



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

November 9, 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  
Leidy to Long Island Expansion Project  
Submission of Service Agreements that Contain Negotiated Rates  
Docket No. RP96-359-\_\_\_\_\_

Ladies and Gentlemen:

Transcontinental Gas Pipe Line Corporation ("Transco") submits herewith for filing with the Federal Energy Regulatory Commission ("Commission") copies of two executed service agreements, as amended, that contain negotiated rates under Transco's Rate Schedule FT between Transco and KeySpan Gas East d/b/a KeySpan Energy Delivery Long Island ("KeySpan"). The effective date of these negotiated rates is December 8, 2007, which is the earliest potential in-service date of Transco's Leidy to Long Island Expansion Project ("Project").<sup>1</sup>

### **Statement of Nature, Reasons and Basis**

On May 18, 2006, the Commission issued an "Order Issuing Certificate" in Docket No. CP06-34-000 ("May 18 Order") pursuant to which Transco was granted a certificate of public convenience and necessity to construct and operate its Leidy to Long Island Expansion Project.<sup>2</sup> On January 11, 2007, the Commission issued an "Order Amending Certificate" in Docket No. CP06-34-001 authorizing Transco to, among other things, expand

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<sup>1</sup> Transco's Leidy to Long Island Expansion Project was approved by Commission order issued May 18, 2006 in Docket No. CP06-34-000; as amended on January 11, 2007 in Docket No. CP06-34-001 and October 23, 2007 in Docket No. CP06-34-003.

<sup>2</sup> Transcontinental Gas Pipe Line Corp., 115 FERC ¶ 61,200 (2006).

the scope of the Project and adjust the rates accordingly.<sup>3</sup> On October 23, 2007, the Commission issued an "Order Amending Certificate" in Docket No. CP06-34-003 ("October 23 Order") authorizing Transco to revise the initial recourse rates for the Project to reflect increased costs.<sup>4</sup> The October 23 Order requires Transco to file, among other things, the negotiated rate agreement with KeySpan or a tariff sheet fully describing the transaction no sooner than 60 days and no later than 30 days prior to the commencement of service.<sup>5</sup>

Accordingly, pursuant to the October 23 Order and the Commission's Alternative Rate Policy Statement,<sup>6</sup> for which the Commission has approved tariff sheets under Transco's Rate Schedule FT that permit Transco to negotiate rates,<sup>7</sup> and the Commission's order in Docket No. PL02-6-000 entitled "Modification of Negotiated Rate Policy,"<sup>8</sup> Transco submits herewith for filing with the Commission the enclosed service agreements under Rate Schedule FT with KeySpan. The service agreements include the respective negotiated rates (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 dates, and the applicable rate schedule for the service. Transco affirms that these agreements do not deviate in any material aspect from the Rate Schedule FT form of service agreement in Transco's FERC Gas Tariff.

### **Effective Date and Waivers**

Transco requests that the negotiated rates submitted herein be made effective December 8, 2007, the earliest potential in-service date of the Project. Transco will commence billing for the Project beginning on the actual in-service date as authorized by the Commission. In that regard, environmental condition No. 9 of the May 18 Order requires that Transco receive written authorization from the Director of OEP before commencing service on the Project. Therefore, the actual in-service date and the commencement of billing are subject to receipt of such written authorization. Because the actual in-service date is uncertain at the time of this submission, Transco respectfully requests that the Commission grant a waiver of ordering paragraph (D) of the October 23 Order, if necessary, to accept this filing as requested herein.

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<sup>3</sup> Transcontinental Gas Pipe Line Corp., 118 FERC ¶ 62,027 (2007).

<sup>4</sup> Transcontinental Gas Pipe Line Corp., 121 FERC ¶ 61,083 (2007).

<sup>5</sup> In compliance with the Commission's directive in the October 23 Order, Transco filed with the Commission, on November 7, 2007, actual tariff sheets containing firm transportation rates for the Project.

<sup>6</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>7</sup> Transcontinental Gas Pipe Line Corp., 76 FERC ¶ 61,318 (1996).

<sup>8</sup> 104 FERC ¶ 61,134 (2003).

**Materials Submitted Herewith**

In accordance with Section 154.7(a)(1) of the Commission's Regulations, executed copies of the service agreements and related amendments are submitted herewith.

**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

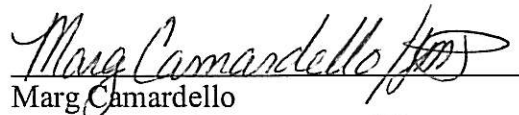
And copies should be mailed to:

Stephen A. Hatridge  
Senior Counsel  
Transcontinental Gas Pipe Line Corp.  
P.O. Box 1396  
Houston, Texas 77251

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

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Contract No. \_\_\_\_\_

SERVICE AGREEMENT

between

TRANSCONTINENTAL GAS PIPE LINE CORPORATION

and

KEYSPAN GAS EAST CORPORATION

dba

KEYSPAN ENERGY DELIVERY LONG ISLAND

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## SERVICE AGREEMENT

THIS AGREEMENT entered into this 22<sup>nd</sup> day of JUNE, 2006, by and between TRANSCONTINENTAL GAS PIPE LINE CORPORATION, a Delaware corporation, hereinafter referred to as "Seller," first party, and KEYSpan GAS EAST d/b/a KEYSpan ENERGY DELIVERY LONG ISLAND ("KeySpan"), a New York corporation, hereinafter referred to as "Buyer," second party,

## WITNESSETH

**WHEREAS**, by order issued May 18, 2006 in Docket No.CP06-34, the Federal Energy Regulatory Commission ("FERC") has authorized Seller's Leidy to Long Island Expansion Project (referred to as the "Project"); and

**WHEREAS**, Buyer has requested that Seller provide firm transportation service under the Project of up to 100,000 dt of natural gas per day from Leidy, Pennsylvania (as further described in Exhibit A hereto, the "Leidy Receipt Points") to the proposed KeySpan – Long Beach delivery point to be located at the Long Beach Meter Station on Seller's Lower New York Bay Extension in Nassau County, Long Island, New York; and

**WHEREAS**, in connection with the Project, Seller conducted a "reverse open season" during which it solicited offers for permanent relinquishment of firm transportation capacity on Seller's system within the path of the Project; and

**WHEREAS**, as a result of the reverse open season, 50,000 dt per day of firm transportation capacity provided under Seller's MarketLink Expansion Project was permanently released and relinquished by Virginia Power Energy Marketing, Inc. ("VPEM") to Seller from the Leidy Receipt Point to Seller's Station 210 pooling point, which is located at the existing point of interconnection between Seller's Leidy Line and Seller's mainline in Mercer County, New Jersey ("Station 210"); and

**WHEREAS**, Seller is willing to provide the requested firm transportation service for Buyer as follows: (a) 50,000 dt per day will be provided through capacity to be created under the Project from the Leidy Receipt Point to the Long Beach Meter Station pursuant to the terms of a separate service agreement executed contemporaneously herewith; and (b) 50,000 dt per day will be provided through a combination of the MarketLink Expansion Project capacity relinquished to Buyer from the Leidy Receipt Point to Station 210 and capacity to be created under the Project from Station 210 to the Long Beach Meter Station, which firm transportation service will be provided pursuant to the terms of this service agreement; and

**WHEREAS**, this service agreement shall be subject to the satisfaction of any applicable conditions set forth in the FERC's order approving the Project;

**NOW THEREFORE**, Seller and Buyer hereby agree as follows:

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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 50,000 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 the later of November 1, 2007 or the date that all of Seller's Project facilities necessary to provide firm transportation service to Buyer have been constructed and are ready for service as determined in Seller's sole opinion and shall remain in force and effect for a primary term of twenty (20) years and thereafter until terminated by Seller or Buyer upon at least two (2) years written notice; 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

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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 the 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 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

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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: Marketing Services

(b) If to Buyer:  
KeySpan Energy Delivery  
One MetroTech Center  
Brooklyn, New York 11201  
Attention: Ron Lukas - Vice President Trading Services

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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: [Signature]  
Name: Frank F. Ferazzi  
Title: Vice President - Commercial Operations

WES  
1/4  
MAY  
2023  
PKL

KEYSPAN GAS EAST d/b/a KEYSPAN ENERGY DELIVERY LONG ISLAND  
(Buyer)

By its Agent, KEYSPAN UTILITY SERVICES LLC

By: [Signature]  
Name: Ronald Lukas  
Title: Vice President

**EXHIBIT A**

ATTACHED AND MADE PART OF THE SERVICE AGREEMENT BY AND BETWEEN TRANSCONTINENTAL GAS PIPE LINE CORPORATION, AS SELLER, AND KEYSpan GAS EAST d/b/a KEYSpan ENERGY DELIVERY LONG ISLAND, AS BUYER, DATED JUNE 22, 2006.

<u>Point(s) of Receipt</u>	<u>Seller's Cumulative Daily Receipt Obligation (dt/day)<sup>1,2</sup></u>
The point of interconnection between Seller and CNG Transmission Corporation at Leidy, Clinton County, Pennsylvania.	50,000
The point of interconnection between Seller and National Fuel at Leidy, Clinton County, Pennsylvania.	50,000

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1 These quantities do not include the additional quantities of gas to be retained by Seller for compressor fuel and line loss make-up. Therefore, Buyer also shall deliver or cause to be delivered at the receipt point such additional quantities of gas to be retained by Seller for compressor fuel and line loss make-up.

2. The sum of the receipts from the points specified above, not inclusive of fuel and line loss make-up, shall not exceed the TCQ of 50,000 dt/day except as permitted by Seller's FERC Gas Tariff, as effective the time of receipt.

**EXHIBIT B**

ATTACHED AND MADE PART OF THE SERVICE AGREEMENT BY AND BETWEEN TRANSCONTINENTAL GAS PIPE LINE CORPORATION, AS SELLER, AND KEYSpan GAS EAST d/b/a KEYSpan ENERGY DELIVERY LONG ISLAND, AS BUYER, DATED JUNE 22, 2006.

<u>Point(s) of Delivery and Pressure<sup>1,2</sup></u>	<u>Maximum Daily Quantity (dt/day)</u>
Proposed KeySpan – Long Beach delivery point to be located at Long Beach Meter Station on Seller's Lower New York Bay Extension in Nassau County, Long Island, New York.	50,000

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<sup>1</sup> The delivery pressure shall not be less than four hundred and seventy-five (475) pounds per square inch gauge or such other pressures as may be agreed upon by Seller and Buyer at the Long Beach Meter Station.

<sup>2</sup> Deliveries to or for the account of Buyer at the delivery point( shall be subject to the limits of the Delivery Point Entitlement (DPE's) of the entities receiving the gas at the delivery point, 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 THE SERVICE AGREEMENT BY AND BETWEEN TRANSCONTINENTAL GAS PIPE LINE CORPORATION, AS SELLER, AND KEYSpan GAS EAST d/b/a KEYSpan ENERGY DELIVERY LONG ISLAND, AS BUYER, DATED JUNE 22, 2006.

## Specification of Negotiated Rate and Term:

During the twenty (20) year primary term of this agreement, Buyer shall pay the following negotiated rate:

Daily Reservation Rate (\$/dt)<sup>1</sup>  
0.30

In addition to the negotiated reservation rate stated above, Buyer shall pay the Station 210 to Long Island reservation rate and commodity rate surcharges under the Leidy to Long Island Expansion Project set forth in Seller's FERC Gas Tariff as amended from time to time unless otherwise agreed to by the Parties ("Station 210 to Long Island surcharge").

For purposes of clarification and not limitation, the applicable rates under this agreement after the twenty (20) year primary term hereof shall include the applicable maximum recourse rates for the firm transportation service under the MarketLink Expansion Project and the Station 210 to Long Island surcharge, as such rates are set forth in Seller's FERC Gas Tariff as amended from time to time.<sup>1</sup>

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<sup>1</sup> Buyer shall also be responsible for compressor fuel and line loss make-up and shall pay the electric power charges and all applicable surcharges for Seller's Rate Schedule FT service as approved by the FERC. The fuel, electric power charges and applicable surcharges are subject to change from time to time as approved by the FERC.

AMENDMENT TO SERVICE AGREEMENT

THIS AMENDMENT ("Amendment") is entered into this 8<sup>th</sup> day of November, 2007, by and between TRANSCONTINENTAL GAS PIPE LINE CORPORATION, a Delaware corporation, hereinafter referred to as "Seller," first party, and KEYSpan GAS EAST d/b/a KEYSpan ENERGY DELIVERY LONG ISLAND ("KeySpan"), a New York corporation, hereinafter referred to as "Buyer," second party.

WITNESSETH

WHEREAS, Seller and Buyer are parties to that certain Service Agreement, dated June 22, 2006, under Seller's Rate Schedule FT ("Service Agreement"), which sets forth the terms and conditions for Seller to provide firm transportation service to Buyer under Seller's Leidy to Long Island Expansion Project (referred to as "Project") (capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Service Agreement); and

WHEREAS, pursuant to the Service Agreement, Seller has agreed, subject to certain conditions, to provide 50,000 dt per day of firm transportation service for Buyer through a combination of the MarketLink Expansion Project capacity relinquished to Buyer from the Leidy Receipt Points to Station 210 and capacity to be created under the Project from Station 210 to a nominatable delivery point to be located at the Long Beach Meter Station on Seller's Lower New York Bay Extension in Nassau County, Long Island, New York; and

WHEREAS, Seller and Buyer now desire to revise Exhibit C to the Service Agreement to set forth a negotiated rate that shall apply to the firm transportation service under the Service Agreement.

NOW THEREFORE, Seller and Buyer hereby agree to amend the Service Agreement as follows:

1. Exhibit C to the Service Agreement is hereby deleted in its entirety and replaced by First Revised Exhibit C attached hereto.
2. Except as herein amended, the Service Agreement shall remain in full force and effect pursuant to the terms thereof.

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

TRANSCONTINENTAL GAS PIPE LINE CORPORATION ("SELLER")

KEYSPAN GAS EAST d/b/a KEYSpan ENERGY DELIVERY LONG ISLAND ("BUYER")  
By its Agent, KEYSpan UTILITY SERVICES LLC

By

  
Frank J. Ferazzi  
Vice President – Commercial Operations

By

  
Name: Richard A. Rapp, Jr.  
Title: Vice President

## FIRST REVISED EXHIBIT C

### Specification of Negotiated Rate and Term

During the twenty (20) year primary term of this agreement, Buyer shall pay a negotiated daily reservation rate (referred to herein as the "Negotiated Daily Reservation Rate") comprised of the following two components:

Component 1: a daily reservation rate of \$0.30 per dt for firm transportation from the Leidy Receipt Points to Station 210; plus

Component 2: an initial daily reservation rate of \$0.44076 per dt for firm transportation from Station 210 to the Long Beach Meter Station calculated based on (i) a capital cap of \$122.5 million ("Capital Cap") plus the capital cost of those certain gas stream heaters and appurtenant facilities (collectively, the "Heaters") to be constructed under the Project at the Long Beach Meter Station site in Nassau County, New York (the sum thereof being referred to herein as the "Capital Cap/Heater Cost"), (ii) the billing determinants, cost allocation and rate design set forth in Exhibit P to Transco's certificate amendment application filed on September 7, 2007 in FERC Docket No. CP06-34, and (iii) engineering estimates for operation and maintenance expenses based on estimates for similar facilities and Seller's other cost factors reflected in Transco's Stipulation and Agreement dated April 12, 2002 in Docket No. RP01-245, *et al.* The Capital Cap/Heater Cost shall be used to calculate this Component 2 of the Negotiated Daily Reservation Rate until the effectiveness of Seller's first general Section 4 rate case following the date that the total actual capital cost to construct the Project has been depreciated to a level at or below the Capital Cap/Heater Cost, at which time this Component 2 shall be the maximum daily reservation rate under Seller's Rate Schedule FT for firm transportation under the Project from Station 210 to the Long Beach Meter Station (*i.e.*, the recourse rate for such service), as amended from time to time.

In accordance with the foregoing, the initial Negotiated Daily Reservation Rate hereunder shall be \$0.74076 per dt. Seller and Buyer agree that Component 2 of the Negotiated Daily Reservation Rate shall be subject to revision from time to time pursuant to Seller's general Section 4 rate case(s) filed from time to time.

In addition to the Negotiated Daily Reservation Rate, Buyer shall be responsible for compressor fuel and line-loss makeup retention and shall pay the commodity charge under the Project, the electric power charges (which charges may include a commodity component) and all applicable surcharges pursuant to Seller's FERC Gas Tariff for Rate Schedule FT service to Buyer under this agreement as approved by the FERC. The fuel and line-loss makeup retention, commodity charge, electric power charges, and applicable surcharges are subject to change from time to time as approved by the FERC.

For purposes of clarification and not limitation, the applicable maximum rates under this agreement after the twenty (20) year primary term hereof shall include (i) the total maximum daily reservation rates and total maximum commodity rates under Seller's Rate Schedule FT, as amended from time to time, for firm transportation service under the Project from Station 210 to the Long Beach Meter Station and firm transportation service under the MarketLink Expansion Project, and (ii) any other applicable reservation and commodity surcharges, as amended from time to time.

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Contract No. \_\_\_\_\_

SERVICE AGREEMENT

between

TRANSCONTINENTAL GAS PIPE LINE CORPORATION

and

KEYSPAN GAS EAST CORPORATION

dba

KEYSPAN ENERGY DELIVERY LONG ISLAND

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## SERVICE AGREEMENT

THIS AGREEMENT entered into this 22<sup>nd</sup> day of JUNE, 2006, by and between TRANSCONTINENTAL GAS PIPE LINE CORPORATION, a Delaware corporation, hereinafter referred to as "Seller," first party, and KEYSpan GAS EAST d/b/a KEYSpan ENERGY DELIVERY LONG ISLAND ("KeySpan"), a New York corporation, hereinafter referred to as "Buyer," second party,

## WITNESSETH

**WHEREAS**, by order issued May 18, 2006 in Docket No.CP06-34, the Federal Energy Regulatory Commission ("FERC") has authorized Seller's Leidy to Long Island Expansion Project (referred to as "Project"); and

**WHEREAS**, Buyer has requested that Seller provide firm transportation service under the Project of up to 100,000 dt of natural gas per day from Leidy, Pennsylvania (as further described in Exhibit A hereto, the "Leidy Receipt Points") to the proposed KeySpan – Long Beach delivery point to be located at the Long Beach Meter Station on Seller's Lower New York Bay Extension in Nassau County, Long Island, New York; and

**WHEREAS**, in connection with the Project, Seller conducted a "reverse open season" during which it solicited offers for permanent relinquishment of firm transportation capacity within the path of the Project; and

**WHEREAS**, as a result of the reverse open season, 50,000 dt per day of firm transportation capacity provided under Seller's MarketLink Expansion Project was permanently released and relinquished by Virginia Power Energy Marketing, Inc. ("VPEM") to Seller from the Leidy Receipt Point to Seller's Station 210 pooling point, which is located at the existing point of interconnection between Seller's Leidy Line and Seller's mainline in Mercer County, New Jersey ("Station 210"); and

**WHEREAS**, Seller is willing to provide the requested firm transportation service for Buyer as follows: (a) 50,000 dt per day will be provided through capacity to be created under the Project from the Leidy Receipt Point to the Long Beach Meter Station pursuant to the terms of this service agreement; and (b) 50,000 dt per day will be provided through a combination of the MarketLink Expansion Project capacity relinquished to Buyer from the Leidy Receipt Point to Station 210 and capacity to be created under the Project from Station 210 to the Long Beach Meter Station, which firm transportation service will be provided pursuant to the terms of a separate service agreement executed contemporaneously herewith; and

**WHEREAS**, this service agreement shall be subject to the satisfaction of applicable conditions set forth in the FERC's order approving the Project;

**NOW, THEREFORE**, Seller and Buyer hereby agree as follows:

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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 50,000 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 the later of November 1, 2007 or the date that all of Seller's Project facilities necessary to provide firm transportation service to Buyer have been constructed and are ready for service as determined in Seller's sole opinion and shall remain in force and effect for a primary term of twenty (20) years and thereafter until terminated by Seller or Buyer upon at least two (2) years written notice; provided, however, this agreement shall terminate immediately and, subject to the receipt of necessary authorizations, if any, Seller may discontinue service hereunder if

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(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 the 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.

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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: Marketing Services

(b) If to Buyer:  
KeySpan Energy Delivery  
One MetroTech Center  
Brooklyn, New York 11201  
Attention: Ron Lukas - Vice President Trading Services

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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: [Signature]  
Name: Frank J. Ferazzi  
Title: Vice President - Commercial Operations

*Handwritten notes:*  
2/28  
1/24  
2/28  
S&T  
P&C

KEYSPAN GAS EAST d/b/a KEYSpan ENERGY DELIVERY LONG ISLAND  
(Buyer)

By its Agent, KEYSpan UTILITY SERVICES LLC

By: [Signature]  
Name: Ronald Lukas  
Title: Vice President

*Handwritten initials:* ja

## EXHIBIT A

ATTACHED AND MADE PART OF THE SERVICE AGREEMENT BY AND BETWEEN TRANSCONTINENTAL GAS PIPE LINE CORPORATION, AS SELLER, AND KEYSpan GAS EAST d/b/a KEYSpan ENERGY DELIVERY LONG ISLAND, AS BUYER, DATED June 22, 2006.

<u>Point(s) of Receipt</u>	<u>Seller's Cumulative Daily Receipt Obligation (dt/day)<sup>1,2</sup></u>
The point of interconnection between Seller and CNG Transmission Corporation at Leidy, Clinton County, Pennsylvania.	50,000
The point of interconnection between Seller and National Fuel at Leidy, Clinton County, Pennsylvania.	50,000

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<sup>1</sup> These quantities do not include the additional quantities of gas to be retained by Seller for compressor fuel and line loss make-up. Therefore, Buyer also shall deliver or cause to be delivered at the receipt point such additional quantities of gas to be retained by Seller for compressor fuel and line loss make-up.

<sup>2</sup> The sum of the receipts from the points specified above, not inclusive of fuel and line loss make-up, shall not exceed 50,000 dt/day except as permitted by Seller's FERC Gas Tariff, as in effect at the time of such receipts.

**EXHIBIT B**

26 0248 000

ATTACHED AND MADE PART OF THE SERVICE AGREEMENT BY AND BETWEEN TRANSCONTINENTAL GAS PIPE LINE CORPORATION, AS SELLER, AND KEYSpan GAS EAST d/b/a KEYSpan ENERGY DELIVERY LONG ISLAND, AS BUYER, DATED JUNE 22, 2006.

Point(s) of Delivery and Pressure<sup>1,2</sup>

Maximum Daily Quantity (dt/day)

Proposed KeySpan – Long Beach delivery point to be located at Long Beach Meter Station on Seller's Lower New York Bay Extension in Nassau County, Long Island, New York

50,000

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<sup>1</sup> The delivery pressure shall not be less than four hundred and seventy-five (475) pounds per square inch gauge or such other pressures as may be agreed upon by Seller and Buyer at the Long Beach Meter Station.

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

EXHIBIT C

26 0248 000

ATTACHED AND MADE PART OF THE SERVICE AGREEMENT BY AND BETWEEN  
TRANSCONTINENTAL GAS PIPE LINE CORPORATION, AS SELLER, AND  
KEYSPAN GAS EAST d/b/a KEYSPAN ENERGY DELIVERY LONG ISLAND, AS  
BUYER, DATED JUNE 22, 2006.

Specification of Negotiated Rate and Term

None.

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AMENDMENT TO SERVICE AGREEMENT

THIS AMENDMENT ("Amendment") is entered into this 9<sup>th</sup> day of November, 2007, by and between TRANSCONTINENTAL GAS PIPE LINE CORPORATION, a Delaware corporation, hereinafter referred to as "Seller," first party, and KEYSpan GAS EAST d/b/a KEYSpan ENERGY DELIVERY LONG ISLAND ("KeySpan"), a New York corporation, hereinafter referred to as "Buyer," second party.

WITNESSETH

WHEREAS, Seller and Buyer are parties to that certain Service Agreement, dated June 22, 2006, under Seller's Rate Schedule FT ("Service Agreement"), which sets forth the terms and conditions for Seller to provide firm transportation service to Buyer under Seller's Leidy to Long Island Expansion Project (referred to as "Project") (capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Service Agreement); and

WHEREAS, pursuant to the Service Agreement, Seller has agreed, subject to certain conditions, to provide 50,000 dt per day of firm transportation service for Buyer through capacity to be created under the Project from the Leidy Receipt Points to a nominatable delivery point to be located at the Long Beach Meter Station on Seller's Lower New York Bay Extension in Nassau County, Long Island, New York; and

WHEREAS, Seller and Buyer now desire to revise Exhibit C to the Service Agreement to set forth a negotiated rate that shall apply to the firm transportation service under the Service Agreement.

NOW THEREFORE, Seller and Buyer hereby agree to amend the Service Agreement as follows:

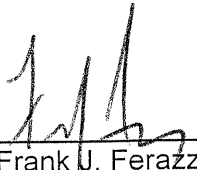
1. Exhibit C to the Service Agreement is hereby deleted in its entirety and replaced by First Revised Exhibit C attached hereto.
2. Except as herein amended, the Service Agreement shall remain in full force and effect pursuant to the terms thereof.

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

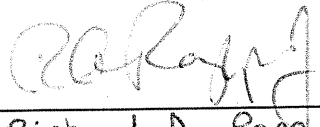
TRANSCONTINENTAL GAS PIPE LINE CORPORATION ("SELLER")

KEYSPAN GAS EAST d/b/a KEYSpan ENERGY DELIVERY LONG ISLAND ("BUYER")  
By its Agent, KEYSpan UTILITY SERVICES LLC

By

  
Frank J. Ferazzi  
Vice President - Commercial Operations

By

  
Name: Richard A. Rapp, Jr. ja  
Title: Vice President

## FIRST REVISED EXHIBIT C

### Specification of Negotiated Rate and Term

Buyer shall pay an initial negotiated daily reservation rate (referred to herein as the "Negotiated Daily Reservation Rate") calculated based on (i) a capital cap of \$122.5 million ("Capital Cap") plus the capital cost of those certain gas stream heaters and appurtenant facilities (collectively, the "Heaters") to be constructed under the Project at the Long Beach Meter Station site in Nassau County, New York (the sum thereof being referred to herein as the "Capital Cap/Heater Cost"), (ii) the billing determinants, cost allocation and rate design set forth in Exhibit P to Transco's certificate amendment application filed on September 7, 2007 in FERC Docket No. CP06-34, and (iii) engineering estimates for operation and maintenance expenses based on estimates for similar facilities and Seller's other cost factors reflected in Transco's Stipulation and Agreement dated April 12, 2002 in Docket No. RP01-245, et al. The Capital Cap shall be used in the calculation of the Negotiated Daily Reservation Rate until the effectiveness of Seller's first general Section 4 rate case following the date that the total actual capital cost to construct the Project has been depreciated to a level at or below the Capital Cap/Heater Cost, at which time the applicable rate shall be the maximum daily reservation rate under Seller's Rate Schedule FT for firm transportation under the Project from the Leidy Receipt Points to the Long Beach Meter Station (i.e., the recourse rate for such service), as set forth in Seller's FERC Gas Tariff, as amended from time to time.

In accordance with the foregoing, the initial Negotiated Daily Reservation Rate hereunder shall be \$1.03042 per dt. Seller and Buyer agree that the Negotiated Daily Reservation Rate shall be subject to revision from time to time pursuant to Seller's general Section 4 rate case(s) filed from time to time.

In addition to the Negotiated Daily Reservation Rate, Buyer shall be responsible for compressor fuel and line-loss makeup retention and shall pay the commodity charge under the Project, the electric power charges (which charges may include a commodity component) and all applicable surcharges pursuant to Seller's FERC Gas Tariff for Rate Schedule FT service to Buyer under this agreement as approved by the FERC. The fuel and line-loss makeup retention, commodity charge, electric power charges, and applicable surcharges are subject to change from time to time as approved by the FERC.

For purposes of clarification and not limitation, the applicable maximum rates under this agreement after the expiration of the Negotiated Daily Reservation Rate pursuant to the first paragraph of this exhibit shall include (i) the total maximum daily reservation rate and total maximum commodity rate under Seller's Rate Schedule FT for firm transportation service under the Project from the Leidy Receipt Points to the Long Beach Meter Station, as amended from time to time, and (ii) any other applicable reservation and commodity surcharges, as amended from time to time.