
FERC Order 698

Compliance Plan
October 3, 2007



- > Review of elements of FERC Order 698 that will be addressed
- > Normal Operations on Transco
- > Receiving Critical Notices from Transco
- > Critical Day Procedures
 - Pre-OFO Critical Notices
 - Operational Controls
 - Operational Flow Orders
 - Force Majeure and Operating Conditions
- > Operational Communication Procedures proposal
- > Open Discussion

- > Transco is required to provide a letter to FERC by November 1, 2007 regarding compliance with NAESB communications procedures
- > Relevant standards
 - NAESB WGQ Standard 0.3.14
 - Transportation Service Providers (TSPs) [e.g. pipelines] should provide parties with access to Operational Flow Orders, etc.
 - NAESB WGQ Standard 0.3.12
 - Power Plant Operators (PPOs) and TSPs should establish procedures to communicate when hourly flows may be affected. TSPs can establish a procedure for receiving hourly flow rates from PPOs.
 - NAESB WGQ Standard 0.3.15
 - Written procedures for extreme conditions should be established between TSPs and affected parties.

- > Transco's tariff provides for the NAESB capacity release and nomination deadlines in General Terms and Conditions, Section 42 (capacity release) and 28 (nominations)
- > Transco provides firm and interruptible services with several unique attributes
 - Services are considered "no-notice" service in that scheduling penalties are not assessed except during specific Critical Day conditions
 - Point Operators are provided a mechanism to identify which contracts will absorb over-deliveries or under-deliveries
 - Transportation imbalances should be managed throughout the month and are "cashed-out" after the NAESB defined trading period
- > Transco has historically used Operational Controls and Operational Flow Orders very infrequently

Access to Operational Information on Transco

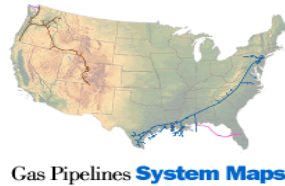


- > Go to www.1line.williams.com
- > Select Agreements/Forms from gray bar at the top of page
- > Select Transco
- > Select New Business Associate “online” Form

Position pointer over "Agreements/Forms" in the gray bar at the top of the page

To get to Transco's Online form, Select Transco

Stock Quote Summary
WMB \$32.08 ▼ (-0.43) -1.32%



NEWS FROM WILLIAMS

- 31 Jul 2007 [Williams Explores Expansion of Off-Gas Processing Capabilities in Canadian Oil Sands](#)
- 30 Jul 2007 [Production Commitments Underpin Williams' Infrastructure Expansion in Deepwater Gulf of Mexico](#)
- 24 Jul 2007 [Williams Provides New Dial-In Numbers for Second-Quarter Financial Results](#)
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INFORMATIONAL POSTINGS

- [Gulfstream](#)
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CUSTOMER ACTIVITY SITES

- [Gulfstream "1Line"](#)
- [NWP "Northwest Passage"](#)
- [Pine Needle "1Line"](#)
- [Transco "1Line"](#)

EXPANSION PROJECTS

The screenshot shows a web browser window titled "1Line Forms & Agreements - Windows Internet Explorer". The address bar contains the URL "http://www.1line.williams.com/Files/Transco/1Linecommonagreements.htm". The page content includes the following elements:

- Page Title: 1Line **Agreements/Forms** Transco
- List of Forms and Agreements:
 - 1Line Form of Service
 - 1Line Testing & Training Agreement
 - Agency Appointment Form
 - New Credit Application "online" Form
 - IT Agreement
 - New Business Associate "online" Form
 - Park & Loan - Loaning
 - Park & Loan - Parking
 - Pooling Agreement
 - TPA Agreement
 - PTR Election Form for Terrebonne and Cow Island Processing Plants
 - Service Request Form
 - Discount Request Form
- Footer: 01 -18-07

A yellow callout box with the text "Select New Business Associate 'online' Form" has a red arrow pointing to the corresponding link in the list.



New Business Associate Form - Windows Internet Explorer

http://www.1line.williams.com/webbi/html/1LineSystemAccessForm.htm

File Edit View Favorites Tools Help

New Business Associate Form

New Business Associate Form

including access to 1Line

Company

Company Legal Name: <input type="text"/> Legal Entity Type: <input type="text" value="Corporation"/> Federal Tax ID: <input type="text"/> Physical Address: <input type="text"/> State: <input type="text" value="Please Select"/> Mailing Address: <input type="text"/> State: <input type="text" value="Please Select"/> Telephone Number: <input type="text"/> Company Web Site: <input type="text"/>	Party Type: <input type="text" value="Other"/> State of Incorporation: <input type="text" value="Please Select"/> DUNS Number: <input type="text"/> City: <input type="text"/> Zip: <input type="text"/> Country: <input type="text" value="USA"/> City: <input type="text"/> Zip: <input type="text"/> Country: <input type="text" value="USA"/> Fax Number: <input type="text"/> Transco Affiliate? <input type="radio"/> Yes <input checked="" type="radio"/> No
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SSA

The 1Line System Security Administrator (SSA) must be the first 1Line system user entered for your company.
 The SSA has the authority to setup, maintain, and manage security information for other users at your company.

SSA Name: <input type="text"/> Street Address: <input type="text"/> State: <input type="text" value="Please Select"/> Telephone Number: <input type="text"/> Mobile Number: <input type="text"/> SSA Work E-Mail: <input type="text"/> Text Messaging E-mail: <input type="text"/>	Title: <input type="text"/> City: <input type="text"/> Zip: <input type="text"/> Country: <input type="text" value="USA"/> Fax Number: <input type="text"/> Pager Number: <input type="text"/> Secondary E-mail: <input type="text"/>
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Would the SSA like to receive critical notices via email? Yes No

Would the SSA like to receive non-critical notices via email? Yes No

Billable Party Contact

The Billable Party Contact information will be used when mailing invoices and other billing related correspondence.

Contact Name: <input type="text"/> Street Address: <input type="text"/>	Title: <input type="text"/> City: <input type="text"/>
--	---

© 200 Done

Local intranet 100%

Access to Operational Information on Transco



- > Complete and submit this form online
- > The data on this form will be e-mailed to Transco's Transportation Services department
- > The designee on the form will be contacted by 1Line staff to gain access to Critical Notices

Communications when hourly flows may be affected



- > Transco is obligated to provide operating information to all parties at the same time so that no party is advantaged by having operation information before others. To accomplish this, Transco uses 1Line as primary vehicle for communicating operating information to customers
- > Communications can be “pushed” to interested parties
- > Some information is provided on the Operating Conditions portal

Communication of material changes 1Line portal at www.1line.williams.com



Gas Pipeline Portal - Windows Internet Explorer

http://www.1line.williams.com/webbi/ebb/Portal.jsp

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Gas Pipeline Portal

Site Map | Contact Us | Help

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Available Capacity

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Gas Pipelines System Maps

Stock Quote Summary

WMB \$32.08 ▼ (-0.43) -1.32%

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To get to Daily Operational Information, click here



Communication of material changes 1Line Daily Operational Information portal



Transco Informational Postings - Windows Internet Explorer

http://www.1line.williams.com/Files/Transco/TranscoInfoPostingFrameset.html

File Edit View Favorites Tools Help

Transco Informational Postings

Transco

New
Order 690
Information >>

Expand All | Collapse All

- ▼ Capacity
 - Operationally Available
 - Unsubscribed
- ▶ Energy Affiliate Info
- ▶ Gas Quality
- ▼ Index of Customers
- ▼ Non-discrimination Rqts
 - Compliance Officer
 - Discounts
 - Emergency Deviations
 - Implementation Procedures
 - Information Disclosure
 - Tariff Discretionary Actions
 - Voluntary Consent Disclosure
- ▼ Notices
 - Critical
 - Non-Critical
 - Planned Service Outage
- ▼ Organizational Charts
 - Corporate Structure
 - Board of Directors
 - Corporate Organization
 - Job Descriptions
 - Shared Functions
- ▼ Posted Imbalances
 - Posted Imbalances
 - Posted Storage Balances
 - System Imbalance
- ▼ Tariff
 - Title Page
 - Table of Contents
 - Preliminary Statement
 - Map
 - Currently Effective Rates
 - Rate Schedules
 - General Terms and Conditions
 - Form of Service Agreement
 - Entire Tariff
 - Sheet Index
 - Historical Sheets
 - Pending Sheets
 - Search
 - Download
- ▶ Transactional Reporting
- ▶ Master Location List
- ▶ Marketing Service Contacts
- ▶ General Info
- ▶ Terms of Use
- ▶ Downloads
- ▶ Search
- ▶ Customer Activity Sites
- ▶ Site Map

8/24/2007

Daily Operational Information

Marquee Show- Hide

Friday 7, September 2007

1Line

Login 1Line | Fiat File Upload | FAQs

Critical Notices Last 30 Days

Updated P/L & Location Specific Constraints effective 9-6-07	09/06/2007 03:04:34 PM
Reminder Increase in System BTU and C5+ MOIP	09/06/2007 11:29:03 AM
Update Job # 47 - Major 2007 Construction Projects	09/06/2007 09:15:53 AM
Update Job # 45 - Major 2007 Construction Projects	08/29/2007 09:45:32 AM
Second Update: Job # 5 - Major 2007 Construction Projects	08/28/2007 04:22:04 PM
Update P/L & Location Specific Constraints Effect 08-27-2007	08/27/2007 08:26:26 AM

Non Critical Notices

10/11/2007
09/07/2007 09:39:24 AM

Weekend Duty Schedule -
September 8 & 9, 2007
09/06/2007 09:31:02 AM

S-2 ACA Rate Change Effective
10/01/2007
09/04/2007 09:20:51 AM

Pipeline Conditions Prior Postings

Posting Date: 9/4/2007
 Park, Loan Payback and ISS – No Incremental service available beginning 08/25/2007. See note below regarding Zones 1 and 2
 Loan; Take away of Parked gas – Incremental service available beginning 08/17/2007. See note below regarding Zones 1 and 2
 No park or loan activity in Zones 1 and 2 until further notice
Park/Loan/ISS: For more information, please call Suzie 713.215.4626 or Laurie 713.215.4356
 Excess WSS Injections – Not available beginning 08/09/2007
 Excess GSS Injections – Not Available beginning 07/14/2007
 Excess GSS Withdrawals – Available beginning 04/09/2007
 Excess WSS Withdrawals – Available beginning 04/09/2007
 Due-to-shipper or OBA party transactions: Allowed beginning 08/05/2006
 Due-from-shipper or OBA party transactions: Not Allowed beginning 08/25/2007
 WSS/GSS/OBA: For more information, please call your Transportation Services representative
 Auto Pool Balancing – 4% beginning with the ID1 nomination cycle for 07/09/2007
 As of 8/30/2007 Transco's EIA Form 912 Reported Storage Balance: 81.72%
 Hydrocarbon Content for Pentane and Heavier Components (C5+): not to exceed 0.23 mol% or processed prior to mainline delivery
 For OFO information – Watch Critical Notices and scrolling marquee

Constraint Points Prior Postings

▶ Constraint Points

Cycle Indicators

Weather

Atlanta	89/65	
Charlotte	94/67	
New York	84/67	
Houston	92/76	

Data by Intellicast

Contacts

Transportation Services
Weekend Duty
September 8 & 9, 2007
SOUTH
Judy Hall
 713-553-0846 cell
 713-215-4622 office
 888-914-9357 pager
Doris Robey
 713-553-0637 cell
 713-215-4489 office
NORTH
Andre Pereira
 713-553-0474 cell
 713-215-4362 office
Louella Mott
 713-553-1619 cell
 713-215-2071 office

Critical Notices

Availability of services that must be restricted prior to issuing an Operational Control

Communication of material changes Critical notice limiting shipper actions



- > Initial steps taken by Transco to alert shipper community of diminishing pipeline flexibility
 - Changes to pipeline portal
 - Parking or loaning activity is limited
 - Make-up receipts or deliveries are limited
 - Excess storage injections or withdrawals are limited
 - Critical Notices
 - Addressing growth of shipper imbalances
 - In anticipation of significant weather situations (tropical activity, etc.)
 - Requesting specific shipper action
 - Reducing pool tolerances
- > Critical Notices are the primary mode of communicating to shippers and interested parties

Communication of material changes Operational Controls and Operational Flow Orders

- > What are Operational Controls and Operational Flow Orders?
 - Actions by the pipeline authorized under the Transco tariff, GT&C Section 51 and 52
 - Used by Transco to control shipper actions when concerned about maintaining operational flexibility
 - Will **ALWAYS** be identified as a Critical Notice with a Notice Type of “Operational Flow Order”

- > Prior to issuing Operational Controls, certain operating conditions must exist and actions must be taken by Transco

- > No similar requirements prior to issuing an Operational Flow Order

Communication of material changes Operational Controls



> Scheduling Variance Notice

- Targets compliance by the parties delivering gas to Transco (i.e. receipt points on the Transco system)
- Requires that physical receipts equal scheduled receipts within a specified tolerance
- Can be either an oversupply situation or undersupply situation

> Imbalance Makeup Notice

- Requires shippers and OBA parties to reduce their cumulative (month-to-date) imbalance to levels specified in the notice
- At least 3 days will be allowed to meet the IMN restrictions
- Can be a “Due From” or a “Due To” Imbalance Makeup Notice

Communication of material changes Operational Controls



- > Conditions precedent to issuing a Operational Control Variance Notice
 - Variance at a point in excess of 15%, variance for an area of 10%
AND.... one or more of the following:
 - Transco has taken one or more of the following actions:
 - Reduction of pool tolerances < 4%
 - Limitation on incremental ISS or PAL service
 - Elimination of excess storage injections or withdrawals
 - Elimination of imbalance make-up transactions
 - Transco reasonably expects weather conditions that may jeopardize operational flexibility
 - Operators experience high operating pressures such that they cannot tender scheduled quantities
- > Variance Notices will be posted no later than 4:00 p.m. prior to the affected gas day

Communication of material changes Operational Controls



- > Conditions precedent to issuing an Operational Control Imbalance Makeup Notices
 - Transco has experienced
 - A change in system imbalance of 1.0 MMdt over a three day period, or
 - Cumulative system imbalance of 2.0 MMdt, or
 - Physical storage inventories are over 80% full or under 25% full
- AND**
- Transco has taken one or more of the following actions
 - Reduction of pool tolerances < 4%
 - Limitation on incremental ISS or PAL service
 - Elimination of excess storage injections or withdrawals
 - Elimination of imbalance make-up transactions
- > The notice will be posted 24 hours before the start of the gas day the IMN becomes effective

Communication of material changes Operational Controls



> Penalties under Operational Controls

- Variance Notices
 - A tolerance percentage is established in the Variance Notice
 - The tolerance percentage may not be less than 5% or 1,000 dt
 - A variance quantity is calculated as the difference between actual receipts and scheduled receipts
 - The quantity subject to penalty is the variance quantity in excess of the percentage allowed in the Variance Notice
- Penalty rate is the highest weekly spot reference price per dt (as determined by Section 37) for the applicable zone

Communication of material changes Operational Controls



> Penalties under Operational Controls

- Imbalance Makeup Notices
 - A tolerance percentage is established in the Imbalance Makeup Notice
 - The tolerance percentage may not be less than 5% or 1,000 dt
 - A variance quantity is calculated, at the zone/shipper level, as the difference between actual imbalance and the allowed imbalance tolerance
 - The quantity subject to penalty is the variance quantity in excess of the percentage allowed in the Imbalance Makeup Notice
- Penalty rate is the highest weekly spot reference price per dt (as determined by Section 37) for the applicable zone

Communication of material changes Operational Flow Orders



- > Two types of Operational Flow Orders:
 - Scheduling OFO
 - Requires that physical receipts are consistent with scheduled receipts and physical deliveries are consistent with scheduled deliveries
 - May be used to address excess receipts/insufficient deliveries vis-à-vis scheduled quantities or insufficient receipts/excess deliveries vis-à-vis scheduled quantities
 - Allowable tolerance of 5%
 - Imbalance OFO
 - Requires concurrent balance of receipts and deliveries at a zone/shipper level on a daily basis
 - Does not require resolution of previous days' imbalances
 - Can be a “Due From” or a “Due To” Imbalance OFO
 - Allowable tolerance of 5%

Communication of material changes Operational Flow Orders



- > Penalties under Operational Flow Orders
 - Scheduling OFO
 - Any scheduling variance in excess of 5% is subject to penalty
 - Imbalance OFO
 - Any daily imbalance in excess of 5% is subject to penalty
 - Penalty rate is the higher of
 - Three times the highest weekly spot reference price per dt (as determined by Section 37) for the applicable zone; or
 - \$50 per dt

Communication of material changes Force Majeure or Operating Conditions



- > Authority under the Transco tariff GT&C, Section 11
- > Typically used during time of limited supply due to tropical activity in the Gulf of Mexico (though can be applicable at any time)
- > Enables Transco to force-balance its system:
 - Scheduled deliveries are limited to identified receipts
 - Firm contract quantities are reduced to allowed scheduled quantities
 - Pre-determined Allocations (i.e. no-notice deliveries) are not allowed except from Transco owned or operated storage services
 - Overrun penalties assessed for deliveries in excess of allowed scheduled quantities
- > Scheduling processes are clearly identified via Critical Notices

Communication of material changes Force Majeure or Operating Conditions



- > Delivered quantities in excess of allowed scheduled quantity are considered “Unauthorized Overrun”
- > Penalties are calculated consistent with the Transco tariff GT&C, Section 18.4
 - 5% of scheduled quantity in the summer or 3.5% during the winter is considered “allowable dispatching variation” and charged the Rate Schedule IT rate
 - The next 50 dt is penalized at \$2.50 per dt
 - All remaining overrun quantities are charged the higher of:
 - Three times the highest weekly spot reference price per dt (as determined by Section 37) for the applicable zone; or
 - \$50 per dt

Communications from electric system operators



- > WGQ Standard 0.3.15 requires:
 - RTOs, ISOs etc. should establish written operational communication procedures with the “appropriate” TSPs and plant operators
 - These communication procedures should govern unless alternative procedures are developed
- > Purpose behind the “operational communication procedures”
 - A mechanism which enables electric system operators to define and identify “extreme conditions”
 - Allows the TSP to identify what information is relevant to pipeline transmission operations... i.e. what the pipelines want or need to know
 - Not a mechanism to provide non-public information, services outside of a pipeline’s tariff or tacit “approval” of PPO’s actions

Communications from electric system operators



- > Transco's recommendations for "operational communication procedures"
 - What should be communicated
 - Expectations of high demand (ex. load management day)
 - Unexpected disruptions on the electric system that have an immediate impact on gas consumption (ex. New York blackout)
 - Communications should go to Gas Control
 - Via e-mail to identified personnel (the preferred method)
 - 800-231-1290 (manned 24x7 by Transco's Gas Control Department)
 - Fax to 713-215-2547
 - At this time, Transco does not need information on expected hourly takes from power plants

- > Questions?
- > Open Discussion