

FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

April 30, 2004

In Reply Refer To:  
Trailblazer Pipeline Company  
Docket No. RP04-237-000

Trailblazer Pipeline Company  
747 East 22nd Street  
Lombard, IL 60148-5034

Attention: Bruce H. Newsome, Esq.  
Attorney-in-Fact

Reference: Order Conditionally Accepting and Suspending Expansion Fuel  
Tracker Adjustment

Dear Mr. Newsome:

1. On March 31, 2004, Trailblazer Pipeline Company (Trailblazer) filed Second Revised Sheet No. 8 of its FERC Gas Tariff, Third Revised Volume No. 1 to revise its Expansion Fuel Adjustment Percentage (EFAP). Section 41 of Trailblazer's General Terms and Conditions (GT&C) requires it to periodically adjust the EFAP. The Commission accepts and suspends Trailblazer's tariff sheet, to become effective May 1, 2004, subject to refund and the conditions discussed below. This benefits the public because it ensures that Trailblazer accurately calculates the reimbursements paid by expansion shippers for compressor fuel.
2. Section 41 of the GT&C permits Trailblazer to retain natural gas in kind to recover its energy costs associated with running electric compressors on its pipeline. Section 41.3 requires Trailblazer to adjust the EFAP annually each May. Trailblazer's revised tariff sheet reflects a 0.43% decrease in the EFAP, from the current level of 2.0% to 1.57%. The proposed decrease in the EFAP reflects the lower fuel gas prices incurred by Trailblazer.
3. Public notice of this filing was issued on April 2, 2004. Interventions and protests were due as provided in section 154.210 of the Commission's regulations. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.214 (2003)), all timely unopposed filed motions to intervene and any motions to intervene out-of-time filed before the issuance date of this order are granted. Duke Energy Trading

and Marketing, LLC and Duke Energy Marketing America, LLC (collectively, Duke) filed a motion to intervene on April 9, 2004. Marathon filed a motion to intervene and protest on April 12, 2004.

4. Marathon Oil Company (Marathon) protests that Trailblazer's proposed fuel rate is excessive because Trailblazer violated its tariff by calculating the fuel rate using only data from August 2003 when gas fuel usage at Trailblazer's gas-fired compressor was the highest. Under section 41.4(c) of Trailblazer's tariff, Trailblazer must use the actual base period fuel usages, as adjusted for known and measurable changes. The base period for the instant filing is February 2003 through January 31, 2004. In calculating the fuel rate, Marathon argues that Trailblazer annualized the average daily fuel usage in August 2003 rather than using actual fuel consumed during the base period. Trailblazer simply asserts, without explanation, that the August 2003 fuel usage reflects the level of fuel that Trailblazer can "reasonably expect to experience on an ongoing basis." Marathon submitted a comparison between Trailblazer's highest month fuel usage approach and the tariff base period approach showing a difference of 0.37%, and excessive fuel charges of \$2,229,088. Accordingly, Marathon requests that the Commission reject the proposed fuel rate and require Trailblazer to recalculate its fuel rate by using the actual base period fuel usage.

5. Based on a review of the filing, the Commission finds that the proposed tariff sheet has not been shown to be just and reasonable, and may be unjust, unreasonable, unduly discriminatory, or otherwise unlawful. Accordingly, the Commission will accept the tariff sheet for filing, and suspend its effectiveness for the period set forth below, subject to the conditions in this order.

6. The Commission's policy regarding rate suspensions is that rate 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 that it may be inconsistent with other statutory standards.<sup>1</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>2</sup> Such circumstances exist here where Trailblazer proposes to decrease the EFAP. Therefore, the Commission accepts and suspends the proposed tariff sheet to become effective May 1, 2004, subject to refund and conditions.

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<sup>1</sup> See Great Lakes Gas Transmission Co., 12 FERC ¶ 61,293 (1980) (five-month suspension).

<sup>2</sup> See Valley Gas Transmission, Inc., 12 FERC ¶ 61,197 (1980) (minimum suspension).

7. The Commission directs Trailblazer to file, within 20 days of the date this order issues, a detailed explanation supporting its fuel rate calculations, or a recalculation of the fuel rate in accordance with its tariff. We will permit Marathon to file a reply within 10 days of Trailblazer's response.

By direction of the Commission.

Linda Mitry,  
Acting Secretary.

cc: All Parties

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