

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

<u>Line No.</u>	<u>Particulars</u>	<u>Amount</u>
	(a)	(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**

<u>Line No.</u>	<u>Particulars</u>	<u>Dth/d 4/7/2003 Allocation Report</u>	<u>Sept - Dec</u>	<u>Jan - Aug Effective 1/1/03 RP03-111</u>	<u>Sept - Dec</u>	<u>CY 2004 RP04-73</u>	<u>CY 2005 RP05-97</u>
	(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.	<u>Particulars</u> (a)	<u>In-Service Date</u> (b)	<u>Capacity (Mcf/day)</u> ©	<u>Investment</u> (d)	<u>Unit rate Eqiv.</u> (e)
1	Capacity:				
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	Total Line 2000 Capacity and Investment:		<u><u>550,000</u></u>	<u><u>\$ 322,223,783</u></u>	
10	Dth/d Capacity Equivalent				
11	- Assumes a 1.023 Conversion factor:		<u><u>562,650</u></u>		
12	Rate:				
13	Cost of Service Rate -				
14			Investment x Simplified Cost of Service ("COS") Factor		
15			\$ 322,223,783 x 20%	= Annual COS of \$ 64,444,757	
16				Billing Determinant <u>562,650 Dth/day</u>	
17				Daily Unit Rate <u><u>0.3138</u></u>	
18	Cost:	1-Jul-04 *	1-Jan-05		
19		<u>31-Dec-04</u>	<u>31-Dec-05</u>	Total	
20	Line 2000 Conversion	<u>\$ 13,511,730</u>	<u>\$ 26,949,625</u>	<u>\$ 40,461,355</u>	
21	Line 2000 Power-up	<u>\$ 18,798,929</u>	<u>\$ 37,495,131</u>	<u>\$ 56,294,060</u>	
22					
23	Total	<u><u>\$ 32,310,659</u></u>	<u><u>\$ 64,444,757</u></u>	<u><u>\$ 96,755,415</u></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	<u>\$ 2,792,679</u>
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	<u>\$ 7,123,723</u>
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	<u>\$ 7,205,497</u>
14										Lost Reservation Revenue due to Permanent Turnback 2003 - 2005	<u>\$ 17,121,898</u>
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	<u>\$ 2,109,348</u>
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	<u>\$ 2,116,917</u>
30										Lost Reservation Revenue due to Temporary Turnback	<u>\$ 4,226,265</u>
31										Revenue from Temporary Releases	<u>\$363,641</u>
32										Total Lost Reservation Revenue due to Permanent and Temporary Turnback	<u>\$ 20,984,523</u>