

# TRANSCO connection



FALL  
2011

## Message from Jim Moore, commercial operation vice president A Note to Our Customers

*As 2011 draws to a close, we at Williams want you to know how much we appreciate your business with the Transco pipeline. Thank you for allowing us to provide natural gas transportation services to your company. Together, we deliver clean, affordable, domestic energy resources that fuel our nation, keep people warm and help business and industry grow.*



facilities to support increasing natural gas demand and shifting supplies, and to effectively provide the services you expect.

### Transco System Expansions

The southern portion of our Transco system has experienced significant growth in demand in recent years largely due to increasing power generation load. That coupled with access to abundant Mid-continent shale supplies at Station 85 in west central Alabama has led to a number of system expansions, with several more on the way. As mentioned in the last issue of Transco Connection, we placed Phase II of our 85 North project and the Mobile Bay South II expansion project into service this spring, adding nearly 600 MDthd of incremental take-away capacity from Station 85. Recently we received approval from the Federal Energy Regulatory Commission (FERC) to construct two more projects into the southeast. The Mid-Atlantic Connector project is an expansion of our mainline from an interconnection with East Tennessee Natural Gas in North Carolina to markets as far downstream as Baltimore, Maryland. It will provide 142 MDthd of firm capacity when it goes into service in November of 2012. Additionally, the Mid-South project is designed to provide 225 MDthd of capacity from Station 85 to markets as far north as Transco's interconnection with Cardinal Pipeline in North Carolina. It will be phased into service with the first 95 MDthd beginning September of 2012 and the remainder in June of 2013.

Another southern market area project completed this year is the Pascagoula Lateral. Placed in service in September, the 15-mile lateral jointly developed by Transco and Florida Gas Transmission has the capacity to transport 810 MDthd

of natural gas from the Gulf LNG terminal near Pascagoula, Mississippi to our jointly owned Mobile Bay line in southern Alabama. Transco's share of the lateral capacity is 467 MDthd, all of which is being sold long-term to Angola LNG Supply Services, a new Transco customer.

As with the southern portion of the system, we are working diligently to connect our northern customers to the burgeoning new supplies of shale gas, in particular Marcellus shale.

### Two Companies

I'd also like to take this opportunity to bring you up to date on where Williams is today and the future that's ahead of us. As you know, we have been on a two-step path that would establish our E&P business as a stand-alone company, WPX Energy, through an IPO and spinoff. Now, due to the continued instability and weakness in the equity markets, we have decided to complete the spinoff in a one-step process by year-end 2011.

The outcome, however, remains the same – Williams is creating two distinct, tightly focused companies, well positioned to serve customers across the natural gas spectrum. What has not changed during this evolution is our commitment to you to provide exceptional customer service by providing high-quality, low-cost transportation of natural gas from diverse supply sources to growing markets.

To that end, let me update you on a few of the things we are doing to expand our



The Bayonne Lateral, scheduled to be placed into service in the first quarter of next year, is a six-mile lateral that adds 250 MDthd of capacity to serve power generation demand in the northern New Jersey region.

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## A Note to Our Customers

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The Northeast Connector project is a 100 MDthd expansion of the system from Station 195 in southeastern Pennsylvania to our proposed 647 MDthd Rockaway Delivery Lateral, a new 3-mile lateral extending from our Lower New York Bay line to a new delivery point with National Grid on the Rockaway Peninsula. Together these projects will provide National Grid access to Rockies and Marcellus supply at Station 195 while increasing delivery flexibility into their system by 2014.

The first Transco project to expand directly from the Marcellus supply region to northeast markets is our Northeast Supply Link project. It is designed to provide 250 MDthd of firm transportation capacity from various supply points along the Leidy line in Pennsylvania to Station 210 and existing delivery points into New York City. Not only will this project provide a market outlet for Marcellus producers attaching to our Leidy line, it will also provide Transco customers access to Marcellus supply both at existing delivery points and at the Station 210 pooling point.

We are also working on a large-scale project that would enhance supply access to the southwestern Marcellus/Utica shale supply areas. Our proposed Atlantic Access project will provide a firm path from the Natrium processing plant in Marshall County, West Virginia, to Zone 5 delivery points as far south as our interconnect with the Elba Express pipeline in South Carolina. The project involves a 250-mile greenfield pipeline across southern Pennsylvania along with mainline facilities to allow southbound flow. Sized for up to 1,200 MDthd, Atlantic Access would be the largest project Transco has undertaken in recent memory. Negotiations are underway with potential shippers in the project and we hope to hold an open season soon.

We are proud of our strong track record of building system expansions to meet

customers' needs when they need it and we think these projects build upon that record. In fact, just in the last 10 years, we have added 2,740 MDthd of capacity on the Transco system. Once these projects are complete, Transco's mainline capacity will grow from its current capacity of 9,600 MDthd to over 11,400 MDthd. If you have any questions about our expansion projects or need Transco's assistance in serving your capacity needs, please contact us.

### Supply Update

Speaking of Marcellus supply, Transco now has nine receipt point interconnects in service with Marcellus producers on its Leidy line in north central Pennsylvania, with receipt capacity totaling nearly 1,200 MDthd. Recent flowing volumes at those points have exceeded 400 MDthd and agreements are in place for ten more interconnects that will provide an additional 2,900 MDthd of receipt capacity by year-end 2012. Additionally, on Sept. 1, the 864 MDthd Lower Chanceford interconnect with Texas Eastern near Transco's Station 195 was placed into service allowing Transco customers to access southwest Marcellus supply for the first time.

### Regulatory Update

In late September we made two filings regarding service from our Eminence Storage field. On Nov. 1 we implemented tariff revisions to incorporate demand charge credits related to our two Eminence services. We have filed to abandon approximately one-third of our Eminence storage capacity due to the leak we encountered late last year. Once approved, we will reduce our Eminence contractual demand and capacity entitlements accordingly. In the meanwhile, we continue to provide customers their full levels of Eminence storage service.

### 1Line Improvements

When 1Line was placed in service in 2003, internet applications and development tools were not nearly as mature and powerful as they are today. To keep pace with technological advancements and better serve you we are undertaking a re-design of the system, which will dramatically improve the look and feel. We have recently started to roll out the enhancements and there are more changes to come throughout 2012.

### New Faces

There are a few new representatives that are here to serve you. Ashlea Feezel joined Williams in June and is serving the north as a marketing service representative. She graduated with a finance degree from the University of Texas; she also holds a minor in communications. Stacy Christianson, who joined us in September as a marketing service representative for the south, is another new face to Transco. She graduated from Texas A&M University with an economics degree and a minor in business. The latest employee to join Transco is Jordan Kirwin, who joined us in late October. He graduated from the University of Texas with a degree in economics and received his MBA from the University of Houston. Please join us in welcoming them to the team.

As we turn the page to this next chapter of Williams' future, we would like to sincerely thank you for your ongoing business with our company. We are preparing for a busy 2012. Although we plan to conduct a formal customer survey later in 2012, feel free to contact us at any time if you have questions or suggestions for improving our service.

On behalf of all of us at Williams, we wish you a very safe and happy holiday season and continued success in the New Year.

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