

144 FERC ¶ 61,252
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. RP13-1031-001

ORDER ON REHEARING

(Issued September 30, 2013)

1. On August 30, 2013, the City of Hastings, Nebraska, (Hastings) and Indicated Shippers¹ filed rehearing requests of the Commission's July 31 Order,² which accepted and suspended tariff records filed by Trailblazer Pipeline Company LLC (Trailblazer), subject to refund and conditions, and the outcome of hearing procedures and technical conference. As discussed below, the Commission denies the rehearing requests.

I. Background

2. On July 1, 2013, Trailblazer filed to change its tariff rates. Trailblazer states that it made the filing in conformity with Trailblazer's 2010 Settlement, which requires Trailblazer to file a general rate case pursuant to section 4 of the Natural Gas Act³ to be

¹ 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.

² *Trailblazer Pipeline Company LLC*, 144 FERC ¶ 61,084 (2013) (July 31 Order).

³ 15 U.S.C. § 717c (2006).

effective January 1, 2014.⁴ Currently, Trailblazer's tariff provides for FT service and a separate FTS (Expansion 2002) service. FTS (Expansion 2002) shippers are subject to an incremental transportation rate and an incremental fuel rate which are designed to recover costs related to the 2002 expansion of Trailblazer's system.⁵ As a part of its rate case, Trailblazer proposes to cancel its FTS (Expansion 2002) rate. Trailblazer proposes to charge one rolled-in, base transportation rate for all firm service and one fuel rate for all forward haul transportation service. As justification for rolled-in rate treatment, Trailblazer cites changes in the utilization of its system and Trailblazer states that the uniform rolled-in rates will reflect the benefit that shippers receive from the integrated operation of Trailblazer's pipeline system. In addition to its proposed rate changes, Trailblazer also filed changes to the General Terms and Conditions (GT&C) of its tariff.

3. The July 31 Order accepted and suspended Trailblazer's proposed rates, subject to refund and hearing procedures. The July 31 Order established 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 costs. The July 31 Order also set all non-rate issues related to Trailblazer's proposed changes to its GT&C for technical conference.

II. Rehearing Requests

4. On rehearing, Indicated Shippers and Hastings object to the Commission's decision to set for hearing Trailblazer's proposal to roll-in its expansion transportation and fuel costs. Hastings claims that Trailblazer's proposal for rolled-in treatment is unsupported and states that the Commission should have granted summary disposition and rejected Trailblazer's proposal pursuant to Rule 217(b) of the Commission's Rules of Practice and Procedure.⁶ Similarly, Indicated Shippers state that Trailblazer's proposal should have been rejected rather than set for hearing. Indicated Shippers claim that the expansion compressors are not needed to support the pre-expansion capacity of 522,263 Dth/day. Accordingly, Indicated Shippers state a hearing is not necessary.

⁴ Article VII, 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).

⁵ In an expansion certificated by the Commission in Docket No. RP01-64, Trailblazer added additional compression to its system which increased its capacity by 324,000 Dth/day.

⁶ 18 C.F.R. § 385.217(b) (2013).

5. Indicated Shippers also allege that refunds will not keep shippers whole in the event the Commission rejects Trailblazer's proposal for rolled-in treatment of the expansion costs. Indicated Shippers acknowledge that the July 31 Order provides for refunds to any shipper paying what the Commission later determines to be an unjust and unreasonable rate or fuel charge.⁷ However, Indicated Shippers assert that in order for such refunds to provide a remedy, the pipeline must retain sufficient records to enable a calculation of what the fuel rate would have been for each particular shipper with the roll-in of the expansion costs and without roll-in of the expansion costs. Indicated Shippers also object that refunds will not compensate shippers if a shipper decides not to move gas on Trailblazer due to the higher rates that will become effective January 1, 2014, pending the outcome of the hearing.

III. Discussion

6. The Commission denies the rehearing requests. The decision whether to set an issue for hearing is a procedural matter within the Commission's discretion.⁸ Hearing procedures will assist the Commission's evaluation of Trailblazer's rate case, including Trailblazer's proposal for rolled-in treatment of the expansion related transportation and fuel costs. Regarding the issues raised on rehearing relating to refunds, as the July 30 Order stated, "[R]efunds will be provided to any shipper paying what the Commission later determines to be an unjust or unreasonable rate or fuel charge."⁹ Accordingly, Trailblazer must retain sufficient data to enable a calculation of what the base transportation and fuel rates would have been for each particular shipper with the roll-in of the expansion costs and without roll-in of the expansion costs.

⁷ Indicated Shippers Rehearing at 8 (citing July 31 Order, 144 FERC ¶ 61,084 at P 10).

⁸ *Iroquois Gas Transmission System, L.P.*, 80 FERC ¶ 61,199, at 61,799 (1997) (citing *Stowers Oil and Gas Co.*, 27 FERC ¶ 61,001 (1984)). Similarly, Rule 217(b) provides that a decision to grant summary disposition is at the Commission's discretion. 18 C.F.R. § 385.217(b) (2013) (providing "If the decisional authority determines that there is no genuine issue of fact material to the decision of a proceeding or part of a proceeding, the decisional authority *may* summarily dispose of all or part of the proceeding.") (emphasis added).

⁹ July 31 Order, 144 FERC ¶ 61,084 at P 10.

The Commission orders:

Indicated Shippers' and Hasting's requests for rehearing of the July 31 Order are denied.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.