

# TRANSCO connection



SUMMER  
2012

## Expansion Projects in Full Swing

Unprecedented growth in gas supplies, particularly in the Marcellus Shale region, combined with continued strong demand growth in Transco's market area is keeping Transco's business development team busy.

In response to market input, Transco is conducting a supplemental open season for its **Atlantic Access Project** to add firm transportation paths from receipt points on the Leidy Line. Transco is currently offering 500 Mdt/d of eastbound capacity and 200 Mdt/d of westbound capacity on the Leidy Line, in addition to 600 Mdt/d from Butler County, Pa., 700 Mdt/d from the Natrium plant in Marshall County, W. Va. and 300 Mdt/d from Transco's Rivervale Interconnect with Tennessee Gas Pipeline in New Jersey, for a total of 2,300 Mdt/d of capacity in the project. The Butler, Natrium and Rivervale paths extend southward on Transco's mainline to its Liberty interconnect in Zone 3, and the eastbound Leidy paths extend southward on the mainline to Station 85 in Choctaw County, Ala. The supplemental open season runs through July 13, 2012 and service is scheduled to begin by December 2015.

Transco signed a binding precedent agreement with Virginia Power Services Energy Corporation in March for 250 Mdt/d of incremental firm capacity in Transco's **Virginia Southside Expansion Project** to serve Virginia Electric and Power Company's proposed Brunswick County Power Station in southeastern Virginia. FERC has approved Transco's request to commence the pre-filing process for the project. Service under the project is scheduled to begin September 1, 2015.



Transco just completed an open season for its **Dalton Expansion Project** on June 28. The project will provide incremental firm transportation capacity from Transco's Station 210 pooling point in New Jersey south along the mainline to a new lateral to be constructed from a point near Station 115 in western Georgia to delivery points in northern Georgia and northeastern Alabama. The target in-service date for the project is as early as June 1, 2016.

Transco placed its **Bayonne Delivery Lateral** in service on April 5, 2012. This was an innovative project in that it combined the construction of approximately 0.8 miles of new 20-inch pipeline with the conversion of approximately 5.4 miles of an existing 14-inch fuel oil pipeline to provide firm transportation service under Transco's FDLS rate schedule to the new Bayonne Energy Center power plant in Bayonne,

### **TIMELINE: TRANSCO RATE CASE**

*Transco has an obligation to file a new rate case no later than August 31, 2012. Assuming an August 31 filing date, revised rates will become effective March 1, 2013, subject to refund.*

N.J. The power plant provides electricity to New York City via a new underwater power cable extending from Bayonne to ConEdison's grid in Brooklyn, N.Y.

**Cardinal Pipeline Company**, co-owned by affiliates of Transco, Piedmont Natural Gas Company and Public Service Company of North Carolina (PSNC), placed its expansion project in service on schedule on June 1.

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## Expansion Projects in Full Swing

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The project provides 199 Mdt/d of incremental firm transportation capacity to Piedmont and PSNC.

Construction is well underway on two additional expansion projects in the southeastern United States. The **Mid-South Expansion Project** will provide 225 Mdt/d of firm capacity from Station 85 to delivery points in Georgia and North Carolina, including Transco's interconnect with Cardinal Pipeline. Phase 1, consisting of 95 Mdt/d of capacity, is scheduled to be placed into service September 1 of this year, with the remaining capacity scheduled for June 1, 2013.

The **Mid-Atlantic Connector Project** will provide 142 Mdt/d of capacity from Transco's Cascade Creek interconnect with East Tennessee Natural Gas in

North Carolina to delivery points as far downstream as Maryland, with service scheduled to begin November 1 of this year.

Transco filed an application with the FERC for a Certificate of Public Convenience and Necessity on December 14, 2011 for its **Northeast Supply Link Project**, which is designed to provide 250 Mdt/d of incremental firm transportation capacity from receipt points on the Leidy Line to Transco's Station 210 pooling point and delivery points into Manhattan and Brooklyn. The target in-service date for this project is November 1, 2013. Within the next few months, the FERC will issue a preliminary draft of its Environmental Assessment (EA) to all cooperating agencies. Following the EA public comment period, the FERC will make a

determination on whether to issue a Certificate Order authorizing Transco to construct the project. Transco anticipates that the FERC will make a final decision this summer on whether the project will be authorized.

### 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.

### PARK & LOAN SERVICE

Transco offers Rate Schedule PAL (Park & Loan), an interruptible service that may be used for daily market and/or supply fluctuations. In response to a shipper request, and subject to operating conditions, Transco may loan gas to cover supply losses or market needs and park gas to offset demand decreases. There are six Park & Loan locations – one in each zone. Park or loan balances must be taken away or paid back at the same location in which the balance was incurred. Transportation to and from the Park & Loan locations is not performed under this rate schedule. Updates on the availability of this service may be found on the Transco Information Postings Page under "Pipeline Conditions." For more information, including rates, please contact Suzie Heiser at 713-215-4626 or Laurie Catlett at 713-215-4356.

## Williams Participates in NYISO Working Group on Electric, Gas Coordination

To improve coordination between its market participants, natural gas utilities, pipelines and other industry participants, the New York Independent System Operator (NYISO) formed an Electric-Gas Coordination Working Group in January. Williams is an active participant in the group that seeks to develop a better understanding of the relationships among participants in the electric and natural gas industries.

Williams, along with five additional interstate pipelines, presented at the March NYISO working group meeting that abundant supplies, stable pricing and environmental regulations are encouraging more and more power generators to utilize natural gas to generate electricity. Due to the interdependency of the two areas, the working group established the following goals:

1. Facilitate communications among electric and gas industry participants;
2. Develop a better understanding of the current relationships between electric

and gas participants and develop proposals to improve coordination; and

3. Facilitate joint meetings of NYISO stakeholders and gas industry participants to identify and address the long-term impacts of the changing gas and electric industry business.

The NYISO working group will also develop proposals to improve coordination among interstate gas pipeline companies, gas pipeline shippers, electric system operators, electric generators, local gas distribution companies and state and federal regulatory agencies. In addition, the group will work to identify and resolve issues associated with outages, upgrades, scheduling and planning for the delivery of natural gas, with particular focus on the impact of supplies to electric generation facilities.



## Busy Maintenance Season: Planned Construction for 2012



The 2012 Major Construction Projects schedule has been posted to 1Line. The schedule identifies the planned major pipeline construction jobs for 2012 and provides estimated dates, duration and meters possibly affected by the work. More than 70 major jobs are planned for this year with much of the work being done for compliance with Transco's Integrity

Management Program. This will be a busy construction season and close coordination with all of our customers will be needed to efficiently manage the outages.

The planned work may impact Transco's ability to provide secondary and interruptible transportation services at times. Transco will make every effort to

### **ICTS – INTERCONNECT TRANSFER SERVICE**

*Transco offers another service for use in your daily business operations. Rate Schedule ICTS (Interconnect Transfer Service) is an interruptible service used to transfer gas between two pipeline interconnects that are within 50 pipeline miles of one another. ICTS can be used, among other things, to help correct imbalances or supply off-system markets. Eligible transactions also require that the operators of both the receipt interconnect and the delivery interconnect have balancing agreements in place with Transco. The current maximum rate for ICTS service is \$0.05/Dthd and the minimum rate is \$0.001/Dthd. Surcharges, electric power charges and fuel do not apply to this service, and these transactions are not subject to cash-out. For more information, please contact Suzie Heiser at 713-215-4626 or Laurie Catlett at 713-215-4356.*

minimize the impact to these services as a result of the construction. Transco is sensitive to its customers' scheduling and nominations process and will make every effort to communicate any impact to transportation services in ample time for customers to manage their daily business.

### **1LINE OPTIMAL PERFORMANCE**

*For optimal performance on the 1Line system, a broadband connection is suggested. Windows 7 is the suggested operating system using the following browsers: Firefox v11 or higher, Chrome v18 or higher or Internet Explorer v8 or higher.*

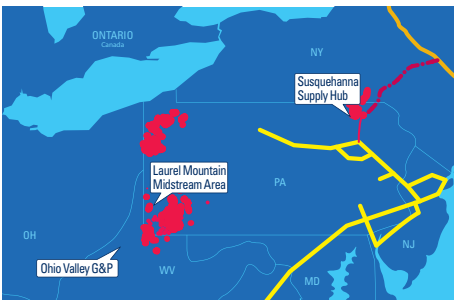
## **Enhancements to 1Line**

Transco continues to redesign the 1Line system by adding new features and providing more versatility for our customers to conduct business on Transco. We have introduced the ability to do mobile nominations and confirmations, multi-tabs, downloading of all page data, and the

right mouse click action menu. The areas redesigned thus far include confirmations, PDAs, nominations, measurement and invoicing. This summer, the balances and allocations areas will be redesigned and Transco hopes to have all remaining pages completed by early fall.



## Access to Marcellus Shale Supply



Transco's Leidy Line has proven to be ideally positioned for providing customers access to Marcellus Shale gas. Transco now has 13 receipt point interconnects in service with Marcellus producers on its Leidy Line in north

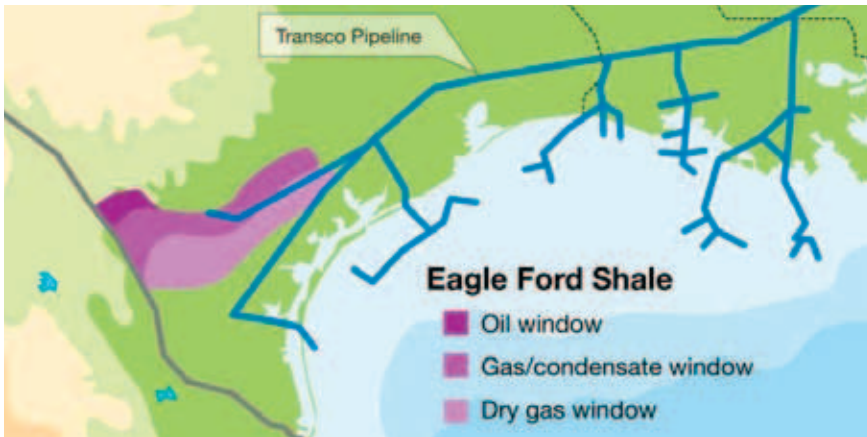
central Pennsylvania, with receipt capacity totaling nearly 2,600 Mdt/d. Agreements are in place for six additional interconnects that will provide an incremental 1,600 Mdt/d of receipt capacity by the end of the year. Transco continues to receive interconnect requests and expects to sign additional agreements to add receipt capacity in 2013 and beyond.

Flowing volumes at these Marcellus Leidy Line interconnects have exceeded 1,000 Mdt/d in May. In two years, Marcellus supply receipts on Transco's Leidy Line have increased from 10 Mdt/d to more than 1,000 Mdt/d. Transco expects Marcellus supply receipts on the

Leidy Line to continue to increase during the next couple of years. As discussed earlier, Transco's Atlantic Access expansion project has been redesigned to provide firm capacity from these locations to markets along the East Coast.

A summary of our Marcellus Shale interconnects and their locations can be viewed on the "Active and Proposed Marcellus Shale Interconnects" map on 1Line.

## Responding to Producers' Need in the Eagle Ford



Transco is actively engaged in attaching new supply from the booming Eagle Ford Shale area in South Texas. Transco has recently connected new gas supplies on the south end of the McMullen Lateral through the existing Regency and LaSalle receipt meters. In addition, Transco is receiving Eagle Ford gas through the existing interconnection with DCP Midstream's Three Rivers Plant. Transco has signed new interconnect agreements with Enterprise Texas Pipeline at Glen Flora; Energy Transfer's Jackson County Plant; and T2 Gas Utility's Silver Oak Plant.

Transco is in discussions with various third parties for additional connections to Transco, some of which are shown on the map above.

The Eagle Ford Shale play has been experiencing a surge of activity with drillers locating several discoveries during the past year. Between 2009 and 2011, drilling permits have increased from 94 to 2,828 per year, while the natural gas volume produced increased from 19 to 243 Bcf per year.

### SHIPPERS: PLEASE VERIFY YOUR CONTACT INFORMATION

With the approach of another Gulf of Mexico tropical storm season, there is no better time to update and verify contact information. Transco uses the contact information stored on 1Line to communicate important changes in operating conditions. Please take the time to confirm the physical address, e-mail and phone numbers stored on 1Line for your user ID on the BA Contact page to ensure that we have your current information. System Security Administrators should also verify the current users when employee changes within your organization occur.

Additionally, it is beneficial to periodically verify your payment preference with your Transportation Services Representative. To view your current method-of-payment election (check or wire), log in to [www.1line.williams.com](http://www.1line.williams.com); from the Customer Activities home page navigation, select Customer Information, then select BA/BU Details. If your method of payment, bank account or payment address has changed in the last year, please coordinate with your Transportation Services Representative to ensure that Transco has the correct information.

## Transco Sets Peak Record



By all accounts, the winter of 2011-2012 proved to be relatively mild when comparing heating degree days to historical averages across much of Transco's market area. Storage inventories at the conclusion of the heating season were slightly above the five-year historical average. Transco did experience colder than normal temperatures

in early January, however, and it was able to establish a new all-time peak day delivery record on January 3, 2012 with market area deliveries in excess of 9.96 MMdt. This is approximately 104 percent of firm contract demand and eclipses the old record of 9.52 MMdt established on December 14, 2010. Fueled by incremental expansion

projects to serve customer demand growth, 10.0 MMdt may be right around the corner.

Thank you to all of our customers for your continued collaboration with and support of our Gas Control and Field Operations organizations.

### FIRM BACKHAUL SERVICE

While firm forward-haul transportation capacity on Transco is, for the most part, fully subscribed, firm backhaul service on the Transco system is available when operating conditions permit. For more information, please contact Suzie Heiser at 713-215-4626 or Laurie Catlett at 713-215-4356.

## Williams Exceeds Industry Benchmarks on Reliability, Value, Service

Williams was honored in the 2012 edition of the Mastio and Company survey, released in February. Williams was recognized as a supplier who exceeded the industry benchmark in the Mega and Major Pipeline indexes. Additionally, the company was recognized in the Major Organizational Group category for both the Transco and Northwest Pipeline systems.

The 2012 Mastio customer loyalty benchmarking study is based on interviews with industrials, LDCs, independent power producers, producers and marketers. Each respondent rated pipelines on 28 attributes such as: representatives who listen well, effective after-hours support,

firm gas transportation is highly reliable, timely resolution of problems, plus overall company performance, and the likelihood of recommending a pipeline. The results showed that besides price, the most important issue that transporters use to select providers is reliability.

We would like to thank all of our customers who participated in Mastio's 2012 Natural Gas Pipeline Survey. The feedback you gave is valuable and we appreciate the investment of your time. We pledge to make it time well-spent and will continue to seek opportunities to provide excellent value and service to you.

### NEWSLETTER E-MAIL NOTIFICATION

A subscription has been set up for you to receive the customer newsletter. To access and update your contact information or subscribe to the different publications available on Transco's Informational Postings page, access the form under "Subscriptions" found along the top menu bar. Enter your First Name, Last Name and E-Mail Address; then click on the circular arrow after "select the notices you would like to receive" to bring up your information. For changes or updates, complete the rest of the form and submit. You may also unsubscribe at anytime following the same process.