



Williams Gas Pipeline
295 Chipeta Way
P.O. Box 58900
Salt Lake City, UT 84158-0900

January 9, 2008

We wanted to make you aware that Williams Gas Pipeline (Williams) and TransCanada have joined together to propose building a new 1.2 Bcf/d pipeline that would provide access to increasing Rockies gas supplies for our customers. The project, which is proposed for service in 2011, would involve constructing a new line that would substantially parallel Williams' Northwest Pipeline between the Opal Hub in Wyo., and Stanfield, Ore., where Northwest Pipeline interconnects with TransCanada's Gas Transmission Northwest ("GTN") system. The project would also provide an option to utilize existing unsubscribed capacity on GTN between Stanfield and Malin, Ore., near California's northern border.

You may also be aware that El Paso Corporation has proposed building a new 680-mile green field pipeline from Opal to Malin called the Ruby Pipeline. Spectra Energy has also proposed a green field project of similar route to Ruby, which they have called the Bronco Pipeline. We believe Williams and TransCanada's proposed project would provide significant benefits over the Ruby Pipeline project or similar projects.

The primary benefits of our project include:

- 1. Broader market access.** By interconnecting with Northwest Pipeline and GTN, our project can access markets throughout the Pacific Northwest, northern Nevada and northern California. The Ruby Project is not designed to serve the Pacific Northwest markets.
- 2. Supply optionality.** The Ruby Project is designed to bring Rockies gas supplies primarily to serve northern California. Like Ruby, our project provides increased access to the growing Rockies supplies at and upstream of the Opal Hub. However, Ruby only provides access to Rockies supply. Again, through interconnects with Northwest Pipeline and GTN, our project provides supply optionality for northern California with continued access to the Western Canadian Sedimentary Basin and potential new sources of supply from the Mackenzie Delta and Alaska.
- 3. Construction of fewer miles of pipeline along an existing corridor.** Our project will use an existing pipeline corridor that is substantially parallel to segments of Northwest Pipeline. Because of this, Williams already benefits from long-established relationships with adjacent landowners, environmental knowledge, route analysis and existing

infrastructure and resources that are already in place such as roads, buildings and personnel along the corridor. Northwest Pipeline has expanded sections of this corridor as recently as 2003. There is less cost and construction risk using this existing corridor, and the new construction mileage is much less; 615 miles for our proposed pipeline versus 680 miles for Ruby.

4. **Greater efficiencies and reduced rates.** Our project would benefit from the operating efficiencies of both Northwest Pipeline and GTN who already have personnel along the corridor. Moreover, The Ruby project may cause additional rate increases on GTN if additional capacity becomes unsubscribed.

We would like to discuss the new project with you in the next few weeks to determine how we can best serve your needs in accessing Rockies gas that will benefit the Pacific Northwest, northern Nevada and northern California. We believe our proposed project minimizes costs and risks while maximizing supply options for our customers.

Representatives from Williams and TransCanada will contact you shortly to discuss the benefits of our proposed project. In the meantime, if you have questions, please don't hesitate to give me or Ed Brewer a call.

Best regards,



Allison Bridges
Vice President, Commercial Operations
Williams Gas Pipeline

Cc:
Jeff Rush
Leslie Ferron-Jones