

A-00974104
HSS CROSS EXAM EX. 3
Pittsburgh 12-16-97
EWA

EXHIBIT HSS Q #5

Item No.: HSS-1-097

Witness: Schnitzer

Page 1 of 1

DUQUESNE LIGHT COMPANY

First Set of Interrogatories of Hospital Shared Services and Administrative Resources Inc.

97 Is Duquesne aware of any other estimates for the cost and performance assumptions for the proxy combined cycles and combustion turbines? If not, please so state. If so, please provide these estimates and underlying documents. Please fully describe each reason why you concluded that such other estimates should not be used, and furnish documents supporting your reasons.

Supplemental Response:

Yes. Duquesne is aware of other estimates.

Attached are numerous other estimates and underlying documents, as well as excerpts from testimony filed in the dockets for the other Pennsylvania utilities under the restructuring legislation.

The reasons why the estimates in Mr. Schnitzer's testimony were used in preference to other estimates (i.e., the reasons why Mr. Schnitzer concluded all such other estimates should not be used) were fully described in the initial response to HSS-1-097 and in Mr. Schnitzer's testimony.

There are no documents supporting Mr. Schnitzer's reasons other than those described above.

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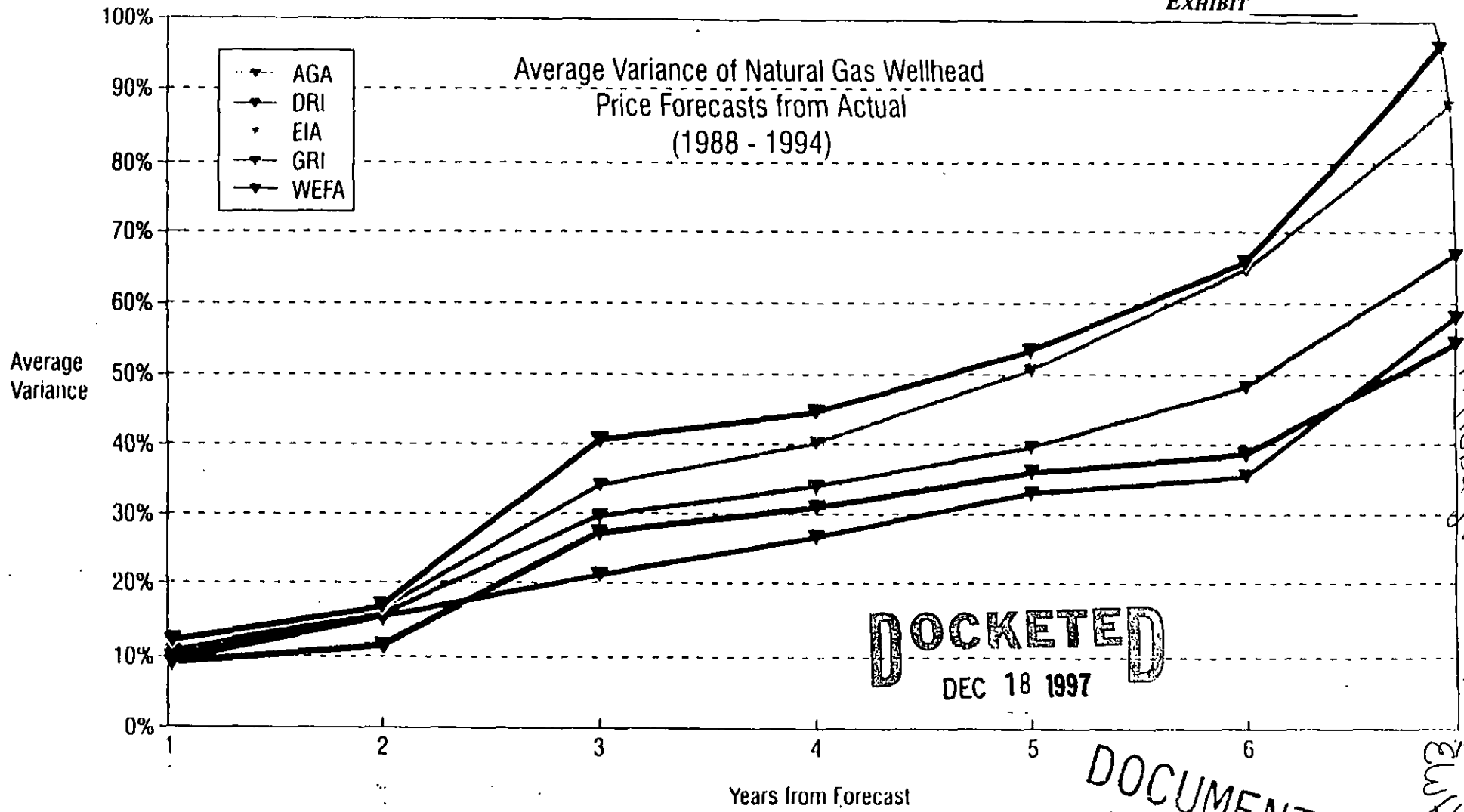
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Turnkey Combined Cycle Plant Price Levels (Continued)

Average standardized turnkey combined cycle power plant prices in 1995 U.S. dollars for a basic natural gas-fired combined cycle with gas turbine generator, unfired multi-pressure heat recovery boiler with no bypass stack, condensing multi-pressure steam turbine generator, step-up transformer, water cooled heat rejection, standard controls, starting system and plant auxiliaries, and generally with dry low NOx gas turbine equipment. Depending on scope of equipment, site specific requirements, geographic location and competitive market conditions, these prices can vary considerably.

Plant Model	Net Plant Output	LHV Heat Rate	Net Plant Efficiency	No. Gas Turbines	No. Steam Turbines	Budget Price	Price per kW
1xP200-PFBC.	100.0 MW	8030 Btu	42.5%	1xGT35P	1x83 MW, Cond.	\$120,000,000	\$1200
GUD 1S.64.3A	101.0 MW	6355 Btu	53.7%	1xV64.3A	1x31 MW, 3P, R	\$80,800,000	\$800
S-260	105.0 MW	6510 Btu	52.4%	2xLM6000 PA	1x30 MW, 3P	\$73,000,000	\$695
S-106FA	107.1 MW	6440 Btu	53.0%	1xFr 6FA	1x30 MW, 3P, R	\$84,600,000	\$790
S-206B.	121.4 MW	6900 Btu	49.4%	2xFr 6B	1x46 MW, 3P	\$68,000,000	\$560
2x1 Trent	127.2 MW	6575 Btu	51.9%	2xTrent	1x32 MW, 3P	\$103,000,000	\$810
S-107EA	130.2 MW	6800 Btu	50.2%	1xFr 7EA	1x48 MW, 3P	\$58,600,000	\$450
2x251B11/12	142.7 MW	7072 Btu	48.3%	2x251B	1x50 MW, 3P	\$78,500,000	\$550
KA13D-1	147.1 MW	6920 Btu	48.6%	1xGT13D	1x53 MW, 2P	\$76,400,000	\$520
GUD 1.84.2	163.0 MW	6630 Btu	51.5%	1xV84.2	1x60 MW, 2P	\$74,700,000	\$458
KA11N2-1	171.2 MW	6550 Btu	51.3%	1xGT11N2	1x58 MW, 2P	\$77,900,000	\$455
1x1 501D5A	176.9 MW	6675 Btu	51.1%	1x501D5A	1x61 MW, 3P	\$76,500,000	\$432
GUD 1.94.2	238.0 MW	6550 Btu	52.1%	1xV94.2	1x87 MW, 2P	\$101,500,000	\$426
KA13E2-1	244.2 MW	6,330 Btu	53.0%	1xGT13E2	1x85 MW, 3P	\$109,500,000	\$448
KA24-1	248.3 MW	5940 Btu	57.4%	1xGT24	1x89 MW, 3P, R	\$122,900,000	\$495
GUD 1S84.3A	250.0 MW	5985 Btu	57.0%	1xV84.3A	1x84 MW, 3P, R	\$126,300,000	\$505
S-107FA	253.5 MW	6160 Btu	55.4%	1xFr 7FA	1x93 MW, 3P, R	\$117,900,000	\$465
1x1 501F	256.4 MW	6075 Btu	56.2%	1x501F	1x97 MW, 3P, R	\$116,300,000	\$454
S-207EA	262.2 MW	6750 Btu	50.6%	2xFr 7EA	1x96 MW, 3P	\$107,250,000	\$409
GUD 1S.94.3A	354.0 MW	5965 Btu	57.2%	1xV94.3A	1x120 MW, 3P, R	\$177,000,000	\$500
S-109FA	345.7 MW	6170 Btu	55.3%	1xFr 9FA	1x130 MW, 3P, R	\$166,000,000	\$480
KA26-1	366.0 MW	5830 Btu	58.5%	1xGT26	1x133 MW, 3P, R	\$179,000,000	\$490
KA11N2-3	512.0 MW	6650 Btu	51.3%	3xGT11N2	1x172 MW, 2P	\$217,600,000	\$425
GUD 2.94.3A	705.0 MW	5985 Btu	57.0%	2xV94.3A	1x235 MW, 3P, R	\$345,500,000	\$490
S-507EA	620.0 MW	6800 Btu	50.2%	5xFr 7EA	3x63 MW, 3P	\$250,000,000	\$403
S-209FA	695.1 MW	6140 Btu	55.6%	2xFr 9FA	1x255 MW, 3P, R	\$328,900,000	\$473
GUD 3.94.2	718.0 MW	6510 Btu	52.4%	3xV94.2	1x267 MW, 2P	\$315,900,000	\$440
KA13E2-3	727.5 MW	6380 Btu	53.5%	3xGT13E2	1x250 MW, 2P	\$317,200,000	\$436

Average Variance of Natural Gas Wellhead Price Forecasts from Actual (1988 - 1994)



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EXHIBIT HSS Q #5

Item No.: HSS-1-039
Witness: Schnitzer
Page 1 of 1

DUQUESNE LIGHT COMPANY

First Set of Interrogatories of Hospital Shared Services and Administrative Resources, Inc.

39. Please provide all documents used by Mr Schnitzer to support his gas price forecasts including but not limited to any backcasts.

Response:

Mr. Schnitzer's gas price forecast is derived from the Henry Hub forward quote and the Henry HubTCO pool basis differential quote referenced on pp. 26-27 of his direct testimony. The assumptions and calculations are set out in Exhibit MMS-3. Any workpapers will be provided in response to HSS-1-001.

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DUQUESNE LIGHT COMPANY

First Set of Interrogatories of Hospital Shared Services and Administrative Resources Inc.

91. Please provide all documents relating to the reliability or accuracy of the market prices of natural gas presumed or incorporated into Duquesne's calculations of the market clearing price of electricity during the transition period and any period in which you claim Duquesne may still experience stranded costs. Please identify the sources of your data, how the results regarding reliability and accuracy were then taken into account by Duquesne and its witness and the date of such data.

Response:

The market price of natural gas is neither presumed nor incorporated into Duquesne's calculations of the market clearing price of electricity during the transition period or any period thereafter.

The sole use of the market price of natural gas in Mr. Schnitzer's testimony is to estimate the ceiling market price of electricity after the transition period. See responses to HSS-1-039 and HSS-1-097.

The sole document that relates to the reliability or accuracy of the market prices of natural gas as such market prices were used by Mr. Schnitzer is attached.

The source of the data was the Energy Derivatives Group of Merrill Lynch.

The Henry Hub forward quote contained in the attached document was taken into account by Duquesne and Mr. Schnitzer as described on pp. 26-27 of his testimony. The assumptions and calculations are set out in Exhibit MMS-3.

The date of the data contained in the attached document is June 30, 1997.



Energy Derivatives Group

World Financial Center, North Tower
New York, New York 10281-1307
212-449-7051
Fax 212-449-0254

June 30, 1997

To: Northbridge Group

Attn: Mike Oh

Fax: (617) 487-2649

The following natural gas swap prices are for indicative purposes only. These prices are based on the forward price curve of natural gas to be delivered at Henry Hub in Louisiana.

Calendar 1998 - 2.165

Calendar 1999 - 2.12

Calendar 2000 - 2.135

Calendar 2001 - 2.16

Calendar 2002 - 2.19

Calendar 2003 - 2.23

Calendar 2004 - 2.27 →

Calendar 2005 - 2.31

Regards.

A handwritten signature in black ink that reads "Kevin Kichy". The signature is written in a cursive style with a large, sweeping "K" and "y".

Kevin Kichy
Merrill Lynch Capital Services, Inc.

Bid Week Price Survey continued

	Appalachia		
CNG South Point	2.29-35	2.30-36	
Columbia, Aop	2.26-32	2.26-30	
	Others		
Algonquin	2.38-48	2.38-48	
Chicago-LDCs, large plus	2.20-33	2.20-26	
NGPL Amani receipt	1.99-2.10	1.99-2.10	
NGPL Iowa-Id. receipt	2.04-16	2.04-16	
Northern (Mid 13)	1.89-97	1.89-97	
Northern (Ventura)	1.93-2.08	1.93-2.08	
Northern (demarc)	1.94-2.12	1.94-2.05	
Texas Eastern, M-1	2.14-18	2.14-18	
Texas Eastern, M-2	2.38-44	2.38-43	
Transco Zone 5	2.37-50	2.37-45	

*NOTE: Price in \$ per gallon; C&I=US\$72421
(Currency settlement from one business day prior EST).

FUTURES NYMEX @ Henry Hub

Results for Friday					
Settlement	High	Low	Change	Volume	
August	2.139	2.145	2.105	+1.5	29,097
September	2.140	2.145	2.110	+2.0	4,873
October	2.150	2.150	2.125	+1.5	4,322
November	2.278	2.280	2.250	+1.3	829
December	2.210	2.215	2.390	+1.2	1,582
January	2.450	2.455	2.400	+1.0	943
February	2.370	2.375	2.355	+0.7	892
March	2.253	2.255	2.253	-0.5	821
April	2.125	2.120	2.120	-0.5	61
May	2.080	2.075	2.075	-0.5	59
June	2.060	2.060	2.055	-0.5	123
July	2.050	2.050	2.045	-0.5	377
August	2.050	2.051	2.045	-0.4	129
September	2.047	2.048	2.048	-0.4	87
October	2.057	2.059	2.059	+0.3	30
November	2.169	2.175	2.165	+0.3	69
December	2.255	2.270	2.280	+0.5	198
Jan. 1998	2.293	2.295	2.290	+0.3	515
February	2.235	2.237	2.235	+0.3	39
March	2.140	2.140	2.140	-0.5	104
April	2.048	2.048	2.048	-0.5	30
May	2.038	2.038	2.038	-0.5	95
June	2.042	2.043	2.043	-0.4	5

Volume of contracts (unofficial) 47,244
Open Interest Thursday 191,338

NYMEX @ Alberta

Settlement	High	Low	Change	Volume
August	1.150	—	—	-2.0
September	—	—	—	—
October	—	—	—	—
November	—	—	—	—
December	—	—	—	—
Jan. 1998	—	—	—	—
February	—	—	—	—
March	—	—	—	—

Volume of contracts (unofficial) 0
Open Interest Thursday 72
Not all months reported

KCBOT @ Waha

Settlement	High	Low	Change	Volume	
August	2.315	2.030	1.990	-1.5	295
September	2.010	2.010	1.990	-0.5	183
October	2.020	2.010	2.010	+1.0	54
November	2.100	—	—	-1.0	—
December	2.230	—	—	-0.5	—
Jan. 1998	2.275	—	—	-0.5	—
February	2.200	—	—	-0.5	—
March	2.075	—	—	-0.5	—
April	1.905	—	—	-0.5	—
May	1.865	—	—	-0.5	—
June	1.885	—	—	-0.5	—
July	1.865	—	—	-0.5	—
August	1.865	—	—	-0.5	—

Volume of contracts (unofficial) 508
Open Interest Thursday 2,158
Not all months reported

OPTIONS NYMEX @ Henry Hub

Price	Call-Settle		Put-Settle		
	Aug	Sept	Aug	Sept	
1.90	25.14	28.14	1.80	4.00	3.20
1.95	21.84	25.00	27.60	3.00	7.90
2.00	18.24	21.80	24.40	2.70	9.50
2.05	14.94	18.80	21.50	8.00	11.80
2.10	12.14	15.30	18.20	8.20	14.00
2.15	9.70	13.00	16.50	10.70	18.50
2.20	7.50	10.90	14.40	13.80	19.30
2.25	5.30	8.90	12.40	17.00	22.30
2.30	4.50	7.50	10.60	20.50	25.50

Estimated Volume: Calls: 1,822 Puts: 1,055
Open Interest: (Thu) Calls: 35,383 Puts: 73,548
Not all strikes and settlement prices listed.
Intraday volatility for all-the-money strike price
Calls: 41.25% Puts: 40.90% Source: Bloomberg

Basis Differential

This table shows the basis relationships between several key pipelines and regional market points. The calculations are based on weekly weighted averages for prices gathered last week. The weights for the Rockies and Southern California Border are composites of the points in those regions. Data in this table is Copyright 1997 by Pasma Publications Inc.

	Henry Hub	El Paso Permian	Agua Dulce	Transco St. 55	Katy Hub	Rockies	PEPL	Chicago	Cal. Gas Appel.	So. Calif.
Weekly WACOG	2.29	2.06	2.18	2.27	2.17	1.39	2.10	2.36	2.43	2.24
Henry Hub	—	0.22	0.13	0.01	0.37	0.89	0.13	-0.09	-0.15	0.04
EP/Permian	-0.22	—	-0.12	-0.21	-0.15	0.67	-0.04	-0.30	-0.37	-0.18
Agua Dulce	-0.10	0.12	—	-0.09	-0.03	0.79	0.68	-0.18	-0.25	-0.06
Transco 65	-0.01	0.21	0.09	—	0.05	0.88	0.17	-0.09	-0.16	0.03
Katy Hub	-0.07	0.15	0.03	-0.06	—	0.82	0.11	-0.15	-0.22	-0.03
Rockies	-0.89	-0.67	-0.79	-0.25	-0.82	—	-0.71	-0.37	-1.04	-0.85
PEPL	-0.18	0.04	-0.09	-0.17	-0.11	0.71	—	-0.26	-0.33	-0.14
Chicago	0.09	0.30	0.13	0.09	0.15	0.97	0.26	—	-0.07	0.12
Cal. Gas Appel.	0.15	0.37	0.25	0.16	0.22	1.04	0.33	0.01	—	0.16
So. Calif. Border	-0.04	0.18	0.06	-0.03	0.03	0.85	0.14	-0.12	-0.19	—
NYMEX Basis*	0.141	-0.075	0.042	0.103	0.075	-0.745	-0.038	0.225	0.295	0.104

*NYMEX Basis is the NYMEX Henry Hub/cash basis differential calculated from the 05/27/97 near-month settlement of \$2.132.

Basis: Most points up on air-conditioning demand

Weather-driven demand for energy pushed cash price averages for most Basis Differential table points higher last week, with some points moving up considerably. Meanwhile, the Rockies basis to all other points increased when the Rockies cash price average dropped 13c. Last week, the Rockies basis to Henry Hub went from -63c to -89c. One year ago, the Rockies-to-Henry Hub basis was -\$1.38.

Chicago's average for the week increased by 14c on the strength of a few days of hot weather, widening its basis to most other points on the table to the plus side. A week earlier, Chicago's basis to the Rockies was 70c; last week it widened to 97c. A year ago, citygate-to-Rockies basis was \$1.48.

The Southern California energy market has strengthened during the past year. The Southern California basis to Henry Hub last week was -4c; one year ago it was -93c. Southern California's basis to Pannhandle went from -52c a year ago to 14c last week, a 66c swing.

Henry Hub: Heat not enough to prop up market

The July contract expired Thursday at \$2.145, down 3.2c from the previous day, and down 14.1c from two days before. The August contract dropped 14.6c in the same two-day period. "It's pretty clear that whatever warm weather we've had hasn't been enough from a fundamental point of view," said analyst Alan Levine of Dean Witter Reynolds. "Many buyers who had been looking in expectation of a spring rally have been disappointed."

Last week's American Gas Assn. storage report showing U.S. facilities at 46% of capacity did nothing to support the futures market, Levine said.

"The market is taking a somewhat relaxed view of availability. We are entering a period of time where the market goes into a retreat," he said.

Analyst Jim Ritterbush said short-term weather patterns usually do not have a major effect on the futures market. He predicted, barring a disruption in supply caused by tropical storms, the August contract would settle into a trading range of \$2.08-21.

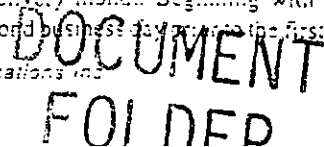
Waha: July contract expires, August opens down

The July gas contract on the KCBOT was down at expiry last Wednesday, reflecting a lack of demand and other fundamental factors. August, in its first day as the front month, fell even more sharply, signaling the start of the summer doldrums for the market. July settled at \$2.120 Monday, up 2c from the previous Friday. It moved up another 2c to settle at \$2.140 Tuesday, before dropping 1.6c by Wednesday's expiration. August, which had been settling at a 1-2.40 deficit to July, fell 4.5c Wednesday to settle at \$2.08, 5.3c below July.

August's downward spiral accelerated on Thursday, with the price falling 3c to settle at \$2.05. Market players pointed to a lack of weather-related demand and a bearish storage report as reasons for the fall-off in August's price.

"The market is being driven by fundamentals. There seems to be more than enough natural gas around," a source said. "People are concerned that we might see some erosion" in the price. He predicted August would test the \$1.90 price level.

The expiration of the July contract marks the last time a contract expires the fourth business day prior to the first day of the delivery month. Beginning with the August contract, each month's contract will expire the second business day prior to the first day of the delivery month.



**FUTURES
NYMEX @ Henry Hub**

Results for Thursday

Settlement	High	Low	Change	Volume	
August	2.175	2.225	2.180	+0.1	25,844
September	2.132	2.200	2.130	-2.6	10,727
October	2.141	2.195	2.130	-1.9	4,728
November	2.275	2.315	2.250	-1.5	1,105
December	2.408	2.445	2.395	-1.2	1,341
Jan. 1998	2.448	2.440	2.440	-1.2	1,136
February	2.383	2.390	2.370	-1.2	251
March	2.250	2.260	2.255	-1.2	194
April	2.120	2.145	2.135	-1.2	52
May	2.080	2.105	2.095	-1.2	26
June	2.065	2.090	2.080	-1.2	59
July	2.065	2.090	2.080	-1.2	61
August	2.055	2.090	2.080	-1.2	64
September	2.063	2.080	2.075	-1.2	87
October	2.077	2.090	2.089	-1.2	140
November	2.194	—	—	-1.2	—
December	2.298	—	—	-1.2	—
Jan. 1998	2.330	2.342	2.342	-1.2	8
February	2.285	—	—	-1.2	—
March	2.165	—	—	-1.2	—
April	2.089	—	—	-1.2	—
May	2.050	—	—	-1.2	—
June	2.053	—	—	-1.2	—
July	2.056	—	—	-1.2	—
August	2.050	—	—	-1.2	—
September	2.050	—	—	-1.2	—
October	2.071	—	—	-1.2	—
November	2.178	—	—	-1.2	—
December	2.307	—	—	-1.2	—
Jan. 2000	2.341	—	—	-1.1	—
February	2.258	—	—	-1.1	—
March	2.183	—	—	-1.1	—
April	2.053	—	—	-1.1	—
May	2.033	—	—	-1.1	—
June	2.028	—	—	-1.1	—
July	2.026	—	—	-1.1	—
Volume of contracts (unofficial)				45,701	
Open interest Wednesday				200,663	

NYMEX @ Alberta

Settlement	High	Low	Change	Volume	
August	1.130	—	—	-3.5	—
September	—	—	—	—	—
October	—	—	—	—	—
November	—	—	—	—	—
December	—	—	—	—	—
Jan. 1998	—	—	—	—	—
February	—	—	—	—	—
March	—	—	—	—	—
Volume of contracts (unofficial)				0	
Open interest Wednesday				38	
Not all months reported					

KCBOT @ Waha

Settlement	High	Low	Change	Volume	
August	1.080	2.120	2.070	—	403
September	2.030	2.045	2.030	—	73
October	2.030	2.040	2.030	—	9
November	2.130	—	—	-0.5	—
December	2.245	—	—	-1.0	—
Jan. 1998	2.290	2.290	—	-1.0	1
February	2.215	—	—	-1.0	—
March	2.090	—	—	-1.0	—
April	1.920	—	—	-1.0	—
May	1.880	—	—	-1.0	—
June	1.880	—	—	-1.0	—
July	1.880	—	—	-1.0	—
August	1.880	—	—	-1.0	—
Volume of contracts (unofficial)				486	
Open interest Wednesday				2,471	
Not all months reported					
Weighted average of a number of trades in the last two					
months of trading. Changes from previous settlement price.					

**OPTIONS
NYMEX @ Henry Hub**

Results for Thursday

Strike	Call-Sells	Call-Buys	Put-Sells	Put-Buys		
2.00	5.2e	19.2e	22.1e	3.7e	5.1e	8.1e
2.05	4.2e	15.2e	19.1e	1.9e	7.0e	10.1e
2.10	3.2e	12.3e	16.4e	3.0e	9.1e	12.3e
2.15	2.3e	9.5e	13.8e	4.8e	12.0e	14.9e
2.20	1.6e	6.2e	11.8e	7.4e	15.0e	17.7e
2.25	1.0e	5.5e	9.9e	10.5e	18.2e	20.7e
2.30	7.0e	5.1e	8.3e	14.5e	21.8e	24.1e
2.35	1.1e	4.0e	7.2e	18.6e	—	27.9e
2.40	2.3e	3.1e	5.7e	23.3e	—	31.4e
Estimated Volume: Calls: 3,737			Puts: 1,515			
Open interest (Wed.)	Cals: 108,265		Puts: 87,282			
Not all strikes and settlement prices listed.						
Implied Volatility for at-the-money strike price						
Call: 39.32% Put: 39.30% Source: Bloomberg						

Weather systems drive market... (from page 1)

up about a nickel.

The futures market rose to \$2.225 during the morning. By the close, however, it lost that gain and settled at \$2.175, up 0.1¢ from the previous settlement.

The out months at NYMEX were showing some weakness, however.

Midcontinent prices moved up about 2¢ early on the strength of over-the-counter trading, then followed weather and the futures market to tack on another 2¢ before winding up the session, a trader said.

"It was a pretty steady climb," he said.

A Midcontinent trader said the day was "wild and crazy," and she added some traders were "freaked out" with talk of the disturbance brewing in the Gulf. But she seemed to think it could be much ado about nothing. "There was some big-time hype out there, but probably all we'll get is some rain," she said.

Compounding the heat's effect on prices, a trader said, was an off-line nuclear plant in Southern California that could take a few days to come back. He also noted demand in the West had erased the differential between western and Gulf Coast prices again. Another trader noted the shift had zapped the Waha-Katy spread again, too.

In the West, a trader's fortunes changed, and for the better. "Today, I heard from lots of buyers looking for deals for a change," he remarked. He reported a three-day deal at the California Border Malin 400 line for \$1.61.

The trader didn't know what was driving the market, but he had some ideas. "I think the hydro market might be off some, and there may be a nuclear power plant down for maintenance that hasn't gone online as scheduled," he speculated.

Another trader in the West said the American Gas Assn.'s storage level report was about where many expected, but he predicted a drop in storage levels next week due to the amount of gas burned to produce electricity this week. "We could be in the high 60s [billion cf] or low 70s, and storage levels for the year could start sliding back to last year's figures," he said.

Prices were slowly sliding off in western Canada, one trader said. "There's just too much gas available in British Columbia," he noted. A Canadian producer-marketer has been staying out of the market "until the supply falls and the price rises."

At AECO, prices were trading on the high side of Wednesday's numbers in the low-to-mid-\$1.50s.

In eastern Canada, prices were up 3-4¢ following the Northeast market area and the Hub contract's early upward movement before flattening out again. **DMB/GL/RS/TH**

Burlington forms mega-independent... (from page 1)

combined company. Shackouls, who had served as Burlington Resources president since 1995, was elected to the position of chairman July 9, succeeding Thomas O'Leary, who retired after serving as chairman since 1997.

"These two companies complement each other," said Paul Ferretti of ABN AMRO Chicago. Burlington is known primarily as an exploiter of domestic oil and gas assets, while LL&E owns some of the primary domestic exploration properties including the offshore Gulf of Mexico, as well as international projects in Algeria, Venezuela and the North Sea.

Ferretti said Burlington has a long-lived reserve base, while LL&E's assets are more short-lived. He added that since the two companies operate mostly in different regions, the proposed merger should present no regulatory concerns about anti-competitive effects.

Bryan Dun, energy money manager of Centennial Associates in New York, said the merger represents a good deal for both companies. "Burlington has been a bit static. They've sat on their natural gas reserves," he said. "This is a signal that they're going to get more dynamic."

For LL&E, the proposed deal will mean an infusion of cash that will allow a more rapid development of its valuable acreage in south Louisiana, Dun said.

Following the merger, Burlington will have domestic gas reserves of 5.9 trillion cf and average daily production of 1.5 billion cf. **JM**

Price notice

The midpoints, Absolute and Common ranges for Tennessee and Texas Gas zone 1, under East Texas - North La. Area, in the Daily Price Survey published Dec. 9 should have been: Tennessee, midpoint, \$2.205; Absolute, \$2.10-28; Common, \$2.16-25; and Texas Gas, midpoint, \$2.275; Absolute, \$2.26-30; Common, \$2.25-29.

FUTURES
NYMEX @ Henry Hub

Results from Tuesday

Settlement	High	Low	Change	Volume	
Jan. 1998	2.528	2.535	2.400	+10.4	25,734
February	2.477	2.460	2.375	-8.4	9,684
March	2.372	2.380	2.300	-8.2	3,395
April	2.250	2.285	2.300	+5.0	1,823
May	2.225	2.210	2.188	-3.0	365
June	2.213	2.210	2.190	-2.0	541
July	2.213	2.210	2.195	-1.8	523
August	2.215	2.225	2.290	+1.9	294
September	2.225	2.226	2.210	+1.5	235
October	2.250	2.280	2.250	+1.3	355
November	2.387	2.385	2.300	-0.9	187
December	2.524	2.524	2.510	+0.5	299
Jan. 1999	2.554	2.555	2.550	+0.5	161
February	2.454	2.458	2.445	+0.5	127
March	2.347	2.355	2.342	-0.5	80
April	2.239	2.250	2.235	+0.8	78
May	2.199	2.210	2.189	-0.5	62
June	2.199	2.205	2.194	+0.3	83
July	2.159	—	—	+0.3	1
August	2.188	2.194	2.194	+0.5	8
September	2.196	2.194	2.194	+0.5	7
October	2.215	—	—	+0.5	—
November	2.337	—	—	+0.3	—
December	2.470	2.470	2.470	—	100
Jan. 2000	2.500	—	—	—	50
February	2.360	—	—	—	—
March	2.290	—	—	—	—
April	2.185	—	—	—	—
May	2.142	—	—	—	—
June	2.105	—	—	—	—
July	2.135	—	—	—	—
August	2.140	—	—	—	—
September	2.145	—	—	—	—
October	2.180	—	—	—	—
November	2.293	—	—	—	—
December	2.450	—	—	—	—

Volume of contracts (unofficial) 43,842
Open Interest Monday 208,292

KCBOT @ Waha

Settlement	High	Low	Change	Volume	
Jan. 1998	2.285	2.300	2.150	+9.5	237
February	2.230	2.240	2.140	-8.0	91
March	2.130	2.070	2.080	-10.0	24
April	2.100	2.100	2.100	+4.0	153
May	2.099	2.080	2.040	-3.5	47
June	2.090	2.080	2.027	-3.3	41
July	2.060	2.060	2.060	-2.3	35
August	2.099	2.070	2.050	+3.1	35
September	2.077	—	—	+3.0	25
October	2.112	—	—	+3.0	25
November	2.122	—	—	+2.0	25
December	2.302	—	—	-2.0	—
Jan. 1999	—	—	—	—	—

Volume of contracts (unofficial) 715
Open Interest Monday 2,535

*Not all months reported
Weighted average of a number of trades in the last two minutes of trading. Change is from previous settlement price.

OPTIONS
NYMEX @ Henry Hub

Results from Tuesday

Strike	Call-Sell	Call-Buy	Put-Sell	Put-Buy		
2.33	—	—	—	—		
2.35	—	25.25	20.55	3.55	14.62	13.75
2.40	15.05	—	13.45	7.05	15.75	—
2.45	—	21.75	16.55	3.35	19.15	—
2.50	13.5	13.05	14.75	11.05	22.55	—
2.55	11.85	17.35	13.35	—	—	—
2.60	9.95	14.55	12.05	—	—	—
2.65	7.75	14.55	10.85	—	—	—
2.70	5.45	13.15	3.75	—	—	—

Estimated Volume: Calls: 5,255 Puts: 4,728
Open Interest (Mon): Calls: 181,580 Puts: 137,549
Not all strike and settlement prices listed.
*Noted Volatility for at-the-money strike price
Calls: 59.31% Puts: 40.69% Source: Bloomberg

to increase the reserve base must be greater than \$2.50 per 1,000 cf.

• More than 70% of the respondents are planning spending increases in both domestic exploration, 72%, and development, 73%, in 1998, compared to 1997.

• Most of the respondents are optimistic about the industry employment outlook, with 90% indicating they expect an increase in employment levels in 1998 and 78% saying they plan to increase employment in their own companies.

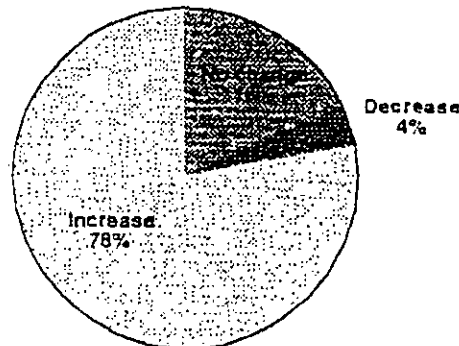
The respondents listed the deepwater Gulf of Mexico, Alaska and the Gulf of Mexico Outer Continental Shelf (OCS) as the top three areas in terms of potential for discoveries of new domestic gas reserves. The medium-to-small independents were slightly more bullish on the prospects for the OCS, rating it second after the deepwater Gulf as the area with most potential.

Burke said the respondents expressed concern over the shortage of skilled workers, both professionals and blue-collar workers. "Companies are going to have to readjust their strategies," he said. Many companies are locking to strategic alliances, mergers and acquisitions as a means of eliminating redundancy within the industry.

The lack of available rigs is also a concern, with 82% of the survey respondents saying they believe there will be a shortage of U.S. offshore rigs, and more than half, 54%, saying they think there will be a shortage of onshore rigs in 1998.

Burke said the majors, which have long-term leasing contracts, are less concerned about rig availability than the independents. While the shortage is most profound offshore, onshore producers often are having to wait six to 12 months for a rig to become available, he said. JM

What will be the level of exploration and production employment for your company in 1998 compared to 1997?



Source: Arthur Andersen

People

After joining Pennzoil in February as executive vice president, former Terneco Energy Chairman Stephen Chesebro' last week was named president and chief operating officer of the company, effective immediately. In the new position, Chesebro', 56, will be responsible for implementing strategy for the company's oil and gas, motor oil and refined production and franchise operations. Pennzoil named Donald Frederick to group vice president, oil and gas. Frederick also will replace Chesebro' as president of Pennzoil Exploration and Production.

Peter Fusaro has joined ABB Financial Consulting as senior vice president of energy consulting. Fusaro specializes in energy price risk management.

Duke Energy subsidiary DukeSolutions has hired Mike Gadd and David Cesio to lead its sales team for California and other Western states.

Pacific Enterprises has hired Neal Schmale as executive vice president and chief financial officer. Schmale will oversee the company's finance and planning department, which includes investor relations, treasury, strategic and financial planning, corporate accounting, corporate auditing and the chief information officer.

Nuevo Energy has elected CEO and President David Foshee to chairman of the board. He replaces J.P. Bryan, who announced his resignation as a director of Nuevo at a board meeting last week.

Carleton MacNeil, has been elected to Coastal's board of directors. MacNeil was a director of Coastal's ANR Pipeline from 1994 to 1996.

James Stephens has been named Providence-Southern's new president. Prior to joining Providence, Stephens was assistant vice president of Reed Consulting Group, an energy advisory company in Burlington, Mass.

MidCon has hired Steven List as director of state regulatory relations. He will serve as MidCon's liaison with various state legislative, executive and regulatory bodies. BP

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Dec 11, 1997
Date

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FERC GAS TARIFF

SECOND REVISED VOLUME NO. 1

(Superseding First Revised Volume No. 1)

of

COLUMBIA GAS TRANSMISSION CORPORATION

FILED WITH

THE FEDERAL ENERGY REGULATORY COMMISSION

Communications concerning this Tariff should be addressed to:

Mr. S. M. Warnick, Vice President
Columbia Gas Transmission Corporation
12801 Fair Lakes Parkway
Post Office Box 10146
Fairfax, VA 22030-0146
Phone (703) 227-3212
Fax (703) 227-3308

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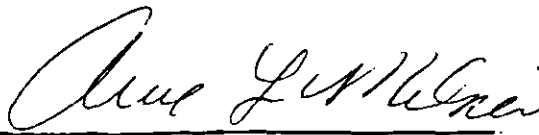
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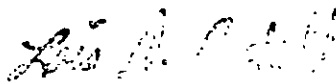
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Currently Effective Rates
 Applicable to Rate Schedule FTS and NTS
 Rate Per Dth

	Base Tariff Rate 1/	Transportation Cost Rate Adjustment		Electric Power Costs Adjustment		Annual Charge Adjustment 2/	General R&D Funding Unit 3/	Total Effective Rate	Daily Rate	
		Current	Surcharge	Current	Surcharge					
Rate Schedule FTS										
Reservation Charge 4/,5/										
Maximum 1	\$ 6.249	0.230	0.011	0.028	-0.004	-	0.260	6.774	0.223	
Maximum 2	\$ 6.249	0.230	0.011	0.028	-0.004	-	0.160	6.674	0.219	
Commodity 5/										
Maximum	¢ 1.04	0.23	0.04	0.13	-0.09	0.22	0.88	2.45	2.45	
Minimum	¢ 1.04	0.23	0.00	0.13	0.00	0.22	0.00	1.62	1.62	
Overrun	¢ 21.58	0.99	0.08	0.22	-0.10	0.22	0.88	23.87	23.87	
Rate Schedule NTS										
Reservation Charge 4/										
Maximum 1	\$ 7.770	0.230	0.011	0.028	-0.004	-	0.260	8.295	0.273	
Maximum 2	\$ 7.770	0.230	0.011	0.028	-0.004	-	0.160	8.195	0.269	
Commodity										
Maximum	¢ 1.04	0.23	0.04	0.13	-0.09	0.22	0.88	2.45	2.45	
Minimum	¢ 1.04	0.23	0.00	0.13	0.00	0.22	0.00	1.62	1.62	
Overrun	¢ 26.59	0.99	0.08	0.22	-0.10	0.22	0.88	28.88	28.88	

- 1/ Excludes Account 858 expenses and Electric Power Costs which are recovered through Columbia's Transportation Costs Rate Adjustment (TCRA) and Electric Power Costs Adjustment (EPCA), respectively. For rates by function, see Sheet No. 30A.
- 2/ ACA assessed where applicable pursuant to Section 154.402 of the Commission's Regulations.
- 3/ GRI assessed where applicable pursuant to Section 154.401 of the Commission's Regulations. The Maximum 1 rate is applicable to shippers with load factors exceeding 50%; Maximum 2 rate is applicable to shippers with load factors equal to or less than 50%.
- 4/ Minimum reservation charge is \$0.00.
- 5/ For service under Rate Schedule FTS provided to assignees under Transporter's former Rate Schedule X-70, previously contained in Transporter's FERC Gas Tariff, Original Volume No. 2, charges shall additionally include an Incremental Surcharge of \$ 1.262 / Dth applicable to the Reservation Charge and 4.27¢ / Dth applicable to the commodity rate.

NOTE: A shipper's acceptance and payment of invoices based on the Settlement rates in Docket No. RP95-408, reflected herein, shall constitute such shipper's agreement to pay the surcharge (subject to refund) if the Settlement is not approved and implemented.

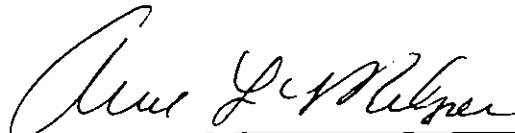
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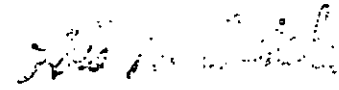
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RETAINAGE PERCENTAGES

Transportation Retainage	2.141%
Gathering Retainage	0.871%
Storage Gas Loss Retainage	0.15%
Processing Retainage	0.67%

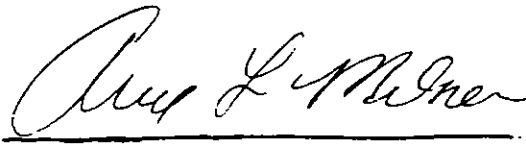
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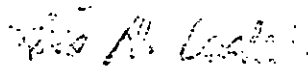
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FERC GAS TARIFF
FIFTH REVISED VOLUME NO. 1
OF
TENNESSEE GAS PIPELINE COMPANY
FILED WITH THE
FEDERAL ENERGY REGULATORY COMMISSION

COMMUNICATIONS CONCERNING THIS TARIFF

SHOULD BE ADDRESSED TO:

STANLEY G. CHAPMAN III
MANAGER OF RATES

TENNESSEE GAS PIPELINE COMPANY
P. O. Box 2511
Houston, Texas 77252-2511
(713) 757-5795 (Phone)
(713) 757-3438 (Fax)

ADDRESS FOR COURIER DELIVERY:

TENNESSEE GAS PIPELINE COMPANY
1010 Milam Street
Houston, Texas 77002

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Dec 11, 1997
Date

Alan J. McGee
Custodian

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Alan A. [Signature]
SECRETARY



RATES PER DEKATHERM										
FIRM TRANSPORTATION RATES RATE SCHEDULE FOR FT-A										
=====										
Base Reservation Rates		DELIVERY ZONE								
-----		RECEIPT ZONE	0	L	1	2	3	4	5	6
-----		-----	-----	-----	-----	-----	-----	-----	-----	-----
	0	\$3.11			\$6.46	\$9.08	\$10.55	\$12.24	\$14.13	\$16.63
	L		\$2.71							
	1	\$6.67			\$4.92	\$7.63	\$9.09	\$10.79	\$12.67	\$15.18
	2	\$9.08			\$7.63	\$2.87	\$4.33	\$6.33	\$7.90	\$10.42
	3	\$10.55			\$9.09	\$4.33	\$2.06	\$6.08	\$7.66	\$10.16
	4	\$12.55			\$11.10	\$6.33	\$6.08	\$2.71	\$3.38	\$5.90
	5	\$14.13			\$12.67	\$7.90	\$7.65	\$3.38	\$2.85	\$4.94
	6	\$16.63			\$15.18	\$10.41	\$10.16	\$5.90	\$4.94	\$3.17
Surcharges		DELIVERY ZONE								
-----		RECEIPT ZONE	0	L	1	2	3	4	5	6
-----		-----	-----	-----	-----	-----	-----	-----	-----	-----
PCB Adjustment: 1\	0	\$0.20			\$0.29	\$0.35	\$0.38	\$0.43	\$0.47	\$0.55
	L		\$0.13							
	1	\$0.29			\$0.25	\$0.31	\$0.35	\$0.40	\$0.44	\$0.51
	2	\$0.35			\$0.31	\$0.19	\$0.23	\$0.28	\$0.32	\$0.39
	3	\$0.38			\$0.35	\$0.23	\$0.17	\$0.27	\$0.31	\$0.39
	4	\$0.43			\$0.40	\$0.28	\$0.27	\$0.19	\$0.20	\$0.28
	5	\$0.47			\$0.44	\$0.32	\$0.31	\$0.20	\$0.19	\$0.25
	6	\$0.55			\$0.51	\$0.39	\$0.39	\$0.28	\$0.25	\$0.21
Firm Settlement Surcharge (Article XXXV): 4\					\$1.63					
Maximum Reservation Rates 2\, 3\		DELIVERY ZONE								
-----		RECEIPT ZONE	0	L	1	2	3	4	5	6
-----		-----	-----	-----	-----	-----	-----	-----	-----	-----
	0	\$4.94			\$8.38	\$11.06	\$12.56	\$14.30	\$16.23	\$18.81
	L		\$4.47							
	1	\$8.59			\$6.80	\$9.57	\$11.07	\$12.82	\$14.74	\$17.32
	2	\$11.06			\$9.57	\$4.69	\$6.19	\$8.24	\$9.85	\$12.44
	3	\$12.56			\$11.07	\$6.19	\$3.86	\$7.98	\$9.60	\$12.18
	4	\$14.61			\$13.13	\$8.24	\$7.98	\$4.53	\$5.21	\$7.81
	5	\$16.23			\$14.74	\$9.85	\$9.59	\$5.21	\$4.67	\$6.82
	6	\$18.81			\$17.32	\$12.43	\$12.18	\$7.81	\$6.82	\$5.01
Minimum Base Reservation Rates		The minimum FT-A Reservation Rate is \$0.00 per Dth								

Notes:										
1\ PCB adjustment surcharge is effective for PCB Adjustment Period of July 1, 1995 - June 30, 2000, subject to extension, revision or termination as required by the Stipulation & Agreement filed on May 15, 1995 and approved by Commission Orders issued November 29, 1995 and February 20, 1996.										
2\ Maximum rates are inclusive of base rates and above surcharges.										
3\ Gas Research Institute Charge (GRI) of \$0.2600 for Firm Transportation with >= 50% Load Factor and \$0.1600 for Firm Transportation with <= 50% Load Factor are not included in the above maximum rates.										
4\ The Firm Settlement Surcharge is from January 1, 1997 - December 31, 1998, as set forth in the Stipulation & Agreement filed on February 28, 1997 and approved by Commission Order issued April 16, 1997.										

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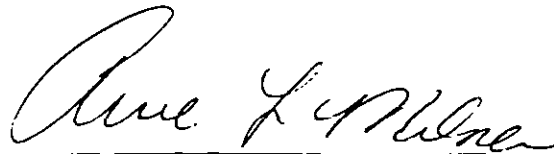
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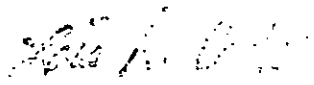
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RATES PER DEKATHERM

COMMODITY RATES
 RATE SCHEDULE FOR FT-A

Base Commodity Rates

RECEIPT ZONE	DELIVERY ZONE							
	0	L	1	2	3	4	5	6
0	\$0.0439		\$0.0669	\$0.0881	\$0.0979	\$0.1119	\$0.1232	\$0.1610
L		\$0.0286						
1	\$0.0669		\$0.0572	\$0.0776	\$0.0874	\$0.1015	\$0.1127	\$0.1505
2	\$0.0881		\$0.0776	\$0.0433	\$0.0530	\$0.0682	\$0.0783	\$0.1161
3	\$0.0979		\$0.0874	\$0.0530	\$0.0366	\$0.0664	\$0.0765	\$0.1143
4	\$0.1130		\$0.1026	\$0.0682	\$0.0664	\$0.0401	\$0.0459	\$0.0835
5	\$0.1232		\$0.1127	\$0.0783	\$0.0765	\$0.0459	\$0.0427	\$0.0766
6	\$0.1610		\$0.1505	\$0.1161	\$0.1143	\$0.0835	\$0.0766	\$0.0643

Minimum Commodity Rates 3/

RECEIPT ZONE	DELIVERY ZONE							
	0	L	1	2	3	4	5	6
0	\$0.0026		\$0.0096	\$0.0161	\$0.0191	\$0.0233	\$0.0268	\$0.0326
L		\$0.0034						
1	\$0.0096		\$0.0067	\$0.0129	\$0.0159	\$0.0202	\$0.0236	\$0.0294
2	\$0.0161		\$0.0129	\$0.0024	\$0.0054	\$0.0100	\$0.0131	\$0.0189
3	\$0.0191		\$0.0159	\$0.0054	\$0.0004	\$0.0095	\$0.0126	\$0.0184
4	\$0.0237		\$0.0205	\$0.0100	\$0.0095	\$0.0015	\$0.0032	\$0.0090
5	\$0.0268		\$0.0236	\$0.0131	\$0.0126	\$0.0032	\$0.0022	\$0.0069
6	\$0.0326		\$0.0294	\$0.0189	\$0.0184	\$0.0090	\$0.0069	\$0.0031

Maximum Commodity Rates 1/, 2/, 3/

RECEIPT ZONE	DELIVERY ZONE							
	0	L	1	2	3	4	5	6
0	\$0.0549		\$0.0779	\$0.0991	\$0.1089	\$0.1229	\$0.1342	\$0.1720
L		\$0.0396						
1	\$0.0779		\$0.0682	\$0.0886	\$0.0984	\$0.1125	\$0.1237	\$0.1615
2	\$0.0991		\$0.0886	\$0.0543	\$0.0640	\$0.0792	\$0.0893	\$0.1271
3	\$0.1089		\$0.0984	\$0.0640	\$0.0476	\$0.0774	\$0.0875	\$0.1253
4	\$0.1240		\$0.1136	\$0.0792	\$0.0774	\$0.0511	\$0.0569	\$0.0945
5	\$0.1342		\$0.1237	\$0.0893	\$0.0875	\$0.0569	\$0.0537	\$0.0876
6	\$0.1720		\$0.1615	\$0.1271	\$0.1253	\$0.0945	\$0.0876	\$0.0753

Notes:

- 1/ The above maximum rates include a per Dth charge for:

(ACA) Annual Charge Adjustment	\$0.0022
(GRI) Gas Research Institute charge	\$0.0088

 GRI will not be assessed if it is currently being paid on another pipeline.

- 2/ The TCSS Surcharge is only applicable to deliveries in the supply area as defined on Sheet No. 390. This surcharge is not included in the Maximum Rates Matrix.

(TCSS) Transition Cost Surcharge - Supply Area	\$0.0225
--	----------

- 3/ The applicable fuel retention percentages are listed on Sheet No. 29, provided that for service rendered solely by displacement, shipper shall render only the quantity of gas associated with losses of .5%.

UNITED STATES OF AMERICA

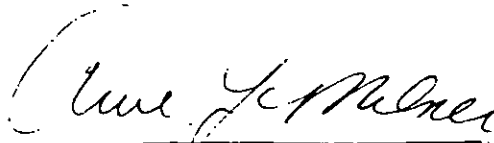
FEDERAL ENERGY REGULATORY COMMISSION

CERTIFICATION

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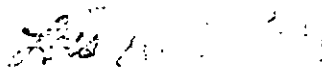
Dec 11, 1997

Date



Custodian

I hereby certify that the Custodian, or his designee, which signature appears above, is the official custodian of the records of the Federal Energy Regulatory Commission which certification is made and was such official custodian at the time of executing the above certification.



SECRETARY

FERC GAS TARIFF
SIXTH REVISED VOLUME NO. 1
(Supersedes Fifth Revised Volume No. 1)
of
TEXAS EASTERN TRANSMISSION CORPORATION
FILED WITH
FEDERAL ENERGY REGULATORY COMMISSION

Communications Concerning This Tariff
Should Be Addressed To:

D. Paul Davis, General Manager
Rates & Regulatory Affairs
Texas Eastern Transmission Corporation

Mailing Address: Post Office Box 1642
Houston, Texas 77251-1642

Street Address: 5400 Westheimer Court
Houston, Texas 77056-5310

Telephone Number: (713) 627-5047

Facsimile Number: (713) 989-1584

UNITED STATES OF AMERICA

FEDERAL ENERGY REGULATORY COMMISSION

CERTIFICATION

I hereby certify that the attached 2 pages are true and correct copies of a document on file with the Commission.

Dec 11, 1997
Date

Paul J. McNeil
Custodian

I hereby certify that the Custodian, or his designee, whose signature appears above, is the official custodian of the records of the Federal Energy Regulatory Commission which certification is made and was such official custodian at the time of executing the above certification.

Wesley A. Giddens

SECRETARY



CURRENTLY EFFECTIVE SERVICE RATES APPLICABLE TO OPEN ACCESS, PART 284, RATE SCHEDULES IN FERC GAS TARIFF, SIXTH REVISED VOLUME NO. 1

FT-1
 RESERVATION
 CHARGES

Pursuant to Sections 3.2, 3.3, and 3.5 of Rate Schedule FT-1:

ACCESS AREA	FT-1 RESERVATION CHARGE*		FT-1 RESERVATION CHARGE ADJUSTMENT	
	MAXIMUM	MINIMUM	MAXIMUM	MINIMUM
STX-AAB	6.9580	0.0000	0.2288	0.0000
WLA-AAB	2.7220	0.0000	0.0895	0.0000
ELA-AAB	2.2340	0.0000	0.0734	0.0000
ETX-AAB	2.0410	0.0000	0.0671	0.0000
STX-STX	6.9630	0.0000	0.2289	0.0000
STX-WLA	7.0140	0.0000	0.2306	0.0000
STX-ELA	8.0120	0.0000	0.2634	0.0000
STX-ETX	8.0120	0.0000	0.2634	0.0000
WLA-WLA	2.9220	0.0000	0.0961	0.0000
WLA-ELA	3.7760	0.0000	0.1241	0.0000
WLA-ETX	3.7760	0.0000	0.1241	0.0000
ELA-ELA	3.4090	0.0000	0.1121	0.0000
ETX-ETX	3.2160	0.0000	0.1057	0.0000
ETX-ELA	3.2880	0.0000	0.1081	0.0000
MARKET AREA	MAXIMUM	MINIMUM	MAXIMUM	MINIMUM
M1-M1	5.6530	0.0000	0.1859	0.0000
M1-M2	9.7340	0.0000	0.3200	0.0000
M1-M3	12.5200	0.0000	0.4116	0.0000
M2-M2	7.7260	0.0000	0.2540	0.0000
M2-M3	10.5120	0.0000	0.3456	0.0000
M3-M3	6.4290	0.0000	0.2114	0.0000

* Reservation Charge reflects a storage surcharge of: 0.0970

GRI DEMAND SURCHARGE TO APPLICABLE CUSTOMERS, PURSUANT TO SECTION 15.4 OF THE GENERAL TERMS AND CONDITIONS.	ALL ZONES	
	MAXIMUM	MINIMUM
HIGH LOAD FACTOR:	0.2600	0.0000
LOW LOAD FACTOR:	0.1600	0.0000

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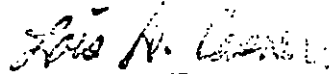
Dec 11, 1997

Date



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SECRETARY



CURRENTLY EFFECTIVE SERVICE RATES APPLICABLE TO OPEN ACCESS, PART 284, RATE SCHEDULES IN FERC GAS TARIFF, SIXTH REVISED VOLUME NO. 1

FT-1
 USAGE
 CHARGES

ZONE RATE
 \$/dth

Pursuant to Sections 3.2 and 3.3 of Rate Schedule FT-1:

	STX	WLA	ELA	ETX	M1	M2	M3
USAGE-1 - MAXIMUM							
from STX	0.0248	0.0274	0.0399	0.0399	0.0923	0.1266	0.1500
from WLA		0.0165	0.0293	0.0293	0.0818	0.1160	0.1394
from ELA			0.0244	0.0244	0.0769	0.1111	0.1345
from ETX				0.0244	0.0769	0.1111	0.1345
from M1					0.0525	0.0867	0.1102
from M2						0.0701	0.0933
from M3							0.0592
USAGE-1 - MINIMUM							
from STX	0.0126	0.0152	0.0276	0.0276	0.0438	0.0781	0.1015
from WLA		0.0043	0.0170	0.0170	0.0333	0.0675	0.0909
from ELA			0.0121	0.0121	0.0284	0.0626	0.0860
from ETX				0.0121	0.0284	0.0626	0.0860
from M1					0.0163	0.0505	0.0740
from M2						0.0339	0.0571
from M3							0.0230
USAGE-1 - BACKHAUL MAXIMUM							
from STX	0.0168						
from WLA	0.0176	0.0139					
from ELA	0.0220	0.0183	0.0167				
from ETX	0.0220	0.0183	0.0167	0.0167			
from M1	0.0674	0.0637	0.0621	0.0621	0.0454		
from M2	0.0865	0.0828	0.0812	0.0812	0.0645	0.0552	
from M3	0.0995	0.0958	0.0942	0.0942	0.0775	0.0682	0.0492
USAGE-1 - BACKHAUL MINIMUM							
from STX	0.0046						
from WLA	0.0054	0.0017					
from ELA	0.0097	0.0060	0.0044				
from ETX	0.0097	0.0060	0.0044	0.0044			
from M1	0.0189	0.0152	0.0136	0.0136	0.0092		
from M2	0.0380	0.0343	0.0327	0.0327	0.0283	0.0190	
from M3	0.0510	0.0473	0.0457	0.0457	0.0413	0.0320	0.0130
USAGE-2	0.1709	0.1709	0.1709	0.1709	0.3746	0.5430	0.6581

ALL ZONES
 \$/dth

ACA COMMODITY SURCHARGE TO APPLICABLE CUSTOMERS, PURSUANT TO SECTION 15.5 OF THE GENERAL TERMS AND CONDITIONS.

0.0022

GRI COMMODITY SURCHARGE TO APPLICABLE CUSTOMERS, PURSUANT TO SECTION 15.4 OF THE GENERAL TERMS AND CONDITIONS.

MAXIMUM MINIMUM
 0.0088 0.0000

UNITED STATES OF AMERICA

FEDERAL ENERGY REGULATORY COMMISSION

CERTIFICATION

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Dec 11, 1997
Date

Paul J. Milner
Custodian

I hereby certify that the Custodian, or his designee, which signature appears above, is the official custodian of the records of the Federal Energy Regulatory Commission which certification is made and was such official custodian at the time of executing the above certification.

[Signature]
SECRETARY

FERC GAS TARIFF
THIRD REVISED VOLUME NO. 1
(SUPERSEDING SECOND REVISED VOLUME NO. 1)
OF
TRANSCONTINENTAL GAS PIPE LINE CORPORATION
FILED WITH THE
FEDERAL ENERGY REGULATORY COMMISSION

Communications Concerning This Tariff Should Be Addressed To:

Scott C. Turkington, Director of Rates
Transcontinental Gas Pipe Line Corporation

MAILING ADDRESS: P. O. Box 1396
Houston, Texas 77251-1396
STREET ADDRESS: 2800 Post Oak Boulevard
Houston, Texas 77056
TELEPHONE NUMBER: (713) 215-3391
FACSIMILE NUMBER: (713) 215-3483

Issued By: Frank J. Ferazzi, Vice President
Issued on: November 25th, 1996
Issued to comply with order of the Federal Energy Regulatory Commission,
Docket No. RM95-3-000, dated September 28th, 1995 72 FERC ¶ 61,300 (1995)

Effective: December 31st, 1996

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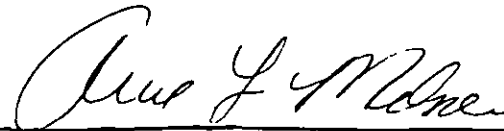
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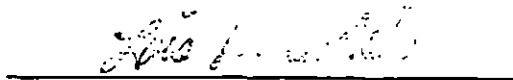
Dec 11, 1997

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SECRETARY



FIRM TRANSPORTATION SERVICE RATES
 APPLICABLE TO TRANSPORTATION RENDERED PURSUANT TO
 RATE SCHEDULE FT AND PART 284 OF THE
 REGULATIONS OF THE FERC

Reservation Rate per Dt (excluding GRI surcharge)(4)

	Zone	Fixed Cost Unit Rate	Variable Cost Unit Rate	Base Rate (1)	Electric Power Unit Rate	TBO Unit Rate	Maximum Rate (2)	Minimum Rate (3)
Volumetric Component:		\$ 1.9494	-	\$ 1.9494	-	\$ 0.0058	\$ 1.9552	\$ 0.0058
Zone Based Component:	1	\$ 0.5746	-	\$ 0.5746	\$ 0.0050	-	\$ 0.5796	\$ 0.0050
	2	\$ 0.7229	-	\$ 0.7229	\$ 0.0057	-	\$ 0.7286	\$ 0.0057
	3	\$ 1.0710	-	\$ 1.0710	\$ 0.0082	-	\$ 1.0792	\$ 0.0082
	4	\$ 3.9175	-	\$ 3.9175	\$ 0.0278	-	\$ 3.9453	\$ 0.0278
	4A	\$ 0.9514	-	\$ 0.9514	\$ 0.0071	-	\$ 0.9585	\$ 0.0071
	5	\$ 2.8952	-	\$ 2.8952	\$ 0.0201	-	\$ 2.9153	\$ 0.0201
	6	\$ 1.6142	-	\$ 1.6142	\$ 0.0117	-	\$ 1.6259	\$ 0.0117

The firm transportation reservation rate shall be the volumetric rate component plus the zone based rate component. The zone based rate component shall be determined by summing the rates for each zone in which capacity is reserved on Buyer's primary path.

Commodity Rate per Dt (excluding surcharges) (4)(5)(6)

	Zone	Fixed Cost Unit Rate	Variable Cost Unit Rate	Base Rate (1)	Electric Power Unit Rate	Maximum Rate (2)	Minimum Rate (3)
Volumetric Component:		0.00¢	0.04¢	0.04¢	-	0.04¢	0.04¢
Zone Based Component:	1	-	0.12¢	0.12¢	0.07¢	0.19¢	0.19¢
	2	-	0.19¢	0.19¢	0.09¢	0.28¢	0.28¢
	3	-	0.17¢	0.17¢	0.08¢	0.25¢	0.25¢
	4	-	0.79¢	0.79¢	0.35¢	1.14¢	1.14¢
	4A	-	0.20¢	0.20¢	0.09¢	0.29¢	0.29¢
	5	-	0.63¢	0.63¢	0.27¢	0.90¢	0.90¢
	6	-	0.32¢	0.32¢	0.16¢	0.48¢	0.48¢

The firm transportation commodity rate shall consist of a volumetric rate component plus a zone based rate component. The zone based rate component shall be determined by summing the rates from the zone in which service commences to the zone in which service terminates, whether upstream or downstream, and any intermediate zone(s) traversed on Buyer's primary or reverse path.

Gathering Charges

The above charges shall be increased, when applicable, by a maximum of 46.27¢ per dt and a minimum of 0.00¢ per dt for quantities transported through the Tilden Processing Plant and by a maximum of 11.00¢ per dt and a minimum of 0.00¢ per dt for quantities transported through all other gathering facilities.

- Notes: (1) The cost based rate exclusive of the Electric Power unit rate, the TBO unit rate and all surcharges.
 (2) The sum of the Base Rate and the Electric Power unit rate plus the TBO unit rate.
 (3) The variable cost unit rate plus the Electric Power unit rate plus the TBO unit rate.

UNITED STATES OF AMERICA

FEDERAL ENERGY REGULATORY COMMISSION

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Dec 11, 1997
Date

Paul J. Milner
Custodian

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John J. ...
SECRETARY



FIRM TRANSPORTATION SERVICE RATES
APPLICABLE TO TRANSPORTATION RENDERED PURSUANT TO
RATE SCHEDULE FT AND PART 284 OF THE
REGULATIONS OF THE FERC
(CONTINUED)

Notes: (4) Pursuant to Section 24 of the General Terms and Conditions, the above charges shall be increased to include the following GRI charge, if applicable, by customer class at the point of delivery as listed on Sheet Nos. 60A, 60B and 60C of this tariff.

	Reservation	Commodity
	-----	-----
Small Customer		2.00 ¢
High Load Factor (> 50%)	\$ 0.260	0.88 ¢
Low Load Factor (≤ 50%)	\$ 0.160	0.88 ¢

- (5) Pursuant to Section 27 of the General Terms and Conditions, the above charges shall be increased to include the ACA unit rate of 0.22¢, if applicable.
- (6) Pursuant to Section 39 of the General Terms and Conditions, the above charges shall be increased to include the GPS unit rate of 0.10¢, if applicable.