



**Transcontinental Gas Pipe Line  
Company, LLC**  
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July 10, 2009

Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, D.C. 20426

Attention: Kimberly D. Bose

Reference: Transcontinental Gas Pipe Line Company, LLC  
Docket No. RP09-558-000  
Compliance Filing Providing Further Explanations and Clarifications

Ladies and Gentlemen:

In compliance with the Federal Energy Regulatory Commission's ("Commission") order issued June 26, 2009 in the referenced proceeding ("June 26 Order"),<sup>1</sup> Transcontinental Gas Pipe Line Company, LLC ("Transco") submits herewith additional information concerning its April 30, 2009 tariff filing ("April 30 Filing") to establish new Rate Schedules Firm Delivery Lateral Service (FDLS) and Interruptible Delivery Lateral Service (IDLS). The June 26 Order directs Transco to respond to certain questions posed in that order within 30 days of the date of the order. Transco's responses are set forth below.

### **Rate Schedule IDLS Revenue Crediting**

Transco proposed in the April 30 Filing to include in Section 8 of Rate Schedule IDLS a provision to refund annually to Rate Schedule FDLS shippers 100% of the IDLS revenues collected for each designated FDLS lateral, net of variable costs. The June 26 Order states (at P.8) that an interruptible transportation revenue crediting mechanism is a matter to be decided in each certificate proceeding,<sup>2</sup> not in the instant Natural Gas Act Section 4 proceeding. The Commission requests that Transco clarify its proposal with regard to interruptible revenue crediting.

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<sup>1</sup> Transcontinental Gas Pipe Line Co., LLC, 127FERC ¶ 61,297 (2009).

<sup>2</sup> Transco currently has pending before the Commission two Natural Gas Act Section 7 certificate proceedings to construct new delivery laterals. The Delta Lateral Project is pending in Docket No. CP09-237 and the Bayonne Delivery Lateral Project is pending in Docket No. CP09-417.

Transco accepts that the Commission will decide the issue of IDLS revenue crediting in each respective certificate proceeding that authorizes the construction and operation of a new FDLS lateral. In recognition of this, Transco would propose to eliminate Section 8 (Revenue Sharing) from Rate Schedule IDLS and reserve that section for future use. If the Commission determines in a certificate proceeding authorizing a new FDLS lateral that IDLS revenue crediting is appropriate for that lateral and that the crediting requirement should be included as part of Transco's FERC Gas Tariff, then Transco could subsequently file revised tariff provisions in Section 8 of Rate Schedule IDLS that set forth the details of the revenue crediting requirement. Additionally, if the Commission requires Transco to file annual reports related to IDLS revenue crediting, Transco would include the particulars of such reporting in Section 34 of the General Terms and Conditions of its FERC Gas Tariff.<sup>3</sup>

### **Rate Schedule FDLS and its Relationship to Rate Schedule FT**

The June 26 Order (at P.9) states that it is not clear whether Transco requires, as a precondition for Rate Schedule FDLS service, that a shipper also subscribe to a no-notice Rate Schedule FT contract that can deliver gas to the FDLS receipt point. If Transco is imposing such a precondition, then the Commission asks Transco to respond to several other related questions.

Transco clarifies that a shipper is not required to have a Rate Schedule FT or any other transportation contract as a precondition for receiving service under Rate Schedule FDLS. Each shipper subscribing to Rate Schedule FDLS service will make its own determination concerning the service(s) to be used for delivering gas to the FDLS receipt point. Examples include the shipper's use of firm transportation service under Rate Schedule FT (including the purchase of released capacity) or interruptible transportation service under Rate Schedule IT. A shipper under Rate Schedule FDLS also could purchase gas at the FDLS receipt point from a third-party that has gas transported to that receipt point.

### **Rate Schedule FDLS Maximum Hourly Quantity ("MHQ") Limitation**

The Commission poses several questions (at P.10) related to the MHQ limitation in Rate Schedule FDLS:

1. If the MHQ is a restriction or part of the definition of the FDLS service, it should be part of the rate schedule's definition of the service, not part of the service agreement;
2. Transco is unclear whether the MHQ is a limitation on Rate Schedule FDLS' no-notice service or is intended to be an independently negotiated service condition; and
3. If Transco does not require tied Rate Schedule FT service, then the role of MHQ in the Rate Schedule FDLS form of service agreement is unexplained.

The MHQ is an hourly service limitation that is an integral part of Rate Schedule FDLS. It does not alter or affect the no-notice character of the FDLS service. Section 4.3 of Rate Schedule

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<sup>3</sup> Section 34 ( Periodic Reports) identifies reports that Transco must file pursuant to Commission orders or pursuant to a proceeding initiated under Part 154 or Part 284 of the Commission's Regulations.

FDLS describes the meaning of MHQ and the limitation it imposes on Transco's obligation to deliver gas to the FDLS delivery point and on a shipper's right to take gas at that point. Because the agreed upon MHQ is a contractual service limitation based on the design of the facilities, it is appropriate to specify that quantity in the Rate Schedule FDLS service agreement. This is analogous to specifying a shipper's daily firm transportation contract quantity ("TCQ") in a Rate Schedule FT service agreement.

The design capacity of a particular delivery lateral and the resulting MHQ will be mutually agreed upon after consultations between Transco and the requesting shipper. For example, a shipper that desires to contract to take its Rate Schedule FDLS daily TCQ over a 12 hour period during the day must be willing to financially support the construction of larger, more expensive delivery lateral facilities compared to a shipper that desires to contract to take that same TCQ over a 20 hour period during the day. The MHQ limitation will ensure that the FDLS lateral facilities are designed to meet FDLS shippers' expected hourly and daily loads, while not adversely impacting service to Transco's existing shippers.

Finally, in connection with its stated concerns with the MHQ limitation, the Commission quotes the last sentence in Article III (Point(s) of Delivery and Minimum Pressure) of the Rate Schedule FDLS Form of Service Agreement (Original Sheet No. 602). Transco clarifies that the purpose of that sentence is to specify the conditions under which Transco will be obligated to make deliveries at the minimum pressure specified in Article III of the FDLS service agreement. The quoted sentence only addresses the minimum delivery pressure obligation and it does not affect in any way Transco's obligation to deliver the contractually specified MHQ and TCQ.

### **Posting and Certification of Service**

In accordance with the provisions of Section 154.2(d) of the Commission's Regulations, copies of this filing are available for public inspection, during regular business hours, in a convenient form and place at Transco's main office at 2800 Post Oak Boulevard in Houston, Texas. In addition, Transco is serving copies of the instant filing to parties to the official service list in Docket No. RP09-558-000 and interested State Commissions.

Any communications regarding this filing should be sent to:

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Respectfully submitted,  
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/s/ Scott C. Turkington

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