

MPLX LP
Form 10-Q
November 02, 2015
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended September 30, 2015

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 001-35714

MPLX LP
(Exact name of registrant as specified in its charter)

Delaware 45-5010536
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

200 E. Hardin Street, Findlay, Ohio 45840
(Address of principal executive offices) (Zip code)

(419) 672-6500
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files.) Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

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Non-accelerated filer ☐ (Do not check if a smaller reporting company) Smaller reporting company ☐
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act)
Yes ☐ No ☒

MPLX LP had 80,336,711 common units and 1,639,525 general partner units outstanding at October 30, 2015.

Table of Contents

MPLX LP
Form 10-Q
Quarter Ended September 30, 2015

INDEX

	Page
<u>PART I – FINANCIAL INFORMATION</u>	
<u>Item 1. Financial Statements:</u>	
<u>Consolidated Statements of Income (Unaudited)</u>	<u>2</u>
<u>Consolidated Balance Sheets (Unaudited)</u>	<u>3</u>
<u>Consolidated Statements of Cash Flows (Unaudited)</u>	<u>4</u>
<u>Consolidated Statements of Equity (Unaudited)</u>	<u>5</u>
<u>Notes to Consolidated Financial Statements (Unaudited)</u>	<u>6</u>
<u>Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>19</u>
<u>Item 3. Quantitative and Qualitative Disclosures about Market Risk</u>	<u>30</u>
<u>Item 4. Controls and Procedures</u>	<u>30</u>
<u>PART II – OTHER INFORMATION</u>	
<u>Item 1. Legal Proceedings</u>	<u>31</u>
<u>Item 1A. Risk Factors</u>	<u>31</u>
<u>Item 2. Unregistered Sales of Equity Securities</u>	<u>31</u>
<u>Item 6. Exhibits</u>	<u>32</u>
<u>Signatures</u>	<u>34</u>

Unless the context otherwise requires, references in this report to “MPLX LP,” the “Partnership,” “we,” “our,” “us,” or like terms refer to MPLX LP and its subsidiaries, including MPLX Operations LLC (“MPLX Operations”) and MPLX Terminal and Storage LLC (“MPLX Terminal and Storage”), both wholly-owned subsidiaries, and MPLX Pipe Line Holdings LP (“Pipe Line Holdings”), of which as of September 30, 2015 MPLX LP owned a 99.5 percent general partner interest. Pipe Line Holdings owns 100 percent of Marathon Pipe Line LLC (“MPL”) and Ohio River Pipe Line LLC (“ORPL”). References to “MPC” refer collectively to Marathon Petroleum Corporation and its subsidiaries, other than the Partnership.

Table of Contents

Part I—Financial Information

Item 1. Financial Statements

MPLX LP

Consolidated Statements of Income (Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions, except per unit data)	2015	2014	2015	2014
Revenues and other income:				
Sales and other operating revenues	\$18.2	\$16.6	\$50.2	\$52.2
Sales to related parties	122.7	114.1	360.7	336.0
Loss on sale of assets	—	—	(0.2)	) —
Other income	1.4	1.5	4.2	4.1
Other income - related parties	6.3	5.8	18.8	16.9
Total revenues and other income	148.6	138.0	433.7	409.2
Costs and expenses:				
Cost of revenues (excludes items below)	41.9	40.6	101.4	102.9
Purchases from related parties	26.5	23.7	75.1	71.4
Depreciation	12.7	12.5	38.1	37.5
General and administrative expenses	21.1	15.3	57.7	47.1
Other taxes	(0.7)	) 1.7	5.5	5.5
Total costs and expenses	101.5	93.8	277.8	264.4
Income from operations	47.1	44.2	155.9	144.8
Net interest and other financial costs	5.2	1.1	16.7	3.0
Income before income taxes	41.9	43.1	139.2	141.8
Provision for income taxes	0.1	—	0.1	0.1
Net income	41.8	43.1	139.1	141.7
Less: Net income attributable to MPC-retained interest	0.3	14.0	0.8	49.6
Net income attributable to MPLX LP	41.5	29.1	138.3	92.1
Less: General partner's interest in net income attributable to MPLX LP	8.6	1.5	19.4	3.7
Limited partners' interest in net income attributable to MPLX LP	\$32.9	\$27.6	\$118.9	\$88.4

Per Unit Data (See Note 5)

Net income attributable to MPLX LP per limited partner unit:

Common - basic	\$0.41	\$0.37	\$1.42	\$1.16
Common - diluted	0.41	0.37	1.42	1.16
Subordinated - basic and diluted	—	0.37	1.36	1.16
Weighted average limited partner units outstanding:				
Common - basic	80.4	37.1	55.9	37.0
Common - diluted	80.4	37.1	55.9	37.1
Subordinated - basic and diluted	—	37.0	24.5	37.0
Cash distributions declared per limited partner common unit	\$0.4700	\$0.3575	\$1.3200	\$1.0275

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents

MPLX LP

Consolidated Balance Sheets (Unaudited)

(In millions)	September 30, 2015	December 31, 2014
Assets		
Current assets:		
Cash and cash equivalents	\$90.4	\$27.3
Receivables	11.8	10.2
Receivables from related parties	54.9	41.0
Materials and supplies inventories	11.8	11.7
Other current assets	4.1	7.0
Total current assets	173.0	97.2
Property, plant and equipment, net	1,109.2	1,008.6
Goodwill	104.7	104.7
Other noncurrent assets	4.2	4.0
Total assets	\$1,391.1	\$1,214.5
Liabilities		
Current liabilities:		
Accounts payable	\$67.6	\$42.2
Payables to related parties	25.1	20.2
Deferred revenue - related parties	30.5	30.5
Accrued taxes	6.3	5.2
Long-term debt due within one year	0.8	0.8
Accrued interest payable	2.5	0.6
Other current liabilities	2.7	1.1
Total current liabilities	135.5	100.6
Long-term deferred revenue - related parties	8.4	4.0
Long-term debt	752.5	644.0
Deferred credits and other liabilities	1.6	2.2
Total liabilities	898.0	750.8
Commitments and contingencies (see Note 13)		
Equity		
Common unitholders - public (23.4 million units issued and outstanding)	647.1	639.0
Common unitholder - MPC (57.0 million and 20.0 million units issued and outstanding)	492.7	261.1
Subordinated unitholder - MPC (0 and 37.0 million units issued and outstanding)	—	217.5
General partner - MPC (1.6 million units issued and outstanding)	(652.5	) (659.4
Total MPLX LP partners' capital	487.3	458.2
Noncontrolling interest retained by MPC	5.8	5.5
Total equity	493.1	463.7
Total liabilities and equity	\$1,391.1	\$1,214.5

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents

MPLX LP

Consolidated Statements of Cash Flows (Unaudited)

(In millions)	Nine Months Ended September 30,	
	2015	2014
Increase (decrease) in cash and cash equivalents		
Operating activities:		
Net income	\$139.1	\$141.7
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	38.1	37.5
Asset retirement expenditures	(0.7)	(1.0)
Net loss on disposal of assets	0.2	—
Changes in:		
Current receivables	(1.6)	3.3
Materials and supplies inventories	(0.1)	0.7
Current accounts payable and accrued liabilities	12.7	0.9
Receivables from / liabilities to related parties	(4.6)	7.2
All other, net	1.8	—
Net cash provided by operating activities	184.9	190.3
Investing activities:		
Additions to property, plant and equipment	(121.1)	(47.1)
Disposal of assets	0.4	—
All other, net	1.6	4.0
Net cash used in investing activities	(119.1)	(43.1)
Financing activities:		
Long-term debt - borrowings	528.2	270.0
- repayments	(415.7)	(15.6)
Debt issuance costs	(4.4)	—
Net proceeds from equity offerings	1.3	—
Quarterly distributions to unitholders and general partner	(111.6)	(75.2)
Quarterly distributions to noncontrolling interest retained by MPC	(0.5)	(38.3)
Distributions related to purchase of additional interest in Pipe Line Holdings	—	(310.0)
Net cash used in financing activities	(2.7)	(169.1)
Net increase (decrease) in cash and cash equivalents	63.1	(21.9)
Cash and cash equivalents at beginning of period	27.3	54.1
Cash and cash equivalents at end of period	\$90.4	\$32.2

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents

MPLX LP

Consolidated Statements of Equity (Unaudited)

(In millions)	Partnership			Noncontrolling		Total
	Common Unitholders Public	Common Unitholder MPC	Subordinated Unitholder MPC	General Partner MPC	Interest Retained by MPC	
Balance at December 31, 2013	\$412.0	\$57.4	\$ 209.3	\$ (32.5	) \$ 467.9	\$1,114.1
Purchase of additional interest in Pipe Line Holdings	—	—	—	(172.5	) (137.5	) (310.0)
Net income	23.8	20.4	44.2	3.7	49.6	141.7
Quarterly distributions to unitholders and general partner	(19.6	) (16.8	) (36.4	) (2.4	) —	(75.2)
Quarterly distributions to noncontrolling interest retained by MPC	—	—	—	—	(38.3	) (38.3)
Non-cash contribution from MPC	—	—	—	—	0.1	0.1
Equity-based compensation	0.9	—	—	—	—	0.9
Balance at September 30, 2014	\$417.1	\$61.0	\$ 217.1	\$ (203.7	) \$ 341.8	\$833.3
Balance at December 31, 2014	\$639.0	\$261.1	\$ 217.5	\$ (659.4	) \$ 5.5	\$463.7
Issuance of units under ATM Program	1.3	—	—	—	—	1.3
Net income	34.6	36.2	48.1	19.4	0.8	139.1
Quarterly distributions to unitholders and general partner	(28.9	) (24.7	) (45.5	) (12.5	) —	(111.6)
Quarterly distributions to noncontrolling interest retained by MPC	—	—	—	—	(0.5	) (0.5)
Subordinated unit conversion	—	220.1	(220.1	) —	—	—
Equity-based compensation	1.1	—	—	—	—	1.1
Balance at September 30, 2015	\$647.1	\$492.7	\$ —	\$ (652.5	) \$ 5.8	\$493.1

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents

Notes to Consolidated Financial Statements (Unaudited)

1. Description of the Business and Basis of Presentation

Description of the Business—MPLX LP is a fee-based, growth-oriented master limited partnership formed to own, operate, develop and acquire pipelines and other midstream assets related to the transportation and storage of crude oil, refined products and other hydrocarbon-based products. As of September 30, 2015, our assets consisted of a 99.5 percent indirect interest in a network of common carrier crude oil and product pipeline systems and associated storage assets in the Midwest and Gulf Coast regions of the United States. We also own a 100 percent interest in a butane cavern in Neal, West Virginia with approximately one million barrels of natural gas liquids storage capacity.

Our operations consist of one reportable segment.

Basis of Presentation—Our financial position, results of operations and cash flows consist of consolidated MPLX LP activities and balances. All significant intercompany transactions and accounts have been eliminated.

The accompanying interim consolidated financial statements are unaudited; however, in the opinion of our management, these statements reflect all adjustments necessary for a fair statement of the results for the periods reported. All such adjustments are of a normal, recurring nature unless otherwise disclosed. These interim consolidated financial statements, including the notes, have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission (“SEC”) applicable to interim period financial statements and do not include all of the information and disclosures required by accounting principles generally accepted in the United States (“U.S. GAAP”) for complete financial statements.

These interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2014. The results of operations for the three months and nine months ended September 30, 2015 are not necessarily indicative of the results to be expected for the full year.

In preparing our consolidated statements of equity, net income attributable to MPLX LP is allocated to unitholders in accordance with their respective ownership percentages. However, when distributions related to the incentive distribution rights are made, earnings equal to the amount of those distributions are first allocated to the general partner before the remaining earnings are allocated to the unitholders based on their respective ownership percentages. The allocation of net income attributable to MPLX LP for purposes of calculating net income per limited partner unit is described in Note 5.

2. Accounting Standards

Recently Adopted

In April 2015, the Financial Accounting Standards Board (“FASB”) issued an accounting standards update to simplify the presentation of debt issuance costs. The update requires that debt issue costs for term debt are to be presented on the balance sheet as a direct reduction of the term debt liability as opposed to a deferred charge within other noncurrent assets. The change is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2015. Retrospective application is required and early adoption is permitted. Our early adoption of this standard in the second quarter of 2015 did not have a material impact on our consolidated results of operations, financial position or cash flows. In August 2015, the FASB subsequently issued a clarification as to the handling of debt issuance costs related to line-of-credit arrangements that allows for the presentation of these costs as an asset which would be amortized over the term of the line-of-credit arrangements. This clarification did not have any impact on our consolidated results of operations, financial position or cash flows.

In April 2014, the FASB issued an accounting standards update that redefines the criteria for determining discontinued operations and introduces new disclosures related to these disposals. The updated definition of a discontinued operation is the disposal of a component (or components) of an entity or the classification of a component (or components) of an entity as held for sale that represents a strategic shift for an entity and has (or will have) a major impact on an entity's operations and financial results. The standard requires disclosure of additional financial information for discontinued operations and individually material components not qualifying for discontinued operation presentation, as well as information regarding an entity's continuing involvement with the discontinued operation. The accounting standards update was effective prospectively for annual periods beginning on or after December 15, 2014, and interim periods within those years. Adoption of this standards update in the first quarter of 2015 did not impact our consolidated results of operations, financial position or cash flows.

Table of Contents

Not Yet Adopted

In September 2015, the FASB issued an accounting standards update that eliminates the requirement to restate prior period financial statements for measurement period adjustments. This update requires that the cumulative impact of a measurement period adjustment be recognized in the reporting period in which the adjustment is identified. The standard is effective for interim and annual periods beginning after December 15, 2015 with early application permitted. Adoption of this standard is not expected to have a material impact on our consolidated results of operations, financial position or cash flows.

In April 2015, the FASB issued an accounting standards update requiring that the earnings of transferred net assets prior to the dropdown date of the net assets to a master limited partnership be allocated entirely to the general partner when calculating earnings per unit under the two class method. Under this guidance, previously reported earnings per unit of the limited partners will not change as a result of a dropdown transaction. The change is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2015. Retrospective application is required and early adoption is permitted.

In April 2015, the FASB issued an accounting standards update clarifying whether a customer should account for a cloud computing arrangement as an acquisition of a software license or as a service arrangement by providing characteristics that a cloud computing arrangement must have in order to be accounted for as a software license acquisition. The change is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2015. Retrospective or prospective application is allowed and early adoption is permitted. Adoption of this standard is not expected to have a material impact on our consolidated results of operations, financial position or cash flows.

In February 2015, the FASB issued an accounting standards update making targeted changes to the current consolidation guidance. The new standard changes the considerations related to substantive rights, related parties, and decision making fees when applying the variable interest entity consolidation model and eliminates certain guidance for limited partnerships and similar entities under the voting interest consolidation model. The update is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2015. Early adoption is permitted. Adoption of this standard is not expected to have a material impact on our consolidated results of operations, financial position or cash flows.

In August 2014, the FASB issued an accounting standards update requiring management to assess an entity's ability to continue as a going concern and to provide related footnote disclosures in certain circumstances. Management will be required to assess if there is substantial doubt about an entity's ability to continue as a going concern within one year after the date that the financial statements are issued. Disclosures will be required if conditions give rise to substantial doubt and the type of disclosure will be determined based on whether management's plans will be able to alleviate the substantial doubt. The accounting standards update will be effective for the first annual period ending after December 15, 2016, and for annual periods and interim periods thereafter with early application permitted.

In May 2014, the FASB issued an accounting standards update for revenue recognition that is aligned with the International Accounting Standards Board's revenue recognition standard. The guidance in the update states that revenue is recognized when a customer obtains control of a good or service. Recognition of the revenue will involve a multiple step approach including identifying the contract, identifying the separate performance obligations, determining the transaction price, allocating the price to the performance obligations and then recognizing the revenue as the obligations are satisfied. Additional disclosures will be required to provide adequate information to understand the nature, amount, timing and uncertainty of reported revenues and revenues expected to be recognized. The accounting standards update will be effective on a retrospective or modified retrospective basis for annual reporting periods beginning after December 15, 2017, and interim periods within those years, with early adoption permitted no earlier than January 1, 2017. We are in the process of determining the impact of the new standard on our consolidated financial statements.

3. Acquisitions

Pending Merger with Markwest Energy Partners, L.P.

On July 11, 2015, MPLX LP and MarkWest Energy Partners, L.P. (“MWE”) entered into a definitive merger agreement (the “Merger Agreement”) whereby MWE would become a wholly owned subsidiary of MPLX LP (the “Merger”). The Merger is structured as a unit-for-unit transaction plus a one-time cash payment to MWE unitholders. At the effective time of the Merger, each common unit of MWE (each, a “Common Unit”) issued and outstanding will be converted into the right to receive 1.09 common units of MPLX LP representing limited partner interests in MPLX LP and cash in an amount obtained by dividing \$675.0 million by the number of Common Units (including certain converted equity awards) plus the number of Class B Units of MWE. The Class A Units of MWE, which are all owned by wholly owned subsidiaries of MWE, issued and outstanding immediately prior to the effective time of the Merger will be converted into newly created Class A Units of MPLX LP in accordance with the Class A exchange ratio provided in the Merger Agreement. Each Class B Unit of MWE issued and outstanding immediately prior to the effective time of the Merger will be converted into a newly created Class B Unit of MPLX LP.

As of September 30, 2015, the implied total enterprise value for MWE was approximately \$13.7 billion, including the assumption of debt of approximately \$4.6 billion. MPC would contribute \$675.0 million of cash to us to fund the one-time cash payment to MWE unitholders. The transaction between MPLX LP and MWE, which is subject to approval by MWE unitholders and to customary closing conditions and regulatory approvals, is expected to close in the fourth quarter of 2015. MPLX LP has incurred \$4.3 million of acquisition costs through September 30, 2015, which are recorded in general and administrative expenses.

Acquisitions of Interests in Pipe Line Holdings

Effective December 1, 2014, we purchased a 22.875 percent interest in Pipe Line Holdings from subsidiaries of MPC for consideration of \$600.0 million, which was financed through borrowings under our bank revolving credit facility. In addition, we accepted a contribution of a 7.625 percent interest in Pipe Line Holdings from a subsidiary of MPC in exchange for the issuance of equity valued at \$200.0 million. We recorded the combined 30.5 percent interest at its historical carrying value of \$334.8 million and the excess cash paid and equity contributed over historical carrying value of \$465.2 million as a decrease to general partner equity. Beginning December 1, 2014, our consolidated financial statements reflect the 99.5 percent general partner interest in Pipe Line Holdings owned by MPLX LP, while the 0.5 percent limited partner interest held by MPC is reflected as a noncontrolling interest.

On March 1, 2014, we acquired a 13 percent interest in Pipe Line Holdings from MPC for consideration of \$310.0 million, which was funded with \$40.0 million of cash on hand and \$270.0 million of borrowings on our bank revolving credit facility. We recorded the 13 percent interest in Pipe Line Holdings at its historical carrying value of \$137.5 million and the excess cash paid over historical carrying value of \$172.5 million as a decrease to general partner equity.

These acquisitions were approved by the conflicts committee of the board of directors of our general partner, which is comprised entirely of independent directors. Changes in MPLX LP's equity resulting from changes in its ownership interest in Pipe Line Holdings for the three months and nine months ended September 30, 2015 and 2014 were as follows:

(In millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Net income attributable to MPLX LP	\$41.5	\$29.1	\$138.3	\$92.1
Transfer to noncontrolling interest retained by MPC:				
Decrease in general partner-MPC equity for purchases of additional interest in Pipe Line Holdings	—	—	—	(172.5)
Change from net income attributable to MPLX LP and transfer to noncontrolling interest retained by MPC	\$41.5	\$29.1	\$138.3	\$(80.4)

4. Related Party Agreements and Transactions

Our related parties include:

• MPC, which refines, markets and transports crude oil and petroleum products, primarily in the Midwest, Gulf Coast, East Coast and Southeast regions of the United States.

• Centennial Pipeline LLC ("Centennial"), in which MPC has a 50 percent interest. Centennial owns a common carrier products pipeline and storage facility.

• Muskegon Pipeline LLC ("Muskegon"), in which MPC has a 60 percent interest. Muskegon owns a common carrier products pipeline.

Related Party Agreements

We have various long-term, fee-based commercial agreements with MPC under which we provide pipeline transportation and storage services to MPC, and MPC has committed to provide us with minimum quarterly throughput and storage volumes of crude oil and refined products and minimum storage volumes of butane. For additional information regarding our commercial and other agreements with MPC, see Item 1. Business in our Annual Report on Form 10-K for the year ended December 31, 2014.

Table of Contents

We believe the terms and conditions under our agreements with MPC are generally comparable to those with unrelated parties.

New Agreements

On September 17, 2015, MPL entered into an amendment (the “First Amendment”) to its existing Patoka, Illinois tank farm Storage Services Agreement with MPC dated September 24, 2012 (the “Storage Services Agreement”). Under the Storage Services Agreement, MPC pays a monthly fee to store crude oil at MPL’s Patoka, Illinois tank farm. MPC’s fees under the Storage Services Agreement are for the use of the available shell capacity of MPL’s Patoka, Illinois tank farm, regardless of whether MPC fully utilizes all of its contractual capacity. The First Amendment provides for an increase in available shell capacity at the Patoka, Illinois tank farm from 1,386,000 barrels to 2,626,000 barrels due to the addition of four newly constructed tanks at the facility.

Effective June 11, 2015, MPL entered into a transportation services agreement with MPC pursuant to which MPL will charge fees to MPC, at applicable Federal Energy Regulatory Commission tariff rates, for transporting products on the Cornerstone pipeline system and related Utica build-out projects. MPC will be obligated to transport certain minimum quarterly volumes of products on the associated pipeline systems. If MPC fails to transport its minimum volume during any quarter, then MPC will pay MPL a quarterly deficiency payment. The amount of any quarterly deficiency payment paid by MPC may be applied as a credit for any volumes transported on the applicable pipeline system in excess of MPC’s minimum volume commitment during any of the succeeding four quarters, after which time any unused credits will expire. Upon the expiration or termination of this agreement, MPC will have the opportunity to apply any remaining credit amounts until the completion of the succeeding four quarter period, without regard to the minimum volume commitment under the agreement. This agreement has an initial term of 15 years after the project’s in-service date and automatically renews for up to two renewal terms of five years each unless either party provides the other party with written notice of its intent to terminate at least six months prior to the end of the primary term or any renewal term, as applicable.

We operate various pipeline systems owned by MPC under operating services agreements. Under the agreements the Partnership receives a fee for operating the assets and is generally reimbursed for all direct and indirect costs associated with operating the assets. On January 1, 2015, MPC and MPL amended the Amended and Restated Operating Agreement to reflect the transfer of certain assets from MPC to Hardin Street Transportation LLC (“HST”), an indirect, wholly-owned subsidiary of MPC. This amended agreement, with an annual operating fee of \$0.6 million, now covers only the assets not transferred to HST. Also on January 1, 2015, MPL entered into a new agreement with HST (the “HST Operating Agreement”) for operation of the transferred assets with an annual fee of \$12.2 million. The HST Operating Agreement has an initial term of one year and automatically renews for additional one-year terms, unless either party provides the other party with written notice of its intent to terminate the agreement at least six months prior to the end of the initial term or any renewal term. In combination, the amended and new agreement did not change the fees received by MPL or the services provided under the agreements.

Related Party Transactions

Sales to related parties were as follows:

(In millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
MPC	\$122.7	\$114.1	\$360.7	\$336.0

Related party sales to MPC consist of crude oil and refined products pipeline transportation services based on regulated tariff rates and storage services based on contracted rates. Under our transportation services agreements, if MPC fails to transport its minimum throughput volumes during any quarter, then MPC will pay us a deficiency payment equal to the volume of the deficiency multiplied by the tariff rate then in effect. The deficiency amounts are recorded as deferred revenue-related parties. MPC may then apply the amount of any such deficiency payments as a credit for volumes transported on the applicable pipeline system in excess of its minimum volume commitment during the following four or eight quarters under the terms of the applicable transportation services agreement. We recognize revenues for the deficiency payments when credits are used for volumes transported in excess of minimum quarterly volume commitments, when it becomes impossible to physically transport volumes necessary to utilize the credits or upon the expiration of the credits. The use or expiration of the credits is a decrease in deferred revenue-related parties.

Table of Contents

The revenue received for operating pipelines for related parties is included in other income-related parties on the consolidated statements of income were as follows:

(In millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
MPC	\$6.1	\$5.5	\$17.9	\$16.0
Centennial	0.2	0.3	0.8	0.8
Muskegon	—	—	0.1	0.1
Total	\$6.3	\$5.8	\$18.8	\$16.9

MPC provides executive management services and certain general and administrative services to us under the terms of the omnibus agreement. Charges for services included in purchases from related parties primarily relate to services that support our operations and maintenance activities, as well as compensation expenses. These charges were as follows:

(In millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
MPC	\$6.6	\$6.0	\$18.4	\$18.1

Charges for services included in general and administrative expenses primarily relate to services that support our executive management, accounting and human resources activities. These charges were as follows:

(In millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
MPC	\$8.1	\$7.8	\$24.2	\$23.1

In addition, some service costs related to engineering services are associated with assets under construction. These costs added to property, plant and equipment were as follows:

(In millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
MPC	\$3.2	\$1.9	\$9.4	\$4.1

MPLX LP contracts employee services from MPC under employee services agreements. Expenses incurred under these agreements are shown in the table below by the income statement line where they were recorded. The costs of personnel directly involved in or supporting operations and maintenance activities are classified as purchases from related parties. The costs of personnel involved in executive management, accounting and human resources activities are classified as general and administrative expenses.

Employee services expenses from related parties were as follows:

(In millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Purchases from related parties	\$19.9	\$17.7	\$56.7	\$53.3

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General and administrative expenses	6.1	5.6	20.2	16.6
Total	\$26.0	\$23.3	\$76.9	\$69.9

10

Table of Contents

Receivables from related parties were as follows:

(In millions)	September 30, 2015	December 31, 2014
MPC	\$54.3	\$40.5
Centennial	0.5	0.3
Muskegon	0.1	0.2
Total	\$54.9	\$41.0

Payables to related parties were as follows:

(In millions)	September 30, 2015	December 31, 2014
MPC	\$24.6	\$20.1
Centennial	0.5	0.1
Total	\$25.1	\$20.2

During the nine months ended September 30, 2015 and 2014, MPC did not ship its minimum committed volumes on certain of our pipeline systems. In addition, capital projects we are undertaking at the request of MPC are reimbursed in cash and recognized in income over the remaining term of the applicable transportation services agreements. The deferred revenue-related parties balance associated with the minimum volume deficiencies and project reimbursements were as follows:

(In millions)	September 30, 2015	December 31, 2014
Minimum volume deficiencies - MPC	\$33.7	\$29.9
Project reimbursements - MPC	5.2	4.6
Total	\$38.9	\$34.5

5. Net Income Per Limited Partner Unit

Net income per unit applicable to common limited partner units and to subordinated limited partner units is computed by dividing the respective limited partners' interest in net income attributable to MPLX LP by the weighted average number of common units and subordinated units outstanding. Because we have more than one class of participating securities, we use the two-class method when calculating the net income per unit applicable to limited partners. The classes of participating securities include common units, subordinated units, general partner units, certain equity-based compensation awards and incentive distribution rights.

As discussed further in Note 6, the subordinated units, all of which were owned by MPC, were converted into common units during the third quarter. For purposes of calculating net income per unit, the subordinated units were treated as if they converted to common units on July 1, 2015.

(In millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Net income attributable to MPLX LP	\$41.5	\$29.1	\$138.3	\$92.1
Less: General partner's distributions declared (including IDRs) ⁽¹⁾	8.8	1.5	19.0	3.4
Limited partners' distributions declared on common units ⁽¹⁾	37.7	13.2	74.6	38.0
Limited partner's distributions declared on subordinated units ⁽¹⁾	—	13.2	31.4	38.0

Undistributed net income (loss) attributable to MPLX LP	\$(5.0	) \$1.2	\$13.3	\$12.7
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⁽¹⁾ See Note 6 for distribution information.

11

Table of Contents

(In millions, except per unit data)	Three Months Ended September 30, 2015			
	General Partner	Limited Partners' Common Units	Limited Partner's Subordinated Units	Total
Basic and diluted net income attributable to MPLX LP per unit:				
Net income attributable to MPLX LP:				
Distributions declared (including IDRs)	\$8.8	\$37.7	\$—	\$46.5
Undistributed net loss attributable to MPLX LP	(0.1	) (4.9	) —	(5.0)
Net income attributable to MPLX LP ⁽¹⁾	\$8.7	\$32.8	\$—	\$41.5
Weighted average units outstanding:				
Basic	1.6	80.4	—	82.0
Diluted	1.6	80.4	—	82.0
Net income attributable to MPLX LP per limited partner unit:				
Basic		\$0.41	\$—	
Diluted		\$0.41	\$—	
(In millions, except per unit data)	Three Months Ended September 30, 2014			
	General Partner	Limited Partners' Common Units	Limited Partner's Subordinated Units	Total
Basic and diluted net income attributable to MPLX LP per unit:				
Net income attributable to MPLX LP:				
Distributions declared (including IDRs)	\$1.5	\$13.2	\$13.2	\$27.9
Undistributed net income attributable to MPLX LP	0.3	0.5	0.4	1.2
Net income attributable to MPLX LP ⁽¹⁾	\$1.8	\$13.7	\$13.6	\$29.1
Weighted average units outstanding:				
Basic	1.4	37.1	37.0	75.5
Diluted	1.4	37.1	37.0	75.5
Net income attributable to MPLX LP per limited partner unit:				
Basic		\$0.37	\$0.37	
Diluted		\$0.37	\$0.37	
(In millions, except per unit data)	Nine Months Ended September 30, 2015			
	General Partner	Limited Partners' Common Units	Limited Partner's Subordinated Units	Total
Basic and diluted net income attributable to MPLX LP per unit:				
Net income attributable to MPLX LP:				
Distributions declared (including IDRs)	\$19.0	\$74.6	\$31.4	\$125.0
Undistributed net income attributable to MPLX LP	6.6	4.6	2.1	13.3
Net income attributable to MPLX LP ⁽¹⁾	\$25.6	\$79.2	\$33.5	\$138.3
Weighted average units outstanding:				
Basic	1.6	55.9	24.5	82.0
Diluted	1.6	55.9	24.5	82.0

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Net income attributable to MPLX LP per limited partner unit:

Basic	\$1.42	\$1.36
Diluted	\$1.42	\$1.36

12

Table of Contents

(In millions, except per unit data)	Nine Months Ended September 30, 2014			
	General Partner	Limited Partners' Common Units	Limited Partner's Subordinated Units	Total
Basic and diluted net income attributable to MPLX LP per unit:				
Net income attributable to MPLX LP:				
Distributions declared (including IDRs)	\$3.4	\$38.0	\$38.0	\$79.4
Undistributed net income attributable to MPLX LP	3.2	4.8	4.7	12.7
Net income attributable to MPLX LP ⁽¹⁾	\$6.6	\$42.8	\$42.7	\$92.1
Weighted average units outstanding:				
Basic	1.4	37.0	37.0	75.4
Diluted	1.4	37.1	37.0	75.5
Net income attributable to MPLX LP per limited partner unit:				
Basic		\$1.16	\$1.16	
Diluted		\$1.16	\$1.16	

(1) Allocation of net income attributable to MPLX LP assumes all earnings for the period had been distributed based on the current period distribution priorities.

6. Equity

Units Outstanding - We had 80,336,711 common units outstanding as of September 30, 2015. Of that number, 56,932,134 were owned by MPC, which also owned the two percent general partner interest, represented by 1,639,525 general partner units.

Following payment of the cash distribution for the second quarter of 2015, the requirements for the conversion of all subordinated units were satisfied under our partnership agreement. As a result, effective August 17, 2015, the 36,951,515 subordinated units owned by MPC were converted into common units on a one-for-one basis and thereafter participate on terms equal with all other common units in distributions of available cash. The conversion did not impact the amount of the cash distributions paid by the Partnership or the total units outstanding.

ATM Program - On May 18, 2015, we filed a prospectus supplement to our shelf registration statement filed with the SEC on March 27, 2015, authorizing the continuous issuance of up to an aggregate of \$500.0 million of common units, in amounts, at prices and on terms to be determined by market conditions and other factors at the time of our offerings (such continuous offering program, or at-the-market program, referred to as our "ATM Program"). We expect the net proceeds from sales under the ATM Program will be used for general partnership purposes. During the nine months ended September 30, 2015, we issued an aggregate of 25,166 common units under our ATM Program, generating net proceeds of approximately \$1.3 million.

The changes in the number of units outstanding from December 31, 2014 through September 30, 2015 are summarized below:

(In units)	Common	Subordinated	General Partner	Total
Balance at December 31, 2014	43,341,098	36,951,515	1,638,625	81,931,238
Unit-based compensation awards ⁽¹⁾	18,932	—	386	19,318
Issuance of units under the ATM Program ⁽²⁾	25,166	—	514	25,680
Subordinated unit conversion	36,951,515	(36,951,515)	—	—
Balance at September 30, 2015	80,336,711	—	1,639,525	81,976,236

(1) As a result of the unit-based compensation awards issued during the period, MPLX GP contributed less than \$0.1 million in exchange for 386 general partner units to maintain its two percent general partner interest.

- (2) As a result of common units issued under the ATM Program during the period, MPLX GP contributed less than \$0.1 million in exchange for 514 general partner units to maintain its two percent general partner interest.

Issuance of Additional Securities - Our partnership agreement authorizes us to issue an unlimited number of additional partnership securities for the consideration and on the terms and conditions determined by our general partner without the approval of the unitholders.

Table of Contents

Net Income Allocation - In preparing our consolidated statements of equity, net income attributable to MPLX LP is allocated to the unitholders in accordance with their respective ownership percentages. However, when distributions related to the incentive distribution rights are made, earnings equal to the amount of those distributions are first allocated to the general partner before the remaining earnings are allocated to the unitholders based on their respective ownership percentages. The following table presents the allocation of the general partner's interest in net income attributable to MPLX LP:

(In millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Net income attributable to MPLX LP	\$41.5	\$29.1	\$138.3	\$92.1
Less: General partner's incentive distribution rights and other	7.9	1.0	16.9	1.9
Net income attributable to MPLX LP available to general and limited partners	\$33.6	\$28.1	\$121.4	\$90.2
General partner's two percent interest in net income attributable to MPLX LP	\$0.7	\$0.5	\$2.5	\$1.8
General partner's incentive distribution rights and other	7.9	1.0	16.9	1.9
General partner's interest in net income attributable to MPLX LP	\$8.6	\$1.5	\$19.4	\$3.7

Cash distributions - Our partnership agreement sets forth the calculation to be used to determine the amount and priority of cash distributions that the common and subordinated unitholders and general partner will receive. In accordance with our partnership agreement, on October 20, 2015, we declared a quarterly cash distribution of \$0.47 per unit, resulting in total distributions to our limited and general partners of \$46.5 million. These distributions will be paid on November 13, 2015 to unitholders of record on November 3, 2015.

The allocation of total quarterly cash distributions to general and limited partners is as follows for the three and nine months ended September 30, 2015 and 2014. Our distributions are declared subsequent to quarter end; therefore, the following table represents total cash distributions applicable to the period in which the distributions were earned.

(In millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
General partner's distributions:				
General partner's distributions	\$1.0	\$0.5	\$2.5	\$1.5
General partner's incentive distribution rights distributions	7.8	1.0	16.5	1.9
Total general partner's distributions	\$8.8	\$1.5	\$19.0	\$3.4
Limited partners' distributions:				
Common unitholders	\$37.7	\$13.2	\$74.6	\$38.0
Subordinated unitholders	—	13.2	31.4	38.0
Total limited partners' distributions	37.7	26.4	106.0	76.0
Total cash distributions declared	\$46.5	\$27.9	\$125.0	\$79.4

Table of Contents

7. Other Items

Net interest and other financial costs were:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	2015	2014	2015	2014
Interest income	\$(0.1)	) \$—	\$(0.2)	) \$—
Interest expense	5.9	1.2	18.0	3.1
Interest capitalized	(1.2)	) (0.2)	) (2.6)	) (0.7)
Other financial costs	0.6	0.1	1.5	0.6
Net interest and other financial costs	\$5.2	\$1.1	\$16.7	\$3.0

8. Property, Plant and Equipment

Our investment in property, plant and equipment with associated accumulated depreciation was:

(In millions)	September 30, 2015	December 31, 2014
Land	\$5.5	\$5.5
Pipelines and related assets	1,085.0	1,081.4
Storage and delivery facilities	197.7	165.8
Assets under construction	184.3	85.3
Other	24.2	23.7
Total	1,496.7	1,361.7
Less accumulated depreciation	387.5	353.1
Property, plant and equipment, net	\$1,109.2	\$1,008.6

9. Fair Value Measurements

Fair Values—Recurring

There were no assets accounted for at fair value on a recurring basis at September 30, 2015 and December 31, 2014.

Fair Values—Reported

Our primary financial instruments are trade receivables and payables. We believe the carrying values of our current assets and liabilities approximate fair value. Our fair value assessment incorporates a variety of considerations, including (1) the short-term duration of the instruments, (2) our investment-grade credit rating and (3) our historical incurrence of and expected future insignificance of bad debt expense, which includes an evaluation of counterparty credit risk. Fair value of fixed-rate long-term debt is measured using a market approach, based upon the average of quotes from major financial institutions and a third-party service for our debt. Because these quotes cannot be independently verified to the market, they are considered Level 3 inputs. Fair value of our variable-rate long-term debt approximates the carrying value. The following table summarizes the fair value and carrying value of our long-term debt, excluding capital leases and debt issuance costs, at September 30, 2015 and December 31, 2014.

	September 30, 2015		December 31, 2014	
(In millions)	Fair Value	Carrying Value	Fair Value	Carrying Value
Long-term debt	\$711.1	\$748.3	\$635.6	\$635.0

10. Debt

Our outstanding borrowings at September 30, 2015 and December 31, 2014 consisted of the following:

(In millions)	September 30, 2015	December 31, 2014
MPLX LP:		
Bank revolving credit facility due 2019	—	385.0
Term loan facility due 2019	250.0	250.0
4.000% senior notes due 2025	500.0	—
Consolidated subsidiaries:		
Pipe Line Holdings - revolving credit agreement due 2019	—	—
MPL - capital lease obligations due 2020	9.1	9.8
Total	759.1	644.8
Unamortized debt issuance costs ⁽¹⁾	(4.1)	) —
Unamortized discount	(1.7)	) —
Amounts due within one year	(0.8)	) (0.8)
Total long-term debt due after one year	\$752.5	\$644.0

(1) We adopted the updated FASB debt issuance cost standard as of June 30, 2015. This has been applied retrospectively and there was no effect to the prior period presented.

Senior Notes

On February 12, 2015, we completed a public offering of \$500 million aggregate principal amount of four percent unsecured senior notes due February 15, 2025 (the “Senior Notes”). The net proceeds from the offering of the Senior Notes were approximately \$495.0 million, after deducting underwriting discounts. The net proceeds were used to repay the amounts outstanding under the bank revolving credit facility, as well as for general partnership purposes. Interest is payable semi-annually in arrears on February 15 and August 15 of each year, commencing on August 15, 2015.

Credit Agreements

During the nine months ended September 30, 2015, we borrowed \$30.0 million under the bank revolving credit facility, at an average interest rate of 1.457 percent, per annum, and repaid \$415.0 million of these borrowings. At September 30, 2015, we had no borrowings or letters of credit outstanding under this facility, resulting in total unused loan availability of \$1.0 billion, or 100 percent of the borrowing capacity.

The \$250 million term loan facility was drawn in full on November 20, 2014. The borrowings under this facility during the nine months ended September 30, 2015 were at an average interest rate of 1.651 percent.

11. Supplemental Cash Flow Information

(In millions)	Nine Months Ended September 30,	
	2015	2014
Net cash provided by operating activities included:		
Interest paid (net of amounts capitalized)	\$12.4	\$1.8
Income taxes paid	\$0.1	\$—
Non-cash investing and financing activities:		
Net transfers of property, plant and equipment to materials and supplies inventories	\$—	\$0.7

Property, plant and equipment contributed by MPC	—	0.1
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16

Table of Contents

The consolidated statements of cash flows exclude changes to the consolidated balance sheets that did not affect cash. The following is a reconciliation of additions to property, plant and equipment to total capital expenditures:

	Nine Months Ended September 30,	
(In millions)	2015	2014
Additions to property, plant and equipment	\$121.1	\$47.1
Plus: Increase in capital accruals	17.5	5.9
Asset retirement expenditures	0.7	1.0
Total capital expenditures	\$139.3	\$54.0

12. Equity-Based Compensation

Phantom Units—The following is a summary of phantom unit award activity of MPLX LP common limited partner units for the nine months ended September 30, 2015:

	Number of Units	Weighted Average Fair Value
Outstanding at December 31, 2014	100,769	\$41.66
Granted	35,630	80.16
Settled	(32,313)	40.18
Outstanding at September 30, 2015	104,086	55.30

Performance Units—We grant performance units under the MPLX LP 2012 Incentive Compensation Plan to certain officers of our general partner and certain eligible MPC officers who make significant contributions to our business. These performance units pay out 75 percent in cash and 25 percent in MPLX LP common units. The performance units paying out in units are accounted for as equity awards and had a weighted-average grant date fair value per unit of \$1.03 for 2015, as calculated using a Monte Carlo valuation model.

The following is a summary of the equity-classified performance unit award activity for the nine months ended September 30, 2015:

	Number of Units
Outstanding at December 31, 2014	924,143
Granted	597,249
Outstanding at September 30, 2015	1,521,392

13. Commitments and Contingencies

We are the subject of, or a party to, a number of pending or threatened legal actions, contingencies and commitments involving a variety of matters, including laws and regulations relating to the environment. Some of these matters are discussed below. For matters for which we have not recorded an accrued liability, we are unable to estimate a range of possible losses for the reasons discussed in more detail below. However, the ultimate resolution of some of these contingencies could, individually or in the aggregate, be material.

Environmental matters—We are subject to federal, state and local laws and regulations relating to the environment. These laws generally provide for control of pollutants released into the environment and require responsible parties to undertake remediation of hazardous waste disposal sites. Penalties may be imposed for noncompliance.

At September 30, 2015 and December 31, 2014, accrued liabilities for remediation totaled \$1.1 million and \$0.6 million, respectively. It is not presently possible to estimate the ultimate amount of all remediation costs that might be incurred or penalties, if any, which may be imposed. Receivables from MPC for indemnification of environmental costs related to incidents occurring prior to our initial public offering completed on October 31, 2012 were less than \$0.1 million at September 30, 2015. There were no receivables from MPC for indemnification at December 31, 2014.

Table of Contents

Litigation Relating to the Pending Merger—In July 2015, a purported class action lawsuit asserting claims challenging the Merger was filed in the Court of Chancery of the State of Delaware by a purported unitholder of MWE. In August 2015, two similar putative class action lawsuits were filed in the Court of Chancery of the State of Delaware by plaintiffs who purport to be unitholders of MWE. On September 9, 2015, these lawsuits were consolidated into one action pending in the Court of Chancery of the State of Delaware, now captioned *In re MarkWest Energy Partners, L.P. Unitholder Litigation*. On October 1, 2015, the plaintiffs filed a consolidated complaint against the individual members of the board of directors of MarkWest Energy GP, L.L.C. (the “MWE GP Board”), MPLX, MPLX GP LLC, the general partner of MPLX, MPC and Sapphire Holdco LLC, a subsidiary of MPLX, asserting in connection with the Merger and related disclosures that, among other things, (i) the MWE GP Board breached its duties in approving the Merger with MPLX and (ii) MPC, MPLX, MPLX GP, and Sapphire Holdco LLC aided and abetted such breaches. The complaint seeks, among other relief, to enjoin the Merger, or in the event the Merger is consummated, rescission of the Merger or monetary damages. An adverse judgment for rescission of the Merger or for monetary damages following the completion of the Merger could have an adverse effect on MPLX. The parties believe these claims are without merit and intend to vigorously defend the consolidated lawsuit and therefore, at this time, we do not believe the ultimate resolution of this lawsuit will have a material adverse effect.

Other Lawsuits—In 2003, the State of Illinois brought an action against the Premcor Refining Group, Inc. (“Premcor”) and Apex Refining Company (“Apex”) asserting claims for environmental cleanup related to the refinery owned by these entities in the Hartford/Wood River, Illinois area. In 2006, Premcor and Apex filed third-party complaints against numerous owners and operators of petroleum products facilities in the Hartford/Wood River, Illinois area, including MPL. These complaints, which have been amended since filing, assert claims of common law nuisance and contribution under the Illinois Contribution Act and other laws for environmental cleanup costs that may be imposed on Premcor and Apex by the State of Illinois. There are several third-party defendants in the litigation and MPL has asserted cross-claims in contribution against the various third-party defendants. This litigation is currently pending in the Third Judicial Circuit Court, Madison County, Illinois. While the ultimate outcome of these litigated matters remains uncertain, neither the likelihood of an unfavorable outcome nor the ultimate liability, if any, with respect to this matter can be determined at this time and we are unable to estimate a reasonably possible loss (or range of loss) for this litigation. Under our omnibus agreement, MPC will indemnify us for the full cost of any losses should MPL be deemed responsible for any damages in this lawsuit.

Guarantees—We have entered into guarantees with maximum potential undiscounted payments totaling \$1.9 million as of September 30, 2015, which consist of leases of vehicles that contain general lease indemnities and guaranteed residual values.

Over the years, we have sold various assets in the normal course of our business. Certain of the related agreements contain performance and general guarantees, including guarantees regarding inaccuracies in representations, warranties, covenants and agreements, and environmental and general indemnifications that require us to perform upon the occurrence of a triggering event or condition. These guarantees and indemnifications are part of the normal course of selling assets. We are typically not able to calculate the maximum potential amount of future payments that could be made under such contractual provisions because of the variability inherent in the guarantees and indemnities. Most often, the nature of the guarantees and indemnities is such that there is no appropriate method for quantifying the exposure because we have little or no past experience with the underlying triggering event upon which a reasonable prediction of the outcome can be based.

Contractual commitments—At September 30, 2015, our contractual commitments to acquire property, plant and equipment totaled \$49.6 million. Our contractual commitments at September 30, 2015 were primarily related to various projects including a butane cavern in Robinson, Illinois, a tank expansion in Patoka, Illinois connecting to MPC’s Southern Access Extension pipeline project and the Cornerstone Pipeline project.

14. Subsequent Events

On October 27, 2015, in connection with the pending Merger, we amended our \$1.0 billion bank revolving credit facility to, among other things, (i) extend the term of the bank revolving credit facility to a five-year term commencing on the date of the closing of the Merger and (ii) increase the borrowing capacity of the bank revolving credit facility to up to \$2.0 billion. The amendment will only become effective upon the consummation of the Merger.

Subject to consummation of the Merger, our board of directors approved the purchase of the remaining 0.5 percent interest in Pipe Line Holdings from MPC for \$12.0 million. This transaction would close at the same time as the Merger.

Table of Contents

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the unaudited financial statements and accompanying footnotes included under Item 1. Financial Statements and in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2014.

Management's Discussion and Analysis of Financial Condition and Results of Operations includes various forward-looking statements concerning trends or events potentially affecting our business. You can identify our forward-looking statements by words such as "anticipate," "believe," "estimate," "objective," "expect," "forecast," "goal," "intend," "plan," "predict," "project," "potential," "seek," "target," "could," "may," "should," "would," "will" or other similar expressions that indicate the uncertainty of future events or outcomes. In accordance with "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, these statements are accompanied by cautionary language identifying important factors, though not necessarily all such factors, which could cause future outcomes to differ materially from those set forth in forward-looking statements. For additional risk factors affecting our business, see Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2014.

PARTNERSHIP OVERVIEW

We are a fee-based, growth-oriented master limited partnership formed by MPC to own, operate, develop and acquire pipelines and other midstream assets related to the transportation and storage of crude oil, refined products and other hydrocarbon-based products. We believe our network of petroleum pipelines is one of the largest in the United States, based on total annual volumes delivered. Our assets are integral to the success of MPC's operations. As of September 30, 2015, our primary assets consisted of:

a 99.5 percent general partner interest in Pipe Line Holdings, an entity that owns 100 percent interest in MPL and ORPL, which in turn collectively own:

- a network of pipeline systems that includes approximately 1,004 miles of common carrier crude oil pipelines and approximately 1,902 miles of common carrier product pipelines extending across nine states. This network includes approximately 230 miles of common carrier crude oil and product pipelines that we operate under long-term leases with third parties;
- a barge dock located on the Mississippi River near Wood River, Illinois with approximately 78 thousand barrels per day (mbpd) of crude oil and product throughput capacity; and
- crude oil and product tank farms located in Patoka, Wood River and Martinsville, Illinois and Lebanon, Indiana.
- a 100 percent interest in a butane cavern located in Neal, West Virginia with approximately one million barrels of storage capacity that serves MPC's Catlettsburg, Kentucky refinery.

RECENT DEVELOPMENTS

On July 11, 2015, MPLX LP and MarkWest Energy Partners, L.P. ("MWE") entered into a definitive merger agreement (the "Merger Agreement") whereby MWE would become a wholly owned subsidiary of MPLX LP (the "Merger"). The Merger is structured as a unit-for-unit transaction plus a one-time cash payment to MWE unitholders. At the effective time of the Merger, each common unit of MWE (each, a "Common Unit") issued and outstanding will be converted into the right to receive 1.09 common units of MPLX LP representing limited partner interests in MPLX LP and cash in an amount obtained by dividing \$675.0 million by the number of Common Units (including certain converted equity awards) plus the number of Class B Units of MWE. The Class A Units of MWE, which are all owned by wholly owned subsidiaries of MWE, issued and outstanding immediately prior to the effective time of the Merger will be converted into newly created Class A Units of MPLX LP in accordance with the Class A exchange ratio provided in the Merger Agreement. Each Class B Unit of MWE issued and outstanding immediately prior to the effective time of the Merger will be converted into a newly created Class B Unit of MPLX LP.

As of September 30, 2015, the implied total enterprise value for MWE was approximately \$13.7 billion, including the assumption of debt of approximately \$4.6 billion. MPC would contribute \$675.0 million of cash to us to fund the one-time cash payment to MWE unitholders. The transaction between MPLX LP and MWE, which is subject to approval by MWE unitholders and to customary closing conditions and regulatory approvals, is expected to close in the fourth quarter of 2015. All three rating agencies affirmed the prospective investment-grade credit rating of the combined partnership, subject to the closing of the Merger in a manner consistent with the expectations at the time of the announcement.

Table of Contents

On October 27, 2015, in connection with the pending Merger, we amended our \$1.0 billion bank revolving credit facility to, among other things, (i) extend the term of the bank revolving credit facility to a five-year term commencing on the date of the closing of the Merger and (ii) increase the borrowing capacity of the bank revolving credit facility to up to \$2.0 billion. The amendment will only become effective upon the consummation of the Merger.

If the Merger is consummated, we will assume all of MWE's outstanding debt, including approximately \$4.1 billion aggregate principal amount of senior notes and any amounts outstanding under MWE's revolving credit facility. We intend to assume MWE's outstanding senior notes and repay any amounts outstanding under MWE's revolving credit facility with borrowings under our bank revolving credit facility, as amended.

Subject to consummation of the Merger, our board of directors approved the purchase of the remaining 0.5 percent interest in Pipe Line Holdings from MPC for \$12 million. This transaction would close at the same time as the Merger.

On October 20, 2015, we announced the board of directors of our general partner had declared a distribution of \$0.47 per unit that will be paid on November 13, 2015 to unitholders of record on November 3, 2015.

During the third quarter of 2015, the requirements for the conversion of all subordinated units were satisfied under the partnership agreement. Effective August 17, 2015, 36,951,515 subordinated units owned by MPC were converted into common units on a one-for-one basis and now and going forward participate on terms equal with all other common units in distributions of available cash. The conversion did not impact the amount of the cash distributions paid by the Partnership or the total units outstanding.

On February 12, 2015, we completed an initial underwritten public offering of \$500.0 million aggregate principal amount of four percent unsecured senior notes due February 15, 2025 (the "Senior Notes"). The Senior Notes were offered at a price to the public of 99.64 percent of par. The net proceeds of this offering were used to repay the amounts outstanding under our bank revolving credit facility, as well as for general partnership purposes.

The above discussion contains forward-looking statements with respect to the proposed transaction between MPLX LP and MWE. Factors that could affect the proposed transaction between MPLX LP and MWE include, but are not limited to, the ability of MPLX LP and MWE to complete the proposed transaction on the anticipated terms and timetable, the ability to obtain approval of the proposed transaction by the unitholders of MWE and satisfy other conditions to the closing of the transaction contemplated by the Merger Agreement and any conditions imposed on the combined company in connection with consummation of the proposed transaction. These factors, among others, could cause actual results to differ materially from those set forth in the forward-looking statements.

NON-GAAP FINANCIAL INFORMATION

Our management uses a variety of financial and operating metrics to analyze our performance. These metrics are significant factors in assessing our operating results and profitability and include the non-U.S. GAAP financial measures of Adjusted EBITDA and Distributable Cash Flow.

We define Adjusted EBITDA as net income before depreciation, provision (benefit) for income taxes, non-cash equity-based compensation, net interest and other financial costs and acquisition costs. In the third quarter of 2015, we revised Adjusted EBITDA to exclude acquisition costs on a prospective basis. We also use Distributable Cash Flow, which we define as Adjusted EBITDA plus the current period deferred revenue for committed volume deficiencies less net interest and other financial costs, income taxes paid, maintenance capital expenditures paid and volume deficiency credits.

We believe that the presentation of Adjusted EBITDA and Distributable Cash Flow provides useful information to investors in assessing our financial condition and results of operations. The U.S. GAAP measures most directly comparable to Adjusted EBITDA and Distributable Cash Flow are net income and net cash provided by operating activities. Adjusted EBITDA and Distributable Cash Flow should not be considered as alternatives to U.S. GAAP net income or net cash provided by operating activities. Adjusted EBITDA and Distributable Cash Flow have important limitations as analytical tools because they exclude some but not all items that affect net income and net cash provided by operating activities or any other measure of financial performance or liquidity presented in accordance with U.S. GAAP. Adjusted EBITDA and Distributable Cash Flow should not be considered in isolation or as substitutes for analysis of our results as reported under U.S. GAAP. Additionally, because Adjusted EBITDA and Distributable Cash Flow may be defined differently by other companies in our industry, our definitions of Adjusted EBITDA and Distributable Cash Flow may not be comparable to similarly titled measures of other companies, thereby diminishing their utility.

For a reconciliation of Adjusted EBITDA and Distributable Cash Flow to their most comparable measures calculated and presented in accordance with U.S. GAAP, see – Results of Operations.

Table of Contents

RESULTS OF OPERATIONS

The following table and discussion is a summary of our results of operations for the three months and nine months ended September 30, 2015 and 2014, including a reconciliation of Adjusted EBITDA and Distributable Cash Flow from net income and net cash provided by operating activities, the most directly comparable U.S. GAAP financial measures.

(In millions, unless otherwise noted)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2015	2014	Variance	2015	2014	Variance
Revenues and other income:						
Sales and other operating revenues	\$18.2	\$16.6	\$1.6	\$50.2	\$52.2	\$(2.0)
Sales to related parties	122.7	114.1	8.6	360.7	336.0	24.7
Loss on sale of assets	—	—	—	(0.2)	—	(0.2)
Other income	1.4	1.5	(0.1)	4.2	4.1	0.1
Other income - related parties	6.3	5.8	0.5	18.8	16.9	1.9
Total revenues and other income	148.6	138.0	10.6	433.7	409.2	24.5
Costs and expenses:						
Cost of revenues (excludes items below)	41.9	40.6	1.3	101.4	102.9	(1.5)
Purchases from related parties	26.5	23.7	2.8	75.1	71.4	3.7
Depreciation	12.7	12.5	0.2	38.1	37.5	0.6
General and administrative expenses	21.1	15.3	5.8	57.7	47.1	10.6
Other taxes	(0.7)	1.7	(2.4)	5.5	5.5	—
Total costs and expenses	101.5	93.8	7.7	277.8	264.4	13.4
Income from operations	47.1	44.2	2.9	155.9	144.8	11.1
Net interest and other financial costs	5.2	1.1	4.1	16.7	3.0	13.7
Income before income taxes	41.9	43.1	(1.2)	139.2	141.8	(2.6)
Provision for income taxes	0.1	—	0.1	0.1	0.1	—
Net income	41.8	43.1	(1.3)	139.1	141.7	(2.6)
Less: Net income attributable to MPC-retained interest	0.3	14.0	(13.7)	0.8	49.6	(48.8)
Net income attributable to MPLX LP	41.5	29.1	12.4	138.3	92.1	46.2
Less: General partner's interest in net income attributable to MPLX LP	8.6	1.5	7.1	19.4	3.7	15.7
Limited partners' interest in net income attributable to MPLX LP	\$32.9	\$27.6	\$5.3	\$118.9	\$88.4	\$30.5
Adjusted EBITDA attributable to MPLX LP ⁽¹⁾	\$64.6	\$40.2	\$24.4	\$199.5	\$123.9	\$75.6
Distributable Cash Flow attributable to MPLX LP ⁽¹⁾	52.5	32.9	19.6	170.9	106.4	64.5
Pipeline throughput (mbpd):						
Crude oil pipelines	1,135	1,048	87	1,091	1,034	57
Product pipelines	896	839	57	907	843	64
Total	2,031	1,887	144	1,998	1,877	121
Average tariff rates (\$ per barrel): ⁽²⁾						
Crude oil pipelines	\$0.66	\$0.64	\$0.02	\$0.66	\$0.65	\$0.01
Product pipelines	0.65	0.63	0.02	0.64	0.61	0.03
Total pipelines	0.66	0.64	0.02	0.65	0.64	0.01

⁽¹⁾ Non-U.S. GAAP financial measure. See the following tables for reconciliations to the most directly comparable U.S. GAAP measures.

⁽²⁾ Average tariff rates calculated using pipeline transportation revenues divided by pipeline throughput barrels.

Table of Contents

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	2015	2014	2015	2014
Reconciliation of Adjusted EBITDA attributable to MPLX LP and Distributable Cash Flow attributable to MPLX LP from Net Income:				
Net income	\$41.8	\$43.1	\$139.1	\$141.7
Less: Net income attributable to MPC-retained interest	0.3	14.0	0.8	49.6
Net income attributable to MPLX LP	41.5	29.1	138.3	92.1
Plus: Net income attributable to MPC-retained interest	0.3	14.0	0.8	49.6
Depreciation	12.7	12.5	38.1	37.5
Provision for income taxes	0.1	—	0.1	0.1
Non-cash equity-based compensation	0.8	0.5	2.2	1.4
Net interest and other financial costs	5.2	1.1	16.7	3.0
Acquisition costs	4.3	—	4.3	—
Adjusted EBITDA	64.9	57.2	200.5	183.7
Less: Adjusted EBITDA attributable to MPC-retained interest	0.3	17.0	1.0	59.8
Adjusted EBITDA attributable to MPLX LP	64.6	40.2	199.5	123.9
Plus: Current period deferred revenue for committed volume deficiencies	10.7	7.8	32.5	22.4
Less: Net interest and other financial costs	5.2	1.4	16.7	3.5
Income taxes paid	0.1	—	0.1	—
Maintenance capital expenditures paid	7.9	5.8	15.6	10.9
Volume deficiency credits	9.6	7.9	28.7	25.5
Distributable Cash Flow attributable to MPLX LP	\$52.5	\$32.9	\$170.9	\$106.4

	Nine Months Ended September 30,	
(In millions)	2015	2014
Reconciliation of Adjusted EBITDA attributable to MPLX LP and Distributable Cash Flow attributable to MPLX LP from Net Cash Provided by Operating Activities:		
Net cash provided by operating activities	\$184.9	\$190.3
Less: Changes in working capital items	6.4	12.1
All other, net	1.8	—
Plus: Non-cash equity-based compensation	2.2	1.4
Net loss on disposal of assets	(0.2)	—
Net interest and other financial costs	16.7	3.0
Current income taxes expense	0.1	0.1
Asset retirement expenditures	0.7	1.0
Acquisition costs	4.3	—
Adjusted EBITDA	200.5	183.7
Less: Adjusted EBITDA attributable to MPC-retained interest	1.0	59.8
Adjusted EBITDA attributable to MPLX LP	199.5	123.9
Plus: Current period deferred revenue for committed volume deficiencies	32.5	22.4
Less: Net interest and other financial costs	16.7	3.5
Income taxes paid	0.1	—
Maintenance capital expenditures paid	15.6	10.9

Volume deficiency credits	28.7	25.5
Distributable Cash Flow attributable to MPLX LP	\$170.9	\$106.4

Table of Contents

Sales and other operating revenues increased \$1.6 million in the third quarter of 2015 compared to the third quarter of 2014. This variance was primarily due to a \$1.8 million increase related to a 26 mbpd increase in overall volumes shipped on lower tariff pipelines and an \$0.8 million increase resulting from higher overall average tariffs, partially offset by a \$1.0 million decrease related to a 8 mbpd reduction in crude oil volumes shipped.

Sales and other operating revenues decreased \$2.0 million in the first nine months of 2015 compared to the same period of 2014. This variance was primarily due to a \$5.9 million decrease related to a 16 mbpd reduction in crude oil volumes shipped on higher tariff pipelines, partially offset by a \$2.4 million increase related to a 7 mbpd increase in volumes shipped on lower tariff pipelines and a \$1.4 million increase resulting from higher overall average tariffs.

Sales to related parties increased \$8.6 million in the third quarter of 2015 compared to the third quarter of 2014. This variance was primarily related to a \$9.4 million increase due to higher overall average tariffs, a \$5.8 million increase related to a 178 mbpd increase in overall volumes shipped on lower tariff pipelines and a \$0.4 million increase in storage fees and other revenue, partially offset by a \$5.2 million decrease related to a 52 mbpd reduction in overall volumes shipped on higher tariff pipelines and a \$1.8 million decrease in deferred revenue.

Sales to related parties increased \$24.7 million in the first nine months of 2015 compared to the same period of 2014. This variance was primarily related to a \$25.2 million increase due to higher overall average tariffs, a \$14.9 million increase related to a 162 mbpd increase in overall volumes shipped on lower tariff pipelines and a \$0.8 million increase in storage fees and other revenue, partially offset by a \$7.6 million decrease related to a 32 mbpd decrease in overall volumes shipped on higher tariff pipelines and a \$8.6 million decrease in revenue recognized for volume deficiency credits.

Other income and other income - related parties increased \$0.4 million in the third quarter and \$2.0 million in the first nine months of 2015 compared to the same periods of 2014. The increases were primarily due to an increase in fees received for operating MPC's private pipeline systems.

Cost of revenues increased \$1.3 million in the third quarter of 2015 compared to the same period of 2014. This variance was primarily related to higher utility expenses from increased volumes shipped.

Cost of revenues decreased \$1.5 million in the first nine months of 2015 compared to the same period of 2014. This variance was primarily related to a reduction in contract services.

Purchases from related parties increased \$2.8 million in the third quarter and \$3.7 million in the first nine months of 2015 compared to the same periods of 2014. The increases were primarily due to higher compensation expenses provided under the omnibus and employee services agreements with MPC, partially offset by increased capitalization of employee costs associated with capital projects.

General and administrative expenses increased \$5.8 million in the third quarter and \$10.6 million in the first nine months of 2015 compared to the same periods of 2014. The increases were primarily related to services provided under the omnibus and employee services agreements with MPC and acquisition costs related to the pending Merger.

Net interest and other financial costs increased \$4.1 million in the third quarter and \$13.7 million in the first nine months of 2015 compared to the same periods of 2014. The increases are due to borrowings on the \$250.0 million term loan facility and the issuance of \$500.0 million aggregate principal amount of Senior Notes in February 2015.

Table of Contents

During both the third quarter and the first nine months of 2015, MPC did not ship its minimum committed volumes on certain of our pipeline systems. As a result, for the first nine months, MPC was obligated to make a \$32.6 million deficiency payment, of which \$10.8 million was paid in the third quarter of 2015. We record deficiency payments as deferred revenue-related parties on our consolidated balance sheets. In the third quarter and the first nine months of 2015, we recognized revenue of \$9.7 million and \$28.8 million, respectively, related to volume deficiency credits. At September 30, 2015, the cumulative balance of deferred revenue-related parties on our consolidated balance sheet related to volume deficiencies was \$33.7 million. The following table presents the future expiration dates of the associated deferred revenue credits:

(In millions)

December 31, 2015	\$8.0
March 31, 2016	7.3
June 30, 2016	5.6
September 30, 2016	8.6
December 31, 2016	0.2
March 31, 2017	1.9
June 30, 2017	1.4
September 30, 2017	0.7
Total	\$33.7

We will recognize revenue for the deficiency payments in future periods at the earlier of when volumes are transported in excess of the minimum quarterly volume commitments, when it becomes impossible to physically transport volumes necessary to utilize the accumulated credits or upon expiration of the make-up period. However, deficiency payments are included in the determination of Distributable Cash Flow in the period in which a deficiency occurs.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

Our cash and cash equivalents balance was \$90.4 million at September 30, 2015 compared to \$27.3 million at December 31, 2014. The change in cash and cash equivalents was due to the factors discussed below. Net cash provided by (used in) operating activities, investing activities and financing activities for the nine months ended September 30, 2015 and 2014 were as follows:

(In millions)	Nine Months Ended	
	September 30, 2015	2014
Net cash provided by (used in):		
Operating activities	\$184.9	\$190.3
Investing activities	(119.1)	(43.1)
Financing activities	(2.7)	(169.1)
Total	\$63.1	\$(21.9)

Net cash provided by operating activities decreased \$5.4 million in the first nine months of 2015 compared to the first nine months of 2014.

For the first nine months of 2015, changes in working capital were a net \$6.4 million source of cash. Third-party accounts payable and accrued liabilities was a \$12.7 million source of cash primarily due to the timing of project expenditures. Net liabilities to related parties was a \$4.6 million use of cash, primarily due to increased receivables from related parties, partially offset by a source of cash due to payables to related parties and deficiency payments made by related parties. Third-party receivables was a \$1.6 million use of cash primarily due to timing of payments

received on outstanding receivables.

For the first nine months of 2014, changes in working capital were a net \$12.1 million source of cash. Net liabilities to related parties was a \$7.2 million source of cash, primarily due to payables to related parties and payments received from related parties on outstanding receivables. Third-party receivables was a \$3.3 million source of cash primarily due to lower third-party tariff revenue receivables and payments received on outstanding receivables.

Table of Contents

Net cash used in investing activities increased \$76.0 million in the first nine months of 2015 compared to the first nine months of 2014, primarily due to a \$74.0 million increase in additions to property, plant and equipment primarily related to various projects including a butane cavern in Robinson, Illinois, a tank expansion in Patoka, Illinois connecting to MPC's Southern Access Extension pipeline project and the Cornerstone Pipeline project.

Net cash used in financing activities was \$2.7 million in the first nine months of 2015 compared to \$169.1 million the first nine months of 2014. The use of cash in the first nine months of 2015 was primarily due to \$415.0 million in repayments on the bank revolving credit facility and quarterly distributions of \$112.1 million, partially offset by \$495.0 million of net proceeds from the issuance of the Senior Notes and borrowings of \$30.0 million under the bank revolving credit facility. The use of cash in the first nine months of 2014 was primarily due to distributions to MPC of \$310.0 million related to the acquisition of interest in Pipe Line Holdings and \$113.5 million in quarterly distributions, partially offset by \$254.4 million of net borrowings on the bank revolving credit facility.

Debt and Liquidity Overview

Our outstanding borrowings at September 30, 2015 and December 31, 2014 consisted of the following:

(In millions)	September 30, 2015	December 31, 2014
MPLX LP:		
Bank revolving credit facility due 2019	—	385.0
Term loan facility due 2019	250.0	250.0
4.000% senior notes due 2025	500.0	—
Consolidated subsidiaries:		
Pipe Line Holdings - revolving credit agreement due 2019	—	—
MPL - capital lease obligations due 2020	9.1	9.8
Total	759.1	644.8
Unamortized debt issuance costs ⁽¹⁾	(4.1)	) —
Unamortized discount	(1.7)	) —
Amounts due within one year	(0.8)	) (0.8)
Total long-term debt due after one year	\$752.5	\$644.0

⁽¹⁾ We adopted the updated FASB debt issuance cost standard as of June 30, 2015. This has been applied retrospectively and there was no effect to the prior period presented.

The increase in debt as of September 30, 2015 compared to year-end 2014 was primarily related to the public offering of the Senior Notes during 2015, partially offset by the repayment of the bank revolving credit facility.

Our bank revolving credit facility and term loan facility ("MPLX Credit Agreement") include certain representations and warranties, affirmative and negative covenants and events of default that we consider usual and customary for an agreement of that type, and that could, among other things, limit our ability to pay distributions to our unitholders. The financial covenant requires us to maintain a ratio of Consolidated Total Debt as of the end of each fiscal quarter to Consolidated EBITDA (both as defined in the MPLX Credit Agreement) for the prior four fiscal quarters of no greater than 5.0 to 1.0 (or 5.5 to 1.0 for up to two fiscal quarters following certain acquisitions). Consolidated EBITDA is subject to adjustments for certain acquisitions completed and capital projects undertaken during the relevant period. As of September 30, 2015, we were in compliance with this financial covenant with a ratio of Consolidated Total Debt to Consolidated EBITDA of 3.1 to 1.0, as well as other covenants contained in the MPLX Credit Agreement.

On March 31, 2014, Pipe Line Holdings entered into a credit agreement with MPL Investment LLC, a subsidiary of MPC, providing for a \$50 million revolving credit facility which is scheduled to terminate on March 31, 2019. As of September 30, 2015, there were no borrowings outstanding under this facility. The size, maturity and other terms of this revolving credit facility could be changed at MPC's discretion to provide the Partnership with additional financial flexibility.

Table of Contents

Our intention is to maintain an investment grade credit profile. As of September 30, 2015, we had the following credit rating grade levels.

Rating Agency	Rating
Fitch	BBB- (stable outlook)
Moody's	Baa3 (stable outlook)
Standard & Poor's	BBB- (stable outlook)

The ratings reflect the respective views of the rating agencies. Although it is our intention to maintain a credit profile that supports an investment grade rating, there is no assurance that these ratings will continue for any given period of time. The ratings may be revised or withdrawn entirely by the rating agencies if, in their respective judgments, circumstances so warrant.

The MPLX Credit Agreement does not contain credit rating triggers that would result in the acceleration of interest, principal or other payments in the event that our credit ratings are downgraded. However, any downgrades in the credit ratings of our senior unsecured debt ratings to below investment grade ratings would increase the applicable interest rates and other fees payable under the MPLX Credit Agreement and may limit our flexibility to obtain future financing.

Our liquidity totaled \$1.1 billion at September 30, 2015 consisting of:

(In millions)	September 30, 2015		
	Total Capacity	Outstanding Borrowings	Available Capacity
MPLX LP - bank revolving credit facility	\$1,000.0	\$—	\$1,000.0
Pipe Line Holdings - revolving credit agreement	50.0	—	50.0
Total	\$1,050.0	\$—	1,050.0
Cash and cash equivalents			90.4
Total liquidity			\$1,140.4

We expect our ongoing sources of liquidity to include cash generated from operations, borrowings under our revolving credit agreements, and issuances of additional debt and equity securities. We believe that cash generated from these sources will be sufficient to meet our short-term and long-term funding requirements, including working capital requirements, capital expenditure requirements, repayment of debt maturities and quarterly cash distributions. MPC manages our cash and cash equivalents on our behalf directly with third-party institutions as part of the treasury services that it provides to us under our omnibus agreement.

Equity Overview

The table below summarizes the changes in the number of units outstanding through September 30, 2015:

(In units)	Common	Subordinated	General Partner	Total
Balance at December 31, 2014	43,341,098	36,951,515	1,638,625	81,931,238
Unit-based compensation awards ⁽¹⁾	18,932	—	386	19,318
Issuance of units under the ATM Program ⁽²⁾	25,166	—	514	25,680
Subordinated unit conversion	36,951,515	(36,951,515)	—	—
Balance at June 30, 2015	80,336,711	—	1,639,525	81,976,236

(1) As a result of the unit-based compensation awards issued during the period, MPLX GP contributed less than \$0.1 million in exchange for 386 general partner units to maintain its two percent general partner interest.

(2) As a result of common units issued under the ATM Program during the period, MPLX GP contributed less than \$0.1 million in exchange for 514 general partner units to maintain its two percent general partner interest.

Following payment of the cash distribution for the second quarter of 2015, the requirements for the conversion of all subordinated units were satisfied under our partnership agreement. As a result, effective August 17, 2015, the

36,951,515 subordinated units owned by MPC were converted into common units on a one-for-one basis and thereafter participate on terms equal with all other common units in distributions of available cash. The conversion did not impact the amount of the cash distributions paid by the Partnership or the total units outstanding.

Table of Contents

We intend to pay at least the minimum quarterly distribution of \$0.2625 per unit per quarter, which equates to \$21.5 million per quarter, or \$86.1 million per year, based on the number of common, subordinated and general partner units outstanding at September 30, 2015. On October 20, 2015, we announced the board of directors of our general partner had declared a distribution of \$0.47 per unit that will be paid on November 13, 2015 to unitholders of record on November 3, 2015. This represents an increase of \$0.03 per unit, or 7 percent, above the second quarter 2015 distribution of \$0.44 per unit and an increase of 31 percent over the third quarter 2014 distribution. This increase in the distribution is consistent with our intent to maintain an attractive distribution growth profile over an extended period of time. Although our partnership agreement requires that we distribute all of our available cash each quarter, we do not otherwise have a legal obligation to distribute any particular amount per unit.

The allocation of total quarterly cash distributions to general and limited partners is as follows for the three and nine months ended September 30, 2015 and 2014. Our distributions are declared subsequent to quarter end; therefore, the following table represents total cash distributions applicable to the period in which the distributions were earned.

(In millions)	Three Months Ended		Nine Months Ended	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
Distribution declared:				
Limited partner units - public	\$ 11.0	\$ 7.2	\$ 30.9	\$ 20.5
Limited partner units - MPC	26.7	19.2	75.1	55.5
General partner units - MPC	1.0	0.5	2.5	1.5
Incentive distribution rights - MPC	7.8	1.0	16.5	1.9
Total distribution declared	\$46.5	\$27.9	\$125.0	\$79.4

Cash distributions declared per limited partner common unit	\$0.4700	\$0.3575	\$1.3200	\$1.0275
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On May 18, 2015, we filed a prospectus supplement to our shelf registration statement filed with the SEC on March 27, 2015, authorizing the continuous issuance of up to an aggregate of \$500.0 million of common units, in amounts, at prices and on terms to be determined by market conditions and other factors at the time of our offerings (such continuous offering program, or at-the-market program, referred to as our “ATM Program”). We expect the net proceeds from sales under the ATM Program will be used for general partnership purposes. During the nine months ended September 30, 2015, we issued an aggregate of 25,166 common units under our ATM Program, generating net proceeds of approximately \$1.3 million.

Our intentions regarding the distribution growth profile expressed above include forward-looking statements. Such forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond our control and are difficult to predict. Factors that could cause actual results to differ materially from those implied in the forward-looking statements include: the adequacy of our capital resources and liquidity, including, but not limited to, the availability of sufficient cash flow to pay distributions and execute our business plan; negative capital market conditions, including a persistence or increase of the current yield on common units, which is higher than historical yields; the timing and extent of changes in commodity prices and demand for crude oil, refined products, feedstocks or other hydrocarbon-based products; volatility in and/or degradation of market and industry conditions; completion of pipeline capacity by our competitors; disruptions due to equipment interruption or failure, including electrical shortages and power grid failures; the suspension, reduction or termination of MPC’s obligations under our commercial agreements; our ability to successfully implement our growth plan, whether through organic growth or acquisitions; modifications to earnings and distribution objectives; state and federal environmental, economic, health and safety, energy and other policies and regulations; changes to our capital budget; other risk factors inherent to our industry; and the factors set forth under the heading “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2014. In addition, the forward-looking statements included herein could be affected by general domestic and international economic and political conditions. Unpredictable or unknown factors not discussed here or in our SEC filings could also have material adverse effects on forward-looking statements.

Capital Expenditures

Our operations are capital intensive, requiring investments to expand, upgrade or enhance existing operations and to meet environmental and operational regulations. Our capital requirements consist of maintenance capital expenditures and expansion capital expenditures. Examples of maintenance capital expenditures are those made to replace partially or fully depreciated assets, to maintain the existing operating capacity of our assets and to extend their useful lives, or other capital expenditures

27

Table of Contents

that are incurred in maintaining existing system volumes and related cash flows. In contrast, expansion capital expenditures are those incurred for acquisitions or capital improvements that we expect will increase our operating capacity or operating income over the long term, such as the development or acquisition of additional pipeline or storage capacity.

Our capital expenditures for the nine months ended September 30, 2015 and 2014 are shown in the table below:

(In millions)	Nine Months Ended September 30,	
	2015	2014
Maintenance	\$17.2	\$17.4
Expansion	122.1	36.6
Total capital expenditures	139.3	54.0
Less: Increase in capital accruals	17.5	5.9
Asset retirement expenditures	0.7	1.0
Additions to property, plant and equipment	\$121.1	\$47.1

Capital expenditures in the first nine months of 2015 related to various projects including a butane cavern in Robinson, Illinois, a tank expansion in Patoka, Illinois connecting to MPC's Southern Access Extension pipeline project and the Cornerstone Pipeline project.

Our revised capital plan (including retirement expenditures) for 2015 is \$210 million. The plan includes approximately \$180 million for expansion capital projects, such as the Cornerstone Pipeline and Utica build-out projects, Patoka to Lima capacity expansion and Robinson, Illinois butane cavern. The remainder of approximately \$30 million is for maintenance capital expenditures. The 2015 capital plan has been reduced from \$260 million to \$210 million due to lower than expected costs through greater than expected procurement efficiencies, as well as, changes in the timing of project spend. We continuously evaluate our capital plan and make changes as conditions warrant.

Contractual Cash Obligations

As of September 30, 2015, our contractual cash obligations included long-term debt, capital and operating lease obligations, purchase obligations for services and to acquire property, plant and equipment and other liabilities. During the nine months ended September 30, 2015, our bank revolving credit facility committed payments decreased \$414.9 million due to the repayment of the bank revolving credit facility, our senior notes obligation increased \$700.2 million due to the public underwritten offering of the Senior Notes, including interest and fees, expense project contracts increased \$18.8 million due to the timing of project work during 2015 and contracts to acquire property, plant and equipment increased \$24.6 million largely due to the spending associated with various projects including a butane cavern in Robinson, Illinois and tank expansion in Patoka, Illinois connecting to MPC's Southern Access Extension pipeline project. There were no other material changes to these obligations outside the ordinary course of business since December 31, 2014.

Off-Balance Sheet Arrangements

As of September 30, 2015, we have not entered into any transactions, agreements or other arrangements that would result in off-balance sheet liabilities.

Our opinions concerning liquidity and capital resources, including our ability to avail ourselves in the future of the financing options, mentioned in the above forward-looking statements are based on currently available information. If

this information proves to be inaccurate, future availability of financing may be adversely affected. Factors that affect the availability of financing include our performance (as measured by various factors, including cash provided by operating activities), the state of worldwide debt and equity markets, investor perceptions and expectations of past and future performance, the global financial climate, and, in particular, with respect to borrowings, the levels of our outstanding debt and future credit ratings by rating agencies. The discussion of liquidity and capital resources above also contains forward-looking statements regarding expected capital spending. The forward-looking statements about our capital budget are based on current expectations, estimates and projections and are not guarantees of future performance. Actual results may differ materially from these expectations, estimates and projections and are subject to certain risks, uncertainties and other factors, some of which are beyond our control and are difficult to predict. Some factors that could cause actual results to differ materially include prices of and demand for crude oil and refined products, actions of competitors, delays in obtaining necessary third-party approvals, changes in labor, material and equipment costs and availability, planned and unplanned outages, the delay of, cancellation of or failure to

Table of Contents

implement planned capital projects, project overruns, disruptions or interruptions of our pipeline operations due to the shortage of skilled labor and unforeseen hazards such as weather conditions, acts of war or terrorist acts and the governmental or military response, and other operating and economic considerations.

TRANSACTIONS WITH RELATED PARTIES

At September 30, 2015, MPC held a two percent general partner interest and a 69.5 percent limited partner interest in MPLX LP.

Excluding revenues attributable to volumes shipped by MPC under joint tariffs with third parties that are treated as third-party revenues for accounting purposes, MPC accounted for 87 percent and 86 percent of our total revenues and other income for the first nine months ended September 30, 2015 and 2014, respectively. Including these volumes, MPC and related parties accounted for 92 percent of our total revenues and other income for the first nine months ended September 30, 2015. We provide crude oil and product pipeline transportation services based on regulated tariff rates and storage services based on contracted rates.

Of our total costs and expenses, MPC accounted for 43 percent and 42 percent for the first nine months of 2015 and 2014, respectively. MPC performed certain services for us related to information technology, engineering, legal, accounting, treasury, human resources and other administrative services.

We believe that transactions with related parties have been conducted under terms comparable to those with unrelated parties. For further discussion of agreements and activity with MPC and related parties see Item 1. Business in our Annual Report on Form 10-K for the year ended December 31, 2014 and Item 1. Financial Statements - Note 4 in this Quarterly Report.

ENVIRONMENTAL MATTERS AND COMPLIANCE COSTS

We have incurred and may continue to incur substantial capital, operating and maintenance, and remediation expenditures as a result of environmental laws and regulations. If these expenditures, as with all costs, are not ultimately reflected in the prices of our products and services, our operating results will be adversely affected. We believe that substantially all of our competitors must comply with similar environmental laws and regulations. However, the specific impact on each competitor may vary depending on a number of factors, including, but not limited to, the age and location of its operating facilities.

As of September 30, 2015, there have been no significant changes to our environmental matters and compliance costs since our Annual Report on Form 10-K for the year ended December 31, 2014 was filed.

CRITICAL ACCOUNTING ESTIMATES

As of September 30, 2015, there have been no significant changes to our critical accounting estimates since our Annual Report on Form 10-K for the year ended December 31, 2014 was filed.

ACCOUNTING STANDARDS NOT YET ADOPTED

As discussed in Item 1. Financial Statements - Note 2 in this Quarterly Report, certain new financial accounting pronouncements will be effective for our financial statements in the future.

Table of Contents

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Market risk is the risk of loss arising from adverse changes in market rates and prices. As we do not take ownership of the crude oil or products that we transport and store for our customers, and we do not engage in the trading of any commodities, we have minimal direct exposure to risks associated with fluctuating commodity prices. In addition, our transportation and storage services agreements with MPC are indexed to inflation to mitigate our exposure to increases in the cost of supplies used in our business.

Sensitivity analysis of the effect of a hypothetical 100-basis-point change in interest rates on long-term debt, excluding capital leases, is provided in the following table. Fair value of cash and cash equivalents, receivables, accounts payable and accrued interest approximate carrying value and are relatively insensitive to changes in interest rates due to the short-term maturity of the instruments. Accordingly, these instruments are excluded from the table.

(In millions)	Fair Value as of September 30, 2015 ⁽¹⁾	Change in Fair Value ⁽²⁾	Change in Net Income for the Nine Months Ended September 30, 2015 ⁽³⁾
Long-term debt			
Fixed-rate	\$461.0	\$36.9	n/a
Variable-rate	250.0	n/a	2.4

(1) Fair value was based on market prices, where available, or current borrowing rates for financings with similar terms and maturities.

(2) Assumes a 100-basis-point decrease in the weighted average yield-to-maturity at September 30, 2015.

(3) Assumes a 100-basis-point change in interest rates. The change to net income was based on the weighted average balance of all outstanding variable-rate debt for the nine months ended September 30, 2015.

At September 30, 2015, our portfolio of long-term debt consisted of fixed-rate instruments and variable-rate instruments under our term loan facility. The fair value of our fixed-rate debt is relatively sensitive to interest rate fluctuations. Our sensitivity to interest rate declines and corresponding increases in the fair value of our debt portfolio unfavorably affects our results of operations and cash flows only when we elect to repurchase or otherwise retire fixed-rate debt at prices above carrying value. Interest rate fluctuations generally do not impact the fair value of borrowings under our term loan facility, but may affect our results of operations and cash flows. As of September 30, 2015, we did not have any financial derivative instruments to hedge the risks related to interest rate fluctuations; however, we continually monitor the market and our exposure and may enter into these agreements in the future.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

An evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13(a)-15(e) and 15(d)-15(e) under the Securities Exchange Act of 1934, as amended) was carried out under the supervision and with the participation of management, including the chief executive officer and chief financial officer of our general partner. Based upon that evaluation, the chief executive officer and chief financial officer of our general partner concluded that the design and operation of these disclosure controls and procedures were effective as of September 30, 2015, the end of the period covered by this report.

Internal Control Over Financial Reporting and Changes in Internal Control Over Financial Reporting

During the quarter ended September 30, 2015, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Table of Contents

Part II – Other Information

Item 1. Legal Proceedings

We are the subject of, or a party to, a number of pending or threatened legal actions, contingencies and commitments involving a variety of matters, including laws and regulations relating to the environment. Specific matters discussed below are either new proceedings or material developments in proceedings previously reported.

Litigation

As reported in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2015, in July 2015 a purported class action lawsuit asserting claims challenging the Merger was filed in the Court of Chancery of the State of Delaware by a purported unitholder of MWE. In August 2015, two similar putative class action lawsuits were filed in the Court of Chancery of the State of Delaware by plaintiffs who purport to be unitholders of MWE. On September 9, 2015, these lawsuits were consolidated into one action pending in the Court of Chancery of the State of Delaware, now captioned *In re MarkWest Energy Partners, L.P. Unitholder Litigation*. On October 1, 2015, the plaintiffs filed a consolidated complaint against the individual members of the board of directors of MarkWest Energy GP, L.L.C. (the “MWE GP Board”), MPLX, MPLX GP LLC, the general partner of MPLX, MPC and Sapphire Holdco LLC, a subsidiary of MPLX, asserting in connection with the Merger and related disclosures that, among other things, (i) the MWE GP Board breached its duties in approving the Merger with MPLX and (ii) MPC, MPLX, MPLX GP, and Sapphire Holdco LLC aided and abetted such breaches. The complaint seeks, among other relief, to enjoin the Merger, or in the event the Merger is consummated, rescission of the Merger or monetary damages. An adverse judgment for rescission of the Merger or for monetary damages following the completion of the Merger could have an adverse effect on MPLX. The parties believe these claims are without merit and intend to vigorously defend the consolidated lawsuit and therefore, at this time, we do not believe the ultimate resolution of this lawsuit will have a material adverse effect.

We are a party to a number of other lawsuits and proceedings and cannot predict the outcome of every such matter with certainty. While it is possible that an adverse result in one or more of the lawsuits or proceedings in which we are a defendant could be material to us, based upon current information and our experience as a defendant in other matters, we believe that these lawsuits and proceedings, individually or in the aggregate, will not have a material adverse effect on our consolidated results of operations, financial position or cash flows.

Environmental Proceedings

We are involved in a number of environmental proceedings arising in the ordinary course of business. While the ultimate outcome and impact on us cannot be predicted with certainty, we believe the resolution of these environmental proceedings will not have a material adverse effect on our consolidated results of operations, financial position or cash flows.

Item 1A. Risk Factors

We are subject to various risks and uncertainties in the course of our business. The discussion of such risks and uncertainties may be found under Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2014.

Item 2. Unregistered Sales of Equity Securities

In connection with 1,602 common units issued upon the vesting of phantom units under the MPLX LP 2012 Incentive Compensation Plan, our general partner purchased 33 general partner units for \$2,244.11 in cash during the three

months ended September 30, 2015, to maintain its two percent general partner interest in us.

Proceeds from the sale of the general partner units were used for general partnership purposes. The general partner units were issued in reliance on an exemption from registration under Section 4(a)(2) of the Securities Act of 1933, as amended.

Table of Contents

Item 6. Exhibits

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith	Furnished Herewith
		Form	Exhibit	Filing Date	SEC File No.		
2.1*	Agreement and Plan of Merger, dated as of July 11, 2015, by and among MPLX LP, Sapphire Holdco LLC, MPLX GP LLC, MarkWest Energy Partners, L.P. and, for certain limited purposes set forth therein, Marathon Petroleum Corporation.	10-Q	2.1	8/3/2015	001-35714		
3.1	Certificate of Limited Partnership of MPLX LP	S-1	3.1	7/2/2012	333-182500		
3.2	Amendment to the Certificate of Limited Partnership of MPLX LP First Amended and Restated	S-1/A	3.2	10/9/2012	333-182500		
3.3	Agreement of Limited Partnership of MPLX LP, dated October 31, 2012	8-K	3.1	11/6/2012	001-35714		
3.4	Amended and Restated Agreement of Limited Partnership of MPLX Pipe Line Holdings LP, dated October 31, 2012	8-K	3.2	11/6/2012	001-35714		
10.1	Voting Agreement, dated July 11, 2015, by and among MPLX LP, MPLX GP LLC, Sapphire Holdco LLC and M&R MWE Liberty, LLC.	10-Q	10.1	8/3/2015	001-35714		
10.2	Lock-Up Agreement, dated July 11, 2015, by and among MPLX LP, MPLX GP LLC, Sapphire Holdco LLC, MarkWest Energy Partners, L.P., M&R MWE Liberty, LLC, EMG Utica, LLC and EMG Utica Condensate, LLC.	10-Q	10.2	8/3/2015	001-35714		
10.3	First Amendment to Storage Services Agreement, dated as of September 17, 2015, by and between Marathon Petroleum Company LP and Marathon Pipe Line LLC.	8-K	10.1	9/23/2015	001-35714		
31.1	Certification of Chief Executive Officer pursuant to Rule 13(a)-14 and 15(d)-14 under the Securities Exchange Act of 1934					X	
31.2						X	

	Certification of Chief Financial Officer pursuant to Rule 13(a)-14 and 15(d)-14 under the Securities Exchange Act of 1934		
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350		X
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350		X
101.INS	XBRL Instance Document	X	
101.SCH	XBRL Taxonomy Extension Schema	X	

32

Table of Contents

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith	Furnished Herewith
		Form	Exhibit	Filing Date	SEC File No .		
101.CAL	XBRL Taxonomy Extension Calculation Linkbase					X	
101.DEF	XBRL Taxonomy Extension Definition Linkbase					X	
101.LAB	XBRL Taxonomy Extension Label Linkbase					X	
101.PRE	XBRL Taxonomy Extension Presentation Linkbase					X	

* Certain schedules and exhibits to this agreement have been omitted pursuant to Item 601(b)(2) of Regulation S-K. A copy of any omitted schedule and/or exhibit will be furnished supplementally to the SEC upon request.

Table of Contents

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MPLX LP

By: MPLX GP LLC
Its general partner

Date: November 2, 2015

By: /s/ Ian D. Feldman
Ian D. Feldman
Controller of MPLX GP LLC
(the general partner of MPLX LP)