101 FERC ¶ 61, 405
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Pat Wood, III, Chairman;
William L. Massey, and Nora Mead Brownell

Trailblazer Pipeline Company Docket No. RP03-162-000

ORDER ACCEPTING AND SUSPENDING TARIFF SHEETS
SUBJECT TO REFUND AND CONDITIONS,
ESTABLISHING HEARING PROCEDURES,
AND ESTABLISHING A TECHNICAL CONFERENCE

(Issued December 31, 2002)

1. On November 29, 2002, Trailblazer Pipeline Company (Trailblazer) filed revised tariff sheets[1] pursuant to Section 4 of the Natural Gas Act (NGA), and Part 154 of the Commission's regulations. The application was made to comply with Article III of the Amended Stipulation and Agreement (Settlement Agreement) filed with the Commission in Docket No. RP97-408 on November 20, 1998. Article III of the Settlement Agreement requires Trailblazer to file a general rate proceeding to be effective no later than January 1, 2003.

2. Trailblazer proposes to continue to utilize the Straight Fixed Variable (SFV) rate design. In addition, Trailblazer proposes to maintain two sets of firm transportation rates. One FT rate continues incremental rates for shippers with contracts for expansion capacity that began service in May 2002 (Expansion 2002) in Docket No. CP01-64. A second FT rate applies to shippers with contracts prior to Expansion 2002. Trailblazer proposes to reduce rates, for both FTS rate customers and the single ITS volumetric rate. Trailblazer's proposed rates reflect a decrease in jurisdictional transportation revenues of approximately $210,000 over Trailblazer's currently effective rates. In addition to the changes in base rates, Trailblazer is proposing tariff changes in the following areas: capacity award procedures; evaluation of capacity release awards; creditworthiness; right of first refusal (ROFR) procedures, imbalance charges; and housekeeping tariff changes. Trailblazer requests an effective date of January 1, 2003.

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[1]See Appendix.

3. As discussed below, the Commission accepts and suspends the proposed tariff sheets[2] pertaining to reductions to tariff rates, effective January 1, 2003, subject to refund, and the outcome of a hearing. Further, the Commission accepts the tariff sheets[3] pertaining to tariff issues involving creditworthiness, imbalance charges, the ROFR term matching cap, and capacity award procedures, and suspends their effectiveness until June 1, 2003, subject to refund, and the outcome of a technical conference. Lastly, the Commission accepts the tariff sheets[4] pertaining to tariff issues, effective January 1, 2003, subject to conditions. Our decision benefits the public interest because it allows the Commission to determine whether the proposed rates are just and reasonable; to investigate the issues and implications of the proposed tariff revisions; and, to permit the tariff language found to be reasonable to become effective.

I. Background

4. Trailblazer is an interstate pipeline company that owns and operates approximately 436 miles of 36-inch pipeline that extends eastward from an interconnection with Wyoming Interstate Company, Ltd. near Rockport, Colorado to where it delivers gas to Natural Gas Pipeline Company and Northern Natural Gas Company at Beatrice, Nebraska.

II. Rate Structure And Cost-of-Service Details

5. Trailblazer proposes rates that reflect a decrease in its jurisdictional transportation revenues of $209,638, consisting of a revenue reduction of $91,946 applicable to its existing system and a revenue reduction of $117,692 applicable to its expansion system. The proposed rates reflect actual experience for the twelve-months ending July 31, 2002 (base period), as adjusted for known and measurable changes through April 30, 2003 (test period).

6. Trailblazer bases its rates on a proposed total cost-of-service of $41,028,826. This amount consists of a proposed cost-of-service of $22,873,930 for the existing system and $12,739,906 for the expansion 2002 system. These amounts reflect a reduction of $3,731,327 in the existing system cost-of-service when compared to the $26,605,257 agreed to in Trailblazer's last rate case settlement in Docket No. RP97-408;

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[2] See Appendix at I.

[3] See Appendix at II.

[4] See Appendix at III.

and a reduction of $1,683,663 in the expansion system cost-of-service when compared to the $14,423,569 established in Trailblazer's certificate expansion case in Docket No. CP01-64.

7. Trailblazer's proposed existing system rates are based on claimed annual reservation billing determinants of 6,291,156 Dth, significantly below the 7,289,304 Dth level underlying its current rates. The difference is due in part to the elimination of backhaul service contract levels which Trailblazer claims should no longer be reflected in its rates. For the expansion system, Trailblazer projects a modest increase raising the annual reservation contract levels from 3,888,000 Dth to 3,998,000 Dth.

8. With regard to annual usage, Trailblazer projects a 29,076,856 Dth reduction in total annual usage quantities, from 218,030,470 Dth used to develop the current FTS usage rate to 188,953,614 Dth for the proposed FTS usage rate. It appears, in large part, that the projected annual usage volumes are lower than historical volumes because of claimed downward adjustments to reflect volumes associated with expiring contracts and a greatly reduced level of interruptible transportation volumes. With respect to the expansion system, Trailblazer projects an increase in annual usage quantities from 118,260,000 Dth used to derive current expansion system FTS usage rates to 124,915,449 Dth.

9. Trailblazer seeks an overall rate of return of 11.75 percent[5] consisting of a 7.25 percent rate of return applicable to debt and a 14.75 percent rate of return applicable to equity. These rates were applied to a hypothetical capital structure of 40 percent debt and 60 percent equity. Trailblazer states it used a hypothetical structure because its actual long-term capital structure at the end of the test period will be 100 percent equity. Trailblazer states that its proposed capital structure was derived using the median of the equity percentages contained in the Form Nos. 2s and 2As for 1998 through 2001 for interstate pipelines that issued their own debt and had their own bond ratings.

10. Trailblazer's cost-of-service includes $12,360,428 for depreciation and amortization expense. The existing system's portion of $8,677,658 was computed using a depreciation rate of 2.90 percent and a newly implemented negative salvage rate of 0.16 percent. The expansion system's portion of $3,682,770 was computed using a depreciation rate of 7.0 percent and a newly implemented negative salvage rate of 0.72 percent.

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[5]Trailblazer calculates a return allowance of $10,835,817 based on a rate of return of 11.75 percent and a total rate base of $92,219,714.

III. Proposed Tariff Changes

11. In addition to changes in rate levels, Trailblazer's filing also includes changes to its General Terms and Conditions (GT&C) pertaining to capacity award procedures and evaluation of capacity release awards (proposed section 6.1), credit management involving the original shipper and releasing shipper (proposed sections 6.9, 6.10, and 17.1, 19.19), balancing charges (proposed section 14), technical changes to the right of first refusal (ROFR) provision (proposed section 21), and several minor housekeeping changes (proposed sections 5.8 and 19).

12. Trailblazer proposes to implement new tariff provisions and revise other tariff provisions related to the creditworthiness of an original shipper. Trailblazer proposes to modify the "Delinquency In Payment" section of section 6.9 of its GT&C by shortening the time periods for suspension or termination of service when a shipper is delinquent in its payments to Trailblazer.

13. Trailblazer proposes a new section 6.10 of its GT&C entitled "Deterioration Of Credit". This language provides that if at any time Trailblazer has reason to question a shipper's credit or ability to pay, Trailblazer may notify the shipper in writing that it has 10 days either to: (1) demonstrate that it is creditworthy, or (2) comply with the means for adequate assurances of future performance. Also if at any time Trailblazer reasonably determines based on adequate information available to it that a shipper is not creditworthy, Trailblazer may notify the shipper in writing that it has 10 days to comply with the means for adequate assurance of future performance. If the shipper has not satisfied the above requirements by the end of the 10-day notice periods, Trailblazer may suspend or terminate service to the shipper within 5 business days after providing notice hereunder of its intent to do so, unless the shipper restores the assurance of future performance within that time period.

14. Proposed section 6.10 also provides that if a shipper experiences a rapid deterioration of financial condition, Trailblazer has the right to suspend or terminate service within 3 business days after a written notification, unless the shipper provides adequate assurance of future performance within the notice period. Evidence of a rapid deterioration of financial condition may include, but is not limited to, a below investment grade rating by one or more of the rating agencies (i.e., Fitch, S&P, Moody's, etc.) on the securities of a shipper or its parent company or recurring or extended delinquency in payment. Further, under this section of the tariff, if Trailblazer suspends service, the suspension will continue until Trailblazer is satisfied that the shipper has returned to a reasonable financial condition.

15. In proposed section 17.1, Trailblazer modifies the language which defines the assurances of payment a non-creditworthy shipper can be required to give to support continued service. Specifically, Trailblazer proposes that prepayment could be required for longer than the current 3 months of service, not to exceed one year. Trailblazer also proposes that in the event it constructs new facilities to accommodate a customer for which the customer has agreed to reimburse Trailblazer, Trailblazer may require an irrevocable letter of credit from that customer in an amount up to the cost of the facilities.

16. In new section 19.19, entitled "Trailblazer's Right To Terminate A Capacity Release", Trailblazer proposes to terminate a contract with a replacement shipper for a capacity release when: (1) the releasing shipper fails to pay timely payment or maintain credit (or provide adequate assurance of payment) and Trailblazer suspends or terminates service to the releasing shipper or provides notice which ultimately results in suspension or termination of service; and, (2) the rate stated in the replacement shipper's agreement is less than the rate for service under Trailblazer's contract with the original shipper. The replacement shipper may retain its capacity by notifying Trailblazer that it agrees to pay a rate, which it specifies, that "equals or exceeds the lower of": (i) the applicable maximum rate; or (ii) the same rate as the releasing shipper. Alternatively, Trailblazer and the replacement shipper may agree upon other pricing terms. Trailblazer's proposal requires that it provide prior written notice of termination to the replacement shipper at least equal in duration to the minimum notice period provided under the proposed "Delinquency in Payment" or "Deterioration or Credit" sections discussed above.

17. Trailblazer also proposes new balancing charges, given that Trailblazer has no storage to accommodate imbalances, and that all revenue collected will be passed back to its customers.

18. Regarding the ROFR process, Trailblazer proposes to extend the maximum term on bid evaluations from 5 years to 20 years. Moreover, Trailblazer proposes that if the existing shipper is willing to pay the applicable maximum rate for the longest term which can be considered for bidding, it will not post a ROFR notice.

IV. Public Notice, Interventions and Protests

19. Public notice of Trailblazer's filing was issued on December 4, 2002. Interventions and protests were due as provided in section 154.210 of the Commission’s regulations. Pursuant to Rule 214 (18 C.F.R. § 385.214), any timely filed motion to intervene is granted unless an answer in opposition is filed within 15 days of the date such motion is filed. Any motions to intervene out-of-time filed before the date of this order

are granted pursuant to 18 C.F.R. § 214(d), since the Commission finds that granting intervention at this stage of the proceeding will not disrupt this proceeding or place additional burdens on existing parties.

20. Protests or adverse comments were filed by Tenaska Marketing Ventures (Tenaska) and BP America Production Company and BP Energy Company (collectively, BP). BP filed a generic protest of the application without providing any specifics as to what was being protested. Tenaska filed comments that address the allocation of released capacity.

V. Discussion Of Rate Structure And Cost-of-Service Issues

21. In its review of this filing, the Commission finds that a number of issues require further investigation. This proceeding is Trailblazer's first rate filing since its 2002 expansion project became operational, and the existing system rates were approved by settlement on April 28, 1999. The allocation of costs between the existing system and the expansion system needs to be investigated to determine if the proper allocation of costs between the two systems has been made. The significant projected decrease in both reservation and usage volumes for the existing system from historical levels requires additional review. Also requiring review is Trailblazer's proposal for an overall rate of return of 11.75 percent, especially as this rate is premised on a hypothetical capital structure of 40 percent debt and 60 percent equity, while Trailblazer states that its own capital structure is 100 percent equity. Trailblazer also proposes, for the first time, to implement negative salvage rates for both its existing system and the expansion system. In addition, Trailblazer proposes an increase in the depreciation rate for the expansion system from five percent to seven percent.

22. The instant application raises many typical rate case issues, as discussed above, that need to be investigated further. Accordingly, the Commission will establish a hearing to explore issues relating to Trailblazer's proposed rates, including, but not limited to those discussed above. Accordingly, the tariff sheets reflected in section I of the Appendix are accepted subject to refund, and the outcome of a hearing to be held in this proceeding.

VI. Discussion Of Tariff Change Issues

23. Trailblazer's application also includes revisions of existing tariff provisions or the implementation of new tariff provisions. As discussed below, the Commission will accept and suspend Trailblazer's non-rate tariff sheets listed in section II of the Appendix, subject to the outcome of a technical conference, to become effective June 1,

2003 or on an earlier date specified in any future order in this proceeding. Additionally, the Commission accepts the remainder of Trailblazer's proposed non-rate tariff sheets listed in section III of the Appendix, subject to the conditions discussed below, to be effective January 1, 2003.

A. Creditworthiness Revisions Applicable To Original Shippers

24. Many of the same proposed creditworthiness revisions involving delinquencies, deterioration of credit, and evaluation of credit have been discussed in recently held technical conferences or set to be discussed in technical conferences.[6] Although many of the tariff provisions proposed by the various pipelines are similar, the reasons why a pipeline would need such provisions may be unique to a particular proceeding. Therefore, the Commission will establish a technical conference to gather additional information and provide a forum to discuss relevant issues and concerns raised by the proposed creditworthiness language applicable to original shippers.

B. Imbalance Charges

25. Trailblazer proposes to lower the imbalance tolerance subject to charge, from 5% to 10%. Trailblazer proposes to apply charges on a graduated basis: for imbalances of 5 to 10%, 125% times the Maximum ITS Rate; 10 to 20%, 150% times the Maximum ITS Rate; 20 to 50%, 200% times the Maximum ITS Rate; and above 50%, 400% times the Maximum ITS Rate. Trailblazer states that it is proposing the above changes because a stronger deterrent is needed to protect its system against disruptive actions by shippers which do not comply with the nomination process. Further, Trailblazer states it has no storage facilities, and as a result has a very limited ability to accommodate imbalances. It is not clear from Trailblazer's application what changes in customer behavior require a deterrent stronger than that already contained in the tariff. Therefore, as part of the technical conference established in this proceeding the Commission will gather additional information and explore why such changes are necessary.

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[6] See Tennessee Gas Pipeline Company in Docket No. GT02-35, Northern Natural Gas Company in Docket No. GT02-38, Natural Gas Pipeline Company of America (Natural) in Docket No. RP03-7-000, Gulf South Pipeline Company, LP in Docket No. RP03-64-000 and PG&E Gas Transmission, Northwest Corporation in Docket No. RP03-70-000.

C. Capacity Award Procedures

26. Trailblazer has proposed a new procedure for awarding firm capacity on its system. Under the proposal, all firm, forward-haul capacity coming out of contract and no longer subject to ROFR procedures, where applicable, will go through an open season. The proposed tariff provisions set out the elements of an open season and the criteria for evaluating bids. In the initial open season process, bids will be based on Trailblazer's SFV rate design, limited by Trailblazer's applicable maximum and minimum rates. Trailblazer must award capacity based on qualified bids which meet the reserve price set by Trailblazer for the initial season. The reserve price is a price equal to or less than the applicable maximum rate. Trailblazer will not accept any negotiated rate bids in the initial open season. Evaluation of bids is to be done on a Net Present Value (NPV) basis, predicated on guaranteed revenue and using posted criteria and parameters. In the event of a tie, capacity will be allocated *pro rata* based on the MDQs requested. Trailblazer stated that its initial open season process is very similar to Natural Gas Pipeline Company of America's procedures, already approved by the Commission.[7] That proceeding involved the approval of a settlement to implement a revised auction procedure for awarding firm capacity.

27. If capacity is not awarded in an initial open season, Trailblazer may award such capacity through a request procedure or an additional open season. Under the request procedure a shipper may request firm service in writing or on Trailblazer's interactive website. In either of these award procedures, negotiated rates may be bid, but evaluation is still based on NPV and posted evaluation criteria, utilizing guaranteed revenue only.

28. The Commission has encouraged pipelines to file proposals for implementing auctions. In Order No. 637,[8] the Commission recognized the increasing use of electronic commerce to create efficient markets and encouraged pipelines and third parties to develop capacity auctions so that the industry will gain greater experience and familiarity

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[7] 93 FERC ¶ 61,075 (2000), order denying reh'g, 94 FERC ¶ 61,310 (2001).

[8] Regulation of Short-Term Natural Gas Transportation Services and Regulation of Interstate Natural Gas Transportation Services, FERC Stats. & Regs., Regulations Preambles (July 1996 - December 2000) ¶ 31,091 (Feb. 9, 2000); order on rehearing, Order No. 637-A, FERC Stats. & Regs., Regulations Preambles (July 1996 - December 2000) ¶ 31,099 (May 19, 2000); order on rehearing, Order No. 637-B, 92 FERC ¶ 61,062 (July 26, 2000); aff'd in part and remanded in part, Interstate Natural Gas Association of America v. FERC, 285 F.3d 18 (D.C. Cir. Apr. 5, 2002).

with the use of auction techniques.[9] The Commission stated auctions, if properly designed, can provide for efficient allocation of capacity and natural gas, reduce transaction costs in finding and arranging capacity and can reduce transaction costs associated with finding and arranging capacity transactions. The Commission said that auctions can be used as a method of mitigating market power by limiting the ability of the seller to withhold capacity, price discriminate, and to show favoritism. While the Commission did not insist on any particular auction format for pipelines or third-parties, the Commission set forth six basic principles to which auctions should adhere.[10]

29. Trailblazer's proposal consists of many tariff sheets which contain detailed language describing Trailblazer's new methodology for awarding capacity. After reviewing Trailblazer's open season proposal, it is not clear that all the basic principles regarding auctions that were set forth in Order No. 637 have been met. Accordingly, in order to gather more information and to provide the Commission with a forum to discuss its concerns, the Commission directs staff to convene a technical conference.

D. ROFR Term Matching Cap

30. Trailblazer proposes to revise the existing term cap that a shipper must match to retain capacity, from a term of up to 5 years to a term of up to 20 years. In its order responding to the remand of Order No. 637, the Commission permitted pipelines to remove the required 5-year term matching cap altogether.[11] As a result, an existing customer seeking to renew an expiring contract would be required to match the term in a third party bid, regardless of length. Trailblazer's proposal, however, would limit the term an existing customer would have to match to a term length of up to 20 years.

31. The order on remand only permitted, and did not order, pipelines to eliminate any term matching cap from ROFR. However, any pipeline proposing under NGA section 4 to include a term matching cap in its ROFR must justify the particular cap it proposes. The Commission is not satisfied that Trailblazer has yet provided a sufficient justification

[9] Order No. 637 at 31,295-296.

[10] Order No. 637 at 31,296.

[11] 101 FERC ¶ 61,127 (2002).

for its choice of a 20-year term matching cap. Therefore, we direct staff to include this issue at the technical conference established by this order.[12]

E. Termination of Replacement Shipper Contracts

32. The Commission finds that Trailblazer's proposal does not fully comply with its policy regarding termination of replacement shipper contracts when the releasing shipper's contract is terminated because of credit issues. The Commission's policy requires pipelines to permit a replacement shipper to retain its capacity in these situations by agreeing to pay "the lesser of" the rate the releasing shipper was obligated to pay, the maximum rate, or a mutually agreed upon rate.[13] Trailblazer's proposal is inconsistent with this policy in two respects. First, Trailblazer's proposal goes beyond the "lesser of" condition established by the Commission as it provides that a replacement shipper can retain its capacity by agreeing to pay a rate which "equals or exceeds the lower of [emphasis supplied]" the various rate options. The Commission's policy provides for a replacement shipper to retain capacity by paying the "lower of" the rates and not anything exceeding that lower rate. Second, Trailblazer's proposed third alternative of a mutually agreed upon rate is not made subject to the "lesser of" condition and thus could permit a rate higher than the releasing shipper's rate or the maximum rate. Accordingly, we direct Trailblazer to revise its tariff sheet and remove the "exceeds" language and add the "lesser of" condition to the mutually agreed upon rate option.

33. Finally, as mentioned above, Trailblazer proposes that it may terminate the replacement shipper's contract "upon prior notice to the Replacement Shipper at least equal in duration to the minimum notice period which is provided for under Sections 6.9 or 6.10 of [Trailblazer's] General Terms and Conditions for termination of service . . . ." The Commission has found 30 days to be a reasonable notice period before permitting the termination of the replacement shipper's contract.[14] Accordingly, we direct

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[12]Trailblazer revised Section 21.2(d)(1) of its GT&C to reflect its proposed revision of the term matching cap from 5 years to 20 years in. However, Trailblazer's Section 21.2(d)(3) still requires that in order to match the best bid an existing shipper must agree to a term of up to 5 years. Section 21.2(d)(3) will need to be revised to reflect the outcome of the technical conference, along with Section 21.2(d)(1).

[13]Texas Eastern Transmission, LP, 101 FERC ¶ 61,071 at 61,242, P 6 (2002); and Horizon Pipeline Company, L.L.C., 101 FERC ¶ 61,263 (2002).

[14]Texas Eastern Transmission, LP, 101 FERC ¶ 61,071 at 61,243, P 10.

Trailblazer to revise its tariff to provide for at least 30 days notice before terminating a replacement shipper's contract.

F. Capacity Release Tie-Breaker

34. Tenaska objects to the proposed "first-in-time" tie-breaker allocation mechanism for multiple winning bids for released capacity, as opposed to the current *pro rata* method. Tenaska argues that given Trailblazer's constrained pipeline system, the proposal raises issues of fairness, notification, and access to capacity.

35. The Commission is not persuaded that Tenaska has identified a significant problem with Trailblazer's "first-in-time" default mechanism for breaking ties. The Commission believes that no single tie-breaker method is definitely better than other methods; each system has advantages and disadvantages. So long as its method is reasonable, Trailblazer may choose any method it wishes for inclusion as the default tie-breaker in its tariff. The Commission has found that the "first-in-time" method is reasonable, fair, and nondiscriminatory.[15] In addition, Trailblazer's currently effective tariff provides that a releasing shipper may choose a different tie-breaker mechanism for evaluating bids for a particular release.

VII. Suspension

36. Based on a review of the filing, the Commission finds that the proposed tariff rate sheets listed in section I of the Appendix, and the proposed non-rate tariff sheets listed in section II of the Appendix (involving imbalance charges, capacity award procedures, the ROFR term matching cap, and an original shipper's creditworthiness) have not been shown to be just and reasonable, and may be unjust, unreasonable, unduly discriminatory, or otherwise unlawful. Accordingly, the Commission shall accept the tariff sheets for filing, and suspend their effectiveness for the period set forth below, subject to the conditions in this order.

37. 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

[15] United Gas Pipe Line Co., 65 FERC ¶ 61,006 at 61,070 (1993) (holding the first-in-time method as reasonable, while rejecting a protest arguing for the *pro rata* method); Arkla Energy Resouces, a division of Arkla, Inc., 62 FERC ¶ 61,076 at 61,465 (1993); Panhandle Eastern Pipe Line Co. 61 FERC ¶ 61,357 at 62,417 (1992).

it may be inconsistent with other statutory standards.[16] 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.[17] Such circumstances exist for the proposed tariff rate sheets listed in section I of the Appendix, where Trailblazer proposes a rate decrease. Accordingly, in this case the Commission will exercise its discretion to suspend the rates for a shorter period and permit the rates to take effect on January 1, 2003, subject to refund and the outcome of a hearing.

38. A shorter suspension period, however, is not warranted for the proposed non-rate tariff sheets listed in section II of the Appendix. Therefore, the Commission shall exercise its discretion to suspend these tariff sheets for five months to take effect June 1, 2003, subject to the conditions set forth in the body of this order and in the ordering paragraphs below.

The Commission orders:

(A) Trailblazer's tariff sheets listed in section I of the Appendix are accepted and suspended, to be effective January 1, 2003, subject to refund, and the outcome of a hearing.

(B) Pursuant to the authority of the Natural Gas Act, particularly sections 4, 5, 8, and 15, and the Commission's rules and regulations, a public hearing is to be held in Docket No. RP03-162-000 concerning Trailblazer's filing.

(C) A presiding administrative law judge, to be designated by the Chief Administrative Law 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 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.

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

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

(D) Trailblazer's tariff sheets listed in section II of the Appendix are accepted and suspended, subject to a technical conference, to become effective the earlier of June 1, 2003, or on the date the Commission specifies in any future order issued in this proceeding.

(E) The Commission's staff is directed to convene a technical conference to further explore Trailblazer's proposals regarding imbalance charges, capacity award procedures, the ROFR term matching cap, and creditworthiness of original shippers. Staff must report to the Commission on the technical conference within 120 days of the issuance date of this order.

(F) Trailblazer's tariff sheets listed in section III of the Appendix are accepted effective January 1, 2003, subject to Trailblazer filing, within 30 days of the date of this order, the tariff changes required in the body of this order.

By the Commission.

(S E A L)

Linwood A. Watson, Jr.,
Deputy Secretary.

Docket No. RP03-162-000 **Appendix**

Trailblazer Pipeline Company

FERC Gas Tariff, Third Revised Volume No. 1

I. *Tariff Sheets Suspended and Effective January 1, 2003*

Tenth Revised Sheet No. 6 and Third Revised Sheet No. 7
(Subject to Refund and Hearing)

II. *Tariff Sheets Suspended and Effective June 1, 2003*

Second Revised Sheet No. 110
Original Sheet Nos. 110A through 110J
Second Revised Sheet No. 118
First Revised Sheet No. 119
Original Sheet No. 119A
Fourth Revised Sheet No.132
Second Revised No. 133
First Revised Sheet No. 140
First Revised Sheet No. 141
Original Sheet No. 141A
Original Sheet No. 177A
Fourth Revised Sheet No. 177
(Subject to Refund and Technical Conference)

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III. *Tariff Sheets Accepted and Effective January 1, 2003*

First Revised Sheet No. 17
Third Revised Sheet No. 22A
First Revised Sheet No. 106
Seventh Revised Sheet No. 149
Fourth Revised Sheet No. 150
Third Revised Sheet No. 152
Fifth Revised Sheet No. 155
Fifth Revised Sheet No. 156
Sixth Revised Sheet No. 158
Fourth Revised Sheet No. 161
First Revised Sheet No. 162
Second Revised Sheet No. 163
First Revised Sheet No. 164
Third Revised Sheet No. 170
Original Sheet No. 174A
Fourth Revised Sheet No. 176
Original Sheet No. 176A

(Subject to Conditions)

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