

131 FERC ¶ 61,265
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

June 24, 2010

In Reply Refer To:
ExxonMobil Pipeline Company
Docket No. OR10-12-000

Sidley Austin LLP
1501 K Street, NW
Washington, DC 20005

Attention: Christopher M. Lyons
Counsel for ExxonMobil Pipeline Company

Reference: Requested Waiver of Oil Tariff Indexing Requirement

Ladies and Gentlemen:

1. On May 21, 2010, ExxonMobil Pipeline Company (EMPCo) filed a request for waiver of the Commission's regulations¹ requiring application of the Oil Pipeline Index Adjustment (Index) published by the Commission on May 19, 2010, to lower, effective July 1, 2010, the Index ceiling levels applicable to EMPCo's FERC Tariff No. 360, which applies to transportation of petroleum on EMPCo's Heavy Louisiana Sweet (HLS) pipeline system. The Commission grants the requested waiver.

2. Under the Commission's regulations, oil pipelines are required to compute the index ceiling level effective July 1 of each year by multiplying the previous year's ceiling level by the most recent Index multiplier published by the Commission. The Commission calculates the Index multiplier using the annual change in the Producer Price Index for Finished Goods (PPI-FG) plus 1.3 percent (PPI+1.3). On May 19, 2010, the Commission published the 2010 Index multiplier of 0.987026,² meaning that the new

¹ 18 C.F.R. 342.3(e) (2009).

² See *Revisions to Oil Pipeline Regulations Pursuant to the Energy Policy Act of 1992*, "Notice of Annual Change in the Producer Price Index for Finished Goods," Docket No. RM93-11-000 (May 19, 2010).

Index multiplier will cause the rate ceiling levels for the index year of July 1, 2010, to June 30, 2011, to be less than the ceiling levels for the prior index year of July 1, 2009, to June 30, 2010.

3. In its waiver request, EMPCo explains that it filed new rates in FERC Tariff No. 360, effective May 1, 2010, for transportation on the HLS pipeline system pursuant to the Commission's cost-of-service regulations.³ EMPCo states that, as demonstrated in that rate filing, EMPCo continues to under-recover its cost-of-service on the HLS pipeline system,⁴ and that application of the recently published oil pipeline index would only serve to exacerbate that under-recovery. Moreover, EMPCo states that the cost-of-service presentation submitted with the new rates was based upon a 2009 base period with test period adjustments. EMPCo further states that the 2010 Index also tracks cost changes over the same 2009 time period.

4. The Commission grants the requested waiver because EMPCo has recently filed cost-of-service rates in FERC Tariff No. 360 for the HLS pipeline system to be effective May 1, 2010. The cost-of-service supporting the rates was based upon a 2009 base period adjusted for known and measurable changes, the same 2009 period that served as the basis for the 2010 Index adjustment. As a result, application of the 2010 Index adjustment is redundant and unnecessary. By this action, the ceiling rates in FERC Tariff No. 360 made effective May 1, 2010, will serve as the Index ceiling levels for the new July 1, 2010, through June 30, 2011 Index year.

By direction of the Commission.

Nathaniel J. Davis, Sr.,
Deputy Secretary.

cc: All Parties

³ EMPCo, Transmittal, April 1, 2010, Docket IS10-198-000 (filed April 1, 2010).

⁴ EMPCo represents that the cost-of-service filing in Docket No. IS10-198-000 had a test period cost-of-service of \$25 million and test period revenues of \$24.9 million under the proposed cost-of-service rates. *Id.* at 1-2.