This Introduction was compiled by staff of the Office of Administrative Litigation (OAL), Federal Energy Regulatory Commission. This Introduction does not necessarily represent the views of the Commission or of individual Commissioners, and it is not binding on the Commission or any component thereof. This Introduction may not be cited as legal authority.
This is the first edition of Staff’s Legal Handbook on Market-Based Rates for Oil Pipelines. It is a special edition of Staff’s Oil Pipeline Handbook series and focuses on market-based rate proceedings. It follows in the footsteps of Staff’s Oil Pipeline Handbook, Volumes I-V, published in 1987, 1992, 1998, 2005, and 2014 which compiled major statutes, regulations, and cases on oil pipeline regulation. While this Handbook and Volumes I-V overlap temporally, the varying subjects discussed means that few cases are discussed or provided twice.

This introduction begins with a brief historical overview of oil pipeline regulation and market-based rates, and a summary of the current Federal Energy Regulatory Commission (“FERC” or “Commission”) methodology and precedent for determining whether an oil pipeline is permitted to charge market-based rates. A detailed analysis of the history of oil pipeline rate methodology in the context of market-based rates follows, along with a discussion of relevant precedent and methodology established at the Commission and in the courts applicable to oil pipeline market-based rates. The Handbook compiles the most notable orders, regulations, Department of Justice reports, and cases on this subject. Additionally, the Handbook contains a table of the outcomes of the notable oil pipeline market-based rate cases filed at the Commission and a map of the markets the Commission has considered in market-based rate applications with indications regarding whether those markets were found to be competitive.