141 FERC ¶ 61,077
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

October 31, 2012

In Reply Refer To:
Trailblazer Pipeline Company LLC
Docket No. RP13-94-000

Trailblazer Pipeline Company LLC
3250 Lacey Road,
Suite 700
Downers Grove, IL 60515-7918

Attention: Brad H. Newsome, Vice President

Reference: Expansion Fuel Rate Percentage

Dear Mr. Newsome:

1. On October 1, 2012, Trailblazer Pipeline Company LLC (Trailblazer) filed a tariff record[1] and supporting work papers to revise its Expansion Fuel Adjustment Percentage (EFAP). The tariff record is accepted and suspended, to be effective November 1, 2012, subject to refund and the conditions discussed herein.

2. Trailblazer states that the filing was made pursuant to the Commission's order issued in Docket No. RP12-570-000, which granted Trailblazer's waiver request to assess an EFAP rate of 4.78 percent subject to Trailblazer filing by October 1, 2012, either a request to renew its waiver until May 1, 2013, or a revised EFAP to be effective November 1, 2012.[2]

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[1] Sheet No. 7, Expansion Fuel Reimbursement Percentage, 7.0.0, FERC NGA Gas Tariff, Fifth Revised Volume No. 1

[2] *Trailblazer Pipeline Company, LLC*, 139 FERC ¶ 61,085 (2012).

3. Pursuant to section 41, Periodic Rate Adjustment – Expansion Fuel Reimbursement, of the GT&C of its FERC Gas Tariff, Trailblazer's EFAP rate consists of a Current Rate and a Deferred Rate. The Current Rate recovers annual ongoing energy costs and consists of two components. The first component is based on actual natural gas consumption and the second component is based on electric costs, which are converted to natural gas equivalents. These costs are divided by Trailblazer's actual receipt volumes, net of fuel, for the 12-month base period. The Deferred Rate reconciles actual fuel collections with actual costs, on a monthly basis, and recovers the balance in a deferred account over the annual recovery period.

4. The revised EFAP proposed to be effective in this filing reflects an increase in the total EFAP from 4.78 percent to 21.88 percent. The current component increases from 4.78 percent to 16.46 percent and the deferred component increases from 0.00 percent to 5.42 percent.[3]

5. Public notice of the filing was issued on October 2, 2012. 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 motions to intervene and any unopposed motion to intervene out-of-time filed before the issuance date of this order are granted. Granting late interventions at this stage of the proceeding will not disrupt the proceeding or place additional burdens on existing parties. On October 16, 2012, Concord Energy LLC (Concord) filed a protest.

6. Concord holds a long-term contract for seasonal firm expansion capacity under Trailblazer's Rate Schedule FTS. Concord protests Trailblazer's proposal to implement a 358 percent increase in its EFAP. First, Concord questions Trailblazer's attempt to capture approximately $3 million in past period fuel underrecoveries in the deferred rate component of the EFAP. Concord states that Trailblazer cannot shift under-recoveries resulting from the firm expansion contract now held by BP Energy Company (BP) to its two remaining seasonal firm customers. Further, Concord states the Commission should require Trailblazer to justify why it did not "zero out" its Deferred Account as it did in its prior filing.

7. Second, Concord argues that the projected data values and methodology underlying the EFAP calculations are questionable. Concord states that in Appendix A, Attachment F, Trailblazer projects the three remaining expansion firm contract holders to

[3] Pursuant to an agreement in Docket Nos. RP11-1939-000 and RP11-2168-000 Trailblazer zeroed out its deferred account (*See Trailblazer Pipeline Company, LLC*, 138 FERC ¶ 61,163 (2012)).

flow gas at a 100 percent load factor in every month between November 2012 and October 2013. Concord states that because Trailblazer's expansion capacity is uneconomic by virtue of the level of Trailblazer's maximum FTS demand charge, Concord will not flow any volumes over the upcoming winter period. Concord further states that it flowed no volumes in the 2011-2012 winter contract period because Trailblazer's seasonal FTS service has been uneconomic for some time. Further, Concord states that Trailblazer assumes that BP's contract volumes continue at 100 percent load factor for May through October 2013 notwithstanding the fact that BP's contract expires on May 6, 2013.

8. Finally, Concord argues that it is unclear why Trailblazer calculates future fuel volumes on Attachment F using its currently effective EFAP rate of 4.78 percent. Concord states that Trailblazer appears to have significantly underestimated EFAP volumes recovered from its customers by assuming the continuation of the 4.78 percent EFAP rate when Trailblazer is proposing an EFAP rate of 21.88 percent. Concord states that Trailblazer overestimates the net fuel costs to be collected from its expansion shippers in the revised EFAP.

9. Based upon a review of the filing, the Commission finds that the proposed tariff records have not been shown to be just and reasonable, and may be unjust, unreasonable, unduly discriminatory, or otherwise unlawful. The Commission finds that Trailblazer has generally complied with its tariff provisions for calculating its EFAP rates. However, Concord has raised particular concerns regarding Trailblazer's Filing. Accordingly, the Commission will accept Trailblazer's tariff record for filing and suspend the effectiveness of the tariff record for the period set forth below, subject to Trailblazer filing within 15-days a response to the concerns raised by Concord.

10. 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.[4] It is recognized, however, that shorter suspensions may be warranted in circumstances where suspensions for the maximum period may lead to harsh and inequitable results.[5] Such circumstances exist

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[4] *See Great Lakes Gas Transmission Co.*, 12 FERC ¶ 61,293 (1980) (five-month suspension).

[5] *See Valley Gas Transmission, Inc.*, 12 FERC ¶ 61,197 (1980) (one-day suspension).

here where Trailblazer's Filing appears to be generally consistent with its existing tariff mechanism. Therefore, the Commission shall exercise its discretion to suspend the rates to take effect on November 1, 2012, subject to the conditions set forth in the body of this order.

By direction of the Commission.

Kimberly D. Bose,
Secretary.