

**UNITED STATES OF AMERICA
BEFORE FEDERAL TRADE COMMISSION**

In the matter of

El Paso Energy Corporation,
a corporation, and

PG&E Corporation,
a corporation.

File No. 001-0121

AGREEMENT CONTAINING CONSENT ORDER

The Federal Trade Commission (**ACommission@**), having initiated an investigation of the proposed acquisition by Respondent El Paso Energy Corporation (**AEl Paso@**) of all of the outstanding voting shares of PG&E Gas Transmission Teco, Inc., and PG&E Gas Transmission Texas Corp., owned by Respondent PG&E Corporation (**APG&E@**), and it now appearing that El Paso and PG&E, hereinafter sometimes referred to as “Proposed Respondents,” are willing to enter into this Agreement Containing Consent Order (“Consent Agreement”) to divest certain assets and provide for other relief:

IT IS HEREBY AGREED by and between Proposed Respondents, by their duly authorized officers and attorneys, and counsel for the Commission that:

1. Proposed Respondent El Paso is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at 1001 Louisiana Street, El Paso Energy Building, Houston, Texas 77002.
2. Proposed Respondent PG&E is a corporation organized, existing and doing business under and by virtue of the laws of California, with its office and principal place of business at One Market Square, Spear Tower, Suite 2400, San Francisco, California 94105.
3. Proposed Respondents admit all the jurisdictional facts set forth in the draft of Complaint here attached.
4. Proposed Respondents waive:
 - a. any further procedural steps;

- b. the requirement that the Commission's Decision and Order, here attached and made a part hereof, contain a statement of findings of fact and conclusions of law;
 - c. all rights to seek judicial review or otherwise to challenge or contest the validity of the Decision and Order entered pursuant to this Consent Agreement; and
 - d. any claim under the Equal Access to Justice Act.
5. Proposed Respondents shall submit an initial compliance report at the time they execute this Consent Agreement and shall submit additional compliance reports every thirty (30) days thereafter until the Decision and Order becomes final, pursuant to Rule 2.33, 16 C.F.R. § 2.33. Such reports shall be signed by the Proposed Respondents, and should set forth in detail the manner in which the Proposed Respondents have complied and will comply with the Decision and Order when and if entered. Such reports will not become part of the public record unless and until the accompanying Consent Agreement and Decision and Order are accepted by the Commission for public comment.
6. This Consent Agreement shall not become part of the public record of the proceeding unless and until it is accepted by the Commission. If this agreement is accepted by the Commission it, together with the draft of Complaint contemplated thereby, will be placed on the public record for a period of thirty (30) days and information in respect thereto publicly released and early termination of the waiting period will be granted. The Commission thereafter may either withdraw its acceptance of this Consent Agreement and so notify the Proposed Respondents, in which event it will take such action as it may consider appropriate, or amend its Complaint as the circumstances may require and issue its Decision and Order in disposition of the proceeding.
7. This agreement is for settlement purposes only and does not constitute an admission by Proposed Respondents that the law has been violated as alleged in the draft of Complaint here attached, or that the facts as alleged in the draft Complaint, other than jurisdictional facts, are true.
8. Because there may be interim competitive harm, and divestiture or other relief resulting from a proceeding challenging the legality of the proposed acquisition might not be possible, or might be less than an effective remedy, the Commission may issue an Order to Hold Separate and Maintain Assets in this matter at any time after it accepts the Consent Agreement for public comment.
9. This agreement contemplates that, if it is accepted by the Commission, and if such acceptance is not subsequently withdrawn by the Commission pursuant to the

provisions of Rule 2.34, 16 C.F.R. § 2.34, the Commission may, without further notice to the Proposed Respondents, (1) issue its Complaint corresponding in form and substance with the draft of Complaint here attached and its decision containing the following Decision and Order in disposition of the proceeding, and (2) make information public with respect thereto. When final, the Decision and Order shall have the same force and effect and may be altered, modified or set aside in the same manner and within the same time provided by statute for other orders. The Decision and Order shall become final upon service. Delivery by the U.S. Postal Service of the Complaint and Decision and Order to Proposed Respondents' addresses as stated in this Consent Agreement shall constitute service. Proposed respondents waive any rights they may have to any other manner of service. The Complaint may be used in construing the terms of the Decision and Order, and no agreement, understanding, representation, or interpretation not contained in the Decision and Order or the Consent Agreement may be used to vary or contradict the terms of the Decision and Order.

10. By signing this Consent Agreement, Proposed Respondents represent and warrant that they can accomplish the full relief contemplated by this Consent Agreement, and that all parents, subsidiaries, affiliates, and successors necessary to effectuate the full relief contemplated by this Consent Agreement are parties to the Consent Agreement and are bound thereby as if they had signed this Consent Agreement and were made parties to this proceeding and to the Decision and Order.
11. Proposed Respondents have read the proposed Complaint and Decision and Order contemplated hereby. Proposed Respondents understand that once the Decision and Order has been issued, they will be required to file one or more compliance reports showing that they have fully complied with the Decision and Order. Proposed Respondents further understand that they may be liable for civil penalties in the amount provided by law for each violation of the Decision and Order after the Decision and Order becomes final.

Signed this ____ day of _____, 2000.

EL PASO ENERGY CORPORATION

FEDERAL TRADE COMMISSION

By: _____

By: _____

Nathan J. Muyskens
Attorney
Bureau of Competition

PG&E CORPORATION

By: _____

Approved:

William R. Vigdor
Deputy Assistant Director
Bureau of Competition

Phillip L. Broyles
Assistant Director
Bureau of Competition

Molly S. Boast
Senior Deputy Director
Bureau of Competition

Richard G. Parker
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