

CONSOLIDATED FINANCIAL STATEMENTS
With Report of Independent Registered Public Accounting Firm

SOUTHERN NATURAL GAS COMPANY, L.L.C.

As of December 31, 2025 and 2024 and
For the Years Ended December 31, 2025, 2024 and 2023

SOUTHERN NATURAL GAS COMPANY, L.L.C. AND SUBSIDIARY
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Report of Independent Registered Public Accounting Firm

Board of Directors and Members
Southern Natural Gas Company, L.L.C.
Houston, Texas

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Southern Natural Gas Company, L.L.C. (the "Company") as of December 31, 2025 and 2024, the related consolidated statements of income, members' equity, and cash flows for each of the three years in the period ended December 31, 2025, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2025, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.



Postretirement Benefits Plan - Fair Value of Investments Measured at Net Asset Value

As discussed in Note 5 to the consolidated financial statements, the fair value of postretirement benefits plan assets on December 31, 2025, was \$79 million. Of this amount, \$78 million represents the fair value of investments measured at net asset value (NAV).

We identified the assessment of the postretirement benefits plan fair value of investments measured at NAV as a critical audit matter. Estimating the fair value requires management to make certain determination of unobservable inputs. Auditing these elements involved subjective auditor judgment due to the nature and extent of audit effort required, including the extent of specialized skills or knowledge needed to assess sufficiency of audit evidence.

The primary procedures we performed to address this critical audit matter included:

- Comparing the fair values as recorded by the Company to external confirmations received directly from the third-party investment managers.
- Utilizing specialists who performed a benchmark analysis to determine the correlation of the funds and the stated benchmark; the results were used to estimate the high and low fair value range of the investments to compare to the Company's fair value.

Emphasis of Matter - Significant Transactions with Related Parties

As discussed in Note 6 to the consolidated financial statements, the Company has entered into significant transactions with related parties.

BDO USA, PC.

We have served as the Company's auditor since 2018.

February 5, 2026

SOUTHERN NATURAL GAS COMPANY, L.L.C. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME
(In millions)

	Year Ended December 31,		
	2025	2024	2023
Revenues	\$ 663	\$ 651	\$ 662
Operating Costs and Expenses			
Operations and maintenance	179	162	168
Depreciation and amortization	89	85	84
General and administrative	39	38	35
Taxes, other than income taxes	41	39	41
Total Operating Costs and Expenses	348	324	328
Operating Income	315	327	334
Other Income (Expense)			
Earnings from equity investment	7	7	8
Interest, net	(63)	(54)	(57)
Other, net	(5)	10	(5)
Total Other Expense	(61)	(37)	(54)
Net Income	\$ 254	\$ 290	\$ 280

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

SOUTHERN NATURAL GAS COMPANY, L.L.C. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
(In millions)

	December 31,	
	2025	2024
ASSETS		
Current assets		
Cash and cash equivalents	\$ 38	\$ 17
Accounts receivable	37	40
Accounts receivable from affiliates	21	21
Inventories	27	25
Regulatory assets	3	18
Other current assets	11	3
Total current assets	137	124
Property, plant, and equipment, net	2,776	2,623
Investment	85	83
Regulatory assets	23	24
Deferred charges and other assets	82	77
Total Assets	\$ 3,103	\$ 2,931
LIABILITIES AND MEMBERS' EQUITY		
Current liabilities		
Accounts payable	\$ 66	\$ 54
Accounts payable to affiliates	16	16
Accrued interest	25	18
Accrued taxes, other than income taxes	24	22
Contractual deposits	10	1
Regulatory liabilities	12	6
Rate liabilities (Note 8)	—	17
Other current liabilities	12	11
Total current liabilities	165	145
Long-term liabilities and deferred credits		
Long-term debt (at net carrying value)	1,212	915
Regulatory liabilities	62	58
Other long-term liabilities and deferred credits	3	5
Total long-term liabilities and deferred credits	1,277	978
Total Liabilities	1,442	1,123
Commitments and contingencies (Note 9)		
Members' Equity	1,661	1,808
Total Liabilities and Members' Equity	\$ 3,103	\$ 2,931

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

SOUTHERN NATURAL GAS COMPANY, L.L.C. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	Year Ended December 31,		
	2025	2024	2023
Cash Flows From Operating Activities			
Net income	\$ 254	\$ 290	\$ 280
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	89	85	84
Earnings from equity investment	(7)	(7)	(8)
Other non-cash items	(6)	(7)	(2)
Distributions from equity investment earnings	5	3	2
Changes in components of working capital:			
Accounts receivable	3	(3)	4
Regulatory assets	15	3	(9)
Accounts payable	2	(1)	5
Regulatory liabilities	6	(6)	2
Other current assets and liabilities	(17)	13	(7)
Other long-term assets and liabilities	(10)	(21)	27
Net Cash Provided by Operating Activities	334	349	378
Cash Flows From Investing Activities			
Capital expenditures	(208)	(172)	(87)
Other, net	(1)	(10)	(7)
Net Cash Used in Investing Activities	(209)	(182)	(94)
Cash Flows From Financing Activities			
Issuances of debt	309	104	88
Payments of debt	(9)	(104)	(88)
Debt issuance costs	(3)	—	—
Contributions from Members	148	164	22
Distributions to Members	(549)	(322)	(305)
Net Cash Used in Financing Activities	(104)	(158)	(283)
Net Increase in Cash and Cash Equivalents	21	9	1
Cash and Cash Equivalents, beginning of period	17	8	7
Cash and Cash Equivalents, end of period	\$ 38	\$ 17	\$ 8
Non-cash Investing and Financing Activities			
Net increase in property, plant, and equipment accruals	\$ 10	\$ 22	
Supplemental Disclosure of Cash Flow Information			
Cash paid during the period for interest (net of capitalized interest)	55	54	\$ 56

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

SOUTHERN NATURAL GAS COMPANY, L.L.C. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY
(In millions)

	Year Ended December 31,		
	2025	2024	2023
Beginning Balance	\$ 1,808	\$ 1,676	\$ 1,679
Net income	254	290	280
Contributions	148	164	22
Distributions	(549)	(322)	(305)
Ending Balance	\$ 1,661	\$ 1,808	\$ 1,676

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

SOUTHERN NATURAL GAS COMPANY, L.L.C. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. General

We are a Delaware limited liability company, originally formed in 1935 as a corporation. When we refer to “us,” “we,” “our,” “the Company,” or “SNG,” we are describing Southern Natural Gas Company, L.L.C and its consolidated subsidiary.

The Members’ interests in us are as follows:

- 50.0% - Kinder Morgan SNG Operator, LLC (KMSO), an indirect subsidiary of Kinder Morgan, Inc. (KMI); and
- 50.0% - Evergreen Enterprise Holdings, LLC, an indirect subsidiary of The Southern Company.

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. Our natural gas pipeline system consists of approximately 6,830 miles of pipeline with a design capacity of approximately 4.4 billion cubic feet (Bcf) per day for natural gas. This pipeline system extends from supply basins in Louisiana, Mississippi and Alabama to market areas in Louisiana, Mississippi, Alabama, Florida, Georgia, South Carolina and Tennessee, including the metropolitan areas of Atlanta and Birmingham. We also own and operate 100% of the Muldon storage facility in Monroe County, Mississippi and own a 50% interest in Bear Creek Storage Company, L.L.C. (Bear Creek) in Bienville Parish, Louisiana. Bear Creek is a joint venture equally owned by us and Tennessee Gas Pipeline Company, L.L.C. (TGP), an affiliate. Our interest in Bear Creek and the Muldon storage facility provide a combined working natural gas storage capacity of approximately 66 Bcf and peak withdrawal capacity of approximately 1.2 Bcf per day.

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 February 5, 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. 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 our 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 "Other current liabilities." 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 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. 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. The amounts of capitalized AFUDC were approximately \$7 million, \$8 million, and \$2 million for the years ended December 31, 2025, 2024 and 2023, respectively. The capitalized interest costs included in these AFUDC amounts were not significant.

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 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 and Investment Impairments

We evaluate our long-lived assets and investment 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 or investment 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 or investment 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 or investment 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.

We evaluate our equity method investment for other-than-temporary impairment. When an other-than-temporary impairment is recognized, the loss is recorded as a reduction in equity earnings.

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, 2024, and 2023.

Equity Method of Accounting

We use the equity method of accounting for investments which we do not control, but for which we have the ability to exercise significant influence. Under this method, our equity investment is carried originally at our acquisition cost, increased by our proportionate share of the investee’s net income and by contributions made, and decreased by our proportionate share of the investee’s net losses and by distributions received.

Revenue Recognition

Revenue from Contracts with Customers

We recognize revenue when control of the promised services is transferred to customers and in an amount that reflects the consideration we expect to receive for those 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 and storage of natural gas under firm and/or fee-based service

contracts. The natural gas we receive under our transportation and storage contracts remains under the control of our customers. Revenues are generally invoiced on a monthly basis.

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.

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 maintain a 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 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 as a regulatory asset or liability until those gains or losses are recognized on our accompanying Consolidated Statements of 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.

Income Taxes

We are a limited liability company that is treated as a partnership for income tax purposes and are not subject to federal or state income taxes. Accordingly, no provision for federal or state income taxes has been recorded in our Consolidated Financial Statements. The tax effect of our activities accrues to our Members who report on their individual federal and state income tax returns their share of revenues and expenses.

Fair Value

The fair values of our financial instruments are separated into three broad levels (Levels 1, 2 and 3) based on our assessment of the availability of observable market data and the significance of non-observable data used to determine fair value. We assign each fair value measurement to a level corresponding to the lowest level input that is significant to the fair value measurement in its entirety. Recognized valuation techniques utilize inputs such as contractual prices, quoted market prices or rates, and discount factors. These inputs may be either readily observable or corroborated by market data.

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	1.63 - 2.20	\$ 4,423	\$ 4,185
General plant	3.33 - 20.0	15	15
Intangible plant	5.0 - 10.0	20	17
Other		127	118
Accumulated depreciation and amortization(a)		(1,976)	(1,911)
		2,609	2,424
Land		14	14
Construction work in progress		153	185
Property, plant, and equipment, net		\$ 2,776	\$ 2,623

(a) The composite weighted average depreciation rate for each of the years ended December 31, 2025 and 2024 was 2.0%.

4. Debt

The following table summarizes the net carrying value of our outstanding unsecured debt:

	December 31,	
	2025	2024
	(In millions)	
7.35% Notes due February 2031	\$ 153	\$ 153
8.00% Notes due March 2032	258	258
5.45% Senior Notes due August 2035	300	—
4.80% Senior Notes due March 2047	500	500
	1,211	911
Less: Unamortized premium, net and debt issuance costs	(1)	(4)
Total long-term debt	\$ 1,212	\$ 915

Our notes are redeemable in whole or in part, at our option at any time, at a price equal to 100% of the principal amount of the notes plus accrued interest to the redemption date plus a make-whole premium.

Debt Issuance

On July 23, 2025, we issued \$300 million of 5.45% Senior Notes due August 1, 2035 at a discount rate of 99.891%. Interest is payable semi-annually, commencing on February 1, 2026. We received net proceeds of approximately \$297 million after discount and approximately \$3 million of issuance costs, which we distributed to our Members to repay them for capital contributions they made to us to fund our redemption of indebtedness.

Credit Facility

On May 29, 2025, we amended our unsecured credit facility to increase it from \$50 million to \$75 million and extend the due date to May 2030. Our credit facility is with a syndicate of financial institutions with Barclays Bank PLC as the administrative agent. Borrowings under our credit facility can be used for working capital and other general corporate purposes. As of December 31, 2025 and 2024, we had no borrowings outstanding under our credit facility.

Our credit facility borrowings bear interest at either (i) Secured Overnight Financing Rate (SOFR), plus (x) a credit spread adjustment and (y) an applicable margin ranging from 0.875% to 1.50% per annum based on our credit ratings or (ii) the greatest of the (a) Federal Funds Effective rate plus ½ of 1%, (b) the Prime Rate in effect for such day, and (c) the SOFR rate for a one-month Eurodollar loan plus (x) a credit spread adjustment, (y) 1% and (z) in each case, an applicable margin ranging from nil to 0.5%. In addition, we have agreed to pay the administrative agent a commitment fee, based on our credit rating, ranging from 0.075% to 0.200%.

Our credit facility includes the following restrictive covenants:

- total debt divided by earnings before interest, income taxes, depreciation and amortization may not exceed 5.00 to 1.00;
- certain limitations on indebtedness, including payments and amendments;
- certain limitations on entering into mergers, consolidations, sales of assets and investments;
- limitations on granting liens; and
- prohibitions on making any distributions if an event of default exists or would exist upon making such a distribution.

Debt Covenants

Under our various other 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, 2024, and 2023, we were in compliance with our debt-related covenants.

Fair Value of Financial Instruments

The carrying value and estimated fair value of our outstanding debt balances is disclosed below:

	As of December 31,			
	2025		2024	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
(In millions)				
Total debt	\$ 1,212	\$ 1,216	\$ 915	\$ 872

We used Level 2 input values to measure the estimated fair value of our outstanding debt balance as of both December 31, 2025 and 2024.

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 2026 and there were no contributions made in 2025, 2024, and 2023.

Postretirement Benefit Obligation, Plan Assets and Funded Status

Our postretirement benefit obligations and net benefit costs 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	\$ 71	\$ 66
Actual return on plan assets	10	7
Benefits paid	(2)	(2)
Fair value of plan assets - end of period	\$ 79	\$ 71
Change in postretirement benefit obligation:		
Postretirement benefit obligation - beginning of period	\$ 12	\$ 13
Interest cost	1	1
Benefits paid	(2)	(2)
Postretirement benefit obligation - end of period	\$ 11	\$ 12
Reconciliation of funded status:		
Fair value of plan assets	\$ 79	\$ 71
Less: Postretirement benefit obligation	11	12
Net asset at December 31(a)	\$ 68	\$ 59

(a) Net asset amounts are included in "Deferred charges and other 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 60% equity and 40% fixed income.

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 trusts. The 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 December 31, 2025 and 2024:

	2025	2024
	(In millions)	
Investment within fair value hierarchy: Short-term investment fund (money market) measured at Level 2	\$ 1	\$ 1
Investments measured at NAV	78	70
Investments at fair value	\$ 79	\$ 71

Expected Payment of Future Benefits

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

Year	Total
	(In millions)
2026	\$ 1
2027	1
2028	1
2029	1
2030	1
2031 - 2035	5

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 for 2025, 2024, and 2023:

	2025	2024	2023
Assumptions related to benefit obligations at December 31:			
Discount rate	4.98 %	5.44 %	5.08 %
Assumptions related to benefit costs for the year ended December 31:			
Discount rate	5.44 %	5.08 %	5.39 %
Expected return on plan assets(a)	6.00 %	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 targeted 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	2023
	(In millions)		
Interest cost	\$ 1	\$ 1	\$ 1
Expected return on plan assets	(3)	(3)	(2)
Amortization of prior service credit	—	(2)	(2)
Amortization of net actuarial gain	(1)	—	—
Net benefit credit	\$ (3)	\$ (4)	\$ (3)

6. Related Party Transactions

Affiliate Balances and Activities

We do not have employees and are operated by KMSO; therefore, employees of KMI provide services to us. Pursuant to our Operations and Management Agreement with KMSO, we reimburse KMI monthly for direct operating expenses incurred on our behalf. We also reimburse KMI at cost for allocated general and administrative costs in addition to indirect costs incurred on our behalf.

The following table shows revenues and costs from our affiliates:

	Year Ended December 31,		
	2025	2024	2023
	(In millions)		
Revenues	\$ 225	\$ 206	\$ 210
Operations and maintenance(a)(b)	113	118	115
General and administrative and other costs(a)	31	28	29
Capitalized costs	13	14	9

(a) Includes costs associated with affiliate agreement described above.

(b) Includes expenses associated with transportation and storage agreements. Refer to Note 9 “Litigation, Environmental, and Commitments—Commitments—Purchase Obligations” for further information.

As of December 31, 2025 and 2024, we also had approximately \$2 million and \$1 million, respectively, of affiliate natural gas imbalance receivable included in “Other current assets” on our accompanying Consolidated Balance Sheets.

Subsequent Events

Subsequent to December 31, 2025 and through the issuance of this report, we made a cash distribution to and received a cash contribution from our Members totaling \$10 million and \$30 million, respectively.

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	2023
	(In millions)		
Revenues from contracts with customers			
Services			
Firm services	\$ 570	\$ 569	\$ 580
Fee-based services	91	79	79
Total revenues from contracts with customers	661	648	659
Other revenues	2	3	3
Total revenues	\$ 663	\$ 651	\$ 662

Contract Balances

As of December 31, 2025 and 2024, our contract asset balances were approximately \$10 million and \$11 million, respectively. Of the contract asset balance at December 31, 2024, \$1 million was transferred to accounts receivable during the year ended December 31, 2025. As of December 31, 2025 and 2024, our contract liability balances were approximately \$3 million and \$4 million, respectively. The contract liability balance at December 31, 2024 of \$4 million was recognized as revenue during the year ended December 31, 2025.

Revenue Allocated to Remaining Performance Obligations

The following table presents the estimated revenue related to unsatisfied performance obligations representing fixed consideration primarily attributable to service contracts with take-or-pay fees that we expect to recognize in future periods:

	2026	2027	2028 and thereafter
	(In millions)		
Estimated revenue as of December 31, 2025	\$ 595	\$ 554	\$ 1,692

Based on the practical expedients we elected to apply, the amounts presented in the table above exclude remaining performance obligations for variable consideration related to contracts with index-based pricing or variable volume attributes in which such variable consideration is allocated entirely to a wholly unsatisfied performance obligation.

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,		
	2025	2024	2023
	(In millions)		
Revenues from largest affiliated customer	\$ 201	\$ 205	\$ 210

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 28 years. Below are the details of our regulatory assets and liabilities:

	December 31,	
	2025	2024
(In millions)		
Current regulatory assets		
Difference between gas retained and gas consumed in operations	\$ 2	\$ 17
Other	1	1
Total current regulatory assets	3	18
Non-current regulatory assets		
Taxes on capitalized funds used during construction	9	10
Unamortized loss on reacquired debt	4	4
Gas imbalance cash out	4	3
Difference between gas retained and gas consumed in operations	6	7
Total non-current regulatory assets	23	24
Total regulatory assets(a)	\$ 26	\$ 42
Current regulatory liabilities		
Difference between gas retained and gas consumed in operations	\$ 10	\$ 4
Income tax-related	2	2
Total current regulatory liabilities	12	6
Non-current regulatory liabilities		
Postretirement benefits	20	15
Income tax-related	42	43
Total non-current regulatory liabilities	62	58
Total regulatory liabilities	\$ 74	\$ 64

(a) Assets recoverable without earning a return.

Our significant regulatory assets and liabilities include:

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 tariff, these amounts are expected to be recovered from or returned to our customers in subsequent periods.

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 loss on reacquired debt which is 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.

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.

Postretirement benefits

Amounts represent unrecognized gains and losses related to our postretirement benefit plan.

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 Matters

Rate Proceedings

On May 30, 2018, the FERC approved a comprehensive rate case settlement for our general system-wide tariff rates in Docket No. RP18-556, under which we were required to file a new rate case for new storage and transportation tariff rates no later than March 1, 2024. In connection with pre-filing settlement discussions between us and our customers aimed at achieving settlement prior to the March 1, 2024 deadline, we filed with the FERC to extend the filing deadline to May 1, 2024, which the FERC granted. On May 1, 2024, we filed a rate case pursuant to Section 4 of the Natural Gas Act under Docket No. RP24-744, proposing new rates to be effective November 1, 2024. On May 31, 2024, the FERC accepted and suspended the effectiveness of the new rates to November 1, 2024, subject to refund and the outcome of a hearing. On December 18, 2024, we and our customers reached a settlement-in-principle to resolve all matters set for hearing. On January 28, 2025, we placed the settlement rates into effect on an interim basis, effective February 1, 2025. The settlement was filed on February 18, 2025, and was certified by the presiding judge on March 25, 2025. We received FERC approval of the settlement on May 19, 2025. All refund obligations related to Docket No. RP 24-744 were satisfied in September 2025 and the settlement rates have been put into effect.

South System Expansion 4 Project (SSE4)

Following the participation in the FERC pre-filing review process for the SSE4, we filed on June 30, 2025, an application with the FERC requesting authority to construct and operate the SSE4 project, which is designed to increase SNG's South Mainline capacity by approximately 1.3 Bcf per day. The certificate order authorizing the project is expected by July 31, 2026 based on the FERC Notice of Schedule for the Final Order. SSE4 will be completed in two phases and is almost entirely comprised of brownfield looping and horsepower compression additions on the SNG and our affiliate's Elba Express pipeline systems. Our portion of the estimated project cost is approximately \$3,333 million and we expect to place the first phase of the project in service in the fourth quarter of 2028 and the second phase in the fourth quarter of 2029.

On November 5, 2025, we were informed that the Federal Permitting Improvement Steering Committee, established by Title 41 of the Fixing America's Surface Transportation Act (FAST-41), has added the SSE4 to the FAST-41 program, which aims to streamline federal reviews for large infrastructure projects. The Coordinated Project Plan and permitting timetable has been added to the FAST-41 website for the project. The FERC will lead the federal permitting for the SSE4 Project under FAST-41. On December 31, 2025, the FERC issued a Notice of Schedule for the certificate order on our SSE4 which indicated that it expects to issue the certificate order of SSE4 on July 31, 2026.

Evangeline Pass Expansion Project (EPE)

On February 7, 2020, we filed an application with the FERC requesting authority to construct the EPE, which included the construction of a new compressor station in Clarke County, Mississippi and three new meter stations, and the construction, modification or replacement of certain additional facilities along the pipeline corridor. Installation of these facilities enabled us to provide incremental firm transportation services of approximately 1.1 Bcf per day, to an affiliate, TGP, pursuant to a capacity lease. The FERC order approving the project was issued on March 25, 2022. In February 2025, we placed certain project facilities in-service to provide the project shipper with approximately 0.4 Bcf per day of interim capacity. The remaining project

facilities were placed in-service on July 1, 2025. The total costs of the project was approximately \$187 million.

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. 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.

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 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 subsidiary are a party, will not have a material adverse effect on our financial position, cash flows or operating results.

Louisiana Governmental Coastal Zone Erosion Litigation.

Beginning in 2013, several parishes in Louisiana and the City of New Orleans filed separate lawsuits in state district courts in Louisiana against a number of oil and gas companies, including us. The lawsuits allege that certain of the defendants’ oil and gas exploration, production and transportation operations were conducted in violation of the State and Local Coastal Resources Management Act of 1978, as amended (SLCRMA) and that those operations caused substantial damage to the coastal waters of Louisiana and nearby lands. Plaintiffs seek, among other relief, unspecified money damages, attorney fees, interest, and restoration costs. There are more than 40 of these cases pending in Louisiana against oil and gas companies, one of which is against us, as described further below.

On March 29, 2019, the City of New Orleans (Orleans) filed a petition in the state district court for Orleans Parish, Louisiana against us and 10 other energy companies alleging that the defendants’ operations in Orleans Parish violated SLCRMA and Louisiana law, and caused substantial damage to the coastal waters and nearby lands. Orleans sought unspecified money damages, attorney fees, interest, and restoration costs. On February 28, 2024, after the case was removed to federal court, the U.S. District Court for the Eastern District of Louisiana entered partial final judgment dismissing a co-defendant and stayed the case pending an appeal by Orleans to the U.S. Court of Appeals for the Fifth Circuit. On January 23, 2025, the U.S. Court of Appeals for the Fifth Circuit affirmed the U.S. District Court’s judgment, thereby retaining jurisdiction and dismissing a co-defendant on the basis that SLCRMA does not apply to a co-defendant’s pipeline constructed prior to the regulation’s effective date. Considering this ruling and that our pipelines were constructed prior to the regulation’s effective date, we filed a motion for summary judgment seeking to be dismissed on the same basis. Shortly after our motion for summary judgment was filed and before Orleans filed any opposition thereto, Orleans agreed to a settlement pursuant to which all claims against us were dismissed with prejudice.

Commitments

Capital Commitments

As of December 31, 2025, we had capital commitments of approximately \$154 million. We have other planned capital and investment projects that are discretionary in nature, with no substantial contractual capital commitments made in advance of the actual expenditures.

Purchase Obligations

We have entered into unconditional purchase obligations for transportation and storage services with Mississippi Hub LLC, a third party, and our affiliates, including Elba Express Company, L.L.C, Magnolia Enterprise Holdings Inc, and Bear Creek. Future annual obligations as of December 31, 2025 are as follows:

Year	Commitments	
	Affiliate	Total
	(In millions)	
2026	\$ 39	\$ 46
2027	29	37
2028	14	22
2029	14	16
2030	14	14
Thereafter	49	49
Total	\$ 159	\$ 184

For the years ended December 31, 2025, 2024 and 2023, total expenses related to these commitments were approximately \$53 million, \$51 million and \$47 million, respectively, of which approximately \$45 million, \$44 million and \$44 million, respectively, were with our affiliates. These expenses are reflected in “Operations and maintenance” on our accompanying Consolidated Statements of Income.

10. Recent Accounting Pronouncements

Accounting Standards Updates (ASU)

ASU No. 2024-03

On November 4, 2024, the FASB issued ASU No. 2024-03, “Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40).” This ASU improves financial reporting by requiring that public business entities disclose additional information about specific expense categories in the notes to financial statements at interim and annual reporting periods. This ASU will be effective for annual periods beginning after December 15, 2026, for interim reporting periods beginning after December 15, 2027, and early adoption is permitted. Management is currently evaluating this ASU to determine its impact on the Company’s disclosures.

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.