

156 FERC ¶ 61,117
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

August 19, 2016

In Reply Refer To:
Trailblazer Pipeline Company LLC
Docket No. RP16-1088-000

Trailblazer Pipeline Company LLC
370 Van Gordon St.
Lakewood, CO 80228

Attention: David Haag, Vice President, Regulatory Affairs

Reference: New Interruptible Park and Loan Service

Dear Mr. Haag:

1. On July 12, 2016, as supplemented on July 14, 2016,¹ Trailblazer Pipeline Company LLC (Trailblazer) filed tariff records² to implement a new interruptible park and loan (PAL) service under a proposed Rate Schedule PALS. As discussed below, the Commission grants waiver of section 154.202(a)(1)(viii) of the Commission's regulations³ and accepts the proposed tariff records, effective September 1, 2016.

2. Trailblazer states that based on recent reviews of pipeline throughput and operating conditions, it determined that it could provide a limited amount of parking and lending service on an interruptible basis. Although initially constructed in 1982 and expanded twice, Trailblazer has no storage facilities of its own or contractual rights to storage. It has limited availability of linepack and has not previously offered a parking and lending service.

¹ On July 14, 2016, Trailblazer filed a marked tariff section supplement that was inadvertently omitted from its initial July 12, 2016 filing.

² See Appendix.

³ 18 C.F.R. § 154.202(a)(1)(viii) (2015).

3. Trailblazer states that it is offering a new interruptible park and loan (PAL) service that will allow its customers to park or lend gas at all valid receipt and delivery points, subject to daily capacity availability. Trailblazer states that the service will benefit shippers and advance Commission goals on its system. According to Trailblazer, the proposed PAL service will provide customers with the flexibility to delay receipts or deliveries of gas, borrow short-term to meet market needs, and aid in balancing customer nominations to avoid imbalances.

4. Trailblazer states that PAL service is a nominated interruptible service that will assist shippers in (1) balancing their daily receipts and deliveries during scheduling; (2) avoiding potential penalty situations and monthly cashouts; and (3) taking advantage of pricing differentials across flow months. Trailblazer explains that existing firm service will not be affected because PAL service will only be scheduled after all firm transportation services have been scheduled. The amount of PAL service to be offered will be evaluated based on the operating conditions of the pipeline since service depends on linepack. Trailblazer contends that the proposed park and loan service is substantially the same as the parking and lending services that the Commission has approved for other pipelines. Moreover, in the interest of administrative and commercial efficiency, Trailblazer states that it modeled the instant proposed PAL service after similar services provided by its affiliates Rockies Express Pipeline LLC and Tallgrass Interstate Gas Transmission, LLC.

5. Trailblazer proposes a three part rate for this service, which includes (1) an Initial Charge that is the product of the Initial Rate multiplied by each unit of gas tendered for park or taken for loan during that month; (2) a Park/Loan Balance Charge that is the product of the Park/Loan Balance Rate multiplied by each unit of gas which is parked or loaned under this Rate Schedule PALS for that month (such charge shall be calculated on the basis of the daily ending balance for each PALS Request Order for each day of the month); and (3) a Completion Charge that is the product of the Completion Rate multiplied by each unit of gas returned to Trailblazer on completion (payback) of a loan or received by a shipper on completion (reversal) of a park that month.

6. Trailblazer proposes that the maximum daily rate for its new PAL service be set using the current maximum interruptible transportation rate under its currently approved Rate Schedule Interruptible Transportation Service (ITS). Specifically, the Initial and Completion Rates would be equal to the current maximum ITS Rate and the Park/Loan Balance Rate would be equal to one half of the Initial Rate. Trailblazer maintains that using its existing ITS rate for Rate Schedule PALS ensures that PALS rates are consistent with Trailblazer's current approved cost of service and rate methodology.⁴

⁴ *Trailblazer Pipeline Co. LLC*, 147 FERC ¶ 61,159 (2014) (approving the settlement agreement resolving Trailblazer's last general rate case).

7. Public notice of the Initial filing was issued on July 12, 2016. Public notice of the Supplemental filing was issued on July 14, 2016. Interventions and protests were due as provided in section 154.210 of the Commission's regulations.⁵ Pursuant to Rule 214,⁶ all timely filed motions to intervene and any unopposed motion 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. No protests or adverse comments were filed.

8. Trailblazer states that establishing PALS rates that are consistent with a pipeline's maximum interruptible transportation service rates is a common methodology approved for several other pipelines⁷ and is consistent with Commission policy.⁸ Trailblazer also asks that it not be required to estimate revenues for the service as required by 18 C.F.R. § 154.202(a)(1)(viii), since the revenues and costs connected with the new PAL service cannot be precisely forecast at this time. Upon consideration, the Commission finds that Trailblazer's new PALS Rate Schedule appears just and reasonable and will benefit customers by providing greater flexibility in managing imbalances in gas supply, and the filed tariff records may be accepted.

9. The Commission will also grant waiver of the requirement in section 154.202(a)(1)(viii) that a pipeline seeking to initiate a new service must include workpapers showing the estimated effect on revenue and costs over a twelve-month period commencing on the effective date of the instant tariff records. The Commission has previously granted waiver of the same requirement when approving new rate schedules for innovative services derived from the rates for existing firm transportation services rather than via cost allocation methods.⁹ Here, Trailblazer states that it is unable to forecast with any accuracy the costs and revenues related to the new services, and proposes to address PAL service rate and cost allocation issues in its next rate case after a reasonable amount of operating experiences. Accordingly, the Commission finds good cause to grant the unopposed request for waiver.

⁵ 18 C.F.R. § 154.210.

⁶ *Id.* § 385.214.

⁷ July 12, 2016 Transmittal at 4.

⁸ *Id.* at 3 (citing 18 C.F.R. § 284.12(b)(2)(iii)).

⁹ *Gulf South Pipeline Co., LP*, 136 FERC ¶ 61,086, at P 23 (2011); *CenterPoint Energy Gas Transmission Co.*, 125 FERC ¶ 61,334, at P 14 (2008); *Great Lakes Gas Transmission Ltd. P'ship*, 120 FERC ¶ 61,105, at PP 8-10 (2007).

10. When the pipeline proposing a new rate schedule lacks the experience necessary to provide a reliable projection of possible revenues or costs related to the new service, the Commission has often conditioned its approval upon the filing of an activity report following the first year of service.¹⁰ This appears appropriate here where Trailblazer acknowledges that prospective estimates are difficult. Therefore, the Commission will require Trailblazer to file an activity report within 45 days after the conclusion of the PALS Rate Schedule's first year of operation. The report must detail (1) the date service was rendered for each transaction, (2) the volume parked or loaned for each day by transaction, (3) monthly volumes parked and loaned, (4) the name of the PAL shipper, (5) whether the shipper is an affiliate of Trailblazer, and (6) the rate charged for each transaction.

11. For the reasons set forth above, the Commission will accept the tariff records referenced in the Appendix to this letter, effective September 1, 2016. Further, Trailblazer shall file an activity report after one year of service, detailing its experience with the implementation of PAL service, as discussed above.

By direction of the Commission.

Kimberly D. Bose,
Secretary.

¹⁰ See *Northwest Pipeline Corp.*, 100 FERC ¶ 61,336, at PP 9, 12 (2002); *Gulf South Pipeline Co., LP*, 136 FERC ¶ 61,086 at P 24.

Appendix

**Trailblazer Pipeline Company LLC
FERC NGA Gas Tariff
Tariffs**

Tariff Records Accepted Effective September 1, 2016

[TOC, Table of Contents, 6.0.0](#)

[Rates, Currently Effective Rates - PALS, 0.0.0](#)

[Rate Schedules, Rate Schedule PALS, 0.0.0](#)

[GTC, GTC Section 1 - Definitions, 6.0.0](#)

[GTC, Sect. 3 - Reqst and Alloc of Frm Cpcty & Priority of Service, 5.0.0](#)

[GTC, GTC Section 10 - Determination of Deliveries, 4.0.0](#)

[GTC, GTC Section 31 - Operating Conditions, 4.0.0](#)

[GTC, GTC Section 35 - Negotiated Rates, 4.0.0](#)

[GTC, GTC Section 37 - Operational Control, 4.0.0](#)

[Service Agreement, Form of Service Agreement PALS, 0.0.0](#)