



February 21, 2023

Transmittal No. 245

Oil Pipeline Filing:

To: Kimberly D. Bose, Secretary
FEDERAL ENERGY REGULATORY COMMISSION
888 First Street, N.E.
Washington, DC 20426

Dear Secretary Bose:

The accompanying Magellan Pipeline Company, L.P. ("MPL") tariff, issued on February 21, 2023, to be effective on March 1, 2023, is sent to you for filing in compliance with the requirements of the Interstate Commerce Act and the rules and regulations of the Federal Energy Regulatory Commission ("Commission"). The tariff is issued by Jake Nolte, Supervisor, Pipeline Tariffs of MPL, and is concurred in by all carriers named therein as participants under the concurrences or authorizations now on file with MPL.

F.E.R.C. No. 199.0.0

MPL is filing F.E.R.C. 199.0.0 under the authority of 18 C.F.R. § 342.2(b) to establish the committed rates that will apply to priority service on its expansion of its refined products pipeline system to destinations in and around El Paso, Texas ("El Paso Expansion"). As required by 18 C.F.R. § 342.2(b), MPL is filing with this tariff a sworn affidavit that the committed rates established in F.E.R.C. 199.0.0 have been agreed to by at least one non-affiliated person who intends to use the service.

I. Purpose of Filing

MPL F.E.R.C. No. 199.0.0 establishes the priority committed rates offered to all potentially interested shippers willing to enter into a transportation services agreement ("TSA") during a widely publicized open season for the El Paso Expansion. While the full expansion capacity is expected to be available in mid-2024, MPL expects incremental amounts of capacity to become available to shippers beginning on March 1, 2023. As provided in the TSA, F.E.R.C. 199.0.0 allows a committed shipper access to the new capacity prior to the in-service date of the overall expansion. The Commission has approved firm service for committed shippers as expansion capacity becomes available prior to the in-service date of the overall expansion, finding it in the public interest to provide access to additional capacity to a region currently experiencing a shortage of available transportation capacity.¹

A. El Paso Expansion

In Texas, Magellan's refined petroleum products pipeline system provides both interstate and intrastate transportation service. Refined products shipments originate on the Texas Gulf Coast, entering Magellan's

¹ See, e.g., *Plantation Pipe Line Co.*, 167 FERC ¶ 61,025 at P 19; *Palmetto Products Pipe Line LLC*, 151 FERC 61,090 at P 29 (2015); *Kinder Morgan Pony Express Pipeline LLC*, 141 FERC ¶ 61,180 at P 62 (2012).

system in the East Houston area, and at out-of-state origins in Oklahoma, Kansas, and Minnesota.² In Texas, Magellan delivers to multiple destinations, including Dallas-Fort Worth, Abilene, Odessa, and El Paso, and numerous other points inside and outside of Texas.

The Magellan refined products pipeline system in Texas is composed of several pipeline segments, each varying in diameter and capacity. Deliveries from the Gulf Coast to El Paso are transported on three distinct pipeline segments: (1) the East Houston to Hearne segment; (2) the Hearne to Odessa segment, and (3) the Odessa to El Paso segment. Pipeline diameter and capacity is greatest near the Gulf Coast origin, but diminishes as the pipeline approaches El Paso. Currently, the capacity of the pipeline is approximately 320,000 bpd from the Gulf Coast to Hearne; 165,000 from Hearne, to Odessa; and approximately 70,000 bpd from Odessa, to El Paso.³

MPL has announced definitive plans to expand the capacity to El Paso approximately 100,000 bpd,⁴ representing an increase of approximately 30,000 bpd or 30%. Additionally, the expansion will increase capacity to Odessa to approximately 205,000 bpd, representing an increase of approximately 40,000 bpd or 24%. Once complete, the El Paso Expansion will increase MPL's delivery capacity on MPL's pipeline between the Texas Gulf Coast and El Paso, Texas.

The El Paso Expansion will be achieved by constructing 30 miles of new 16-inch pipeline between Odessa and Crane, Texas, adding new operational tankage at Hearne, Odessa, and El Paso, Texas, converting tanks and adding booster pumps at Hearne, Odessa, and El Paso, and increasing the offtake rate from 4,100 barrels per hour to 6,500 barrels per hour at MPL's connection to SFPP, L.P. in El Paso, Texas. The pipeline segment between East Houston and Hearne does not need to be expanded to accommodate the El Paso Expansion because this segment has been substantially underutilized.⁵ Due to bottlenecks on the pipeline segment between Odessa and El Paso, utilization on upstream segments has not exceeded 75% of overall capacity during the past three years. Currently, the capacity between East Houston and Hearne is approximately 320,000 bpd, but the average throughput over the past two years is approximately 220,000 bpd, representing 80,000 bpd of underutilized capacity. Additionally, the pipeline capacity between Hearne and Odessa is approximately 205,000 bpd, but downstream constraints require MPL to restrict total allocable capacity to 165,000 bpd on this segment. Even so, the average throughput for the past two years on the Hearne-to-Odessa segment is approximately 135,000 bpd, representing 30,000 bpd of underutilized capacity.

2 The Pine Bend, Minnesota origin is available through a joint tariff with KPL Northern States, LLC; see MPL's F.E.R.C. No. 191.5.0.

3 The Commission previously approved committed rates and terms of conditions for priority service in connection with a prior expansion of Magellan's refined products pipeline system in Texas. See *Magellan Pipeline Co.*, 166 FERC ¶ 61,181 (2019).

4 See <https://www.magellanlp.com/magellannews.aspx?id=6FF7C89B-1217-446D-A32B-C07ECCDBCAD5>

5 Commission precedent supports the use of underutilized capacity for priority service as part of a larger expansion project where the portion relating to existing capacity was currently under-used and had not been used by any shipper for an extended period. See, e.g., *Palmetto Products Pipe Line LLC*, 151 FERC ¶ 61,090 at PP 3, 18 (2015) (use of "historically and consistently" underutilized existing capacity permitted); *Wolverine Pipe Line Co.*, 153 FERC ¶ 61,109 at P 19 (2015); *Buckeye Pipe Line Transp., LLC*, 154 FERC ¶ 61,130 at P 3 (2016).

The El Paso market serves not only local demand, but demand downstream in Arizona, New Mexico, and Northern Mexico. Shipper demand for service on MPL’s refined products pipeline from the Gulf Coast to El Paso has outpaced MPL’s available pipeline capacity. MPL consistently receives nominations to El Paso that exceed the pipe’s capacity. The Odessa-to-El Paso segment’s comparatively lower capacity is a bottleneck to larger segments upstream. This bottleneck will be eased by the El Paso Expansion, providing shippers with access to additional offtake capacity in El Paso and in downstream markets.

B. Open Season

MPL initiated a transparent and widely publicized binding open season seeking long-term volume commitments for the El Paso Expansion (“Open Season”). The Open Season offered priority service (“Reserved Capacity”) to shippers willing to enter into a TSA. The Reserved Capacity is not subject to prorationing except in the event MPL is rendered unable to transport the nomination because of an event of Force Majeure. The Open Season offered committed volume tiers of 3,000, 6,000, 9,000, or 12,000 bpd. In addition, interested shippers were asked to select an initial commitment term of three years, five years, or seven years. After the initial commitment term, the TSA extends from year to year unless either MPL or the committed shipper provides timely notice of termination.

MPL widely publicized the Open Season to notify potential shippers. On April 27, 2022, MPL issued a press release announcing the start of the Open Season, and MPL posted information about the Open Season on its website.⁶ News of the Open Season was also widely covered in the press. Twelve interested shippers executed a Confidentiality Agreement to receive documentation required for participation in the program described in the Open Season materials.

The Open Season was scheduled to close on June 24, 2022. On June 24, 2022, MPL issued another press release and posted a notice on its website stating that it was extending the Open Season until July 15, 2022 to provide potential shippers with additional time.⁷ On July 15, 2022, MPL issued another press release and posted a notice on its website stating that it was further extending the Open Season until July 29, 2022.⁸ At the conclusion of the Open Season, MPL had received sufficient commitments from three unaffiliated shippers to proceed with the El Paso Expansion. The commitment received represents 80 percent of the expansion capacity. Additional capacity generated from the El Paso Expansion—at least 6,000 bpd—will be made available to uncommitted shippers.

C. Committed Rate for Priority Service

The rates set forth in the TSA reflect the “Tariff Premium” that shippers will pay above the uncommitted rate (“Base Tariff”) from the available origins to El Paso. The Base Tariff plus the Tariff Premium is the “Reserved Capacity Rate.”⁹ The Base Tariff rates from the available origins to El Paso are located in MPL’s F.E.R.C. No.

6 See <https://www.magellanlp.com/magellannews.aspx?id=1E88B6C4-51D9-4F43-A20F-5EECAA9BE7A0>

7 See <https://www.magellanlp.com/magellannews.aspx?id=606D3DE8-3210-40AE-B6F3-3968732825A7>

8 See <https://www.magellanlp.com/magellannews.aspx?id=DAADB884-94CC-4C14-A258-EC1D807242D7>

9 Commission precedent supports reserved capacity rates that are composed of a base tariff rate plus a premium firm fee, including where the base tariff is a market-based rate, as is the case here. See *Magellan Pipeline Co.*, 180 FERC ¶ 61,102 at P 20 (2022); *Magellan Pipeline Co.*, 166 FERC ¶ 61,181 at P 36 (2019). See also *Explorer Pipeline Co.*, 140 FERC ¶ 61, 098 at P 7 (2012). Commission precedent also supports the use of formula rates in tariff

161.51.0, Items 100 and 200, and are market-based pursuant (1) the Commission's Order on Application for Market Power Determination, Magellan Pipeline Company, L.P., Docket No. OR09-9-000, issued September 25, 2009; and (2) the Commission's Order on Application for Market Power Determination, Longhorn Partners Pipeline, L.P., Docket No. OR98-12-000, issued June 30, 1998. The only exception is the origin of Flint Hills Resources, L.P., Pine Bend, Dakota County, MN, which is a combination joint tariff rate; the Base Tariff for this rate is located in MPL's F.E.R.C. No. 191.5.0, and is market-based under the same authority. Under the terms of the TSA, the Tariff Premium will remain unchanged for the duration of the TSA, while the Base Tariff will be adjusted periodically. Consistent with Commission precedent, any adjustments to the Reserved Capacity Tariff will be filed under the authority of 18 C.F.R. 342.4(c) as settlement rates.¹⁰

II. Certification

I hereby certify that I have on or before this date sent one copy of the publications and transmittal to each subscriber thereto by means of transmission agreed upon in writing by the subscriber. Questions and services regarding this filing should be directed to Jake Nolte at the phone number shown below.

Pursuant to 18 CFR 341.14 (Special Permission), MPL requests that it be granted a waiver under Section 6(3) of the Interstate Commerce Act to file this tariff on seven (7) days' notice to give committed shippers access to the new capacity on March 1, 2023.

Pursuant to 18 C.F.R. 343.3(a), MPL hereby respectfully requests that all protests, complaints, suspensions, motions, or orders, which in any way affect this publication, be transmitted via facsimile concurrent with their filing or issuance to Jake Nolte and Leah Ward at (918) 574-7039, confirmed at the telephone numbers shown below.

Respectfully submitted,



Jake Nolte
Supervisor, Tariffs
One Williams Center, MD-28
Tulsa, OK 74172
(918) 574-7176
jake.nolte@magellanlp.com

Leah Ward
Associate General Counsel
One Williams Center, MD-28
Tulsa, OK 74172
(918) 574-7454
leah.ward@magellanlp.com

filings. Formula rates do not violate the filed-rate doctrine when the formula is "sufficiently clear so that interested parties can calculate the applicable rate," as is the case here. *See Mid-America Pipeline Company, LLC*, 106 FERC ¶ 61,094 at PP 17-19 (2004) (quoting *Kansas Pipeline Co.*, 87 FERC ¶ 61,329 (1999)).

¹⁰ *See, e.g., Magellan Pipeline Co.*, 166 FERC ¶ 61,181 at P 36; *Tallgrass Pony Express Pipeline, LLC*, 170 FERC ¶ 61,176 at P 14 (2020); *SFPP, L.P.*, 169 FERC ¶ 61,001 at P 54 (2019); *EnLink Delaware Crude Pipeline, LLC*, 166 FERC ¶ 61,226 at P 18 (2019); *Plantation Pipe Line Co.*, 167 FERC ¶ 61,025 at P 15 (2019).


Ross Crutchfield
Associate General Counsel
One Williams Center, MD-28
(918) 574-7499
ross.crutchfield@magellanlp.com

AFFIDAVIT

County of Tulsa)
) ss:
State of Oklahoma)

I, Aaron Cissell, Vice President of Magellan Pipeline Company, L.P., being first duly sworn, depose and say:

The rates in F.E.R.C. No. 199.0.0, are being issued to become effective on March 1, 2023. The rates have been agreed to by at least one non-affiliated company who intends to use the new services offered in the aforementioned tariff.

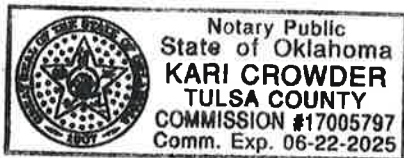


Aaron Cissell
Vice President
Magellan Pipeline Company, L.P.

Acknowledgment

County of Tulsa)
) ss:
State of Oklahoma)

Personally came before me this 10th day of February, 2023, Aaron Cissell, Vice President of Magellan Pipeline Company, L.P., to me known to be the person who executed the foregoing instrument, and to me known to be such officer of said Corporation, and acknowledged that she executed the foregoing instrument as an officer and as the act of said Corporation, by its authority.





Notary Public

My Commission Expires:

06-22-2025