capacity agreement with our customer who was contracted for 100% of our Razorback system through December 31, 2020. Effective January 1, 2021, our customer has leased 100% of our Razorback system and assumed operatorship of the Razorback pipeline and the terminals in Mount Vernon, Missouri and in Rogers, Arkansas. Beginning in 2021, the fees associated with this lease agreement are recognized as terminaling services fees.

The pipeline transportation fees by business segments were as follows (in thousands):

	Pipeline Transportation Fees by Business Segment		
	Year ended December 31, 2022	Year ended December 31, 2021	Year ended December 31, 2020
Gulf Coast terminals	$ —	$ —	$ —
Midwest terminals	—	—	1,909
Brownsville terminals	—	638	1,610
River terminals	—	—	—
Southeast terminals	—	—	—
West Coast terminals	—	—	—
Central services	—	—	—
Pipeline transportation fees	$ —	$ 638	$ 3,519

ANALYSIS OF COSTS AND EXPENSES

The operating costs and expenses of our operations include wages and employee benefits, utilities, communications, repairs and maintenance, rent, property taxes, vehicle expenses, environmental compliance costs, materials and supplies needed to operate our terminals and pipelines. Consistent with historical trends across our terminaling and transportation facilities, repairs and maintenance expenses can vary from period to period based on project maintenance schedules and other factors such as weather. The operating costs and expenses of our operations were as follows (in thousands):

	Operating Costs and Expenses		
	Year ended December 31, 2022	Year ended December 31, 2021	Year ended December 31, 2020
Wages and employee benefits	$ 53,494	$ 51,062	$ 48,786
Utilities and communication charges	14,258	11,185	11,035
Repairs and maintenance	12,501	13,347	15,935
Property taxes and rentals	19,715	18,503	16,061
Vehicles and fuel costs	1,296	1,087	1,089
Environmental compliance costs	4,489	5,283	3,939
Additive detergent expense	4,190	2,815	2,492
Contract services	2,498	2,538	2,435
Other	6,195	5,281	6,245
Operating costs and expenses	$ 118,636	$ 111,101	$ 108,017

The operating costs and expenses of our business segments were as follows (in thousands):

	Operating Costs and Expenses by Business Segment		
	Year ended December 31, 2022	Year ended December 31, 2021	Year ended December 31, 2020
Gulf Coast terminals	$ 23,550	$ 22,541	$ 20,946
Midwest terminals	1,856	2,222	2,942
Brownsville terminals	10,240	9,310	9,749
River terminals	6,681	6,328	5,777
Southeast terminals	25,754	24,319	23,498
West Coast terminals	34,794	31,732	31,281
Central services	15,761	14,649	13,824
Operating costs and expenses	$ 118,636	$ 111,101	$ 108,017

General and administrative expenses cover the costs of corporate functions such as legal, accounting, treasury, insurance administration and claims processing, information technology, human resources, credit, payroll, taxes and other corporate services. General and administrative expenses also include third party accounting costs associated with annual and quarterly reports and tax return preparation and distribution, and legal fees. The general and administrative expenses for the years ended December 31, 2022, 2021 and 2020 were approximately $29.5 million, $24.8 million and $23.1 million, respectively. The increase in general and administrative expenses for the year ended December 31, 2022 is primarily attributable to higher inflation, compensation costs and legal costs. The increase in general and administrative expenses for the year ended December 31, 2021 is primarily attributable to higher incentive compensation costs.

Insurance expenses include charges for insurance premiums to cover costs of insuring activities such as property, casualty, pollution, automobile, directors’ and officers’ liability, and other insurable risks. For the years ended December 31, 2022, 2021 and 2020, insurance expense was approximately $6.3 million, $6.3 million and $5.8 million, respectively.

Deferred compensation expense includes expense associated with awards granted to certain employees who provide service to us that vest over future service periods. The expense associated with deferred compensation awards was approximately $3.8 million, $15.8 million and $2.2 million for the years ended December 31, 2022, 2021 and 2020, respectively. The increase in deferred compensation expense for the year ended December 31, 2021 is primarily attributable to our indirect parent company, Pike Petroleum Holdings, LLC, repurchasing and cancelling class B units that were granted by Pike West Coast Holdings, LLC prior to the Pacific Northwest Contribution for approximately $12.5 million. The cash payment for the repurchase and cancellation of the class B units was made by Pike Petroleum Holdings, LLC, accordingly we have accounted for this as a non-cash transaction in our consolidated statements of equity and consolidated statements of cash flows.

Depreciation and amortization expenses for the years ended December 31, 2022, 2021 and 2020 was approximately $71.1 million, $68.5 million and $66.0 million, respectively. The increase in depreciation and amortization expense for the years ended December 31, 2022 and 2021 is primarily attributable to placing terminal expansion projects in service.

Interest expense for the years ended December 31, 2022, 2021 and 2020 was approximately $52.3 million, $42.7 million and $46.1 million, respectively. Interest expense for the years ended December 31, 2022, 2021 and 2020 is offset by an unrealized gain on interest rate swap agreements of approximately $16.0 million, $1.8 million and $0.4 million, respectively. The increase in interest expense for the year ended December 31, 2022 is primarily attributable to increased debt related to the Pacific Northwest Contribution on November 17, 2021 and increases in LIBOR based interest rates. The decrease in interest expense for the year ended December 31, 2021 is primarily attributable to decreases in LIBOR based interest rates.

ANALYSIS OF INVESTMENTS IN UNCONSOLIDATED AFFILIATES

At December 31, 2022 and 2021, our investments in unconsolidated affiliates include a 42.5% Class A ownership interest in BOSTCO, a 30% ownership interest in Olympic Pipeline Company, a 51% ownership interest in SeaPort Midstream and a 50% ownership interest in Frontera. BOSTCO is a terminal facility located on the Houston Ship Channel that encompasses approximately 7.1 million barrels of distillate, residual and other black oil product storage. Class A and Class B ownership interests in BOSTCO share in cash distributions on a 96.5% and 3.5% basis, respectively. Class B ownership interests do not have voting rights and are not required to make capital investments. Olympic Pipeline Company is a 400-mile interstate refined petroleum products pipeline system running from Blaine, Washington to Portland, Oregon and a refined and renewable products terminal in Bayview, Washington. SeaPort Midstream is two terminal facilities located in Seattle, Washington and Portland, Oregon that encompasses approximately 1.3 million barrels of refined and renewable product storage. Frontera is a terminal facility located in Brownsville, Texas that encompasses approximately 1.7 million barrels of light petroleum product storage, as well as related ancillary facilities.

The following table summarizes our investments in unconsolidated affiliates:

	Percentage of ownership		Carrying value (in thousands)	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
BOSTCO	42.5 %	42.5 %	$ 195,770	$ 200,301
Olympic Pipeline Company	30 %	30 %	77,934	80,941
SeaPort Midstream	51 %	51 %	30,788	29,136
Frontera	50 %	50 %	21,340	22,314
Total investments in unconsolidated affiliates			$ 325,832	$ 332,692

Earnings from investments in unconsolidated affiliates were as follows (in thousands):

	Year ended December 31, 2022	Year ended December 31, 2021	Year ended December 31, 2020
BOSTCO	$ 5,442	$ 5,248	$ 3,933
Olympic Pipeline Company	3,096	8,055	1,766
SeaPort Midstream	1,652	585	1,592
Frontera	940	1,858	2,565
Total earnings from investments in unconsolidated affiliates	$ 11,130	$ 15,746	$ 9,856

The decrease in earnings from our investment in Olympic Pipeline Company for the year ended December 31, 2022 is attributable to decreased volumes shipped on the pipeline and more spend on repairs. The increase in earnings from our investment in Olympic Pipeline Company for the year ended December 31, 2021 is attributable to increased tariff rates and volumes shipped on the pipeline and less spend on repairs.

Additional capital investments in unconsolidated affiliates were as follows (in thousands):

	Year ended December 31, 2022	Year ended December 31, 2021	Year ended December 31, 2020
BOSTCO	$ —	$ 4,051	$ 7,257
Olympic Pipeline Company	—	—	—
SeaPort Midstream	—	—	—
Frontera	—	—	—
Additional capital investments in unconsolidated affiliates	$ —	$ 4,051	$ 7,257

Cash distributions received from unconsolidated affiliates were as follows (in thousands):

	Year ended December 31, 2022	Year ended December 31, 2021	Year ended December 31, 2020
BOSTCO	$ 9,973	$ 10,910	$ 11,021
Olympic Pipeline Company	6,103	4,599	2,785
SeaPort Midstream	—	—	—
Frontera	1,914	3,580	2,211
Cash distributions received from unconsolidated affiliates	$ 17,990	$ 19,089	$ 16,017

LIQUIDITY AND CAPITAL RESOURCES

Our primary liquidity needs are to fund our debt service obligations, working capital requirements and capital projects, including additional investments and expansion, development and acquisition opportunities. We expect to fund any additional investments, capital projects and future expansion, development and acquisition opportunities with cash flows from operations and borrowings under our revolving credit facility.

Net cash provided by (used in) operating activities, investing activities and financing activities were as follows (in thousands):

	Year ended December 31, 2022	Year ended December 31, 2021	Year ended December 31, 2020
Net cash provided by operating activities	$ 94,510	$ 125,480	$ 134,401
Net cash used in investing activities	$ (54,492)	$ (334,939)	$ (81,906)
Net cash provided by (used in) financing activities	$ (45,275)	$ 212,253	$ (59,126)

The approximately $31.0 million decrease in net cash provided by operating activities for the year ended December 31, 2022 is primarily attributable to the timing of working capital requirements related to the Pacific Northwest Contribution on November 17, 2021. The approximately $8.9 million decrease in net cash provided by operating activities for the year ended December 31, 2021 is primarily related to timing of distributions from our unconsolidated affiliates and working capital requirements.

The change in net cash used in investing activities for the years ended December 31, 2022 and 2021, includes a distribution to Arclight of approximately $256.3 million for the Pacific Northwest Contribution and the termination of a $10.2 million short-term loan from the Company to an ArcLight affiliate in contemplation of the contribution on November 17, 2021. This was partially offset by an approximately $9.9 million and $11.5 million decrease in construction spend in 2022 and 2021, respectively.

Additional investments and expansion capital projects at our terminals have been approved and currently are, or will be, under construction with estimated completion dates throughout 2024. At December 31, 2022, the remaining expenditures to complete the approved projects are estimated to be approximately $35 million. These expenditures primarily relate to the construction costs associated with the expansion of our Southeast and West Coast operations.

The change in net cash provided by (used in) financing activities for the years ended December 31, 2022 and 2021 is primarily attributable to the Company entering into an agreement for a $1 billion senior secured term loan on November 17, 2021. A portion of the proceeds from the $1 billion senior secured term loan were used, at the time of the closing, for the repayment of debt of approximately $549.9 million, distributions to TLP Finance for debt service of approximately $174.2 million, and approximately $21.5 million of debt issuance costs.

Credit agreement. On November 17, 2021, the Company and TransMontaigne Operating Company L.P., our wholly owned subsidiary, entered into the Credit Agreement ("Credit Agreement") for a $1 billion senior secured term loan and a $150 million revolving credit facility, with a letter of credit subfacility of $35 million. The senior secured term loan will mature on November 17, 2028 and the revolving credit facility will terminate (a) on November 14, 2025 in the event our 6.125% senior notes due in 2026 are not refinanced on or prior to such date or (b) in the event the senior notes have been refinanced on or prior to November 14, 2025, the earlier of (i) the new maturity date of the refinanced senior notes and (ii) November 17, 2026. Our obligations under the Credit Agreement are guaranteed by the Company, TransMontaigne Operating Company L.P. and all of its subsidiaries, and secured by a first priority security interest in favor of the lenders in substantially all of the Company's, TransMontaigne Operating Company L.P.'s and all of its subsidiaries' assets, including our investments in unconsolidated affiliates.

Proceeds from the $1 billion senior secured term loan were used as follows (in thousands):

Repayment of revolving credit facility	$ 351,700
Payment for contribution of Pacific Northwest	256,300
Repayment of SeaPort Financing term loan	198,200
Distribution to TLP Finance for debt service	174,200
Deferred debt issuance costs	19,600
Proceeds from senior secured term loan	$ 1,000,000

We may elect to have loans under the Credit Agreement bear interest, at either an adjusted LIBOR rate (subject to a 0.50% floor) plus an applicable margin of 3.50% or an alternate base rate plus an applicable margin of 2.50% per annum. We are also required to pay (i) a letter of credit fee of 3.50% per annum on the aggregate face amount of all outstanding letters of credit, (ii) to the issuing lender of each letter of credit, a fronting fee of no less than 0.125% per annum on the outstanding amount of each such letter of credit and (iii) commitment fees of 0.50% per annum on the daily unused amount of the revolving credit facility, in each case quarterly in arrears.

The Credit Agreement contains various covenants, including, but not limited to, limitations on the incurrence of indebtedness, permitted investments, liens on assets, making distributions, transactions with affiliates, mergers, consolidations, dispositions of assets and other provisions customary in similar types of agreements. The Credit Agreement requires compliance with (a) a debt service coverage ratio of no less than 1.1 to 1.0 and (b) if the aggregate outstanding amount of all revolving loans and drawn letters of credit exceeds an amount equal to 35% of the aggregate revolving commitments, a senior secured net leverage ratio of no greater than 6.75 to 1.00. We were in compliance with all financial covenants as of and during the years ended December 31, 2022 and 2021.

If we were to fail a financial performance covenant, or any other covenant contained in the Credit Agreement, we would seek a waiver from our lenders under such facility. If we were unable to obtain a waiver from our lenders and the default remained uncured after any applicable grace period, we would be in breach of the Credit Agreement, and the lenders would be entitled to declare all outstanding borrowings immediately due and payable.

	Three months ended March 31, 2022	Three months ended June 30, 2022	Three months ended September 30, 2022	Three months ended December 31, 2022	Twelve months ended December 31, 2022
Financial performance covenant tests:					
Net earnings	$ 5,871	$ 11,059	$ 22,242	$ 2,777	$ 41,949
Interest expense	14,573	14,347	2,599	20,731	52,250
Deferred debt issuance costs	1,008	1,039	3,712	994	6,753
State franchise taxes (income taxes)	415	625	578	488	2,106
Depreciation and amortization	17,500	17,629	17,886	18,091	71,106
Deferred compensation	1,444	776	786	772	3,778
One-time acquisition expenses	—	193	—	—	193
Proportionate share of unconsolidated affiliates' depreciation and amortization	4,076	4,050	4,735	4,975	17,836
Consolidated EBITDA (1)	$ 44,887	$ 49,718	$ 52,538	$ 48,828	$ 195,971
Maintenance capital	(3,255)	(4,107)	(6,364)	(10,567)	(24,293)
Total	$ 41,632	$ 45,611	$ 46,174	$ 38,261	$ 171,678
Debt service:					
Interest expense	$ 14,573	$ 14,347	$ 2,599	$ 20,731	$ 52,250
Unrealized gain on interest rate swap agreements	—	—	15,763	188	15,951
Scheduled principal payments	2,500	2,500	2,500	2,500	10,000
Total	$ 17,073	$ 16,847	$ 20,862	$ 23,419	$ 78,201
Credit Agreement debt service coverage ratio (>1.1x)					**2.20**

Senior notes. On February 12, 2018, the Company and TLP Finance Corp., our wholly owned subsidiary, issued at par $300 million of 6.125% senior notes, due in 2026. The senior notes remain outstanding and the Company is voluntarily filing with the Securities and Exchange Commission pursuant to the covenants contained in the senior notes. The senior notes contain customary covenants (including those relating to our voluntary filing of this report and certain restrictions and obligations with respect to types of payments we may make, indebtedness we may incur, transactions we may pursue, or changes in our control) and customary events of default (including those relating to monetary defaults, covenant defaults, cross defaults and bankruptcy events). We may, at any time and from time to time, seek to retire or purchase our outstanding debt through cash purchases, open-market purchases, privately negotiated transactions or otherwise. Such repurchases, if any, will be upon such terms and at such prices as we may determine, and will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

Contractual obligations and contingencies. See Note 11 and Note 13 of Notes to consolidated financial statements for information regarding our debt obligations and our leases and other commitments, respectively.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

Market risk is the risk of loss arising from adverse changes in market rates and prices. A principal market risk to which we are exposed is interest rate risk associated with borrowings under our senior secured term loan and revolving credit facility. Borrowings under our senior secured term loan and revolving credit facility bear interest at either an adjusted LIBOR rate (subject to a 0.50% floor) plus an applicable margin of 3.50% or an alternate base rate plus an applicable margin of 2.50% per annum. We manage a portion of our interest rate risk with interest rate swaps, which reduce our exposure to changes in interest rates by converting variable interest rates to fixed interest rates. At December 31, 2022 and 2021, our derivative instruments were limited to interest rate swap agreements with an aggregate notional amount of $500 million and $nil, respectively. Pursuant to the terms of the interest rate swap agreements, we pay a blended fixed rate of approximately 2.87% and receive interest payments based on the one-month LIBOR through July 17, 2023. Thereafter, we will receive interest payments based on the one-month CME Term SOFR. The net difference to be paid or received under the interest rate swap agreements will be settled monthly and recognized as an adjustment to interest expense. For the years ended December 31, 2022, 2021 and 2020 we recognized an unrealized gain on interest rate swap agreements of approximately $16.0 million, $1.8 million and $0.4 million, respectively. The fair value of our interest rate swap agreements was determined using a pricing model based on the LIBOR swap rate and other observable market data. At December 31, 2022, we had outstanding borrowings of $990 million under our senior secured term loan and $nil under our revolving credit facility. Based on the outstanding balance of our variable-interest-rate debt at December 31, 2022, assuming market interest rates increase or decrease by 100 basis points, the potential annual increase or decrease in interest expense is approximately $4.9 million.

We sell refined and renewable products to major fuel producers and marketers in the Pacific Northwest at our terminal in Tacoma, Washington. Our direct exposure to changes in commodity prices is limited to these product sales and the value of product gains and losses arising from terminaling services agreements with certain customers, which accounts for a small portion of our revenue. We do not use derivative commodity instruments to manage the commodity risk associated with the product we may own at any given time.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The following consolidated financial statements should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this Annual Report.

TransMontaigne Partners LLC and Subsidiaries:

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Management of TransMontaigne Partners LLC

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of TransMontaigne Partners LLC and subsidiaries (the "Company") as of December 31, 2022 and 2021, the related consolidated statements of income, partners' equity, and cash flows, for each of the three years in the period ended December 31, 2022, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting.
Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Emphasis of Matter

As discussed in Note 1 to the financial statements, effective November 17, 2021, Arclight contributed Pike West Coast Holdings, LLC ("Pike West Coast") a portfolio company of ArcLight Energy Partners Fund VI, L.P. to the Company (the "Pacific Northwest Contribution") and was recorded at carryover basis as a reorganization of entities under common control. As such, all periods presented include the assets, liabilities, and results of operations of the Pacific Northwest Contribution.

Critical Audit Matters

Critical audit matters are matters arising from the current-period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. We determined that there are no critical audit matters.

/s/ Deloitte & Touche LLP

Denver, Colorado
March 10, 2023

We have served as the Company's auditor since 2012

TransMontaigne Partners LLC and subsidiaries
Consolidated balance sheets
(in thousands)

	December 31, 2022	December 31, 2021
ASSETS		
Current assets:		
Cash and cash equivalents	$ 13,016	$ 18,273
Trade accounts receivable	46,060	20,028
Due from affiliates	3,850	2,397
Inventory	6,645	5,333
Other current assets	15,699	6,492
Total current assets	85,270	52,523
Property, plant and equipment, net	835,907	851,483
Goodwill	18,586	18,586
Investments in unconsolidated affiliates	325,832	332,692
Right-of-use assets, operating leases	50,718	48,522
Other assets, net	59,710	53,146
	$ 1,376,023	$ 1,356,952
LIABILITIES AND EQUITY		
Current liabilities:		
Trade accounts payable	$ 25,349	$ 14,568
Operating lease liabilities	3,600	3,665
Accrued liabilities	43,420	37,751
Current debt	10,000	10,000
Total current liabilities	82,369	65,984
Deferred revenue	1,220	3,334
Long-term operating lease liabilities	49,077	46,643
Long-term debt	1,257,219	1,263,940
Total liabilities	1,389,885	1,379,901
Commitments and contingencies (Note 13)		
Equity:		
Member interest	(13,862)	(22,949)
Total equity	(13,862)	(22,949)
	$ 1,376,023	$ 1,356,952

See accompanying notes to consolidated financial statements.

TransMontaigne Partners LLC and subsidiaries
Consolidated statements of operations
(in thousands)

	Year ended December 31, 2022	Year ended December 31, 2021	Year ended December 31, 2020
Revenue:			
Terminal revenue	$ 305,370	$ 289,441	$ 294,133
Product sales	361,025	231,239	183,555
Total revenue	666,395	520,680	477,688
Costs and expenses:			
Cost of product sales	(347,302)	(218,395)	(171,727)
Operating	(118,636)	(111,101)	(108,017)
General and administrative	(29,462)	(24,790)	(23,147)
Insurance	(6,289)	(6,260)	(5,837)
Deferred compensation	(3,778)	(15,763)	(2,173)
Depreciation and amortization	(71,106)	(68,484)	(66,034)
Total costs and expenses	(576,573)	(444,793)	(376,935)
Earnings from unconsolidated affiliates	11,130	15,746	9,856
Operating income	100,952	91,633	110,609
Other expenses:			
Interest expense	(52,250)	(42,661)	(46,056)
Deferred debt issuance costs	(6,753)	(10,637)	(3,694)
Total other expenses	(59,003)	(53,298)	(49,750)
Net earnings	$ 41,949	$ 38,335	$ 60,859

See accompanying notes to consolidated financial statements.

TransMontaigne Partners LLC and subsidiaries
Consolidated statements of equity
(in thousands)

	Predecessor	Member interest	Total
Balance December 31, 2019	**$ 73,760**	**$ 324,087**	**$ 397,847**
Contributions from parent entities	—	313	313
Distributions to TLP Finance Holdings, LLC for debt service	—	(50,455)	(50,455)
Distributions to parent entities	(7)	—	(7)
Net earnings (loss) for year ended December 31, 2020	(489)	61,348	60,859
Balance December 31, 2020	**73,264**	**335,293**	**408,557**
Contributions from parent entities	—	15,124	15,124
Distributions to TLP Finance Holdings, LLC for debt service	—	(218,491)	(218,491)
Contribution of Pacific Northwest at carryover basis	(84,697)	(181,777)	(266,474)
Net earnings for year ended December 31, 2021	11,433	26,902	38,335
Balance December 31, 2021	**—**	**(22,949)**	**(22,949)**
Contributions from parent entities	—	1,935	1,935
Distributions to TLP Finance Holdings, LLC for debt service	—	(34,797)	(34,797)
Net earnings for year ended December 31, 2022	—	41,949	41,949
Balance December 31, 2022	**$ —**	**$ (13,862)**	**$ (13,862)**

See accompanying notes to consolidated financial statements.

TransMontaigne Partners LLC and subsidiaries
Consolidated statements of cash flows
(in thousands)

	Year ended December 31, 2022	Year ended December 31, 2021	Year ended December 31, 2020
Cash flows from operating activities:			
Net earnings	$ 41,949	$ 38,335	$ 60,859
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	71,106	68,484	66,034
Earnings from unconsolidated affiliates	(11,130)	(15,746)	(9,856)
Distributions from unconsolidated affiliates	17,990	19,089	16,017
Equity-based compensation	1,676	13,410	—
Amortization of deferred debt issuance costs	4,090	10,637	3,694
Amortization of deferred revenue	(2,114)	(1,486)	(170)
Unrealized gain on interest rate swap agreements	(15,951)	(1,825)	(426)
Other income (sale of land)	(488)	—	—
Changes in operating assets and liabilities:			
Trade accounts receivable	(24,914)	(7,557)	8,165
Due from affiliates	(1,453)	(771)	381
Inventory	(1,312)	(504)	4,205
Other current assets	(3,667)	(15)	667
Long-term customer receivables	530	811	(1,130)
Right-of-use assets, operating leases	3,191	3,276	2,816
Other assets, net	49	—	437
Trade accounts payable	12,307	1,281	(13,471)
Accrued liabilities	5,669	1,373	(986)
Operating lease liabilities	(3,018)	(3,312)	(2,835)
Net cash provided by operating activities	94,510	125,480	134,401
Cash flows from investing activities:			
Payment for contribution of Pacific Northwest	—	(266,474)	—
Investments in unconsolidated affiliates	—	(4,051)	(7,257)
SeaPort Midstream member loan	—	—	1,291
Capital expenditures	(54,492)	(64,414)	(75,940)
Net cash used in investing activities	(54,492)	(334,939)	(81,906)
Cash flows from financing activities:			
Repayments of senior secured term loan	(10,000)	—	—
Repayments of SeaPort Financing term loan	—	(199,063)	(8,577)
Proceeds from senior secured term loan	—	1,000,000	—
Borrowings under revolving credit facility	110,700	142,200	99,400
Repayments under revolving credit facility	(110,700)	(492,600)	(99,700)
Senior notes repurchase	—	—	(100)
Debt issuance costs	(737)	(21,507)	—
Contributions from parent entities	259	1,714	313
Distributions to TLP Finance Holdings, LLC for debt service	(34,797)	(218,491)	(50,455)
Distributions to parent entities	—	—	(7)
Net cash provided by (used in) financing activities	(45,275)	212,253	(59,126)
Increase (decrease) in cash and cash equivalents	(5,257)	2,794	(6,631)
Cash and cash equivalents at beginning of period	18,273	15,479	22,110
Cash and cash equivalents at end of period	$ 13,016	$ 18,273	$ 15,479
Supplemental disclosures of cash flow information:			
Cash paid for interest	$ 71,748	$ 43,680	$ 46,475
Property, plant and equipment acquired with accounts payable	$ 5,439	$ 6,967	$ 9,565
Additions to right-of-use assets obtained from new operating lease liabilities	$ 5,387	$ 17,918	$ —
Non-cash contributions from parent entities	$ 1,935	$ 15,124	$ 313

On December 30, 2022 we sold land for approximately $1.1 million, which is included in accounts receivable at December 31, 2022. We recorded a gain of approximately $0.5 million and a non-cash reduction to property, plant and equipment of approximately $0.6 million related to the sale of land.

See accompanying notes to consolidated financial statements.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Nature of business

TransMontaigne Partners LLC ("we," "us," "our," "the Company") provides integrated terminaling, storage, transportation and related services for companies engaged in the trading, distribution and marketing of light refined petroleum products, heavy refined petroleum products, renewable products, crude oil, chemicals, fertilizers and other liquid products. We conduct our operations in the United States along the Gulf Coast, in the Midwest, in Houston and Brownsville, Texas, along the Mississippi and Ohio rivers, in the Southeast and along the West Coast. In addition, we sell refined and renewable products to major fuel producers and marketers in the Pacific Northwest at our terminal in Tacoma, Washington.

On November 17, 2021, Arclight contributed Pike West Coast Holdings, LLC ("Pike West Coast") a portfolio company of ArcLight Energy Partners Fund VI, L.P. to the Company. Pike West Coast is an infrastructure company with significant operations across the renewable fuels supply chain in the U.S. Pacific Northwest (the "Pacific Northwest Contribution").

Pike West Coast owns a 100% ownership interest in SeaPort Financing, LLC. SeaPort Financing, LLC owns a 100% ownership interest in SeaPort Sound Terminal, LLC ("SeaPort Sound"), which owns a refined and renewable products terminal in Tacoma, Washington, a 51% ownership interest in SeaPort Midstream Partners, LLC ("SeaPort Midstream"), which owns refined and renewable products terminals in both Seattle, Washington and Portland, Oregon, and a 30% ownership interest in Olympic Pipeline Company, LLC ("Olympic Pipeline Company"), which owns the Olympic Pipeline between Blaine, Washington and Portland, Oregon and a refined and renewable products terminal in Bayview, Washington.

The Pacific Northwest Contribution has been recorded at carryover basis as a reorganization of entities under common control. As such, prior periods include the assets, liabilities, and results of operations of the Pacific Northwest Contribution for all periods presented (see Note 3 of Notes to consolidated financial statements).

(b) Basis of presentation and use of estimates

Our accounting and financial reporting policies conform to accounting principles generally accepted in the United States of America ("GAAP"). The accompanying consolidated financial statements include the accounts of TransMontaigne Partners LLC and its controlled subsidiaries. Investments where we do not have the ability to exercise control, but do have the ability to exercise significant influence, are accounted for using the equity method of accounting. All inter-company accounts and transactions have been eliminated in the preparation of the accompanying consolidated financial statements. The accompanying consolidated financial statements include all adjustments (consisting of normal and recurring accruals) considered necessary to present fairly our financial position as of December 31, 2022 and 2021 and our results of operations for the years ended December 31, 2022, 2021 and 2020.

The preparation of financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting periods. In management's opinion, the estimate of useful lives of our plant and equipment are subjective in nature, require the exercise of judgment and involve complex analyses. Changes in these estimates and assumptions will occur as a result of the passage of time and the occurrence of future events. Actual results could differ from these estimates.

(c) Accounting for terminal and pipeline operations

We generate revenue from terminaling services fees, management fees, pipeline transportation fees and product sales. Under Topic 606, *Revenue from Contracts with Customers* (“ASC 606”) and Topic 842, *Leases* and the series of related Accounting Standards Updates that followed (collectively referred to as “ASC 842”), we recognize revenue over time or at a point in time, depending on the nature of the performance obligations contained in the respective contract with our customer. The contract transaction price is allocated to each performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. The following is an overview of our significant revenue streams, including a description of the respective performance obligations and related method of revenue recognition.

Terminaling services fees. Our terminaling services agreements are structured as either throughput agreements or storage agreements. Our throughput agreements contain provisions that require our customers to make minimum payments, which are based on contractually established minimum volumes of throughput of the customer’s product at our facilities, over a stipulated period of time. Due to this minimum payment arrangement, we recognize a fixed amount of revenue from the customer over a certain period of time, even if the customer throughputs less than the minimum volume of product during that period. In addition, if a customer throughputs a volume of product exceeding the minimum volume, we would recognize additional revenue on this incremental volume. Our storage agreements require our customers to make minimum payments based on the volume of storage capacity available to the customer under the agreement, which results in a fixed amount of recognized revenue. We refer to the fixed amount of revenue recognized pursuant to our terminaling services agreements as being “firm commitments.”

Our terminaling services agreements include revenue recognized in accordance with ASC 606 and ASC 842. At the time of contract inception, we evaluate each contract to determine whether the contract contains a lease. Significant assumptions used in this process include the determination of whether substantive substitution rights exist based on the terms of the contract and available capacity at the terminal at the time of contract inception. Our terminaling services agreements do not allow our customers to purchase the underlying asset and vary in terms and conditions with respect to extension or termination options. If a contract is accounted for as a lease under ASC 842, we recognize the minimum payments as lease revenue and revenue recognized in excess of firm commitments as a variable payment of the lease. All other components of the contracts accounted for as a lease are treated as non-lease components (ancillary revenue) and are accounted for in accordance with ASC 606. The majority of our firm commitments under our terminaling services agreements are accounted for as lease revenue in accordance with ASC 842. The remaining firm commitments under our terminaling services agreements not accounted for as lease revenue are accounted for in accordance with ASC 606, where the minimum payment arrangement in each contract is considered a single performance obligation that is primarily satisfied over time through the contract term.

Revenue recognized in excess of firm commitments and revenue recognized based solely on the volume of product distributed or injected are referred to as ancillary. The ancillary revenue associated with terminaling services include volumes of product throughput that exceed the contractually established minimum volumes, injection fees based on the volume of product injected with additive compounds, heating and mixing of stored products, product transfer, railcar handling, butane blending, proceeds from the sale of product gains, wharfage and vapor recovery. The revenue generated by these services is required to be estimated under ASC 606 for any uncertainty that is not resolved in the period of the service. We account for the majority of ancillary revenue at individual points in time when the services are delivered to the customer. The majority of our ancillary revenue is recognized in accordance with ASC 606 (See Note 15 of Notes to consolidated financial statements).

Management fees. We manage and operate certain tank capacity at our Port Everglades South terminal for a major oil company and receive a reimbursement of its proportionate share of operating and maintenance costs. We manage and operate the Frontera joint venture and receive a management fee based on our costs incurred. We lease land under operating leases as the lessor or sublessor with third parties and affiliates. We manage and operate rail sites at certain Southeast terminals on behalf of a major oil company and receive reimbursement for operating and maintenance costs. We manage and operate SeaPort Midstream and receive a management fee based on our costs incurred. We also manage additional terminal facilities that are owned by affiliates of ArcLight, including Lucknow-Highspire Terminals, LLC, which operates terminals throughout Pennsylvania encompassing approximately 9.9 million barrels of storage capacity and we receive a management fee based on our costs incurred.

Management fee revenue is recognized at individual points in time as the services are performed or as the costs are incurred and is primarily accounted for in accordance with ASC 606. Management fees related to lease revenue are accounted for in accordance with ASC 842.

Pipeline transportation fees. We earned pipeline transportation fees at our Diamondback pipeline under a capacity reservation agreement that ended on May 26, 2021. Revenue associated with the capacity reservation agreement was recognized ratably over the respective term, regardless of whether the capacity was utilized.

Product sales. Our product sales revenue refers to the sale of refined and renewable products at our terminal in Tacoma, Washington. Product sales revenue pricing is contractually specified, and we have determined that each transaction represents a separate performance obligation. Product sales revenue is recognized at a point in time when our customers take control and legal title of the commodities purchased. Product sales revenue is recorded gross of cost of product sales, which includes product supply and transportation costs, as we are responsible for fulfilling the promise in the sales contract and maintain inventory risk. Product sales revenue is accounted for in accordance with ASC 606.

(d) Cash and cash equivalents

We consider all short-term investments with a remaining maturity of three months or less at the date of purchase to be cash equivalents.

(e) Inventory

Inventory represents refined and renewable products held for resale and are recorded at the lower of cost or net realizable value. Cost is determined by using the average cost method. At December 31, 2022 and 2021, our refined products inventory was approximately $4.1 million and $2.8 million, respectively. At both December 31, 2022 and 2021, our renewable products inventory was approximately $2.5 million. We did not recognize any adjustments to the lower of cost or net realizable value during the years ended December 31, 2022 and 2021.

(f) Property, plant and equipment

Depreciation is computed using the straight-line method. Estimated useful lives are 15 to 25 years for terminals and pipelines and 3 to 25 years for furniture, fixtures and equipment. All items of property, plant and equipment are carried at cost. Expenditures that increase capacity or extend useful lives are capitalized. Repairs and maintenance are expensed as incurred.

We evaluate long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset group may not be recoverable based on expected undiscounted future cash flows attributable to that asset group. If an asset group is impaired, the impairment loss to be recognized is the excess of the carrying amount of the asset group over its estimated fair value. We did not recognize any impairment charges for each of the years ended December 31, 2022, 2021 and 2020.

(g) Investments in unconsolidated affiliates

We account for our investments in unconsolidated affiliates, which we do not control but do have the ability to exercise significant influence over, using the equity method of accounting. Under this method, the investment is recorded at acquisition cost, increased by our proportionate share of any earnings and additional capital contributions and decreased by our proportionate share of any losses, distributions received and amortization of any excess investment. Excess investment is the amount by which our total investment exceeds our proportionate share of the book value of the net assets of the investment entity. We evaluate our investments in unconsolidated affiliates for impairment whenever events or circumstances indicate there is a loss in value of the investment that is other than temporary. In the event of impairment, we would record a charge to earnings to adjust the carrying amount to estimated fair value. We did not recognize any impairment charges for each of the years ended December 31, 2022, 2021 and 2020.

(h) Environmental obligations

We accrue for environmental costs that relate to existing conditions caused by past operations when probable and reasonably estimable (see Note 10 of Notes to consolidated financial statements). Environmental costs include initial site surveys and environmental studies of potentially contaminated sites, costs for remediation and restoration of sites determined to be contaminated and ongoing monitoring costs, as well as fines, damages and other costs, including direct legal costs. Liabilities for environmental costs at a specific site are initially recorded, on an undiscounted basis, when it is probable that we will be liable for such costs, and a reasonable estimate of the associated costs can be made based on available information. Such an estimate includes our share of the liability for each specific site and the sharing of the amounts related to each site that will not be paid by other potentially responsible parties, based on enacted laws and adopted regulations and policies. Adjustments to initial estimates are recorded, from time to time, to reflect changing circumstances and estimates based upon additional information developed in subsequent periods. Estimates of our ultimate liabilities associated with environmental costs are difficult to make with certainty due to the number of variables involved, including the early stage of investigation at certain sites, the lengthy time frames required to complete remediation, technology changes, alternatives available and the evolving nature of environmental laws and regulations. We periodically file claims for insurance recoveries of certain environmental remediation costs with our insurance carriers under our comprehensive liability policies (see Note 5 of Notes to consolidated financial statements).

In connection with our acquisition of the Florida (other than Pensacola), Midwest, Brownsville, Texas, River, Southeast, and Pensacola, Florida terminal and facilities, a third party agreed to indemnify us against certain potential environmental claims, losses and expenses. Based on our current knowledge, we expect that the active remediation projects subject to the benefit of this indemnification obligation are winding down and will not involve material additional claims, losses, and expenses.

(i) Asset retirement obligations

Asset retirement obligations are legal obligations associated with the retirement of long-lived assets that result from the acquisition, construction, development or normal use of the asset. GAAP requires that the fair value of a liability related to the retirement of long-lived assets be recorded at the time a legal obligation is incurred. Once an asset retirement obligation is identified and a liability is recorded, a corresponding asset is recorded, which is depreciated over the remaining useful life of the asset. After the initial measurement, the liability is adjusted to reflect changes in the asset retirement obligation. If and when it is determined that a legal obligation has been incurred, the fair value of any liability is determined based on estimates and assumptions related to retirement costs, future inflation rates and interest rates. Our long-lived assets consist of above-ground storage facilities and underground pipelines. We are unable to predict if and when these long-lived assets will become completely obsolete and require dismantlement. We have not recorded an asset retirement obligation, or corresponding asset, because the future dismantlement and removal dates of our long-lived assets is indeterminable and the amount of any associated costs are believed to be insignificant. Changes in our assumptions and estimates may occur as a result of the passage of time and the occurrence of future events.

(j) Accounting for derivative instruments

Generally accepted accounting principles require us to recognize all derivative instruments at fair value in the consolidated balance sheets as assets or liabilities. Changes in the fair value of our derivative instruments are recognized in the consolidated statements of operations.

At December 31, 2022 and 2021, our derivative instruments were limited to interest rate swap agreements with an aggregate notional amount of $500 million and $nil, respectively. Pursuant to the terms of the current interest rate swap agreements that expire August 18, 2025, we pay a blended fixed rate of approximately 2.87% and receive interest payments based on the one-month LIBOR through July 17, 2023. Thereafter, we will receive interest payments based on the one-month CME Term SOFR. The net difference to be paid or received under the interest rate swap agreements will be settled monthly and recognized as an adjustment to interest expense. For the years ended December 31, 2022, 2021 and 2020 we recognized an unrealized gain on interest rate swap agreements of approximately $16.0 million, $1.8 million and $0.4 million, respectively. The fair value of our interest rate swap agreements are determined using a pricing model based on the LIBOR swap rate and other observable market data.

(k) Income taxes

No provision for U.S. federal income taxes has been reflected in the accompanying consolidated financial statements because we are treated as a partnership for federal income tax purposes. As a partnership, all income, gains, losses, expenses, deductions and tax credits generated by us flow up to our owners.

(l) Comprehensive income

Entities that report items of other comprehensive income have the option to present the components of net earnings and comprehensive income in either one continuous financial statement, or two consecutive financial statements. As we have no components of comprehensive income other than net earnings, no statement of comprehensive income has been presented.

(m) Recent accounting pronouncements

In March 2020, the FASB issued ASU No. 2020-04, *Reference Rate Reform—Facilitation of the Effects of Reference Rate Reform on Financial Reporting.* Further, in January 2021, the FASB issued *Update No. 2021-01, Reference Rate Reform (Topic 848),* which clarifies the scope of Topic 848 so that derivatives affected by the discounting transition are explicitly eligible for certain optional expedients and exceptions in Topic 848. This ASU provides temporary optional expedients and exceptions to GAAP guidance on contract modifications and hedge accounting to ease the financial reporting burdens of the expected market transition from LIBOR and other interbank offered rates to alternative reference rates, such as the SOFR. Entities can elect not to apply certain modification accounting requirements to contracts affected by this reference rate reform, if certain criteria are met. An entity that makes this election would not have to re-measure the contracts at the modification date or reassess a previous accounting determination. Entities can also elect various optional expedients that would allow them to continue applying hedge accounting for hedging relationships affected by reference rate reform, if certain criteria are met. The guidance is effective upon issuance and generally can be applied through December 31, 2022. We do not expect the adoption of this guidance to have an impact on our financial position, results of operations or cash flows.

(2) TRANSACTIONS WITH AFFILIATES

Operations and reimbursement agreement—Frontera. We have a 50% ownership interest in the Frontera Brownsville LLC joint venture (“Frontera”). We operate Frontera, in accordance with an operations and reimbursement agreement executed between us and Frontera, for a management fee that is based on our costs incurred. Our agreement with Frontera stipulates that we may resign as the operator at any time with the prior written consent of Frontera, or that we may be removed as the operator for good cause, which includes material noncompliance with laws and material failure to adhere to good industry practice regarding health, safety or environmental matters. For the years ended December 31, 2022, 2021 and 2020 we recognized approximately $5.9 million, $5.3 million and $5.3 million, respectively, of revenue related to this operations and reimbursement agreement.

Terminaling services agreements—Brownsville terminals. We have three terminaling services agreements with Frontera relating to our Brownsville, Texas facility that will expire in January 2024, June 2023 and June 2024, subject to automatic renewals unless terminated by either party upon 90 days’ to 180 days’ prior notice. In exchange for its minimum throughput commitments, we have agreed to provide Frontera with approximately 301,000 barrels of storage capacity for the year ended December 31, 2022 and 412,000 barrels of storage capacity for the years ended December 31, 2021 and 2020. For the years ended December 31, 2022, 2021 and 2020 we recognized revenue related to these agreements of approximately $1.8 million, $3.5 million and $2.6 million, respectively.

Terminaling services agreement—Gulf Coast terminals. We have a terminaling services agreement with Associated Asphalt Marketing, LLC, a wholly owned indirect subsidiary of ArcLight relating to our Gulf Coast terminals. The agreement will expire in April 2026, subject to a five-year automatic renewal unless terminated by either party upon 180 days’ prior notice, after which the agreement is subject to two-year automatic renewals unless terminated by either party upon 180 days’ prior notice. In exchange for its minimum throughput commitment, we have agreed to provide Associated Asphalt Marketing, LLC with approximately 750,000 barrels of storage capacity. For the years ended December 31, 2022, 2021 and 2020 we recognized revenue related to this agreement with Associated Asphalt Marketing, LLC of approximately $10.0 million, $9.0 million and $8.6 million, respectively.

Operating and administrative agreement—SeaPort Midstream—Central services. We have a 51% ownership interest in SeaPort Midstream. We operate SeaPort Midstream in accordance with an operating and administrative agreement executed between us and SeaPort Midstream, for a management fee that is based on our costs incurred. The operating and administrative agreement will expire in November 2023, subject to two-year automatic renewals unless terminated by either party upon no less than twelve months' notice prior to the end of the initial term or any successive term. Our agreement with SeaPort Midstream stipulates that we may resign as the operator at any time with the prior written consent of SeaPort Midstream, or that we may be removed as the operator for good cause, which includes material noncompliance with laws and material failure to adhere to good industry practice regarding health, safety or environmental matters. For the years ended December 31, 2022, 2021 and 2020 we recognized revenue related to this operations and administrative agreement of approximately $3.9 million, $3.8 million and $3.3 million, respectively.

Terminaling services agreement— SeaPort Midstream. We had a terminaling services agreement with SeaPort Midstream relating to our West Coast terminals. The agreement expired in January 2023. In exchange for our minimum throughput commitment, SeaPort Midstream agreed to provide us with approximately 14,000 barrels of storage capacity. We used this capacity to store and sell refined and renewable products. For the years ended December 31, 2022, 2021 and 2020 we recognized expense related to this agreement of approximately $0.4 million, $nil and $nil, respectively.

Other affiliates—Central services. We manage additional terminal facilities that are owned by affiliates of ArcLight, including Lucknow-Highspire Terminals, LLC. For the years ended December 31, 2022, 2021 and 2020 we recognized revenue related to reimbursements from these affiliates of approximately $3.4 million, $2.1 million and $1.3 million, respectively.

Services agreement—TransMontaigne Management Company. Our executive officers who provide services to the Company are employed by TransMontaigne Management Company, LLC, a wholly owned subsidiary of ArcLight, which also provides services to certain other ArcLight affiliates. Pursuant to a services agreement between TMS and TransMontaigne Management Company, TMS continues to provide certain payroll functions and maintains all employee benefits programs on behalf of TransMontaigne Management Company. TransMontaigne Management Company is reimbursed for the payroll and benefits expenses related to the executive officers, plus a 1% administration fee. For the years ended December 31, 2022, 2021 and 2020 aggregate fees paid by us to TransMontaigne Management Company with respect to the services agreement was approximately $2.5 million, $3.2 million and $2.7 million, respectively.

(**3) CONTRIBUTION OF TERMINAL ASSETS**

Contribution of Pacific Northwest assets. On November 17, 2021, Arclight contributed Pike West Coast, a portfolio company of ArcLight Energy Partners Fund VI, L.P. to the Company in exchange for payments to certain lenders of SeaPort Financing, LLC (a wholly owned subsidiary of Pike West Coast) in the amount of approximately $198.2 million and a distribution to Arclight in the amount of approximately $256.3 million. In addition, a $10.2 million short-term loan from the Company to an ArcLight affiliate was terminated in contemplation of the contribution. Pike West Coast is an infrastructure company with significant operations across the renewable fuels supply chain in the U.S. Pacific Northwest (the "Pacific Northwest Contribution").

Pike West Coast owns a 100% ownership interest in SeaPort Financing, LLC. SeaPort Financing, LLC owns a 100% ownership interest in SeaPort Sound, which owns a refined and renewable products terminal in Tacoma, Washington, a 51% ownership interest in SeaPort Midstream, which owns refined and renewable products terminals in both Seattle, Washington and Portland, Oregon, and a 30% ownership interest in Olympic Pipeline Company, which owns the Olympic Pipeline between Blaine, Washington and Portland, Oregon and a refined and renewable products terminal in Bayview, Washington.

The Pacific Northwest Contribution has been recorded at carryover basis as a reorganization of entities under common control. As such, prior periods include the assets, liabilities, and results of operations of the Pacific Northwest

Contribution for all periods presented. We recorded the assets at their net book value of $84.7 million with the remaining consideration paid of $181.8 million recorded as a reduction to member equity interest. The difference between the consideration we paid and the carryover basis of the net assets purchased has been reflected in the accompanying consolidated balance sheets and statement of equity as a decrease to the member interest.

Our basis in the assets and liabilities of the Pacific Northwest Contribution at the time of the contribution was as follows (in thousands):

Cash	$ 19,078
Trade accounts receivable	8,174
Inventory	3,145
Other current assets	671
Property, plant and equipment, net	120,215
Investment in unconsolidated affiliates	108,691
Goodwill	9,158
Other assets, net	14,689
Trade accounts payable	(6,062)
Senior secured term loan	(191,510)
Accrued and other liabilities	(1,552)
Equity	$ 84,697

(4) CONCENTRATION OF CREDIT RISK AND TRADE ACCOUNTS RECEIVABLE

Our primary market areas are located in the United States along the Gulf Coast, in the Southeast, in Brownsville, Texas, along the Mississippi and Ohio Rivers, in the Midwest and along the West Coast. We have a concentration of trade receivable balances due from companies engaged in the trading, distribution and marketing of refined products, renewable products and crude oil. These concentrations of customers may affect our overall credit risk in that the customers may be similarly affected by changes in economic, regulatory or other factors. Our customers' historical financial and operating information is analyzed prior to extending credit. We manage our exposure to credit risk through credit analysis, credit approvals, credit limits and monitoring procedures, and for certain transactions we may request letters of credit, prepayments or guarantees. We maintain allowances for potentially uncollectible accounts receivable.

Trade accounts receivable, net consists of the following (in thousands):

	December 31, 2022	December 31, 2021
Trade accounts receivable	$ 46,060	$ 20,028

The following table presents a roll forward of our allowance for credit losses (in thousands):

	Balance at beginning of period	Charged to expenses	Deductions	Balance at end of period
2022	$ —	$ —	$ —	$ —
2021	$ —	$ —	$ —	$ —
2020	$ 127	$ —	$ (127)	$ —

The following customers accounted for at least 10% of our consolidated revenue in at least one of the periods presented in the accompanying consolidated statements of operations:

	Year ended December 31, 2022	Year ended December 31, 2021	Year ended December 31, 2020
Customer A	13 %	7 %	2 %
Customer B	8 %	11 %	7 %
Customer C	8 %	10 %	9 %
Customer D	— %	— %	10 %

(5) OTHER CURRENT ASSETS

Other current assets are as follows (in thousands):

	December 31, 2022	December 31, 2021
Unrealized gain on interest rate swap agreements	$ 5,613	$ —
Prepaid insurance	1,198	1,913
Additive detergent	1,666	1,055
Amounts due from insurance companies	2,340	414
Deposits and other assets	4,882	3,110
	$ 15,699	$ 6,492

Amounts due from insurance companies. We periodically file claims for recovery of environmental remediation costs with our insurance carriers under our comprehensive liability policies. We recognize our insurance recoveries in the period that we assess the likelihood of recovery as being probable (i.e., likely to occur). At December 31, 2022 and 2021, we have recognized amounts due from insurance companies of approximately $2.3 million and $0.4 million, respectively, representing our best estimate of our probable insurance recoveries. During the year ended December 31, 2022, we received reimbursements from insurance companies of approximately $0.4 million and increased our estimate of our probable insurance recoveries by approximately $2.3 million.

(6) PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment, net is as follows (in thousands):

	December 31, 2022	December 31, 2021
Land	$ 104,017	$ 104,647
Terminals, pipelines and equipment	1,333,771	1,266,086
Furniture, fixtures and equipment	17,880	16,986
Construction in progress	17,362	32,997
	1,473,030	1,420,716
Less accumulated depreciation	(637,123)	(569,233)
	$ 835,907	$ 851,483

At December 31, 2022 and 2021, property, plant and equipment, net utilized by our customers in revenue operating lease arrangements consisted of approximately $585.9 million and $597.9 million, respectively, of terminals, pipelines and equipment. The terminals, pipelines and equipment primarily relates to our storage tanks and associated internal piping.

(7) GOODWILL

Goodwill is as follows (in thousands):

	December 31, 2022	December 31, 2021
Brownsville terminals	$ 8,485	$ 8,485
West Coast terminals	10,101	10,101
	$ 18,586	$ 18,586

Goodwill is required to be tested for impairment annually unless events or changes in circumstances indicate it is more likely than not that an impairment loss has been incurred at an interim date. Our annual test for the impairment of goodwill is performed as of December 31. The impairment test is performed at the reporting unit level. Our reporting units are our operating segments (see Note 16 of Notes to consolidated financial statements). The fair value of each reporting unit is determined on a stand-alone basis from the perspective of a market participant and represents an estimate of the price that would be received to sell the unit as a whole in an orderly transaction between market participants at the measurement date. If the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is not considered to be impaired.

At December 31, 2022 and 2021, our Brownsville and West Coast terminals contained goodwill. Our estimate of the fair value of our Brownsville and West Coast terminals at December 31, 2022 and 2021 substantially exceeded the carrying amount. Accordingly, we did not recognize any goodwill impairment charges for each of the years ended December 31, 2022, 2021 and 2020. However, an increase in the assumed market participants' weighted average cost of capital, the loss of a significant customer, the disposition of significant assets, or an unforeseen increase in the costs to operate and maintain the Brownsville and West Coast terminals, could result in the recognition of an impairment charge in the future.

(8) INVESTMENTS IN UNCONSOLIDATED AFFILIATES

At December 31, 2022 and 2021, our investments in unconsolidated affiliates include a 42.5% Class A ownership interest in Battleground Oil Specialty Terminal Company LLC ("BOSTCO"), a 30% ownership interest in Olympic Pipeline Company, a 51% ownership interest in SeaPort Midstream and a 50% ownership interest in Frontera. BOSTCO is a terminal facility located on the Houston Ship Channel that encompasses approximately 7.1 million barrels of distillate, residual and other black oil product storage. Class A and Class B ownership interests share in cash distributions on a 96.5% and 3.5% basis, respectively. Class B ownership interests do not have voting rights and are not required to make capital investments. Olympic Pipeline Company is a 400-mile interstate refined petroleum products pipeline system running from Blaine, Washington to Portland, Oregon and a refined and renewable products terminal in Bayview, Washington. SeaPort Midstream is two terminal facilities located in Seattle, Washington and Portland, Oregon that encompasses approximately 1.3 million barrels of refined and renewable product storage. Frontera is a terminal facility located in Brownsville, Texas that encompasses approximately 1.7 million barrels of light petroleum product storage, as well as related ancillary facilities.

The following table summarizes our investments in unconsolidated affiliates:

	Percentage of ownership		Carrying value (in thousands)	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
BOSTCO	42.5 %	42.5 %	$ 195,770	$ 200,301
Olympic Pipeline Company	30 %	30 %	77,934	80,941
SeaPort Midstream	51 %	51 %	30,788	29,136
Frontera	50 %	50 %	21,340	22,314
Total investments in unconsolidated affiliates			$ 325,832	$ 332,692

At December 31, 2022 and 2021, our investment in BOSTCO includes approximately $6.1 million and $6.2 million, respectively, of excess investment related to a one time buy-in fee to acquire our 42.5% interest and capitalization of interest on our investment during the construction of BOSTCO amortized over the useful life of the assets. Excess investment is the amount by which our investment exceeds our proportionate share of the book value of the net assets of the BOSTCO entity.

At December 31, 2022 and 2021, our investment in Olympic Pipeline Company includes approximately $5.7 million and $6.0 million, respectively, of excess investment related to property, plant and equipment being amortized over the useful life of the assets. Excess investment is the amount by which our investment exceeds our proportionate share of the book value of the net assets of the Olympic Pipeline Company entity.

Earnings from investments in unconsolidated affiliates were as follows (in thousands):

	Year ended December 31, 2022	Year ended December 31, 2021	Year ended December 31, 2020
BOSTCO	$ 5,442	$ 5,248	$ 3,933
Olympic Pipeline Company	3,096	8,055	1,766
SeaPort Midstream	1,652	585	1,592
Frontera	940	1,858	2,565
Total earnings from investments in unconsolidated affiliates	$ 11,130	$ 15,746	$ 9,856

Additional capital investments in unconsolidated affiliates were as follows (in thousands):

	Year ended December 31, 2022	Year ended December 31, 2021	Year ended December 31, 2020
BOSTCO	$ —	$ 4,051	$ 7,257
Olympic Pipeline Company	—	—	—
SeaPort Midstream	—	—	—
Frontera	—	—	—
Additional capital investments in unconsolidated affiliates	$ —	$ 4,051	$ 7,257

Cash distributions received from unconsolidated affiliates were as follows (in thousands):

	Year ended December 31, 2022	Year ended December 31, 2021	Year ended December 31, 2020
BOSTCO	$ 9,973	$ 10,910	$ 11,021
Olympic Pipeline Company	6,103	4,599	2,785
SeaPort Midstream	—	—	—
Frontera	1,914	3,580	2,211
Cash distributions received from unconsolidated affiliates	$ 17,990	$ 19,089	$ 16,017

The summarized combined financial information of our unconsolidated affiliates was as follows (in thousands):

Balance sheets:

	December 31, 2022	December 31, 2021
Current assets	$ 58,253	$ 57,797
Long-term assets	770,715	760,169
Current liabilities	(41,711)	(38,701)
Long-term liabilities	(63,585)	(44,144)
Net assets	$ 723,672	$ 735,121

Statements of income:

	Year ended December 31, 2022	Year ended December 31, 2021	Year ended December 31, 2020
Revenue	$ 195,172	$ 193,533	$ 167,912
Expenses	(163,751)	(148,250)	(142,838)
Net income	$ 31,421	$ 45,283	$ 25,074

(9) OTHER ASSETS, NET

Other assets, net are as follows (in thousands):

	December 31, 2022	December 31, 2021
Customer relationships, net of accumulated amortization of $18,108 and $14,913, respectively	$ 47,422	$ 50,617
Unrealized gain on interest rate swap agreements	10,338	—
SeaPort Midstream member loan	1,259	1,259
Long-term customer receivables	6	536
Deposits and other assets	685	734
	$ 59,710	$ 53,146

Customer relationships. Other assets, net include certain customer relationships at our West Coast terminals. These customer relationships are being amortized on a straight-line basis over approximately ten to twenty years. Amortizable intangible assets are only evaluated for impairment upon a significant change in the operating environment. If an evaluation of the undiscounted cash flows indicates impairment, the asset is written down to its estimated fair value, which is generally based on discounted future cash flows. We have not taken an impairment on customer relationships in the years presented. Expected future amortization expense for the customer relationships as of December 31, 2022 is as follows (in thousands):

	Years ending December 31,					
	2023	2024	2025	2026	2027	Thereafter
Amortization expense	$ 3,195	$ 3,195	$ 3,195	$ 3,195	$ 3,195	$ 31,447

SeaPort Midstream member loan. We are party to a member revolving loan agreement with a total borrowing capacity of $5.0 million with Seaport Midstream due December 31, 2025. We are responsible for our proportionate share of 51% of this loan. At both December 31, 2022 and 2021, the total outstanding borrowings were $2.5 million. Accordingly, we have recorded a loan receivable of approximately $1.3 million, representing our proportionate share of the outstanding borrowings.

Long-term customer receivables. Long-term customer receivables include amounts due under long-term terminaling services agreements, with certain of our customers, that provide for minimum annual throughput commitments. Interim billings are billed to our customers based on actual throughput volumes, whereas revenue is recognized for the minimum annual throughput commitment on a straight-line basis over the terms of the respective agreements.

(10) ACCRUED LIABILITIES

Accrued liabilities are as follows (in thousands):

	December 31, 2022	December 31, 2021
Accrued compensation expense	$ 13,384	$ 12,497
Customer advances and deposits	11,816	10,572
Interest payable	8,346	8,605
Accrued property taxes	4,349	2,346
Accrued environmental obligations	1,363	1,812
Accrued expenses and other	4,162	1,919
	$ 43,420	$ 37,751

Accrued compensation expense. Accrued compensation expense includes our bonus, payroll, and savings and retention plan awards accruals.

Customer advances and deposits. Customer advances and deposits represents payments received for terminaling services in advance of the terminaling services being provided.

Accrued environmental obligations. At December 31, 2022 and 2021, we have accrued environmental obligations of approximately $1.4 million and $1.8 million, respectively, representing our best estimate of our remediation obligations. During the year ended December 31, 2022, we received reimbursements from insurance companies and made payments of approximately $1.1 million and increased our estimate of our probable insurance recoveries by approximately $0.7 million. Changes in our estimates of our future environmental remediation obligations may occur as a result of the passage of time and the occurrence of future events.

The following table presents a roll forward of our accrued environmental obligations (in thousands):

	Balance at beginning of period	Payments	Increase (decrease) in estimate	Balance at end of period
2022	$ 1,812	$ (1,188)	$ 739	$ 1,363
2021	$ 1,211	$ (860)	$ 1,461	$ 1,812
2020	$ 1,841	$ (557)	$ (73)	$ 1,211

(11) LONG-TERM DEBT

Long-term debt is as follows (in thousands):

	December 31, 2022	December 31, 2021
Senior secured term loan outstanding	$ 990,000	$ 1,000,000
Revolving credit facility outstanding	—	—
6.125% senior notes due in 2026	299,900	299,900
Unamortized deferred debt issuance costs (1)	(22,681)	(25,960)
Total debt	1,267,219	1,273,940
Current portion of senior secured term loan	(10,000)	(10,000)
Long-term debt	$ 1,257,219	$ 1,263,940

(1) Deferred debt issuance costs are amortized using the effective interest method over the applicable term of the senior secured term loan and senior notes. For the years ended December 31, 2022 and 2021, amortization of deferred debt issuance costs was approximately $4.1 million and $10.6 million, respectively. For the years ended December 31, 2022 and 2021, expense related to one-time debt issuance costs to secure mortgages related to the Credit Agreement was approximately $2.7 million and $nil, respectively.

Credit agreement. On November 17, 2021, the Company and TransMontaigne Operating Company L.P., our wholly owned subsidiary, entered into the Credit Agreement ("Credit Agreement") for a $1 billion senior secured term loan and a $150 million revolving credit facility, with a letter of credit subfacility of $35 million. The senior secured term loan will mature on November 17, 2028 and the revolving credit facility will terminate (a) on November 14, 2025 in the event the 6.125% senior notes due in 2026 are not refinanced on or prior to such date or (b) in the event the senior notes have been refinanced on or prior to November 14, 2025, the earlier of (i) the new maturity date of the refinanced senior notes and (ii) November 17, 2026. Our obligations under the Credit Agreement are guaranteed by the Company, TransMontaigne Operating Company L.P. and all of its subsidiaries, and secured by a first priority security interest in favor of the lenders in substantially all of the Company's, TransMontaigne Operating Company L.P.'s and all of its subsidiaries' assets, including our investments in unconsolidated affiliates.

Proceeds from the $1 billion senior secured term loan were used as follows (in thousands):

Repayment of revolving credit facility	$	351,700
Payment for contribution of Pacific Northwest		256,300
Repayment of SeaPort Financing term loan		198,200
Distribution to TLP Finance for debt service		174,200
Deferred debt issuance costs		19,600
Proceeds from senior secured term loan	$	1,000,000

We may elect to have loans under the Credit Agreement bear interest, at either an adjusted LIBOR rate (subject to a 0.50% floor) plus an applicable margin of 3.50% or an alternate base rate plus an applicable margin of 2.50% per annum. We are also required to pay (i) a letter of credit fee of 3.50% per annum on the aggregate face amount of all outstanding letters of credit, (ii) to the issuing lender of each letter of credit, a fronting fee of no less than 0.125% per annum on the outstanding amount of each such letter of credit and (iii) commitment fees of 0.50% per annum on the daily unused amount of the revolving credit facility, in each case quarterly in arrears.

The Credit Agreement contains various covenants, including, but not limited to, limitations on the incurrence of indebtedness, permitted investments, liens on assets, making distributions, transactions with affiliates, mergers, consolidations, dispositions of assets and other provisions customary in similar types of agreements. The Credit Agreement requires compliance with (a) a debt service coverage ratio of no less than 1.1 to 1.0 and (b) if the aggregate outstanding amount of all revolving loans and drawn letters of credit exceeds an amount equal to 35% of the aggregate revolving commitments, a senior secured net leverage ratio of no greater than 6.75 to 1.00. We were in compliance with all financial covenants as of and during the years ended December 31, 2022 and 2021.

The Credit Agreement replaces, in its entirety, our revolving credit facility, which provided for a maximum borrowing line of credit equal to $850 million and was set to mature in March 2022.

For the years ended December 31, 2022, 2021 and 2020, the weighted average interest rate on borrowings was approximately 5.2%, 4.6% and 5.6%, respectively. At December 31, 2022 and 2021, our outstanding letters of credit were $0.4 million and $1.7 million, respectively.

Senior notes. On February 12, 2018, the Company and TLP Finance Corp., our wholly owned subsidiary, issued at par $300 million of 6.125% senior notes. Net proceeds, after $8.1 million of issuance costs, were used to repay indebtedness under our revolving credit facility. The senior notes are due in 2026 and are guaranteed on a senior unsecured basis by each of our 100% owned domestic subsidiaries that guarantee obligations under our revolving credit facility. TransMontaigne Partners LLC has no independent assets or operations unrelated to its investments in its consolidated subsidiaries. TLP Finance Corp. has no assets or operations. Our operations are conducted by subsidiaries of TransMontaigne Partners LLC through our 100% owned operating company subsidiary, TransMontaigne Operating Company L.P. None of the assets of TransMontaigne Partners LLC or a guarantor represent restricted net assets pursuant to the guidelines established by the SEC.

(12) DEFERRED COMPENSATION EXPENSE

We have a savings and retention plan to compensate certain employees who provide services to the Company. The purpose of the savings and retention plan is to provide for the reward and retention of participants by providing them with awards that vest over future service periods. Awards under the plan with respect to individuals providing services to the Company generally become vested as to 50% of a participant's annual award as of the first day of the month that falls closest to the second anniversary of the grant date, and the remaining 50% as of the first day of the month that falls closest to the third anniversary of the grant date, subject to earlier vesting upon a participant's attainment of the age and length of service thresholds, retirement, death or disability, involuntary termination without cause, or termination of a participant's employment following a change in control of the Company as specified in the plan. The awards are increased for the value of any accrued growth based on underlying investments deemed made with respect to the awards. The awards (including any accrued growth relating thereto) are subject to forfeiture until the vesting date. A person will satisfy the age and length of service thresholds of the plan upon the attainment of the earliest of (a) age sixty, (b) age fifty-five and ten years of service as an officer of the Company or any of its affiliates or predecessors, or (c) age fifty and twenty years of service as an employee of the Company or any of its affiliates or predecessors.

We have the intent and ability to settle the savings and retention plan awards in cash, and accordingly, we account for the awards as accrued liabilities. For savings and retention plan awards to employees, approximately $2.1 million, $2.4 million and $2.2 million is included in deferred compensation expense for the years ended December 31, 2022, 2021 and 2020, respectively.

On December 30, 2021, our indirect parent, Pike Petroleum Holdings, LLC, repurchased and cancelled class B units that were granted by Pike West Coast Holdings, LLC prior to the Pacific Northwest Contribution for approximately $12.5 million. The cancellation of the class B units was treated as a modification, where no cumulative expense was recognized prior to the cancellation, as the grant date fair value of the class B units at the time of issuance was $nil. The approximately $12.5 million repurchase and cancellation of the class B units was recognized as deferred compensation expense in our consolidated statements of operations on the cancelation date as there is no future service or performance criteria. The cash payment for the repurchase and cancellation of the class B units was made by Pike Petroleum Holdings, LLC. Accordingly, we have accounted for this as a non-cash contribution from parent entities in our consolidated statements of equity and non-cash equity-based compensation in our consolidated statements of cash flows.

On December 31, 2021, an indirect parent of the Company modified existing class B units in the indirect parent of the Company to the officers of TMC. For the years ended December 31, 2022 and 2021, we recognized approximately $1.7 million and $0.9 million, respectively, of deferred compensation expense in our consolidated statements of operations, non-cash contribution from parent entities in our consolidated statements of equity and non-cash equity-based compensation in our consolidated statements of cash flows related to the portion of the class B units that vested on December 31, 2021.

(13) COMMITMENTS AND CONTINGENCIES

Lessee operating lease commitments. We lease property including corporate offices, vehicles and land. We determine if an arrangement is a lease at inception and evaluate identified leases for operating or finance lease treatment at lease commencement. Operating or finance lease right-of-use assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. Our leases have remaining lease terms of less than one year to 49 years, some of which have options to extend or terminate the lease. For purposes of calculating operating lease liabilities, lease terms may be deemed to include options to extend or terminate the lease when it is reasonably certain that we will exercise that option.

Operating right-of-use assets and operating lease liabilities are recognized based on the present value of the lease payments over the lease term at commencement date. The additions to right-of-use assets obtained from new operating lease liabilities during the years ended December 31, 2022 and 2021 of approximately $5.4 million and $17.9 million, respectively, are treated as non-cash transactions that do not impact the consolidated statements of cash flows. The Company uses its incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. We determined our incremental borrowing rate using the borrowing rate of our debt agreements. The terms of our corporate offices, vehicles and land leases are in line with the Credit Agreement, our primary finance mechanism. We have certain land and vehicle lease agreements with lease and non-lease components, which are accounted for separately. Non-lease components include payments for taxes and other operating and maintenance expenses incurred by the lessor but payable by us in connection with the leasing arrangement. During the years ended December 31, 2022, 2021 and 2020, the Company was party to certain subleasing arrangements whereby the Company, as the primary obligor on the lease, has recognized sublease income for lease payments made by affiliates to the lessor.

Following are components of our lease costs (in thousands):

	Year ended December 31, 2022	Year ended December 31, 2021	Year ended December 31, 2020
Operating leases	$ 5,573	$ 5,300	$ 4,723
Variable lease costs (including insignificant short-term leases)	1,627	1,150	849
Sublease income as primary obligor	(1,080)	(999)	(1,000)
Total lease costs	$ 6,120	$ 5,451	$ 4,572

Other information related to our operating leases was as follows (in thousands, except lease term and discount rate):

	Year ended December 31, 2022	Year ended December 31, 2021	Year ended December 31, 2020
Cash outflows for operating leases	$ 5,400	$ 5,334	$ 4,742
Weighted average remaining lease term (years)	27.95	29.26	18.35
Weighted average discount rate	4.5%	4.7%	5.2%

Undiscounted cash flows owed by the Company to lessors pursuant to contractual agreements in effect as of December 31, 2022 and related imputed interest was as follows (in thousands):

Years ending December 31:	
2023	$ 5,525
2024	5,321
2025	4,883
2026	3,568
2027	3,437
Thereafter	69,703
Total lease payments	92,437
Less imputed interest	(39,760)
Present value of operating lease liabilities	$ 52,677

Contract commitments. At December 31, 2022, we have contractual commitments of approximately $21.3 million for the supply of services, labor and materials related to capital projects that currently are under development. We expect that these contractual commitments will primarily be paid within a year.

Legal proceedings. We are party to various legal, regulatory and other matters arising from the day-to-day operations of our business that may result in claims against us. While the ultimate impact of any proceedings cannot be predicted with certainty, our management believes that the resolution of any of our pending legal proceedings will not have a material adverse effect on our business, financial position, results of operations or cash flows.

(14) DISCLOSURES ABOUT FAIR VALUE

GAAP defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. GAAP also establishes a fair value hierarchy that prioritizes the use of higher-level inputs for valuation techniques used to measure fair value. The three levels of the fair value hierarchy are: (1) Level 1 inputs, which are quoted prices (unadjusted) in active markets for identical assets or liabilities; (2) Level 2 inputs, which are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and (3) Level 3 inputs, which are unobservable inputs for the asset or liability.

The fair values of the following financial instruments represent our best estimate of the amounts that would be received to sell those assets or that would be paid to transfer those liabilities in an orderly transaction between market participants at that date. Our fair value measurements maximize the use of observable inputs. However, in situations where there is little, if any, market activity for the asset or liability at the measurement date, the fair value measurement reflects our judgments about the assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. There were no transfers into or out of Levels 1, 2, and 3 during the years ended December 31, 2022 and 2021. The following methods and assumptions were used to estimate the fair value of financial instruments at December 31, 2022 and 2021.

Cash equivalents. The carrying amount approximates fair value because of the short-term maturity of these instruments. The fair value is categorized in Level 1 of the fair value hierarchy.

Derivative instruments. The carrying amount of our interest rate swaps is equal to fair value and was determined using a pricing model based on the LIBOR swap rate and other observable market data. The fair value is categorized in Level 2 of the fair value hierarchy.

Debt. The estimated fair value of our $990 million senior secured term loan at December 31, 2022 was approximately $969 million based on observable market trades. The estimated fair value of our $299.9 million publicly traded senior notes at December 31, 2022 was approximately $257.9 million based on observable market trades. The carrying amount of our revolving credit facility debt approximates fair value since borrowings under the facility bear interest at current market interest rates. The fair value of our debt is categorized in Level 2 of the fair value hierarchy.

Non-financial assets. The Company’s non-financial assets, which primarily consist of property and equipment, right-of-use assets, goodwill and other intangible assets, are not required to be carried at fair value on a recurring basis and are reported at carrying value. The fair values of these assets are determined, as required, based on Level 3 measurements, including estimates of the amount and timing of future cash flows based upon historical experience, expected market conditions, and management’s plans.

(15) REVENUE FROM CONTRACTS WITH CUSTOMERS

The majority of our terminaling services agreements contain minimum payment arrangements, resulting in a fixed amount of revenue recognized, which we refer to as “firm commitments” and are accounted for in accordance with ASC 842, *Leases* (“ASC 842 revenue”). The remainder is recognized in accordance with ASC 606, *Revenue From Contracts With Customers* (“ASC 606 revenue”).

The following table provides details of our revenue disaggregated by category of revenue (in thousands):

	Year ended December 31, 2022	Year ended December 31, 2021	Year ended December 31, 2020
Terminaling services fees:			
Firm commitments (ASC 842 revenue)	$ 183,595	$ 184,082	$ 198,165
Firm commitments (ASC 606 revenue)	39,040	38,678	31,197
Total firm commitments revenue	222,635	222,760	229,362
Ancillary revenue (ASC 606 revenue)	66,285	51,787	46,307
Ancillary revenue (ASC 842 revenue)	2,030	1,934	4,003
Total ancillary revenue	68,315	53,721	50,310
Total terminaling services fees	290,950	276,481	279,672
Product sales (ASC 606 revenue)	361,025	231,239	183,555
Management fees (ASC 606 revenue)	12,932	10,870	9,731
Management fees (ASC 842 revenue)	1,488	1,452	1,211
Total management fees	14,420	12,322	10,942
Pipeline transportation fees (ASC 842 revenue)	—	638	3,519
Total revenue	$ 666,395	$ 520,680	$ 477,688

The following table includes our estimated future revenue associated with our firm commitments under terminaling services fees which is expected to be recognized as ASC 606 revenue in the specified period related to our future performance obligations as of the end of the reporting period (in thousands):

Estimated Future ASC 606 Revenue by Segment

	Gulf Coast Terminals	Midwest Terminals	Brownsville Terminals	River Terminals	Southeast Terminals	West Coast Terminals	Central Services	Total
2023	$ 1,808	$ 514	$ 2,913	$ 547	$ 9,492	$ 12,949	$ —	$ 28,223
2024	250	32	2,254	—	6,965	1,015	—	10,516
2025	—	—	2,239	—	5,160	530	—	7,929
2026	—	—	547	—	5,160	—	—	5,707
2027	—	—	—	—	4,300	—	—	4,300
Thereafter	—	—	—	—	—	—	—	—
Total estimated future ASC 606 revenue	$ 2,058	$ 546	$ 7,953	$ 547	$ 31,077	$ 14,494	$ —	$ 56,675

Our estimated future ASC 606 revenue, for purposes of the tabular presentation above, excludes estimates of future rate changes due to changes in indices or contractually negotiated rate escalations and is generally limited to contracts that have minimum payment arrangements. The balances disclosed include the full amount of our customer commitments accounted for as ASC 606 revenue as of December 31, 2022 through the expiration of the related contracts. The balances disclosed exclude all performance obligations for which the original expected term is one year or less, the term of the contract with the customer is open and cannot be estimated, the contract includes options for future purchases or the consideration is variable.

Estimated future ASC 606 revenue in the table above excludes revenue arrangements accounted for in accordance with ASC 842. The following table includes our estimated future revenue associated with our firm commitments under terminaling services fees which is expected to be recognized as ASC 842 revenue in the specified period (in thousands):

Years ending December 31:	
2023	$ 168,090
2024	118,503
2025	86,617
2026	60,517
2027	44,821
Thereafter	436,250
Total estimated future ASC 842 revenue	$ 914,798

BALANCE SHEET DISCLOSURES

Contract assets. Our contract assets include trade accounts receivable and long-term customer receivables. We have long-term terminaling services agreements with certain of our customers that provide for minimum annual throughput commitments that are billed to the customers based on actual throughput volume whereas revenue is recognized under ASC 606 and ASC 842 on a straight-line basis over the terms of the respective agreements. The difference between the amount billed and revenue recognized is a contract asset. This asset is presented as other assets, net in our consolidated balance sheets (see Note 9 of Notes to consolidated financial statements).

The following tables present our contract assets resulting from contracts with customers (in thousands):

	Contracts under ASC 606	Contracts under ASC 842	Total
Trade accounts receivable at December 31, 2021	$ 12,792	$ 7,236	$ 20,028
Trade accounts receivable at December 31, 2022	$ 33,127	$ 12,933	$ 46,060

	Contracts under ASC 606	Contracts under ASC 842	Total
Long-term customer receivables at December 31, 2021	$ —	$ 536	$ 536
Long-term customer receivables at December 31, 2022	$ —	$ 6	$ 6

Revenue recognized during the year ended December 31, 2022, from amounts included in long-term customer receivables at December 31, 2021, was $nil for contracts under ASC 606 and approximately $0.5 million for contracts under ASC 842.

Contract liabilities. Our contract liabilities include deferred revenue and customer advances and deposits. We have long-term terminaling services agreements with certain of our customers that provide for advance minimum payments. We recognize the advance minimum payments as revenue on a straight-line basis over the term of the respective agreements. In addition, pursuant to certain terminaling services agreements with our customers, we agreed to undertake certain capital projects. Upon completion of the projects, our customers have paid us amounts that will be recognized as revenue on a straight-line basis over the remaining term of the agreements. Collectively, the differences between amounts billed and revenue recognized under ASC 606 and ASC 842 are recorded as contract liabilities. These liabilities are presented as deferred revenue in our consolidated balance sheets. We record customer advances and deposits when payments are received from customers in advance of the terminaling services being provided, resulting in a contract liability accounted for under ASC 606 and ASC 842. This liability is presented as accrued liabilities in our consolidated balance sheets (see Note 10 of Notes to consolidated financial statements).

The following table presents our contract liabilities resulting from contracts with customers (in thousands):

	Contracts under ASC 606	Contracts under ASC 842	Total
Contract liabilities at December 31, 2021	$ 1,301	$ 12,605	$ 13,906
Contract liabilities at December 31, 2022	$ 1,574	$ 11,462	$ 13,036

Revenue recognized during the year ended December 31, 2022, from amounts included in contract liabilities at December 31, 2021, was approximately $1.2 million for contracts under ASC 606 and approximately $12.2 million for contracts under ASC 842.

(16) BUSINESS SEGMENTS

We provide integrated terminaling, storage, transportation and related services to companies engaged in the trading, distribution and marketing of refined petroleum products, renewable products, crude oil, chemicals, fertilizers and other liquid products. In addition, we sell refined and renewable products to major fuel producers and marketers in the Pacific Northwest at our terminal in Tacoma, Washington. Our chief operating decision maker is the Company’s chief executive officer. The Company’s chief executive officer reviews the financial performance of our business segments using disaggregated financial information about “net margins” for purposes of making operating decisions and assessing financial performance. “Net margins” is composed of revenue less cost of product sales and operating costs and expenses. Accordingly, we present “net margins” for each of our business segments: (i) Gulf Coast terminals, (ii) Midwest terminals, (iii) Brownsville terminals including management of the Frontera joint venture, (iv) River terminals, (v) Southeast terminals, (vi) West Coast terminals and (vii) Central services. Our Central services segment primarily represents the costs of employees performing operating oversight functions, engineering, health, safety and environmental services to our terminals and terminals that we operate or manage, including for affiliate terminals owned by ArcLight. In addition, Central services represent the cost of employees at affiliate terminals owned by ArcLight that we operate. We receive a fee from these affiliates based on our costs incurred.

The financial performance of our business segments is as follows (in thousands):

	Year ended December 31, 2022	Year ended December 31, 2021	Year ended December 31, 2020
Gulf Coast Terminals:			
Terminaling services fees	$ 86,549	$ 77,061	$ 76,875
Management fees	63	54	32
Revenue	86,612	77,115	76,907
Operating costs and expenses	(23,550)	(22,541)	(20,946)
Net margins	63,062	54,574	55,961
Midwest Terminals:			
Terminaling services fees	10,269	10,504	8,358
Pipeline transportation fees	—	—	1,909
Revenue	10,269	10,504	10,267
Operating costs and expenses	(1,856)	(2,222)	(2,942)
Net margins	8,413	8,282	7,325
Brownsville Terminals:			
Terminaling services fees	19,723	17,595	15,071
Management fees	5,911	5,257	5,288
Pipeline transportation fees	` —	638	1,610
Revenue	25,634	23,490	21,969
Operating costs and expenses	(10,240)	(9,310)	(9,749)
Net margins	15,394	14,180	12,220
River Terminals:			
Terminaling services fees	14,466	13,998	11,700
Revenue	14,466	13,998	11,700
Operating costs and expenses	(6,681)	(6,328)	(5,777)
Net margins	7,785	7,670	5,923
Southeast Terminals:			
Terminaling services fees	68,699	77,031	88,573
Management fees	1,150	1,092	947
Revenue	69,849	78,123	89,520
Operating costs and expenses	(25,754)	(24,319)	(23,498)
Net margins	44,095	53,804	66,022
West Coast Terminals:			
Product sales	361,025	231,239	183,555
Terminaling services fees	91,244	80,292	79,095
Management fees	42	40	38
Revenue	452,311	311,571	262,688
Cost of product sales	(347,302)	(218,395)	(171,727)
Operating costs and expenses	(34,794)	(31,732)	(31,281)
Costs and expenses	(382,096)	(250,127)	(203,008)
Net margins	70,215	61,444	59,680
Central Services:			
Management fees	7,254	5,879	4,637
Revenue	7,254	5,879	4,637
Operating costs and expenses	(15,761)	(14,649)	(13,824)
Net margins	(8,507)	(8,770)	(9,187)
Total net margins	200,457	191,184	197,944
General and administrative	(29,462)	(24,790)	(23,147)
Insurance	(6,289)	(6,260)	(5,837)
Deferred compensation	(3,778)	(15,763)	(2,173)
Depreciation and amortization	(71,106)	(68,484)	(66,034)
Earnings from unconsolidated affiliates	11,130	15,746	9,856
Operating income	100,952	91,633	110,609
Other expenses (interest and deferred debt issuance costs)	(59,003)	(53,298)	(49,750)
Net earnings	$ 41,949	$ 38,335	$ 60,859

Supplemental information about our business segments is summarized below (in thousands):

	Year ended December 31, 2022							
	Gulf Coast Terminals	Midwest Terminals	Brownsville Terminals	River Terminals	Southeast Terminals	West Coast Terminals	Central Services	Total
Revenue:								
Terminal revenue	$ 86,612	$ 10,269	$ 25,634	$ 14,466	$ 69,849	$ 91,286	$ 7,254	$ 305,370
Product sales	—	—	—	—	—	361,025	—	361,025
Revenue	$ 86,612	$ 10,269	$ 25,634	$ 14,466	$ 69,849	$ 452,311	$ 7,254	$ 666,395
Capital expenditures	$ 11,484	$ 816	$ 5,114	$ 1,963	$ 10,310	$ 24,017	$ 788	$ 54,492
Identifiable assets	$ 138,636	$ 16,102	$ 115,543	$ 46,610	$ 241,668	$ 446,088	$ 10,879	$ 1,015,526
Cash and cash equivalents								13,016
Investments in unconsolidated affiliates								325,832
Other								21,649
Total assets								$ 1,376,023

	Year ended December 31, 2021							
	Gulf Coast Terminals	Midwest Terminals	Brownsville Terminals	River Terminals	Southeast Terminals	West Coast Terminals	Central Services	Total
Revenue:								
Terminal revenue	$ 77,115	$ 10,504	$ 23,490	$ 13,998	$ 78,123	$ 80,332	$ 5,879	$ 289,441
Product sales	—	—	—	—	—	231,239	—	231,239
Revenue	$ 77,115	$ 10,504	$ 23,490	$ 13,998	$ 78,123	$ 311,571	$ 5,879	$ 520,680
Capital expenditures	$ 9,045	$ 360	$ 10,748	$ 4,915	$ 10,720	$ 28,471	$ 155	$ 64,414
Identifiable assets	$ 137,204	$ 16,825	$ 111,714	$ 49,060	$ 243,684	$ 433,867	$ 9,165	$ 1,001,519
Cash and cash equivalents								18,273
Investments in unconsolidated affiliates								332,692
Other								4,468
Total assets								$ 1,356,952

	Year ended December 31, 2020							
	Gulf Coast Terminals	Midwest Terminals	Brownsville Terminals	River Terminals	Southeast Terminals	West Coast Terminals	Central Services	Total
Revenue:								
Terminal revenue	$ 76,907	$ 10,267	$ 21,969	$ 11,700	$ 89,520	$ 79,133	$ 4,637	$ 294,133
Product sales	—	—	—	—	—	183,555	—	183,555
Revenue	$ 76,907	$ 10,267	$ 21,969	$ 11,700	$ 89,520	$ 262,688	$ 4,637	$ 477,688
Capital expenditures	$ 9,491	$ 933	$ 22,116	$ 9,314	$ 22,091	$ 10,841	$ 1,154	$ 75,940

(17) FINANCIAL RESULTS BY QUARTER (UNAUDITED)

	Three months ended				Year ended
	March 31, 2022	June 30, 2022	September 30, 2022	December 31, 2022	December 31, 2022
			(in thousands)		
Revenue:					
Terminal revenue	$ 75,051	$ 74,340	$ 77,833	$ 78,146	$ 305,370
Product sales	71,679	108,195	100,840	80,311	361,025
Total revenue	146,730	182,535	178,673	158,457	666,395
Cost of product sales	(69,453)	(103,709)	(96,173)	(77,967)	(347,302)
Operating	(30,802)	(28,194)	(29,705)	(29,935)	(118,636)
General and administrative	(7,755)	(7,708)	(6,967)	(7,032)	(29,462)
Insurance	(1,552)	(1,703)	(1,525)	(1,509)	(6,289)
Deferred compensation	(1,444)	(776)	(786)	(772)	(3,778)
Depreciation and amortization	(17,500)	(17,629)	(17,886)	(18,091)	(71,106)
Earnings from unconsolidated affiliates	3,228	3,629	2,922	1,351	11,130
Operating income	21,452	26,445	28,553	24,502	100,952
Interest expense	(14,573)	(14,347)	(2,599)	(20,731)	(52,250)
Deferred debt issuance costs	(1,008)	(1,039)	(3,712)	(994)	(6,753)
Net earnings	$ 5,871	$ 11,059	$ 22,242	$ 2,777	$ 41,949

	Three months ended				Year ended
	March 31, 2021	June 30, 2021	September 30, 2021	December 31, 2021	December 31, 2021
			(in thousands)		
Revenue:					
Terminal revenue	$ 73,108	$ 71,341	$ 72,301	$ 72,691	$ 289,441
Product sales	29,438	68,651	70,083	63,067	231,239
Total revenue	102,546	139,992	142,384	135,758	520,680
Cost of product sales	(26,616)	(65,380)	(65,769)	(60,630)	(218,395)
Operating	(29,035)	(26,982)	(26,738)	(28,346)	(111,101)
General and administrative	(5,541)	(5,609)	(7,425)	(6,215)	(24,790)
Insurance	(1,519)	(1,574)	(1,580)	(1,587)	(6,260)
Deferred compensation	(861)	(356)	(355)	(14,191)	(15,763)
Depreciation and amortization	(16,945)	(17,138)	(17,149)	(17,252)	(68,484)
Earnings from unconsolidated affiliates	3,617	4,427	3,791	3,911	15,746
Operating income	25,646	27,380	27,159	11,448	91,633
Interest expense	(10,087)	(10,378)	(10,249)	(11,947)	(42,661)
Deferred debt issuance costs	(963)	(971)	(982)	(7,721)	(10,637)
Net earnings	$ 14,596	$ 16,031	$ 15,928	$ (8,220)	$ 38,335

(18) SUBSEQUENT EVENTS

In February 2023, the Company and TransMontaigne Operating Company L.P., our wholly owned subsidiary, borrowed $75 million on our revolving credit facility and made a $75 million distribution to our parent, TLP Finance Holdings, LLC for debt service at TLP Finance Holdings, LLC.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit to the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified by the Commission’s rules and forms, and that information is accumulated and communicated to our management, including our executive and principal financial officer (whom we refer to as the Certifying Officers), as appropriate to allow timely decisions regarding required disclosure. The management of our sole equity-holder (TLP Finance Holdings, LLC) evaluated, with the participation of the Certifying Officers, the effectiveness of our disclosure controls and procedures as of December 31, 2022, pursuant to Rule 13a-15(b) under the Exchange Act. Based upon that evaluation, the Certifying Officers concluded that, as of December 31, 2022, our disclosure controls and procedures were effective at the reasonable assurance level. In addition, our Certifying Officers concluded that there were no changes in our internal control over financial reporting that occurred during the fiscal quarter ended December 31, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management’s Report on Internal Control Over Financial Reporting

The management of our sole equity-holder is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives because of its inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper management override. Because of such limitations, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

The management of our sole equity-holder has used the framework set forth in the report entitled “Internal Control—Integrated Framework (2013)” published by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) to evaluate the effectiveness of our internal control over financial reporting. Based on that evaluation, the management of our sole equity-holder has concluded that our internal control over financial reporting was effective as of December 31, 2022.

March 10, 2023

ITEM 9B. OTHER INFORMATION

No information was required to be disclosed in a report on Form 8-K, but not so reported, for the quarter ended December 31, 2022.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

None.

Part III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

TLP Finance, an indirect controlled subsidiary of ArcLight, is our sole equity-holder and manages our operations and activities. Our company's executive officers are employees of TMC, a wholly owned subsidiary of ArcLight. As a result, our management activities are entirely conducted by a wholly owned subsidiary of ArcLight. As we are managed by TLP Finance, we do not have a board of directors and the decisions of TLP Finance are not governed by any specific policies. TLP Finance may adopt certain policies governing its decision-making processes with respect to our management in the future.

Corporate Governance Guidelines; Code of Business Conduct and Ethics

We have adopted a Code of Ethics for Senior Financial Officers. The Code of Ethics for Senior Financial Officers applies to the senior financial officers of the Company, including the chief executive officer, the chief financial officer, the chief accounting officer, the chief operating officer and the president or persons performing similar functions.

We have adopted a Code of Business Conduct and Ethics, which applies to all employees providing services to the Company and all officers of the Company.

Our Code of Ethics for Senior Financial Officers and Code of Business Conduct and Ethics are available on our website at *www.transmontaignepartners.com/investors/corporate-governance*.

Management of the Company and Officers

TLP Finance, our sole equity-holder, manages and oversees our operations. As part of its oversight function, TLP Finance monitors how management operates the Company. When granting authority to management, approving strategies and receiving management reports, TLP Finance considers, among other things, the risks and vulnerabilities we face. As of the date of this report, the Company does not have its own board of directors.

Executive Officers

The following table sets forth the names, ages and titles of the executive officers of the Company, each of whom is an employee of TMC, a wholly owned subsidiary of ArcLight, as of February 28, 2023:

Name	Age	Position
Frederick W. Boutin	67	Chief Executive Officer
James F. Dugan	65	Executive Vice President and Chief Operating Officer
Robert T. Fuller	53	Executive Vice President, Chief Financial Officer and Treasurer
Mark S. Huff	63	President
Matthew B. White	50	Executive Vice President, General Counsel and Secretary

Frederick W. Boutin has served as Chief Executive Officer of the Company since November of 2014. Prior to then he served as Executive Vice President and Chief Financial Officer beginning in January 2008. Mr. Boutin also managed business development and commercial contracting activities from December 2007 to July 2010 and from August 2013 to January 2015. Prior to February 1, 2016, Mr. Boutin also served in various other capacities since 1995. Prior to his affiliation with the Company, Mr. Boutin was a Vice President at Associated Natural Gas Corporation, and its successor Duke Energy Field Services, and a certified public accountant with Peat Marwick. Mr. Boutin holds a B.S. in Electrical Engineering and an M.S. in Accounting from Colorado State University.

James F. Dugan served as Executive Vice President and Chief Operating Officer of the Company since August 30, 2017. Mr. Dugan previously served as Executive Vice President, Engineering and Operations from June 30, 2017 to August 30, 2017 and served as the Senior Vice President, Engineering and Operations from January 2008 to June 30, 2017. Mr. Dugan joined the Company as Engineering Manager in 1998. He has over 16 years of experience in senior leadership positions overseeing domestic and international petroleum marine terminals, pipelines and engineering divisions. Mr. Dugan began his career as a Project Engineer for Gulf Interstate Energy in 1983 and in 1993 he joined Louis Dreyfus Energy as a Project Engineer. He has served on the Board of Directors for the International Liquid Terminals Association (ILTA) since 2011, and he holds certification through the American Petroleum Institute.

Robert T. Fuller has served as Executive Vice President, Chief Financial Officer and Treasurer of the Company since November of 2014. Prior to November of 2014, Mr. Fuller served as Vice President and Chief Accounting Officer of the Company since January 2011 and as its Assistant Treasurer since February 2012. Prior to his affiliation with the Company, Mr. Fuller spent 13 years as a certified public accountant with KPMG LLP. Mr. Fuller has a B.A. in Political Science from Fort Lewis College and a M.S. in Accounting from the University of Colorado. Mr. Fuller is licensed as a certified public accountant in Colorado.

Mark S. Huff has served as President of the Company since August 2017. Mr. Huff served as Executive Vice President, Commercial Operations of the Company from September 2016 to August 2017 and prior thereto as Senior Vice President, Commercial Operations since returning to the Company in January 2015. Prior thereto he served as Director of Business Development with Colonial Pipeline from November 2012 to January 2015 and as Managing Director of Vecenergy from 2008 to 2012. Mr. Huff was previously employed with a former affiliate of the Company from 1996 to 2007 where he was responsible at various times for the business development and product marketing activities of TransMontaigne Partners and its affiliates. Mr. Huff holds a B.S. in Nautical Science from the United States Merchant Marine Academy at Kings Point, NY.

Matthew B. White has served as Executive Vice President, General Counsel and Secretary of the Company and its subsidiaries since September 2021. Mr. White served as the Senior Vice President, Assistant General Counsel and Assistant Secretary of the Company from March 2021 to September 2021; as Vice President, Assistant General Counsel and Assistant Secretary from March 2017 to March 2021; and as Vice President and Assistant Secretary from March 2015 to March 2017. Prior to joining the Company, Mr. White served as in-house counsel to Oracle America Inc. and practiced at the law firm of Morrison & Foerster LLP. Mr. White received a B.S. in Civil Engineering from the United States Military Academy at West Point and a J.D. and M.B.A. from the University of Denver.

Management Succession

In November 2022, James F. Dugan announced his intent to retire from his position as Executive Vice President and Chief Operating Officer of the Company in March 2023. Upon Mr. Dugan's retirement, Shawn L. Mongold will assume the role of Executive Vice President, Chief Operating Officer of the Company previously held by Mr. Dugan.

Shawn L. Mongold, age 51, previously served as Senior Vice President of Engineering and Technical Services beginning in August 2017. Mr. Mongold joined a former affiliate of the Company in 1996 as a staff engineer and has held several positions, including appointment to Director of Operations Technical Services in 2002, Executive Director of Technical Services in 2005, Vice President of Operations and Technical Services in 2008 and Senior Vice President of Engineering and Technical Services in 2017. Prior to his affiliation with the Company, Mr. Mongold worked for Mid-America Pipeline Company and OXY USA. Mr. Mongold earned a bachelor's degree in electrical engineering from Oklahoma State University and holds licenses as a Professional Engineer and a Master Electrician.

In December 2022, Mark S. Huff announced his intent to retire from his position as President of the Company in April 2023. Effective as of January 1, 2023, the Company appointed Holly P. Kranzmann as Executive Vice President, Business Development. Ms. Kranzmann continues to report to Mr. Huff until his retirement.

Holly P. Kranzmann, age 57, has served as Executive Vice President, Business Development of the Company since January 2023. Ms. Kranzmann previously served as Senior Vice President, Business Development from April 30, 2022 to December 31, 2022. Prior to joining the Company, from September 2019 until April 2022, Ms. Kranzmann provided advisory and consulting services to various clients including transportation and logistics companies, renewable energy providers, major oil companies and government agencies. From November 2013 to August 2019, Ms. Kranzmann served as Vice President, Logistics Development for Tesoro Logistics (the master limited partnership owned by Tesoro Corporation, an independent refining and marketing company) which primarily transported, stored, gathered, processed and distributed crude oil, refined products, natural gas and other energy related commodities. Ms. Kranzmann received a B.B.A in Transportation and Logistics from Iowa State University.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) requires the executive officers and directors of our general partner, and persons who own more than ten percent of a registered class of our equity securities (collectively, “Reporting Persons”) to file with the SEC and the NYSE initial reports of ownership and reports of changes in ownership of our common units and our other equity securities. No Section 16(a) filings were required during the relevant time period.

Committees of the Board of Directors and Management

We are managed by our sole equity-holder, TLP Finance, and we do not have a board of directors.

The Company is not required to have, and does not have, a separately designated standing audit committee composed of independent directors, as its securities are not listed on a national securities exchange that requires such independence. The Company has determined that it is not necessary to designate, and has not designated, an “audit committee financial expert” as it is privately held and solely a voluntary filer with the Securities and Exchange Commission as required by the covenants contained in the Company’s outstanding senior notes. As we do not have a board of directors, there are no applicable board nomination procedures to report.

ITEM 11. EXECUTIVE COMPENSATION

EXECUTIVE COMPENSATION

We do not directly employ the persons responsible for the executive-level management of our business. Instead, we are managed by ArcLight, and our executive officers are employees of a wholly owned subsidiary of ArcLight, TMC, which also provides services to other ArcLight affiliates. As a result, we do not incur any direct compensation costs for our executive officers. Pursuant to a services agreement, we pay TMC a fee intended to reimburse TMC for the services provided to us by our executive officers (each of whom are employed by TMC). For additional information, refer to the discussion under the heading “Certain Relationships and Related Transactions, and Director Independence Relationship and Agreements With our Affiliates—TMC Services Agreement.”

Employment and Other Agreements

We have not entered into any employment agreements with any of our officers.

Compensation Committee Report

We do not have a compensation committee.

COMPENSATION OF DIRECTORS

We are managed by our sole equity-holder, TLP Finance, and we do not have a board of directors.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

We do not have a compensation committee.

SAVINGS AND RETENTION PLAN

We have a savings and retention plan to compensate certain employees who provide services to the Company. The purpose of the savings and retention plan is to provide for the reward and retention of participants by providing them with awards that vest over future service periods. Our executive officers as of February 28, 2023, Frederick W. Boutin, James F. Dugan, Mark S. Huff, Matthew B. White and Robert T. Fuller no longer receive awards under the plan. Shawn L. Mongold and Holly P. Kranzmann continue to receive awards under the plan. Awards under the plan vest as to 50% of a participant's annual award on the first day of the month containing the second anniversary of the grant date and the remaining 50% on the first day of the month containing the third anniversary of the grant date, subject to earlier vesting upon a participant's attainment of certain age or length of service thresholds as specified in the plan. Awards are payable as to 50% of a participant's annual award in the month containing the second anniversary of the grant date, and the remaining 50% in the month containing the third anniversary of the grant date, subject to earlier payment upon the participant's retirement after achieving the age or service thresholds, death or disability, involuntary termination without cause or termination of a participant's employment following a change in control, each as specified in the plan. The awards are increased for the value of any accrued growth based on underlying "investments" deemed made with respect to the awards. The awards (including any accrued growth relating thereto) are subject to forfeiture until the vesting date.

Pursuant to the provisions of the plan, once participating employees reach the age and length of service thresholds set forth below, awards are immediately vested and become payable as set forth above, and such vested awards remain subject to forfeiture as specified in the plan. A person will satisfy the age and length of service thresholds of the plan upon the attainment of the earliest of (a) age sixty, (b) age fifty-five and ten years of service as an officer of TMS or its affiliates, including us, or (c) age fifty and twenty years of service as an employee of TMS or its affiliates. Generally, only senior level management employees of TMS receive awards under the savings and retention plan. Although no assets are segregated or otherwise set aside with respect to a participant's account, the amount ultimately payable to a participant shall be the amount credited to such participant's account as if such account had been invested in some or all of the investment funds selected by the plan administrator.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED UNITHOLDER MATTERS

TLP Finance is the beneficial owner of 100 percent of our outstanding equity interests.

EQUITY COMPENSATION PLAN INFORMATION

The Company does not have an equity compensation plan.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

RELATIONSHIP AND AGREEMENTS WITH OUR AFFILIATES

TLP Finance, an indirect controlled subsidiary of ArcLight, owns 100 percent of the equity interests in the Company. Certain related party agreements and other related party transactions, in each case with ArcLight, are set forth below.

TMC Services Agreement. Our executive officers who provide services to the Company are employed by TMC, a wholly owned subsidiary of ArcLight, which also provides services to certain other ArcLight affiliates. As a result, we do not directly employ the persons responsible for the executive management of our business. Nonetheless, TMS continues to provide certain payroll functions and maintains all employee benefits programs on behalf of TMC pursuant to a services agreement between TMC and TMS. Aggregate fees paid with respect to the services agreement for the years ended December 31, 2022, 2021 and 2020 were approximately $2.5 million, $3.2 million and $2.7 million, respectively.

Central Services. We manage and operate terminals that are owned by affiliates of ArcLight, including SeaPort Midstream in Seattle, Washington and Portland, Oregon and prior to November 17, 2021, SeaPort Sound Terminal, LLC ("SeaPort Sound") in Tacoma, Washington and, receive a management fee based on our costs incurred. Our management of SeaPort Sound ended on November 17, 2021 with the Pacific Northwest Contribution. Aggregate annual fees received with respect to services provided for SeaPort Midstream for the years ended December 31, 2022, 2021 and 2020 were approximately $3.9 million, $3.8 million and $3.3 million, respectively. Aggregate annual fees received with respect to services provided for SeaPort Sound for the years ended December 31, 2022, 2021, and 2020, were approximately $nil, $6.4 million and $7.7 million, respectively.

We also manage additional terminal facilities that are owned by affiliates of ArcLight, including Lucknow-Highspire Terminals, LLC, which operates terminals throughout Pennsylvania encompassing approximately 9.9 million barrels of storage capacity and we receive a management fee based on our costs incurred. Aggregate annual fees received with respect to services performed for Lucknow-Highspire Terminals, LLC for the years ended December 31, 2022, 2021 and 2020 were approximately $3.4 million, $2.1 million and $1.3 million, respectively.

Terminaling Services Agreements. We have entered into terminaling services agreements with affiliates of ArcLight, which is discussed under Item 8. Financial Statements and Supplementary Data - Note 2 of Notes to consolidated financial statements "Transactions with Affiliates".

Affiliate Loan. On March 30, 2022, the Company and TransMontaigne Operating Company L.P., our wholly owned subsidiary, made a $25 million intercompany loan to our indirect parent, Pike Petroleum Holdings, LLC ("PPH"). PPH was authorized to use the proceeds of the loan to cash collateralize a letter of credit facility and/or the operations of its subsidiary Gulf Operating, LLC. The outstanding principal amount of the loan bears interest at a market rate calculated in accordance with our Credit Agreement, plus 15%. The unpaid interest was added to the outstanding principal at the end of each month. The outstanding principal plus the unpaid interest of approximately $28.0 million was repaid on November 30, 2022.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Deloitte & Touche LLP is our independent auditor. Deloitte & Touche LLP's accounting fees and services were as follows:

	2022	2021
Audit fees [(1)]	$ 1,177,000	$ 1,055,700
Comfort letter and consents	—	—
Audit-related fees	—	—
Tax fees	—	—
All other fees	—	—
Total accounting fees and services	$ 1,177,000	$ 1,055,700

[(1)] Represents an estimate of fees for professional services provided in connection with the annual audit of our financial statements and the reviews of our quarterly financial statements, and other services provided by the auditor in connection with statutory and regulatory filings.

PART IV

ITEM 15. EXHIBIT AND FINANCIAL STATEMENT SCHEDULES

(A) The following documents are filed as a part of this Annual Report.

1. *Consolidated Financial Statements and Schedules.* See the index to the consolidated financial statements of TransMontaigne Partners LLC and its subsidiaries that appears under Item 8. "Financial Statements and Supplementary Data" of this Annual Report.

2. *Financial Statement Schedules.* None.

3. *Exhibits.*

(A) 3—EXHIBITS:

Exhibit Number	Description
3.1	Certificate of Formation of TransMontaigne Partners LLC, dated February 26, 2019 (incorporated by reference to Exhibit 3.3 of the Current Report on Form 8-K filed by TransMontaigne Partners LLC with the SEC on February 28, 2019).
3.2	Limited Liability Company Agreement of TransMontaigne Partners LLC, dated February 26, 2019 (incorporated by reference to Exhibit 3.4 of the Current Report on Form 8-K filed by TransMontaigne Partners LLC with the SEC on February 28, 2019).
4.1	Indenture, dated February 12, 2018, among TransMontaigne Partners L.P., TLP Finance Corp.and U.S. Bank National Association (incorporated by reference to Exhibit 4.1 of the Current Report on Form 8-K filed by TransMontaigne Partners L.P. with the SEC on February 12, 2018).
4.2	First Supplemental Indenture, dated as of February 12, 2018, among TransMontaigne Partners L.P., TLP Finance Corp., the guarantors named therein and U.S. Bank National Association (incorporated by reference to Exhibit 4.1 of the Current Report on Form 8-K filed by TransMontaigne Partners L.P. with the SEC on February 12, 2018).
10.1	Contribution, Conveyance and Assumption Agreement, dated May 27, 2005, by and among TransMontaigne LLC, TransMontaigne Partners L.P., TransMontaigne GP L.L.C., TransMontaigne Operating GP L.L.C., TransMontaigne Operating Company L.P., TransMontaigne Product Services LLC and Coastal Fuels Marketing, Inc., Coastal Terminals L.L.C., Razorback L.L.C., TPSI Terminals L.L.C. and TransMontaigne Services LLC. (incorporated by reference to Exhibit 10.2 of the Annual Report on Form 10-K filed by TransMontaigne Partners L.P. with the SEC on September 13, 2005).
10.2	Amended and Restated Limited Liability Company Agreement of Battleground Oil Specialty Terminal Company LLC Company, dated October 18, 2011, by and among TransMontaigne Operating Company L.P., Kinder Morgan Battleground Oil LLC and Tauber Terminals, LP (incorporated by reference to Exhibit 10.16 of the Annual Report on Form 10-K filed by TransMontaigne Partners L.P. with the SEC on March 12, 2013). Certain portions of this exhibit have been omitted and filed separately with the Commission pursuant to a request for confidential treatment under Rule 24b-2 as promulgated under the Securities Exchange Act of 1934.

Exhibit Number	Description
10.3	First Amendment to the Amended and Restated Limited Liability Company Agreement of Battleground Oil Specialty Terminal Company LLC, dated December 20, 2012, by and among TransMontaigne Operating Company L.P., Kinder Morgan Battleground Oil LLC and Tauber Terminals, LP (incorporated by reference to Exhibit 10.17 of the Annual Report on Form 10-K filed by TransMontaigne Partners L.P. with the SEC on March 12, 2013). Certain portions of this exhibit have been omitted and filed separately with the Commission pursuant to a request for confidential treatment under Rule 24b-2 as promulgated under the Securities Exchange Act of 1934.
10.4	Contribution Agreement dated as of November 17, 2021 by and among TransMontaigne Partners LLC, Pike Petroleum Fund VI Holdings, LLC, Pike Petroleum Holdings, LLC, PPH Management Holdings, LLC, TLP Acquisition Holdings, LLC, TLP Finance Holdings, LLC, and TransMontaigne Operating Company L.P. (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed by TransMontaigne Partners L.P. with the SEC on November 19, 2021).
10.5	Credit Agreement dated as of November 17, 2021 by and among TransMontaigne Partners LLC, TransMontaigne Operating Company L.P., the lenders party thereto and Barclays Bank PLC, as administrative agent (incorporated by reference to Exhibit 10.2 of the Current Report on Form 8-K filed by TransMontaigne Partners L.P. with the SEC on November 19, 2021).
10.6+	TLP Management Services L.L.C. Amended and Restated Savings and Retention Plan (incorporated by reference to Exhibit 10.18 of the Annual Report on Form 10-K filed by TransMontaigne Partners LLC with the SEC on March 15, 2019).
10.7	Services Agreement dated as of August 18, 2019, by and between TransMontaigne Management Company, LLC and TLP Management Services, L.L.C. (incorporated by reference to Exhibit 10.9 of the Annual Report on Form 10-K filed by TransMontaigne Partners LLC with the SEC on March 13, 2020).
21.1*	List of Subsidiaries of TransMontaigne Partners LLC.
31.1*	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101*	The following financial information from the Annual Report on Form 10-K of TransMontaigne Partners LLC and subsidiaries for the year ended December 31, 2022, formatted in Inline (eXtensible Business Reporting Language): (i) consolidated balance sheets, (ii) consolidated statements of operations, (iii) consolidated statements of equity, (iv) consolidated statements of cash flows and (v) notes to consolidated financial statements.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* Filed with this Annual Report.

\+ Identifies each management compensation plan or arrangement.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TransMontaigne Partners LLC

By: TLP FINANCE HOLDINGS, LLC, its Managing Member

By: /s/ Frederick W. Boutin

Date: March 10, 2023

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities with registrant so stated, on the date indicated.

Name and Signature	Title	Date
/s/ Frederick W. Boutin Frederick W. Boutin	Chief Executive Officer	March 10, 2023
/s/ Robert T. Fuller Robert T. Fuller	Executive Vice President, Chief Financial Officer and Treasurer	March 10, 2023
/s/ Lisa M. Kearney Lisa M. Kearney	Vice President, Chief Accounting Officer	March 10, 2023

Exhibit 21.1

List of Subsidiaries of TransMontaigne Partners LLC at December 31, 2022*

Ownership of subsidiary	Name of subsidiary	Trade name	State/Country of organization
100%	TransMontaigne Operating GP L.L.C.	None	Delaware
100%	TransMontaigne Terminals L.L.C.	None	Delaware
100%	TPSI Terminals L.L.C.	None	Delaware
100%	TransMontaigne Operating Company L.P.	None	Delaware
100%	Razorback L.L.C.	None	Delaware
100%	TLP Operating Finance Corp.	None	Delaware
100%	TPME L.L.C.	None	Delaware
100%	TLP Finance Corp.	None	Delaware
100%	TLP Management Services L.L.C.	None	Delaware
100%	TransMontaigne Products Company L.L.C.	None	Delaware
100%	Pike West Coast Holdings, L.L.C.	None	Delaware
100%	Seaport Financing, L.L.C.	None	Delaware
100%	SeaPort Sound Terminal, L.L.C.	None	Delaware
100%	SeaPort Pipeline Holdings, L.L.C.	None	Delaware
100%	SeaPort Midstream Holdings, L.L.C.	None	Delaware

Exhibit 31.1

Certification Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Frederick W. Boutin, Chief Executive Officer of TransMontaigne Partners LLC, a Delaware limited liability company (the “registrant”), certify that:

1. I have reviewed this Annual Report on Form 10-K of TransMontaigne Partners LLC for the fiscal year ended December 31, 2022;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

March 10, 2023

/s/ FREDERICK W. BOUTIN
Frederick W. Boutin
Chief Executive Officer

Exhibit 31.2

Certification Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Robert T. Fuller, Chief Financial Officer of TransMontaigne Partners LLC, a Delaware limited liability company (the "registrant"), certify that:

1. I have reviewed this Annual Report on Form 10-K of TransMontaigne Partners LLC for the fiscal year ended December 31, 2022;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

March 10, 2023	/s/ ROBERT T. FULLER
	Robert T. Fuller
	Chief Financial Officer

Exhibit 32.1

Certification of Chief Executive Officer and Chief Financial Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(18 U.S.C. Section 1350)

The undersigned, the Chief Executive Officer of TransMontaigne Partners LLC, a Delaware limited liability company (the “Company”), hereby certifies that, to his knowledge on the date hereof:

(a) the Annual Report on Form 10-K of the Company for the fiscal year ended December 31, 2022, filed on the date hereof with the Securities and Exchange Commission (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(b) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ FREDERICK W. BOUTIN
Frederick W. Boutin
Chief Executive Officer
March 10, 2023

Exhibit 32.2

Certification of Chief Executive Officer and Chief Financial Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(18 U.S.C. Section 1350)

The undersigned, the Chief Financial Officer of TransMontaigne Partners LLC, a Delaware limited liability company (the “Company”), hereby certifies that, to his knowledge on the date hereof:

(a) the Annual Report on Form 10-K of the Company for the fiscal year ended December 31, 2022, filed on the date hereof with the Securities and Exchange Commission (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(b) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Robert T. Fuller
Robert T. Fuller
Chief Financial Officer
March 10, 2023