



**Transcontinental Gas Pipe Line Corporation**  
2800 Post Oak Boulevard (77056)  
P.O. Box 1396  
Houston, Texas 77251-1396  
713/215-3380

May 10, 2005

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

Attention: Magalie R. Salas, Secretary

Re: Transcontinental Gas Pipe Line Corporation  
Docket No. RP05-

Ladies and Gentlemen:

Pursuant to Section 4 of the Natural Gas Act ("NGA") and Part 154 of the Federal Energy Regulatory Commission's ("Commission") regulations thereunder, Transcontinental Gas Pipe Line Corporation ("Transco") hereby submits for filing with the Commission Third Revised Sheet No. 374O.01 to its FERC Gas Tariff, Third Revised Volume No.1 ("Tariff"). This tariff sheet is proposed to be effective June 9, 2005.

**Statement of Nature, Reasons and Basis for Filing**

The purpose of this filing is to revise certain provisions included in Section 48 of the General Terms and Conditions of Transco's Tariff ("GT&C"), Right of First Refusal ("ROFR") Procedures. Specifically, Transco proposes to clarify the procedures to be followed subsequent to the posting of available firm capacity subject to a ROFR and the solicitation of bids for such capacity (as provided in Section 48.2 of the GT&C), in the event no bids are received (or accepted by Transco) in response to such posting.

Section 48.6 of the GT&C currently provides that, in the event no bids are received (or accepted by Transco) in response to the posting of available firm capacity in accordance with Section 48.2, the Buyer with a ROFR ("ROFR Buyer") may continue to receive service at the maximum rate and at a term selected by Buyer, provided that Buyer executes a new service agreement prior to the expiration of the term of the existing service agreement (or within 30 days following the date that Transco tenders the new service agreement if the new service agreement is tendered on or after the expiration date

of the existing agreement). Section 48.6 does not explicitly address the time frame within which the ROFR Buyer must exercise its ROFR rights. Transco proposes to clarify its procedures to provide that the ROFR Buyer shall have fifteen (15) business days after receiving Transco's notification that no bids were received (or accepted by Transco) to make a binding written commitment with Transco regarding the rate and term of continued service.<sup>1</sup> If Transco and the ROFR Buyer fail to reach such commitment within the required time frame, then the ROFR Buyer's right of first refusal shall terminate and Transco will post the available firm capacity, not subject to a ROFR, in accordance with Section 49 of the GT&C, Procedures for Allocating Available Firm Capacity. This proposed revision will add clarity and certainty to the timing of the offering of such firm capacity by Transco. Transco notes that its proposal is similar to provisions approved by the Commission and contained in the tariffs of other pipelines.<sup>2</sup>

### **Proposed Effective Date**

The revised tariff sheet submitted herein is proposed to be effective June 9, 2005. In the event this tariff sheet is suspended, modified, or accepted subject to conditions, in accordance with Section 154.7(a)(9) of the Commission's regulations, Transco reserves the right to file a later motion to place such tariff sheet into effect at the end of the applicable suspension period.

### **Materials Submitted Herewith**

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

- (1) In accordance with Section 154.209 of the Regulations, a proposed form of notice for the instant filing suitable for publication in the Federal Register, and a diskette copy of such notice labeled NT051005.BSC;
- (2) The revised tariff sheet and the "redlined" version of the revised tariff sheet, in accordance with Section 154.201(a) of the Regulations; and
- (3) As required by Section 154.4 of the Regulations, a diskette copy of the revised tariff sheet labeled TF051005.BSC.

### **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

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<sup>1</sup> Provided Buyer makes a binding written commitment within 15 business days, the time frame within which Buyer must execute the new service agreement remains unchanged from the current tariff requirement.

<sup>2</sup> Kinder Morgan Interstate Gas Transmission, L.L.C., 110 FERC ¶ 61,193 (2005); Southern Natural Gas Co., 108 FERC ¶ 61,328 (2004); Columbia Gas Transmission Corp., 107 FERC ¶ 61,078 (2004).

Federal Energy Regulatory Commission  
May 10, 2005  
Page 3

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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Director, Rates and Regulatory  
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P.O. Box 1396  
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and copies should be mailed to:

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Respectfully submitted,  
TRANSCONTINENTAL GAS PIPE LINE CORPORATION

/s/ Marg Camardello / jmp

By \_\_\_\_\_  
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Filed: May 10, 2005

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Transcontinental Gas Pipe Line Corporation

Docket No. RP05-

Notice of Proposed Changes in FERC Gas Tariff

Take notice that on May 10, 2005, Transcontinental Gas Pipe Line Corporation (“Transco”) tendered for filing as part of its FERC Gas Tariff, Third Revised Volume No. 1, Third Revised Sheet No. 374O.01, to become effective June 9, 2005.

Transco states that the purpose of the instant filing is to revise certain provisions included in Section 48 of the General Terms and Conditions of Transco’s Tariff, Right of First Refusal Procedures to clarify the procedures to be followed in the event no bids are received (or accepted by Transco) in response to a posting under Section 48.

Any person desiring to intervene or protest this filing must file in accordance with Rules 211 and 214 of the Commission’s Rules of Practice and Procedure (18 CFR 385.211 and 385.214). Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a notice of intervention or motion to intervene, as appropriate. Such notices, motions, or protests must be filed in accordance with the provisions of Section 154.210 of the Commission’s regulations (18 CFR 154.210). Anyone filing an intervention or protest must serve a copy of that document on the Applicant. Anyone filing an intervention or protest on or before the intervention or protest date need not serve motions to intervene or protests on persons other than the Applicant.

The Commission encourages electronic submission of protests and interventions in lieu of paper using the “eFiling” link at <http://www.ferc.gov> . Persons unable to file electronically should submit an original and 14 copies of the protest or intervention to the Federal Energy Regulatory Commission, 888 First Street, N.E. Washington, D.C. 20426.

This filing is accessible on-line at <http://www.ferc.gov>, using the “eLibrary” link and is available for review in the Commission’s Public Reference Room in Washington, D.C. There is an “eSubscription” link on the web site that enables subscribers to receive email notification when a document is added to a subscribed docket(s). For assistance with any FERC Online service, please email [FERCOnlineSupport@ferc.gov](mailto:FERCOnlineSupport@ferc.gov), or call (866) 208-3676 (toll free). For TTY, contact (202) 502-8659.

Magalie R. Salas  
Secretary

GENERAL TERMS AND CONDITIONS  
(Continued)

48. RIGHT OF FIRST REFUSAL PROCEDURES

- 48.3 Seller shall evaluate and determine the best bid relating to each service agreement in accordance with one of the following two methods, with the specific method identified in its notice for bid solicitation:
- (a) Highest net present value of reservation charges, or
  - (b) Highest rate bid, provided such bid meets Seller's minimum stated term.

For purposes of determining (i) the highest bid under Section 48.3(a) and (b) and (ii) the bid Buyer may elect to match pursuant to Section 48.4, Seller will utilize the reservation rates bid, not to exceed Seller's applicable maximum reservation rates. In the event Seller receives two or more bids of equal value, then under method (a) the best bid shall be the bid with the shortest term and under method (b) the best bid shall be the bid with the longest term. If, after performing the aforementioned calculations, two or more bids are tied, a random and blind selection process will be used to select the best bid.

- 48.4 Buyer shall have the right to continue to receive service by notifying Seller in writing within fifteen (15) business days of receiving Seller's notification of the best bid, that Buyer agrees to match the best bid. The evaluation method used to determine whether Buyer's bid matches the best bid shall be the same method used to determine the best bid pursuant to Section 48.3 above. In the event Buyer matches the best bid, Buyer and Seller shall, prior to the expiration of the service agreement, execute a new service agreement setting forth terms and conditions of the matching bid. Such service agreement shall be effective as of the day following the expiration of the expiring service agreement.
- 48.5 If Buyer elects not to match the best bid, then such election shall constitute an irrevocable waiver of Buyer's right of first refusal and Seller shall execute a service agreement with Buyer submitting the best bid and shall provide such service pursuant to the terms and conditions contained in the best bid.
- 48.6 Notwithstanding the above, Seller shall not be obligated to accept any bid or execute any service agreement at a rate less than the maximum rate allowable under such Rate Schedule. Seller shall notify Buyer in writing if no bids are received during the bidding period, or if Seller does not accept any bids. Buyer and Seller shall have fifteen (15) business days following the date of Seller's notification to Buyer to reach a binding written commitment regarding the rate and term of continued service to Buyer. In that binding written commitment, Buyer shall be entitled to continue to receive service at the maximum rate and at a term selected by Buyer, or Buyer and Seller may agree upon a negotiated rate or a rate between the maximum and minimum allowable rates, as well as other mutually agreeable terms and conditions for continued service. In no event shall Buyer and Seller agree upon a rate which is less than any bid received by Seller pursuant to this Section 48 and rejected by Seller. If Buyer and Seller reach a binding written commitment for continued service, Buyer must execute a new service agreement prior to the expiration of the term of the existing service agreement (or within 30 days following the date that Seller tenders the new service agreement to Buyer if the new service agreement is tendered by Seller on or after the expiration date of the existing agreement). If Buyer and Seller fail to reach a binding written commitment within fifteen (15) business days following the date of Seller's notification as provided herein, then Buyer's right of first refusal shall terminate and Seller will post the available firm capacity in accordance with Section 49 of the General Terms and Conditions.
- 48.7 In the event a Buyer or Seller provides notice to terminate service under a service agreement and Buyer does not notify Seller in accordance with Section 48.1(b) that Buyer may desire to continue to receive all or a portion of its service entitlement under such service agreement, then Buyer shall have forfeited its right of first refusal provided herein.
- 48.8 The provisions of this Section 48 shall not apply to releases of capacity under Section 42 of the General Terms and Conditions unless that release is a permanent release for the remaining term of the Service Agreement and that Service Agreement is eligible for right of first refusal provided for herein.

GENERAL TERMS AND CONDITIONS  
(Continued)

48. RIGHT OF FIRST REFUSAL PROCEDURES

48.3 Seller shall evaluate and determine the best bid relating to each service agreement in accordance with one of the following two methods, with the specific method identified in its notice for bid solicitation:

- (a) Highest net present value of reservation charges, or
- (b) Highest rate bid, provided such bid meets Seller's minimum stated term.

For purposes of determining (i) the highest bid under Section 48.3(a) and (b) and (ii) the bid Buyer may elect to match pursuant to Section 48.4, Seller will utilize the reservation rates bid, not to exceed Seller's applicable maximum reservation rates. In the event Seller receives two or more bids of equal value, then under method (a) the best bid shall be the bid with the shortest term and under method (b) the best bid shall be the bid with the longest term. If, after performing the aforementioned calculations, two or more bids are tied, a random and blind selection process will be used to select the best bid.

48.4 Buyer shall have the right to continue to receive service by notifying Seller in writing within fifteen (15) business days of receiving Seller's notification of the best bid, that Buyer agrees to match the best bid. The evaluation method used to determine whether Buyer's bid matches the best bid shall be the same method used to determine the best bid pursuant to Section 48.3 above. In the event Buyer matches the best bid, Buyer and Seller shall, prior to the expiration of the service agreement, execute a new service agreement setting forth terms and conditions of the matching bid. Such service agreement shall be effective as of the day following the expiration of the expiring service agreement.

48.5 If Buyer elects not to match the best bid, then such election shall constitute an irrevocable waiver of Buyer's right of first refusal and Seller shall execute a service agreement with Buyer submitting the best bid and shall provide such service pursuant to the terms and conditions contained in the best bid.

48.6 Notwithstanding the above, Seller shall not be obligated to accept any bid or execute any service agreement at a rate less than the maximum rate allowable under such Rate Schedule. ~~If Seller shall notify Buyer in writing if no bids are received during the bidding period, or if Seller does not accept any bids, Buyer and Seller shall have fifteen (15) business days following the date of Seller's notification to Buyer to reach a binding written commitment regarding the rate and term of continued service to Buyer. In that binding written commitment, Buyer shall be entitled to continue to receive service at the maximum rate and at a term selected by Buyer, provided that Buyer executes a new service agreement prior to the expiration of the term of the existing service agreement (or within 30 days following the date that Seller tenders the new service agreement to Buyer if the new service agreement is tendered by Seller on or after the expiration date of the existing agreement). If Buyer is unwilling to pay the maximum rate for continued service, Buyer and Seller may agree upon a negotiated rate or a rate between the maximum and minimum allowable rates, as well as other mutually agreeable terms and conditions for continued service, provided, however, in no event shall Buyer and Seller agree upon a rate which is less than any bid received by Seller pursuant to this Section 48 and rejected by Seller. If Buyer and Seller reach a binding written commitment for continued service, Buyer must execute a new service agreement prior to the expiration of the term of the existing service agreement (or within 30 days following the date that Seller tenders the new service agreement to Buyer if the new service agreement is tendered by Seller on or after the expiration date of the existing agreement). If Buyer and Seller fail to reach a binding written commitment within fifteen (15) business days following the date of Seller's notification as provided herein, then Buyer's right of first refusal shall terminate and Seller will post the available firm capacity in accordance with Section 49 of the General Terms and Conditions.~~

48.7 In the event a Buyer or Seller provides notice to terminate service under a service agreement and Buyer does not notify Seller in accordance with Section 48.1(b) that Buyer may desire to continue to receive all or a portion of its service entitlement under such service agreement, then Buyer shall have forfeited its right of first refusal provided herein.

48.8 The provisions of this Section 48 shall not apply to releases of capacity under Section 42 of the General Terms and Conditions unless that release is a permanent release for the remaining term of the Service Agreement and that Service Agreement is eligible for right of first refusal provided for herein.