

**El Paso Natural Gas Company**  
**Value of Capacity Used to Meet FR Shippers Needs**

Line No.	Particulars (a)	Amount (b)
1	Block Capacity	\$ 176,489,855
2	September 2002 thru December 31, 2005	
3	Line 2000 Conversion and Power up Capacity 1/	96,755,415
4	July 1, 2004 thru December 31, 2005	
5	FR Capacity Pool	20,984,523
6	September 2003 thru December 31, 2005	
7	Total	<u>\$ 294,229,793</u>

Notes:

- 1/ Conversion and Power up capacity valued from date the entire project was placed in service. Actual costs pre-date this quantification.

**El Paso Natural Gas Company**  
**Value of Block Capacity**

<b>Line No.</b>	<b>Particulars</b>	<b>Dth/d 4/7/2003 Allocation Report</b>	<b>Sept - Dec</b>	<b>Jan - Aug Effective 1/1/03 RP03-111</b>	<b>Sept - Dec</b>	<b>CY 2004 RP04-73</b>	<b>CY 2005 RP05-97</b>
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
	CA Res Rate		\$9.20248	\$9.29450	\$9.29450	\$9.38745	\$9.49521
1	Block I	6,598					
2	Block II	454,122					
3	Block III	10,000					
		<u>470,720</u>					
4	Block I		\$242,885	\$490,627	\$245,313	\$743,300	\$751,833
5	Block II		16,716,194	33,766,694	16,883,347	51,156,568	51,743,802
6	Block III		368,093	743,547	371,773	1,126,474	1,139,405
7			<u>\$17,327,171</u>	<u>\$35,000,868</u>	<u>\$17,500,434</u>	<u>\$53,026,343</u>	<u>\$53,635,040</u>
8	Annual Total		<u>\$17,327,171</u>		<u>\$52,501,301</u>	<u>\$53,026,343</u>	<u>\$53,635,040</u>
9	Total Revenue Foregone						<u>\$176,489,855</u>

**El Paso Natural Gas Company**  
**Value of Line 2000 and Line 2000 Power-up Costs Not Recovered**

Line No.	Particulars (a)	In-Service Date (b)	Capacity (Mcf/day) ©	Investment (d)	Unit rate Equiv. (e)
1	<b>Capacity:</b>				
2	Line 2000 Conversion Project	13-Nov-02	<u>230,000</u>	<u>\$ 189,100,767</u>	
3	Line 2000 Power-up Project				
4	Phase 1	27-Feb-04	120,000	\$ 64,716,404	
5	Phase 2	30-Apr-04	100,000	\$ 37,853,732	
6	Phase 3	11-Jun-04	<u>100,000</u>	<u>\$ 30,552,880</u>	
7					
8		Total Power-up	<u>320,000</u>	<u>\$ 133,123,016</u>	
9	<b>Total Line 2000 Capacity and Investment:</b>		<u><b>550,000</b></u>	<u><b>\$ 322,223,783</b></u>	
10	<b>Dth/d Capacity Equivalent</b>				
11	- Assumes a 1.023 Conversion factor:		<u><b>562,650</b></u>		
12	<b>Rate:</b>				
13	Cost of Service Rate -				
14		Investment x Simplified Cost of Service ("COS") Factor			
15		\$ 322,223,783	x 20%	= Annual COS of \$	<b>64,444,757</b>
16				Billing Determinant	<u><b>562,650 Dth/day</b></u>
17				Daily Unit Rate	<u><b>0.3138</b></u>
18	<b>Cost:</b>	1-Jul-04 *	1-Jan-05		
19		31-Dec-04	31-Dec-05	<b>Total</b>	
20	Line 2000 Conversion	\$ 13,511,730	\$ 26,949,625	\$	<b>40,461,355</b>
21	Line 2000 Power-up	\$ 18,798,929	\$ 37,495,131	\$	<b>56,294,060</b>
22					
23	<b>Total</b>	<u><b>\$ 32,310,659</b></u>	<u><b>\$ 64,444,757</b></u>	<u><b>\$ 96,755,415</b></u>	

24 \* Assumes an in-service date of July 1, 2004.

**El Paso Natural Gas Company**  
**Value of Lost Revenue From FR Capacity Pool**

Line No.	Release Agmt.	Releasing Shipper	Delv Zone	2003 Max Tariff	2004 Max Tariff	2005 Max Tariff	Term Begin	Term End	# of Months in Term	Quantity MMBtu/d	Lost Reservation Revenue	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	
1	Permanent Turnback to EPNG Effective 9-1-2003											
2	9MCX	Allegheny Energy Supply Company, LLC	CA	11.04035	9.38745	9.49521	9/1/2003	12/31/2003	4	11,418	\$ 504,235	
3	9MDM	Allegheny Energy Supply Company, LLC	CA	11.04035	9.38745	9.49521	9/1/2003	12/31/2003	4	11,418	\$ 504,235	
4	9MD4	Duke Energy Trading and Marketing,	CA	11.04035	9.38745	9.49521	9/1/2003	12/31/2003	4	40,402	\$ 1,784,209	
5										Total 2003	\$ 2,792,679	
6	9MCX	Allegheny Energy Supply Company, LLC	CA	11.04035	9.38745	9.49521	1/1/2004	12/31/2004	12	11,418	\$ 1,286,231	
7	9MDM	Allegheny Energy Supply Company, LLC	CA	11.04035	9.38745	9.49521	1/1/2004	12/31/2004	12	11,418	\$ 1,286,231	
8	9MD4	Duke Energy Trading and Marketing,	CA	11.04035	9.38745	9.49521	1/1/2004	12/31/2004	12	40,402	\$ 4,551,261	
9										Total 2004	\$ 7,123,723	
10	9MDM	Allegheny Energy Supply Company, LLC	CA	11.04035	9.38745	9.49521	1/1/2005	12/31/2005	12	11,418	\$ 1,300,996	
11	9MCX	Allegheny Energy Supply Company, LLC	CA	11.04035	9.38745	9.49521	1/1/2005	12/31/2005	12	11,418	\$ 1,300,996	
12	9MD4	Duke Energy Trading and Marketing,	CA	11.04035	9.38745	9.49521	1/1/2005	12/31/2005	12	40,402	\$ 4,603,506	
13										Total 2005	\$ 7,205,497	
14										Lost Reservation Revenue due to Permanent Turnback 2003 - 2005		\$ 17,121,898
15	Temporary Releases to EPNG Effective 9-1-2003											
16	9LY5	Reliant Energy Services, Inc.	CA	9.3135	9.38745	9.49521	9/1/2003	9/30/2003	1	29,245	\$ 272,373	
17	9MCU	PG&E Energy Trading-Gas Corp.	CA	11.04035	9.38745	9.49521	9/1/2003	12/31/2003	4	22,060	\$ 974,200	
18	9LY5	Reliant Energy Services, Inc.	CA	9.3135	9.38745	9.49521	10/1/2003	10/31/2003	1	30,069	\$ 280,048	
19	9LY5	Reliant Energy Services, Inc.	CA	9.3135	9.38745	9.49521	11/1/2003	11/30/2003	1	30,894	\$ 287,731	
20	9LY5	Reliant Energy Services, Inc.	CA	9.3135	9.38745	9.49521	12/1/2003	12/31/2003	1	31,674	\$ 294,996	
21										Total 2003	\$ 2,109,348	
22	9LY5	Reliant Energy Services, Inc.	CA	9.3135	9.38745	9.49521	1/1/2004	1/31/2004	1	31,778	\$ 298,314	
23	9MCU	PG&E Energy Trading-Gas Corp.	CA	11.04035	9.38745	9.49521	1/1/2004	2/29/2004	2	22,060	\$ 414,174	
24	9LY5	Reliant Energy Services, Inc.	CA	9.3135	9.38745	9.49521	2/1/2004	2/29/2004	1	31,512	\$ 295,817	
25	9LY5	Reliant Energy Services, Inc.	CA	9.3135	9.38745	9.49521	3/1/2004	3/31/2004	1	30,834	\$ 289,453	
26	9LY5	Reliant Energy Services, Inc.	CA	9.3135	9.38745	9.49521	4/1/2004	4/30/2004	1	29,924	\$ 280,910	
27	9LY5	Reliant Energy Services, Inc.	CA	9.3135	9.38745	9.49521	5/1/2004	5/31/2004	1	28,961	\$ 271,870	
28	9LY5	Reliant Energy Services, Inc.	CA	9.3135	9.38745	9.49521	6/1/2004	6/30/2004	1	28,376	\$ 266,378	
29										Total 2004	\$ 2,116,917	
30										Lost Reservation Revenue due to Temporary Turnback		\$ 4,226,265
31										Revenue from Temporary Releases		\$363,641
32										Total Lost Reservation Revenue due to Permanent and Temporary Turnback		\$ 20,984,523