



Contracts Overview

Training Module

This document contains an overview of the types of contracts/services offered by Transco.



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Important Information – Please Read

The information provided herein is for informational purposes only and does not modify any provision in Transco's FERC Gas Tariff. If a conflict exists between this information and Transco's FERC Gas Tariff, the provisions in Transco's FERC Gas Tariff apply. Transco makes no representation or warranty as to the completeness or accuracy of this information. Transco shall not be liable for any informational errors, incompleteness or delays, or for any actions taken in reliance on this information.

To review the tariff language specific to any topic, go to [Transco's Informational Postings page](#), and select **Tariff** from the left hand navigation menu.

Overview - Contracts

This document is designed to give you an overview of the different types of contracts offered by Transco. Descriptions of each type of contract are provided to assist you in determining which contracts you require to meet your business needs on Transco’s system.

Firm Transportation (FT) ¹

*The following general information on FT contracts refers to **Rate Schedule FT** contracts (not FT-G, FTN, or FDLS services).*

Firm transportation (FT) service is given the highest priority on the pipeline. Transportation service provided under this rate schedule shall be on a firm basis and is generally not subject to reduction or interruption (except as provided in Section 11 or 42 of the General Terms and Conditions of Transco’s FERC Gas Tariff). Customers holding FT contracts pay monthly reservation (demand) charges² to reserve space in the pipeline, regardless of whether or not they use the space during the month. General information on basic FT contracts is provided below.

FT Contract Paths

- The primary path on FT contracts may be either “fully telescoped”, “Partially telescoped” or “point-to point.”
 - **Fully telescoped service** provides volumetric firm entitlements (which are less than, but accumulate to, the full contract entitlement) from designated production area pooling points to the delivery point(s) designated in the FT contract. The telescoping percentages upstream of Station 65 are listed in the table below. These cumulative percentages represent the percent of the Total Contract Quantity (TCQ) that the shipper is entitled to on a firm basis.
 - **Partially telescoped primary path** contracts are a result of capacity which in most cases was originally telescoped, however, customers turned back capacity to Transco at Station 30, resulting in the firm transportation path starting at Station

Mainline Upstream of Station 65 (compressor station to compressor station)	Cumulative Percentage (of TCQ)
30-45	17%
45-50	42%
50 - 65	61%
62 - 65	39%

Station 45 Customers consistent with telescoped service, customers have 100% of their firm capacity at Station 65

¹ All of the firm services listed here are provided under Part 284 of the FERC regulations. Transportation services individually certificated pursuant to Section 7(c) of the Natural Gas Act are not included.

² FTN and FT-G customers do not pay demand charges. See the specific Rate Schedules in the Tariff.

- **Point-to-point (including multi-path)** service provides the contract entitlements as detailed in the service agreement (from the designated receipt point(s) to the designated delivery point(s)).
- FT contracts may have primary, non-secondary reverse path (NSRP), and secondary paths of capacity. The primary path is defined by the receipt and delivery points specified on the FT contract and the direction of flow represented by the receipt and delivery points. Non-secondary reverse path assumes that a customer is flowing opposite the direction of their contract path, within their primary path, and in an area of Transco's system where the physical flow direction cannot be predetermined (i.e. the gas may physically flow in either direction along the pipeline on a day). Generally speaking, secondary points are points on Transco's mainline, or on the Mobile Bay lateral, which are outside of the primary path in any Zone for which a customer has paid demand charges. For specific details on primary, non-secondary, and secondary rights, refer to Rate Schedule FT of Transco's FERC Gas Tariff.
- Each FT contract has a specified Transportation Contract Quantity (TCQ) which is also referred to as Maximum Daily Quantity or MDQ in 1Line. Delivered quantities may not exceed the contract's TCQ.

FT Priority of Service

- FT contracts offer shippers the highest priority of service available on Transco.
- Gas moving on an FT primary path is given the highest priority on the pipeline. Gas moving on an FT non-secondary reverse path (NSRP) and FT secondary path could be subject to reduction or interruption. Non-secondary reverse path carries a higher priority of service than secondary path, but secondary path carries a higher priority of service than Interruptible Transportation (IT) service.
- FT Backhaul contracts have a primary path in the backhaul direction, and either secondary or NSRP rights in the forward haul direction.

FT Rates

- FT is subject to two different charges, Demand and Commodity.
 - Demand is a reservation charge that is billed monthly even if the shipper does not use the contract.
 - Demand Charge = Contract TCQ x Reservation Rate x Days capacity was held for the month
 - Commodity charges are based on the quantity of gas that flowed during the month.
 - Commodity Charge = Delivered Volumes x applicable FT Commodity Rate
 - Both Demand and Commodity Rates have other rate components as reflected in Transco's FERC Gas Tariff.
- FT rates can be found on the applicable rate sheets in Transco's FERC Gas Tariff.
- As a customer service, FT rates for part 284 services are also provided on [Transco's Info Postings](#) page: **Navigation>Regulatory> Rate Matrices.**

- Rates for other FT contracts (i.e. incremental/expansion project FT contracts) are listed on their own separate tariff sheets.

FT Contract Requests

Traditionally, Transco has been a fully subscribed pipeline, meaning that no FT capacity is available. The only ways to obtain FT capacity is if an existing FT shipper relinquished their capacity at the end of an FT contract's term, or through capacity release or a capacity expansion project. Periodically, a bulletin board notice will alert customers to the availability of relinquished or new capacity through an Open-Season notice. In addition, for information on Transco's currently available firm capacity, go to Transco's [Info Postings page](#), and go to **Capacity > Unsubscribed**, or contact a [Commercial Services Representative](#).

Additional notes on FT Contracts:

- To inquire about obtaining an FT contract, please contact your Commercial Services Representative.
- FT shippers can release their unused capacity to another party. These releases are usually on a temporary basis (but may be permanent).
- Capacity releases can be on a reservation or a volumetric basis.
 - A **Reservation** capacity release bills demand charges to the replacement shipper and credits these demand charges to the releasing shipper based on the following formula:
 - Capacity released x Reservation Rate included in the capacity release transaction x number of days in the month that the capacity is being released.
 - A **Volumetric** capacity release bills demand charges to the replacement shipper and credits these demand charges to the releasing shipper based on the following formula:
 - Actual delivered volumes on the contract x reservation rate included in the capacity release transaction
- Commodity charges on both types of capacity releases are based on the actual volumes that are delivered multiplied by the applicable FT commodity rate.
- Both the demand and commodity charges for a volumetric release are invoiced on the Commodity Invoice since the total volumes delivered are not known at the time the Demand Invoices are transmitted.

For more information on firm service, go to [Transco's Info Postings page](#), and select **Customer Info > Services**.

Interruptible Transportation (IT)

Interruptible Transportation (IT) service on Transco's system is offered from any available point(s) of receipt on Transco's system to any available point(s) of delivery on Transco's system. Available points of receipt and delivery are posted on 1Line ([Transco's Info Postings page](#) > **Resources > Master Location List**).

IT Contracts – General Information

- IT service is subject to curtailment or interruption due to operating conditions or pipeline capacity constraints.
- Priority of service is set forth in Section 28 of the General Terms and Conditions of Transco’s FERC Gas Tariff.
- Generally, gas moving on an IT contract is subject to curtailment or interruption, if necessary, due to operating conditions or pipeline capacity constraints. Gas moving on an IT contract to a pooling point that feeds a downstream FT contract has a higher priority of service than gas moving on other IT contracts, but a lower priority than gas moving on an FT contract.
- IT contracts are often used to transport gas to Pooling points.
- IT contracts are only billed a commodity charge which is equal to the volumes that are delivered on the contract multiplied by the applicable IT commodity rate.
- IT contracts can easily be created electronically by shippers through the 1Line system.

Pooling

Pooling service allows shippers to aggregate (pool) gas from multiple physical and/or virtual receipt points to a single point and then disaggregate gas from a single point to multiple physical and/or virtual delivery points. Requirements for nominations under Rate Schedule POOLING can be found in Transco’s FERC Gas Tariff, Section 28.8 of the General Terms and Conditions. Details on Transco’s Pooling service can be found under Rate Schedule POOLING.

- Pooling contracts are not transportation contracts. Separate IT or FT transportation contracts are used to deliver gas to the pooling points for aggregation and disaggregation at the same pooling point.
- In order to use the Pooling service, a Rate Schedule POOLING contract must be executed. Pooling service can be firm or interruptible, and a shipper must execute separate contracts for firm Pooling service and for interruptible Pooling service.
- Like IT contracts, pooling contracts can easily be created electronically by shippers through the 1Line system.
- There are no charges associated with establishing a pooling contract.
- Total daily quantities aggregated at a pooling point must equal the total daily quantities disaggregated, subject to an allowable variance, which is posted on 1Line ([Transco’s Info Postings page](#) > Pipeline Conditions > see “Auto Pool Balancing”).
- If a shipper does not balance its daily aggregated and disaggregated quantities, Transco will balance the quantities by adjusting the deliveries of the aggregated nominations up or down, as appropriate.

- Transco’s available pooling points are posted on 1Line ([Transco’s Info Postings page](#) > Resources > **Master Location List**). Pooling is available at the following locations:

Station 30	Station 85 – Zone 4
Station 45	Station 85 – ZN 4A – Mobile Bay
Station 50	Station 95
Station 62	Station 134
Station 65	Station 165
Station 82	Station 210

For more information on Pooling, refer to Rate Schedule POOLING in Transco’s FERC Gas Tariff; also, see the **Pooling** Training Module located on Transco’s Training Resources page located at:

[Transco Info Postings page](#) > 1Line (banner menu) > Training > Pooling

Storage³

Storage services offered by Transco are either open-access (offered under Transco’s Part 284 blanket certificate) or individually certificated by FERC (pursuant to Section 7(c) of the Natural Gas Act). Releasable Storage services include the following: ESS, LNG, SS1-OA, and WSS-OA. In addition, storage services may be on-system, off-system, bundled or un-bundled, and seasonal or year-round. These terms are explained below.

On-System - storage facilities directly connected to Transco’s pipeline (i.e. Washington, Eminence, and LNG storage services).

Off-System - storage facilities not directly connected to Transco’s system. Service is offered via agreements that Transco has with interconnecting pipelines and/or storage operators. Transco tracks charges for off-system storage and bills its storage customers.

Bundled - storage service that includes transportation of storage gas between the storage facility and the shipper’s delivery point. The withdrawal and injection charges include transportation between the storage facilities (in the case of on-system storage) or the pipeline interconnects (in the case of off-system storage) and the delivery points designated on the shipper’s service agreement.

Unbundled - storage service that does not include transportation of storage gas between the storage facility (or the pipeline interconnect) and the shipper’s delivery point. Transportation to and from the shipper’s designated delivery point must be contracted for and nominated separately on a firm or interruptible transportation agreement.

Section 7(c) - services authorized pursuant to Section 7(c) of the Natural Gas Act require filing and approval with FERC to make changes in volumes, shipper, or receipt/delivery points.

³ All of Transco’s storage services except Rate Schedule ISS and LG-S are firm services; a description of these interruptible storage services is given in the **Other Services** section of this document.

Open-access - storage services offered under Transco’s Part 284 blanket certificate. These services do not require individual filings with FERC to effectuate service. Open-access services provide more flexibility including capacity release, in-ground gas balance transfers, and, in the case of bundled storage service, segmentation of delivery points. ESS, WSS, LNG and offer open access service.

Year-Round Storage Services - injections or withdrawals may be made on any day.

Seasonal Storage Services - injections or withdrawals may be made only during the time periods specified in each Rate Schedule.

For more details on the storage services offered by Transco, refer to the following documents (click on the links or follow the path shown):

[Services](#) - located at [Transco Info Postings](#) > **Customer Info** > **Services**

[Storage](#) training module– located at [Transco Info Postings](#) > **1Line** > **Training** > **Storage**

Other Transco Services

Operational Balancing Agreement (OBA)

An OBA is an agreement between the pipeline and an interconnecting party (“OBA Party”) which gives the responsibility for final resolution of any variance between scheduled quantities and measured quantities at a point to the OBA party. In other words, by entering into an OBA, the operator of the location assumes responsibility for the differences between the scheduled and measured volumes, or “the swing,” at a point. At points where an OBA is in effect the imbalance resolution procedures delineated in the specific OBA agreement will apply.

Interruptible Storage Service (ISS)

ISS provides storage service on an interruptible basis using Transco’s Eminence or Washington on-system storage fields.

- ISS contracts are charged an inventory charge and an injection/withdrawal charge. The inventory charge is for the daily ISS quantity stored. The injection/withdrawal charge is for quantities injected or withdrawn from the storage.
- This service is interruptible and may be interrupted due to operating conditions. During an interruption of service, Transco may cease deliveries to or receipts of gas from shipper, and also may require shipper to withdraw all or part of the volumes stored under this contract.

To obtain ISS service, please contact a Marketing Services representative (Suzie Heiser (713)215-4626 or Chris Barnett (713)826-3954).

Liquefied Natural Gas Delivery (LG-S)

This interruptible service consists of the delivery (by truck) of LNG from Transco’s loading platform at its liquefaction-storage plant near Carlstadt, NJ (Zone 6) to a customer’s receiving facility. Within 10

days of delivery, the customer is required to return the quantities (in gas form) to Transco via transportation service on Transco’s pipeline system.

Emergency Eminence Storage Withdrawal Service (EESWS)

This service provides shippers with an emergency gas supply during force majeure events (as defined in Section 11.1 of the General Terms and Conditions of Transco’s FERC Gas Tariff).

- This service is a firm service, available by contracting directly with Transco or through capacity released by an EESWS contract holder.
- Service under this rate schedule is available when Transco has posted its availability on 1Line, or when an operator or shipper has requested service by providing written notice, with full particulars of a force majeure event, to Transco.

Park and Loan (PAL)

Park and Loan (PAL) is an interruptible service which gives customers the flexibility to borrow gas to cover supply losses or market needs (Loan) or to leave gas on the pipeline (Park) for a specified number of days to offset demand decreases or to otherwise meet their market needs or mitigate imbalances. PAL services are made available as operating conditions permit. For updates on availability of PAL services, go to:

[Transco’s Info Postings](#) page > Pipeline Conditions

There are currently six Park and Loan Locations on Transco’s System, consisting of one PAL Location in each Zone. PAL Location names are similar to the major pooling station names in each Zone. The PAL locations are listed below:

Zone	Park and Loan Locations	Location ID
Zone 1	PAL Station 30	1000011
Zone 2	PAL Station 45	1000027
Zone 3	PAL Station 65	1000070
Zone 4	PAL Station 85 – ZN 4	1000106
Zone 4A	PAL Station 84 – ZN 4A	9005543
Zone 5	PAL Station 165	1000140
Zone 6	PAL Station 210	1000183

Park and Loan contracts are not transportation contracts. Shippers must transport park or loan volumes with their own transportation contracts (IT or FT) to move gas to or from a PAL location.

To request a Park or Loan contract, contact Chris Barnett (713-826-3954) or Suzie Heiser (713-215-4626).

Interconnect Transfer Service (ICTS)

ICTS is interruptible service providing for the transfer of gas between interconnects that are located within 50 miles of each other. The ICTS rate is published in the Tariff and is lower than the maximum IT rate. The shipper is charged for the quantities transferred.

Please contact your Commercial Services Representative with any Contract questions.