Credible.
Independent.
In the public interest.

October 13, 2005

Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

Re: Five Year Review of the Oil Pipeline Pricing Index; docket number RM05-22-000

To the Secretary:

Thank you for providing this opportunity for public comment on the Five Year Review of the Oil Pipeline Pricing Index. The **Pipeline Safety Trust** (Trust) promotes fuel transportation safety through education and advocacy, by increasing access to information, and by building partnerships with residents, safety advocates, government, and industry, that result in safer communities and a healthier environment. These comments were prepared with the assistance of Lois Epstein, a licensed professional engineer in Anchorage, Alaska who has served on the U.S. Department of Transportation advisory committee for hazardous liquid (i.e., principally oil) pipelines since 1995.

The Trust is commenting on this issue because our organization – dedicated to improving pipeline safety – does not want there to be any FERC-related disincentives for pipeline operators to invest in safety. Based on conversations with members of the pipeline industry, we understand that FERC rate recovery cases are expensive and time-consuming and frequently not worth the time and resources of operators. Thus, the five-year review of the Oil Pipeline Pricing Index is an important procedural means for operators to receive the cost recovery they require for ongoing pipeline maintenance and safety upgrades. Conversely, the Trust does not want to see any pipeline operator cost-cutting on safety measures because the Oil Pipeline Pricing Index is too low.

We reviewed the Association of Oil Pipe Line's (AOPL) draft comments on this docket and its underlying analysis and wish to express our support for AOPL's position that – for the five years beginning on July 1, 2006 – operators may cost recover at a rate of the Producer Price Index – Finished Goods (PPI) +1.3%. The Trust agrees with AOPL that safety requirements on the industry have significantly increased since the last five-year review, including but not limited to the new integrity management regulations. (65 Federal Register 75378, December 1, 2000 and 67 Federal Register 2136, January 16, 2002). Additionally, the 1999-2004 data contained in AOPL's draft comments (which were analyzed by AOPL using a federal court-approved methodology) persuade us that the costs on the industry have increased enough to justify a PPI +1.3% for the Pricing Index for the next five years.

1155 North State Street, Suite 609 Bellingham, WA 98225 **Phone** 360-543-5686 **Fax** 360-543-0978 http://pipelinesafetytrust.org

Prior to approving this Pricing Index, however, the Trust requests that FERC perform its own technical review of the accuracy and completeness of the AOPL-submitted cost data, and the reasonableness and appropriateness of AOPL's analytical methodology.

Thank you very much for your assistance with this matter. We appreciate your attention to this issue.

Sincerely,

QuickTime™ and a
TIFF (LZW) decompressor
are needed to see this picture.

Carl Weimer
Executive Director

200510135091 Received FERC OSEC 10/13/2005 07:36:00 PM Docket# RM05-22-000

Submission Contents