



Transcontinental Gas Pipe Line
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May 1, 2008

Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Attention: Kimberly D. Bose, Secretary

Reference: Transcontinental Gas Pipe Line Corporation
Compliance Filing - Docket No. RP08-272

Ladies and Gentlemen:

In compliance with the Federal Energy Regulatory Commission's ("Commission") order issued April 11, 2008 in the referenced proceeding, Transcontinental Gas Pipe Line Corporation ("Transco") hereby submits for filing certain revised tariff sheets to its FERC Gas Tariff, Third Revised Volume No. 1. The enumeration and proposed effective dates of the revised tariff sheets are included in Appendix A attached hereto.

Statement of Nature, Reasons and Basis

On March 14, 2008, Transco filed revised tariff sheets which tracked, under Rate Schedule SS-2, the fuel retention attributable to storage-related transportation service purchased by Transco from National Fuel Gas Supply Corporation ("National Fuel") under National Fuel's Rate Schedule X-54 ("March 14 Filing"). On March 26, 2008, New Jersey Natural Gas Company ("New Jersey Natural") filed a motion to intervene and protest to the March 14 Filing. New Jersey Natural's protest argued that Transco's proposal was unjust and unreasonable, asked that the Commission either reject or suspend the filing and requested that the Commission establish a technical conference. On April 11, 2008, the Commission issued its order ("April 11 Order") which accepted and suspended the revised tariff sheets effective November 1, 2007 and April 1, 2008, "subject to refund and conditions and to Transco providing additional clarification and explanation of its proposal, and further subject to the outcome of Docket Nos. RP01-245-023, *et al.*"¹ The April 11 Order specifically directs Transco "to provide revised tariff provisions and further clarification and explanation of its proposal as detailed [in the April 11 Order] within 20 days of this order" (April 11 Order at P 14). In that regard, the April 11 Order directs Transco to respond to the questions and concerns raised in New Jersey Natural's protest.

In compliance with the Commission's April 11 Order (at P 16-18), Transco is submitting herein (i) a revised tariff sheet that removes the fuel tracking provision added to footnote 2 to the Rate Schedule SS-2 rate sheet

¹ Transcontinental Gas Pipe Line Corporation, 123 FERC ¶ 61,029 (2008). The tariff sheet effective April 1, 2008 incorporates Transco's annual Transmission Electric Power cost adjustment filing made February 29, 2008, in Docket No. RP08-251-000.

included in the March 14 Filing and (ii) revised tariff sheets that reflect the inclusion of that fuel tracking provision, with certain modifications and clarifications required by the April 11 Order, into Section 8 (Fuel Allowance) of Rate Schedule SS-2 and certain other clarifying language in Section 8. Specifically, Transco has modified the tariff language to clarify the operation of the provision by reflecting the applicable information required by Section 154.403(c) of the Commission's Regulations (April 11 Order at P 16), and to provide that any necessary adjustment to Rate Schedule SS-2 Buyers' Storage Gas Balances will be made no later than June 1 of each year (Id. at P 18). In addition, Transco is providing further illustration of the operation of the fuel tracking provision in Appendix B, which provides a description and calculation of the Rate Schedule SS-2 storage inventory adjustment for the current period November 2007 through March 2008, and Appendix C, which provides a description and calculation of the Rate Schedule SS-2 one-time storage inventory adjustment for the past period December 2006 through March 2007. Finally, Transco submits the following responses to the questions raised in New Jersey Natural's protest.

Responses to Questions Raised by New Jersey Natural

Based upon a review of New Jersey Natural's protest and the April 11 Order, set forth below are Transco's responses to the questions and concerns raised by New Jersey Natural's protest.

- (1) If Transco uses any SS-2 storage for system balancing, how are those volumes tracked and adjusted?

Any difference between the fuel quantities retained by Transco from its Rate Schedule SS-2 customers and the fuel quantities retained by National Fuel under its Rate Schedule X-54 would be attributed to Transco's use of the service it purchases from National Fuel for system management. Therefore, Transco will recover that difference through its system transmission fuel retention percentages. Transco's system fuel retention percentages are filed annually to be effective each April 1 pursuant to Section 38 of the GT&C of Transco's FERC Gas Tariff.

- (2) What is the exact timing of the Transco inventory adjustments to its SS-2 customers?

As required by the April 11 Order (at P 18), Transco has modified Section 8 of Rate Schedule SS-2 to specify that any necessary inventory adjustment to its customers will be made no later than June 1 of each year.

- (3) When Transco makes the inventory adjustments, will the SS-2 customers be required to pay any injection or withdrawal charges?

No injection or withdrawal charges will be assessed in connection with the inventory adjustments.

- (4) Explain why the traditional tracker and true-up mechanism could not be implemented and address New Jersey Natural's concern that retroactive storage inventory adjustments create a pricing mismatch.

New Jersey Natural's "traditional" true-up proposal is at odds with the intent of Section 8 of Rate Schedule SS-2. Rather than having Transco act as an accounting conduit to flow through National Fuel's fuel charges coincident with the effective date of those charges, New Jersey Natural's proposal would have Transco abandon its role as an accounting conduit and implement a different recovery mechanism (both in timing and mechanics) under Rate Schedule SS-2.

Since the inception of Transco's Rate Schedule SS-2 service, Transco's has tracked National Fuel's rates and charges under Rate Schedule X-54 as of the effective date of National Fuel's rate change. In the certificate order authorizing the Rate Schedule SS-2 service in Docket No. CP89-7-000 (National Fuel Gas Supply Corp. and Penn-York Energy Corp., et al., 48 FERC ¶ 61,121 at 61,432 (1989)), the Commission recognized Transco's role as an accounting conduit when it stated that

... we have previously permitted tracking in certain projects in which the pipeline functions merely as an accounting conduit. Transco's initial rates herein will act as an accounting conduit to pass through to its Rate Schedule SS-2 customers the cost of National [Fuel]'s transportation service...

In addition, the reality is that, under any true-up mechanism, including a prospective true-up mechanism, timing differences inevitably will result in uncertainty with regard to the "true cost of fuel". Therefore, it is not correct, as suggested by New Jersey Natural, that a so-called "traditional" true-up proposal will avoid this uncertainty. Under Transco's proposed storage inventory adjustment, recovery of the fuel will occur within two months of the end of the period the fuel was actually used, whereas a prospective true-up mechanism would provide for recovery of the fuel adjustment beginning with the commencement of the following storage withdrawal season. Thus, Transco's proposal is not only consistent with how the Rate Schedule SS-2 tracker has operated since its inception (including Transco's role as an accounting conduit), but the inventory adjustment will occur closer in proximity to the time the actual fuel is consumed as compared to a prospective true-up mechanism.

Further, the 0.5% retention percentage was developed by National Fuel based on historical fuel use under Rate Schedule X-54. Therefore, Transco expects that any adjustments to the storage inventories will not be significant. Appendix B, Schedule 1, shows the calculation of the storage inventory adjustment for the period November 2007 through March 2008 for each of Transco's Rate Schedule SS-2 customers. The total adjustment to New Jersey Natural's storage inventory balance is 82 dts which equates to 0.0088919% of its total SS-2 capacity of 922,185dts. As the inventory adjustment will occur no later than June 1 of each year, there will be ample opportunity for the Rate Schedule SS-2 customers, including New Jersey Natural, to factor such a de minimis adjustment into their summer season injection planning.

- (5) Explain how Transco intends to account for the storage inventory adjustments.

The inventory adjustment will be a positive or negative adjustment, as appropriate, to each customer's current inventory balance. There will be no charges associated with the adjustment.

- (6) Explain how billing for Rate Schedule SS-2 service will be affected by the changes in customer storage inventories to reflect the pass through of National Fuel's fuel charges.

The inventory adjustment will have no effect on billing for Rate Schedule SS-2 service.

Proposed Effective Date

The tariff sheets submitted herein are proposed to be effective November 1, 2007 and April 1, 2008, the effective dates approved in the April 11 Order. In the event the Commission elects to accept and suspend the revised tariff sheets submitted herein, in accordance with Section 154.7(a)(9) of the Commission's

Regulations (Regulations), Transco moves to place such tariff sheets into effect at the end of the applicable suspension period.

Materials Submitted Herewith

In accordance with Section 154.7(a)(1) of the Regulations, the following material is submitted herewith:

- (1) Appendix A, which contains the enumeration and effective date of the revised tariff sheets, the revised tariff sheets and the "redlined" version of the revised tariff sheets in accordance with Section 154.201(a) of the Regulations;
- (2) As required by Section 154.4 of the Regulations, a diskette copy of the revised tariff sheets labeled TF050108.ASC;
- (3) Appendix B which contains a description and calculation of the Rate Schedule SS-2 storage inventory adjustment for the period November 2007 through March 2008; and
- (4) Appendix C which contains a description and calculation of the one-time storage inventory adjustment for the period November 2006 through March 2007.

Posting and Certification of Service

In accordance with the provisions of Section 154.2(d) of the Commission's Regulations, copies of this filing are available for public inspection, during regular business hours, in a convenient form and place at Transco's main office at 2800 Post Oak Boulevard in Houston, Texas. In addition, Transco is serving copies of the instant filing to its affected customers, interested State Commissions, and other interested parties.

Any communication regarding this filing should be sent to:

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May 1, 2008

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Respectfully submitted,

Transcontinental Gas Pipe Line Corporation

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Transcontinental Gas Pipe Line Corporation

Appendix A
Tariff Sheets

Third Revised Volume No. 1

Effective November 1, 2007

Substitute First Revised Forty-Fourth Revised Sheet No. 28C
Fifth Revised Sheet No. 154
Second Revised Sheet No. 155

Effective April 1, 2008

Second Substitute Forty-Fifth Revised Sheet No. 28C

RATES AND CHARGES APPLICABLE TO
RATE SCHEDULE SS-2 - STORAGE SERVICE

Section -----	Daily Charge (dt) ----- (\$)
3.2 (a) Demand Charge	0.31025 1>
3.2 (b) Storage Capacity Quantity Charge	0.00088
3.2 (c) Quantity Injected Charge (Note A)	0.02062 1>
3.2 (d) Quantity Withdrawal Charge	0.02045 1>
8. Fuel Retention 2>	
Injection - National Fuel Rate Schedule SS-1	1.40 %
Withdrawal - National Fuel Rate Schedule SS-1	1.42 %
Withdrawal - National Fuel Rate Schedule X-54	0.50 %

1> Includes Electric Power Unit Rate of \$0.00014 for Daily Demand or \$0.00114 for Commodity pursuant to Section 41 of the General Terms and Conditions of this Tariff.

2> Such fuel percentages reflect the fuel retained by National Fuel Gas Supply Corp.

NOTE A: Pursuant to Section 27 of the General Terms and Conditions of this Tariff, the quantity injection charge will be increased, when applicable, to include the ACA unit rate of \$0.00190.

Issued by: Frank J. Ferazzi, Vice President

Issued on: May 1, 2008

Effective on: November 1, 2007

Filed to comply with order of the Federal Energy Regulatory Commission, Docket No. RP08-272-000, issued April 11, 2008, 23 FERC ¶ 61,029

RATE SCHEDULE SS-2
(Continued)

7. WITHDRAWALS FROM STORAGE (Continued)

7.2 Notice Required

Buyer shall nominate withdrawals under this Rate Schedule in accordance with nomination and ranking deadlines as set forth in Section 28.1 of the General Terms and Conditions. Seller, in its sole judgment, may waive any nomination and ranking deadlines, on a non-discriminatory basis, if Seller determines that operating conditions permit.

7.3 Quantity Limitations

- (a) Subject to the other provisions of this section, Seller will deliver to Buyer on any one day under this Rate Schedule, the maximum quantity of gas which operating conditions in the storage fields will permit as determined by the operators thereof. Seller shall endeavor to withdraw and deliver, on any one day, the total of each Buyer's nominations for such day, up to, but not exceeding, Buyer's Storage Demand.

If, however, all of the nominations exceed the total quantity which Seller can withdraw from storage and deliver, the gas deliverable on such day shall be prorated in proportion to each Buyer's current Storage Gas Balance, utilizing records of Seller's dispatcher, provided that on any day during November through March, Buyer shall be entitled to receive the following daily quantities.

Percentage of Annual Storage Volume Occupied	Ratio of Maximum Daily Withdrawal Quantity to Annual Quantity
From greater than 30% to 100%	1/110
From greater than 15% to 30%	1/120
From greater than 10% to 15%	1/135
Less than 10%	1/150

8. FUEL ALLOWANCE

In order to recover such quantities of fuel, if any, that any Supplier and/or Seller may retain for compressor fuel and for calculated normal operational loss associated with the storage, compression, transportation and delivery of natural gas quantities for Buyer's account (Fuel Allowance), Seller will retain equivalent quantities from Buyer's storage injection, withdrawal and inventory quantities hereunder. Provided, however, Buyer may deliver or cause to be delivered to Seller such additional quantities of gas as Seller reasonably determines are required for fuel to effect injection of Buyer's injection quantities (Injection Allowance). Therefore, provided Seller receives an Injection Allowance from Buyer, Buyer will begin each withdrawal season with a quantity of natural gas in storage up to Buyer's Storage Capacity Quantity. Seller will retain from Buyer's withdrawal quantities, those quantities sufficient to cover Seller's fuel requirements for withdrawal (Withdrawal Allowance) and the calculated normal operational loss makeup associated with the transmission, compression and storage of Buyer's storage quantities (Loss Allowance).

Issued by: Frank J. Ferazzi, Vice President

Issued on: May 1, 2008

Effective on: November 1, 2007

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RATE SCHEDULE SS-2
(Continued)

8. FUEL ALLOWANCE (Continued)

In addition to Seller's retention of fuel from Buyer's storage injection and withdrawal quantities, Seller shall also adjust Buyer's Storage Gas Balance, as necessary, to track an annual adjustment made by National Fuel to Seller's storage inventory under National Fuel's Rate Schedule SS-1 related to transportation purchased by Seller under National Fuel's Rate Schedule X-54. Rate Schedule X-54 allows National Fuel to recover from Seller, effective November 1, 2007, a fuel allowance of 0.5% of the volumes received for transportation. Additionally, beginning April 2008 and each April thereafter, National Fuel will compare the retained volume under Rate Schedule X-54 during the preceding months of April through March with the metered volumes of gas used as compressor fuel for those same preceding months for transportation under Rate Schedule X-54. National Fuel will then make an adjustment to Seller's storage inventory level no later than each May 1 for the difference between the retained volume and the metered volume. Accordingly, beginning November 1, 2007, Seller will retain from quantities withdrawn by its Rate Schedule SS-2 Buyers an X-54 related transportation fuel retention percentage of 0.5%. In addition, Seller will adjust annually, no later than June 1 of each year, its Rate Schedule SS-2 Buyers' Storage Gas Balances, as necessary, to pass through the impact to those Buyers of National Fuel's annual adjustment to Seller's storage inventory. Seller's annual pass through adjustment to Buyers' Storage Gas Balances will be calculated as the difference (positive or negative) between 0.5% and the revised Rate Schedule X-54 fuel retention factor computed using metered volumes applied to each Rate Schedule SS-2 Buyer's storage withdrawals for the equivalent April through March period. Seller will not assess Buyers any charges in conjunction with the annual pass through adjustment and such pass through adjustment will in no way affect Buyer's payment obligations pursuant to Section 3.2 of this rate schedule.

9. RECORDS OF INJECTION, WITHDRAWAL AND STORAGE GAS BALANCES

Seller shall keep accurate records of quantities injected to or withdrawn from Buyer's account, and of Buyer's Storage Gas Balance, which records shall be made available to Buyer at its request.

10. HEAT CONTENT

Refer to Section 3 of the General Terms and Conditions.

11. MEASUREMENT

Refer to Section 4 of the General Terms and Conditions.

12. GENERAL TERMS AND CONDITIONS

The General Terms and Conditions which are applicable to this rate schedule are made a part hereof.

Issued by: Frank J. Ferazzi, Vice President

Issued on: May 1, 2008

Effective on: November 1, 2007

Filed to comply with order of the Federal Energy Regulatory Commission, Docket No. RP08-272-000, issued April 11, 2008, 23 FERC ¶ 61,029

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Section -----		Daily Charge (dt) ----- (\$)
3.2 (a)	Demand Charge	0.31032 1>
3.2 (b)	Storage Capacity Quantity Charge	0.00088
3.2 (c)	Quantity Injected Charge (Note A)	0.02113 1>
3.2 (d)	Quantity Withdrawal Charge	0.02096 1>
8.	Fuel Retention 2>	
	Injection - National Fuel Rate Schedule SS-1	1.40 %
	Withdrawal - National Fuel Rate Schedule SS-1	1.42 %
	Withdrawal - National Fuel Rate Schedule X-54	0.50 %

- 1> Includes Electric Power Unit Rate of \$0.00021 for Daily Demand or \$0.00165 for Commodity pursuant to Section 41 of the General Terms and Conditions of this Tariff.
2> Such fuel percentages reflect the fuel retained by National Fuel Gas Supply Corp.

NOTE A: Pursuant to Section 27 of the General Terms and Conditions of this Tariff, the quantity injection charge will be increased, when applicable, to include the ACA unit rate of \$0.00190.

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RATES AND CHARGES APPLICABLE TO
RATE SCHEDULE SS-2 - STORAGE SERVICE

Section		Daily Charge (dt)
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3.2 (a)	Demand Charge	0.31025 1>
3.2 (b)	Storage Capacity Quantity Charge	0.00088
3.2 (c)	Quantity Injected Charge (Note A)	0.02062 1>
3.2 (d)	Quantity Withdrawal Charge	0.02045 1>
8.	Fuel Retention 2>	
	Injection - <u>National Fuel Rate Schedule SS-1</u>	1.40 %
	Withdrawal - <u>National Fuel Rate Schedule SS-1</u>	1.42 %
	Withdrawal - <u>National Fuel Rate Schedule X-54</u>	0.50 %

1> Includes Electric Power Unit Rate of \$0.00014 for Daily Demand or \$0.00114 for Commodity pursuant to Section 41 of the General Terms and Conditions of this Tariff.

2> Such fuel percentages reflect the fuel retained by National Fuel Gas Supply Corp.

NOTE A: Pursuant to Section 27 of the General Terms and Conditions of this Tariff, the quantity injection charge will be increased, when applicable, to include the ACA unit rate of \$0.00190.

RATE SCHEDULE SS-2
(Continued)

7. WITHDRAWALS FROM STORAGE (Continued)

7.2 Notice Required

Buyer shall nominate withdrawals under this Rate Schedule in accordance with nomination and ranking deadlines as set forth in Section 28.1 of the General Terms and Conditions. Seller, in its sole judgment, may waive any nomination and ranking deadlines, on a non-discriminatory basis, if Seller determines that operating conditions permit.

7.3 Quantity Limitations

- (a) Subject to the other provisions of this section, Seller will deliver to Buyer on any one day under this Rate Schedule, the maximum quantity of gas which operating conditions in the storage fields will permit as determined by the operators thereof. Seller shall endeavor to withdraw and deliver, on any one day, the total of each Buyer's nominations for such day, up to, but not exceeding, Buyer's Storage Demand.

If, however, all of the nominations exceed the total quantity which Seller can withdraw from storage and deliver, the gas deliverable on such day shall be prorated in proportion to each Buyer's current Storage Gas Balance, utilizing records of Seller's dispatcher, provided that on any day during November through March, Buyer shall be entitled to receive the following daily quantities.

Percentage of Annual Storage Volume Occupied	Ratio of Maximum Daily Withdrawal Quantity to Annual Quantity
From greater than 30% to 100%	1/110
From greater than 15% to 30%	1/120
From greater than 10% to 15%	1/135
Less than 10%	1/150

8. FUEL ALLOWANCE

In order to recover such quantities of fuel, if any, that any Supplier and/or Seller may retain for compressor fuel and for calculated normal operational loss associated with the storage, compression, transportation and delivery of natural gas quantities for Buyer's account (Fuel Allowance), Seller will retain equivalent quantities from Buyer's storage injection and withdrawal and inventory quantities hereunder. Provided, however, Buyer may deliver or cause to be delivered to Seller such additional quantities of gas as Seller reasonably determines are required for fuel to effect injection of Buyer's injection quantities (Injection Allowance). Therefore, provided Seller receives an Injection Allowance from Buyer, Buyer will begin each withdrawal season with a quantity of natural gas in storage up to Buyer's Storage Capacity Quantity. Seller will retain gas only from Buyer's withdrawal quantities injected into storage, those quantities sufficient to cover Seller's fuel requirements for withdrawal (Withdrawal Allowance) and the calculated normal operational loss makeup associated with the transmission, compression and storage of Buyer's storage quantities (Loss Allowance). ~~Consequently, Buyer will begin each withdrawal season with a quantity of natural gas in storage equal to Buyer's Storage Capacity Quantity for the Period then in effect less the calculated Withdrawal and Loss Allowances applicable to such quantities of natural gas.~~

~~9. RECORDS OF INJECTION, WITHDRAWAL AND STORAGE GAS BALANCES~~

~~Seller shall keep accurate records of quantities injected to or withdrawn from Buyer's account, and of Buyer's Storage Gas Balance, which records shall be made available to Buyer at its request.~~

RATE SCHEDULE SS-2
(Continued)

8. FUEL ALLOWANCE (Continued)

In addition to Seller's retention of fuel from Buyer's storage injection and withdrawal quantities, Seller shall also adjust Buyer's Storage Gas Balance, as necessary, to track an annual adjustment made by National Fuel to Seller's storage inventory under National Fuel's Rate Schedule SS-1 related to transportation purchased by Seller under National Fuel's Rate Schedule X-54. Rate Schedule X-54 allows National Fuel to recover from Seller, effective November 1, 2007, a fuel allowance of 0.5% of the volumes received for transportation. Additionally, beginning April 2008 and each April thereafter, National Fuel will compare the retained volume under Rate Schedule X-54 during the preceding months of April through March with the metered volumes of gas used as compressor fuel for those same preceding months for transportation under Rate Schedule X-54. National Fuel will then make an adjustment to Seller's storage inventory level no later than each May 1 for the difference between the retained volume and the metered volume. Accordingly, beginning November 1, 2007, Seller will retain from quantities withdrawn by its Rate Schedule SS-2 Buyers an X-54 related transportation fuel retention percentage of 0.5%. In addition, Seller will adjust annually, no later than June 1 of each year, its Rate Schedule SS-2 Buyers' Storage Gas Balances, as necessary, to pass through the impact to those Buyers of National Fuel's annual adjustment to Seller's storage inventory. Seller's annual pass through adjustment to Buyers' Storage Gas Balances will be calculated as the difference (positive or negative) between 0.5% and the revised Rate Schedule X-54 fuel retention factor computed using metered volumes applied to each Rate Schedule SS-2 Buyer's storage withdrawals for the equivalent April through March period. Seller will not assess Buyers any charges in conjunction with the annual pass through adjustment and such pass through adjustment will in no way affect Buyer's payment obligations pursuant to Section 3.2 of this rate schedule.

9. RECORDS OF INJECTION, WITHDRAWAL AND STORAGE GAS BALANCES

Seller shall keep accurate records of quantities injected to or withdrawn from Buyer's account, and of Buyer's Storage Gas Balance, which records shall be made available to Buyer at its request.

10. HEAT CONTENT

Refer to Section 3 of the General Terms and Conditions.

11. MEASUREMENT

Refer to Section 4 of the General Terms and Conditions.

12. GENERAL TERMS AND CONDITIONS

The General Terms and Conditions which are applicable to this rate schedule are made a part hereof.

Transcontinental Gas Pipe Line Corporation

Appendix B

Description of Storage Inventory Adjustment

November 2007 - March 2008

Appendix B, Schedule 1 shows the calculation and impact of the storage inventory adjustment for the Rate Schedule SS-2 customers for the period November 2007 through March 2008. The methodology underlying the storage inventory adjustment will apply to each annual period.

Transco will retain 0.5% from Rate Schedule SS-2 customer storage withdrawals nominated for delivery during each withdrawal season November through March. Appendix B, Schedule 1, Columns B, C and D show the customer withdrawals, the 0.50% fuel retention percentage associated with National Fuel's Rate Schedule X-54 and the fuel retained, respectively.

No later than May 1 of each year, National Fuel will notify Transco of any differences between the fuel retained and the metered volumes of gas used as compressor fuel associated with Rate Schedule X-54. Subsequent to the notification, Transco will recalculate the fuel retention percentage to reflect the percentage actually retained by National Fuel. Appendix B, Schedule 1, Lines 8 through 11 show the calculation of the actual fuel retention percentage for Rate Schedule X-54 using the actual fuel and delivery quantities provided by National Fuel for the period November 2007 through March 2008. The actual fuel (dts) is divided by the delivery quantities (dts) to derive the revised fuel retention percentage of 0.51%.

Appendix B, Schedule 1, Column F shows the revised X-54 related fuel quantity for each Rate Schedule SS-2 customer (Column B times E). Column G shows the increase in the fuel retained (Column F minus Column D) and Column H shows the adjustment to each customer's Rate Schedule SS-2 storage inventory balance.

The total storage capacity for each Rate Schedule SS-2 customer is shown in Column I of Schedule 1. When compared to each customer's total storage capacity, the storage inventory adjustment is de minimis.

Transcontinental Gas Pipe Line Corporation
Calculation of Rate Schedule SS-2 Storage Inventory Adjustment
for the period November 2007 through March 2008

Line No.	Customer (A)	Withdrawals (B)		X-54 Fuel Percentage (C)		Fuel Retained (D)		Revised X-54 Fuel Percentage (E)		Revised Fuel (F)		Increase / (Decrease) Fuel (G)		Adjustment to Customer Inventory (H)		Total Capacity (I)	
		Dt				Dt				Dt			Dt		Dt		Dt
1	Consolidated Edison Co of NY		1,207,809		0.50%		6,039		0.51%		6,160		121		(121)		2,128,995
2	Keyspan - Long IS		1,350,296		0.50%		6,751		0.51%		6,887		136		(136)		2,550,240
3	New Jersey Natural Gas Company		814,817		0.50%		4,074		0.51%		4,156		82		(82)		922,185
4	S Jersey Gas		1,452,228		0.50%		7,261		0.51%		7,406		145		(145)		1,764,675
5	UGI Penn Natural Gas, Inc.		2,324,612		0.50%		11,623		0.51%		11,856		233		(233)		2,846,250
6	UGI Utilities Inc		686,035		0.50%		3,430		0.51%		3,499		69		(69)		796,950
7	Total		7,835,797				39,178				39,964		786		(786)		

8 1/ Calculation of the Rate Schedule X-54 Revised Fuel Percentage for the period November 2007 through March 2008:

9	Actual Fuel (Dt)	46,294
10	Deliveries (Dt)	9,068,681
11	Revised Fuel Percentage	0.51%

12 2/ The difference between the fuel assessed to Transco's Rate Schedule SS-2 customers (Column F, Line 7) and the fuel assessed to Transco under National Fuel's Rate Schedule X-54 (Line 9) is recovered through Transco's system transmission fuel retention percentages. The difference for November 2007 through March 2008 is 6,330 dts (46,294 dts minus 39,964 dts).

Transcontinental Gas Pipe Line Corporation

Appendix C

Description of the One-Time Storage Inventory Adjustment
December 2006 though March 2007

Appendix C, Schedule 1 shows the calculation of each Rate Schedule SS-2 customer's storage inventory adjustment for the period December 2006 through March 2007 associated with National Fuel's Rate Schedule X-54 one-time storage inventory adjustment.

Transco has calculated the actual fuel retention percentage for the period December 2006 through March 2007 from data provided by National Fuel. Such calculation is shown on Appendix C, Schedule 1, lines 8 through 11. The actual fuel (line 9) is divided by the delivery quantities (line 10) resulting in the revised fuel retention percentage of 0.44% (line 11).

Appendix C, Schedule 1, Column D shows the fuel applicable to each Rate Schedule SS-2 customer. The fuel is calculated by multiplying the customer withdrawals (Column B) by the actual fuel retention percentage of 0.44% (Column C).

The adjustment to each customer's Rate Schedule SS-2 storage inventory is shown in Column E.

Transcontinental Gas Pipe Line Corporation
Calculation of the One-Time Rate Schedule SS-2 Storage Inventory Adjustment
for the period December 2006 through March 2007

Line No.	Customer (A)	Withdrawals (B)		X-54 Fuel Percentage 1/ (C)	Fuel (D)		Adjustment to Customer Inventory (E)	
		Dt			Dt		Dt	
1	Consolidated Edison Co of NY	1,394,325		0.44%	6,135		(6,135)	
2	Keyspan - Long IS	765,305		0.44%	3,367		(3,367)	
3	New Jersey Natural Gas Company	624,301		0.44%	2,747		(2,747)	
4	S Jersey Gas	1,149,618		0.44%	5,058		(5,058)	
5	UGI Penn Natural Gas, Inc.	2,499,226		0.44%	10,997		(10,997)	
6	UGI Utilities Inc	322,966		0.44%	1,421		(1,421)	
7	Total	6,755,741			29,725		(29,725)	

8 1/ Calculation of the Rate Schedule X-54 Fuel Percentage for the period December 2006 through March 2007:

9	Actual Fuel (Dt)	37,361
10	Deliveries (Dt)	8,532,389
11	Revised Fuel Percentage	0.44%

12 2/ The difference between the fuel assessed to Transco's Rate Schedule SS-2 customers (Column D, Line 7) and the fuel
 13 assessed to Transco under National Fuel's Rate Schedule X-54 (Line 9) is recovered through Transco's system transmission fuel
 14 retention percentages. The difference for December 2006 through March 2007 is 7,636 dts (37,361 dts minus 29,725 dts).