

EL PASO CORP/DE
Form 10-K/A
May 06, 2005

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

**Form 10-K/A
(Amendment No. 2)**

(Mark One)

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2004
OR**

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to .
Commission File Number 1-14365
El Paso Corporation
(Exact Name of Registrant as Specified in Its Charter)**

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

76-0568816
(I.R.S. Employer
Identification No.)

El Paso Building
1001 Louisiana Street
Houston, Texas
(Address of Principal Executive Offices)

77002
(Zip Code)

Telephone Number: (713) 420-2600
Internet Website: www.elpaso.com

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on which Registered
Common Stock, par value \$3 per share	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act).
 Yes No .

State the aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant.

Aggregate market value of the voting stock (which consists solely of shares of common stock) held by non-affiliates of the registrant as of June 30, 2004 computed by reference to the closing sale price of the registrant's common stock on the New York Stock Exchange on such date: \$5,066,348,130.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Common Stock, par value \$3 per share. Shares outstanding on March 23, 2005: 642,934,481

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Below is a list of terms that are common to our industry and used throughout this document:

/d	= per day
Bbl	= barrels
BBtu	= billion British thermal units
BBtue	= billion British thermal unit equivalents
Bcf	= billion cubic feet
Bcfe	= billion cubic feet of natural gas equivalents
MBbls	= thousand barrels
Mcf	= thousand cubic feet
MDth	= thousand dekatherms
Mcfe	= thousand cubic feet of natural gas equivalents
Mgal	= thousand gallons
MMBbls	= million barrels
MMBtu	= million British thermal units
MMcf	= million cubic feet
MMcfe	= million cubic feet of natural gas equivalents
MMWh	= thousand megawatt hours
MTons	= thousand tons
MW	= megawatt
TBtu	= trillion British thermal units

Tcfe = trillion cubic feet of natural gas equivalents

When we refer to natural gas and oil in equivalents, we are doing so to compare quantities of oil with quantities of natural gas or to express these different commodities in a common unit. In calculating equivalents, we use a generally recognized standard in which one Bbl of oil is equal to six Mcf of natural gas. Also, when we refer to cubic feet measurements, all measurements are at a pressure of 14.73 pounds per square inch.

When we refer to us, we, our, ours, or El Paso, we are describing El Paso Corporation and/or our subsidiaries.

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EXPLANATORY NOTE

This Amendment on Form 10-K/A constitutes Amendment No. 2 to our Annual Report on Form 10-K for the fiscal year ended December 31, 2004, which was originally filed with the Securities and Exchange Commission (SEC) on March 28, 2005 (Annual Report). Amendment No. 1 to our Annual Report was filed with the SEC on April 8, 2005.

This Amendment is being filed solely to correct a typographical error in the date of the report provided by our Independent Registered Public Accountants with respect to the financial statements included in Item 8 and to provide an updated consent of our Independent Registered Public Accountants reflecting the corrected date. It does not otherwise affect the financial statements and footnotes contained in our Annual Report, as previously amended, and does not reflect events occurring after the original filing date of March 28, 2005.

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Below is an index to the financial statements and notes contained in Item 8, Financial Statements and Supplementary Data.

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EL PASO CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(In millions, except per common share amounts)

	Year Ended December 31,		
	2004	2003 (Restated)	2002 (Restated)
Operating revenues			
Pipelines	\$ 2,651	\$ 2,647	\$ 2,610
Production	1,735	2,141	1,931
Marketing and Trading	(508)	(635)	(1,324)
Power	795	1,176	1,672
Field Services	1,362	1,529	2,029
Corporate and eliminations	(161)	(190)	(37)
	5,874	6,668	6,881
Operating expenses			
Cost of products and services	1,363	1,818	2,468
Operation and maintenance	1,872	2,010	2,091
Depreciation, depletion and amortization	1,088	1,176	1,159
Loss on long-lived assets	1,092	860	181
Western Energy Settlement		104	899
Taxes, other than income taxes	253	295	254
	5,668	6,263	7,052
Operating income (loss)	206	405	(171)
Earnings (losses) from unconsolidated affiliates	559	363	(214)
Other income	189	203	197
Other expenses	(99)	(202)	(239)
Interest and debt expense	(1,607)	(1,791)	(1,297)
Distributions on preferred interests of consolidated subsidiaries	(25)	(52)	(159)
Loss before income taxes	(777)	(1,074)	(1,883)
Income taxes	25	(469)	(641)
Loss from continuing operations	(802)	(605)	(1,242)
Discontinued operations, net of income taxes	(146)	(1,314)	(425)
Cumulative effect of accounting changes, net of income taxes		(9)	(208)
Net loss	\$ (948)	\$ (1,928)	\$ (1,875)
Basic and diluted loss per common share			
Loss from continuing operations	\$ (1.25)	\$ (1.01)	\$ (2.22)
Discontinued operations, net of income taxes	(0.23)	(2.20)	(0.76)
Cumulative effect of accounting changes, net of income taxes		(0.02)	(0.37)

Net loss	\$ (1.48)	\$ (3.23)	\$ (3.35)
Basic and diluted average common shares outstanding	639	597	560

See accompanying notes.

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EL PASO CORPORATION
CONSOLIDATED BALANCE SHEETS
(In millions, except share amounts)

	December 31,	
	2004	2003 (Restated)
ASSETS		
Current assets		
Cash and cash equivalents	\$ 2,117	\$ 1,429
Accounts and notes receivable		
Customer, net of allowance of \$199 in 2004 and \$273 in 2003	1,388	2,039
Affiliates	133	189
Other	188	245
Inventory	168	181
Assets from price risk management activities	601	706
Margin and other deposits held by others	79	203
Assets held for sale and from discontinued operations	181	2,538
Restricted cash	180	590
Deferred income taxes	418	592
Other	179	210
Total current assets	5,632	8,922
Property, plant and equipment, at cost		
Pipelines	19,418	18,563
Natural gas and oil properties, at full cost	14,968	14,689
Power facilities	1,534	1,660
Gathering and processing systems	171	334
Other	882	998
	36,973	36,244
Less accumulated depreciation, depletion and amortization	18,161	18,049
Total property, plant and equipment, net	18,812	18,195
Other assets		
Investments in unconsolidated affiliates	2,614	3,409
Assets from price risk management activities	1,584	2,338
Goodwill and other intangible assets, net	428	1,082
Other	2,313	2,996
	6,939	9,825
Total assets	\$ 31,383	\$ 36,942

See accompanying notes.

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EL PASO CORPORATION
CONSOLIDATED BALANCE SHEETS (Continued)
(In millions, except share amounts)

	December 31,	
	2004	2003 (Restated)
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities		
Accounts payable		
Trade	\$ 1,052	\$ 1,552
Affiliates	21	26
Other	483	438
Short-term financing obligations, including current maturities	955	1,457
Liabilities from price risk management activities	852	734
Western Energy Settlement	44	633
Liabilities related to assets held for sale and discontinued operations	12	933
Accrued interest	333	391
Other	820	910
Total current liabilities	4,572	7,074
Long-term financing obligations, less current maturities	18,241	20,275
Other		
Liabilities from price risk management activities	1,026	781
Deferred income taxes	1,311	1,551
Western Energy Settlement	351	415
Other	2,076	2,047
	4,764	4,794
Commitments and contingencies		
Securities of subsidiaries		
Securities of consolidated subsidiaries	367	447
Stockholders equity		
Common stock, par value \$3 per share; authorized 1,500,000,000 shares; issued 651,064,508 shares in 2004 and 639,299,156 shares in 2003	1,953	1,917
Additional paid-in capital	4,538	4,576
Accumulated deficit	(2,855)	(1,907)
Accumulated other comprehensive income	48	11
Treasury stock (at cost); 7,767,088 shares in 2004 and 7,097,326 shares in 2003	(225)	(222)
Unamortized compensation	(20)	(23)
Total stockholders equity	3,439	4,352

Total liabilities and stockholders equity	\$ 31,383	\$ 36,942
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See accompanying notes.

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EL PASO CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	Year Ended December 31,		
	2004	2003 (Restated)⁽¹⁾	2002 (Restated)⁽¹⁾
Cash flows from operating activities			
Net loss	\$ (948)	\$ (1,928)	\$ (1,875)
Less loss from discontinued operations, net of income taxes	(146)	(1,314)	(425)
Net loss before discontinued operations	(802)	(614)	(1,450)
Adjustments to reconcile net loss to net cash from operating activities			
Depreciation, depletion and amortization	1,088	1,176	1,159
Western Energy Settlement		94	899
Deferred income tax benefit	(38)	(604)	(685)
Cumulative effect of accounting changes		9	208
Loss on long-lived assets	1,092	785	181
Losses (earnings) from unconsolidated affiliates, adjusted for cash distributions	(224)	(17)	521
Other non-cash income items	451	399	255
Asset and liability changes			
Accounts and notes receivable	471	2,552	(629)
Inventory	9	76	248
Change in non-hedging price risk management activities, net	191	85	1,074
Accounts payable	(295)	(2,127)	(114)
Broker and other margins on deposit with others	121	623	(257)
Broker and other margins on deposit with us	(24)	32	(647)
Western Energy Settlement liability	(626)		
Other asset and liability changes			
Assets	(20)	(267)	