

**EL PASO TRANSMISSION PROVIDERS’
WRITTEN PROCEDURES IMPLEMENTING THE STANDARDS OF
CONDUCT IN ACCORDANCE WITH ORDER 717
EFFECTIVE March 1, 2010**

I. INTRODUCTION AND GENERAL STATEMENT OF COMPLIANCE

On October 16, 2008, the Federal Energy Regulatory Commission issued Order 717, revising the Standards of Conduct regulations that govern the relationship between natural gas Transmission Providers and their Marketing Affiliates. The revised Standards of Conduct apply to any interstate natural gas pipeline that conducts transportation transactions with its marketing affiliate. El Paso Corporation’s (“El Paso”) Transmission Providers are divided into three Pipeline Groups: (1) The Eastern Pipeline Group is comprised of Tennessee Gas Pipeline Company (“TGP”); (2) The Western Pipeline Group is comprised of Cheyenne Plains Gas Pipeline Company, Colorado Interstate Gas Company, El Paso Natural Gas Company, Mojave Pipeline Company, Young Gas Storage, Ltd., and Wyoming Interstate Company L.L.P.; (3) The Southern Pipeline Group is comprised of Southern LNG Company, L.L.C. (Elba Island), Southern Natural Gas Company (“SNG”), Elba Express Company, L.L.C. and Bear Creek Storage Company, L.L.C. The aforementioned are all “Transmission Providers” as defined in Section 358.3(k)(2) of the Standards of Conduct.

The Standards of Conduct regulations Section 358.7(d) require that Transmission Providers post their current Written Procedures implementing the Standards of Conduct on their Internet websites. These Written Procedures reflect El Paso’s ongoing commitment to comply fully with the letter and spirit of the Standards of Conduct. El Paso reserves the right to amend, interpret or construe these procedures, and their application, in accordance with developments in regulatory or industry guidance, practices or requirements. El Paso has implemented policies and procedures that meet the independent functioning, non-discrimination, no conduit, and transparency requirements specified in the Standards of Conduct as applied to El Paso’s Marketing Affiliates. Unless the context requires otherwise, capitalized terms used herein shall be defined as specified in Section 358.3 of the Standards of Conduct.

II. INDEPENDENT FUNCTIONING

Pursuant to Section 358.5 Independent Functioning Rule, El Paso's Transmission Function Employees function independently from its Marketing Function Employees. Transmission Function Employees are the El Paso Transmission Providers' employees who are actively and personally engaged in day-to-day transmission system operations. Marketing Function Employees are the El Paso employees who are actively and personally engaged in day-to-day sale for resale in interstate commerce, or the submission of offers to sell in interstate commerce, natural gas. El Paso's Transmission Providers do not permit affiliated Marketing Function Employees to conduct transmission functions. Nor are affiliated Marketing Function Employees permitted to have access to system control centers, office space or computer systems used for transmission operation that differs in any way from the access available to other transmission customers. Please see below for a description of the areas of restricted access.

- 1. BUILDINGS IN WHICH BOTH TRANSMISSION FUNCTION EMPLOYEES AND MARKETING FUNCTION EMPLOYEES HAVE OFFICES¹** The issue of the security of Transmission Function Information arises most prominently in cases in which both Marketing Function Employees and Transmission Function Employees are housed in the same building. As described below, El Paso has appropriate measures in place to ensure that Transmission Function Information and customer information are secure. El Paso Corporation is headquartered at 1001 Louisiana, Houston, Texas 77002. (El Paso Corporation is a holding company. This building houses the corporation and many of its subsidiaries, including Tennessee Gas Pipeline Company.) A small number of Marketing Function Employees have offices in this building.
- 2. PHYSICAL ACCESS TO TRANSMISSION HEADQUARTERS**

¹ Other than the Houston headquarters which houses corporate services departments, none of the transmission providers share any buildings with marketing function employees.

Only those El Paso employees with employee identification cards may access the headquarters buildings. Marketing Function Employees' identification cards are color coded to denote that the employee is a Marketing Function Employee. The employee identification cards control employees' access to specific floors. A person holding a Marketing Function Employee identification card cannot access the office space of a pipeline floor. El Paso Corporation also occupies two floors at 1010 Travis Place. Corporate service personnel and Marketing Function Employees have offices in this building. Generally, the corporate service employees do not have access to Transmission Function Information, but all have been trained to ensure that any such information they may have is not accessible to Marketing Function Employees.

3. CONTROL CENTERS

Each of the pipelines has a gas control center. All gas control centers have security in place to ensure that access is limited to pipeline personnel with need for such access.

The Western Pipeline's gas control room is located on the second floor of the Western Pipelines' headquarters building in Colorado Springs. Security guards on the first floor of the headquarters control general access to the building twenty-four hours a day, seven days a week to ensure that only authorized persons enter the El Paso offices. Moreover, the Director of Gas Control approves individual access to the gas control area. Access to the Gas Control room is limited to those with key cards or visitors who are escorted by authorized personnel. Only those approved by the Director of Gas Control have card key access.

The Eastern Pipelines gas control is located in the El Paso Building in downtown Houston. To access gas control, an individual is required to have card key access necessary to gain access to pipeline floors and an additional level of card key access to enter the Gas Control Room. The Director of Planning and Gas Control approves individual card key access to the gas control area. TGP also maintains a small Gas Control room in a building northwest of Houston. Only a limited number of pipeline employees have access to the facility.

The Southern Natural Gas Control Room is located on the sixth floor of Southern Natural Gas' headquarters building in Birmingham. To access the gas control room, an individual employee is required not only to have card access to enter the floor, but must also have additional card access specifically approved to gain admission to the control room. The SNG Vice President of Commercial Operations is responsible for approving this access to the SNG control room.

4. COMPUTER SYSTEMS

All access to Transmission Function Information stored electronically is strictly controlled so that the Transmission Providers may comply with the Standards of Conduct. These controls were implemented as part of compliance with Order No. 2004, the predecessor to Order No. 717. Order No. 717 narrows the scope of information falling within the definition of Transmission Function Information and narrows the class of employees that may not access Transmission Function Information. Therefore, the Order No. 2004 computer system controls that were put in place under Order No. 2004 continue to ensure compliance with the new Order No. 717 information access prohibitions. El Paso will be reviewing possible modifications to the computer system controls to reflect the narrower focus of the new regulations, however, no changes have been made as of the effective date of these Written Procedures.

El Paso has a computer center that manages and controls the server network shared across the corporation. Software to run and protect the network is licensed to the corporation. Corporate licenses are also held for various packages of office management, application development, database management and system security software. (The referenced software includes PeopleSoft financial

accounting software.) While corporate licenses for these types of software may be shared across the corporation, databases/data files are not shared between the Transmission Function Employees and Marketing Function Employees.

El Paso is organized such that it has two main business units, the regulated business unit and the non-regulated business. The regulated business unit consists of the Transmission Providers and related businesses. The non-regulated business unit consists of non-pipeline affiliates of the Transmission Providers some of which employ Marketing Function Employees as set forth in the Transmission Providers' Informational Postings. El Paso's data shares (*i.e.*, grouping of common files) continue to be divided at the highest level into three major categories of data: regulated, non-regulated, and corporate. Marketing Function Employees are all employed by our non-regulated businesses. Employee's access to the data shares is granted based upon the employee's company affiliation. For example, a Transmission Provider employee would receive access to regulated data, as appropriate. Access to the various directories and files included within each of the data shares is controlled through the use of security groups. Security groups are created for corporate data security at the request of a department director. The group is owned by the department and membership to the group is controlled by the department. Department directors have been trained in the Standards of Conduct

The company has specific policies restricting access to computer applications and data stored on company computer equipment. These policies achieve the objective set forth in Order No. 717 concerning the prohibition of sharing of any Transmission Function Information with Marketing Function Employees. In addition, the company has adopted procedures such that all security access tied to an employee's system User ID is deleted anytime employment is terminated. In the case of a transfer, all but basic security access for an employee is revoked. The transferee's need for access to any databases or business applications will be reevaluated and determined based upon the employee's new position and need for such information.

Security for each of the Transmission Providers' Customer Activities transactional systems (Colorado Interstate Gas Company's Xpress, El Paso Natural Gas Company's Passport Energy Services, Southern Natural Gas Company's Premier, and Tennessee Gas Pipeline Company's PASSKEY) is controlled by each Transmission Provider individually. Access to these systems is granted internally, within each Transmission Provider, based on an employee's job responsibilities. Customers' access to these systems is based on the customer's needs in transacting business with the Transmission Provider. Every customer's access to data is limited to information directly related to that customer or to information available to all customers.

III. PERMITTED DEVIATIONS FROM THE INDEPENDENT FUNCTIONING REQUIREMENT

Order 717 provides that in emergency circumstances affecting system reliability, a transmission provider's Transmission Function Employees and Marketing Function Employees may exchange certain non-public transmission function information, as delineated in § 358.7(h)(2). In these circumstances, the Transmission Provider will make and retain a contemporaneous record of all such exchanges. In emergency circumstances, the Transmission Provider will make a record of the exchange as soon as practicable after the fact.

IV. NON-DISCRIMINATION REQUIREMENT

Employees of the Transmission Providers must treat all transmission customers, affiliated and non-affiliated, on a non-discriminatory basis, and must not make or grant any undue preference or advantage to any person or subject any person to any undue prejudice or disadvantage. Specifically, Transmission Providers will not give preferences to customers or potential customers related to information about available transmission capability, price, curtailments, storage, ancillary services, balancing, maintenance activity, or similar information through non-public communications conducted off the Internet websites, through access to information not posted on the Internet Websites that is not contemporaneously available to the public, or through information on the Internet website that is not at the same time publicly available.

V. NO CONDUIT RULE

The no conduit rule applies to any employee who is or is likely to become privy to Transmission Function Information. A Transmission Provider is prohibited from using anyone (*i.e.*, employee, contractor, consultant or agent) as a conduit for the disclosure of non-public Transmission Function Information to its Marketing Function Employees. This requirement also applies to employees, contractors, consultants or agents of a Transmission Provider or of an affiliate engaged in marketing functions. Thus, no employee can act as a conduit to disclose non-public transmission information to Marketing Function Employees.

VI. CHIEF COMPLIANCE OFFICER

The Chief Compliance Officer is Ms. Faye Stallings. Ms. Stallings is the Vice President of Corporate Audit & Financial Controls. As Chief Compliance Officer, she is responsible for compliance with all of the policies developed to ensure that the El Paso Transmission Providers meet the requirements of the Standards of Conduct. Ms. Stallings is responsible for monitoring compliance and responding to questions about the Standards of Conduct. She is also the contact for Federal Energy Regulatory Commission Staff.

VII. TRAINING

All El Paso Corporation employees received initial training on Standards of Conduct by January 30, 2009, as required by the Order, except for certain field employees below the supervisory level, certain foreign employees whose work is unrelated to the domestic energy business and employees who are on disability or otherwise are on long-term leave. In addition, all contractors retained by El Paso as of December 31, 2008, who were privy or likely to become privy to Transmission Function Information received initial training on the Standards of Conduct as revised by Order 717. Any employees on disability or long-term leave as of December 31, 2008, were, or will be, required to take the training upon their return to work. El Paso has an annual training program that requires Transmission Function Employees, Marketing Function Employees, officers, directors, supervisory employees and any other employees or contractors who are privy or likely to become privy to Transmission Function Information to receive training. New employees and contractors who are privy or likely to become privy to Transmission Function Information must also receive training within the first 30 days of their employment. All employees and contractors required to take the Standards of Conduct training are also required to certify that they have been trained.

The training as required by the Order 717 facilitates an understanding of what constitutes Transmission Function Information, the general non-discrimination requirements, and the no-conduit rule. Furthermore, all of the aforementioned employees will be instructed to keep any documents or other materials that contain non-public transportation information or pipeline customer information secure at all times so that such information cannot be accessed by Marketing Function Employees. Further, these employees will be instructed to ensure their computer is password protected and that they lock their computers before leaving their office. These employees will also be instructed to be discrete whenever they discuss matters involving Transmission Function Information.

VIII. POSTING REQUIREMENTS

For each of the Informational Postings required by the Standards of Conduct, individual(s) or department(s), as appropriate, within the El Paso organization have been assigned the responsibility of ensuring that postings are made as required and updated. For example, as required by Section

358.7(f)(2), the Human Resources departments of the Transmission Providers will receive and post information on transfers from Marketing Function Employee to Transmission Function Employee or Transmission Function Employee to Marketing Function Employee positions. They are responsible for ensuring that information concerning such transfers is posted, including the name of the transferring employee, titles held while performing each function and the effective date of the transfer. They are also responsible for posting Transmission Function Employee job titles and job descriptions and keeping those up to date as required by Section 358.7(f)(1). Each of the Transmission Providers is responsible for posting the facilities shared by Transmission Function Employees and Marketing Function Employees as required by Section 358.7(e)(2). Each of the Transmission Providers is responsible for posting potential merger partners as affiliates that may employ or retain Marketing Function Employees as required by Section 358.7(e)(3). The Vice President of Gas Marketing or a delegate is responsible for communicating to the Chief Compliance Officer the identification of affiliated companies who employ or retain Marketing Function Employees; the Chief Compliance Officer is responsible for communicating this information to each of the Transmission Providers who will ensure the information is posted and updated as necessary in accordance with Section 358.7(e)(1). The Information Technology Department is responsible for ensuring that all Informational Postings are archived consistent with the regulations. Each of these responsible departments has adopted procedures for ensuring that the postings are made timely and kept up to date. Additionally, personnel at the direction of the Chief Compliance Officer will review the postings or a sample thereof periodically to ensure that they are being kept up to date and archived. The Transmission Providers will ensure compliance with the requirement that tariff waivers for affiliates are posted and a waiver log is maintained. Finally, each of the Transmission Providers is responsible for posting these Written Procedures.

IX. PROCEDURES FOR REPORTING A POTENTIAL VIOLATION

El Paso employees have been instructed to contact the Chief Compliance Officer at any time for purposes of: (1) seeking guidance on any question or concern ; and (2) reporting an existing or

potential violation of the *Standards of Conduct*. Anyone who becomes aware of an existing or potential violation may contact the Ethics & Compliance office through any of the following channels:

- Toll-free helpline number: (800) 492-4985
- Ethics & Compliance office number: (713) 420-4010
- Ethics & Compliance email address: ethics@elpaso.com