
FEDERAL ENERGY REGULATORY COMMISSION

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NEWS RELEASE

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FOR IMMEDIATE RELEASE

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Docket No. RP00-336-006, et. al.

COMMISSION SAFEGUARDS, ENHANCES NATURAL GAS SERVICE TO THE WEST IN EL PASO PIPELINE CASES

The Federal Energy Regulatory Commission today took action to restore reliable firm service on the El Paso Natural Gas Pipeline system and to put in place proper economic incentives to encourage the development of additional infrastructure to the benefit of all gas users in the Southwestern United States.

In separate orders, the Commission affirmed its prior holding that full requirements (FR) contracts on El Paso, which contain no limit on the amount of gas a shipper may take, must be converted to contract demand (CD) contracts that contain specified quantity limitations, effective September 1, 2003.

In the second decision, the Commission accepted El Paso's report detailing the results of the conversion and capacity reallocation as well as tariff sheets to implement the conversion and reallocation.

In previous orders, the Commission required El Paso to change its pipeline capacity allocation because customers complained that El Paso was not meeting all of its firm service obligations. El Paso was directed to reallocate capacity to its full requirements customers based on the customer's monthly demand over a one-year period that ended August 31, 2002.

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In today's rehearing order, the Commission generally denied requests for rehearing of its May 31, 2002, and its September 20, 2002 orders while completing the assignment of CD rights to most firm shippers on El Paso's system. The CD levels assigned to customers in El Paso's Arizona, New Mexico and Texas markets will meet their current usage needs.

Upon full implementation of the Commission's required modifications to El Paso's prior rate settlements, its tariff and its FR contracts, firm service will be restored on El Paso's system.

A portion of the capacity allocated to the converting FR shippers will be constructed under a certificate issued by the Commission in April authorizing the construction of the Power-Up Project (Docket No. CP03-1-000). Until the Power-Up project is operational, it is necessary for El Paso to reserve additional replacement capacity for the converting FR shippers.

Specific receipt point rights are also assigned to all firm customers so as to end routine pro rata service allocations that made firm service on El Paso's pipeline unreliable.