

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Revisions to Oil Pipeline Regulations
Pursuant to the Energy Policy Act of 1992

Docket No. RM93-11-000

NOTICE OF ANNUAL CHANGE
IN THE PRODUCER PRICE INDEX FOR FINISHED GOODS

(May 14, 2009)

The Commission's regulations include a methodology for oil pipelines to change their rates through use of an index system that establishes ceiling levels for such rates. The Commission bases the index system, found at 18 CFR § 342.3, on the annual change in the Producer Price Index for Finished Goods (PPI-FG), plus one point three percent (PPI+1.3). The Commission determined in an "Order Establishing Index For Oil Price Change Ceiling Levels" issued March 21, 2006, that PPI+1.3 is the appropriate oil pricing index factor for pipelines to use.¹

The regulations provide that the Commission will publish annually, an index figure reflecting the final change in the PPI-FG, after the Bureau of Labor Statistics publishes the final PPI-FG in May of each calendar year. The annual average PPI-FG index figures were 166.6 for 2007 and 177.1 for 2008.² Thus, the percent change (expressed as a decimal) in the annual average PPI-FG from 2007 to 2008, plus 1.3 percent, is positive 0.076025.³ Oil pipelines must multiply their July 1, 2008, through June 30, 2009, index

¹114 FERC ¶ 61,293 at P 2 (2006).

² Bureau of Labor Statistics (BLS) publishes the final figure in mid-May of each year. This figure is publicly available from the Division of Industrial Prices and Price Indexes of the BLS, at (202) 691-7705, and in print in August in Table 1 of the annual data supplement to the BLS publication Producer Price Indexes via the Internet at <http://www.bls.gov/ppi/home.htm>. To obtain the BLS data, scroll down to "PPI Databases" and click on "Top Picks" of the Commodity Data (Producer Price Index – PPI). At the next screen, under the heading "Producer Price Index/PPI Commodity Data," select the first box, "Finished goods - WPUSOP3000," then scroll all the way to the bottom of this screen and click on Retrieve data.

³ $[177.1 - 166.6] / 166.6 = 0.063025 + .013 = 0.076025$

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ceiling levels by positive 1.076025⁴ to compute their index ceiling levels for July 1, 2009, through June 30, 2010, in accordance with 18 CFR § 342.3(d). For guidance in calculating the ceiling levels for each 12 month period beginning January 1, 1995,⁵ see Explorer Pipeline Company, 71 FERC 61,416 at n.6 (1995).

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Kimberly D. Bose,
Secretary.

⁴1 + 0.076025 = 1.076025

⁵For a listing of all prior multipliers issued by the Commission, see the Commission's website, www.ferc.gov. The table of multipliers can be found under the headings "Oil" and "Index."

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