

144 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. RP13-1031-000

ORDER ACCEPTING AND SUSPENDING TARIFF RECORDS SUBJECT TO  
REFUND AND ESTABLISHING HEARING AND TECHNICAL CONFERENCE  
PROCEDURES

(Issued July 31, 2013)

1. On July 1, 2013, Trailblazer Pipeline Company LLC (Trailblazer) filed revised tariff records<sup>1</sup> to change its tariff rates and General Terms and Conditions (GT&C), to be effective January 1, 2014. As discussed below, the Commission accepts and suspends the tariff records, to be effective January 1, 2014, subject to refund and conditions, and the outcome of hearing procedures and technical conference established in this order.

**I. Background and Details of Filing**

2. Trailblazer states that its filing is pursuant to the 2010 Settlement which governs its currently effective tariff rates.<sup>2</sup> Article VII of the 2010 Settlement provides that Trailblazer shall file a general rate case to be effective January 1, 2014. The 2010 Settlement provides that Trailblazer may file this rate case as early as June 30, 2013.

3. On July 1, 2013, Trailblazer submitted a filing which proposed to change both its rates and GT&C. With respect to its rates, Trailblazer seeks to roll-in its expansion

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<sup>1</sup> See Appendix.

<sup>2</sup> Trailblazer Pipeline Company Offer of Settlement and Stipulation and Agreement, Docket No. RP10-492-000, approved at *Trailblazer Pipeline Co. LLC*, 131 FERC ¶ 61,096 (2010) (2010 Settlement).

capacity base transportation rates with its existing capacity transportation rates.<sup>3</sup> Trailblazer states that system operations and changed circumstance support its proposal to roll-in the expansion rates.

4. Trailblazer proposes to maintain its postage stamp rate structure. For the rolled-in Rate Schedules FTS and FTB, Trailblazer proposes a new reservation rate of \$2.8419/Dth and a commodity rate of \$0.0014/Dth. This compares to the existing reservation charge of \$1.9725 and \$0.0002 for FTS service on the 2002 Expansion Capacity and the \$2.1732 and commodity charge of \$0.0011 for the Rate Schedule FTS and FTB on the pre-expansion capacity. For Rate Schedule ITS, FTS and FTB overrun, Trailblazer proposes a new rate of \$0.0948/Dth compared its existing rate of \$0.0725. Trailblazer has included cost-of-service workpapers, testimony, and other exhibits which it states support its proposed rates.

5. With its proposal to modify its base transportation rates, Trailblazer also proposes to revise its fuel collection mechanism in section 38 of its GT&C. Trailblazer seeks to roll-in its expansion fuel rate and apply a uniform fuel rate to all shippers. Previously, shippers on the existing system had fuel costs embedded in base rates. Trailblazer proposes to remove those fuel costs, and Trailblazer proposes to apply a uniform fuel rate of 1.03 percent to all shippers.

6. Trailblazer also proposes several changes to its GT&C. Trailblazer proposes to change its gas quality requirements, reservation charge crediting provisions, cash-out provisions, reservation of capacity for expansion projects, a general waiver provision, and other tariff provisions.

## **II. Notice, Interventions and Protests**

7. Public notice of the filing was issued on July 2, 2013. Interventions and protests were due as provided in section 154.210 of the Commission's regulations (18 C.F.R. § 154.210 (2012)). Pursuant to Rule 214 (18 C.F.R. § 385.214 (2012)), 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 proceeding will not disrupt the proceeding or place additional burdens on existing parties. The City of Hastings, Nebraska (Hastings); Concord Energy LLC (Concord); Colorado

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<sup>3</sup> Trailblazer's system consists of a total capacity of 846,263 dekatherms per day (Dth/day). Trailblazer explains that of this total capacity, 324,000 Dth/day is expansion capacity certificated in Docket No. CP01-64-000 which went into service in May 2002 (Expansion Capacity). Trailblazer states that 522,263 Dth/day existed prior to its expansion in 2002.

Interstate Gas Company, L.L.C. (CIG); East Cheyenne Gas Storage, LLC (East Cheyenne); Indicated Shippers;<sup>4</sup> and Tenaska Marketing Ventures (Tenaska) filed protests. Koch Nitrogen Company (Koch) also filed comments.

8. The protests object to Trailblazer's proposed rates and some of the cost-of-service assumptions underlying those rates. In particular, several protests object to Trailblazer's proposal to roll-in its expansion transportation and fuel rates and request that the Commission summarily reject this aspect of Trailblazer's proposal. Indicated Shippers object that Trailblazer should not be permitted to convert electric costs into a Dekatherm equivalent in order to assess fuel in kind. East Cheyenne objects to Trailblazer's continued use of a postage stamp rate design. Indicated Shippers object that Trailblazer's Protests raise several other issues related to cost of service issues, fuel, and the 2002 Expansion Capacity.

9. With respect to the non-rate aspects, the protests state that Trailblazer has not justified the need for its new gas quality requirements. Tenaska objects to Trailblazer's proposed changes to its cash-out provisions, stating that the changes proposed by Trailblazer may unduly penalize shippers. Indicated Shippers seek clarification to Trailblazer's reservation charge credit proposal to ensure that credits apply when Trailblazer fails to deliver scheduled gas. Indicated Shippers also state that Trailblazer should clarify its tariff to limit how long Trailblazer may reserve capacity prior to filing for an expansion certificate application. Tenaska objects to Trailblazer's proposal to insert a general waiver provision.

### **III. Discussion**

10. The Commission will establish a hearing to explore the issues raised regarding Trailblazer's proposed rates and fuel mechanism, including Trailblazer's proposal to roll-in the 2002 expansion rates. Trailblazer's proposal and the protests raise material issues of fact that require further investigation at hearing. All rates are accepted, suspended, and made subject to refund, and such refunds will be provided to any shipper paying what the Commission later determines to be an unjust or unreasonable rate or fuel charge.

11. The Commission will set all other non-rate issues related to Trailblazer's proposed changes to its GT&C for technical conference. Trailblazer should be prepared to discuss any of its non-rate tariff proposals other than its fuel mechanism at the technical conference. In particular, Trailblazer's proposed gas quality standards raise a number of

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<sup>4</sup> Anadarko Energy Services Company; Chevron U.S.A. Inc.; ConocoPhillips Company; Cross Timbers Energy Services, Inc.; Marathon Oil Company; Shell Energy North America (US), L.P.; SWEPI LP; and WPX Energy Marketing, LLC.

technical, engineering, and operational issues that are best addressed at a technical conference. At the technical conference, the Staff and parties will have an opportunity to further discuss Trailblazer's justification and support for its proposed gas quality specifications.

12. In addressing the gas quality specifications, Trailblazer should be prepared to address the concerns raised by the parties in this proceeding and, if necessary, to provide additional technical, engineering, and operational support for its proposed gas quality specifications. Consistent with the Commission's Policy Statement, Trailblazer should be prepared to explain how its proposal differs from the Natural Gas Council Plus Interim Guidelines.<sup>5</sup> In addition, any party proposing alternatives to Trailblazer's proposal should also be prepared to support its position with adequate technical, engineering, and operational information. Based upon its analysis of the information provided in this proceeding, the Commission Staff may issue data requests prior to the technical conference, and/or a notice of the technical conference containing questions that need to be addressed by Trailblazer or other parties at the conference.

13. Based upon review of the filing, the Commission finds that Trailblazer's proposed rates have not been shown to be just and reasonable, and may be unjust, unreasonable, and unduly discriminatory or otherwise unlawful. Accordingly, the Commission shall accept and suspend the effectiveness of the relevant tariff record in the Appendix of this order for the period set forth below, subject to the conditions set forth in this order.

14. The Commission's policy regarding suspensions is that tariff filings generally should be suspended for the maximum period permitted by statute where preliminary study leads the Commission to believe that the filing may be unjust, unreasonable, or inconsistent with other statutory standards.<sup>6</sup> It is recognized, however, that shorter suspensions may be warranted in circumstances where suspension for the maximum period may lead to harsh and inequitable results.<sup>7</sup> Such circumstances exist here where the filing is pursuant to the provisions of Trailblazer's expiring settlement agreement. Therefore, the Commission will exercise its discretion to suspend Trailblazer's proposed

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<sup>5</sup> *Policy Statement on Provisions Governing Natural Gas Quality and Interchangeability in Interstate Natural Gas Pipeline Company Tariffs*, 115 FERC ¶ 61,325, at PP 34, 37 (2006).

<sup>6</sup> *See Great Lakes Gas Transmission Co.*, 12 FERC ¶ 61,293 (1980) (five-month suspension).

<sup>7</sup> *See Valley Gas Transmission, Inc.*, 12 FERC ¶ 61,197 (1980) (one-day suspension).

tariff records for a minimal period, to be effective January 1, 2014, subject to refund and the outcome of the hearing procedures and technical conference ordered herein.<sup>8</sup>

The Commission orders:

(A) The tariff records listed in the Appendix are accepted and suspended effective January 1, 2014, subject to refund and the outcome of the hearing and technical conference established in this order.

(B) The Commission Staff is directed to convene a technical conference to explore the non-rate issues raised by the filing and to report the results of the conference to the Commission within 120 days of the issuance of this order.

(C) Pursuant to the authority of the Natural Gas Act, particularly sections 4, 5, 8, and 15 thereof, and the Commission's rules and regulations, a public hearing shall be held in Docket No. RP13-1031-000 concerning the lawfulness of Trailblazer's proposed rates and fuel mechanism.

(D) A Presiding Administrative Law Judge, to be designated by the Chief Administrative Law Judge for that purpose pursuant to 18 C.F.R. § 375.304, must convene a prehearing conference in this proceeding to be held within 20 days after issuance of this order, in a hearing or conference room of the Federal Energy Regulatory Commission, 888 First Street, NE, Washington, DC 20426. The prehearing conference is for the purpose of clarification of the positions of the participants and establishment by the presiding judge of any procedural dates necessary for the hearing. The Presiding Administrative Law Judge is authorized to conduct further proceedings in accordance with this order and the Rules of Practice and Procedure.

By the Commission.

( S E A L )

Nathaniel J. Davis, Sr.,  
Deputy Secretary.

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<sup>8</sup> Trailblazer has requested an effective date more than 60-days from the date of filing, which is contrary to section 154.207 of the Commission's regulations. However, because Trailblazer's filing is pursuant to the terms of the 2010 Settlement, we grant waiver of this regulation.

## Appendix A

Trailblazer Pipeline Company LLC  
FERC NGA Gas Tariff  
6th Revised Volume No. 1

### Tariff Records Accepted and Suspended, Effective January 1, 2014

[TOC, Table of Contents, 2.0.0](#)

[Rates, Currently Effective Rates - FTS, ITS and FTB, 2.0.0](#)

[Rates, Reserved for future use, 2.0.0](#)

[Rates, Fuel Reimbursement Percentage, 3.0.0](#)

[Rates, Negotiated Rates, 1.0.0](#)

[Non-Conforming Agreements, Non-Conforming Agreements, 1.0.0](#)

[Rate Schedules, Rate Schedule FTS, 2.0.0](#)

[Rate Schedules, Rate Schedule ITS, 2.0.0](#)

[Rate Schedules, Rate Schedule FTB, 3.0.0](#)

[GTC, GTC Section 1 - Definitions, 2.0.0](#)

[GTC, GTC Section 2 - Expansion of the System, 1.0.0](#)

[GTC, Sect 3 - Reqst and Alloc of Frm Cpcty & Priority of Service, 1.0.0](#)

[GTC, GTC Section 4 - Receipt Points, 1.0.0](#)

[GTC, GTC Section 5 - Delivery of Gas for the Account of Shipper, 1.0.0](#)

[GTC, GTC Section 6 - New Facilities Charge, 1.0.0](#)

[GTC, GTC Section 7 - Nomination/Reporting and Balancing, 2.0.0](#)

[GTC, GTC Section 8 - Pooling Point, 1.0.0](#)

[GTC, GTC Section 9 - Determination of Daily Receipts, 1.0.0](#)

[GTC, GTC Section 10 - Determination of Deliveries, 1.0.0](#)

[GTC, GTC Section 11 - Scheduling, 1.0.0](#)

[GTC, GTC Section 12 - Imbalances, 2.0.0](#)

[GTC, GTC Section 13 - Statements, Billings, Payment & Discounting, 1.0.0](#)

[GTC, GTC Section 14 - Evaluation of Credit, 2.0.0](#)

[GTC, GTC Section 15 - Interactive Website, 1.0.0](#)

[GTC, GTC Section 16 - Capacity Release by Firm Shippers, 2.0.0](#)

[GTC, GTC Section 17 - Advertisement and Marketing Fees, 1.0.0](#)

[GTC, GTC Section 18 - Abandonment, Rollovers and ROFR, 2.0.0](#)

[GTC, GTC Section 19 - Measurement, 2.0.0](#)

[GTC, GTC Section 20 - Pressure and Delivery Conditions, 1.0.0](#)

[GTC, GTC Section 21 - Quality of Gas, 2.0.0](#)

[GTC, GTC Section 22 - Force Majeure, 2.0.0](#)

[GTC, GTC Section 23 - Possession of Gas, Title and Responsibility, 1.0.0](#)

[GTC, GTC Section 24 - Notification, 1.0.0](#)

[GTC, GTC Section 25 - Facil./Oblig.to Carry Out Agrmnts./Filings, 1.0.0](#)

[GTC, GTC Section 26 - Indemnification, 1.0.0](#)

[GTC, GTC Section 27 - Successors and Assigns, 1.0.0](#)

[GTC, GTC Section 29 - Waiver and Indemnification, 2.0.0](#)

[GTC, GTC Section 30 - Limit. on Ltd. Liability Co and Line Pack, 1.0.0](#)

[GTC, GTC Section 31 - Operating Conditions, 2.0.0](#)

[GTC, GTC Section 32 - ACA, 2.0.0](#)

[GTC, GTC Section 33 - Non-Waiver of Future Default, 1.0.0](#)

[GTC, GTC Section 34 - Compliance with 18 CFR, Section 284.12, 1.0.0](#)

[GTC, GTC Section 35 - Negotiated Rates, 2.0.0](#)

[GTC, GTC Section 36 - Acquired Capacity, 1.0.0](#)

[GTC, GTC Section 37 - Operational Control, 2.0.0](#)

[GTC, GTC Section 38 - PRA - Fuel Reimbursement, 1.0.0](#)

[Waivers, GTC Section 39 - Waivers, 0.0.0](#)

[Service Agreements, Form of Service Agreement FTS, 1.0.0](#)

[Service Agreements, Form of Service Agreement IT, 1.0.0](#)

[Service Agreements, Form of Service Agreement FTB, 1.0.0](#)