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KINDER MORGAN AND SEMPRA ENERGY UNIT TEAM UP FOR PROPOSED NEW INTERSTATE NATURAL GAS PIPELINE

HOUSTON and SAN DIEGO, Aug. 17, 2005 – Kinder Morgan Energy Partners, L.P. (NYSE: KMP) and Sempra Pipelines & Storage, a unit of Sempra Energy (NYSE: SRE), today announced that the two companies have entered into a Memorandum of Understanding (MOU) to pursue development of a proposed new natural gas pipeline that would link producing areas in the Rocky Mountain region to the upper Midwest and Eastern United States. As designed, the 42-inch diameter pipeline would have capacity of up to 2 billion cubic feet per day and is estimated to cost \$3 billion. The preliminary route of the 1,500-mile pipeline would originate at the Wamsutter Hub in Wyoming and extend to eastern Ohio with an ultimate route to be selected based on shipper interest.

“We are excited about teaming up with Sempra Pipelines & Storage on the proposed project, which would meet the unique challenges of customers at both ends of the pipeline,” said Scott Parker, president of KMP’s Natural Gas Pipelines Group. “If built, the pipeline would maximize the value of growing Rockies production by creating unprecedented access by one pipeline to multiple markets and storage, while providing markets in the upper Midwest and Eastern U.S. with direct access to reliable, long-lived domestic natural gas supplies to meet growing demand.”

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“Sempra has evaluated multiple alternatives to move gas from the Rockies and believes this project represents the best long-term solution for the U.S. gas market,” said George Liparidis, president of Sempra Pipelines & Storage. “Our business was formed to develop strategic value-added gas pipeline and storage projects across North America, and this project fits that mandate well.”

Along with providing producers much-needed takeaway capacity, the pipeline would feature multiple interconnects with other major pipeline systems and create significant flexibility and more options for reaching other demand-anchored markets. Producers would also be able to more effectively address the price differential between Rocky Mountain basins and other parts of the country.

Under terms of the MOU, KMP and Sempra Pipelines & Storage will share responsibility for development activities. Additionally, Sempra has agreed to bid for 200 million cubic feet per day of firm capacity from the pipeline during an upcoming open season that it will use to serve distribution utilities on the East Coast. Initially, KMP would own two-thirds of the equity in the proposed pipeline and Sempra would own one-third.

Pending the feasibility of the project, customer commitments and regulatory approval, the proposed pipeline is projected to be staged into service beginning in the latter part of 2008 and continuing through 2009.

For information on the project, contact Jeff Rawls at Kinder Morgan (303-914-4903) or Ryan O’Neal at Sempra Pipelines & Storage (619-696-4585).

Kinder Morgan Energy Partners, L.P. is one of the largest publicly traded pipeline limited partnerships in America. KMP owns or operates more than 25,000 miles of pipelines and approximately 145 terminals. Its pipelines transport more than 2 million barrels per day of gasoline and other petroleum products and up to 8.4 billion cubic feet per day of natural gas. Its terminals handle over 80 million tons of coal and other dry-bulk materials annually and have a liquids storage capacity of approximately 65 million barrels for petroleum products and chemicals. KMP is also the leading provider of CO₂ for enhanced oil recovery projects in the United States.

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The general partner of KMP is owned by Kinder Morgan, Inc. (NYSE: KMI), one of the largest energy transportation and storage companies in America. Combined, the two companies have an enterprise value of approximately \$30 billion.

Sempra Pipelines & Storage acquires, builds and operates natural gas pipelines and storage facilities in Mexico and the United States. Sempra Energy, based in San Diego, is a Fortune 500 energy-services holding company with 2004 revenues of \$9.4 billion. The Sempra Energy companies' 13,000 employees serve more than 29 million consumers in the United States, Europe, Canada, Mexico, South America and Asia.

This news release includes forward-looking statements. Although Kinder Morgan believes that its expectations are based on reasonable assumptions, it can give no assurance that such assumptions will materialize. Important factors that could cause actual results to differ materially from those in the forward-looking statements herein are enumerated in Kinder Morgan's Forms 10-K and 10-Q as filed with the Securities and Exchange Commission.

This press release contains statements that are not historical fact and constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. When Sempra Energy uses words like "believes," "expects," "anticipates," "intends," "plans," "estimates," "may," "would," "should" or similar expressions, or when Sempra Energy discusses its strategy or plans, the company is making forward-looking statements. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. Future results may differ materially from those expressed in the forward-looking statements. Forward-looking statements are necessarily based upon various assumptions involving judgments with respect to the future and other risks, including, among others: local, regional, national and international economic, competitive, political, legislative and regulatory conditions and developments; actions by the California Public Utilities Commission, the California State Legislature, the California Department of Water Resources, the Federal Energy Regulatory Commission and other regulatory bodies in the United States and other countries; capital markets conditions, inflation rates, interest rates and exchange rates; energy and trading markets, including the timing and extent of changes in commodity prices; the availability of natural gas; weather conditions and conservation efforts; war and terrorist attacks; business, regulatory, environmental, and legal decisions and requirements; the status of deregulation of retail natural gas and electricity delivery; the timing and success of business development efforts; the resolution of litigation; and other uncertainties, all of which are difficult to predict and many of which are beyond the control of the company. These risks and uncertainties are further discussed in the company's reports filed with the Securities and Exchange Commission that are available through the EDGAR system without charge at its Web site, www.sec.gov and on the company's Web site, www.sempra.com.

Sempra Pipelines & Storage is not the same companies as the utilities, SDG&E or SoCalGas, and Sempra Pipelines & Storage is not regulated by the California Public Utilities Commission.

