DEPARTMENT OF COMMERCE
Bureau of Industry and Security
15 CFR Part 774
The Commerce Control List

CFR Correction
In Title 15 of the Code of Federal Regulations, Parts 300 to 799, revised as of January 1, 2015, on page 999, in Supplement 1 to Part 774, in Category 9, Export Control Classification Number (ECCN) 9E003, in the Items section, remove the second introductory text of paragraph f.1.

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DEPARTMENT OF ENERGY
Federal Energy Regulatory Commission
18 CFR Part 342
[Docket No. RM15–20–000]
Five-Year Review of the Oil Pipeline Index

AGENCY: Federal Energy Regulatory Commission, DOE.
ACTION: Order establishing index level.

SUMMARY: The Federal Energy Regulatory Commission (Commission) issues this Final Order concluding its five-year review of the index level used to determine annual changes to oil pipeline rate ceilings. The Commission establishes an index level of Producer Price Index for Finished Goods plus 1.23 percent (PPI–FG+1.23) for the five-year period commencing July 1, 2016.

DATES: December 31, 2015.


SUPPLEMENTAL INFORMATION:
Order Establishing Index Level
(Issued December 17, 2013)

1. On June 30, 2015, the Commission issued a Notice of Inquiry initiating its five-year review to establish the oil pipeline index level for the July 1, 2016 to June 30, 2021 time period.1 The June 2015 NOI requested comment regarding (a) a proposed index level between Producer Price Index for Finished Goods (PPI–FG)+2.0 percent and PPI–FG+2.4 percent 2 and (b) any alternative methodologies for calculating that index level.

2. For the reasons discussed below, the Commission adopts an index level of the PPI–FG+1.23 percent. The departure from the June 2015 NOI results from (a) the use of FERC Form No. 6 page 700 (page 700) data that directly measures changing pipeline costs as opposed to the estimates previously used to calculate the index level 3 and (b) updated Form No. 6 filings and other corrections to the data set. The Commission’s indexing calculations and other data analysis are contained in Attachment A to this order. As discussed below, the Commission rejects other changes to the index calculation proposed by commenters.

I. Background

A. Establishment of the Indexing Methodology

3. The Energy Policy Act of 1992 (EPAct 1992) required the Commission to establish a “simplified and generally applicable” ratemaking methodology5 that also was consistent with the just and reasonable standard of review of the Interstate Commerce Act (ICA).5 To implement EPAct 1992’s mandate, the Commission issued Order No. 561 6 establishing an indexing methodology that allows oil pipelines to change their rates subject to certain ceiling levels as opposed to making cost-of-service filings.7

1 Five-Year Review of the Oil Pipeline Index, 80 FR 39010 (July 8, 2015); FERC Stats. & Regs. ¶ 31,000 (1994), aff’d, Ass’n of Oil Pipelines v. FERC, 83 F.3d 1424 (D.C. Cir. 1996).
2 The June 2015 NOI included a range as opposed to a specific index level because some pipelines had yet to report FERC Form No. 6 (Form No. 6) data for 2014.
3 The index range presented in the June 2015 NOI was calculated based on estimates derived from FERC Form No. 6 accounting data on pages 110–111, 114, and page 600.
4 Public Law 102–486, 106 Stat. 3010, 1801(a) (Oct. 24, 1992). EPAct 1992’s mandate to establish a simplified and generally applicable method of regulating oil transportation rates specified that the indexing methodology not “be excluded the Trans-Alaska Pipeline System (TAPS), or any pipeline delivering oil, directly or indirectly, into it. Id. 1804(2)(B).

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