

FEDERAL ENERGY REGULATORY COMMISSION
OFFICE OF ADMINISTRATIVE LITIGATION



INTRODUCTION TO STAFF LEGAL HANDBOOK ON
MARKET-BASED RATES FOR OIL PIPELINES
FIRST EDITION

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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.