

# TRANSCO connection



SPRING 2011

## Randy Barnard Named Gas Pipeline President

Randy Barnard, formerly Williams' vice president of natural gas development, was named president of Williams Gas Pipeline in February, succeeding Phil Wright, who was named senior vice president of corporate development for Williams.

"It's great to have the opportunity to bring Randy back into the gas pipeline business as its top leader," says Alan Armstrong, CEO of Williams. "Randy brings a broad suite of experiences to this challenge, including eight years as the senior officer accountable for the gas pipelines' operations. He is a strong, purposeful leader who is well-respected within the company and by regulators who oversee the safety of the pipeline industry."

Barnard began his career as an engineer with Williams in 1982. Prior to assuming his role in natural gas development, Barnard served eight years with Williams' interstate gas pipeline business in various capacities, including senior vice president of operations and technical services. He also has eight years of international business experience with Williams, both in executive management and business development. Barnard spent much of his early career at Williams in engineering and operations positions in the company's natural gas gathering and processing businesses.

Barnard graduated in 1980 from the University of Missouri-Rolla (now known as Missouri University of Science and Technology) with a degree in petroleum engineering. He completed Harvard Business School's Program for Management Development in 2000. Barnard serves as chairman of the board for the Gas Technology Institute and vice chairman of the Common Ground Alliance. In 2008, he was the

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## President's Message: Our Commitment to You

I want to thank you for your continued business and for the confidence you have in our company and employees. In 2011, Transco will continue its strategy to maximize the utilization of our pipeline capacity by providing high-quality, low-cost transportation of natural gas from diverse supply sources to growing markets. We are focused on providing reliable natural gas transportation service at the lowest sustainable net delivered cost of service. We plan to do this by:

- > Maintaining the highest standards of safety and reliable operations.
- > Proactively working with you to bring new and existing supplies of natural gas to our markets at costs that consistently beat our competition and with reliability that meets or exceeds your expectations.
- > Leveraging our connectivity to emerging supply sources, and the quality and location of our physical assets to capture market growth.
- > Continuously strengthening all of our compliance efforts in a manner that reflects our uncompromised commitment to integrity.
- > Delivering exceptional customer service.

We recognize you have natural gas transportation and storage service choices and that we must provide high-quality services that are valued by our customers. We also value the business relationships we have developed with you over the years, and understand that conducting ourselves with the highest levels of honesty and integrity is essential to fostering those relationships.

Your feedback on our performance is a crucial part of ensuring that we continue to follow through with our commitment to provide excellent service. We review and conduct surveys to give us the tools we need to understand what we are doing well, but more importantly to identify areas where we need to improve. Later in this customer newsletter, we will discuss the results of the annual Mastio survey and an upcoming survey on the Transportation Services representatives who support your daily business. Your feedback is always appreciated as we continue our commitment to doing whatever we can to be your preferred provider of natural gas transportation and storage services.

Thank you,  
Randy Barnard  
President, Williams Gas Pipeline



**Randy Barnard**

### **Williams' Core Values & Beliefs**

- > Integrity
- > Investors
- > Customers
- > Employees
- > Communities
- > Entrepreneurial Spirit
- > Tolerance for Risk
- > Efficiency
- > Autonomy of Operating Units
- > Change

Note from Larry Hjalmarson:

# Safety Decisions Integral to All Other Business Needs

*Our primary aim at Transco is safety – protecting people, families and communities. It is integral to every aspect of our business and part of all of our decisions. That means how we operate and maintain our system; how we do business commercially; and how we grow and take advantage of the many opportunities before us.*

At Transco, we run our business based upon these fundamental concepts:

- > We will not put people at risk for any reason.
- > All accidents are preventable and our goal is zero injury and zero incidents.
- > Safety is a shared responsibility of everyone in the organization.
- > Our employees are given the authority and the responsibility, without fear of reprimand or retaliation, to immediately stop any work activity they believe presents a danger to themselves, their co-workers, contractors or to the public.
- > We will be proactive to improve our safety culture, not just our rules and procedures, but also our thoughts and beliefs.
- > Executive management will lead the effort to establish safety as the first threshold in the mind of each and every employee.
- > Working safely is not just compatible with other business goals, but enhances those goals. If work is done safely, it is also organized, timely and efficient. It is good business.

A mark of a strong safety culture is to continuously improve in this most challenging and consequential part of



Larry Hjalmarson

talented and dedicated team is also responsible for outreach to regulatory

our jobs. That's why I am leading the transformation of Williams' safety culture that will enable us to operate our business in the safest way possible. Our

agencies, such as the U.S. Department of Transportation's Pipeline and Hazardous Materials Safety Administration (PHMSA), the U.S. Environmental Protection Agency (EPA) and other environmental and safety organizations.

Thank you,

Larry Hjalmarson, Vice President  
Safety, Environmental and  
Gas Pipeline Integrity

## Progress in Pigging: Integrity Management Program Update

As mentioned in the fall 2009 issue of the customer newsletter, and reinforced by Larry Hjalmarson's safety message on this page, Transco is dedicated to ensuring the safe operation of its pipeline system through its Integrity Management Program (IMP).

As part of the plan, we are required to conduct baseline assessments on our pipelines that traverse High Consequence Areas (HCAs) by 2012. By the end of the year, we will have assessed (through in-line inspection and other means of inspection) approximately 94 percent of the required segments on our system. In 2011, we will continue to execute projects that will smart pig approximately 2,300 miles, or 28 percent more than what was pigged last year. In 2010, we smart pigged approximately 1,800 miles of pipeline.

Transco is currently on schedule to complete all of the baseline assessments by 2012 as mandated by the rule.

For further details on the 2011 planned outages, [click here](#). Transco will post a critical notice at least two weeks in advance of the outage if the ability to schedule at a specific receipt or delivery location is to be affected.

We truly appreciate your patience and continued collaboration with our Gas Control department to ensure continued service with minimal disruptions. Please keep in mind that the Integrity Management Program does not end in 2012 as the rule requires periodic reassessments of previously inspected lines to ensure that threats due to corrosion continue to be addressed.



# Transco Expands Facilities to Support Increasing Demand

Transco placed two expansion projects in service May 1, adding nearly 600 MDthd of incremental take-away capacity from Station 85. Phase 2 of the 85 North Expansion project provides 218.5 MDthd of firm capacity on Transco's mainline from Station 85 to power generation customers in North Carolina. The Mobile Bay South II project provides 380 MDthd of southbound capacity on Transco's Mobile Bay lateral from Station 85 to interconnects with Florida Gas Transmission Company, Bay Gas Storage, Southern Pines Energy Center and Gulfstream Natural Gas Transmission. Added to Phase 1 of 85 North, Mobile Bay South and the proposed Mid-South Expansion project, these projects will provide a total of nearly 1.2 MMDthd of incremental firm transportation from Station 85 by June of 2013. See the table below for an update on all of our projects.

IN-SERVICE DATE	PROJECT	DESCRIPTION	VOLUME	STATUS
July 2010/ May 2011	85 North Expansion	Mainline expansion from Station 85 to North Carolina	308.5 MDthd	In service
May 2011	Mobile Bay South II	Compression at Station 85 to provide firm southbound capacity	380 MDthd	In service
August 2011	Bayonne Lateral	6-mile lateral from mainline in Zone 6 to Bayonne Energy Center	250 MDthd	Under construction
Sept. 2011	Pascagoula Lateral	New lateral jointly owned with FGT connecting Gulf LNG import terminal to the Mobile Bay line	467 MDthd	Under construction
Sept. 2012/ June 2013	Mid-South Expansion	Mainline expansion from Station 85 to markets as far downstream as Cardinal	225 MDthd	Filed with the FERC
Nov. 2012	Mid-Atlantic Connector	Mainline expansion from East Tennessee interconnect to markets as far downstream as Beaver Dam, Maryland	142 MDthd	Filed with the FERC
Nov. 2013	Northeast Supply Link	Expansion from various points along the Leidy Line to existing NYC delivery points and Station 210	250 MDthd	FERC pre-filing under way
2014	Northeast Connector	Expansion from Transco Station 195 to the Rockaway Delivery Lateral	100 MDthd	Executed precedent agreements
2014	Rockaway Delivery Lateral	3-mile lateral from the offshore Lower New York Bay line to the Rockaway Peninsula	647 MDthd	Executed precedent agreements; FERC pre-filing initiated
2014	Atlantic Access	Greenfield lateral from Southwest Pennsylvania to Transco's mainline near Station 195, with a transportation path south, accessing Zone 5 markets	Up to 1,100 MDthd	Marketing under way



## Transco Sets Peak Records

The 2010-11 winter season, across much of Transco's service area, was significantly colder than historical averages. As a result of the cold temperatures and strong demand from the power generation and residential markets, Transco, as well as many of its customers, established peak delivery records.

On Dec. 14, Transco set a new all-time peak day delivery record with market area deliveries in excess of 9.52 MMDthd or approximately 109 percent of firm contract demand. The 9.52 MMDthd eclipsed the previous peak day set just a week earlier on Dec. 7, of 9.29 MMDthd.

Transco also set a new three-day delivery record on Dec. 13, 14 and 15. For the three-day period, market area deliveries averaged in excess of 9.24 MMDthd. Thank you to all customers for the close collaboration in working with our Transportation Services and Gas Control departments in establishing these milestones.

## Randy Barnard

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first recipient of Williams' Leave the Ladder Down Award; a program sponsored by the company's Women's Business Resource Group to recognize a leader who fosters an environment that attracts a high-performing and diverse workplace.





## Supply Flexibility: Access to Marcellus Shale Gas

Transco's Leidy Line is proving to be ideally positioned for providing customers access to Marcellus shale gas. During April 2011, Marcellus shale producers delivered an average of 180 MMDthd into Transco's system. Marcellus shale volumes have significantly increased from January 2010 when average daily volumes were less than 10 MMDthd. Transco expects Marcellus shale volumes to continue to increase over the next couple of years.

To date, interconnects directly tied to Marcellus shale supply have a total receipt capacity of 620 MDthd. Currently, six interconnects are in various stages of construction representing another 1.0 MMDthd of meter station capacity that is expected to be placed in-service before year's end. In addition, Transco has signed one interconnect agreement and is in negotiations with parties to construct six additional interconnects in 2012 and 2013.

A summary of our Marcellus shale interconnects and their locations can be viewed on the Active and Proposed Marcellus Shale Interconnects map in 1Line. Go to the [1Line Informational Postings](#) page, select resources, select system map, select Active and Proposed Marcellus Shale Interconnects, enter your 1Line ID and password. To request an ID and password, go to the same page, select resources, select agreement/forms, then select 1Line Form of Service.

# Ease of Doing Business: Recent Improvements to 1Line

## Tariff Changes

Transco has recently made several tariff changes to provide clarity of our business practices and to help reduce the number of penalties on daily activity. If customers have elected to cash out prior period adjustments at the original production month, reductions in the imbalance will reverse the original tier pricing to match previously billed dollars rather than the current practice of cashing out at the average price. Shippers will not be further penalized in situations where there is an increase in the imbalance. This tariff change is effective July 1. Section 18 of the GT&C also underwent an overhaul including adding provisions for Swing Service Overtakes and simplifying the Overrun calculation language. This change was filed during the first quarter of the year and is expected to be implemented September 1.

## Added Features

New features to the 1Line system also are coming this summer and late fall. Customers will be able to query operationally available capacity (OAC) data at a location level and include prior gas day changes for a date range within the last three years. An additional graphical map will show all swing service delivery points along our pipeline and the delivery constraints the points are subject to for delivery. The map also will provide a constraint report that shows the scheduled volumes by priority of service as they relate to the constraint package. A query function also will be provided along with the map for historical searches.

## Highlights of Upcoming Changes

We are pleased to announce that 1Line will be undergoing substantial improvements in late 2011 and 2012.

- > Ability to easily navigate in several areas of the system during a single login session by representing the information in a tabular layout
- > User customized login session
- > Transacting business using smartphones or tablet devices
- > Streamlining various views of the data to provide:
  - More results per page
  - Monthly level summary information with drill-down capability to daily transactions
  - More graphical representations
  - Direct download capability from the page

We strive for 1Line to allow you to conduct business with Transco in an efficient and reliable manner. Please contact your Transportation Services representative with questions or ideas on how we can better serve your needs.

## Newsletter Email Notification

If you would like to be removed, added or want to update your contact information for this distribution, please notify us by sending an email to [wgphou.customernotices@williams.com](mailto:wgphou.customernotices@williams.com).

## Transportation Services Survey on Individual Reps

Transco will be conducting a brief survey on the service you receive from the Transportation Services representatives who support your daily transactional business. The on-line survey should take no more than 10 minutes to complete and will be sent directly to a limited number of customers who interact with the Transportation Services group on a regular basis. If you would like to be included in this survey for a particular representative, please contact either [Terry Fitch](#) or [Linette Schneider](#).

## People on the Move

Please help us welcome a few additions to our team. **Terry Fitch**, former manager of gas control, has returned to Transco as manager of Transportation Services South. Fitch served more than 27 years with Transco before retiring from Williams in 2008 to pursue a two-year teaching opportunity.

In mid-June, **Margaret Kleiner**, the interim Transportation Services/1Line manager, will return to her role as the weekend Transportation Services representative for the northern area. Additionally, **Liz Silvas** will return to her previous role as a Transportation Services representative.

**Jenni LaBeth** is the newest member to Commercial Operations, joining the team in March. She is a senior assistant supporting the Business Development and Transportation Services/1Line teams.



**Tim Thuston**

At the enterprise level, Gas Pipeline has named **Tim Thuston** director of External Outreach, responsible for overseeing the business unit's various external outreach efforts in the areas of public outreach, PHMSA outreach and industry outreach. He has gained a wealth of experience during his 33-year career at Williams, including previous time in the regulated pipeline companies in leadership positions in Rates and Regulatory Affairs, Business Development, Strategic Planning and more. Thuston will lead Gas Pipeline's existing strategic public outreach and advocacy efforts in order to proactively engage the public and advance our pipeline expansion projects.

## Providing Value and Service to Our Customers: Mastio Survey Results

Transco was honored in the 2011 edition of the Mastio and Company survey, released in February.

Transco was recognized as a supplier who exceeded the industry benchmark in the Mega and Major Pipeline indexes. Additionally, Williams Gas Pipeline (Transco and Northwest Pipeline) was recognized in the Major Organizational Group category.

The 2011 study is based on interviews with industrials, LDCs, independent power producers, producers and marketers. Each respondent rated pipelines on 30 attributes such as: representatives who listen well, effective after-hours support, reliability of firm gas transportation, timely resolution of problems, plus overall company performance and likelihood that you would recommend your pipeline.

These solid results are a tribute to the commitment of our gas pipeline employees. We will continue to seek opportunities to provide excellent value and service to you, our customers.

## COMPLIANCE

## Transco Achieves NAESB 1.9 Certification

On May 26, Transco successfully achieved certification under NAESB WGQ version 1.9.

NAESB certification is not mandated by a regulatory agency, but this achievement is testament to our organization's commitment to compliance. Certifications are valid for two years.

The certification process involved a few minor changes to the 1Line screens and windows that you may have noticed in your daily use. Formatting, labels and abbreviations should continue to be consistent with other pipelines following the NAESB standard, making it easier to navigate through and use many different pipelines' systems. As always, your comments and feedback on the 1Line system are appreciated.

## FERC Watch

If you are interested in keeping up with regulatory developments on the Transco system, visit FERC Watch, a customer service tool provided by Transco via our 1Line system. Access to this information can be obtained by going to [www.1line.williams.com](http://www.1line.williams.com), selecting Transco Informational Postings, then the Regulatory tab in the top yellow banner.

## Location Verification with Point Operators

As part of Transco's ongoing compliance efforts, Transco will be asking all operators of interconnecting locations to verify the type of location and the legal entity that owns the interconnection. To ensure Transco has current and accurate information, we will be asking each location operator to respond in writing with a signature from an individual with contract execution authority or a duly authorized representative. Point operators will be contacted individually by Transco's Transportation Services representatives with further details. Thank you in advance for your prompt attention to this effort.