



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

October 31, 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. RP06-

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 Seventh Revised Sheet No. 278 and Fourth Revised Sheet No. 374T to its FERC Gas Tariff, Third Revised Volume No. 1 (“Tariff”). These tariff sheets are proposed to be effective December 1, 2005.

Statement of Nature, Reasons and Basis for Filing

The purpose of this filing is to revise the Overrun Charges and Penalties provisions contained in Section 18.4 of the General Terms and Conditions of Transco’s Tariff (“GT&C”) and the OFO Penalty provisions contained in Section 52.5 of the GT&C. Transco proposes herein to update these penalties to be more reflective of current conditions in the natural gas market.

Pursuant to Section 18.4 of the GT&C, Transco currently charges a penalty for unauthorized daily overruns taken in excess of an allowable variation for a particular day¹. That penalty equals \$2.50 per dt up to 50 dt in excess of the allowable variation

¹ The allowable daily variation is 3.5% during October through April and 5.0% during May through September as set forth in Section 18.2 of the GT&C.

and \$25 per dt for any quantity of additional unauthorized daily overrun taken on such day. Similarly, pursuant to Section 52.5 of the GT&C, Transco currently charges a penalty of \$25 per dt for all daily unauthorized OFO imbalances.

Transco is proposing herein to modify the foregoing penalty provisions as a preemptive measure to help protect the operational integrity of its system. Specifically, Transco proposes to revise Section 18.4 to increase the penalty applicable to certain unauthorized daily overruns from \$25 per dt to the higher of (i) \$50 per dt or (ii) three times the highest weekly Reference Spot Price for the current month (as set forth in the Cash Out Provisions in Section 37.1(a) of the GT&C) applicable to the zone(s) in which the unauthorized daily overrun occurs. Likewise, Transco proposes to revise Section 52.5 to increase the \$25 per dt unauthorized OFO imbalance penalty to the higher of (i) \$50 per dt or (ii) three times the highest weekly Reference Spot Price for the current month applicable to the zone(s) in which the OFO imbalance occurs.

Transco considers these revisions to its penalties to be necessary in light of current conditions in the natural gas market, including record prices and significant declines in available Gulf Coast supplies due to recent hurricanes. In order for these penalties to perform as intended, they must serve as an effective deterrent to behavior that may threaten operational integrity. In the current natural gas market, a penalty of \$25 per dt is not an effective deterrent. In that regard, Appendix A sets forth the NYMEX futures closing price for each month December 2004 – April 2005 compared to the same month one year later, December 2005 – April 2006. As shown therein, the futures price of natural gas indicates that natural gas prices during the upcoming peak winter months will be more than double last winter's prices. While it is uncertain how much higher natural gas prices may climb, there is no doubt that current market fundamentals suggest that relatively high prices (as compared to historical norms) will prevail for the foreseeable future.

As a result, Transco is concerned that its existing penalty provisions will not deter conduct that would threaten system integrity. Commission precedent supports the use of index pricing for unauthorized overrun and OFO penalty pricing and the revisions proposed herein are similar to other proposals recently approved by the Commission. See Viking Gas Transmission Co., 112 FERC ¶ 61,098 (2005); Midwestern Gas Transmission Co., 112 FERC ¶ 61,345 (2005); Guardian Pipeline, LLC, 113 FERC ¶61,086 (2005). Amounts collected through imposition of these penalties will be distributed back to Buyers in accordance with Section 54 of the GT&C.

Proposed Effective Date

The revised tariff sheets submitted herein are proposed to be effective December 1, 2005. In the event the tariff sheets submitted herein are 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 sheets 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 NT103105.ASC;
- (2) The revised tariff sheets and the "redlined" version of the tariff sheets 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 sheets labeled TF103105.ASC.

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:

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

and copies should be mailed to:

David A. Glenn
Senior Counsel
Transcontinental Gas Pipe Line Corp.
P.O. Box 1396
Houston, Texas 77251
Email: david.a.glenn@williams.com

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

Federal Energy Regulatory Commission

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Respectfully submitted,

TRANSCONTINENTAL GAS PIPE LINE CORPORATION

By 

Marg Camardello

Manager, Tariffs and Certificates

(713) 215-3380

Email: marg.r.camardello@williams.com

Filed: October 31, 2005

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Transcontinental Gas Pipe Line Corporation

Docket No. RP06-

Notice of Proposed Changes in FERC Gas Tariff

Take notice that on October 31, 2005, Transcontinental Gas Pipe Line Corporation (“Transco”) tendered for filing as part of its FERC Gas Tariff, Third Revised Volume No. 1, Seventh Revised Sheet No. 278 and Fourth Revised Sheet No. 374T to become effective December 1, 2005.

Transco states that purpose of this filing is to revise the Overrun Charges and Penalties provisions contained in Section 18.4 of the General Terms and Conditions of Transco’s Tariff (“GT&C”) and the OFO Penalty provisions contained in Section 52.5 of the GT&C. Transco proposes herein to update these penalties to be more reflective of current conditions in the natural gas market.

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.

Magalie R. Salas
Secretary

GENERAL TERMS AND CONDITIONS
(Continued)

18. DETERMINATION OF DELIVERIES AND RECEIPTS, ALLOWABLE DAILY DISPATCHING VARIATIONS, OVERRUN CHARGES AND PENALTIES (Continued)

18.3 Unauthorized Daily Overrun Defined (Continued)

(f) Buyers Scheduled Daily Delivery at that delivery point on such day pursuant to Section 2.8 of Sellers FT and FT-G Rate Schedules, or Section 2.5 of Sellers FTN Rate Schedule when delivery to such point is reduced or interrupted in accordance with Sections 11 and 28 of the General Terms and Conditions.

18.4 Overrun Charges and Penalties

Buyer shall pay Seller for all such unauthorized daily overrun quantities taken on such day, an overrun charge equal to Seller's Rate Schedule IT rate per dt calculated from Zone 3 to the zone in which Buyer receives such quantities and such quantities shall be treated as deliveries under Seller's applicable rate schedule(s) and as an imbalance thereunder. If Buyer takes on any day unauthorized overrun quantities in excess of the allowable daily dispatch variations set forth in Section 18.2 above, Buyer shall pay in lieu of such IT charge a penalty of \$2.50 per dt up to 50 dt, in excess of that allowable variation for the particular day, and for any quantity of additional unauthorized daily overrun taken on such day, a penalty equal to the higher of (i) \$50 per dt or (ii) three times the highest weekly Reference Spot Price for the current month (as set forth in Section 37.1(a) of the General Terms and Conditions) applicable to the zone(s) in which the unauthorized daily overrun occurs.

18.5 Unauthorized Overruns During Periods of Curtailment

In addition to the provisions for unauthorized daily overruns and penalties therefor under Section 18.3 and 18.4 hereof, any quantity taken by Buyer in excess of its Entitlement under Section 13 by an amount of 100 dt or two-tenths (0.2) percent of such Entitlement, whichever is greater, shall constitute an unauthorized overrun, for which Buyer shall pay Seller a penalty of \$10 per dt for any such unauthorized overrun.

18.6 Disposition of Penalties

All overrun penalties collected by Seller during the annual period ending July 31, less an amount equal to Seller's Rate Schedule IT rate per dt multiplied by the total quantity of overruns, which represents Seller's cost to provide the interruptible transportation service, shall be the penalty revenue distributed pursuant to Section 54 of the General Terms and Conditions.

18.7 Reservation

The payment of a penalty for an unauthorized overrun quantity shall under no circumstances be considered as giving any Buyer the right to take such unauthorized overrun quantity nor shall such payment be considered as a substitute for any other remedy available to Seller or any other Buyer against the offending Buyer for failure to respect its obligation to stay within its entitlements.

GENERAL TERMS AND CONDITIONS
(Continued)

52. OPERATIONAL FLOW ORDERS (Continued)

52.3 OFO Notices, Contents and Procedures (Continued)

(h) Upon termination of an OFO, Seller will post on lLine relevant information specific to the individual situation regarding the issuance and lifting of that particular OFO as soon as it is available.

52.4 Unauthorized OFO Imbalances

(a) Imbalance OFO
Any level of daily imbalance by a Buyer to which Seller has directed an Imbalance OFO in excess of an allowable variation of 5% shall constitute an unauthorized OFO Imbalance.

(b) Scheduling OFO
Any level of scheduling variation by a Buyer to which Seller has directed a Scheduling OFO in excess of an allowable variation of 5% shall constitute an unauthorized OFO Imbalance.

52.5 OFO Penalties and Reservation

In addition to any and all other charges due Seller, Buyer shall pay Seller for all daily unauthorized OFO Imbalances a penalty equal to the higher of (i) \$50 per dt or (ii) three times the highest weekly Reference Spot Price for the current month (as set forth in Section 37.1(a) of the General Terms and Conditions) applicable to the zone(s) in which the OFO imbalance occurs. The payment of a penalty for an unauthorized OFO Imbalance shall under no circumstances be considered as giving Buyer the right to violate OFOs nor shall such payment be considered as a substitute for any other remedy available to Seller or any other Buyer against the offending Buyer for failure to comply with an OFO.

52.6 Disposition of OFO Penalties

All OFO penalties collected by Seller shall be distributed pursuant to Section 54 of the General Terms and Conditions.

52.7 Specific FT Service Agreement OFO

In order to maintain the integrity of firm service on Seller's Leidy line system, it may be necessary for Seller to issue an OFO to Consolidated Gas Transmission Corporation (CNG) (and its successors or assigns) under its Rate Schedule FT service agreement (formerly Rate Schedule X-56) to require CNG (and its successors or assigns) to take maximum firm contract deliveries any day during the period November 1 through March 31 at Seller's point of interconnection with CNG at Leidy, Pennsylvania.

53. NEGOTIATED RATES

53.1 Availability. Seller and Buyer may mutually agree to negotiate rates under any Part 284 Rate Schedule that expressly provides for a negotiated rate and specifically references this Section 53.

53.2 Definition. Buyer and Seller may mutually agree to a negotiated rate, which rate shall be less than, equal to, or greater than Seller's maximum and/or minimum rates, may be based upon a rate design other than Straight Fixed Variable (SFV), and may include a minimum volume.

GENERAL TERMS AND CONDITIONS
(Continued)

18. DETERMINATION OF DELIVERIES AND RECEIPTS, ALLOWABLE DAILY DISPATCHING VARIATIONS, OVERRUN CHARGES AND PENALTIES (Continued)

18.3 Unauthorized Daily Overrun Defined (Continued)

(f) Buyers Scheduled Daily Delivery at that delivery point on such day pursuant to Section 2.8 of Sellers FT and FT-G Rate Schedules, or Section 2.5 of Sellers FTN Rate Schedule when delivery to such point is reduced or interrupted in accordance with Sections 11 and 28 of the General Terms and Conditions.

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TRANSCONTINENTAL GAS PIPE LINE CORPORATION
Henry Hub Price Comparison 1/

	Dec. 04	Jan. 05	Feb. 05	Mar. 05	Apr. 05
Particulars	Dec. 05	Jan. 06	Feb. 06	Mar. 06	Apr. 06
Henry Hub (Last day of month)	\$6.180	\$6.235	\$6.255	\$7.170	\$6.660
Henry Hub (Settled Future as of 10/28/05)	13.055	13.377	13.287	12.947	10.737
Difference	<u>(\$6.875)</u>	<u>(\$7.142)</u>	<u>(\$7.032)</u>	<u>(\$5.777)</u>	<u>(\$4.077)</u>
Year over Year Ratio	<u>2.11</u>	<u>2.15</u>	<u>2.12</u>	<u>1.81</u>	<u>1.61</u>

1/ All prices from Platts Gas Daily publication.