CONSOLIDATED FINANCIAL STATEMENTS
With Report of Independent Auditors

EL PASO NATURAL GAS COMPANY, L.L.C.

As of December 31, 2024 and 2023 and
For the Years Ended December 31, 2024 and 2023

EL PASO NATURAL GAS COMPANY, L.L.C. AND SUBSIDIARIES
TABLE OF CONTENTS

	Page Number
Report of Independent Auditors	1
Consolidated Financial Statements	
Consolidated Statements of Income and Comprehensive Income	3
Consolidated Balance Sheets	4
Consolidated Statements of Cash Flows	5
Consolidated Statements of Member’s Equity	6
Notes to Consolidated Financial Statements	7

Report of Independent Auditors

To the Management of El Paso Natural Gas Company, L.L.C.

Opinion

We have audited the accompanying consolidated financial statements of El Paso Natural Gas Company, L.L.C. and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the related consolidated statements of income and comprehensive income, of member's equity and of cash flows for the years then ended, including the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

PricewaterhouseCoopers LLP

Houston, Texas
April 16, 2025

EL PASO NATURAL GAS COMPANY, L.L.C. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(In millions)

	Year Ended December 31,	
	2024	**2023**
Revenues	$ 841	$ 881
Operating Costs and Expenses		
Operations and maintenance	254	258
Depreciation and amortization	103	101
General and administrative	53	49
Taxes, other than income taxes	32	34
Other income, net	(8)	(5)
Total Operating Costs and Expenses	434	437
Operating Income	407	444
Other Income (Expense)		
Interest, net	(47)	(47)
Other, net	1	8
Total Other Expense	(46)	(39)
Income Before Income Taxes	361	405
Income Tax Expense	(1)	—
Net Income	360	405
Other Comprehensive Income		
Adjustments to postretirement benefit plan	10	16
Comprehensive Income	$ 370	$ 421

The accompanying notes are an integral part of these consolidated financial statements.

EL PASO NATURAL GAS COMPANY, L.L.C. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In millions)

	December 31,	
	2024	**2023**
ASSETS		
Current assets		
Cash and cash equivalents	$ —	$ —
Accounts receivable	90	79
Inventories	47	48
Prepayments	25	23
Other current assets	11	10
Total current assets	173	160
Property, plant and equipment, net	2,271	2,202
Goodwill	565	565
Notes receivable from affiliate	25	26
Postretirement benefits assets	169	163
Deferred charges and other assets	133	135
Total Assets	$ 3,336	$ 3,251
LIABILITIES AND MEMBER'S EQUITY		
Current liabilities		
Accounts payable	$ 68	$ 69
Accrued taxes	21	22
Contractual deposits	20	21
Contractual liabilities	13	17
Regulatory liabilities	10	8
Natural gas imbalance payable	11	4
Other current liabilities	12	12
Total current liabilities	155	153
Long-term liabilities and deferred credits		
Long-term debt	800	800
Debt fair value adjustments	52	60
Regulatory liabilities	65	54
Other long-term liabilities and deferred credits	35	36
Total long-term liabilities and deferred credits	952	950
Total Liabilities	1,107	1,103
Commitments and contingencies (Note 9)		
Member's Equity		
Member's equity	2,196	2,125
Accumulated other comprehensive income	33	23
Total Member's Equity	2,229	2,148
Total Liabilities and Member's Equity	$ 3,336	$ 3,251

The accompanying notes are an integral part of these consolidated financial statements.

EL PASO NATURAL GAS COMPANY, L.L.C. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	Year Ended December 31,	
	2024	**2023**
Cash Flows From Operating Activities		
Net income	$ 360	$ 405
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	103	101
Other non-cash items	(3)	(2)
Changes in components of working capital:		
Accounts receivable	(11)	9
Regulatory assets	—	28
Accounts payable	(5)	5
Litigation reserve	—	(22)
Other current assets and liabilities	(3)	(11)
Other long-term assets and liabilities	(1)	(12)
Net Cash Provided by Operating Activities	440	501
Cash Flows From Investing Activities		
Capital expenditures	(147)	(95)
Net change in notes receivable from affiliate	1	—
Other, net	(5)	(10)
Net Cash Used in Investing Activities	(151)	(105)
Cash Flows From Financing Activities		
Contributions from Member	22	8
Distributions to Member	(311)	(404)
Net Cash Used in Financing Activities	(289)	(396)
Net Change in Cash and Cash Equivalents	—	—
Cash and Cash Equivalents, beginning of period	—	—
Cash and Cash Equivalents, end of period	$ —	$ —
Non-cash Investing and Financing Activities		
Net increase in property, plant and equipment accruals	$ 4	$ 9
Supplemental Disclosure of Cash Flow Information		
Cash paid during the period for interest (net of capitalized interest)	51	51

The accompanying notes are an integral part of these consolidated financial statements.

EL PASO NATURAL GAS COMPANY, L.L.C. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF MEMBER'S EQUITY
(In millions)

	Year Ended December 31,	
	2024	**2023**
Beginning Balance	$ 2,148	$ 2,123
Net income	360	405
Contributions	22	8
Distributions	(311)	(404)
Other comprehensive income	10	16
Ending Balance	$ 2,229	$ 2,148

The accompanying notes are an integral part of these consolidated financial statements.

EL PASO NATURAL GAS COMPANY, L.L.C. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. General

We are a Delaware limited liability company, originally formed in 1928 as a corporation. When we refer to "us," "we," "our," "the Company," or "EPNG" we are describing El Paso Natural Gas Company, L.L.C. and its consolidated subsidiaries. We are an indirect wholly owned subsidiary of Kinder Morgan, Inc. (KMI).

Our operations are regulated by the Federal Energy Regulatory Commission (FERC) under the Natural Gas Act of 1938, the Natural Gas Policy Act of 1978 and the Energy Policy Act of 2005. The FERC approves tariffs that establish rates, cost recovery mechanisms and other terms and conditions of service to our customers.

Our primary business consists of the interstate transportation and storage of natural gas. We are the sole owner of the EPNG natural gas pipeline system and Mojave Pipeline Company, L.L.C., the sole owner of the Mojave natural gas pipeline system. The EPNG system consists of approximately 10,250 miles of transmission pipeline with a design capacity of approximately 6.41 billion cubic feet per day (Bcf/d). The EPNG system extends from the San Juan, Permian and Anadarko basins to California, its single largest market, as well as markets in Arizona, Nevada, New Mexico, Oklahoma, Texas and northern Mexico. The design capacity for natural gas reflects winter sustainable west-flow capacity of approximately 4.90 Bcf/d and approximately 1.51 Bcf/d of non-mainline capacity.

The Mojave natural gas pipeline system consists of approximately 470 miles of pipeline with a design capacity of approximately 0.4 Bcf/d. The Mojave system connects with other pipeline systems including (i) the EPNG natural gas pipeline system near Cadiz, California; (ii) the EPNG and Transwestern Pipeline Company, LLC systems at Topock, Arizona; and (iii) the Kern River Gas Transmission Company system in California. The Mojave natural gas pipeline system also extends to customers in the vicinity of Bakersfield, California.

In addition to our two pipeline systems, we utilize our Washington Ranch underground natural gas storage facility located in New Mexico to manage our transportation needs. This storage facility has up to approximately 44 Bcf of underground working natural gas storage capacity.

2. Summary of Significant Accounting Policies

Basis of Presentation

We have prepared our accompanying consolidated financial statements in accordance with the accounting principles contained in the Financial Accounting Standards Board's Accounting Standards Codification (ASC), the single source of United States (U.S.) Generally Accepted Accounting Principles. Additionally, certain amounts from the prior year have been reclassified to conform to the current presentation.

Management has evaluated subsequent events through April 16, 2025, the date the financial statements were available to be issued.

Principles of Consolidation

We consolidate entities when we have the ability to control or direct the operating and financial decisions of the entity or when we have a significant interest in the entity that gives us the ability to direct the activities that are significant to that entity. The determination of our ability to control, direct or exert significant influence over an entity involves the use of judgment. All significant intercompany items have been eliminated in consolidation.

Use of Estimates

Certain amounts included in or affecting our financial statements and related disclosures must be estimated, requiring us to make certain assumptions with respect to values or conditions which cannot be known with certainty at the time our financial statements are prepared. These estimates and assumptions affect the amounts we report for assets and liabilities, our revenues and expenses during the reporting period, and our disclosures, including those related to contingent assets and liabilities at the date of our financial statements. We evaluate these estimates on an ongoing basis, utilizing historical experience, consultation with experts and other methods we consider reasonable in the particular circumstances. Nevertheless, actual results may differ significantly from our estimates. Any effects on our business, financial position or results of operations resulting from revisions to these estimates are recorded in the period in which the facts that give rise to the revision become known.

Certain accounting policies are of more significance in our financial statement preparation process than others, and set out below are the principal accounting policies we apply in the preparation of our consolidated financial statements.

Cash Equivalents

We define cash equivalents as all highly liquid short-term investments with original maturities of three months or less.

Allowance for Credit Losses

We evaluate our financial assets measured at amortized cost and off-balance sheet credit exposures for expected credit losses over the contractual term of the asset or exposure. We consider available information relevant to assessing the collectability of cash flows including the expected risk of credit loss even if that risk is remote. We measure expected credit losses on a collective (pool) basis when similar risk characteristics exist and we reflect the expected credit losses on the amortized cost basis of the financial asset as of the reporting date.

Our financial instruments primarily consist of our accounts receivable from customers and notes receivable from affiliate. We utilized historical analysis of credit losses experienced over the previous five years along with current conditions and reasonable and supportable forecasts of future conditions in our evaluation of collectability of our financial assets.

We had no allowance for credit losses recorded as of December 31, 2024 and 2023.

Inventories

Our inventories, which consist of materials and supplies, are valued at weighted-average cost, and we periodically review for physical deterioration and obsolescence.

Natural Gas Imbalances

Natural gas imbalances occur when the amount of natural gas delivered from or received by a pipeline system or storage facility differs from the scheduled amount of gas to be delivered or received. We value these imbalances due to or from shippers and operators at current index prices. Imbalances are settled in cash or made up in-kind, subject to the terms of the applicable FERC tariff. Imbalances due from others are reported on our accompanying Consolidated Balance Sheets in "Other current assets." Imbalances owed to others are reported on our accompanying Consolidated Balance Sheets in "Natural gas imbalance payable." We classify all imbalances due from or owed to others as current as we expect to settle them within a year.

Property, Plant and Equipment, net

Our property, plant and equipment is recorded at its original cost of construction or, upon acquisition, at either the fair value of the assets acquired or the cost to the entity that first placed the asset in utility service. For constructed assets, we capitalize all construction-related direct labor and material costs, as well as indirect construction costs. Our indirect construction costs primarily include an interest and equity return component (as more fully described below) and labor and related costs associated with supporting construction activities. The indirect capitalized labor and related costs are based upon estimates of time spent supporting construction projects. We expense costs for routine maintenance and repairs in the period incurred.

We use the composite method to depreciate property, plant and equipment. Under this method, assets with similar economic characteristics are grouped and depreciated as one asset. The FERC-accepted depreciation rate is applied to the total cost of the group until the net book value equals the salvage value. For certain general plant, the asset is depreciated to zero. As part of periodic filings with the FERC, we also re-evaluate and receive approval for our depreciation rates. When property, plant and equipment is retired, accumulated depreciation and amortization is charged for the original cost of the assets in addition to the cost to remove, sell or dispose of the assets, less salvage value. We do not recognize gains or losses unless we sell land or an entire operating unit (as approved by the FERC).

Included in our property balances are base gas and working gas at our storage facility. We periodically evaluate natural gas volumes at our storage facility for gas losses. When events or circumstances indicate a loss has occurred, we recognize a loss on our accompanying Consolidated Statements of Income and Comprehensive Income or defer the loss as a regulatory asset on our accompanying Consolidated Balance Sheets if deemed probable of recovery through future rates charged to customers.

We capitalize a carrying cost (an allowance for funds used during construction or AFUDC) on debt and equity funds related to the construction of long-lived assets. This carrying cost consists of a return on the investment financed by debt and a return on the investment financed by equity. The debt portion is calculated based on our average cost of debt. Interest costs

capitalized are included as a reduction in “Interest, net” on our accompanying Consolidated Statements of Income and Comprehensive Income. The equity portion is calculated based on our most recent FERC-approved rate of return. Equity amounts capitalized are included in “Other, net” on our accompanying Consolidated Statements of Income and Comprehensive Income. The amount of capitalized AFUDC was approximately $4 million and $2 million for the years ended December 31, 2024 and 2023, respectively.

Asset Retirement Obligations (ARO)

We record liabilities for obligations related to the retirement and removal of long-lived assets used in our businesses. We record, as liabilities, the fair value of ARO on a discounted basis when they are incurred and can be reasonably estimated, which is typically at the time the assets are installed or acquired. Amounts recorded for the related assets are increased by the amount of these obligations. Over time, the liabilities increase due to the change in their present value, and the initial capitalized costs are depreciated over the useful lives of the related assets. The liabilities are eventually extinguished when the asset is taken out of service.

We are required to operate and maintain our natural gas pipelines and storage systems, and intend to do so as long as supply and demand for natural gas exists, which we expect for the foreseeable future. Therefore, we believe that we cannot reasonably estimate the ARO for the substantial majority of our assets because these assets have indeterminate lives. We continue to evaluate our ARO and future developments could impact the amounts we record. We had none and approximately $2 million ARO recorded as of December 31, 2024 and 2023, respectively.

Long-lived Asset Impairments

We evaluate our long-lived assets for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. These events include changes in the manner in which we intend to use a long-lived asset, decisions to sell an asset and adverse changes in market conditions, or in the legal or business environment, such as adverse actions by regulators. If an event occurs, which is a determination that involves judgment, we evaluate the recoverability of our long-lived asset based on its ability to generate future cash flows. If an impairment is indicated, or if we decide to sell a long-lived asset or group of assets, we adjust the carrying value of the asset downward, if necessary, to its estimated fair value.

We evaluate the recoverability of our long-lived assets using a two-step approach. To determine if a long-lived asset is recoverable, we compare the asset’s estimated undiscounted cash flows to its carrying value (step 1). If the carrying value of a long-lived asset or asset group is in excess of estimated undiscounted cash flows, we typically use discounted cash flow analyses to calculate the fair value of the long-lived asset to determine if an impairment is required and the amount of the impairment losses to be recognized (step 2).

Our fair value estimates are based on assumptions market participants would use, including market data obtained through the sales process or an analysis of expected discounted future cash flows. There were no events indicated or impairments for the years ended December 31, 2024 and 2023.

Goodwill

Goodwill is the cost of an acquisition of a business in excess of the fair value of acquired assets and liabilities and is recorded as an asset on our balance sheet. Goodwill is not subject to amortization but must be tested for impairment at least annually and in interim periods if indicators of impairment exist. This test requires us to assign goodwill to an appropriate reporting unit and compare the fair value of a reporting unit to its carrying value. If the carrying value of a reporting unit exceeds its fair value, an impairment is measured and recorded at the amount by which the reporting unit’s carrying value exceeds its fair value.

We evaluate goodwill for impairment on May 31 of each year, or more frequently to the extent events occur or conditions change between annual tests that would indicate a risk of possible impairment at the interim period. For this purpose, we have only one reporting unit. Generally, the evaluation of goodwill for impairment involves a quantitative test, although under certain circumstance an initial qualitative evaluation may be sufficient to conclude that goodwill is not impaired without conducting the quantitative test.

We determine the fair value of our reporting unit based on a market approach utilizing enterprise value to estimated earnings before interest, income taxes, depreciation and amortization multiples of comparable companies. The value of the reporting unit is determined on a standalone basis from the perspective of a market participant in an orderly transaction between market participants at the measurement date. The results of our May 31, 2024 annual impairment test indicated that the

reporting unit fair value exceeded the carrying value. The fair value estimate of our reporting unit was based on Level 3 inputs of the fair value hierarchy.

Revenue Recognition

Revenue from Contracts with Customers

We review our contracts with customers using the following steps to recognize revenue based on the transfer of goods or services to customers and in amounts that reflect the consideration the company expects to receive for those goods or services. The steps include: (i) identify the contract; (ii) identify the performance obligations of the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and then (v) recognize revenue when (or as) the performance obligation is satisfied. Each of these steps involves management judgment and an analysis of the contract's material terms and conditions.

Natural Gas Transportation Contracts

Our revenues are primarily generated from the transportation of natural gas under firm service customer contracts with take-or-pay elements (principally for capacity reservation) where both the price and quantity are fixed. Generally, for these contracts: (i) our promise is to transfer (or stand ready to transfer) a series of distinct integrated services over a period of time, which is a single performance obligation; (ii) the transaction price includes fixed and/or variable consideration, which is determinable at contract inception and/or at each month end based on our right to invoice at month end for the value of services provided to the customer that month; and (iii) the transaction price is recognized as revenue over the service period specified in the contract as the services are rendered. In these arrangements, the customer is obligated to pay for services associated with its take-or-pay obligation regardless of whether or not the customer chooses to utilize the service in that period. Because we make the service continuously available over the service period, we recognize the take-or-pay amount as revenue ratably over the period based on the passage of time.

The natural gas we receive under our transportation contracts remains under the control of our customers. In many cases, generally described as firm service, the customer generally pays a two-part transaction price that includes (i) a fixed fee reserving the right to transport natural gas in our facilities up to contractually specified capacity levels (referred to as "reservation") and (ii) a fee-based per-unit rate for quantities of natural gas actually transported. In our firm service contracts we generally promise to provide a single integrated service each day over the life of the contract, which is fundamentally a stand-ready obligation to provide services up to the customer's reservation capacity prescribed in the contract. Our customers have a take-or-pay payment obligation with respect to the fixed reservation fee component, regardless of the quantities they actually transport. In other cases, generally described as interruptible service, there is no fixed fee associated with these transportation services because the customer accepts the possibility that service may be interrupted at our discretion in order to serve customers who have firm service contracts. We do not have an obligation to perform under interruptible customer arrangements until we accept and schedule the customer's request for periodic service. The customer pays a transaction price based on a fee-based per-unit rate for the quantities actually transported.

Natural Gas Sales Contracts

Our customer sales contracts are primarily related to natural gas sales and these revenues are generally accounted for on a gross basis with the related cost reported as a part of operations and maintenance expense in our accompanying Consolidated Statements of Income and Comprehensive Income. Generally, for the majority of these contracts: (i) each unit (dekatherm) of natural gas sold is a separate performance obligation; (ii) the transaction price is determinable each month end based on our right to invoice at month end for the value of natural gas sold to the customer that month; and (iii) the transaction price is allocated to each performance obligation based on the standalone selling price of natural gas sold and the amount recognized as revenue upon delivery of the natural gas, which is the point in time when the customer obtains control of the natural gas and our performance obligation is satisfied. These customer contracts generally provide for the customer to nominate a specified quantity of natural gas to be delivered and sold to the customer at specified delivery points. The customer pays a transaction price typically based on a market or index per-unit rate for the quantities sold.

Contract Balances

Contract assets and contract liabilities are the result of timing differences between revenue recognition, billings and cash collections.

Refer to Note 7 for further information.

Environmental Matters

We capitalize certain environmental expenditures required to obtain rights-of-way, regulatory approvals or permitting as part of the construction of facilities we use in our business operations. We accrue and expense environmental costs that relate to an existing condition caused by past operations, which do not contribute to current or future revenue generation. We generally do not discount environmental liabilities to a net present value, and we record environmental liabilities when environmental assessments and/or remedial efforts are probable and we can reasonably estimate the costs, such as after the completion of a feasibility study or commitment to a formal plan of action. We recognize receivables for anticipated associated insurance recoveries when such recoveries are deemed to be probable.

We routinely conduct reviews of potential environmental issues and claims that assist us in identifying environmental issues and estimating the costs and timing of remediation efforts. We also routinely adjust our environmental liabilities to reflect changes in previous estimates. In making environmental liability estimations, we consider the material effect of environmental compliance, pending legal actions against us, and potential third-party liability claims we may have against others. Often, as the remediation evaluation and effort progresses, additional information is obtained, requiring revisions to estimated costs. Refer to Note 9 "Litigation, Environmental and Commitments—*Environmental Matters*" for further information.

Postretirement Benefits

We participate in KMI's postretirement benefit plan covering certain of our former employees that we have made contributions to in the past. These contributions are invested until the benefits are paid to plan participants. The net benefit cost (credit) of this plan is recorded on our accompanying Consolidated Statements of Income and Comprehensive Income and is a function of many factors including expected returns on plan assets and amortization of certain deferred gains and losses. Refer to Note 5 for further information.

In accounting for our postretirement benefit plan, we record an asset or liability based on the difference between the fair value of the plan's assets and the plan's benefit obligation. Any deferred amounts related to unrecognized gains and losses or changes in actuarial assumptions are recorded on our accompanying Consolidated Balance Sheets in "Accumulated other comprehensive income" until those gains or losses are recognized on our accompanying Consolidated Statements of Income and Comprehensive Income.

Debt

We classify our debt based on the contractual maturity dates of the underlying debt instruments. We defer costs associated with debt issuance over the applicable term. These costs are then amortized as interest expense on our accompanying Consolidated Statements of Income and Comprehensive Income.

Income Taxes

We are a limited liability company and are not subject to federal or state income taxes. Our Member is responsible for income taxes on their allocated share of taxable income which may differ from income for financial statement purposes due to differences in the tax basis and financial reporting basis of assets and liabilities. However, we are subject to Texas margin tax (a revenue based calculation), which is presented as "Income Tax Expense" on our accompanying Consolidated Statements of Income and Comprehensive Income.

Regulatory Assets and Liabilities

Our interstate natural gas pipeline and storage operations are subject to the jurisdiction of the FERC and are accounted for in accordance with Topic 980, *Regulated Operations*. Under these standards, we record regulatory assets and liabilities that would not be recorded for non-regulated entities. Regulatory assets and liabilities represent probable future revenues or expenses associated with certain charges and credits that are expected to be recovered from or returned to customers through the ratemaking process. Refer to Note 8 for further information.

3. Property, Plant and Equipment, net

Our property, plant and equipment, net consisted of the following:

	Annual Depreciation Rates	December 31, 2024	December 31, 2023
	%	(In millions)	
Transmission and storage facilities	1.09 - 2.32	$ 3,154	$ 3,026
General plant	1.66 - 33.0	33	32
Intangible plant	4.0 - 20.0	8	13
Other		43	35
Accumulated depreciation and amortization(a)		(1,029)	(954)
		2,209	2,152
Land		4	4
Construction work in progress		58	46
Property, plant and equipment, net		$ 2,271	$ 2,202

(a) The composite weighted average depreciation rates for the years ended December 31, 2024 and 2023 were approximately 3.3% and 3.4%, respectively.

4. Debt

The following table provides detail on the principal amount of our outstanding debt balances:

	December 31, 2024	December 31, 2023
	(In millions)	
7.50% Debentures due November 2026	$ 200	$ 200
3.50% Senior Notes due February 2032	300	300
8.375% Notes due June 2032	300	300
Total long-term debt	$ 800	$ 800

KMI and substantially all of its wholly owned domestic subsidiaries, including us, are a party to a cross guarantee agreement whereby each party to the agreement unconditionally guarantees, jointly and severally, the payment of specified indebtedness of each other party to the agreement.

Debt Fair Value Adjustments

As of both December 31, 2024 and 2023, the "Debt fair value adjustments" on our accompanying Consolidated Balance Sheets include unamortized debt issue costs of approximately $2 million.

Debt Covenants

Under our various financing documents, we are subject to certain restrictions and covenants. The most restrictive of these include limitations on the incurrence of liens and limitations on sale-leaseback transactions. For the years ended December 31, 2024 and 2023, we were in compliance with our debt-related covenants.

5. Retirement Benefits

Pension and Retirement Savings Plans

KMI maintains a pension plan and a retirement savings plan covering substantially all of its U.S. employees, including certain of our former employees. The benefits under the pension plan are determined under a cash balance formula. Under its retirement savings plan, KMI contributes an amount equal to 5% of participants' eligible compensation per year. KMI is responsible for benefits accrued under its plans and allocates certain costs based on a benefit allocation rate applied on payroll charged to its affiliates.

Postretirement Benefits Plan

We provide postretirement benefits, including medical benefits for a closed group of retirees. Medical benefits for pre-age 65 participants of this closed group may be subject to deductibles, co-payment provisions, dollar caps and other limitations on the amount of employer costs, and are subject to further benefit changes by KMI, the plan sponsor. Post-age 65 Medicare eligible participants are provided a fixed subsidy to purchase coverage through a retiree Medicare exchange. In addition, certain former employees continue to receive limited postretirement life insurance benefits. Our postretirement benefit plan costs were prefunded and were recoverable under prior rate case settlements. There is no cost recovery or related funding that is required as part of our current FERC-approved rates; however, we can seek to recover any funding shortfall that may be required in the future. We do not expect to make any contributions to our postretirement benefit plan in 2025, and there were no contributions made in 2024 and 2023.

Postretirement Benefit Obligation, Plan Assets and Funded Status

Our postretirement benefit obligation and net benefit cost (credit) are primarily based on actuarial calculations. We use various assumptions in performing these calculations, including the discount rate used in calculating the benefit obligation, the return that we expect to earn on our plan assets, the estimated cost of health care when benefits are provided under our plan and other factors. The service and interest cost components of net periodic benefit cost (credit) for our postretirement benefit plan are estimated by utilizing a full yield curve approach by applying the specific spot rates along the yield curve used in the determination of the benefit obligation to their underlying projected cash flows.

The table below provides information about our postretirement benefit plan as of and for each of the listed periods:

	Year Ended December 31,	
	2024	2023
	(In millions)	
Change in plan assets:		
Fair value of plan assets - beginning of period	$ 168	$ 149
Actual return on plan assets	18	23
Employer transfers	(12)	(4)
Benefits paid	(1)	—
Fair value of plan assets - end of period	$ 173	$ 168
Change in postretirement benefit obligation:		
Postretirement benefit obligation - beginning of period	$ 5	$ 5
Benefits paid	(1)	—
Postretirement benefit obligation - end of period	$ 4	$ 5
Reconciliation of funded status:		
Fair value of plan assets	$ 173	$ 168
Less: postretirement benefit obligation	4	5
Net asset at December 31(a)	$ 169	$ 163
Amounts of accumulated other comprehensive income recognized in the Consolidated Balance Sheets:		
Unrecognized net actuarial gain	$ 33	$ 23

(a) Net asset amounts are included in "Postretirement benefits assets" on our accompanying Consolidated Balance Sheets.

Plan Assets

The primary investment objective of our plan is to ensure that, over the long-term life of the plan, an adequate pool of sufficiently liquid assets exists to meet the benefit obligations to retirees and beneficiaries. Investment objectives are long-term in nature covering typical market cycles. Any shortfall of investment performance compared to investment objectives is generally the result of economic and capital market conditions. Although actual allocations vary from time to time from our targeted allocations, the target allocations of our postretirement plan's assets are 39% fixed income and 61% equity.

Below are the details of the postretirement benefit plan assets by class and a description of the valuation methodologies used for assets measured at fair value.

- Level 2 assets' fair values are primarily based on pricing data representative of quoted prices for similar assets in active markets (or identical assets in less active markets). Included in this are short-term investment funds which are valued at cost plus calculated interest; and

- Plan assets with fair values that are based on the net asset value per share, or its equivalent (NAV), as a practical expedient to measure fair value, as reported by the issuers are determined based on the fair value of the underlying securities as of the valuation date and include common/collective trust funds. Plan assets measured at NAV are not categorized within the fair value hierarchy described above but are separately identified in the table below.

Listed below are the fair values of the plan's assets that are recorded at fair value by class and categorized by fair value measurement used at the end of the following periods:

	December 31,	
	2024	**2023**
	(In millions)	
Investment within fair value hierarchy: Short-term investment fund (money market) measured at Level 2	$ 2	$ 2
Investments measured at NAV	171	166
Investments at fair value	$ 173	$ 168

Expected Payment of Future Benefits

As of December 31, 2024, we expect to make the following benefit payments under our plan:

Year	**Total**
	(In millions)
2025	$ 1
2026	1
2027	1
2028	—
2029	—
2030 - 2034	1

Actuarial Assumptions and Sensitivity Analysis

Postretirement benefit obligations and net benefit costs are based on actuarial estimates and assumptions. The following table details the weighted average actuarial assumptions used in determining our postretirement plan obligations and net benefit costs:

	2024	**2023**
Assumptions related to benefit obligation at December 31:		
Discount rate	5.43 %	5.08 %
Assumptions related to benefit costs for the year ended December 31:		
Discount rate	5.08 %	5.37 %
Expected return on plan assets(a)	6.00 %	6.00 %

(a) The expected return on plan assets listed in the table above is a pre-tax rate of return based on our portfolio of investments. We utilize an after-tax expected return on plan assets to determine our benefit costs which reflects expected unrelated business income taxes.

Actuarial estimates for our postretirement benefits plan assumed a weighted average annual rate of increase in the per capita costs of covered health care benefits of 4.00% per year.

Component of Net Benefit Credit

The component of net benefit credit is as follows:

	Year Ended December 31,	
	2024	2023
	(In millions)	
Expected return on plan assets	$ (8)	$ (7)

6. Related Party Transactions

Affiliate Balances and Activities

We participate in KMI's cash management program, which matches the short-term cash surpluses and needs of participating affiliates, thus minimizing total borrowings from outside sources. KMI uses the cash management program to settle intercompany transactions between participating affiliates. As of December 31, 2024 and 2023, we had a note receivable from KMI of $25 million and $26 million, respectively. The interest rate on this note is variable and was 4.7% and 5.6% as of December 31, 2024 and 2023, respectively.

The following table summarizes our other balance sheet affiliate balances:

	December 31,	
	2024	2023
	(In millions)	
Accounts receivable	$ 4	$ 4
Natural gas imbalance receivable(a)	1	—
Accounts payable	22	24
Natural gas imbalance payable	1	2

(a) Included in "Other current assets" on our accompanying Consolidated Balance Sheets.

We do not have employees and are managed and operated by KMI, who provides services to us. Under KMI policies, we reimburse KMI at cost for direct and indirect costs incurred on our behalf and allocated general and administrative costs. These costs are reflected, as appropriate, in the "Operations and maintenance," "General and administrative and other costs" and "Capitalized costs" lines in the table below.

The following table shows revenues and costs from our affiliates:

	Year Ended December 31,	
	2024	2023
	(In millions)	
Revenues	$ 3	$ 4
Operations and maintenance	78	80
General and administrative and other costs	51	42
Capitalized costs	19	16

Subsequent Events

Subsequent to December 31, 2024 and through the issuance of this report, we made a distribution to our Member of approximately $113 million and received a capital contribution from our Member of approximately $2 million.

7. Revenue Recognition

Disaggregation of Revenues

The following table presents our revenues disaggregated by revenue source and type of revenue for each revenue source:

	Year Ended December 31,	
	2024	2023
	(In millions)	
Revenues from contracts with customers		
Services		
Firm services(a)	$ 738	$ 735
Fee-based services	100	110
Total services	838	845
Natural gas sales	—	32
Total revenues from contracts with customers	838	877
Other revenues(b)	3	4
Total revenues	$ 841	$ 881

(a) Represents reservation charge revenue.
(b) Amounts recognized as revenue under guidance prescribed in Topics of the ASC other than Topic 606.

Contract Balances

As of December 31, 2024 and 2023, our contract asset balances were not significant. As of December 31, 2024 and 2023, our contract liability balances were approximately $21 million and $23 million, respectively. Of the contract liability balance at December 31, 2023, approximately $22 million was recognized as revenue during the year ended December 31, 2024.

Major Customer

The following table presents revenues from our largest customer, which exceeded 10% of our revenues as determined for each year individually and irrespective of the other periods presented below:

	Year Ended December 31,	
	2024	2023
	(In millions)	
Revenues from largest non-affiliated customer (number one)	$ 108	$ 108

8. Accounting for Regulatory Activities

Regulatory Assets and Liabilities

As of December 31, 2024, the regulatory assets are subject to recovery in our rates, over a period of approximately one year to 32 years. Below are the details of our regulatory assets and liabilities:

	December 31,			
	2024		2023	
	(In millions)			
Current regulatory assets(a)	$	4	$	3
Non-current regulatory assets				
Gas imbalance cash out		46		33
Taxes on capitalized funds used during construction		6		7
Unamortized loss on reacquired debt		1		1
Other		5		7
Total non-current regulatory assets(b)		58		48
Total regulatory assets(c)	$	62	$	51
Current regulatory liabilities				
Difference between gas retained and gas consumed in operations	$	7	$	4
Other		3		4
Total current regulatory liabilities		10		8
Non-current regulatory liabilities				
Property and plant depreciation		34		35
Postretirement benefits		24		12
Income tax related		6		6
Other		1		1
Total non-current regulatory liabilities		65		54
Total regulatory liabilities	$	75	$	62

(a) Included in "Other current assets" on our accompanying Consolidated Balance Sheets.
(b) Included in "Deferred charges and other assets" on our accompanying Consolidated Balance Sheets.
(c) Includes $57 million and $46 million as of December 31, 2024 and 2023, respectively, of regulatory assets which are recoverable without earning a return.

Our significant regulatory assets and liabilities include:

Gas imbalance cash out

Amount reflects the revenue or cost from cash out activity net of the revenue or cost from operational sales or purchases of gas to offset the net cash out activity.

Taxes on capitalized funds used during construction

Amounts represent the deferred income taxes on AFUDC equity funds recognized during the time when we were a taxable entity. These amounts are recoverable in our tariff rates over the depreciable lives of the assets to which they apply.

Unamortized loss on reacquired debt

Amounts represent the deferred and unamortized portion of losses on reacquired debt which are recoverable in our tariff rates. Amounts are amortized over the original life of the debt issue, or in the case of refinanced debt, over the life of the new debt issue.

Difference between gas retained and gas consumed in operations

Amounts reflect the value of the difference between the gas retained and consumed in our operations. Pursuant to our tariffs, these amounts are expected to be recovered from or returned to our customers in subsequent periods through future rate making processes.

Property and plant depreciation

Amounts represent the deferral of customer-funded amounts for costs of future asset retirements and costs previously collected in our rates for the depreciation of certain assets in excess of normal depreciation rates.

Postretirement benefits

Amounts represent (i) the utilization of excess plan assets to fund KMI's retiree medical costs as permitted by our rate settlement and (ii) reimbursements of benefit costs which have been collected as a part of past rates.

Income tax related

Amounts represent the anticipated return to ratepayers of deferred income taxes as a result of the Tax Cuts and Jobs Act of 2017, which lowered the U.S. federal corporate income tax rate from 35% to 21% effective January 1, 2018. These amounts are amortized over the remaining depreciable lives of the assets to which they apply.

Regulatory Matter

On April 21, 2022, we were notified by the FERC of the commencement of a rate proceeding against us pursuant to Section 5 of the Natural Gas Act. This proceeding set the matter for hearing to determine whether our current rates remained just and reasonable. A proceeding under Section 5 of the Natural Gas Act is prospective in nature such that a change in rates charged to customers, if any, would likely only occur after the FERC has issued a final order. On November 18, 2022, we filed a Stipulation and Agreement (S&A) to establish reductions in our base rates during the term of the S&A, including a cumulative 16% reduction on average across mainline rate zones, to be phased in over three years beginning January 1, 2023, and a rate moratorium until September 30, 2027. The FERC approved the S&A without modification on January 31, 2023.

9. Litigation, Environmental and Commitments

Legal Proceedings

We are party to various legal, regulatory and other matters arising from the day-to-day operations of our businesses that may result in claims against the Company. Although no assurance can be given, we believe, based on our experiences to date and taking into account established reserves, that the ultimate resolution of such items will not have a material adverse impact to our financial position, cash flows or operating results. We believe we have numerous and substantial defenses to the matters to which we are a party and intend to vigorously defend the Company. When we determine a loss is probable of occurring and is reasonably estimable, we accrue an undiscounted liability for such contingencies based on our best estimate using information available at that time. If the estimated loss is a range of potential outcomes and there is no better estimate within the range, we accrue the amount at the low end of the range. We disclose contingencies where an adverse outcome may be material or, in the judgment of management, we conclude the matter should otherwise be disclosed.

State of New Mexico v. El Paso Natural Gas LLC, et al.

We are one of several pipeline defendants named in a lawsuit filed by the State of New Mexico on February 3, 2022 in the state district court in Santa Fe, New Mexico. The lawsuit alleges that defendants used products containing polychlorinated biphenyls (PCBs) for hydraulic fluids, insulating fluids, and lubricating oils for compressor stations and for other pipeline purposes through the 1970s, and that PCBs were released or discharged into the environment in the course of pipeline operations, thereby contaminating the State of New Mexico's natural resources. Asserting nuisance, negligence, unjust enrichment, and strict liability causes of action, the lawsuit seeks unspecified damages for past and future costs necessary to remediate the state's natural resources and water systems, as well as punitive damages. Trial is scheduled to begin on September 29, 2025. Given plaintiffs' failure to specify damages allegedly sought against us and the fact that the case concerns unspecified acts or omissions that are alleged to have occurred decades ago, we are unable to reasonably estimate the extent of our potential liability, if any, and intend to vigorously defend this case.

Winter Storm Litigation

On October 19, 2022, Luminant Energy Company LLC (Luminant) filed a third-party petition against us in the 193rd District Court of Dallas County, Texas (No. DC-21-148) alleging that we are required to indemnify Luminant for claims asserted by a producer against Luminant in the case captioned above. The producer alleges that Luminant breached a contract for sale and purchase of natural gas by failing to take and pay for 55,773 million British Thermal Units of gas nominated by Luminant between February 17-22, 2021 during Winter Storm Uri. The producer alleges that it is owed approximately $11.5 million, plus attorney fees and interest. Luminant's indemnity claim alleged that we were negligent and in breach of contract for failing to deliver gas and failing to receive and/or process nominations through our electronic information system with reasonable care. On April 8, 2024, the producer filed an amended petition that added direct claims against us seeking the same damages under negligence and tortious interference causes of action. On May 3, 2024, Luminant filed an amended claim against us alleging negligence and seeking approximately $21 million in alleged lost profits for power Luminant asserted it could have sold during the winter storm. On March 10, 2025, after notifying the court that Luminant's claims against us were settled, all claims asserted by Luminant were dismissed with prejudice. On April 8, 2025, after granting motions filed by us and Luminant for summary judgment on all remaining claims asserted by the producer, the court entered final judgment against the producer. In the event a motion for reconsideration or notice of appeal is filed by the producer, we intend to continue to vigorously defend this case.

We had no accruals for any outstanding legal proceedings as of December 31, 2024 and 2023.

Environmental Matters

We are subject to environmental cleanup and enforcement actions from time to time. In particular, the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) generally imposes joint and several liability for cleanup and enforcement costs on current and predecessor owners and operators of a site, among others, without regard to fault or the legality of the original conduct, subject to the right of a liable party to establish a "reasonable basis" for apportionment of costs. Our operations are also subject to federal, state and local laws and regulations relating to protection of the environment. Although we believe our operations are in substantial compliance with applicable environmental laws and regulations, risks of additional costs and liabilities are inherent in our operations, and there can be no assurance that we will not incur significant costs and liabilities. Moreover, it is possible that other developments could result in substantial costs and liabilities to us, such as increasingly stringent environmental laws, regulations and enforcement policies under the terms of authority of those laws, and claims for damages to property or persons resulting from our operations.

Superfund Matters

Included in our recorded environmental liabilities are projects where we have received notice that we have been designated or could be designated as a Potentially Responsible Party (PRP) under CERCLA, commonly known as Superfund, or state equivalents for three active sites. Liability under the federal CERCLA statute may be joint and several, meaning that we could be required to pay in excess of our pro rata share of remediation costs. We consider the financial strength of other PRPs in estimating our liabilities.

General

Although it is not possible to predict the ultimate outcomes, we believe that the resolution of the environmental matters set forth in this note, and other matters to which we and our subsidiaries are a party, will not have a material adverse effect on our financial position, cash flows or operating results. As of both December 31, 2024 and 2023, we had approximately $31 million accrued for our environmental matters.

Commitments

Rights-of-Way Obligations

We are obligated to make future payments under the terms of certain of our rights-of-way. Future minimum annual rental commitments under our rights-of-way obligations as of December 31, 2024 are as follows:

Year	**Commitments**
	(In millions)
2025	$ 5
2026	5
2027	5
2028	6
2029	6
Thereafter	36
Total	$ 63

Rental expense on our rights-of-way for the years ended December 31, 2024 and 2023 was approximately $38 million and $34 million, respectively, and is reflected in "Operations and maintenance" on our accompanying Consolidated Statements of Income and Comprehensive Income.