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FERC Seeks Comment on Potential Changes to Oil Pipeline Rate Index Methodology, Data Reporting Requirements

The Federal Energy Regulatory Commission (FERC) is seeking comments on potential modifications to its policies for evaluating pipeline index rate changes and data reporting requirements. Through these modifications, FERC seeks to improve the Commission's and shippers' ability to ensure that oil pipeline rates are just and reasonable.

FERC's indexing methodology allows oil pipelines to change rates subject to certain ceiling levels rather than make cost-of-service filings. The ceiling levels change every July 1, with an index based upon industry-wide cost changes.

The Commission currently uses Form No. 6 page 700, which provides a simplified presentation of an oil pipeline's jurisdictional cost-of-service and revenues, for the initial evaluation of protests and complaints alleging that a pipeline's indexed rate change is substantially in excess of the pipeline's cost changes.

Today's Advance Notice of Proposed Rulemaking (ANOPR) considers whether the Commission should:

- Deny index increases for any pipeline whose Form No. 6, page 700 revenues exceed costs by 15 percent for both of the prior two years.
- Deny index increases that exceed by 5 percent the cost changes reported on page 700.
- Apply the new criteria to costs more closely associated with the pipeline's proposed rates than with total company-wide costs and revenues now reported on page 700.

Initial comments on the ANOPR are due 45 days after publication in the *Federal Register*, with reply comments due 90 days after publication.

R-17-03

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