

CHEYENNE PLAINS GAS PIPELINE COMPANY
CP03-_____-000
FINANCING
EXHIBIT L

Financing

Preliminary Statement

The Cheyenne Plains Gas Pipeline Company ("Cheyenne Plains" or "Project Company"), a Chapter C Corporation incorporated under the laws of Delaware, has been formed for the sole purpose of constructing, owning, maintaining and operating a natural gas pipeline project extending from Cheyenne, Wyoming to Greensburg, Kansas (the "Cheyenne Plains Pipeline Project" or the "Project"). Cheyenne Plains is an affiliate of Colorado Interstate Gas Company ("CIG") and a wholly owned subsidiary of El Paso CGP Company, LLC, which in turn is a wholly owned subsidiary of El Paso Corporation ("El Paso").

The principal business of Cheyenne Plains is the transportation of natural gas in interstate commerce for shippers who contract for service on its pipeline facilities. Upon acceptance of the certificate of public convenience and necessity requested in this Application and the commencement of the services authorized, Cheyenne Plains will be a "natural gas company" engaged in the transportation of natural gas in interstate commerce and subject to the Commission's jurisdiction under the Natural Gas Act.

Financing Plan

The financing arrangements have not been finalized but it is anticipated that approximately 40% of the initial Project costs will be funded with equity and the remainder with commercial bank and/or capital market debt.

Debt Financing

It is anticipated that the construction of the Project will be funded primarily through debt raised in the commercial bank market and equity provided by the owner of Cheyenne Plains. Funds will be drawn as required during the construction period, which is anticipated to be approximately 12 months. The terms and conditions of the construction loan will depend on the applicable market conditions at the time the debt facility is established. It is estimated that the construction facility will bear

interest at the LIBOR rate plus 4% p.a.

Construction debt will be replaced with long term permanent financing raised in the capital markets (private and/or public bond offering). Based on current market conditions, it is estimated that the long-term debt will bear interest at 9% p.a., will have a term of between 5 to 7 years with a balloon refinancing.

It is expected that the credit support for the debt facilities will include the shipper contracts and a pledge of the owner's equity interest in the Project Company.

Equity Financing

To date, Cheyenne Plains has been financed with equity. Following the issuance of the Commission's final certificate authorization, it is expected that for the remainder of the construction period, approximately 40% of the initial Project costs will be funded with equity and the remainder with a commercial bank construction loan. The proposed recourse rate assumes a 15% rate of return on equity.

Cheyenne Plains is a newly formed entity whose purpose is to acquire, construct and operate the facilities that are the subject of this application. Therefore, many of the factors used in computing an Allowance for Funds Used During Construction ("AFUDC") Rate under the instructions in the Commission's Uniform System of Accounts do not exist. Cheyenne Plains has provided approximately \$6 million in equity funds to date and will provide all equity funds until the short term construction financing described above can be secured. Thus, the requested 15% cost of equity will be used as the AFUDC rate until the construction financing is in place and, after that time, Cheyenne Plains will compute AFUDC based upon the 60% debt/40% equity financing, the common equity rate of 15% and the actual cost of the construction financing.