

131 FERC ¶ 61,267
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

June 24, 2010

In Reply Refer To:
MarkWest Michigan Pipeline
Company, L.L.C.
Docket No. OR10-15-000

Vinson & Elkins LLP
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Attention: Charles F. Caldwell
Counsel for MarkWest Michigan Pipeline Company, L.L.C.

Reference: Requested Waiver of Oil Tariff Indexing Requirement

Ladies and Gentlemen:

1. On May 28, 2010, MarkWest Michigan Pipeline Company, L.L.C (MarkWest) 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 the Index ceiling levels applicable to MarkWest's oil pipeline transportation tariff rates effective July 1, 2010. 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*
(continued...)

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, MarkWest filed a cost-of-service study. MarkWest states that the study uses a base period of 2009 and a test period that adjusts for known and measurable changes through the first nine months of 2010. MarkWest asserts that this study shows that MarkWest's current cost-of-service is approximately \$5,181,000 while its revenues are approximately \$4,280,000, meaning that MarkWest is currently under-earning by \$900,000, or 21 percent. MarkWest also attached its 2009 Form No. 6, Page 700 (Page 700), which MarkWest states shows that MarkWest under-earned its cost-of-service in calendar year 2009 by approximately \$1,329,000 or 31 percent. MarkWest explains that the difference between the under-earning reflected in the cost-of-service and the Page 700 is due to the test period adjustments made when calculating the cost-of-service study.

4. The Commission grants the requested waiver. The Commission has previously granted waiver of the Commission's regulations requiring application of the Index to lower the ceiling levels when the pipeline files a cost-of-service demonstrating an under recovery resulting from a disparity between its actual costs and the pipeline's revenues under the current rates.³ MarkWest has filed a cost-of-service that demonstrates such an under-recovery. Thus, the Commission grants the requested waiver. 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

1992, "Notice of Annual Change in the Producer Price Index for Finished Goods,"
Docket No. RM93-11-000 (May 19, 2010).

³ See *Pioneer Pipe Line Co.*, 87 FERC ¶ 61,368 (1999); *Platte Pipe Line Co.*,
87 FERC ¶ 61,370 (1999).