June 1, 2009

Welcome to FERC Watch – a customer service provided by Transco. Questions or comments related to the information contained in FERC Watch should be directed to Marg Camardello at 713-215-3380 or Charlotte Hutson at 713-215-4060.

## Mobile Bay South Expansion Project (Docket No. CP08-476-000)

On May 7, 2009, the Commission issued a certificate order authorizing Transco to construct and operate the Mobile Bay South Expansion Project ("Project"). The Project will involve the construction of a new compressor station and facilities appurtenant thereto at the interconnection of the Mobile Bay Lateral and Transco's main line to provide 253,500 dt/day of incremental year-round firm transportation capacity southward from Transco's Station 85 pooling point to delivery points on the Mobile Bay Lateral, including the existing interconnection with Gulfstream Natural Gas System in Coden, Alabama. Because the Commission granted Transco's request for a predetermination favoring rolled-in rate treatment for the costs of the project in its next rate case, the initial rates for service under the Project will be Transco's Zone 4A rates under Rate Schedule FT, including the applicable fuel-retention percentage. The Commission will require Transco to separately maintain its accounts for fuel used by the project and report the results in its first fuel tracker filing after the Project is in-service demonstrating that the existing shippers are not harmed by including the Project's compression costs in the Zone 4A fuel retainage percentage. The anticipated in-service date of the Project is May 1, 2010.

## **Eminence Storage Field Enhancement Project (Docket No. CP08-430-000)**

On May 19, 2009, Transco began construction of its Eminence Enhancement Project ("Project"). The Project involves the installation of one additional compressor unit at the Eminence Storage Field to give Project customers enhanced injection rights that will allow for more injection and withdrawal cycles each year. The anticipated in-service date of the Project is October 1, 2009.

## Bayonne Delivery Lateral Project (Docket No. CP09-417-000)

On May 22, 2009, Transco submitted an application for a certificate of public convenience and necessity authorizing Transco to acquire and convert to natural gas use an existing idle petroleum pipeline and to construct and operate certain pipeline facilities for Transco's Bayonne Delivery Lateral Project, a new delivery lateral that will extend from Transco's mainline in Essex County, New Jersey to the Bayonne Energy Center, a proposed electric power plant in Bayonne, Hudson County, New Jersey. Transco will provide 250,000 dt/day of incremental firm transportation service for Hess Corporation and Bayonne Energy Center, LLC ("BEC") through the Bayonne Delivery Lateral under Transco's proposed Rate Schedule FDLS. Transco estimates that the Bayonne Delivery Lateral Project will cost approximately \$17.2 million, which costs will be reimbursed in advance by BEC. The target in-service date of the project is February 1, 2011.

## Annual Blanket Certificate and Section 2.55(b) Reports

On May 1, 2009, Transco submitted to FERC the annual reports required to be filed each year in accordance with Sections 2.55(b) and 157.207 of the Regulations. Pursuant to Section 2.55(b), Transco submitted a report for 19 replacement projects completed in

2008, and pursuant to Section 157.207, a report for 29 facilities constructed and 8 facilities abandoned during 2008 under Transco's blanket certificate authorization.