

139 FERC ¶ 61,085  
FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

April 30, 2012

In Reply Refer To:  
Trailblazer Pipeline Company LLC  
Docket No. RP12-570-000

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

Attention: Bruce H. Newsome  
Vice President

Reference: Expansion Fuel Adjustment Percentage and Request for Waiver

Dear Mr. Newsome:

1. On March 30, 2012, Trailblazer Pipeline Company LLC (Trailblazer) submitted a filing and supporting workpapers to continue in effect its currently effective annual Expansion Fuel Adjustment Percentage (EFAP) in accordance with Section 41 of its General Terms and Conditions. Section 41 permits Trailblazer to recover in-kind the fuel used by its shippers. Section 41 provides that the EFAP shall be redetermined on the anniversary date of the initiation of service of Trailblazer's Expansion 2002, which is May 1. However, Trailblazer requests a waiver of its tariff to continue in effect on May 1, 2012, only the current EFAP rate of 4.78 percent which reflects the removal of the balance in the deferred account pursuant to the agreement in Docket Nos. RP11-1939-000 and RP11-2168-000 approved by the Commission.<sup>1</sup> The Commission grants the requested waiver and accepts the currently effective rate to continue in effect May 1, 2012, subject to the condition set forth below.

2. Public notice of the filing was issued on April 2, 2012. Interventions and protests were due as provided in section 154.210 of the Commission's regulations (18 C.F.R. § 154.210 (2011)). Pursuant to Rule 214 (18 C.F.R. § 385.214 (2011)), all timely filed motions to intervene and any unopposed motions to intervene out-of-time filed before the issuance date of this order are granted. Granting late intervention at this stage of the

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<sup>1</sup> *Trailblazer Pipeline Company LLC*, 138 FERC ¶ 61,163 (2012).

proceeding will not disrupt the proceeding or place additional burdens on existing parties. No protests or adverse comments were filed.

3. The purpose of Trailblazer's filing is to establish the EFAP pursuant to Section 41 of the General Terms and Conditions (GT&C) of the Tariff for the upcoming annual period, commencing May 1, 2012. According to Section 41, the EFAP shall be redetermined effective on each annual anniversary of the Initial Effective Date of Trailblazer's Expansion 2002. Pursuant to Section 1.11 of the GT&C of the Tariff, Expansion 2002 went in service in May of 2002<sup>2</sup> and established the annual anniversary as May 1.

4. The EFAP recovers fuel costs associated with compression facilities installed as part of Trailblazer's Expansion 2002. Firm shippers that are defined as Expansion 2002 Shippers are subject to the EFAP. The EFAP applies to all volumes transported under Rate Schedule FTS to which the Expansion 2002 Recourse Rates are applicable under Section 5.1(b) of Rate Schedule FTS (Expansion 2002 Capacity). The Expansion 2002 Capacity comprises 324,000 Dth/day of annual firm capacity, and 37,000 Dth/day of winter-only firm capacity. On May 6, 2012, firm service agreements that reserve 289,000 Dth/day of the Expansion 2002 Capacity will expire. None of the Expansion 2002 Shippers with contracts expiring May 6, 2012 have exercised their contractual rights to extend reservation of this capacity pursuant to the contractual rollover provisions included in these agreements. In addition, none of these shippers have elected to utilize the Right of First Refusal process contained in Section 21 of the General Terms and Conditions of the Tariff. As a result, from February 10 through February 15, 2012, Trailblazer held an Initial Open Season, pursuant to its tariff, to make the Expansion 2002 Capacity available to the market. No bids were received in the Initial Open Season. Trailblazer states that it is actively trying to re-market this Expansion 2002 Capacity but states that there is a great deal of uncertainty as to whether Trailblazer will be successful in its efforts.

5. Trailblazer states that the EFAP mechanism is based on projections of expected Expansion 2002 transportation volumes. In previous EFAP filings, Trailblazer states that it knew the level of contracts that would be subject to the EFAP and likely to flow based on historical activity. Currently, however, Trailblazer explains that there is a great deal of uncertainty as to what level of transportation volumes will be nominated by Expansion 2002 Shippers under remaining contracts as well as what levels of available Expansion 2002 Capacity will be contracted for as of May 7, 2012. Therefore, any projection under the EFAP tracker mechanism during the upcoming annual period would be extremely speculative.

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<sup>2</sup> *Trailblazer Pipeline Co.*, 95 FERC ¶ 61,258 (2001).

6. As a result of such uncertainty, Trailblazer proposes to continue in effect the currently effective EFAP rate of 4.78 percent, as set forth on Sheet No. 7 of the Tariff. The EFAP rate of 4.78 percent was recently approved in the 2011 Fuel Proceeding, where Trailblazer agreed to reduce the then effective EFAP of 8.69 percent<sup>3</sup> to reflect the removal of the balance in the deferred account included in the calculation of the EFAP.

7. On March 9, 2012, the Commission issued an order terminating the hearing on the 2011 Fuel Proceeding. Pursuant to Trailblazer's agreement in the 2011 Fuel Proceeding, Trailblazer has completely written off the deferred account balance, which was \$11,300,106 as of January 31, 2012. Accordingly, for purposes of this filing and consistent with Trailblazer's agreement in the 2011 Fuel Proceeding, Trailblazer proposes to reflect a deferred account balance of zero through May 6, 2012.<sup>4</sup>

8. Trailblazer states that it is appropriate to continue the 4.78 percent EFAP rate beginning May 1, 2012 until Trailblazer has a better sense of the contracting of its Expansion 2002 Capacity. In addition, this EFAP rate only became effective on January 1, 2012, and therefore should remain in effect in order to provide shippers with rate stability. Trailblazer maintains that if a new EFAP is implemented for the upcoming annual period, subject to refund, such rate uncertainty will further hinder existing and challenging efforts to market any of the Expansion 2002 Capacity in the coming months. In addition, on May 1, 2012, none of the Expansion 2002 Shippers will pay the 4.78 percent EFAP. On May 1, 2012, all annual Expansion 2002 capacity is contracted for under negotiated rate agreements with a 3.2 percent fuel cap. As of May 6, 2012, contracts that account for the reservation of 289,000 Dth/day of annual Expansion 2002 capacity will terminate and only one annual firm contract will remain. The remaining contract contains a 3.2 percent fuel cap and is in effect until May 6, 2013. The other Expansion 2002 Shippers have winter-only contracts which, after March 31, 2012 do not resume service again until November 1, 2012. Pursuant to Section 41.3, Trailblazer can file an EFAP on the semi-annual anniversary, i.e., to be effective November 1, 2012, when it has additional market knowledge as to the contracting of the Expansion 2002 Capacity. Accordingly, Trailblazer requests waiver of Section 41 of its tariff to reflect a Deferred Account balance of zero through May 6, 2012. Trailblazer also asks that the Commission grant all necessary waivers and accept its filing to continue in effect the EFAP of 4.78 percent for the upcoming annual period commencing May 1, 2012.

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<sup>3</sup> The 8.69 percent fuel rate consists of a current rate of 4.78 percent and a deferred rate of 3.91 percent.

<sup>4</sup> See Trailblazer's filing, Appendix A, which sets out the derivation of the deferred account through January 31, 2012 and shows that Trailblazer has adjusted that number to zero as agreed to in the 2011 Fuel Proceeding.

9. For good cause shown, the Commission grants Trailblazer's request for a waiver of Section 41 of its tariff to reflect a Deferred Account balance of zero through May 6, 2012. The Commission also grants temporary waiver of Trailblazer's tariff to allow the currently effective EFAP of 4.78 percent to remain effective, subject to Trailblazer filing by October 1, 2012, either a request to renew its waiver until May 1, 2013, or a revised EFAP to be effective November 1, 2012. In the October 1, 2012 filing, Trailblazer must provide updated information regarding contracting for the Expansion 2002 capacity.

By direction of the Commission.

Kimberly D. Bose,  
Secretary.