

Table of Contents
Written Compliance Procedures
Order 690
Pine Needle LNG Company, LLC
(Updated December 10, 2007)

<u>Section</u>	<u>Page</u>
Introduction.....	1
I. Identification and Posting of Marketing Affiliates.....	2
II. Shared Facilities.....	2
III. Comprehensive Organizational Charts.....	2
IV. Mergers.....	3
V. Transfers.....	4
VI. Separate Books and Records.....	4
VII. Written Procedures.....	4
VIII. Training.....	5
IX. Compliance Officer.....	5
X. Independent Functioning.....	6
A) Management Functioning.....	6
B) Corporate Support Functions.....	6
C) Outsourcing of Corporate Services.....	7
D) Sharing of Employees.....	7
E) Emergency Circumstances.....	7
XI. Non-Discrimination Requirements.....	8
A) Information Access.....	8
B) Access Control Procedures.....	8
C) No Conduit Rule.....	9
D) Physical Access to Premises.....	9
E) Disclosures.....	9
F) Customer Consent.....	10
G) Exception for Marketing Affiliate Owners of Pine Needle.....	10
XII. Implementing Tariffs.....	11
XIII. Discounts.....	11

Written Compliance Procedures
Pine Needle LNG Company, LLC
(Per Order 690 as clarified 3/21/07)

Introduction

In its Order No. 690, et seq., issued in Docket No. RM07-6-000 and clarified in Docket No. RM07-6-001, “Standards of Conduct for Transmission Providers”, the Federal Energy Regulatory Commission (“Commission”) promulgated interim Standards of Conduct regulations that govern the relationship between natural gas Transmissions Providers and their Marketing Affiliates. The interim Standards of Conduct apply to any interstate natural gas pipeline that is affiliated with a marketing or brokering entity and conducts transportation transactions with its marketing or brokering affiliate. Pine Needle LNG Company, LLC (Pine Needle) is a “Transmission Provider” as defined in section 358.3(a)(2) of the Standards of Conduct. Section 358(k)(1) defines “Marketing Affiliate” with respect to a natural gas Transmission Provider as an Affiliate that engages in “marketing or brokering” activities as defined in Section 358.3(l). Section 358.4(e)(3) of the Standards of Conduct provides that a Transmission Provider must post on its Internet website current written procedures implementing the Standards of Conduct in such detail as will enable customers and the Commission to determine that the Transmission Provider is in compliance with the requirements of the Standards of Conduct.

Pine Needle is a limited liability company formed under the laws of North Carolina. The members of Pine Needle are as follows (the members’ respective ownership interests are noted in parentheses): TransCarolina LNG Company (TransCarolina), a Delaware corporation and wholly owned subsidiary of Transcontinental Gas Pipe Line Corporation (Transco) (35%); Piedmont Interstate Pipeline Company (PIPICO), a North Carolina corporation and wholly owned subsidiary of Piedmont Natural Gas Company, Inc. (40%); PSNC Blue Ridge Corporation (PSNC Blue Ridge), a North Carolina corporation and wholly owned subsidiary of Public Service Company of North Carolina, Inc. (17%); Hess LNG Company, a Delaware corporation and wholly owned subsidiary of Amerada Hess Corporation (5%); and the Municipal Gas Authority of Georgia, a public body corporate and politic, a public corporation and an instrumentality of the State of Georgia (3%).

Pine Needle has a management committee that consists of a representative from each member and functions similarly to a board of directors. Pine Needle has two officers, a chairman and a secretary, who serve at the pleasure of the management committee and who are both employees of Transco. Pine Needle does not have any employees but instead has arranged with Pine Needle Operating Company (Pine Needle Operating), a wholly owned subsidiary of Transco, to operate and maintain Pine Needle’s facilities and handle all of the day-to-day business affairs of Pine Needle. Pine Needle Operating uses Transco employees (and, in some cases, other employees of The Williams Companies, Inc. (Williams), Transco’s ultimate corporate parent) to perform these activities. For ease

of reference, the Transco and Williams employees used by Pine Needle Operating and the Transco employees who serve as officers of Pine Needle are collectively referred to herein as “Pine Needle Operating employees.”

The following procedures have been adopted by Pine Needle to comply with the interim Standards of Conduct adopted in Order 690 and clarified as of March 21, 2007. Unless the context requires otherwise, capitalized terms used herein shall be defined as specified in section 358.3 of the Standards of Conduct.

I. Identification and Posting of Marketing Affiliates

As required by section 358.4(b)(1) of the Standards of Conduct, Pine Needle will identify all of its “commercially active” Marketing Affiliates that conduct transportation transactions on its designated Internet website. Pine Needle will update the information listed within seven business days of the effective date of any change, and will post the date on which the information was updated. “Commercially active” Marketing Affiliates are those affiliate companies of Pine Needle that have been determined to be a “Marketing Affiliate” as defined in section 358.3(k) of the Standards of Conduct and are currently transacting business.

Two of the members of Pine Needle (PIPCO and PSNC Blue Ridge) have Affiliates that fall within the definition of Marketing Affiliates under the Standards of Conduct. The Compliance Officer for Pine Needle (herein referred to as the “Williams FERC Standards of Conduct Compliance Officer”) will be notified by the corporate secretary or corporate legal counsel of the parent company of each such member when any company is formed, sold, dissolved, or acquired by such parent companies or their subsidiaries that might require any change to Pine Needle’s list of Marketing Affiliates.

II. Shared Facilities

As required by section 358.4(b)(2) of the Standards of Conduct, Pine Needle will post on its designated Internet website a complete list of facilities shared by Pine Needle and any of the Marketing Affiliates identified on its website, including the types of facilities shared and their addresses.

The Facilities Department or IT Department of Williams will be responsible for informing the Williams FERC Standards of Conduct Compliance Officer if there are any changes to the posted list of shared facilities. The Williams FERC Standards of Conduct Compliance Officer will be responsible for making sure that the posted information is updated within seven business days of any change.

III. Comprehensive Organizational Charts

- A. As required by section 358.4(b)(3)(i) of the Standards of Conduct, Pine Needle will post on its designated Internet website the organizational structure of Pine

Needle as it pertains to its members and its Marketing Affiliates, and the organizational structure of Williams as it pertains to Pine Needle.

Each member of Pine Needle will inform Pine Needle Operating in the event of any change to the organizational structure of such member or its Affiliate(s) that are Marketing Affiliates of Pine Needle so that the posted information can be updated within seven business days.

- B. As required by section 358.4(b)(3)(ii) of the Standards of Conduct, Pine Needle will post on its designated Internet website the job titles and descriptions and the chain of command for all positions, including officers and directors, excluding clerical, maintenance and field positions.

At this time, Pine Needle Operating does not share any of its employees with its Marketing Affiliate; therefore, for administrative ease all Pine Needle Operating employees will be treated as Transmission Function employees, unless otherwise determined on a case-by-case basis by the Williams FERC Standards of Conduct Compliance Officer.

Certain officers and directors of the members of Pine Needle also may serve as an officer or director of Pine Needle and certain Marketing Affiliates of Pine Needle. These corporate employees are not Transmission Function employees and do not have day-to-day duties or responsibilities for planning, organizing or carrying out natural gas sales functions. The Williams FERC Standards of Conduct Compliance Officer, with assistance from members of Pine Needle and their respective Human Resources and Legal departments, will identify any corporate employee providing services for Pine Needle that, due to his or her job function, is deemed to be a Transmission Function employee. Any corporate employee identified as a Transmission Function employee of Pine Needle shall not perform any job functions for a Marketing Affiliate.

Pine Needle Operating will communicate any change to the organizational chart to the Human Resources Business Partner of Williams, or its designee, (HRBP) via email or phone call. The HRBP will then enter the change information into Williams' system, which information will be conveyed to the PeopleSoft Human Resources Management System (HRMS). The change information is extracted from HRMS and fed into organizational chart software through an automated process. Any changes to the organizational chart will be posted within seven business days of the effective date of the change.

IV. Mergers

As required by section 358.4(b)(v) of the Standards of Conduct, Pine Needle will post information concerning potential merger partners as affiliates within seven days after the potential merger is announced.

The members of Pine Needle will notify the Williams FERC Standards of Conduct Compliance Officer at the same time a potential merger is publicly announced. The Williams FERC Standards of Conduct Compliance Officer will then notify Pine Needle Operating to post the required information.

V. Transfers

As required by section 358.4(c) of the Standards of Conduct, notice of any transfer of an employee between Pine Needle Operating and a Marketing Affiliate will be posted on Pine Needle's designated Internet website. The information to be posted will include the name of the transferring employee, the respective titles held while performing each function on behalf of the Marketing Affiliate as well as Pine Needle and the effective date of the transfer. The information will be posted for 90 days.

Pine Needle Operating will communicate the change to the organizational chart information to the HRBP for posting under the procedures described in III.B above. A separate tracking function extracts the required transfer information for posting.

As described in XI.A below, access control procedures will prohibit a Pine Needle Operating employee transferring to a Pine Needle Marketing Affiliate from accessing any application that has been identified as housing any Non-public Pine Needle Data (as hereinafter defined). Williams IT-Security will ensure that no Marketing Affiliate employee will have access to any Non-public Pine Needle Data in applications, databases or systems that have been identified as containing any Non-public Pine Needle Data. "Non-public Pine Needle Data" is defined as all non-public information related to Pine Needle's gas transmission system or the transmission system of another, or received from or related to a non-affiliated shipper or potential non-affiliated shipper.

VI. Separate Books and Records

Pine Needle will maintain its books and records separately from its Marketing Affiliates as required by section 358.4(d) of the Standards of Conduct.

VII. Written Procedures

As required by section 358.4(e)(3), Pine Needle will post the current procedures it has implemented to ensure compliance with the Standards of Conduct on its designated Internet website.

In compliance with section 358.4(e)(4), the Williams FERC Standards of Conduct Compliance Officer will distribute to all employees of Pine Needle Operating and to the representatives of PIPCO and PSNC Blue Ridge for further distribution to the employees of their respective Affiliates that are Marketing Affiliates of Pine Needle.

VIII. Training

Williams has elected to conduct annual training to be completed each year. Such training includes all Williams employees including those of Pine Needle Operating. All trained employees will certify that they have been trained on the Standards of Conduct as required by section 358.4(e)(5) of the Standards of Conduct. Those employees that are on long term disability or administrative leave will not be trained unless and until they resume full time active employment in which case they will be trained within the time frame for new hires.

The Standards of Conduct training will primarily be computer based, and provided through the Williams e-learning system. Completion of the training by each employee will be tracked and monitored by the Williams FERC Standards of Conduct Compliance Officer or her designee.

Newly hired Pine Needle Operating employees will complete the training within 90 days of the effective date of their hire.

Contractors that will have access to any Non-public Pine Needle Data will also undergo training. Contractors will complete the training within 90 days of the effective date of their hire.

Williams' Board of Directors will receive Standards of Conduct training at one of the designated meetings for the Board.

IX. Compliance Officer

Pine Needle has designated Sherry J. Nelson, a Williams corporate employee, as the Williams FERC Standards of Conduct Compliance Officer for Pine Needle. The contact information for Ms. Nelson is as follows:

Sherry J. Nelson
One Williams Center
Mail Drop 38-2
Tulsa, Oklahoma 74172
918-573-7459-office phone
918-630-9345-cell phone
918-573-8334-fax

In certain instances, the Williams FERC Standards of Conduct Compliance Officer may designate others as having responsibility for certain functions, such as IT-Security for computer Access Control.

Williams has adopted a Policy addressing the Standards of Conduct Compliance Plan that will apply to the Pine Needle Operating employees. The policy states, among other

things, the following: “Employees who violate any provision of this policy will be subject to disciplinary action, up to and including termination. For any disciplinary action taken, there will be a notation of the same placed in the employee’s personnel file that will reflect the incident and the disciplinary action taken.”

Employees of Pine Needle Operating can report infractions of the Standards of Conduct anonymously to the Williams FERC Standards of Conduct Compliance Officer or by calling the Williams Action Line at 1-800-324-3606.

X. Independent Functioning

A. Management Committee

The representatives of the members who reside on Pine Needle’s management committee, as part of their job function, can receive information concerning Pine Needle’s transmission system and information acquired from nonaffiliated storage customers or potential nonaffiliated storage customers. The representative(s) of TransCarolina are Pine Needle Operating employees, and, therefore, are treated as Transmission Function employees. The representatives of PIPCO and PSNC Blue Ridge are not Transmission Function employees and do not have day-to-day duties or responsibilities for planning, organizing, or carrying out natural gas sales functions except for such functions exempted under section 358.3(d)(6)(v). The no-conduit rule (see section 358.5(b)(7) of the Standards of Conduct) will apply to all representatives.

B. Corporate Support Functions

Williams’ corporate employees provide support functions to Williams as well as its subsidiaries, including Pine Needle Operating, through a shared support organization. These Williams corporate level shared support functions are performed by corporate employees. The shared support functions provided by Williams are: Audit, Business Ethics and Compliance, Legal and Government Affairs, Human Resources, Information Technology and Finance and Administration (which includes Tax, Risk Management and Insurance). Under this shared support organization, these functional areas provide services to Williams and all of its subsidiaries, although certain of the Williams corporate employees in these functional areas may be wholly dedicated to a particular operating subsidiary. Any corporate employee that due to his or her job function is deemed to be a Transmission Function employee of Pine Needle shall not perform any job function for Marketing Affiliate companies.

Williams corporate employees, as part of their job function, can receive non-public Pine Needle Data; however, the no-conduit rule (see section 358.5(b)(7)) will apply to all Williams corporate employees.

C. Outsourcing of Corporate Services

In the event Williams outsources any support function that had been performed by a corporate employee in the areas of Audit, Business Ethics and Compliance, Legal and Government Affairs, Human Resources, Information Technology and Finance and Administration, such contract employee(s) will be treated as a Williams corporate employee(s) for purposes of compliance with the Standards of Conduct.

D. Sharing of Employees

As required by section 358.4(a)(1), except as permitted in X.F below, the Transmission Function employees of Pine Needle Operating shall function independently of Pine Needle's Marketing Affiliate employees. At this time, Pine Needle Operating does not share any of its employees with its Marketing Affiliates; therefore, for administrative ease all employees of Pine Needle Operating will be designated as Transmission Function employees, unless otherwise determined on a case-by-case basis by the Williams FERC Standards of Conduct Compliance Officer.

As permitted by section 358.4(a)(5), certain officers and directors of the members of Pine Needle also may serve as an officer or director of certain Marketing Affiliates of Pine Needle. These corporate employees are not Transmission Function employees and do not have day-to-day duties or responsibilities for planning, organizing or carrying out natural gas sales functions. The Williams FERC Standards of Conduct Compliance Officer with assistance from the members of Pine Needle and their respective Human Resource and Legal departments, will identify any corporate employee providing services for Pine Needle that due to his or her job function is deemed to be a Transmission Function employee. Any corporate employee of Pine Needle shall not perform any job functions for Pine Needle's Marketing Affiliate.

As required by section 358.4(a)(3), no Marketing Affiliate employee will conduct transmission system operations or reliability functions, or have access to Pine Needle's gas control facilities or similar facilities used for transmission system operations or reliability functions that differs in any way from the access that other third party customers may have to such facilities.

E. Emergency Circumstances

As permitted by section 358.4(a)(2) of the Standards of Conduct, in emergency situations on Pine Needle that affect system reliability, Pine Needle may take whatever steps it deems necessary to keep its pipeline system in operation. If, in responding to an emergency situation, Pine Needle has deviated from the

Standards of Conduct, Pine Needle will report to the Commission and post on its designated Internet website, each emergency that resulted in the deviation from the Standards of Conduct within 24 hours of such event.

XI. Non-Discrimination Requirements

A. Information Access

As required by sections 358.5(a)(1) and (2), Pine Needle will provide to any employee of its Marketing Affiliate only that access to information available to other Pine Needle storage customers.

B. Access Control Procedures

Pine Needle follows the Williams Access Control and Change Management/Notification Procedure, under which Pine Needle ensures that employees of its Marketing Affiliates do not have preferential computer access to Non-public Pine Needle Data, or that Pine Needle's Marketing Affiliate computer systems, applications or databases do not have preferential access to Non-public Pine Needle Data.

Williams IT Security, itself or through a contractor, is the designee of the Williams FERC Standards of Conduct Officer to ensure that no Marketing Affiliate employee has preferential access to any Non-public Pine Needle Data. IT Security has performed a system-to-system review to assure that any Marketing Affiliate employee does not have access to any Non-public Pine Needle Data. Further, IT Security will review any request for access to any application, system or database that houses Non-public Pine Needle Data from new personnel (which includes contractors), current personnel or transfers. IT Security is responsible for keeping accurate records of access requests and providing timely reports to the Williams FERC Standards of Conduct Compliance Officer.

As a result, these procedures ensure that any employee of a Marketing Affiliate of Pine Needle will only have access to information that also is available to Pine Needle's storage customers, and will not have access to any information about Pine Needle's transmission system that is not available to all users of Pine Needle's Internet website. These procedures also ensure that any employee of Pine Needle's Marketing Affiliates are prohibited from obtaining information about Pine Needle's transmission system through access to information not posted on its Internet website or that is not also available to the general public without restriction.

Every Pine Needle Operating employee or Pine Needle contractor that applies for access to any FERC identified component must first take the Standards of Conduct training module so that employee or contractor will understand the restrictions on information disclosure to any Marketing Affiliate employee. A

“FERC identified component” is any Pine Needle component (application, system or database) that contains any Non-public Pine Needle Data.

Any transfer by a Pine Needle Operating employee to a Marketing Affiliate will be treated as a termination for access purposes. That is, old access will be revoked prior to granting any new access. The change in access will be made no later than 24 hours after receipt of the HR entry or the effective date, whichever is appropriate.

C. No Conduit Rule

The no-conduit rule (see section 358.5(b)(7)) will apply to all Pine Needle Operating employees, the representatives of the members who reside on Pine Needle’s management committee, and Pine Needle’s contractors.

D. Physical Access to Premises

A card key is required to access the office space that the Pine Needle Operating employees occupy in Houston. Card key access is not provided to any personnel from Pine Needle’s Marketing Affiliates. Marketing Affiliate personnel may enter the office space occupied by the Pine Needle Operating employees after registering with a receptionist and providing identification, but they do not receive a card key and must be escorted by an employee with a card key in order to gain access to such office space.

Williams’ Standards of Conduct Compliance Plan Policy states the following: “TWC pipeline employees who have access to TWC pipeline information and confidential non-affiliated shipper information, as set out in the Compliance Plan, are responsible for securing such information from unauthorized disclosure using properly secured information processing systems and for similarly securing hard copy information.”

E. Prohibited Disclosures

In the event an employee of Pine Needle Operating discloses Non-public Pine Needle Data contrary to the requirements of section 358.5(b)(1) and (2) to an employee of Pine Needle’s Marketing Affiliates, then Pine Needle will inform the Williams FERC Standards of Conduct Compliance Officer and Pine Needle will immediately post such disclosed information on its designated Internet website. This requirement to contemporaneously disclose does not apply to information covered by section 358.5(b)(1) if it relates to a specific request to Pine Needle by one of its Marketing Affiliates.

F. Customer Consent

In the event a non-affiliated customer of Pine Needle gives Pine Needle its voluntary consent, in writing, to allow Pine Needle to share that customer's information with Pine Needle's Marketing Affiliate, then a Director of Marketing Services will post notice on Pine Needle's designated Internet website of the customer's consent along with a statement that Pine Needle did not provide any preference, either operational or rate-related, in exchange for the customer providing its voluntary consent.

G. Exception for Marketing Affiliate Owners of Pine Needle

Notwithstanding the foregoing procedures, employees of a Marketing Affiliate owner of Pine Needle may receive non-public transmission information (subject to the no-conduit rule) that is necessary for corporate governance and investment management purposes as long as the employees who receive the transmission information do not engage in the activities listed in sections 358.3 (e) or (k) of the Standards of Conduct

XII. Implementing Tariffs

Pine Needle will comply with the requirements of section 358.5(c)(1)-(5).

Pine Needle will strictly enforce all tariff provisions related to open access transmission service, if the tariff provisions do not permit the use of any discretion. The use of any discretion will be done in a non-discriminatory manner for all of Pine Needle's storage customers. Pine Needle will process all similar requests for service in the same manner and same period of time.

Pine Needle will not give preference to its Marketing Affiliate over any other third party as to any transmission service.

As required by section 358.5(c)(4) of the Standards of Conduct, Pine Needle will maintain a written log of waivers that Pine Needle grants with respect to tariff provisions that provide for such discretionary waivers. Pine Needle will comply with the requirement that it provide this log to any person requesting it within 24 hours of the request by posting information regarding discretionary waivers on its designated Internet website. Further, confidential customer information or sensitive business information will not be provided; rather, Pine Needle will include the date of its action and the type of discretion exercised but will not reveal the customer name.

It will be the responsibility of each employee of Pine Needle to inform a Director of Marketing Services as to any discretion exercised. That Director of Marketing Services will then ensure that any discretion exercised that is mandated to be included in the written log is added to the log in a timely manner.

XIII. Discounts

As required by section 358.5(d) of the Standards of Conduct, in the event that Pine Needle offers a discount for one of its services, the discount information will be posted on Pine Needle's designated Internet website contemporaneously with the time that the discount is contractually binding. The posting will include the following information: name of the customer and whether the customer is an affiliate or whether an affiliate of Pine Needle is involved in the transaction, the rate offered, the maximum rate, the time period of the discount, the quantity of gas scheduled to be moved (or the amount of gas that the discount is based on), the delivery points under the transaction, and any conditions or requirements applicable to the discount. The discount information must be posted for 60 days. The Director(s) of Marketing Services will be responsible for ensuring that any discount granted under section 358.5(d) is posted contemporaneously at the time the discount is contractually binding.