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Written Compliance Procedures
Order 690
Transcontinental Pipeline Corporation
(Updated March 10, 2008)

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Written Compliance Procedures
Transcontinental Gas Pipe Line Corporation
(per Interim Order 690 as clarified 3/21/07)

Introduction

In its Order No. 690, et seq., issued in Docket No. RM07-6-000 and clarified in Docket No. RM07-6-001, “Standards of Conduct for Transmission Providers”, the Federal Energy Regulatory Commission (“Commission”) promulgated interim Standards of Conduct regulations that govern the relationship between natural gas Transmission Providers and their Marketing Affiliates. The interim Standards of Conduct apply to any interstate natural gas pipeline that is affiliated with a marketing or brokering entity and conducts transportation transactions with its marketing or brokering affiliate. Transcontinental Gas Pipe Line Corporation (Transco) is a “Transmission Provider” as defined in section 358.3(a)(2) of the Standards of Conduct. Section 358.3(k)(1) defines “Marketing Affiliate” with respect to a natural gas Transmission Provider as an Affiliate that engages in “marketing or brokering” activities as defined in Section 358.3(l). Section 358.4(e)(3) of the Standards of Conduct provides that a Transmission Provider must post on its Internet website current written procedures implementing the Standards of Conduct in such detail as will enable customers and the Commission to determine that the Transmission Provider is in compliance with the requirements of the Standards of Conduct.

As a result of the implementation of a “Standards of Conduct Compliance Plan” approved and adopted by the Commission in *Transcontinental Gas Pipe Line Corp.*, 102 FERC ¶ 61,302 (2003), Transco, with the advice and approval of the Commission Staff, has put in place policies and procedures that meet the independent functioning and non-discrimination requirements specified in the Standards of Conduct as applied to Transco’s Marketing Affiliates.

The following procedures have been adopted by Transco to comply with the interim Standards of Conduct in Order 690 and clarified as of March 21, 2007. Unless the context requires otherwise, capitalized terms used herein shall be defined as specified in section 358.3 of the Standards of Conduct.

I. Identification and Posting of Marketing Affiliates

As required by section 358.4(b)(1) of the Standards of Conduct, Transco will identify all of its “commercially active” Marketing Affiliates that conduct transportation transactions on its designated Internet website. Transco will update the information listed within seven business days of the effective date of any change, and will post the date on which the information was updated. “Commercially active” Marketing Affiliates are those affiliate companies of Transco that have been determined to be a “Marketing Affiliate” as defined in section 358.3 (k) of the Standards of Conduct and are currently transacting business.

The Corporate Secretary for The Williams Companies, Inc. (“Williams”), the parent company of Transco, will notify the Williams FERC Standards of Conduct Compliance Officer of any company that is being formed, sold, dissolved or acquired by any entity of Williams so that a determination can be made as to whether such company qualifies as a Marketing Affiliate, requiring an update to the Marketing Affiliate posted information.

II. Shared Facilities

As required by section 358.4(b)(2) of the Standards of Conduct, Transco will post on its designated Internet website a complete list of facilities shared by Transco and any of the Marketing Affiliates identified on its website, including the types of facilities shared and their addresses.

The Facilities Department or IT Department of Williams will be responsible for informing the Williams FERC Standards of Conduct Compliance Officer if there are any changes to the posted list of shared facilities. The Williams FERC Standards of Conduct Compliance Officer will be responsible for making sure that the posted information is updated within seven business days of any change.

III. Comprehensive Organizational Charts

- A. As required by section 358.4(b)(3)(i) of the Standards of Conduct, Transco will post on its designated Internet website the organizational structure of Williams as it pertains to Transco and its Marketing Affiliates.

Williams’ Corporate Secretary will inform the Williams FERC Standards of Conduct Compliance Officer in the event of a change in the organizational structure for Williams. The Williams FERC Standards of Conduct Compliance Officer will be responsible for informing Transco of the change so that the posted information can be updated within seven business days.

- B. As required by section 358.4(b)(3)(ii) of the Standards of Conduct, Transco will post on its designated Internet website the job titles and descriptions and the chain of command for all positions, including officers and directors, excluding clerical, maintenance and field positions.

At this time, Transco does not share any of its employees with its Marketing Affiliates; therefore, for administrative ease all employees of Transco will be treated as Transmission Function employees, unless otherwise determined on a case-by-case basis by the Williams FERC Standards of Conduct Compliance Officer. With regard to the foregoing, Transco has appointed one of its Marketing Affiliates, Williams Gas Marketing Company, Inc., to act as its exclusive agent for the performance of all gas merchant services provided by Transco’s gas merchant unit. Thus, while Transco and its gas merchant unit share the same officers and directors because the gas merchant unit is not a separate corporation but is a unit or division of Transco, employees of Williams Gas Marketing

Company, Inc. perform that gas merchant function and no officer, director or employee of Transco makes or implements decisions for that gas merchant function. Effective April 1, 2005, Transco ceased providing a gas merchant service except to the extent necessary to manage purchase commitments under Transco's gas purchase contracts in effect as of April 16, 2003.

Certain officers and directors of Williams also serve as an officer or director of Transco and certain Marketing Affiliates. These corporate employees are not Transmission Function employees and do not have day-to-day duties or responsibilities for planning, organizing or carrying out natural gas sales functions. The Williams FERC Standards of Conduct Compliance Officer with assistance from Williams' Human Resources department and the General Counsel for Transco will identify any corporate employee providing services for Transco that, due to his or her job function, is deemed to be a Transmission Function employee. Any corporate employee identified as a Transmission Function employee of Transco shall not perform any job functions for a Marketing Affiliate.

Transco's management will communicate any change to the organizational chart information to the Human Resources Business Partner of Williams, or its designee, (HRBP) via email or phone call. The HRBP will then enter the change information into Williams' system, which information will be conveyed to the PeopleSoft Human Resources Management System (HRMS). The change information is extracted from HRMS and fed into organizational chart software through an automated process. Any changes to the organizational charts will be posted within seven business days of the effective date of the change.

IV. Mergers

As required by section 358.4(b)(v) of the Standards of Conduct, Transco will post information concerning potential merger partners as affiliates within seven days after the potential merger is announced.

Williams' Corporate Secretary will notify the Williams FERC Standards of Conduct Compliance Officer at the same time a potential merger is publicly announced. The Williams FERC Standards of Conduct Compliance Officer will then notify Transco to post the required information.

V. Transfers

As required by section 358.4(c) of the Standards of Conduct, notice of any transfer of an employee between Transco and a Marketing Affiliate will be posted on Transco's designated Internet website. The information to be posted will include the name of the transferring employee, the respective titles held while performing each function on behalf of the Marketing Affiliate as well as Transco and the effective date of the transfer. The information will be posted for 90 days.

Transco's or Williams' management will communicate the change to the organizational chart information to the HRBP for posting under the procedures described in III.B above. A separate tracking function extracts the required transfer information for posting. As described in XI.B below, access control procedures will prohibit an employee transferring from Transco to a Marketing Affiliate from accessing any application that has been identified within Williams as housing any Non-public Transco Data. Williams IT-Security will ensure that no Marketing Affiliate employee will have access to any Non-public Transco Data in applications, databases or systems that have been identified as containing any Non-public Transco Data. "Non-public Transco Data" is defined as all non-public information related to Transco's transmission system or the transmission system of another, or received from or related to a non-affiliated shipper or potential non-affiliated shipper.

VI. Separate Books and Records

Transco will maintain its books and records separately from its Marketing Affiliates as required by section 358.4(d) of the Standards of Conduct.

VII. Written Procedures

As required by section 358.4(e)(3), Transco will post the current procedures it has implemented to ensure compliance with the Standards of Conduct on its designated Internet website.

In compliance with section 358.4(e)(4), the Williams FERC Standards of Conduct Compliance Officer will distribute to all employees of Transco and the employees of its Marketing Affiliates, electronic copies of these written procedures.

VIII. Training

Williams has elected to conduct annual training each year. Such training includes all Williams employees including those of Transco and its Marketing Affiliates that are conducting transportation transactions on Transco's system. All trained employees will certify that they have been trained on the Standards of Conduct as required by section 358.4(e)(5) of the Standards of Conduct. Those employees that are on long term disability or administrative leave will not be trained unless and until they resume full time active employment in which case they will be trained within the time frame for new hires.

The Standards of Conduct training will primarily be computer based, and provided through the Williams e-learning system. Completion of the training by each employee will be tracked and monitored by the Williams FERC Standards of Conduct Compliance Officer or her designee.

Newly hired employees of Williams and Transco (excluding field employees below supervisor level for affiliates that are not a Marketing Affiliate or a Transmission Provider) will complete the training within 90 days of the effective date of their hire. Contractors that will have access to any Non-public Transco Data will also undergo training. Contractors will complete the training within 90 days of the effective date of their hire.

Williams' Board of Directors will receive Standards of Conduct training at one of the designated meetings for the Board.

IX. Compliance Officer

Williams has designated Sherry J. Nelson, a corporate employee, as the Williams FERC Standards of Conduct Compliance Officer. The contact information for Ms. Nelson is as follows:

Sherry J. Nelson
One Williams Center
Mail Drop 38-2
Tulsa, Oklahoma 74172
918-573-7459-office phone
918-630-9345-cell phone
918-573-8334-fax

In certain instances, the Williams FERC Standards of Conduct Compliance Officer may designate others as having responsibility for certain functions, such as IT-Security for computer Access Control.

Williams has adopted a Policy addressing the Standards of Conduct Compliance Plan, which states, among other things, the following: "Employees who violate any provision of this policy will be subject to disciplinary action, up to and including termination. For any disciplinary action taken, there will be a notation of the same placed in the employee's personnel file that will reflect the incident and the disciplinary action taken."

Employees of Transco can report infractions of the Standards of Conduct anonymously to the Williams FERC Standards of Conduct Compliance Officer or by calling the Williams Action Line at 1-800-324-3606.

X. Independent Functioning

A. Corporate Structure of Williams

Substantially all of Williams' operations are conducted through its subsidiaries. Williams does not directly participate in energy or natural gas commodity markets or in transmission transactions in U.S. energy markets, and is not a Marketing Affiliate under the Standards of Conduct (see section 358.3(k)). Williams holds the ownership interests of two group companies, Williams Gas Pipeline

Company, LLC (WGP) and Williams Energy Services, LLC (WES), under which Williams' major business segments are organized. WGP and WES are subsidiary holding companies, are not operating companies and, like Williams, are not Marketing Affiliates under the Standards of Conduct (see section 358.3(k)). WGP and WES each hold the stock or other ownership interests of certain operating companies that comprise Williams' major business segments. WGP holds 100% of the stock of Transco.

As a result of the Williams corporate structure, no employee at the operating company level of the Marketing Affiliates has any role, formal or otherwise, with either Transco or WGP. As discussed in III.B above and X.E below, Transco's Marketing Affiliate, Williams Gas Marketing Company, Inc., is Transco's exclusive agent for the performance of Transco's gas merchant function. Therefore, employees of Williams Gas Marketing Company, Inc. perform that gas merchant function. In addition, certain officers and directors of Williams do serve as an officer or director of Transco and certain Marketing Affiliates. These corporate employees are not Transmission Function employees and do not have day-to-day duties or responsibilities for planning, organizing or carrying out natural gas sales functions.

B. Corporate Support Functions

Williams' corporate employees provide support functions to Williams as well as its subsidiaries, including Transco, through a shared support organization. These Williams corporate level shared support functions are performed by corporate employees. The shared support functions provided by Williams are in the areas of Audit, Business Ethics and Compliance, Legal and Government Affairs, Human Resources, Information Technology and Finance and Administration (which includes Tax, Risk Management and Insurance). Under this shared support organization, these functional areas provide services to Williams and all of its subsidiaries, although certain of the Williams corporate employees in these functional areas may be wholly dedicated to a particular operating subsidiary. Any corporate employee that due to his or her job function is deemed to be a Transmission Function employee of Transco shall not perform any job function for Marketing Affiliate companies. An exception to the corporate support function organization is described below for the corporate Commodity and Credit Risk Management function.

Williams corporate employees, as part of their job function, can receive Non-public Transco Data; however, the no-conduit rule (see section 358.5(b)(7)) will apply to all Williams corporate employees.

C. Commodity and Credit Risk Management

Williams' Chief Risk Officer ("CRO") was also VP of Finance and Accounting for Transco's Marketing Affiliate, Williams Gas Marketing Company, Inc. Prior to December 8, 2007, the CRO headed Williams' corporate Enterprise Risk Management ("ERM") function which was comprised of commodity and credit risk management and economic analysis. As a result of this dual role, Williams elected to treat both the CRO and the corporate ERM employees (for communications purposes) as if they were employees of a Marketing Affiliate, and the corporate ERM function was prohibited from providing support service to Transco. Effective December 8, 2007, the corporate ERM function ceased reporting to the CRO and was incorporated within the existing Williams corporate level shared support functions. Further, effective January 5, 2008, the positions of CRO and of VP of Finance and Accounting for Williams Gas Marketing no longer exist. The employees performing the commodity and credit risk management and economic analysis functions are now treated in the same manner as other Williams corporate employees who provide support functions to Williams and its subsidiaries. The corporate commodity and credit risk management and economic analysis functions will continue to be prohibited from providing support services to Transco until such time as the Commission approves Williams' request to remove that prohibition, except that the economic analysis function may provide Transco its enterprise Point of View ("POV") report. Transco will not be involved in the development of the POV report, nor will it provide any customer information for the POV report.

A separate WGP Risk Management and Credit Management group provides support services to Transco. This separate group is led by the VP of Finance and Accounting for WGP, who reports directly to the Senior Vice President and Chief Financial Officer of Williams.

D. Outsourcing of Corporate Services

In the event Williams outsources any support function that had been performed by a corporate employee in the areas of Audit, Business Ethics and Compliance, Legal and Government Affairs, Human Resources, Information Technology and Finance and Administration, such contract employee(s) will be treated as a Williams corporate employee(s) for purposes of compliance with the Standards of Conduct.

E. Sharing of Employees

As required by section 358.4(a)(1), except as permitted in X.F below, the Transmission Function employees of Transco shall function independently of its Marketing Affiliate employees. At this time, Transco does not share any of its employees with its Marketing Affiliates; therefore, for administrative ease all employees of Transco will be designated as Transmission Function employees,

unless otherwise determined on a case-by-case basis by the Williams FERC Standards of Conduct Compliance Officer. With regard to the foregoing, Transco has appointed one of its Marketing Affiliates, Williams Gas Marketing Company, Inc., to act as its exclusive agent for the performance of all gas merchant services provided by Transco's gas merchant unit. Thus, while Transco and its gas merchant unit share the same officers and directors because the gas merchant unit is not a separate corporation but is a unit or division of Transco, employees of Williams Gas Marketing Company, Inc. perform that gas merchant function and no officer, director or employee of Transco makes or implements decisions for that gas merchant function. Effective April 1, 2005, Transco ceased providing a gas merchant service except to the extent necessary to manage purchase commitments under Transco's gas purchase contracts in effect as of April 16, 2003.

As permitted by section 358.4(a)(5), certain officers and directors of Williams also serve as an officer or director of Transco and certain Marketing Affiliates. These corporate employees are not Transmission Function employees and do not have day-to-day duties or responsibilities for planning, organizing or carrying out natural gas sales functions. The Williams FERC Standards of Conduct Compliance Officer with assistance from Williams' Human Resources department and the General Counsel for Transco will identify any corporate employee providing services for Transco that, due to his or her job function, is deemed to be a Transmission Function employee. Any corporate employee identified as a Transmission Function employee of Transco shall not perform any job functions for a Marketing Affiliate.

As required by section 358.4(a)(3), no Marketing Affiliate employee will conduct transmission system operations or reliability functions, or have access to Transco's gas control facilities or similar facilities used for transmission system operations or reliability functions that differs in any way from the access that other third party customers may have to such facilities.

F. Emergency Circumstances

As permitted by section 358.4(a)(2) of the Standards of Conduct, in emergency situations on Transco that affect system reliability, Transco may take whatever steps it deems necessary to keep its pipeline system in operation. If, in responding to an emergency situation, Transco has deviated from the Standards of Conduct, Transco will report to the Commission and post on its designated Internet website, each emergency that resulted in the deviation from the Standards of Conduct within 24 hours of such event.

XI. Non-Discrimination Requirements

A. Information Access

As required by sections 358.5(a)(1) and (2), Transco will provide to any employee of its Marketing Affiliate only that access to information available to other Transco transmission customers.

B. Access Control Procedures

Transco follows the Williams Access Control and Change Management/Notification Procedure, under which Transco ensures that employees of its Marketing Affiliates do not have preferential computer access to Non-public Transco Data, or that Transco's Marketing Affiliate computer systems, applications or databases do not have preferential access to Non-public Transco Data.

Williams IT Security, itself or through a contractor, is the designee of the FERC Standards of Conduct Officer to ensure that no Marketing Affiliate employee has preferential access to any Non-public Transco Data. IT Security has performed a system-to-system review to assure that any Marketing Affiliate employee does not have access to any Non-public Transco Data. Further, IT Security will review any request for access to any application, system or database that houses Non-public Transco Data from new personnel (which includes contractors), current personnel or transfers. IT Security is responsible for keeping accurate records of access requests and providing timely reports to the Williams FERC Standards of Conduct Compliance Officer.

As a result, these procedures ensure that any employee of a Marketing Affiliate of Transco will only have access to information that also is available to Transco's transmission customers, and will not have access to any information about Transco's transmission system that is not available to all users of Transco's Internet website. These procedures also ensure that employees of Transco's Marketing Affiliates are prohibited from obtaining information about Transco's transmission system through access to information not posted on its Internet website or that is not also available to the general public without restriction.

Every Williams employee or contractor that applies for access to any FERC identified component must first take the Standards of Conduct training module so that employee or contractor will understand the restrictions on information disclosure to any Marketing Affiliate employee. A "FERC identified component" is any Transco component (application, system or database) that contains any Non-public Transco Data.

Any transfer by a Transco or corporate employee to a Marketing Affiliate will be treated as a termination for access purposes. That is, old access will be revoked prior to granting any new access. The change in access will be made no later than 24 hours after receipt of the HR entry or the effective date, whichever is appropriate.

C. No Conduit Rule

Transco will observe the no-conduit rule (see section 358.5(b)(7)). In particular, the no-conduit rule will apply to all Williams corporate employees and to all employees of Transco's affiliates. The no-conduit rule also applies to Transco employees as well as contractors.

D. Physical Access to Premises

A card key is required to access the office space that Transco personnel occupy in its headquarters building. Card key access is not provided to Marketing Affiliate personnel. Marketing Affiliate personnel may enter the Transco office space after registering with a receptionist and providing identification, but they do not receive a card key and must be escorted by an employee with a card key in order to gain access to office space occupied by Transco personnel.

Williams' Standards of Conduct Compliance Plan Policy states the following: "TWC pipeline employees who have access to TWC pipeline information and confidential non-affiliated shipper information, as set out in the Compliance Plan, are responsible for securing such information from unauthorized disclosure using properly secured information processing systems and for similarly securing hard copy information."

E. Prohibited Disclosures

In the event an employee of Transco discloses Non-public Transco Data contrary to the requirements of section 358.5(b)(1) and (2) to an employee of Transco's Marketing Affiliates, then Transco will inform the Williams FERC Standards of Conduct Compliance Officer and Transco will immediately post such disclosed information on its designated Internet website. This requirement to contemporaneously disclose does not apply to information covered by section 358.5(b)(1) if it relates to a specific request to Transco by one of its Marketing Affiliates.

F. Customer Consent

In the event a non-affiliated customer of Transco gives Transco its voluntary consent, in writing, to allow Transco to share that customer's information with Transco's Marketing Affiliate, then a Director of Marketing Services will post notice on Transco's designated Internet website of the customer's consent along

with a statement that Transco did not provide any preference, either operational or rate-related, in exchange for the customer providing its voluntary consent.

XII. Implementing Tariffs

Transco will comply with the requirements of section 358.5(c)(1)-(5).

Transco will strictly enforce all tariff provisions related to open access transmission service, if the tariff provisions do not permit the use of any discretion. The use of any discretion will be done in a non-discriminatory manner for all of Transco's transmission customers. Transco will process all similar requests for service in the same manner and same period of time.

Transco will not give preference to its Marketing Affiliate over any other third party as to any transmission service.

As required by section 358.5(c)(4) of the Standards of Conduct, Transco will maintain a written log of waivers that Transco grants with respect to tariff provisions that provide for such discretionary waivers. Transco will comply with the requirement that it provide this log to any person requesting it within 24 hours of the request by posting information regarding tariff waivers on its designated Internet website under "Tariff Discretionary Log" or under "Critical Notices". Further, confidential customer information or sensitive business information will not be provided; rather, Transco will include the date of its action and the type of waiver exercised but will not reveal the customer name.

It will be the responsibility of each employee of Transco to inform a Director of Marketing Services or Transportation Services as to any waiver exercised. That Director of Marketing Services or Transportation Services will then ensure that any waiver exercised that is mandated to be included in the written log is added to the log in a timely manner.

XIII. Discounts

As required by section 358.5(d) of the Standards of Conduct, in the event that Transco offers a discount for one of its services, the discount information will be posted on Transco's designated Internet website contemporaneously with the time that the discount is contractually binding. The posting will include the following information: name of the customer and whether the customer is an affiliate or whether an affiliate of Transco is involved in the transaction, the rate offered, the maximum rate, the time period of the discount, the quantity of gas scheduled to be moved (or the amount of gas that the discount is based on), the delivery points under the transaction, and any conditions or requirements applicable to the discount. The discount information must be posted for 60 days.

The Director(s) of Marketing Services will be responsible for ensuring that any discount granted under section 358.5(d) is posted contemporaneously at the time the discount is contractually binding.