131 FERC ¶ 61,266
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

June 24, 2010

In Reply Refer To:
Mobil Eugene Island
Pipeline Company
Docket No. OR10-13-000

Mobil Eugene Island Pipeline Company
Post Office Box 2220
Houston, Texas 77252-2220

Attention: Tim J. Adams
President

Reference: Requested Waiver of Oil Tariff Indexing Requirement

Ladies and Gentlemen:

1. On May 27, 2010, Mobil Eugene Island Pipeline Company (Mobil Eugene) filed a request for waiver of the Commission's regulations requiring application of the Oil Pipeline Index Adjustment (Index) published by the Commission on May 19, 2010, to lower the Index ceiling levels applicable to Mobil Eugene's oil pipeline transportation tariff rates effective July 1, 2010.[1] 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, Mobil Eugene included a copy of Mobil Eugene's 2009 Form 6, Page 700 (Page 700) data. Mobil Eugene asserts that based upon the Page 700 data, Mobil Eugene is under-earning its cost-of-service levels by about 57 percent or $5.6 million. Mobil Eugene states that its rates are currently at their ceiling levels and that any decrease in rates required by application of the Index would only add to Mobil Eugene's revenue gap.

4. Under the light-handed regulatory approach required by the Energy Policy Act of 1992, the Commission previously granted waiver of the Index methodology under the circumstances that application of the Index methodology would reduce rates, the pipeline presented Page 700 data showing an under-recovery, and no shipper filed a protest opposing the waiver request.[3] Those circumstances are all present here. Thus, the Commission grants the waiver requested by Mobil Eugene. By this action, the Index ceiling levels effective for the July 1, 2009, through June 30, 2010 Index year, will continue to 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] *See, e.g., BP Pipelines (North America) Inc.*, 103 FERC ¶ 61,379 (2003).