MPLX LP
Form 10-Q
August 03, 2015
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the Quarterly Period Ended June 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 (State or other jurisdiction of incorporation or organization)	45-5010536 (I.R.S. Employer Identification No.)
200 E. Hardin Street, Findlay, Ohio (Address of principal executive offices)	45840 (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 x 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 x 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 x Accelerated filer ¨

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 x

MPLX LP had 43,385,196 common units, 36,951,515 subordinated units and 1,639,525 general partner units outstanding at July 31, 2015.

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Unless the context otherwise requires, references in this report to "MPLX LP," the "Partnership," "we," "our," "us," or like ter 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 June 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.

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Part I—Financial Information

Item 1. Financial Statements

MPLX LP
Consolidated Statements of Income (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions, except per unit data)	2015	2014	2015	2014
Revenues and other income:				
Sales and other operating revenues	$16.4	$18.7	$32.0	$35.6
Sales to related parties	123.6	108.1	238.0	221.9
Loss on sale of assets	(0.2)	—	(0.2)	—
Other income	1.4	1.1	2.8	2.6
Other income - related parties	6.4	6.0	12.5	11.1
Total revenues and other income	147.6	133.9	285.1	271.2
Costs and expenses:				
Cost of revenues (excludes items below)	31.7	35.7	59.5	62.3
Purchases from related parties	24.7	23.7	48.6	47.7
Depreciation	12.7	12.4	25.4	25.0
General and administrative expenses	17.9	15.9	36.6	31.8
Other taxes	3.0	1.9	6.2	3.8
Total costs and expenses	90.0	89.6	176.3	170.6
Income from operations	57.6	44.3	108.8	100.6
Net interest and other financial costs	6.2	1.3	11.5	1.9
Income before income taxes	51.4	43.0	97.3	98.7
Provision for income taxes	—	0.1	—	0.1
Net income	51.4	42.9	97.3	98.6
Less: Net income attributable to MPC-retained interest	0.2	14.1	0.5	35.6
Net income attributable to MPLX LP	51.2	28.8	96.8	63.0
Less: General partner’s interest in net income attributable to MPLX LP	6.8	1.2	10.8	2.2
Limited partners’ interest in net income attributable to MPLX LP	$44.4	$27.6	$86.0	$60.8
Per Unit Data (See Note 5)				
Net income attributable to MPLX LP per limited partner unit:				
Common - basic	$0.50	$0.37	$0.96	$0.79
Common - diluted	0.50	0.37	0.96	0.79
Subordinated - basic and diluted	0.50	0.37	0.96	0.79
Weighted average limited partner units outstanding:				
Common - basic	43.4	37.0	43.4	37.0
Common - diluted	43.4	37.1	43.4	37.1
Subordinated - basic and diluted	37.0	37.0	37.0	37.0
Cash distributions declared per limited partner common unit	$0.4400	$0.3425	$0.8500	$0.6700

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

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MPLX LP

Consolidated Balance Sheets (Unaudited)

(In millions)	June 30, 2015	December 31, 2014
Assets		
Current assets:		
Cash and cash equivalents	$130.4	$27.3
Receivables	12.6	10.2
Receivables from related parties	52.7	41.0
Materials and supplies inventories	11.7	11.7
Other current assets	7.3	7.0
Total current assets	214.7	97.2
Property, plant and equipment, net	1,059.5	1,008.6
Goodwill	104.7	104.7
Other noncurrent assets	3.7	4.0
Total assets	$1,382.6	$1,214.5
Liabilities		
Current liabilities:		
Accounts payable	$55.5	$42.2
Payables to related parties	21.1	20.2
Deferred revenue - related parties	30.0	30.5
Accrued taxes	8.6	5.2
Long-term debt due within one year	0.8	0.8
Accrued interest payable	8.4	0.6
Other current liabilities	3.6	1.1
Total current liabilities	128.0	100.6
Long-term deferred revenue - related parties	7.8	4.0
Long-term debt	752.6	644.0
Deferred credits and other liabilities	1.8	2.2
Total liabilities	890.2	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 (20.0 million units issued and outstanding)	266.7	261.1
Subordinated unitholder - MPC (37.0 million units issued and outstanding)	227.9	217.5
General partner - MPC (1.6 million units issued and outstanding)	(655.0)	(659.4)
Total MPLX LP partners’ capital	486.7	458.2
Noncontrolling interest retained by MPC	5.7	5.5
Total equity	492.4	463.7
Total liabilities and equity	$1,382.6	$1,214.5

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

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MPLX LP

Consolidated Statements of Cash Flows (Unaudited)

	Six Months Ended June 30,	
(In millions)	2015	2014
Increase (decrease) in cash and cash equivalents		
Operating activities:		
Net income	$97.3	$98.6
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	25.4	25.0
Asset retirement expenditures	(0.3)	(0.9)
Net loss on disposal of assets	0.2	—
Changes in:		
Current receivables	(2.4)	1.3
Materials and supplies inventories	(0.2)	0.3
Current accounts payable and accrued liabilities	14.3	(1.8)
Receivables from / liabilities to related parties	(7.5)	7.7
All other, net	1.1	(1.8)
Net cash provided by operating activities	127.9	128.4
Investing activities:		
Additions to property, plant and equipment	(63.5)	(13.2)
Disposal of assets	0.4	—
All other, net	(1.1)	3.8
Net cash used in investing activities	(64.2)	(9.4)
Financing activities:		
Long-term debt - borrowings	528.2	270.0
- repayments	(415.4)	(15.4)
Debt issuance costs	(4.4)	—
Net proceeds from equity offerings	1.3	—
Quarterly distributions to unitholders and general partner	(70.0)	(48.7)
Quarterly distributions to noncontrolling interest retained by MPC	(0.3)	(25.8)
Distributions related to purchase of additional interest in Pipe Line Holdings	—	(310.0)
Net cash provided by (used in) financing activities	39.4	(129.9)
Net increase (decrease) in cash and cash equivalents	103.1	(10.9)
Cash and cash equivalents at beginning of period	27.3	54.1
Cash and cash equivalents at end of period	$130.4	$43.2

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

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MPLX LP

Consolidated Statements of Equity (Unaudited)

	Partnership					
(In millions)	Common Unitholders Public	Common Unitholder MPC	Subordinated Unitholder MPC	General Partner MPC	Noncontrolling Interest Retained by MPC	Total
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	16.4	14.0	30.4	2.2	35.6	98.6
Quarterly distributions to unitholders and general partner	(12.8)	(10.9)	(23.7)	(1.3)	—	(48.7)
Quarterly distributions to noncontrolling interest retained by MPC	—	—	—	—	(25.8)	(25.8)
Non-cash contribution from MPC	—	—	—	—	0.1	0.1
Equity-based compensation	0.4	—	—	—	—	0.4
Balance at June 30, 2014	$416.0	$60.5	$ 216.0	$ (204.1)	$ 340.3	$828.7
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	25.0	21.4	39.7	10.7	0.5	97.3
Quarterly distributions to unitholders and general partner	(18.6)	(15.8)	(29.3)	(6.3)	—	(70.0)
Quarterly distributions to noncontrolling interest retained by MPC	—	—	—	—	(0.3)	(0.3)
Equity-based compensation	0.4	—	—	—	—	0.4
Balance at June 30, 2015	$647.1	$266.7	$ 227.9	$ (655.0)	$ 5.7	$492.4

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

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Notes to Consolidated Financial Statements (Unaudited)

1. Description of the Business and Basis of Presentation

Description of the Business—MPLX LP (the “Partnership”) 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 June 30, 2015, the Partnership’s 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. The Partnership also owns 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 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 six months ended June 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 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 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.

Not Yet Adopted

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. At this point, we have not determined the impact of the new standards update on our consolidated financial statements and related disclosures.

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. At this point, we are in the process of determining the impact of the new standard on our consolidated financial statements.

3. Acquisitions

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 six months ended June 30, 2015 and 2014 were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions)	2015	2014	2015	2014
Net income attributable to MPLX LP	$51.2	$28.8	$96.8	$63.0
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	$51.2	$28.8	$96.8	$(109.5)

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.

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

New Agreements

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

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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:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions)	2015	2014	2015	2014
MPC	$123.6	$108.1	$238.0	$221.9

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.

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:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions)	2015	2014	2015	2014
MPC	$6.0	$5.7	$11.8	$10.5
Centennial	0.3	0.2	0.6	0.5
Muskegon	0.1	0.1	0.1	0.1
Total	$6.4	$6.0	$12.5	$11.1

MPC provides executive management services and certain general and administrative services to us under 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:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions)	2015	2014	2015	2014
MPC	$6.4	$6.1	$11.8	$12.1

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:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions)	2015	2014	2015	2014
MPC	$7.9	$7.6	$16.1	$15.3

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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:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions)	2015	2014	2015	2014
MPC	$4.1	$1.4	$6.2	$2.2

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:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions)	2015	2014	2015	2014
Purchases from related parties	$18.3	$17.6	$36.8	$35.6
General and administrative expenses	6.7	5.4	14.1	11.0
Total	$25.0	$23.0	$50.9	$46.6

Receivables from related parties were as follows:

(In millions)	June 30, 2015	December 31, 2014
MPC	$51.9	$40.5
Centennial	0.5	0.3
Muskegon	0.3	0.2
Total	$52.7	$41.0

Payables to related parties were as follows:

(In millions)	June 30, 2015	December 31, 2014
MPC	$21.1	$20.1
Centennial	—	0.1
Total	$21.1	$20.2

During the six months ended June 30, 2015 and 2014, MPC did not ship its minimum committed volumes on certain 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)	June 30, 2015	December 31, 2014
Minimum volume deficiencies - MPC	$32.7	$29.9
Project reimbursements - MPC	5.1	4.6
Total	$37.8	$34.5

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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.

(In millions)	Three Months Ended June 30, 2015	2014	Six Months Ended June 30, 2015	2014
Net income attributable to MPLX LP	$51.2	$28.8	$96.8	$63.0
Less: General partner's distributions declared (including IDRs) [(1)]	6.3	1.1	10.2	1.9
Limited partners' distributions declared on common units [(1)]	19.1	12.7	36.9	24.8
Limited partner's distributions declared on subordinated units [(1)]	16.2	12.7	31.4	24.8
Undistributed net income attributable to MPLX LP	$9.6	$2.3	$18.3	$11.5

(1) See Note 6 for distribution information.

(In millions, except per unit data)	Three Months Ended June 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)	$6.3	$19.1	$16.2	$41.6
Undistributed net income attributable to MPLX LP	4.7	2.7	2.2	9.6
Net income attributable to MPLX LP [(1)]	$11.0	$21.8	$18.4	$51.2
Weighted average units outstanding:				
Basic	1.6	43.4	37.0	82.0
Diluted	1.6	43.4	37.0	82.0
Net income attributable to MPLX LP per limited partner unit:				
Basic		$0.50	$0.50	
Diluted		$0.50	$0.50	

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(In millions, except per unit data)	Three Months Ended June 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)	$1.1	$12.7	$12.7	$26.5
Undistributed net income attributable to MPLX LP	0.6	0.9	0.8	2.3
Net income attributable to MPLX LP (1)	$1.7	$13.6	$13.5	$28.8
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		$0.37	$0.37	
Diluted		$0.37	$0.37	

(In millions, except per unit data)	Six Months Ended June 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)	$10.2	$36.9	$31.4	$78.5
Undistributed net income attributable to MPLX LP	9.1	5.0	4.2	18.3
Net income attributable to MPLX LP (1)	$19.3	$41.9	$35.6	$96.8
Weighted average units outstanding:				
Basic	1.6	43.4	37.0	82.0
Diluted	1.6	43.4	37.0	82.0
Net income attributable to MPLX LP per limited partner unit:				
Basic		$0.96	$0.96	
Diluted		$0.96	$0.96	

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(In millions, except per unit data)	Six Months Ended June 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)	$1.9	$24.8	$24.8	$51.5
Undistributed net income attributable to MPLX LP	2.9	4.3	4.3	11.5
Net income attributable to MPLX LP (1)	$4.8	$29.1	$29.1	$63.0
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		$0.79	$0.79	
Diluted		$0.79	$0.79	

(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 43,383,594 common units outstanding as of June 30, 2015. Of that number, 19,980,619 were owned by MPC, which also owned 36,951,515 subordinated units and the two percent general partner interest, represented by 1,639,492 general partner units.

ATM Program - On May 18, 2015, we filed a prospectus supplement to our shelf registration statement filed with the Securities and Exchange Commission 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 six months ended June 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 June 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)	17,330	—	353	17,683
Issuance of units under the ATM program(2)	25,166	—	514	25,680
Balance at June 30, 2015	43,383,594	36,951,515	1,639,492	81,974,601

(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 353 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.

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Net Income Allocation - 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 following table presents the allocation of the general partner’s interest in net income attributable to MPLX LP:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions)	2015	2014	2015	2014
Net income attributable to MPLX LP	$51.2	$28.8	$96.8	$63.0
Less: General partner's incentive distribution rights and other	5.8	0.6	9.0	0.9
Net income attributable to MPLX LP available to general and limited partners	$45.4	$28.2	$87.8	$62.1
General partner's two percent interest in net income attributable to MPLX LP	$1.0	$0.6	$1.8	$1.3
General partner's incentive distribution rights and other	5.8	0.6	9.0	0.9
General partner's interest in net income attributable to MPLX LP	$6.8	$1.2	$10.8	$2.2

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 July 21, 2015, we declared a quarterly cash distribution of $0.44 per unit, totaling $41.6 million. This distribution will be paid on August 14, 2015 to unitholders of record on August 4, 2015.

The allocation of total quarterly cash distributions to general and limited partners is as follows for the three and six months ended June 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.

	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions)	2015	2014	2015	2014
General partner's distributions:				
General partner's distributions	$0.8	$0.5	$1.5	$1.0
General partner's incentive distribution rights distributions	5.5	0.6	8.7	0.9
Total general partner's distributions	$6.3	$1.1		