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in a New York minute



"For the first time on a large scale, we are able to offer customers in Pennsylvania, New Jersey, and New York direct access to natural gas supplies that are located geographically close to their markets."

*Camilo Amezquita,
Director of Customer Service*

Customers gain early access as first major Transco expansion to carry Marcellus gas is completed.

The first major system expansion of the Transco pipeline designed to connect Marcellus natural gas supply with the New Jersey/New York market is complete.

Pipeline construction is complete on the 250,000 dekatherm-per-day system expansion of the Transco pipeline known as the Northeast Supply Link project. A portion of the project's capacity (125,000 dekatherms per day) was placed into service in August — ahead of schedule. The remaining portion of the \$390 million expansion went into service Nov. 1.

The Northeast Supply Link project is significant because this is the first Williams expansion project that provides incremental firm capacity with direct access to the abundant Marcellus supply on our Leidy system.

"For the first time on a large scale, we are able to offer customers in Pennsylvania, New Jersey,

and New York direct access to natural gas supplies that are located geographically close to their markets," says Camilo Amezquita, director of customer service. "Not only does this provide our customers access to new sources of gas supply, it also improves the overall reliability of the entire Transco pipeline system."

Three months early

In response to customer requests, Williams sought and received special approval from the Federal Energy Regulatory Commission to place half of the project into service three months earlier than originally planned.

"Our Leidy Line is capacity constrained, so our customers were eager for us to provide relief as early as possible," added Amezquita. "We were glad to be able to accommodate them."

The Northeast Supply Link project involved the construction of about 13 miles of additional pipe in Pennsylvania and New Jersey, in addition to existing compressor facility modifications and a new 25,000 horsepower compressor station in Essex County, N.J.



The project included the modernization of our Manhattan meter station at 134th St.

Modernized Manhattan meter station

The project also required the reconstruction of the original Transco 134th street meter station in Manhattan. This was no easy task, according to Project Manager Steve Kellogg.

“We completely rebuilt the original Transco delivery meter and regulator station in Manhattan that was first installed 60 years ago,” said Kellogg. “We needed to rebuild it in order to accommodate the increase in capacity, as well as modernize it with current state of the art technology.”

The project featured other unique components as well, including the installation of an underground vault in a New York City park to house a regulating facility.

Largest installation using Direct Pipe

Also, the project featured the completion of the largest Direct Pipe construction installation in the U.S. — a 1,350-foot installation of 42-inch pipe in Monroe County, Pa. Unlike a horizontal directional drill, which requires that

a pilot hole is drilled and gradually expanded before the pipe is pulled through, the Direct Pipe installation requires the hole to be drilled and pipe to be pushed through concurrently.

“There are always challenges when installing infrastructure in this part of the country,” added Kellogg. “But that is par for the course. Our job is to develop solutions to address those challenges so we can continue to meet our customers’ needs.”

The Transco pipeline currently transports about half the natural gas consumed in New Jersey and New York City, and about a third of the gas consumed in Pennsylvania. ■

NORTHEAST INFRASTRUCTURE PROJECTS

Other projects in the works to serve customers in the Northeast (by estimated in-service date):

2013

NE Supply Link (in service)
250 MDT/d transmission capacity

Blue Racer Midstream
G&P, fractionation, NGL services for Utica shale

2015

Laurel Mountain Midstream
700 MMcf/d takeaway capacity

Susquehanna Supply Hub
3 Bcf/d takeaway capacity

Ohio Valley Midstream
0.9 Bcf/d processing capacity,
~80 MBPD fractionation/
deethanization

Constitution Pipeline
650 MDT/d transmission capacity

Proposed Leidy SE
525 MDT/d transmission capacity

MAKING HISTORY

*Alberta Premier
Alison Redford and
other dignitaries help
Williams commemorate
a historic day.*

Williams recently completed a \$500 million project at its facilities in Fort McMurray and Redwater, Alberta, to extract and process the first-ever ethane to come from the Canadian oil sands.

Alberta Minister of Energy Ken Hughes joined Premier Redford and many other government and civic officials at the reception, hosted by Williams at the Oil Sands Discovery Centre in Fort McMurray.

In addition to providing much-needed additional ethane/ethylene supply for feedstock to the petrochemical business in Alberta, removing the ethane from the gas stream also serves to reduce CO₂ and SO₂ emissions.

The ethane/ethylene that Williams will extract from Suncor's and later from CNRI's



David Chappell, president of Williams' Canada business, and Sid Meloney, vice president of engineering and construction, chat with Premier Alison Redford.

upgraders, will provide up to 17,000 barrels per day to Nova Chemicals for use in its facilities in Joffre, Alberta.

The Government of Alberta supports the development of new ethane sources in the province through a program providing a royalty credit to ethane buyers that invest new capital in ethane processing facilities. ■



More Power TO YOU

Williams ramps up capacity as Southeast power generators switch to natural gas

A major expansion of our Transco pipeline adds 225,000 dekatherms of incremental firm natural gas transportation capacity to growing markets in the Southeast.

The Mid-South Expansion project provides service to power generators in North Carolina and Alabama as well as a local distribution company in Georgia. The company placed into service the first phase of the expansion (95,000 dekatherms per day) in the fall of 2012 and placed into service the second phase of the expansion (130,000 dekatherms per day) in June 2013.

Together, both phases of the project deliver enough natural gas to provide service to approximately one million homes.

Laboring on Labor Day

Project managers GeJuan Cole and A.J. Patel led the effort to ensure the expansion met customer expectations.

“Our team went the extra mile, including working Labor Day weekend, to make sure Mid-South Phase I and Phase II came in on time and on budget,” says Evan Kirchen, vice president of project execution, Atlantic-Gulf.

“These expansions are great for our customers and help better position Williams strategically.”

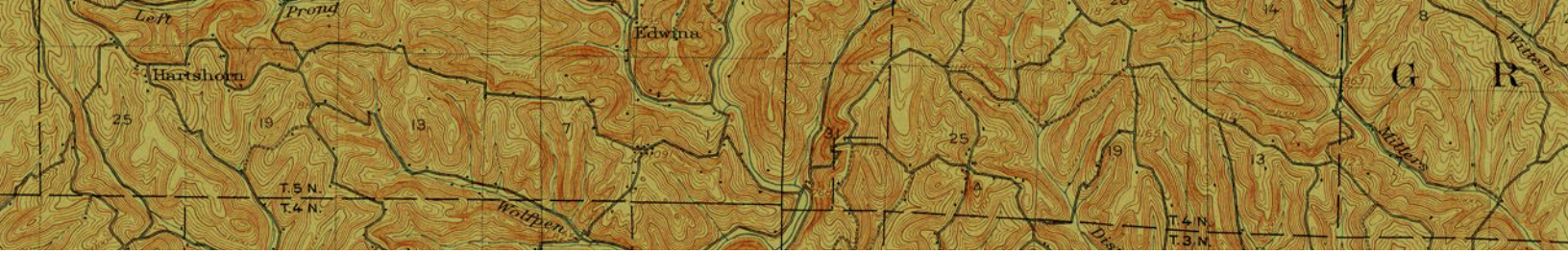
Demand for natural gas in the Southeast is growing at a rate well in excess of the national average, in large part due to the environmental advantages of natural gas over other fossil fuels. Much of this growth is driven by increasing demand for natural gas in electric power generation.

Another milestone

The Mid-South Expansion project consisted of approximately 23 miles of new pipeline, a new compressor facility in Dallas County, Ala., and upgrades to existing compressor facilities in Alabama, Georgia, South Carolina and North Carolina.

“This expansion represents another milestone in our build-out of Transco, the nation’s largest gas pipeline system and a significant platform for growth,” said Rory Miller, senior vice president of Atlantic-Gulf. “We’re executing on more than \$2.1 billion in additional Transco expansion projects primarily to create efficient access between the prolific natural gas production areas in the Northeast U.S. to growing demand centers in numerous Southeast and Atlantic Seaboard states.”

In the last decade, the company has placed into service 21 Transco growth projects totaling nearly \$2 billion of capital investment, which has increased Transco’s transportation capacity by 55 percent. ■



A Lasting Commitment

We're strategically positioned to meet our customers' long-term infrastructure needs in the Northeast



"We're committed to help customers in the Northeast grow their production with the assurance that we're building essential infrastructure they can rely on"

Kirk Blackim
Manager of Commercial
Development
Northeast G&P

In West Virginia, where traditions run deep, trust is built on long-term relationships. That's why we're building the large-scale infrastructure to enable the prosperity of our customers for years to come.

"We're committed to help customers in the Northeast grow their production with the assurance that we're building essential infrastructure they can rely on," says Kirk Blackim, manager of commercial development for the area. "We believe the opportunity here is tremendous, not only for Williams but for our customers and the local economy as well."

In a relatively short time, Williams has established a major — and growing — presence in the region. We're currently focused on several major projects that will help shape the long-term processing and fractionation capacity of the region.

Barrel capacity to soar

First, we're working on an expansion at our Moundsville, W. Va. fractionator. When it began operating in December 2012, it had an initial capacity to process 12,500 barrels per day (Bpd) of C3+ natural gas liquids that were being sent in via our Fort Beeler cryogenic facility. That was with only one fractionation train in place.

We're now adding a second fractionation train (Frac-2) that will nearly triple the plant's total capacity at 42,500 Bpd. We're also increasing the plant's product storage and truck loading capacity, as well as adding new rail loading capability.

"This expansion is necessary to match fractionation capacity with natural gas liquids production from the cryogenic plants until new pipelines are available to take the products to other market areas," Kirk says.

Doubling up — and then some

A lot of the additional product we're transporting into the Moundsville facility comes from our Fort Beeler processing plant, where we recently added a third processing train to meet increased production in the area. The plant's total capacity is now at 520 million cubic feet per day (MMcfd) — more than double its initial gas processing capacity.

And we're growing in our gas processing capabilities beyond the Fort Beeler plant. In fact, just a few miles down the road we're building a second gas processing facility to help handle the increasing flow of product from producers in the area.



Expected to be placed in service in early 2014, the Oak Grove facility will have a starting capacity of 200 MMcfd and is designed to allow additional capacity of up to two billion cubic feet per day.

“The new Oak Grove facility is an incremental continuation of the gas processing capacity in the Ohio Valley Midstream area,” says Glenn Koch, director of projects for engineering and construction in the area. “Fort Beeler has reached its practical limit for additional expansion due to the limited availability of additional constructible land at the site.”

The initial build of the Oak Grove facility is taking place now and is slated to be placed in service in early 2014 with a starting capacity of 200 MMcfd. However, the plant is designed to allow incremental additions of gas processing capacity of up to two billion cubic feet per day or 10 gas processing trains, depending on market demand.

“The site is flexible enough in its size and location, as it is relatively close to the Moundsville fractionator and the loading

facility, to support centralized received points or other gathering, processing or storage services,” Glenn adds.

Integrated strategy

These expansions support Williams’ overall Marcellus/Utica strategy to boost shipper and producer access to growing markets.

Examples include the natural gas transportation expansions on our Transco interstate pipeline and the development of the Bluegrass joint-venture NGL pipeline to transport supply from the Marcellus/Utica region to the Gulf Coast. ■

BUILDING LARGE-SCALE INFRASTRUCTURE

- Second fractionation train has nearly tripled capacity at Fort Beeler cryogenic facility to 42,500 Bpd
- Third processing train at Fort Beeler processing plant has more than doubled capacity to 520 MMcfd
- Oak Grove gas processing facility currently under construction

Exports explored Out West

SOUTHERN OREGON EXPORT FACILITY NEARS DOE APPROVAL DECISION

Williams' Pacific Connector Gas Pipeline is a 232-mile project that would link the Jordan Cove LNG export terminal with approximately 1 billion cubic feet of natural gas per day from the Rockies and western Canada. Both projects moved closer to approval with recent federal actions.

On November 15, 2013, the US Department of Energy (DOE) gave conditional permission for the Freeport LNG Terminal in Texas to export liquefied natural gas to countries without a Free Trade Agreement with the United States. This comes less than two months after a DOE decision authorizing LNG export from Dominion's Cove Point facility in Maryland. Jordan Cove is now second on DOE's list of projects applying to export LNG to non-FTA countries.

"Non-FTA authorization would obviously be a big step forward for the joint project," said Pacific Connector spokesman Hank Henrie. "Besides opening up market opportunities in countries like Japan and South Korea, it would provide federal confirmation that the project is in the public interest."

Expansion in works to serve proposed Oregon LNG facility

Williams is planning an incremental 750,000 dekatherms-per-day expansion of its Northwest Pipeline to serve a proposed LNG project in the Pacific Northwest.

"Oregon LNG would like to build a liquefied natural gas terminal on the Oregon side of the Columbia River. We would supply the natural gas from Canada through our existing pipeline to the proposed terminal," says Michele Swaner, a Williams spokesperson. "The natural gas would be liquefied and shipped overseas to the Pacific Rim."

An 86-mile pipeline, named Oregon Pipeline, has been proposed by Oregon LNG to connect its LNG terminal to Williams' Northwest Pipeline system at the Woodland, Wash., interconnect site.

To accommodate this request, Williams plans to install additional pipeline and compression facilities on its existing Northwest system in the state of Washington.

The project, known as the Washington Expansion Project, consists of installing approximately 140 miles of 36-inch diameter pipeline loop in ten segments along Northwest Pipeline's existing pipeline system in the I-5 corridor between Sumas and Woodland. These segments vary in length from eight miles to more than 35 miles. The project also includes upgrades to our existing Sumas, Mt. Vernon, Snohomish, Sumner and Chehalis compressor stations.

Swaner expects the project will bring several benefits to the area, including jobs and tax revenues. The property taxes Williams would pay during the ongoing operation of the pipeline are estimated to be approximately \$13 million per year. Additionally, local businesses could benefit from additional supply options to existing Williams customers as well as manufacturers and other industrial users.

An application for the Washington Expansion Project was filed in June. If the project stays on schedule, work would begin on the pipeline in the spring of 2017, with an in-service date for the pipeline and terminal in November 2018. ■



GULFSTAR PROGRESS

On Oct. 30, the last of nine suction piles, part of the mooring systems for the Gulfstar FPS was installed in the Gulf of Mexico.

Rate settlement reached

On August 27, 2013, Transco filed a Stipulation and Agreement (Agreement) resolving all issues in its general rate case proceeding filed in Docket No. RP12-993.

The Agreement resolves all issues regarding cost of service, reservation and throughput quantities; several cost classification, cost allocation and rate design issues; and various tariff and other matters, all of which otherwise would have been resolved through extensive and costly evidentiary hearings or other procedures.

“Resolution of these numerous issues through settlement, rather than through

litigation, is beneficial to all parties represented in the proceeding,” said Scott Turkington, director of Rates & Regulatory. “Additionally, the Agreement will afford our customers greater certainty concerning the rates for transportation and storage services on the Transco system.”

In that regard, Transco will refund to customers amounts collected in excess of amounts allowed under the Agreement within 60 days after the effective date of the Agreement. ■

MORE GROWTH PROJECTS ON THE WAY

ATLANTIC - GULF

- Discovery's deepwater Gulf of Mexico lateral pipeline in Keathley Canyon will have capacity to flow more than **400 MMcf/d**.
- Transco's Mobile Bay South III from Station 85 to the interconnection with Florida Gas Transmission in Mobile County, Alabama for a capacity of **225 Mdth/d**.
- Transco's Northeast Supply Link from various points along the Leidy Line to Station 210 and existing New York City delivery points on the Transco system will increase capacity by **250 Mdth/d** including **200 Mdth/d** into New York City.
- Transco's Rockaway Delivery Lateral, a new offshore lateral into New York City, will have capacity of **647 Mdth/d** and Transco's Northeast Connector from Station 195 to the Rockaway Delivery Lateral will increase capacity to New York City by **100 Mdth/d**.
- Two expansions on the Transco system will turn the mainline into a bi-direction system. Virginia Southside from Station 210 in New Jersey to Virginia and North Carolina will increase capacity by **270 Mdth/d** and Leidy Southeast from various points along the Leidy Line to the Zone 4 and 4A pools in Alabama will increase capacity by **525 Mdth/d**.
- Williams, Cabot, Piedmont and Capital Energy Partners are partnering to develop a major transmission pipeline, Constitution, to connect abundant Appalachian natural gas supplies in northern Pennsylvania with major northeastern markets and will have capacity of **650 Mdth/d**.

NORTHEAST

- Expect Ohio Valley processing facilities and fractionators at Fort Beeler to add **200 MMcf/d** of processing capacity; Oak Grove facility to add **200 MMcf/d** of processing capacity; Moundsville to increase fractionation capacity to approximately **43 Mbbls/d**; and Susquehanna Supply Hub expansion projects will reach capacity of **3 Bcf/d**.

WEST

- Northwest's North and South Seattle laterals will add capacity of approximately **80 Mdth/d** and **74 Mdth/d** respectively.

NGL & PETCHEM SERVICES

- Overland Pass Pipeline increased its capacity to **255 Mbbls/d**.
- Geismar, La., plant annual ethylene production capacity expected to grow by 600 million pounds to **1.95 billion pounds** when service resumes in April 2014.

Questions for

John Dearborn

**Senior Vice President
of NGL and Petchem Services**

John Dearborn recently joined Williams as senior vice president of NGL and Petchem Services. He comes to the company with more than 30 years experience in the global petrochemical industry. Dearborn's last position was vice president at the chemical manufacturer SABIC (Saudi Basic Industries Corporation). We talked to John recently about his new position, and his thoughts on the NGL and Petchem market.

What made you decide to join Williams?

Most of my experience has been on the "other side of the fence" from Williams. I came from the chemical and plastics industry, which uses the products and services that Williams provides as the starting point of the value chain. My career has also included international assignments and global responsibilities, so the Williams opportunity was exciting. It offered a chance to leverage my capabilities into the energy infrastructure world, and to leverage Williams' capabilities into markets and regions that are new to this company. The North American NGL and olefins industry has the potential to be the growth platform for the world in plastics and chemicals for many years, due to our low-cost feedstock position coming from shale gas. Williams can be a leader in how and where this growing industry is developed.



What do you see as the main trends affecting the NGL and petchem market?

Now that we've found these plentiful natural resources and developed the technology to get them above ground more efficiently than ever, what are North American producers going to do with all this cheap energy? The NGL and petchem markets provide uses for these natural resources beyond just burning them for fuel. Once converted into olefins, such as ethylene and propylene, the plastics and chemicals industries use the intermediate products to produce products used in construction, appliances, automotive, packaging and other consumer goods. The biggest challenge now is how quickly we can get the infrastructure and downstream producing plants in place to support the growth down that value chain. In addition, we have to be able to execute in a cost-effective and reliable manner, so cost overruns and delays don't cause us to lose the economic advantage we have today.

What are the main elements of Williams' strategy on NGL and petchem services?

Our vision is to develop and provide low cost solutions that enable the NGL and petrochemical markets to use the low-cost

feedstock position in North America to create competitively advantaged products both domestically and in the global marketplace. We expect that these natural gas liquids that we gather and deliver will drive growth in domestically-produced products that have typically been imported by the plastics conversion industry. This means jobs and economic growth for the markets in North America. In fact, we fully expect the US will return to a position as a major exporter of chemicals and plastics that it once held in the 1970s and 1980s, when the petrochemical industry was in its early stages of development.

In what ways can Williams execute that strategy that other companies cannot?

Williams has a unique footprint compared to the other Master Limited Partnerships (MLPs) that Wall Street typically places in our comparison group. Williams (WPZ) is the only MLP with ethylene production capabilities, and we are one of only two companies that produce ethylene but no downstream products. We also participate in natural gas collection, processing and transportation so we are focused on customers at each end of the energy value chain — natural gas producers that need economic options to get good value for their liquids at market, and plastics producers that need access to olefin feedstocks (ethylene and propylene) tied to low-cost shale gas economics. Williams is the only MLP that has the market knowledge and operational expertise to link those two markets.

How will this strategy benefit our customers?

Our downstream customers like that we don't compete with them in the plastics markets, and instead focus on the critical capabilities that we do well — linking new supplies to growing demand. We also provide our customers the flexibility to customize a solution to a particular need they have. For example, we may offer a customer the choice of contracting for services (transportation, storage and fractionation) so they can manage their liquids themselves, or purchasing the liquids at the gas plant on a transparent pricing mechanism that links it to published commodity prices. We are here to design, develop and deliver valuable service offerings that bring value to our customers and look forward to every opportunity to do so. ■



From the Heart

As we rebuild in the aftermath of tragedy, we're grateful for our friends.

We deeply appreciate the support and patience of our customers as our Williams Partners Geismar olefins plant in Louisiana recovers from a deadly accident.

On June 13, an explosion at the plant resulted in the deaths of two employees and injuries to dozens more, including contractors. The plant has been offline since then.

We're diligently working toward safely resuming operations in April 2014. During that same time frame, we expect to bring online an expansion to increase the plant's ethylene production capacity by approximately 50 percent.

We're working to return to service safely, while reducing the duration of the repair project — the critical path to restart — as much as economically possible. We also intend to finalize the expansion project in this same timeframe.

Williams Partners, through its subsidiary Williams Olefins LLC, continues to cooperate in a full and transparent manner with the Occupational Safety and Health Administration (OSHA) and the U.S. Chemical Safety Board (CSB) on their investigations into the cause of the incident. ■



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CEO Alan Armstrong featured in Oil & Gas Financial Journal



View full article at <http://bit.ly/1a0oGtE> for Alan's thoughts on Williams' customer-driven growth.