

131 FERC ¶ 61,096  
FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

April 30, 2010

In Reply Refer To:  
Trailblazer Pipeline  
Company LLC  
Docket Nos. RP10-492-000  
RP03-162-014

Trailblazer Pipeline Company LLC  
3250 Lacey Road, Suite 700  
Downers Grove, IL 60515-7918

Attention: Maria K. Pavlou, Attorney

Reference: Offer of Settlement and Stipulation and Agreement

Ladies and Gentlemen:

1. On March 12, 2010, pursuant to Rule 602,<sup>1</sup> Trailblazer Pipeline Company LLC (Trailblazer) submitted for filing an uncontested Offer of Settlement and Stipulation and Agreement (Settlement) to comply with a previous rate case settlement filing requirement. Trailblazer included *pro forma* tariff sheets<sup>2</sup> containing the Settlement rates, as well as several changes to its General Terms and Conditions (GT&C). As discussed below, the Commission finds that the proposed Settlement complies with Trailblazer's filing obligation under the previous settlement and is fair, reasonable, and in the public interest. Accordingly, the Commission accepts the Settlement and directs

---

<sup>1</sup> 18 C.F.R. § 385.602 (2009). Because this submission was not made in a proceeding already pending before or set for hearing by the Commission, it is treated as a petition under Rule 207(a)(5), 18 C.F.R. § 385.207(a)(5) (2009).

<sup>2</sup> Third and Fourth Revised Sheet No. 5, First Revised Sheet No. 6, Third and Fourth Revised Sheet No. 9, First Revised Sheet No. 150 and Original Sheet No. 150A to its FERC Gas Tariff, *Pro Forma* Fourth Revised Volume No. 1.

Trailblazer to file, within 10 days of this order, actual tariff sheets that are identical to the *pro forma* tariff sheets, to be effective January 1, 2010.

2. Trailblazer's previous rate proceeding was initiated on November 29, 2002, when Trailblazer filed revised tariff sheets pursuant to Natural Gas Act (NGA) section 4 to implement a general rate increase in Docket No. RP03-162-000. On January 23, 2004, the Commission approved a settlement that, among other things, required Trailblazer to file a general rate case under NGA section 4 to be effective no later than January 1, 2010 (RP03-162 Settlement).<sup>3</sup>

3. Trailblazer and all of its current shippers engaged in settlement discussions to negotiate a pre-filing settlement that would establish rate certainty and avoid the delay and costs of litigation associated with Trailblazer's obligation to file a general rate case under the RP03-162 Settlement. During those discussions, parties concluded that more time was needed to fully resolve the issues before the filing deadline. Accordingly, on November 19, 2009, Trailblazer filed a motion to amend the RP03-162 Settlement by changing the January 1, 2010 deadline to April 1, 2010. The Commission approved the amendment on November 24, 2009.<sup>4</sup> This deadline was subsequently extended to May 1, 2010 pursuant to a motion filed on February 23, 2010 and approved on February 25, 2010.<sup>5</sup>

4. Trailblazer filed the instant Settlement on March 12, 2010 in lieu of the NGA section 4 general rate filing required by the RP03-162 Settlement. The Settlement will provide for a reduction in Trailblazer's rates to its customers, effective January 1, 2010, and future rate reductions during the term of the Settlement. Trailblazer asserts the Settlement represents a fair and reasonable resolution and is in the public interest. Trailblazer believes that its shippers and the parties to the RP03-162 Settlement either support or do not oppose the Settlement.

5. Trailblazer states that the Settlement establishes the rates for transportation services for the transmission facilities for the pre-expansion system (Existing System) as well as the expansion facilities authorized by the Commission in Docket No. CP01-64 (Expansion System). Articles I and II provide background information on the pipeline and the resolution of obligations under the RP03-162 Settlement. Article III of the Settlement sets forth the Settlement Rates on both the Existing System and Expansion System to be implemented for the period January 1, 2010 through December 31, 2010

---

<sup>3</sup> *Trailblazer Pipeline Company LLC*, 106 FERC ¶ 61,034 (2004).

<sup>4</sup> *Trailblazer Pipeline Company LLC*, 129 FERC ¶ 61,173 (2009).

<sup>5</sup> *Trailblazer Pipeline Company LLC*, 130 FERC ¶ 61,143 (2010).

and the period January 1, 2011 through the remaining term of the Settlement, as defined in Article XIII. Article IV of the Settlement states that the Settlement Rates applicable to Existing System Firm Shippers includes \$1,646,698 in costs associated with fuel reimbursement. Article V of the Settlement provides Existing System Shippers and Expansion System Shippers with a one-time right, per contract, to roll over their existing firm service, at the maximum daily quantity and a term chosen by each shipper of between one to ten years. Article VI amends section 10 of Trailblazer's GT&C to include a reservation charge credit provision. Article VII provides that neither Trailblazer, pursuant to NGA section 4, nor any other party to this proceeding pursuant to NGA section 5, will seek to increase or decrease the Settlement Rates or change the fuel cost allocation methodology to be effective prior to January 1, 2014 (Rate Moratorium) and that Trailblazer shall file a NGA section 4 rate case to be effective January 1, 2014. Article VIII states that Trailblazer will not file any tariff changes pertaining to shippers' rights of first refusal or to the procedures for offering or awarding capacity prior to the expiration of the Rate Moratorium. Article IX describes the rights and obligations of Consenting and Contesting Parties. Article X sets forth the parties' agreement with respect to refunds. Article XI describes the conditions under which the Settlement is to become effective. Article XII states that to the extent the Commission considers any changes to the terms of the Settlement during the term of the Settlement, the standard of review for such changes shall be the most stringent standard permissible under applicable law. Article XIII sets forth the term of the Settlement.

6. Notice of Trailblazer's filing was issued on March 16, 2010. Initial comments were due March 22, 2010 and revised comments were due March 29, 2010. Comments in support of the Settlement were filed by Chevron U.S.A. Inc. and Shell Energy North America (U.S.), L.P. and Trailblazer. No party filed comments in opposition. Accordingly, the Settlement is uncontested.

7. The Commission may approve an uncontested settlement upon a finding that the settlement "appears to be fair and reasonable and in the public interest."<sup>6</sup> The Commission finds that the proposed Settlement complies with Trailblazer's filing obligations under the RP03-162 Settlement and appears to be fair and reasonable and in the public interest. Moreover, the Settlement resolves rate issues without a hearing and lengthy litigation, consistent with the Commission's guidance for settlements outside the

---

<sup>6</sup> 18 C.F.R. § 385.602(g)(3) (2009).

context of an existing proceeding.<sup>7</sup> Accordingly the Settlement is hereby approved, to be effective January 1, 2010, pursuant to its terms. The Commission's approval of this Settlement does not constitute approval of, or precedent regarding, any principle or issue in this proceeding. This letter order does not relieve Trailblazer of its obligations to file the required reports under Part 284 of the Commission's regulations.

8. Consistent with the Settlement, the Commission directs Trailblazer to file actual tariff sheets identical to the *pro forma* tariff sheets within 10 days of this order. The Commission will treat such a filing as a filing to comply with this order approving the Settlement, and the Commission will place the tariff sheet properly implementing the Settlement, as approved, into effect on the date provided for in the agreement, January 1, 2010.

By direction of the Commission.

Kimberly D. Bose,  
Secretary.

---

<sup>7</sup> *Dominion Transmission, Inc.*, 111 FERC ¶ 61,285 (2005) (*Dominion*). Because Trailblazer seeks approval of a settlement before making an actual section 4 tariff filing, the Settlement is necessarily submitted pursuant to section 385.207(a)(5), consistent with the guidelines in *Dominion*, rather than section 385.602(a) which applies to settlements filed in proceedings pending before or set for hearing by the Commission.