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# FEDERAL ENERGY REGULATORY COMMISSION

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## NEWS RELEASE

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### FOR IMMEDIATE RELEASE

November 13, 2003  
Docket Nos. RP00-241-000; 006  
& 008; RP00-336-021; CP03-1-  
001

### FERC APPROVES SETTLEMENT OF CALIFORNIA PUC COMPLAINT INVOLVING EL PASO CORPORATION PIPELINE CAPACITY

The Federal Energy Regulatory Commission today accepted a settlement, subject to modification, between the California Public Utilities Commission and business units of El Paso Corporation resolving a complaint alleging withholding of natural gas pipeline capacity into California.

While the Commission accepted the overall settlement as proposed, it rejected as unduly discriminatory a proposal for dual primary firm delivery points and directed the parties to modify the agreement accordingly. The Commission also declined to sever from the settlement agreement other parties in the proceeding who contested the proposed settlement, finding the issues affecting those contesting parties were "so interrelated" with those of the settling parties "as to make severance of parties or issues inappropriate."

The agreement calls for El Paso Corporation and its subsidiaries to pay approximately \$1.6 billion, through a variety of mechanisms, to resolve the California PUC's complaint alleging the company withheld supplies of natural gas into California, affecting prices for gas and electricity during the state's energy crisis in 2000 and 2001.

El Paso does not admit the alleged violations in agreeing to the settlement.

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The agreement “is in the public interest because it resolves a lengthy and heavily contested proceeding in a manner that is consistent with the Commission’s policies,” FERC said in its order accepting the settlement agreement. “In resolving the complaint proceeding (the Commission) provides finality, allows customers to receive financial relief, and at the same time preserves the rights of (shippers east of California) and California customers. The certainty achieved by the Settlement also permits parties to make long-term plans regarding their capacity and natural gas needs.”

In separate decisions, the Commission today approved an uncontested settlement of issues relating to procedures for use of El Paso’s reserve capacity pool, established by the Commission’s July 9, 2003, rehearing order in the proceeding involving reallocation of pipeline capacity on El Paso’s system east of the California border (RP00-336). FERC also denied rehearing, while providing clarification, of an order involving El Paso’s “Power-Up Project” to install additional compression facilities on the company’s pipeline system into California (CP03-1).

FERC reviewed the settlement of the capacity withholding complaint to assure its provisions were in concert with the capacity allocation proceeding.