143 FERC ¶ 61,084
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Jon Wellinghoff, Chairman;
Philip D. Moeller, John R. Norris,
Cheryl A. LaFleur, and Tony Clark.

Trailblazer Pipeline Company LLC Docket No. RP13-240-000

ORDER FOLLOWING TECHNICAL CONFERENCE

(Issued April 30, 2013)

1. On January 31, 2013, the Commission convened a technical conference to address tariff records filed by Trailblazer Pipeline Company LLC (Trailblazer) to establish a new Firm Transmission Balancing (FTB) service.[1] As discussed below, the Commission accepts the proposed tariff records filed on October 31, 2012, to be effective May 1, 2013, subject to the conditions discussed herein.

I. Background

A. Trailblazer's System

2. Trailblazer is a 436 mile west-to-east mainline pipeline. Trailblazer's system consists of a total capacity of 846,263 dekatherms per day (Dth/day). Of this total capacity, 324,000 Dth/day resulted from an expansion completed in 2002 (Expansion 2002 capacity) and is subject to incremental firm rates. The remaining 522,263 Dth/day of capacity pre-dated the expansion. Trailblazer's system primarily receives gas at the Cheyenne Hub, Colorado, from other interstate pipelines. Trailblazer delivers gas to other interstate pipelines, LDCs and direct end-users, including one power plant. Trailblazer has no company-owned storage. However, certain interconnected pipelines operate storage and Trailblazer also has a bi-directional interconnection with East Cheyenne Gas Storage, LLC, (East Cheyenne), a third-party storage operator.

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[1] *Trailblazer Pipeline Co. LLC*, 141 FERC ¶ 61,175 (2012) (November 30 Order).

B. Trailblazer's Proposal

3. Trailblazer filed the revised tariff records proposing a new Rate Schedule FTB service on October 31, 2012. Trailblazer's tariff currently offers the four nomination cycles provided by the North American Energy Standards Board (NAESB):

Cycle	Nomination Time (Central Clock Time)	Confirmation By Connected Parties	Scheduling Received by Shipper	Nomination Effective	Bumping IT
Timely	11:30 a.m. (DA)[2]	3:30 p.m. (DA)	4:30 p.m. (DA)	9 a.m. (DO)	N/A
Evening	6 p.m. (DA)	9 p.m. (DA)	10 p.m. (DA)	9 a.m. (DO)	Yes
Intra-Day 1	10 a.m. (DO)	1 p.m. (DO)	2 p.m. (DO)	5 p.m. (DO)	Yes
Intra-Day 2	5 p.m. (DO)	8 p.m. (DO)	9 p.m. (DO)	9 p.m. (DO)	No

4. Under the proposed FTB service, Trailblazer states that shippers may make at least two additional nomination cycles over the course of a gas day. Trailblazer states that for these additional nomination cycles, an FTB shipper must provide nominations no less than two hours in advance of the desired flow change. Trailblazer states that the nomination change will take effect at the top of the hour, as designated in the nomination, following the two-hour notice period.

5. To provide the service under Rate Schedule FTB, Trailblazer proposes to reserve capacity of the sum of each FTB service shipper's Maximum Daily Quantity. Trailblazer explains that this reserved capacity will not be available to other shippers for secondary firm or interruptible transportation service, even when the FTB shippers have not nominated their full Maximum Daily Quantity, or, for that matter, any throughput whatsoever. Trailblazer states that it lacks system storage, and must reserve the capacity in order to meet any requests for FTB nominations.

6. Trailblazer states that Rate Schedule FTB service shippers will pay the same rate as Rate Schedule FTS service as long as the shipper's nominations are no greater than the Maximum Hourly Quantity set forth in Trailblazer's tariff, which is 1/24th of the contracted Maximum Daily Quantity. Up to the Maximum Hourly Quantity, firm services under Rate Schedule FTB will have the same firm scheduling and curtailment priorities as firm services offered under Rate Schedule FTS.

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[2] "DA" means the day-ahead of gas flows. "DO" means the day-of gas flows.

7. Trailblazer explains that shippers using the proposed FTB service also will be allowed to exceed the Maximum Hourly Quantities set forth in Trailblazer's tariff, which is 1/24th of the contracted Maximum Daily Quantity. Trailblazer states that quantities in excess of a shipper's Maximum Hourly Quantities will be treated as interruptible transportation, and will be given the same scheduling priority as interruptible transportation. Trailblazer proposes to assess an Enhanced Hourly Delivery Charge on quantities in excess of the shipper's Maximum Hourly Quantities.[3] Trailblazer states that a shipper can make these additional hourly nominations so long as its movements for the gas day do not exceed the Maximum Daily Quantity. For daily volumes delivered in excess of the Maximum Daily Quantity, Trailblazer proposes to charge a rate for Authorized Overrun Service.

8. Trailblazer states that the Commission has approved other services designed to meet the needs of shippers, especially electric generators.[4] Trailblazer asserts that, like the approved services, its proposed Rate Schedule FTB service responds to shipper interest in increasing flexibility and reliability of gas transportation service to existing and new electric generation and industrial markets.

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[3] For shippers with a service agreement for Expansion 2002 capacity, which is subject to an incremental rate for Rate Schedule FTS service, the Enhanced Hourly Delivery Charge will be calculated as:

> Rate Schedule FTS (Expansion 2002) Reservation Charge x 12/365 x scheduled hourly quantity / (MDQ / 24)

For shippers with a service agreement for pre-Expansion 2002 capacity, the Enhanced Hourly Delivery Charge will be calculated as:

> Rate Schedule FTS Reservation Charge x 12/365 x scheduled hourly quantity / (MDQ / 24)

[4] Trailblazer Transmittal at 6 (citing *Gulf Crossing Pipeline Co. LLC*, 139 FERC ¶ 61,082 (2012); *Texas Gas Transmission LLC*, 137 FERC ¶ 61,093 (2011); *Texas Eastern Transmission, LP*, 134 FERC ¶ 61,068 (2011); *Columbia Gas Transmission Corp*., 122 FERC ¶ 61,239 (2008); *Great Lakes Gas Transmission Ltd P'ship*, 120 FERC ¶ 61,105 (2007); and *Portland Natural Gas Transmission System*, 106 FERC ¶ 61,289 (2004)).

9. Protesters raised numerous concerns with Trailblazer’s proposal. On November 30, 2012, the Commission issued an order accepting and suspending the tariff records for five months, to become effective May 1, 2013, and establishing a technical conference.[5] The technical conference was held on January 31, 2013.

C. Technical Conference

10. As directed in the November 30 Order, the Commission's staff on January 31, 2013, convened a technical conference to address issues raised in this proceeding. Based on discussions at the technical conference, on February 15, 2013, Trailblazer filed revised *pro forma* tariff records incorporating language resolving some of the issues previously in dispute. On February 27, 2013, Trailblazer, Indicated Shippers,[6] Tenaska Marketing Ventures (Tenaska), and East Cheyenne Gas Storage, LLC (East Cheyenne) filed initial comments. On March 8, 2013, Trailblazer, Indicated Shippers, and East Cheyenne filed reply comments.

11. On March 22, 2013, East Cheyenne filed an answer to the reply comments. On March 25, 2013, Trailblazer filed an answer to East Cheyenne’s answer. The Commission rejects East Cheyenne’s March 22, 2013 answer and Trailblazer’s March 25, 2013 answer. These answers are inconsistent with the procedural schedule accepted by the parties at the January 31, 2013 Technical Conference.

II. Discussion

A. Operational Characteristics of the Service

1. Trailblazer’s February 15, 2013 Filing of *Pro Forma* Tariff Sheets

12. In the *pro forma* tariff records filed on February 15, 2013, Trailblazer proposed modifications to its original submission. Trailblazer states that these changes address some of the concerns raised by the shippers. Trailblazer proposes to modify section 2.4(f) of Rate Schedule FTB to provide that secondary receipt and delivery points are available under FTB service. In the *pro forma* tariff sheets Trailblazer specifies that the scheduling of secondary services cannot occur in out-of-cycle nominations.

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[5] November 30 Order, 141 FERC ¶ 61,175.

[6] Indicated Shippers consist of ConocoPhillips Company; Cross Timbers Energy Services, Inc.; Shell Energy North America (US), L.P.; SWEPI, LP; and WPX Energy Marketing, LLC.

Trailblazer also states that following a secondary point nomination, Trailblazer will proportionally reduce the Maximum Hourly Quantity quantities available for scheduling at the Balancing Point and Demand Point. Trailblazer also modifies Rate Schedule FTB to clarify that Trailblazer will install or "cause to be installed" electric flow measurement and flow control equipment at the Balancing and Demand Points subject to this service.

13. Trailblazer further proposes to clarify in section 3.5 of Rate Schedule FTB that the enhanced hourly delivery service charge will be reduced for the uniform hourly rate of any daily authorized overrun quantities assessed. Finally, Trailblazer's proposed changes provide in section 7.2 of its GT&C that out-of-cycle nominations for FTB shippers will only be accepted after the deadline for Evening Cycle nominations for the applicable gas day.

a. Initial Comments

14. In its initial comments, Trailblazer asserts that the Commission should accept its proposal as just and reasonable because, in Trailblazer's view (1) its proposed FTB service provides enhanced service flexibility to meet natural gas demand through additional nomination opportunities and the ability to make nominations exceeding the Maximum Hourly Quantities; (2) the proposal will not impact the primary rights of FTS shippers; and (3) the proposal comports with the scheduling priorities embodied in Commission policy, Trailblazer's tariff, and the applicable NAESB standards on scheduling priorities.

15. Indicated Shippers, Tenaska, and East Cheyenne assert that the Commission should reject Trailblazer's proposal as unjust and unreasonable. These parties assert that Trailblazer's proposal forbids interruptible or secondary firm shippers from using capacity that is subscribed to FTB capacity, even when FTB shippers are not using the capacity. They argue that this will greatly affect an existing shipper's ability to nominate interruptible and secondary firm transportation service, since a substantial portion of Trailblazer's system capacity could be held off the market. East Cheyenne states that Trailblazer has not demonstrated that it is necessary to limit shipper access to all or a portion of the capacity that is subscribed to Rate Schedule FTB service. The comments also assert that allowing Trailblazer to withhold capacity in this manner contravenes the Commission's open access policy.

16. The shippers seek clarification and raise other concerns regarding the operation of the proposed FTB service. Indicated Shippers object that, although Trailblazer offers this service as a firm balancing service, Trailblazer fails to explain why Trailblazer should allow out-of-cycle nominations prior to the 9:00 a.m. start of gas day. Tenaska objects that under Trailblazer's February 15, 2013 proposal, secondary points cannot be nominated without proportionally reducing the Maximum Hourly Quantity of the FTB agreement. Indicated Shippers also request that Trailblazer clarify whether out-of-cycle

nominations in excess of the contractual Maximum Hourly Quantity are subject to bumping during the Intra-day 1 nomination cycle. East Cheyenne contends that Trailblazer should clarify that forward hauls and backhauls could be nominated under the same FTB agreement. Tenaska also asserts that Trailblazer's proposed two-hour advance notice for changing nominations is unrealistic and unworkable for electric generators. Tenaska emphasizes that Trailblazer's notice provision could delay the effectiveness of its nomination for nearly three full hours and states that other pipelines allow shorter notice periods. Tenaska further objects that requiring shippers to install electronic flow measurement and flow control at Demand Points is expensive and uneconomic.

17. The comments contend that Trailblazer has not adequately addressed how it will rely upon third party operating and balancing agreements with interconnecting pipelines or storage operators. East Cheyenne explains that it is the only storage facility connected to the Trailblazer system. East Cheyenne notes that Trailblazer's proposal only allows one Balancing Point (where the gas is placed on the system) and one Demand Point (where the shipper withdraws gas from the system) for out-of-cycle Rate Schedule FTB nominations. Accordingly, East Cheyenne explains that the Balancing Point must for all practical purposes be a year-round supply point. East Cheyenne states that because shippers can only remove from storage what they put in, an FTB shipper would need to rely on secondary receipt points for purchasing gas supply and designate the storage as the Balancing Point. East Cheyenne states that, since Trailblazer refuses to modify its proposal to allow a Primary Receipt Point in addition to a Balancing Point, Trailblazer has made it impractical for East Cheyenne to provide third party balancing services to FTB shippers.

18. Tenaska states that the pipelines that connect to Trailblazer lack the bi-directional flow capability needed to provide the balancing service required by Rate Schedule FTB. Tenaska states that it was informed by potential downstream interconnecting pipelines Northern Natural Gas Company (Northern Natural) and Natural Gas Pipe Line Company of America (NGPL), that neither currently have bi-directional meters to deliver balancing gas, and neither have plans to retro-fit their systems to include such meters. Additionally, Tenaska asserts that NGPL has stated that it will not accept an out-of-cycle FTB nomination. Tenaska asserts that without interconnecting pipelines accepting out-of-cycle nominations, the proposed FTB service is useless for its stated purpose of providing additional load balancing activities.

19. East Cheyenne and Tenaska emphasize the lack of support for the proposed service. East Cheyenne states that Trailblazer refuses to name any customers that have requested the service. No entity other than Trailblazer filed comments supporting the proposed FTB service. Tenaska states that although Trailblazer has argued that the service will help electric gas coordination, Tenaska supplies the only electric generation load of Trailblazer's existing system, and it opposes the proposed FTB service.

b. Reply Comments

20. In its reply comments, Trailblazer contends that protestors failed to demonstrate that Rate Schedule FTB service is unjust and unreasonable. Trailblazer states that its proposal to reserve all capacity subscribed by the FTB service is consistent with Commission policy. Trailblazer states that a pipeline is required to stand ready to serve an FTB shipper paying for firm service whether or not the firm shipper actually makes any nominations. Trailblazer further asserts that the potential effect on Trailblazer's secondary and interruptible capacity availability is not a reason to reject the service because secondary and interruptible rights are always at risk of being displaced by primary firm service. Further, Trailblazer asserts that it has 296,000 Dth/day of unsubscribed firm capacity and Trailblazer states that rejecting the proposal will deprive Trailblazer of the opportunity to market its system efficiently.

21. Trailblazer states that the Rate Schedule FTB service will not bump any prior scheduled firm volumes, and that flowing interruptible volumes will not be bumped during the Intra-Day 2 Cycle. Trailblazer also clarifies that out-of-cycle nominations in excess of the Rate Schedule FTB shipper's Maximum Hourly Quantity are subject to bumping in the Intra-Day 1 Cycle similar to interruptible shipments. Trailblazer states that contrary to Indicated Shippers' claims, its February 15, 2013 *pro forma* tariff sheets clarify that Rate Schedule FTB nominations cannot be made effective prior to the gas day.

22. Trailblazer asserts that the Commission does not require market support for new services.[7] Trailblazer emphasizes that no shipper is required to use the new FTB service. Trailblazer further asserts that the Commission does not require that a pipeline pre-negotiate arrangements with third parties prior to offering a new service.[8] Trailblazer states that once shippers express an interest in receiving service under Rate Schedule FTB at certain points, Trailblazer will take the necessary steps to enter into any additional agreements to provide the service. Emphasizing that pipeline operations and system characteristics vary significantly, Trailblazer states that distinctions between the services on different pipelines is not relevant to the analysis as to whether Rate Schedule FTB is just and reasonable.

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[7] Trailblazer Reply Comments at 9 (citing *Panhandle Eastern Pipe Line Co.,* 74 FERC ¶ 61,102, at 61,329 (1996); *Panhandle Eastern Pipe Line Co.,* 97 FERC ¶ 61,046, at 61,268 (2001)).

[8] *Id.* at 10 (citing *Panhandle,* 97 FERC at 61,268).

2. **Commission Determination**

23. Trailblazer's proposed FTB service is accepted subject to the condition that Trailblazer file revised tariff records within 14 days.[9] These revised tariff records must be consistent with the *pro forma* tariff records in Trailblazer's February 15, 2013 filing.

24. These revised tariff records must also modify Section 2.4(b) to remove the provision stating:

> Trailblazer shall reserve firm transportation capacity, up to the [Maximum Hourly Quantity], to meet nominations between the Demand and Balancing Point at any hour of the Day.

25. Trailblazer explains that under this provision, it will remove from the market capacity equal to the total FTB contract demand.[10] Trailblazer states that there will never be a time during the gas day when Trailblazer will allow this reserved capacity to be scheduled for use by other firm or interruptible shippers. The Commission's policy is not to permit pipelines to withhold capacity for sale[11] and to require pipelines to maximize the use of pipeline capacity.[12] Trailblazer has not justified its refusal to schedule

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[9] If Trailblazer decides not to implement the new service, it must notify the Commission.

[10] Trailblazer Reply Comments at 12. However, Trailblazer has stated that this reservation quantity between the Balancing Point and the Demand Point will be reduced if an FTB shipper makes a nomination using secondary points. Trailblazer Reply Comments at 6 n.16.

[11] *See Regulation of Short-Term Natural Gas Transportation Services and Regulation of Interstate Natural Gas Transportation Services*, Order No. 637, FERC Stats. & Regs. ¶ 31,091, at 31,282 ("[i]f holders of firm capacity do not use or sell all of their entitlement, the pipelines are required to sell the idle capacity as interruptible service to any taker at no more than the maximum rate--which is still applicable to the pipelines"), *aff'd in part and remanded in part sub nom. Interstate Natural Gas Ass'n of America v. FERC*, 285 F.3d 18, 32 (D.C. Cir. 2002), *order on remand*, 101 FERC ¶ 61,127 (2002), *order on reh'g*, 106 FERC ¶ 61,088 (2004), *aff'd sub nom. American Gas Ass'n v. FERC*, 428 F.3d 255 (D.C. Cir. 2005).

[12] *See* 18 C.F.R. § 284.14 (2012); 18 C.F.R. § 284.10(b)(2) (2012) ("Rates for firm service during peak periods and for interruptible service during all periods should maximize throughput); *Interstate Natural Gas Pipeline Rate Design*, 47 FERC ¶ 61,295, at 62,052-53 (1989) (rate policies should be formulated to maximize throughput).

(continued…)

unnominated capacity according to the scheduling provisions of its tariff, if, at the time of the scheduling request, capacity remains unnominated on the pipeline. Implementation of such a proposal could result in capacity that remains unscheduled and unused. Trailblazer analogizes its service to no-notice service. However, Trailblazer has failed to identify any pipeline no-notice service in which the Commission authorized the pipeline to refrain from scheduling unnominated capacity according to the scheduling priorities of its tariff. Trailblazer also argues its proposal is similar to those of other pipelines that have offered expanded nomination services. However, these pipelines also have not included provisions that preclude other shippers from scheduling unnominated capacity.[13]

26. The other operational issues raised by the comments do not require modifications to Trailblazer's proposal. Although the comments raise significant concerns regarding the usefulness of the proposed FTB service, a pipeline is not required to demonstrate that a new service is desired by potential shippers. Similarly, although the comments also raise significant concerns regarding Trailblazer's ability to offer the proposed FTB service using balancing agreements with the interconnecting pipelines and the one independent storage facility on Trailblazer's system, Trailblazer is only required to offer the service at points where it is technically feasible to provide the service. For example, the Commission has approved services with additional nomination cycles where electronic flow measurement and flow control are required as a condition to provide the service and the electronic flow measurement and flow control are not available at a particular point.[14]

27. Tenaska's complaint that Trailblazer proposes to reduce available FTB primary point capacity whenever a shipper makes a nomination to a secondary point is also inapposite. Under the Commission's secondary point policy, a shipper's available primary point capacity is typically reduced when that shipper makes a nomination to a secondary point. Similarly, contrary to the comments opposing Trailblazer's proposal, the Commission has approved services with additional cycles and nomination confirmations prior to the 9:00 a.m. start of the gas day and Indicated Shippers have not demonstrated that this aspect of Trailblazer's proposal is unjust and unreasonable or discriminatory.[15]

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[13] *E.g., Texas Gas Transmission LLC*, 137 FERC ¶ 61,093 (2011).

[14] *Gulf South Pipeline Company LP*, 141 FERC ¶ 61,262, at P 6 (2012).

[15] *Id.* P 4.

B. Rate Structure

28. The shippers object to the proposed rates for FTB service. Indicated Shippers note that Trailblazer will be reserving the capacity at no additional cost to Rate Schedule FTB shippers. They assert that Rate Schedule FTS shippers may be subsidizing the FTB shippers' increased scheduling flexibility. East Cheyenne adds that any "reservation" of capacity that Trailblazer must perform in order to effectuate the FTB service is also a significant cost particular to FTB service but Trailblazer's proposed rate does not account for this extra cost.

29. East Cheyenne asserts that the proposed Enhanced Hourly Delivery Charge proposed by Trailblazer is not just and reasonable since it is higher than the maximum recourse rate under Rate Schedule ITS. It contends that, as an example, and based on the formula Trailblazer includes in its transmittal, if the quantity provided over and above the Maximum Hourly Quantity were equal to the Maximum Hourly Quantity, the Enhanced Hourly Delivery Charge would be twice the ITS rate, and Trailblazer would receive twice the charge for providing the same amount of service as it would under Rate Schedule ITS. East Cheyenne adds that on Trailblazer's system, interruptible shippers paying the highest rate receive the highest priority. Thus, East Cheyenne contends that a Rate Schedule FTB shipper paying the Enhanced Hourly Delivery Charge would always have priority over other interruptible shippers, even if those shippers were paying the maximum rate under Rate Schedule ITS.

30. Trailblazer defends its proposed rates as follows. Trailblazer states that pipelines are permitted to make limited NGA section 4 filings to implement a new service between rate cases, and Trailblazer states that the new rate is to be aligned with the pipeline's most comparable existing rate. Trailblazer states that the rate for firm FTB service below the Maximum Hourly Quantity is most closely aligned with Rate Schedule FTS. Trailblazer states that the only substantial difference between the two rate schedules is the ability of the Rate Schedule FTB shipper to tailor its gas flows to meet variations in demand throughout the day by using two or more additional nomination opportunities. Trailblazer states that the only cost difference between FTS and FTB service is the minor administrative cost related to processing nominations and scheduling additional nominations during non-NAESB standard cycles.

31. The Commission will not require Trailblazer to submit revised rates for the FTB service. Additionally, for good cause shown, the Commission grants Trailblazer's request for waiver of 18 C.F.R. § 154.202(a)(1)(vi) so that Trailblazer does not need to justify its rate with filed testimony. Between rate cases, the Commission may accept rates for new services if the rates are properly designed based on a currently-approved cost-based rate. For FTB nominations below or equal to the Maximum Hourly Quantity, Trailblazer proposes to charge the same rate it charges for FTS service. Trailblazer has represented that the cost for accommodating the additional nomination cycles associated

with rate schedule FTS is minimal. The Enhanced Hourly Delivery Charge applies to FTB shippers that exercise the option to nominate hourly flows exceeding 1/24 of the shipper's daily contract demand. For such services, the Commission has permitted rates that exceed the rates for services which only permit uniform hourly flows, i.e. flows at or below 1/24 of the shipper's daily contract demand.[16] Although the Commission acknowledges the objections raised by the parties -- including the assertion that the Enhanced Hourly Delivery Charge should be priced more similarly to interruptible service -- Trailblazer must file a NGA Section 4 general rate case to be effective January 1, 2014.[17] Issues regarding the levels and allocation of costs underlying the rates may be fully addressed in this future rate proceeding. Trailblazer is advised that if the FTB rates as accepted in this order result in an under recovery of the costs to provide FTB service, Trailblazer will be responsible for such under recovery, and will not be allowed to subsidize the cost of providing FTB service from customers receiving service under other rate schedules by shifting the recovery of FTB costs to other customers.

C. 2010 Settlement

32. Indicated Shippers contend that Trailblazer's proposal violates the 2010 Settlement accepted by Trailblazer in Docket No. RP10-496. Indicated Shippers quote section 2.1 of the 2010 Settlement, which provides that: "During the term of this Settlement, Trailblazer's rates for transportation services for both the transmission facilities for the pre-expansion system ("Existing System") and the expansion facilities authorized by the Commission in Docket No. CP01-64 ("Expansion System) shall be the rates established under the provision of this Settlement ("Settlement Rates")." Indicated Shippers add that the 2010 Settlement also includes a rate moratorium whereby no party to the Settlement may seek to increase or decrease the Settlement rates prior to January 1, 2014. Indicated Shippers state that these provisions formed the basis for the Commission's rejection of Trailblazer's proposed ITS-X service, which was a new interruptible service using Trailblazer's expansion system.[18] Indicated Shippers assert that, given that the proposed Rate Schedule FTB is a transportation service on either

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[16] *Panhandle Eastern Pipe Line Co.*, 90 FERC ¶ 61,119, at 61,360, *order on reh'g*, 91 FERC ¶ 61,174 (2000), *order on reh'g*, 93 FERC ¶ 61,211 (2000).

[17] Trailblazer Pipeline Company Offer of Settlement and Stipulation and Agreement, Docket No. RP10-492-000, Article 7.4, approved at 131 FERC ¶ 61,096 (2010) (2010 Settlement).

[18] Indicated Shippers Reply Comments at 5 (citing *Trailblazer Pipeline Co., LLC,* 140 FERC ¶ 61,170, at P 22 (2012)).

(or both) the existing system and the expansion system, it violates the 2010 Settlement's rate moratorium since Trailblazer's proposal implements rates different from the Settlement rates for transportation services on existing and expansion systems. In reply comments, Indicated Shippers reiterate the objection that the proposed Rate Schedule FTB is inconsistent with the 2010 Settlement.

33. In its reply comments, Trailblazer asserts that its proposed Rate Schedule FTB service is not precluded by the existing settlement. Trailblazer states that the 2010 Settlement established base rates for the existing transportation services on Trailblazer's system, and according to Trailblazer, the rate moratorium only applied to the then-existing ITS and FTS Rate Schedules. Trailblazer states that the 2010 Settlement did not preclude the filing of a new service such as Rate Schedule FTB.

34. The 2010 Settlement does not prohibit Trailblazer from offering new services, such as Rate Schedule FTB. Trailblazer's proposal in this proceeding changes neither the rates nor the terms and condition of service for the existing Rate Schedules FTS and ITS which are the subject of the 2010 Settlement. Indicated Shippers' reliance upon the Commission's previous rejection of Trailblazer's proposed Rate Schedule ITS-X is misplaced.[19] In its proposal to implement Rate Schedule ITS-X, Trailblazer sought to forbid Rate Schedule ITS shipments on its Expansion 2002 capacity, and, pursuant to Rate Schedule ITS-X, to establish as new rate for interruptible shippers on the Expansion 2002 capacity. However, the 2010 Settlement rate for ITS shipments applied to movements on both the Expansion 2002 and pre-expansion capacity. Thus, Trailblazer's proposal was contrary to the 2010 Settlement.[20] In contrast, Trailblazer's proposal in the instant proceeding does not alter the rates for ITS (or FTS) shippers that are currently using the existing or the Expansion 2002 capacity.

D. Activity Report

35. The Commission will require Trailblazer to file an activity report within 45 days after the end of the four months after service commences pursuant to Rate Schedule FTB. The activity report should include (1) the date service was rendered for each transaction; (2) the volume shipped under each transaction; (3) monthly volumes; (4) the name of the shipper for each transaction; (5) the rate charged for each transaction; (6) the revenues received for each transaction; and (7) the monthly revenues for this service. Such

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[19] *Trailblazer,* 140 FERC ¶ 61,170.

[20] *Id.* P 22. The Commission also held that the proposed Rate Schedule ITS-X violated the Commission policy against a separate IT rate for additional capacity related to new compression projects on an integrated system. *Id.* P 23.

information will provide the Commission and interested parties actual information that can be used to monitor Trailblazer's activity and revenues for the new FTB service.

The Commission orders:

Trailblazer's proposed tariff records are accepted to become effective May 1, 2013, subject to Trailblazer filing within 14 days revised tariff records as discussed herein.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.