



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

August 3, 2007

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

Attention: Kimberly D. Bose
Secretary

Reference: Transcontinental Gas Pipe Line Corporation
Docket No. RP07-
Request for Waiver of FERC Gas Tariff
(Section 55.2 of General Terms & Conditions)

Ladies and Gentlemen:

Pursuant to Section 4 of the Natural Gas Act and Section 154.7(a)(7) of the Federal Energy Regulatory Commission's ("Commission") regulations, Transcontinental Gas Pipe Line Corporation ("Transco") hereby requests that the Commission grant a waiver of Section 55.2 of the General Terms & Conditions of Transco's FERC Gas Tariff ("GT&C") to the extent necessary to (i) allow Transco to reserve capacity on Transco's Mobile Bay Lateral to be used for the proposed "Pascagoula Expansion Project" (sometimes referred to herein as the "Project") for up to 30 months prior to Transco filing an application with the Commission for certificate approval of the Project, and (ii) allow any shippers subscribing to the reserved capacity during the interim period (*i.e.*, the period of time between the date that the capacity is reserved and the in-service date of the Project) to have a right of first refusal to the subscribed capacity during such interim period pursuant to Section 48 of the GT&C. In support of this request, Transco shows as follows:

Background

On February 20, 2007, Transco filed tariff sheets¹ to add Section 55, "Reservation of Capacity," to the GT&C. Proposed Section 55 was divided into two subsections, one setting forth the conditions under which Transco may enter into a service agreement for existing

¹ Ninth Revised Sheet No. 250A, Original Sheet No. 374V, and Original Sheet No. 374V.01.

unsubscribed capacity to start at a specific date up to three years in the future, and the other setting forth the conditions under which Transco may reserve capacity for an upcoming pipeline expansion project.

By order issued March 22, 2007,² the Commission accepted Transco's proposed tariff sheets, subject to conditions. With regard to the proposed provision in Section 55.2 for the reservation of capacity for expansion projects, which would have allowed Transco to reserve capacity for up to two years prior to filing a certificate application for an expansion project, the Commission directed Transco to limit the reservation period to one year. However, the Commission also stated that Transco may request that the Commission waive this one-year tariff limit for a particular project for which it has reserved capacity if Transco believes that it needs more time to file the certificate application. The Commission stated that it would evaluate the waiver request based on the circumstances and the support that Transco provides for the requested waiver.³ Pursuant to such invitation by the Commission, Transco submits the instant request for waiver.

Request for Waiver

The Pascagoula Expansion Project is being developed by Transco to provide downstream firm transportation service for re-vaporized liquefied natural gas ("LNG") from the recently certificated Gulf LNG Energy, LLC ("Gulf LNG") LNG import terminal in Jackson County, Mississippi.⁴ The Project will include the construction and operation of a new pipeline and appurtenant facilities from a point of interconnection with the terminus of the proposed Gulf LNG Pipeline, LLC pipeline in Pascagoula County, Mississippi (which will extend from the LNG import terminal) to a point of interconnection with the existing Mobile Bay Lateral in Mobile County, Alabama. Transco proposes to combine the firm transportation capacity on the new pipeline with Transco's existing, unsubscribed firm transportation capacity on the Mobile Bay Lateral in order to provide seamless firm transportation service to Transco's Station 85 pooling point. In that regard, Transco announced on July 31, 2007, that it has reserved 449,631 dt/day of existing, unsubscribed capacity on its Mobile Bay Lateral for the Project. The combination of the new pipeline and existing firm transportation capacity will enable Transco to provide firm market access for the imported LNG. Transco plans to commence an open season for the Project on or about August 10, 2007.

The Commission has recognized that there is a long lead time associated with the development of LNG projects.⁵ In the Gulf LNG certificate order, the Commission provided

² Transcontinental Gas Pipe Line Corp., 118 FERC ¶ 61,234 (2007) ("March 22 Order"). On March 28, 2007, Transco filed tariff sheets to comply with the March 22 Order. By order issued May 21, 2007, the Commission accepted such tariff sheets effective March 22, 2007.

³ March 22 Order at 62,167.

⁴ Gulf LNG Energy, LLC, et al., 118 FERC ¶ 61,128 (2007).

⁵ See, e.g., AES Ocean Express LLC v. Florida Gas Transmission Co., 107 FERC ¶ 61,276 at 62,280 (2004).

Gulf LNG five years from the date of the order to construct the LNG import terminal. This long-lead time has placed considerable pressure on Transco to provide Gulf LNG's current customer with certainty regarding the availability of downstream pipeline capacity long before the commencement of firm transportation service through such capacity. In fact, in order to secure the participation of the Gulf LNG customer in the Pascagoula Expansion Project, Transco has already committed, in a binding precedent agreement with the customer, to provide firm transportation service that will not commence until approximately October 1, 2011. Transco is actively reviewing the route and siting requirements for its new pipeline that will be constructed as part of the Project, but actual construction activities are not scheduled to begin until April 1, 2011. Consistent with that schedule, Transco plans to file its certificate application for the Project on or about July 1, 2009.

The 449,631 dt/day of reserved firm capacity on Transco's Mobile Bay Lateral is an important part of the Pascagoula Expansion Project inasmuch as it will be combined with the firm transportation capacity on the new pipeline to provide contiguous downstream firm transportation to Transco's Station 85 pooling point in lieu of building costly, duplicative facilities for such service. In order to ensure that such capacity remains available for the Project, Transco will need to reserve such capacity longer than the one year period set forth in Section 55.2 of the GT&C. Specifically, since the target date for filing Transco's certificate application for the Project is on or about July 1, 2009, Transco will need the ability to reserve the capacity for at least two years prior to filing a certificate application for the Project. Accordingly, Transco hereby requests that the Commission grant a waiver of Section 55.2 to the extent necessary to allow Transco to reserve capacity on Transco's Mobile Bay Lateral for the Project. While Transco expects to be ready to file its certificate application for the Project approximately two years from the date that the reservation of capacity was posted, Transco requests a 30-month reservation of capacity in order to provide assurance that it will have sufficient time to prepare and file its certificate application for the Project in the event of any unanticipated delays.

Transco acknowledges the Commission's concern that because a reservation of capacity results in a waiver of any interim shipper's right of first refusal, the Commission has been reluctant to allow pipelines to reserve capacity longer than one year to assure that the capacity reservation is for a "realistic expansion plan."⁶ Transco further understands that the Commission has limited the reservation of capacity to only one year before the filing of a certificate application for a project as a safeguard against the pipeline's exercise of market power.⁷ However, neither of these concerns is raised by the instant request, the unique circumstances of which warrant the granting of a waiver by the Commission.

The Pascagoula Expansion Project is, indeed, a real pipeline project. In response to a request for capacity issued by a customer (not affiliated with Transco) of the Gulf LNG import terminal, Transco executed a binding precedent agreement with such customer for the entire

⁶ See March 22 Order at 62,167.

⁷ Id.

amount of Transco's firm transportation capacity proposed under the Project. As indicated herein above, Transco also will conduct an open season to see whether there are additional shippers interested in subscribing to such firm transportation service. Transco has taken other steps in the development of the Project, including environmental and landowner review of the proposed route for the new pipeline and the commencement of application preparation for the various permits required for the Project.

Further, there is no evidence of Transco exercising market power in the reservation of the Mobile Bay Lateral capacity for the Project. Transco has been actively attempting to market the 449,631 dt/day of available firm transportation capacity on the Mobile Bay Lateral. This capacity was made available in an open season held from July 1, 2004 to August 13, 2004, and has remained posted as unsubscribed capacity since that time. Despite such efforts, and except for a few month-to-month deals at deeply discounted rates (the last of which terminated in October 2006), such capacity remains unsubscribed. Transco will be offering the combination of the new and existing capacity to all interested shippers in an open season and will be offering the existing capacity on an interim basis prior to the in-service date of the Project. Thus, no shipper will be denied service as a result of the waiver requested herein.⁸

Allowing Transco to reserve the capacity for the Project will minimize facility construction and associated environmental impacts and will encourage fuller utilization of Transco's existing pipeline.⁹ Moreover, the Commission has recognized that LNG will play an important role in meeting future demand for natural gas in the United States, that the public interest is served through encouraging gas-on-gas competition by introducing new imported supplies, and that the Gulf LNG terminal, in particular, will provide such additional supplies of natural gas to consumers.¹⁰ As a vehicle for providing firm market access for the Gulf LNG supplies, the reserved capacity will be an important factor in the Gulf LNG terminal fulfilling that role.

In order to help offset the longer period applicable to Transco's reservation of the Mobile Bay Lateral capacity, Transco also requests a waiver of Section 55.2 to the extent necessary to allow any shippers subscribing to the reserved capacity during the interim period (*i.e.*, the period of time between the date the capacity is reserved and the in-service date of the Project) to have a right of first refusal to that capacity during such interim period under Section 48 of the GT&C. No firm transportation service agreement for capacity subscribed during the interim period, including any capacity subject to such right of first refusal, will extend beyond the end of the interim period.

⁸ The Commission should note, further, that if the Project is terminated for any reason prior to being placed into service, Transco would promptly cancel its reservation of the existing Mobile Bay Lateral capacity for the Project.

⁹ See Midwestern Gas Transmission Co., 106 FERC ¶ 61,229 at 61,809 (2004).

¹⁰ 118 FERC at 61,628 (citing Hackberry LNG, 101 FERC ¶ 61,294 at 26 (2002)).

Request for Expedited Approval

Transco respectfully requests that the Commission expeditiously review and grant the waiver sought herein within thirty days of the date hereof in order to provide as much certainty as possible to Transco and its customer regarding the availability of the existing Mobile Bay Lateral capacity for the Project.

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. A proposed form of notice for the instant filing suitable for publication in the Federal Register is attached hereto. An electronic version of this filing and the form of notice will be provided to Commission Staff.

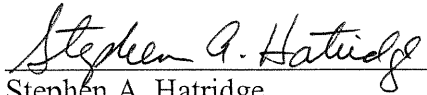
Any communications in regard to this filing should be sent to the undersigned and copies mailed to:

Scott C. Turkington
Director, Rates & Regulatory
Transcontinental Gas Pipe Line Corporation
P.O. Box 1396
Houston, Texas 77251
Email: scott.c.turkington@williams.com

Marshia Younglund
Manager, Federal Regulatory Affairs
The Williams Companies, Inc.
1627 Eye Street, N.W., Suite 900
Washington, D.C. 20006
Email: marshia.younglund@williams.com

Respectfully submitted,

TRANSCONTINENTAL GAS PIPE LINE
CORPORATION

By: 
Stephen A. Hatridge
Senior Counsel
(713) 215-2312
Email: stephen.a.hatridge@williams.com

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Transcontinental Gas Pipe Line
Corporation

Docket No. RP07-

Notice of Request for Waiver

(_____)

Take notice that on August 3, 2007, Transcontinental Gas Pipe Line Corporation (“Transco”) filed with the Federal Energy Regulatory Commission a request for waiver of Section 55.2 of the General Terms & Conditions of Transco’s FERC Gas Tariff to the extent necessary to (i) allow Transco to reserve capacity on Transco’s Mobile Bay Lateral to be used for the proposed Pascagoula Expansion Project for up to 30 months prior to Transco filing an application with the Commission for certificate approval of the Project, and (ii) allow any shippers subscribing to the reserved capacity during the period of time between the date that the capacity is reserved and the in-service date of the Project to have a right of first refusal to the subscribed capacity during such interim period, all as more fully described in Transco’s request for waiver.

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, or call (866) 208-3676 (toll free). For TTY, contact (202) 502-8659.

Comment Date: _____

Kimberly D. Bose, Secretary