

FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

July 9, 2004

In Reply Refer To:  
Trailblazer Pipeline Company  
Docket No. RP04-237-001

Trailblazer Pipeline Company  
747 East 22nd Street  
Lombard, IL 60148-5034

Attention: Paul Korman, Esq.  
Attorney

Reference: Rejection of Expansion Fuel Adjustment Percentage

Dear Mr. Korman:

1. On March 31, 2004, Trailblazer Pipeline Company (Trailblazer) filed Second Revised Sheet No. 8 of its FERC Gas Tariff, Third Revised Volume No. 1 to revise its Expansion Fuel Adjustment Percentage (EFAP) under section 41 of its General Terms and Conditions (GT&C). In its April 30, 2004 order,<sup>1</sup> the Commission accepted and suspended the tariff sheet, effective May 1, 2004, subject to refund and conditions. For the reasons set forth below, the Commission rejects the revised tariff sheet. This order benefits the public because it ensures that Trailblazer calculates its fuel reimbursement percentage according to the methodology specified in its tariff.
2. In the March 31, 2004 filing, Trailblazer revised its EFAP, resulting in a 0.43% decrease from the current level of 2.0% to 1.57%. Marathon Oil Company (Marathon) filed a protest, claiming the proposed fuel rate was excessive because Trailblazer calculated the fuel rate using only data from August 2003 when gas fuel usage at Trailblazer's gas-fired compressor was the highest. Citing GT&C section 41.4(c) of Trailblazer's tariff, which requires Trailblazer to calculate the fuel rate using the actual base period fuel use, as adjusted, the Commission agreed with Marathon and directed Trailblazer to file a detailed explanation supporting its fuel rate calculations, or a recalculation of the fuel reimbursement rate in accordance with its tariff.
3. On May 20, 2004, Trailblazer filed its "Explanation In Support Of Fuel Rate Calculations." Trailblazer provided four reasons why the instant fuel reimbursement rate

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<sup>1</sup> 107 FERC ¶ 61,093 (2004).

calculations are reasonable in the overall context of its tariff. Trailblazer states the resulting percentages are reasonable because: (1) future periodic adjustment filings will account for any variance from actual usage, including all applicable interest; (2) the proposed filing already reflects a very substantial reduction in the preexisting EFAP, from 2.0% to 1.57%; (3) numerous factors affect the fuel rate calculations, and the proposed fuel rate is reasonable given these numerous factors and the inherent uncertainty in calculating each one; and, (4) Trailblazer considers the projected fuel rate component reasonable based on actual experience to date. Trailblazer further argues that the ordinary operation of section 41, including the deferred account, assures that it will not overrecover fuel over time. Lastly, Trailblazer agrees to submit a report by December 1, 2004, discussing the status of its actual fuel usage relative to the projected level of usage for the first five months that the EFAP in this docket is effective. It opines that the Commission could decide then whether to require Trailblazer to make an interim adjustment.

4. Interventions and protests of this filing were due as provided in section 154.210 of the Commission's regulations. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.214 (2003)), all timely unopposed filed motions to intervene and any motions to intervene out-of-time filed before the issuance date of this order are granted. The Indicated Shippers (Marathon and ChevronTexaco Natural Gas) filed comments on June 1, 2004.

5. In their comments, the Indicated Shippers state that Trailblazer's explanation fails to justify its use of the highest monthly compressor fuel use when it calculated the fuel adjustment, since the August 2003 fuel consumption is not representative of future fuel consumption, as Trailblazer claims. They further contend that neither the existence of a true-up mechanism, nor the filing of an interim report justify an excessive fuel rate that is inconsistent with the tariff. Accordingly, the Indicated Shippers request that the Commission reject the proposed fuel rate and require Trailblazer to recalculate its fuel rate using the actual base period fuel usage as required by its tariff.

6. The Commission finds that Trailblazer has not supported the deviation from its tariff. Section 41.4(c) of its tariff clearly states that Trailblazer must use actual fuel usage during the base period, as adjusted for changes which are known and measurable with reasonable accuracy. Nothing in its explanation demonstrates that Trailblazer's method of calculating its fuel rate meets the criteria specified in section 41.4(c). Therefore, we reject Trailblazer's proposed revision of the EFAP.

7. The Commission directs Trailblazer to file, within 20 days of the date this order issues, a revised tariff sheet recalculating its fuel reimbursement rate using the methodology specified in its currently effective tariff. Further, we also direct Trailblazer to refund to its customers, with interest, any amounts it overcollected.

By direction of the Commission.

Magalie R. Salas,  
Secretary.

cc: All Parties

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