

**Justification for Non-Material or Non-Substantive Change  
to the FERC-550 “Oil Pipeline: Tariff Filing and Depreciation Studies ”,  
Docket No.  
RM26-6 (Five-Year Review of the Oil Pipeline Index)**

In Docket No. RM26-6, the Federal Energy Regulatory Commission (Commission or FERC) issues a Final Rule concluding its five-year review of the index level used to determine annual changes to oil pipeline rate ceilings. The Energy Policy Act of 1992 (EPA 1992) required the Commission to establish a “simplified and generally applicable” ratemaking methodology<sup>1</sup> in accordance with the just-and-reasonable standard of the Interstate Commerce Act (ICA).<sup>2</sup> To implement this mandate, the Commission issued Order No. 561,<sup>3</sup> adopting an indexing methodology that allows oil pipelines to change their rates subject to certain ceiling levels (as adjusted by the annual index) as opposed to making cost-of-service filings.<sup>4</sup> This Final Rule adopts an index level of Producer Price Index for Finished Goods minus 0.55% (PPI-FG - 0.55%) for the July 1, 2026 to June 30, 2031 period.

Changes described in the Final Rule are non-substantive and do not change any filing requirements; rather, this Final Rule adjusts an aspect of the calculation that is used in an annual tariff filing that FERC-jurisdictional oil pipelines are required to submit to the Commission. This aspect of the calculation is reviewed and updated every five years.

Title: FERC-550, Oil Pipeline Tariff Filings & Depreciation Studies.

Action: Non-substantive change adjusting an aspect of the calculation that is used in annual oil

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<sup>1</sup> Pub. L. No. 102-86, § 1801(a), 106 Stat. 3010 (Oct. 24, 1992), *codified at* 42 U.S.C. 7172 note. The mandate to establish a simplified and generally applicable ratemaking methodology specifically excluded the Trans-Alaska Pipeline System (TAPS), or any pipeline delivering oil, directly or indirectly, into TAPS. *Id.* 1804(2)(B).

<sup>2</sup> 49 U.S.C. § app. 1(5).

<sup>3</sup> *Revisions to Oil Pipeline Regulations Pursuant to Energy Pol’y Act of 1992*, Order No. 561, FERC Stats. & Regs. ¶ 30,985 (1993) (cross-referenced at 65 FERC ¶ 61,109), *order on reh’g*, Order No. 561-A, FERC Stats. & Regs. ¶ 31,000 (1994) (cross-referenced at 68 FERC ¶ 61,138), *aff’d sub nom. Ass’n of Oil Pipe Lines v. FERC*, 83 F.3d 1424 (D.C. Cir. 1996).

<sup>4</sup> Under indexing, oil pipelines change their rate ceiling levels effective every July 1 by “multiplying the previous index year’s ceiling level by the most recent index published by the Commission.” 18 CFR § 342.3(d)(1). Pipelines may adjust their rates to a level that does not exceed the ceiling levels pursuant to the Commission’s regulations so long as no protest or complaint demonstrates that the index rate change so substantially diverges from the pipeline’s cost changes that the rate is unjust and unreasonable. *Id.* 343.2(c)(1).

pipeline tariff filings.

OMB Control Nos.: 1902-0089 (FERC-550).

Respondents: Oil Pipelines.

Frequency of Information Collection: On occasion in compliance with requirements.

Necessity of Information: The reforms in this Final Rule are necessary to ensure that the rates of oil pipelines are just and reasonable.

Public Reporting Burden: The burden and cost related to filing an oil pipeline tariff will not change due to this final rule. The currently approved hourly burden for submitting a tariff filing is 7 hours (\$721<sup>5</sup>).

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<sup>5</sup> The hourly cost used in this calculation is based on the estimated average annual cost per FERC FTE, including salary + benefits of \$103 per hour, or \$214,093 per year.