

CONSOLIDATED FINANCIAL STATEMENTS
With Report of Independent Auditors

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

As of December 31, 2025 and 2024 and
For the Years Ended December 31, 2025 and 2024

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, 2025 and 2024, 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, 2025 and 2024, 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, 2026

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

	Year Ended December 31,	
	2025	2024
Revenues	\$ 848	\$ 841
Operating Costs and Expenses		
Operations and maintenance	255	254
Depreciation and amortization	106	103
General and administrative	55	53
Taxes, other than income taxes	31	32
Other income, net	—	(8)
Total Operating Costs and Expenses	447	434
Operating Income	401	407
Other Income (Expense)		
Interest, net	(46)	(47)
Other, net	1	1
Total Other Expense	(45)	(46)
Income Before Income Taxes	356	361
Income Tax Expense	(1)	(1)
Net Income	355	360
Other Comprehensive Income		
Adjustments to postretirement benefit plan	13	10
Comprehensive Income	\$ 368	\$ 370

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,	
	2025	2024
ASSETS		
Current assets		
Cash and cash equivalents	\$ —	\$ —
Accounts receivable	84	90
Inventories	51	47
Prepayments	5	25
Other current assets	6	11
Total current assets	146	173
Property, plant, and equipment, net	2,291	2,271
Goodwill	565	565
Notes receivable from affiliate	26	25
Postretirement benefits assets	180	169
Deferred charges and other assets	120	133
Total Assets	\$ 3,328	\$ 3,336
LIABILITIES AND MEMBER'S EQUITY		
Current liabilities		
Current portion of debt	\$ 200	\$ —
Accounts payable	63	68
Accrued taxes	19	21
Contractual deposits	33	20
Contractual liabilities	19	13
Regulatory liabilities	3	10
Natural gas imbalance payable	3	11
Other current liabilities	13	12
Total current liabilities	353	155
Long-term liabilities and deferred credits		
Long-term debt	600	800
Debt fair value adjustments	43	52
Regulatory liabilities	71	65
Other long-term liabilities and deferred credits	47	35
Total long-term liabilities and deferred credits	761	952
Total Liabilities	1,114	1,107
Commitments and contingencies (Note 9)		
Member's Equity		
Member's equity	2,168	2,196
Accumulated other comprehensive income	46	33
Total Member's Equity	2,214	2,229
Total Liabilities and Member's Equity	\$ 3,328	\$ 3,336

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,	
	2025	2024
Cash Flows From Operating Activities		
Net income	\$ 355	\$ 360
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	106	103
Other non-cash items	(3)	(3)
Changes in components of working capital:		
Accounts receivable	6	(11)
Prepayments	20	(2)
Accounts payable	7	(5)
Other current assets and liabilities	(7)	(1)
Other long-term assets and liabilities	35	(1)
Net Cash Provided by Operating Activities	519	440
Cash Flows From Investing Activities		
Capital expenditures	(139)	(147)
Net change in notes receivable from affiliate	(1)	1
Other, net	4	(5)
Net Cash Used in Investing Activities	(136)	(151)
Cash Flows From Financing Activities		
Contributions from Member	10	22
Distributions to Member	(393)	(311)
Net Cash Used in Financing Activities	(383)	(289)
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
Supplemental Disclosure of Cash Flow Information		
Cash paid during the period for interest (net of capitalized interest)	\$ 50	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,	
	2025	2024
Beginning Balance	\$ 2,229	\$ 2,148
Net income	355	360
Contributions	10	22
Distributions	(393)	(311)
Other comprehensive income	13	10
Ending Balance	\$ 2,214	\$ 2,229

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). References to KMI are inclusive of Kinder Morgan Inc. and its consolidated subsidiaries.

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 10,255 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 (FASB) Accounting Standards Codification, 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, 2026, 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 businesses, 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.

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.

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 demand for our services 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.

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. 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.

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, 2025 and 2024.

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 circumstances 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, 2025 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 recognize revenue when control of the promised goods or services is transferred to customers and in an amount that reflects the consideration we expect to receive for those goods or services. Review of our contracts with customers may involve management judgment and an analysis of the contract's material terms.

Our revenues are primarily generated from the transportation of natural gas under firm and/or fee-based service contracts and natural gas sales contracts. The natural gas we receive under our services contracts remains under the control of our customers. Revenues are generally invoiced on a monthly basis.

Services Contracts

Under our firm service contracts, customers are generally subject to a fixed take-or-pay reservation fee for services. Our performance obligation is a promise to stand ready to provide continuous service availability, with limited exceptions, over the contractual service period (a single performance obligation). Because we make the service continuously available over the service period, even if the service is not used or received, we recognize the take-or-pay fixed fee as revenue ratably over the contractual service period based on the passage of time, as the service period expires.

Under our fee-based service contracts, customers receive non-firm or interruptible services, on an "as available" basis. Upon acceptance of a customer's periodic service request, our performance obligation is a promise to provide a series of periodic services over the contractual service period (a single performance obligation). The transaction price is variable, typically a fee-based per unit rate based on our invoicing right for units of service transferred, and is allocated to a single performance obligation of providing services over the contractual service period. We recognize revenue as each unit of service is transferred to the customer in the specified service period.

Natural Gas Sales Contracts

Our natural gas sales contracts typically include a specified quantity of natural gas to be delivered and sold to the customer at a specified delivery point. Generally, under these contracts, each unit of natural gas sold is a separate performance obligation, and the transaction price is variable, typically based on a market-indexed per unit rate, for the value of natural gas sold. The transaction price is allocated to each performance obligation based on the standalone selling price of natural gas sold. Revenue is recognized upon delivery of the natural gas and generally accounted for on a gross basis with the related cost reported in "Operations and maintenance" in our accompanying Consolidated Statements of Income and Comprehensive Income.

Contract Balances

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

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. Other than service cost, all other components of net benefit (cost) credit are included within "Other, net" in our accompanying Consolidated Statements of Income and Comprehensive Income.

Income Taxes

We are a single member limited liability company and are not subject to federal or state income taxes. Accordingly, no provision for federal and state income taxes has been recorded in our financial statements. The tax effects of our activities accrue to our Member who reports the revenue and expenses on its income tax returns. 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,	
		2025	2024
	%	(In millions)	
Transmission and storage facilities	1.09 - 2.32	\$ 3,262	\$ 3,154
General plant	1.66 - 33.0	33	33
Intangible plant	4.0 - 20.0	8	8
Other		34	43
Accumulated depreciation and amortization(a)		(1,121)	(1,029)
		2,216	2,209
Land		4	4
Construction work in progress		71	58
Property, plant, and equipment, net		\$ 2,291	\$ 2,271

(a) The composite weighted average depreciation rate for each of the years ended December 31, 2025 and 2024 was approximately 3.3%.

4. Debt

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

	December 31,	
	2025	2024
	(In millions)	
7.50% Debentures due November 2026(a)	\$ 200	\$ 200
3.50% Senior Notes due February 2032	300	300
8.375% Notes due June 2032	300	300
Total Debt	800	800
Less: Current portion of debt	200	—
Total long-term debt	\$ 600	\$ 800

- (a) We intend to satisfy this debt obligation through issuance of bank or bond debt, issuance of notes to our Member, capital contributions from our Member, or a combination of these options.

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, 2025 and 2024, 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, 2025 and 2024, 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 also 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 2026, and there were no contributions made in 2025 and 2024.

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,	
	2025	2024
	(In millions)	
Change in plan assets:		
Fair value of plan assets - beginning of period	\$ 173	\$ 168
Actual return on plan assets	23	18
Employer transfers	(12)	(12)
Benefits paid	(1)	(1)
Fair value of plan assets - end of period	\$ 183	\$ 173
Change in postretirement benefit obligation:		
Postretirement benefit obligation - beginning of period	\$ 4	\$ 5
Benefits paid	(1)	(1)
Postretirement benefit obligation - end of period	\$ 3	\$ 4
Reconciliation of funded status:		
Fair value of plan assets	\$ 183	\$ 173
Less: postretirement benefit obligation	3	4
Net asset at December 31(a)	\$ 180	\$ 169
Amounts of accumulated other comprehensive income recognized in the Consolidated Balance Sheets:		
Unrecognized net actuarial gain	\$ 46	\$ 33

(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,	
	2025	2024
	(In millions)	
Investment within fair value hierarchy: Short-term investment fund (money market) measured at Level 2	\$ 2	\$ 2
Investments measured at NAV	181	171
Investments at fair value	\$ 183	\$ 173

Expected Payment of Future Benefits

As of December 31, 2025, we expect to make the following benefit payments under our plan:

Year	Total
	(In millions)
2026	\$ 1
2027	1
2028	1
2029	—
2030	—
2031 - 2035	—

Actuarial Assumptions

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:

	2025	2024
Assumptions related to benefit obligation at December 31:		
Discount rate	5.03 %	5.43 %
Assumptions related to benefit costs for the year ended December 31:		
Discount rate	5.43 %	5.08 %
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.

Components of Net Benefit Credit

The components of net benefit credit are as follows:

	Year Ended December 31,	
	2025	2024
	(In millions)	
Expected return on plan assets	\$ (8)	\$ (8)
Amortization of net actuarial gain	(2)	—
Net benefit credit	\$ (10)	\$ (8)

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, 2025 and 2024, we had a note receivable from KMI of \$26 million and \$25 million, respectively. The interest rate on this note is variable and was 3.9% and 4.7% as of December 31, 2025 and 2024, respectively.

The following table summarizes our other balance sheet affiliate balances:

	December 31,	
	2025	2024
	(In millions)	
Accounts receivable	\$ 4	\$ 4
Natural gas imbalance receivable(a)	—	1
Accounts payable	21	22
Natural gas imbalance payable	—	1

(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,	
	2025	2024
	(In millions)	
Revenues	\$ 5	\$ 3
Operations and maintenance(a)	75	78
General and administrative and other costs	51	51
Capitalized costs	18	19

(a) Includes costs associated with a transportation agreement. Refer to Note 9 “Litigation, Environmental and Commitments—*Commitments—Transportation Commitment*” for further information.

Subsequent Events

Subsequent to December 31, 2025 and through the issuance of this report, we made a distribution to our Member of approximately \$115 million and received a capital contribution from our Member of approximately \$8 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,	
	2025	2024
(In millions)		
Revenues from contracts with customers		
Services		
Firm services	\$ 747	\$ 738
Fee-based services	93	100
Total services	840	838
Natural gas sales	5	—
Total revenues from contracts with customers	845	838
Other revenues	3	3
Total revenues	\$ 848	\$ 841

Contract Balances

As of December 31, 2025 and 2024, our contract liability balances were approximately \$34 million and \$21 million, respectively. Of the contract liability balance at December 31, 2024, approximately \$15 million was recognized as revenue during the year ended December 31, 2025.

Major Customer

The following table presents revenues from our largest customer, which exceeded 10% of our revenues:

	Year Ended December 31,	
	2025	2024
(In millions)		
Revenues from largest non-affiliated customer	\$ 107	\$ 108

8. Accounting for Regulatory Activities

Regulatory Assets and Liabilities

As of December 31, 2025, the regulatory assets are subject to recovery in our rates, over a period of approximately one year to 31 years. Below are the details of our regulatory assets and liabilities:

	December 31,	
	2025	2024
	(In millions)	
Current regulatory assets(a)	\$ 5	\$ 4
Non-current regulatory assets		
Gas imbalance cash out	44	46
Taxes on capitalized funds used during construction	6	6
Other	5	6
Total non-current regulatory assets(b)	55	58
Total regulatory assets(c)	\$ 60	\$ 62
Current regulatory liabilities		
Difference between gas retained and gas consumed in operations	\$ —	\$ 7
Other	3	3
Total current regulatory liabilities	3	10
Non-current regulatory liabilities		
Property and plant depreciation	29	34
Postretirement benefits	36	24
Income tax-related	5	6
Other	1	1
Total non-current regulatory liabilities	71	65
Total regulatory liabilities	\$ 74	\$ 75

(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 \$55 million and \$57 million as of December 31, 2025 and 2024, respectively, of regulatory assets which are recoverable without earning a return.

Our significant regulatory assets and liabilities include:

Gas imbalance cash out

Amounts reflect 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.

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.

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 or certain predecessor operations 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 accrued liabilities and insurance, that the ultimate resolution of such items will not have a material adverse impact to our financial position, cash flows, or operating results, unless otherwise indicated below. 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.

The State of New Mexico filed a lawsuit against us and other pipeline defendants on February 3, 2022 in the state district court in Santa Fe, New Mexico. The lawsuit alleged 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 sought damages for past and future costs of remediation, as well as punitive damages. Without admission of fault, we settled all claims shortly before trial on September 29, 2025, and the lawsuit was dismissed with prejudice.

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. 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 during the storm. 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. Our settlement with Luminant includes a partial indemnity against the claims asserted against Luminant by the producer. 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. On June 18, 2025, the court granted a motion for partial

reconsideration filed by the producer solely as to its claims against Luminant, thereby reviving the producer's claims against Luminant. We intend to work with Luminant to continue to vigorously defend the case.

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. 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, 2025 and 2024, we had approximately \$31 million accrued for our environmental matters.

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.

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, 2025 are as follows:

Year	Commitments (In millions)
2026	\$ 3
2027	6
2028	6
2029	6
2030	7
Thereafter	36
Total	\$ 64

Rental expense on our rights-of-way for the years ended December 31, 2025 and 2024 was approximately \$39 million and \$38 million, respectively, and is reflected in "Operations and maintenance" on our accompanying Consolidated Statements of Income and Comprehensive Income.

Transportation Commitment

In November 2025, we entered into an amended transportation contract with our affiliate, TransColorado Gas Transmission Company LLC, which extended the commitment term to five years totaling \$62 million. Our future annual obligations as of December 31, 2025 are \$14 million for 2026, \$11 million for each year 2027 through 2029, \$12 million for 2030 and \$3 million thereafter.

10. Recent Accounting Pronouncement

Accounting Standards Update (ASU) No. 2025-06

On September 18, 2025, the FASB issued ASU No. 2025-06, “*Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software.*” This ASU modernizes the accounting guidance for the costs to develop software for internal use by removing outdated stage-based cost capitalization rules and replacing them with a probability-based cost-capitalization framework that aligns better with current software development methods. This ASU will be effective for annual periods beginning after December 15, 2027, for interim reporting periods beginning within those annual periods, and early adoption is permitted. Management is currently evaluating this ASU to determine its impact on the Company’s financial statements.