

**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, 2004)

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). This rule provides that pipelines should use PPI-FG minus 1 percent as the oil pricing index factor, 18 CFR § 342.3(d)(2). However, on February 24, 2003, the Commission issued its Order on Remand of its Five-Year Review of Oil Pricing Index (Remand Order) in Docket Nos. RM00-11-000 and -001. In the Remand Order the Commission redetermined that the PPI-FG *without* the minus 1 percent is the appropriate oil pricing index factor for pipelines to use.<sup>1</sup> 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 PPG-FG in May of each calendar year. The annual average PPI-FG index figure for 2002 was 138.9. The annual average PPI-FG index figure for 2003 was 143.3.<sup>2</sup>

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<sup>1</sup>102 FERC ¶ 61,195 at P 1 (2003).

<sup>2</sup> 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>]. To obtain the BLS data, click on "Get Detailed PPI Statistics," and then under the heading "Most Requested Statistics" click on "Commodity Data." At the next screen, under the heading "Producer Price Index - Commodity," select the first box, "Finished goods - WPUSOP3000", then scroll all the way to the bottom of this screen and click on Retrieve data.

Thus, the percent change (expressed as a decimal) in the annual average PPI-FG from 2002 to 2003 is positive .031677.<sup>3</sup> Oil pipelines must multiply their July 1, 2003, through June 30, 2004, index ceiling levels by positive 1.031677<sup>4</sup> to compute their index ceiling levels for July 1, 2004, through June 30, 2005, in accordance with 18 CFR § 342.3(d). For guidance in calculating the ceiling levels for each 12 month period beginning January 1, 1995,<sup>5</sup> see Explorer Pipeline Company, 71 FERC 61,416 at n.6 (1995).

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Magalie R. Salas,  
Secretary

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<sup>3</sup> $[143.3 - 138.9] / 138.9 = 0.031677$

<sup>4</sup> $1 + 0.031677 = 1.031677$

<sup>5</sup>For a listing of all prior multipliers issued by the Commission, see the Commission's website, [www.ferc.gov](http://www.ferc.gov). The table of multipliers can be found under the headings "Oil" and "Index".