



Transcontinental Gas Pipe Line  
Corporation  
2800 Post Oak Boulevard (77056)  
P.O. Box 1396  
Houston, Texas 77251-1396  
713-215-2000

June 13, 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  
Negotiated Rate Filing  
Docket No. RP96-359-\_\_\_\_\_

Ladies and Gentlemen:

Transcontinental Gas Pipe Line Corporation ("Transco") submits herewith for filing with the Federal Energy Regulatory Commission ("Commission") a copy of an executed service agreement containing a negotiated rate which pertains to Rate Schedule FT firm transportation service under Transco's Momentum Expansion Project ("Momentum").<sup>1</sup> The effective date of the agreement is June 15, 2008.

**Statement of Nature, Reasons and Basis**

The service agreement submitted herewith is the result of the permanent release<sup>2</sup> by Progress Ventures, Inc. ("Progress") of the capacity under a previously filed negotiated rate service agreement dated May 1, 2003 between Progress and Transco ("May 1, 2003 Agreement"). Progress permanently released to Arclight Energy Marketing LLC ("Arclight") the remaining 31,500 Dth per day Total Contract Quantity ("TCQ") under the May 1, 2003 Agreement to be effective June 15, 2008 through October 31, 2009.<sup>3</sup> To effectuate the release, Transco and

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<sup>1</sup> Transco's Momentum Expansion Project was approved by Commission order issued February 14, 2001 in Docket Nos. CP01-388-000 and CP01-388-001; as amended on April 10, 2003 in Docket No. CP01-388-002.

<sup>2</sup> The permanent release of capacity was performed in accordance with Section 42.14 of the General Terms and Conditions of Transco's FERC Gas Tariff.

<sup>3</sup> In a Letter Order issued on November 28, 2006, in Docket No. RP96-359-032, the Commission accepted an amendment to the May 1, 2003 Agreement reducing the TCQ from 75,000 Dth/day to 66,000 Dth/day pursuant to a permanent release by Progress effective November 1, 2006. In a Letter Order issued on April 24, 2007, in

Arclight have entered into a service agreement for 31,500 Dth per day of Momentum firm transportation service under Transco's Rate Schedule FT ("June 15, 2008 Agreement"). The June 15, 2008 Agreement includes a negotiated rate as set forth on Exhibit C thereto. Coincident with the effective date of the permanent release, Progress' May 1, 2003 Agreement will terminate.

Accordingly, pursuant to the Commission's Alternative Rate Policy Statement,<sup>4</sup> for which the Commission has approved tariff sheets under Transco's Rate Schedule FT that permit Transco to negotiate rates,<sup>5</sup> and the Commission's order in Docket No. PL02-6-000 entitled "Modification of Negotiated Rate Policy,"<sup>6</sup> Transco submits the Service Agreement for filing with the Commission. The Service Agreement includes the negotiated rate (the negotiated rate and all applicable charges), the exact legal name of the customer, the receipt and delivery points, the quantity of gas to be transported, the agreed-upon termination date, and the applicable rate schedule for the service.

### **Effective Date**

Transco respectfully requests that the Commission accept the June 15, 2008 Agreement to be effective on that date as provided in said agreement.

### **Materials Submitted Herewith**

In accordance with Section 154.7(a)(1) of the Commission's Regulations, an executed copy of the June 15, 2008 Agreement is submitted herewith.

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Docket No. RP96-359-033, the Commission accepted an amendment to the May 1, 2003 Agreement reducing the TCQ from 66,000 Dth/day to 31,500 Dth/day pursuant to three additional permanent releases by Progress effective April 1, 2007. In a Letter Order issued May 8, 2007, in Docket No. RP96-359-034, the Commission accepted Transco's March 20, 2007 agreement with Southern Company Services ("March 20, 2007 Agreement") which resulted from the permanent release by Progress to Southern Company Services of 31,500 Dth/day effective January 1, 2011, thereby terminating the May 1, 2003 Agreement effective January 1, 2011. In a Letter Order issued on March 11, 2008, in Docket No. RP96-359-036, the Commission accepted an amendment to the March 20, 2007 Agreement which changed the effective date of Progress' permanent release to Southern Company Services from January 1, 2011 to November 1, 2009, thereby terminating the May 1, 2003 agreement effective November 1, 2009.

<sup>4</sup> Alternatives to Traditional Cost-of-Service Ratemaking for Natural Gas Pipelines and Regulation of Negotiated Transportation Services of Natural Gas Pipelines (Alternative Rate Policy Statement), 74 FERC ¶ 61,076 (1996), reh'g and clarification denied, 75 FERC ¶ 61,024 (1996), reh'g denied, 75 FERC ¶ 61,066 (1996).

<sup>5</sup> Transcontinental Gas Pipe Line Corp., 76 FERC ¶ 61,318 (1996).

<sup>6</sup> 104 FERC ¶ 61,134 (2003).

**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 and interested state commissions.

Any communications in regard to this filing should be sent to:

Scott C. Turkington  
Director, Rates & Regulatory  
Transcontinental Gas Pipe Line Corporation  
P.O. Box 1396  
Houston, Texas 77251

And copies should be mailed to:

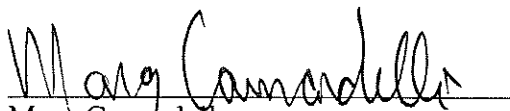
Julie Baumgarten  
Senior Attorney  
Transcontinental Gas Pipe Line Corporation  
P.O. Box 1396  
Houston, Texas 77251

and

Marshia Younglund  
Manager, Federal Regulatory Affairs  
The Williams Companies, Inc.  
1627 Eye Street, N.W., Suite 900  
Washington, D.C. 20006

Respectfully submitted,

TRANSCONTINENTAL GAS PIPE  
LINE CORPORATION



Marg Camardello  
Manager, Tariffs and Certificates  
713-215-3380  
[marg.r.camardello@williams.com](mailto:marg.r.camardello@williams.com)

SERVICE AGREEMENT

between

TRANSCONTINENTAL GAS PIPE LINE CORPORATION

and

ARCLIGHT ENERGY MARKETING LLC

SERVICE AGREEMENT

THIS AGREEMENT entered into this 8<sup>th</sup> day of June, 2008, by and between TRANSCONTINENTAL GAS PIPE LINE CORPORATION, a Delaware corporation, hereinafter referred to as "Seller," first party, and ARCLIGHT ENERGY MARKETING LLC, hereinafter referred to as "Buyer," second party.

WITNESSETH

WHEREAS, Seller owns and operates an interstate gas pipeline system; and

WHEREAS, Seller and Progress Ventures, Inc. ("PVI") are parties to a Service Agreement, effective May 1, 2003, as amended November 1, 2006 and April 1, 2007 (Seller's contract number 9002595), under Seller's Rate Schedule FT, pursuant to which Seller provides firm transportation service under Seller's Momentum Expansion Project of up to a Transportation Contract Quantity of 31,500 dt per day through Seller's pipeline system; and

WHEREAS, pursuant to Section 42 of the General Terms and Conditions of Seller's FERC Gas Tariff, PVI previously permanently relinquished and released to Southern Power Company 31,500 dt per day of the Transportation Contract Quantity under that Service Agreement effective 9:00 a.m. Central Clock Time November 1, 2009 through the remaining term of the contract, May 1, 2018; and

WHEREAS, pursuant to Section 42 of the General Terms and Conditions of Seller's FERC Gas Tariff, PVI has now permanently relinquished and released to Buyer 31,500 dt per day of the Transportation Contract Quantity under that Service Agreement effective June 15, 2008 through 9:00 a.m. Central Clock Time November 1, 2009. Given PVI's prior permanent release of this contract capacity to Southern Power Company effective November 1, 2009 as described above, Buyer understands it does not have a Right Of First Refusal or roll-over rights upon termination of this contract, effective 9:00 a.m. Central Clock Time November 1, 2009; and

WHEREAS, Buyer has agreed to such permanent capacity release and is willing to assume all rights and obligations of Progress Ventures, Inc. for the 31,500 dt per day of Transportation Contract Quantity pursuant to the terms and conditions of this agreement.

NOW, THEREFORE, Seller and Buyer agree as follows:

ARTICLE I  
GAS TRANSPORTATION SERVICE

1. Subject to the terms and provisions of this agreement and of Seller's Rate Schedule FT, Buyer agrees to deliver or cause to be delivered to Seller gas for transportation and Seller agrees to receive, transport and redeliver natural gas to Buyer or for the account of Buyer, on a firm basis, up to a Transportation Contract Quantity ("TCQ") of 31,500 dt per day.

2. Transportation service rendered hereunder shall not be subject to curtailment or interruption except as provided in Section 11 and, if applicable, Section 42 of the General Terms and Conditions of Seller's FERC Gas Tariff.

ARTICLE II  
POINT(S) OF RECEIPT

Buyer shall deliver or cause to be delivered gas at the point(s) of receipt hereunder at a pressure sufficient to allow the gas to enter Seller's pipeline system at the varying pressures that may exist in such system from time to time; provided, however, the pressure of the gas delivered or caused to be delivered by Buyer shall not exceed the maximum operating pressure(s) of Seller's pipeline system at such point(s) of receipt. In the event the maximum operating pressure(s) of Seller's pipeline system, at the point(s) of receipt hereunder, is from time to time increased or decreased, then the maximum allowable pressure(s) of the gas delivered or caused to be delivered by Buyer to Seller at the point(s) of receipt shall be correspondingly increased or decreased upon written notification of Seller to Buyer. The point(s) of receipt for natural gas received for transportation pursuant to this agreement shall be:

See Exhibit A, attached hereto, for points of receipt.

ARTICLE III  
POINT(S) OF DELIVERY

Seller shall redeliver to Buyer or for the account of Buyer the gas transported hereunder at the following point(s) of delivery and at a pressure(s) of:

See Exhibit B, attached hereto, for points of delivery and pressures.

ARTICLE IV  
TERM OF AGREEMENT

This agreement shall be effective as of June 15, 2008 and shall remain in force and effect until 9:00 a.m. Central Clock Time November 1, 2009; provided, however, this agreement shall terminate immediately and, subject to the receipt of necessary authorizations, if any, Seller may discontinue service hereunder if (a) Buyer, in Seller's reasonable judgment fails to demonstrate credit worthiness, and (b) Buyer fails to provide adequate security in accordance with Section 32 of the General Terms and Conditions of Seller's Volume No. 1 Tariff. As set forth in Section 8 of Article II of Seller's August 7, 1989 revised Stipulation and Agreement in Docket Nos. RP88-68 et.al., (a) pregranted abandonment under Section 284.221(d) of the Commission's Regulations shall not apply to any long term conversions from firm sales service to transportation service under Seller's Rate Schedule FT and (b) Seller shall not exercise its right to terminate this service agreement as it applies to transportation service resulting from conversions from firm sales service so long as Buyer is willing to pay rates no less favorable than Seller is otherwise able to collect from third parties for such service.

ARTICLE V  
RATE SCHEDULE AND PRICE

1. Buyer shall pay Seller for natural gas delivered to Buyer hereunder in accordance with Seller's Rate Schedule FT and the applicable provisions of the General Terms and Conditions of Seller's FERC Gas Tariff as filed with the Federal Energy Regulatory Commission, and as the same may be legally amended or superseded from time to time. Such Rate Schedule and General Terms and Conditions are by this reference made a part hereof. In the event Buyer and Seller mutually agree to a negotiated rate pursuant to the provisions in Section 53 of the General Terms and Conditions and specified term for service hereunder, provisions governing such negotiated rate (including surcharges) and term shall be set forth on Exhibit C to the service agreement.

2. Seller and Buyer agree that the quantity of gas that Buyer delivers or causes to be delivered to Seller shall include the quantity of gas retained by Seller for applicable compressor fuel, line loss make-up (and injection fuel under Seller's Rate Schedule GSS, if applicable) in providing the transportation service hereunder, which quantity may be changed from time to time and which will be specified in the currently effective Sheet No. 44 of Volume No. 1 of this Tariff which relates to service under this agreement and which is incorporated herein.

3. In addition to the applicable charges for firm transportation service pursuant to Section 3 of Seller's Rate Schedule FT, Buyer shall reimburse Seller for any and all filing fees incurred as a result of Buyer's request for service under Seller's Rate Schedule FT, to the extent such fees are imposed upon Seller by the Federal Energy Regulatory Commission or any successor governmental authority having jurisdiction.

## ARTICLE VI MISCELLANEOUS

1. This Agreement supersedes and cancels as of the effective date hereof the following contract(s) between the parties hereto: None

2. No waiver by either party of any one or more defaults by the other in the performance of any provisions of this agreement shall operate or be construed as a waiver of any future default or defaults, whether of a like or different character.

3. The interpretation and performance of this agreement shall be in accordance with the laws of the State of Texas, without recourse to the law governing conflict of laws, and to all present and future valid laws with respect to the subject matter, including present and future orders, rules and regulations of duly constituted authorities.

4. This agreement shall be binding upon, and inure to the benefit of the parties hereto and their respective successors and assigns.

5. Notices to either party shall be in writing and shall be considered as duly delivered when mailed to the other party at the following address:

(a) If to Seller:  
Transcontinental Gas Pipe Line Corporation  
P. O. Box 1396  
Houston, Texas 77251  
Attention: Director – Customer Services

(b) If to Buyer:  
Arclight Energy Marketing LLC  
100 East Davie, Suite 900  
Raleigh, NC 27601-5000  
Attention: Sam Andrus

Such addresses may be changed from time to time by mailing appropriate notice thereof to the other party by certified or registered mail.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be signed by their respective officers or representatives thereunto duly authorized.

TRANSCONTINENTAL GAS PIPE LINE CORPORATION  
(Seller)

By: Paul F. Egnier III *JB*  
Paul F. Egnier III *LSE*  
Director, Customer Services *JSB*

ARCLIGHT ENERGY MARKETING LLC  
(Buyer)

By: J Philip Chesson  
Print Name: J Philip Chesson  
*JA* Title: CFO

EXHIBIT A

ATTACHED AND MADE PART OF THAT SERVICE AGREEMENT BY AND BETWEEN  
TRANSCONTINENTAL GAS PIPE LINE CORPORATION, AS SELLER, AND ARCLIGHT ENERGY  
MARKETING LLC, AS BUYER, DATED June 8, 2008.

<u>Point(s) of Receipt</u>	<u>Maximum Daily Quantity at each Receipt Pt. (D/d)<sup>1</sup></u>
Seller's Compressor Station 65 at the existing point of interconnection between Seller's Southeast Louisiana lateral and Seller's mainline in St. Helena Parish, LA.	3,000
Point of interconnection between Seller's mainline system and Destin Pipeline at milepost 756.860 in Clarke County, MS.	28,500

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<sup>1</sup> These quantities do not include the additional quantities of gas retained by Seller for applicable compressor fuel and line loss make-up provided for in Article V, 2 of this Service Agreement, which are subject to change as provided for in Article V, 2 hereof.

EXHIBIT B

ATTACHED AND MADE PART OF THAT SERVICE AGREEMENT BY AND BETWEEN  
TRANSCONTINENTAL GAS PIPE LINE CORPORATION, AS SELLER, AND ARCLIGHT ENERGY  
MARKETING LLC, AS BUYER, DATED June 8, 2008.

<u>Point(s) of Delivery and Pressures</u>	<u>Maximum Daily Quantity at each Delivery Pt. (D/d)<sup>2</sup></u>
PSNC Dan River Meter Station located at milepost 1382.53 on Seller's main transmission line in Rockingham County, NC.	3,000
Seller's Compressor Station 165 at milepost 1412.99 on Seller's mainline in Pittsylvania County, VA.	28,500

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<sup>2</sup> Deliveries to or for the account of Shipper at the delivery point(s) shall be subject to the limits of the Delivery Point Entitlement ("DPEs") of the entities receiving the gas at the delivery points, as such DPE's are set forth in Seller's FERC Gas Tariff, as amended from time to time.

EXHIBIT C

ATTACHED AND MADE PART OF THAT SERVICE AGREEMENT BY AND BETWEEN  
TRANSCONTINENTAL GAS PIPE LINE CORPORATION, AS SELLER, AND ARCLIGHT ENERGY  
MARKETING LLC, DATED June 8, 2008.

Specification of Negotiated Rate and Term

During the 1-year, 4.5-month primary term of this agreement, Buyer shall pay a negotiated daily reservation rate of \$0.35 per dt for firm transportation from Seller's Station 65 in St Helena Parish, Louisiana, or from secondary receipt points located in Seller's Rate Zone 3 upstream of Station 65, to mainline delivery points in North Carolina ("Station 65 Rate") and \$0.30 per dt for firm transportation from Seller's Destin interconnect in Clarke County, Mississippi, or from receipt points located downstream of the Destin interconnect or secondary receipt points located in Seller's Rate Zone 4 upstream of the Destin interconnect, to mainline delivery points in Seller's Rate Zone 5 upstream of the discharge side of Seller's Station 165 ("Destin Rate").

In addition to the negotiated daily reservation rate, Buyer shall be responsible for compressor fuel and line loss make-up retention and shall pay the electric power charges and all applicable surcharges for Seller's Rate Schedule FT service to Shipper under the Momentum Expansion Project as approved by the FERC. The fuel and line loss make-up retention, electric power charges and applicable surcharges are subject to change from time to time as approved by the FERC.