

## Message from Frank Ferazzi



**Frank Ferazzi,**  
vice president  
and general  
manager of  
Williams Gas  
Pipeline – East

I am honored to have the opportunity to serve the Transco enterprise as vice president and general manager. The new organizational configuration announced earlier this summer will allow our gas pipeline organization to

better focus on providing you with the reliable, cost-competitive services you have grown to expect, while operating our pipeline in the safest way possible. Read more about these organizational changes on page 2.

Improving performance is a top priority at Transco. During my three decades at Transco, our commitment to customer service has not wavered. We are continually looking to improve our services to meet your evolving needs so you can operate your business as efficiently as possible. So, thanks to those of you who participated in the 2010 Customer Satisfaction Survey. Your feedback and comments are invaluable as we evaluate how to better serve you. More on the preliminary survey results on page 2.

I'm energized about the direction of our company and the industry, and am looking forward to continuing the collaborative effort with our customers to plan for and design expansions, and exploring other ways we can improve our overall service level. You may want to learn more about our

*(continued on page 3)*

## Breaking News: Malcolm Retiring, Armstrong to be New CEO

Williams announced on Oct. 12, that Steve Malcolm will retire at the end of 2010. Malcolm, age 62, has served as chairman and chief executive officer of Williams since 2002. He also has served in those roles at Williams Partners GP LLC, a wholly owned subsidiary of Williams and the general partner of Williams Partners, since its formation in 2005.

Williams' board of directors has elected Alan Armstrong, age 48, to succeed Malcolm as Williams' chief executive officer, effective Jan. 3, 2011. Armstrong has served as a senior vice president of Williams and president of its midstream business since 2002. He joined Williams in 1986. Armstrong also will succeed Malcolm as chairman and chief executive officer of Williams Partners GP LLC. Armstrong has served this entity as a director and led its midstream operations since its inception in 2005.

Williams' board of directors has appointed Frank MacInnis, age 63, to succeed Malcolm as chairman of Williams. MacInnis has served as a director of the company since 1998. He chairs the board's nominating and governance committee and serves as a member of its compensation committee.



**Alan Armstrong**



**Steve Malcolm**



**Frank MacInnis**

Malcolm's retirement will bring to a close a career at Williams that began in 1984, when he joined the company as a director of business development. The Williams board named him the company's chairman in May 2002. He became chief executive officer in January 2002. He was named president and chief operating officer of the company in September 2001.

"I look forward to continuing to work closely with Alan, Frank and both boards of directors to ensure a smooth, effective transition," Malcolm said.



## Preliminary Customer Survey Results In

Thank you to all of our valued Transco customers who participated in the 2010 Customer Satisfaction Survey. The biennial customer survey, administered by Energy Insights, serves as a guideline for identifying areas of improvement and allows us to target specific actions that address your business concerns and requirements. Energy Insights surveyed approximately 100 people from 55 companies, including executives, middle management and front line representatives across our customer base.

The preliminary results show that average performance scores increased from 8.3 in 2008 to 8.4 in 2010. Although we have not yet received final results, a few common areas of concern have been identified including accessibility of representatives during off-hours; turnover in key positions that have affected staff knowledge levels; and the need for more real-time data.

Once the results are finalized, Transco will evaluate the responses and develop appropriate action plans. More information will be provided to you as the survey process is completed.

Thank you again for your participation in the survey. And please remember, you do not need to wait for the survey to let us know how we are doing. Your concerns or suggestions for improvement are always welcome.

## Streamlining Leadership

Significant changes were recently made to Williams Gas Pipeline's organizational structure in order to clearly focus our expertise and talent on public safety and to generate quality, cost-effective customer solutions.

Under the new organization, all operations and technical services functions for Transco and Gulfstream, along with all commercial functions for Transco, are led by Frank Ferazzi, vice president and general manager for Williams Gas Pipeline – East (Transco & Gulfstream). Reporting to Frank is Jim Moore, commercial operations; Larry Hoelscher, engineering and technical services; Camilo Amezcuita, gas management and control; newly appointed Joan Harris, Cypress Division operations; Dave Williams, Atlanta Division operations; Jim Shannon, Charlottesville Division operations; Mario DiCocco, Princeton Division operations; and Al Taylor, Palmetto Division operations.

Reporting to Jim Moore in Commercial Operations are Melissa Casey, director of Transportation Services/1Line, responsible for customer transactional business and 1Line; Paul Egner, director of Marketing Services, responsible for marketing and customer services; Scott Turkington, director of Rates and Regulatory, responsible for rates, tariffs and certificates; and Tom Compson, who was promoted to director of Business Development, responsible for business development.

Several additional changes have been made in the Commercial Operations area. Toi Anderson and James Corley have both been promoted to project manager, reporting directly to Tom. Gary Duvall was promoted to manager of business development, succeeding Joan. Additionally, Keith Higginbotham, former manager of Transportation Services, has moved into Business Development as a project manager, reporting to Gary.

Larry Hjalmarson has been named vice president of Safety, Environmental and Pipeline Integrity for Williams Gas Pipeline, elevating the visibility and importance of our continued journey to excellence in the safe operation of our pipelines. In his new role, Larry will work to ensure the ongoing safety of the public and our employees, and integrate our operations and maintenance processes into the fabric of our safety culture.

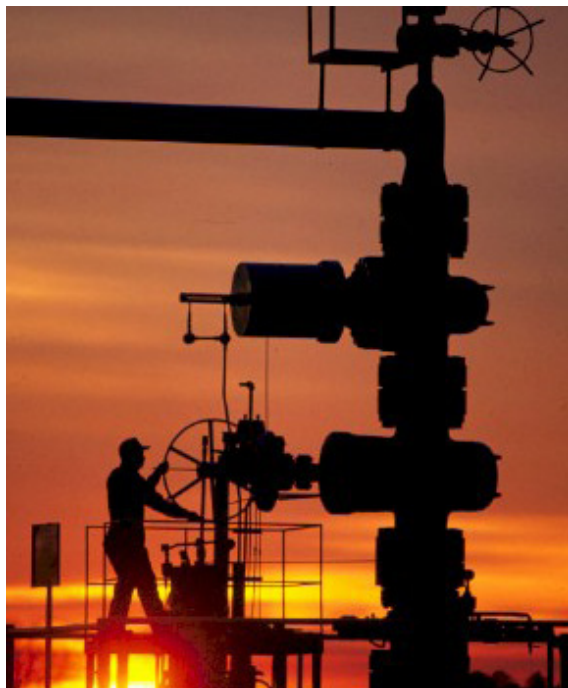
Randy Barnard, former senior vice president of technical services and operations for Williams Gas Pipeline, has assumed new responsibilities as vice president of natural gas development at Williams' corporate headquarters in Tulsa.

These changes are designed to enable our commercial, operations, engineering and technical teams to provide a seamless integration of our various functions in order to ensure that we provide superior service to our customers.



# From the Operations Desk

The summer season has concluded and cooler temperatures are finally upon us. As we look back, the temperatures in the Transco market area this summer were significantly warmer than normal. In the Charlotte, N.C., area, the total Cooling Degree Days for the period of May through August were 130% of normal. In the Newark, N.J., area, the deviation from normal was even greater at 141% of normal. We experienced significant power generation demand on our system due to the hot weather.



## Maintenance Continues

Construction and maintenance activity continues throughout the fall with significant pipeline integrity work being performed along Transco's entire system. We will make every attempt to coordinate this work with our customers in order to minimize disruptions as best we can. As flexibility is reduced due to this work, some restrictions on interruptible services may be necessary. We appreciate your patience and collaboration with our Gas Control department to ensure continued service with minimal disruptions.

## 2010 Winter Operations Meeting

Transco will be hosting its annual Winter Operations meetings in Houston, Atlanta (new), Charlotte and Newark. The dates, times and locations for the meetings are as follows:

CITY	DATE & TIME	MEETING LOCATION	ADDRESS	PHONE NUMBER
Houston	Nov. 2 1:30 p.m.	Williams Tower, Level 6 Theater	2800 Post Oak Blvd. Houston, Texas	713-215-2000
Atlanta	Nov. 4 9:30 a.m.	Hilton Atlanta Airport	1031 Virginia Ave. Atlanta, Ga.	404-767-9000
Charlotte	Nov. 10 9:30 a.m.	Renaissance South Park	5501 Carnegie Charlotte, N.C.	704-998-2472
Newark	Nov. 11 9:30 a.m.	NJ Hilton Newark Penn	1 Gateway Center Raymond Blvd. Newark, N.J.	973-622-5000

**Delivery point operators are encouraged to attend these meetings. See Upcoming Tariff Filings article on page 5.**

## Message from Frank Ferazzi

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expansion projects and involvement in an attractive new shale play on page 4.

I believe there has never been a more exciting time to be in this business. I am confident we have the organization and leadership in place to capitalize on the many opportunities before us. At the same time, we will operate our Transco system safely, reliably and efficiently, and continue our quest to provide exceptional customer service.

Thank you for trusting us to be your gas transportation service provider.

Sincerely,  
*Frank*

## ICTS – Interconnect Transfer Service

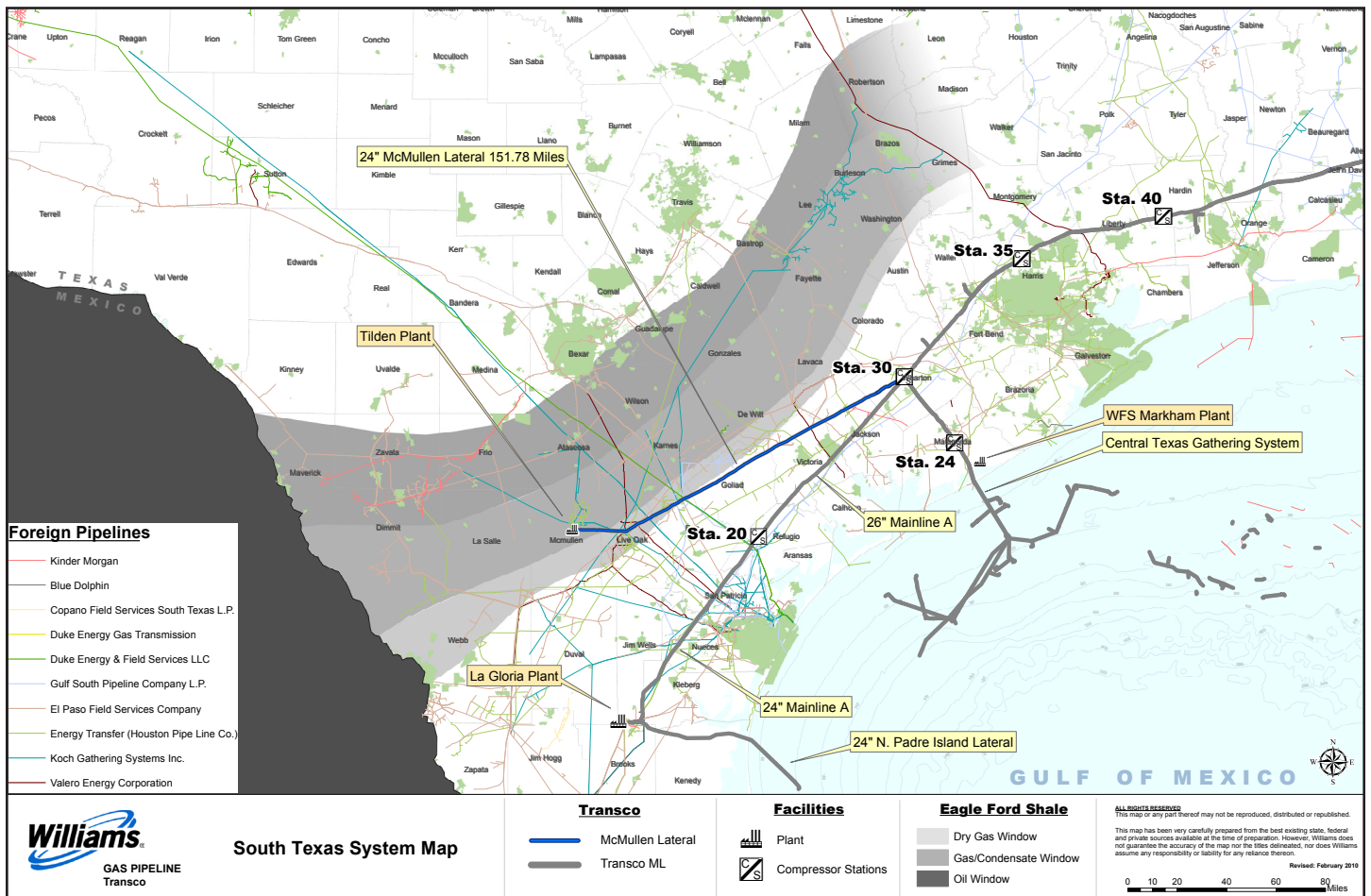
Transco offers another service for use in your daily business operations. Rate Schedule ICTS (Interconnect Transfer Service) is an interruptible service used to transfer gas between two pipeline interconnects that are within 50 pipeline miles of one another. ICTS can be used, among other things, to help 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 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.

# South Texas Promising New Gas Supply

The Eagle Ford Shale is an exciting and promising new shale development in Southwest Texas. The shale extends across more than 20 counties and has areas of both lean gas to the south and rich gas, condensate and oil to the north. For producers, the Eagle Ford Shale is attractive to drill because of the presence of condensate, natural gas liquids and oil in conjunction with low drilling and completion costs due to the shallow formation. The trend is over-pressured, yielding high production rates followed by rapid decline. There are more than 100 rigs currently drilling in the Eagle Ford Shale, mostly targeting oil and condensate. According to a Sept. 2010 forecast by Wood Mackenzie, production in the Eagle Ford Shale area is expected to grow to 2.9 Bcf/d by 2020. Petrohawk, Anadarko, Shell, SM Energy, ConocoPhillips, Lewis Energy, Murphy Oil and Pioneer Resources are all actively drilling, just to name a few of the producers.

Transco's 24-inch McMullen Lateral is strategically situated in this new shale play. The line is located near the area of Eagle Ford Shale that contains dry gas, as well as condensate. Transco has been actively researching the area and talking with producers to develop ways to best accommodate transporting the gas and providing access to natural gas liquids processing along with condensate handling. The McMullen Lateral currently has ample capacity to accommodate new gas supply, and Transco is working to develop new interconnections.

Transco may also realize additional Eagle Ford Shale volumes from interconnections with Regency Energy near Tilden, Texas, and DCP Midstream near Karon, Texas. Transco's McMullen Lateral operates at pressures less than 800 psig, which is attractive to producers interested in connecting. In addition, gas can be marketed at Transco's Zone 1 pool at Station 30, or marketed to numerous other interstate and intrastate interconnections in Zone 1.



Transco's McMullen Lateral is strategically located in the Eagle Ford Shale play.

# Improvements to 1Line Continue

Transco has recently made available Operational Available Capacity information for the current and next gas day in a graphical format to assist in determining how Transco's pipeline constraints affect business transactions. We also renamed many of the locations on the Transco system to provide uniform naming conventions to assist in searches, and began providing service under the new Delivery Lateral Service (DLS) Rate Schedule and the Mobile Bay South expansion project.

In mid-April, Transco extended the prior gas day timeline to allow shippers and operators additional time to submit requests for prior gas day nomination and PDA changes. Now shippers and operators have [10 days](#) to submit these changes.

The FERC directed Transco to implement a revised Station 85 pooling structure effective Oct. 1, 2010. Consistent with the FERC Order, Transco created two pools at Station 85, a Zone 4 Station 85 Pool and a Zone 4A Station 85 Pool. Transco will not assess the Zone 4 or Zone 4A commodity rate and fuel for deliveries into the pools, but will assess the appropriate commodity rate and fuel for withdrawals from the pools. Further, Transco will permit the transfer of volumes between the pools, subject to the payment of the appropriate commodity rate and fuel. Further details are available [here](#) or on the Public EBB notice.

Transco has implemented the FERC-directed changes from Order 720B that requires us to post the No Notice Report at the end of each production month reflecting any changes that occurred after the initial gas flow day was published. Effective Nov. 1, 2010, Transco will implement the necessary changes required for index pricing and other modifications required by the adoption of NAESB 1.9 standards.

Going forward in 2011, we will continue to expand on our operational information by providing a tool to allow you to drill down to a location for date ranges, and the data will be updated to reflect prior gas day (retro) changes.

## Upcoming Tariff Filings

Transco plans to file tariff revisions to its Unauthorized Overrun provisions in Section 18 of its General Terms and Conditions. A preview of these changes will be presented at the [Winter Operations Meetings](#) in November. The proposed changes will minimize the administrative effort in submitting prior gas day changes when capacity is available upstream of the designated delivery point. Since the overrun calculation process is quite complicated, we encourage all of our delivery point operators to attend these meetings.

## 1Line Training Materials Available Now

Transco has the following 1Line training materials on its Public EBB:

- Allocations
- Basic Training
- Confirmations
- Contracts Overview
- Discounts
- IT and Pooling Contracts
- Measurement
- Nominations
- New Business Associate
- Park and Loan Service
- Plant Thermal Reduction (PTR)
- Pooling
- Pre-Determined Allocations (PDA)
- Prior Gas Day Changes
- Reports
- Storage
- System Security Administrator
- Viewing Scheduling Run Results

These resources are designed to provide 1Line users with an improved understanding of the features and business conducted in 1Line, as well as to serve as useful reference tools for examples and definitions. More training topics are coming soon.

To access the training material, go to [www.1line.williams.com](http://www.1line.williams.com). Select the Informational Postings for Transco, and then use the dropdown menu from the top banner and select 1line, then Training.



## Firm Backhaul Transportation 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.



## 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.

# Expansions in Progress

A number of Transco projects are under way to provide additional firm service to markets in the Northeast, Mid-Atlantic and Southeast. See the table below for an update on our projects.

IN-SERVICE DATE	PROJECT	DESCRIPTION	VOLUME	STATUS
May 2010	Mobile Bay South Expansion	Compression at Station 85 to provide firm southbound capacity	253.5 MDthd	In service
July 2010/ May 2011	85 North Expansion	Mainline expansion from Station 85 to N.C.	308.5 MDthd	Phase I in service, Phase II under construction
Oct. 2010	Delta Lateral	3-mile lateral from mainline in Zone 6 to the York Energy power plant	209 MDthd	In service
May 2011	Mobile Bay South II	Compression at Station 85 to provide firm southbound capacity	380 MDthd	Under construction
June 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	FERC certificate received
Sept. 2010/ June 2013	Mid-South Expansion	Mainline expansion from Station 85 to markets as far downstream as Cardinal	225 MDthd	Preparing FERC filing
Nov. 2012	Mid-Atlantic Connector	Mainline expansion from East Tennessee interconnect to markets as far downstream as Beaver Dam, Md.	142 MDthd	FERC pre-filing under way
2013	Northeast Supply Link	Expansion from various points along the Leidy Line to existing NYC delivery points and Station 210	Up to 420 MDthd	Completed open season
Nov. 2013	Northeast Connector	Expansion from Transco Station 195 to the Rockaway Delivery Lateral	100 MDthd	Executed precedent agreements
Nov. 2013	Rockaway Delivery Lateral	3-mile lateral from the offshore Lower NY Bay line to the Rockaway Peninsula	647 MDthd	Executed precedent agreements; FERC pre-filing initiated
Nov. 2013	Keystone Connector	Greenfield pipeline from Southwest Pa. to Transco Station 195	Up to 1,000 MDthd	Marketing under way



Stringing the pipe in Coosa County, AL, as part of Phase II construction of our 85 North Expansion project.

## E-Tariff Implementation

Customers may have noticed that Transco's FERC Gas Tariff is sporting a new look. Gone are the individual tariff sheets, replaced by a new, section-based tariff. The new look is courtesy of Transco's implementation on July 20, 2010, of the Commission's recently promulgated e-tariff filing requirements. Transco had the option of retaining a sheet-based tariff or adopting a section-based tariff and chose the latter. As a result, when Transco makes a tariff filing, the affected tariff sections will be submitted in their entirety, including a red-line version of the filed tariff sections.

The section-based tariff, designated as Fifth Revised Volume No. 1, is posted on 1Line in Adobe PDF format. For easier navigation to specific locations within the tariff, use the bookmarks located on the left side of the document. The "Historical Sheets" and "Pending Sheets" lists previously posted on 1Line have been replaced with a "Tariff Section Status List" that includes, among other things, the docket number assigned to each tariff filing, an electronic link to the original tariff filing and the status of each tariff section that has been filed.

## Shippers: Please Verify Your Contact Information

Please confirm your physical address, e-mail and phone numbers stored in 1Line for your user id on the BA Contact page. System Security Administrators should verify the users when employee changes within your organization occur. We use this information periodically to communicate with you on important operating conditions, so please make sure your information is accurate.

Also, it is a good idea to verify your payment preference of wire or check with your Transportation Services Representative. To view your current election, 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 bank account or payment address has changed in the last year, please verify with your Transportation Services Representative that we have your correct information on file.

## New Scheduling Desk

Beginning June 21, Transco made available a new scheduling desk in Transportation Services to make it easier for customers to contact a Transco representative with general nomination, scheduling and constraint questions. Additionally, the scheduling desk personnel will be equipped to address inquiries regarding the OAC and 1Line system issues. Scheduling Desk Representatives can be reached by calling 1-888-210-8475, 713-215-2255 or e-mailing <mailto:wgphouts-schedulingdesk@williams.com>.

Contact your Transportation Services Representative for specific questions regarding your transactions.

## Newsletter E-mail Notification

If you would like to be removed, added, or want to update your contact information for this distribution, please notify us by replying to this e-mail or by sending a message to [wgphou.customernotices@williams.com](mailto:wgphou.customernotices@williams.com). Thank you.

## New Commercial Representatives to Assist You

Please help us welcome a few additions to our team. New to the Commercial Operations Professional Development Program (PDP) is Julian Arias, a marketing services representative in the Transportation Services – South group. He joined Transco in January after graduating from the University of Houston with a degree in management information systems. Clay Hughes, marketing services representative in the same group, joined Transco in June. He holds a degree in finance from Texas A&M University.

The newest member to Commercial Operations is Ben Williams who will be working as a marketing services representative II for Transco's Customer Services – North group. Ben holds an electrical engineering degree from Texas A&M University and joined Transco in 2007. During his time at Williams, he gained valuable experience in various departments under the rotational Engineer Development Program (EDP), including Pipeline Integrity. He joined the commercial side of the business in July.

## Attention Receipt Point Operators

On June 22, 2010, the Commission accepted Transco's new tariff provision to resolve Unauthorized Receipts of Gas (Docket No. RP10-763). Effective July 1, 2010, Transco has a new [Section 56 in its General Terms and Conditions](#) that provides a mechanism to address gas received by Transco that has not been confirmed in accordance with Section 28 of the General Terms and Conditions. If resolution of the unauthorized receipts does not occur within the specified time period, such receipts will become the property of Transco. Transco will credit its fuel tracker with the quantities of unauthorized receipts that it retains.