



Colorado Interstate
Gas Company, L.L.C.
a Kinder Morgan company

December 6, 2018

Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Attention: Ms. Kimberly D. Bose, Secretary

Re: FERC Form No. 501-G;
Colorado Interstate Gas Company, L.L.C.;
Docket No. RP19-

Commissioners:

In Order No. 849 (“Final Rule”),¹ the Federal Energy Regulatory Commission (“Commission” or “FERC”) recognizes that its statutory obligation to ensure that a pipeline’s rates are just and reasonable is based on individual facts and circumstances of the pipeline. Pursuant to the requirements recently adopted by the Commission in the Final Rule and which will be codified, in part, at 18 C.F.R. § 260.402, Colorado Interstate Gas Company, L.L.C. (“CIG”) has elected Option 3 as part of its FERC Form No. 501-G (“Form 501-G”) filing to demonstrate that an adjustment to its rates is not warranted at this time based on its individual facts and circumstances.

CIG reiterates and incorporates by reference the comments filed by the Kinder Morgan Entities including CIG to the Commission’s Notice of Proposed Rulemaking² and in the Kinder Morgan Entities’ Request for Rehearing. The Commission has broad authority to collect information from regulated interstate pipelines and already has vehicles in place such as the FERC Form Nos. 2 and 3Qs that facilitate such collection. But it is inconsistent with the Natural Gas Act to force pipelines to submit the Form 501-G in its current form, structured to result in an indicated cost of service reduction. This shifts the burdens established by sections 4 and 5 of the Natural Gas Act and undermines CIG’s filed rates, which is deemed to be just and reasonable unless proven otherwise through full evidentiary hearing procedures.

Nevertheless, CIG must comply with the Final Rule until the Commission or a reviewing court takes action, and CIG therefore is submitting the Form 501-G as directed

¹ *Interstate and Intrastate Natural Gas Pipelines; Rate Changes Relating to Federal Income Tax Rate*, Order No. 849, 83 Fed. Reg. 36672 (July 30, 2018); FERC Stats. & Regs., Regs. Preambles ¶ 31,404 (“Final Rule”).

² *Interstate and Intrastate Natural Gas Pipelines; Rate Changes Relating to Federal Income Tax Rate*, Notice of Proposed Rulemaking, 83 Fed. Reg. 12,888 (Mar. 26, 2018); FERC Stats. & Regs., Proposed Regs. ¶ 32,725 (2018).

by the Commission. In doing so, CIG stresses that the resulting outputs of the form are misleading, have little resemblance to a litigated or settled outcome, and are not indicative of CIG's actual rate of return, actual cost of service, or rates that would result from a rate case initiated under sections 4 or 5 of the Natural Gas Act.

Background

In the Final Rule, the Commission required interstate pipelines to make a one-time informational filing – the Form 501-G – for evaluating the impact of the Tax Cuts and Jobs Act on interstate natural gas pipelines' revenue requirements.³ The Commission acknowledged in the Final Rule that a rate reduction may not be "justified" for various pipelines at this time:

[d]espite the reduction in the corporate income tax and the change in policy concerning MLP Tax allowances, a rate reduction may not be justified for a significant number of pipelines. For example, the pipeline's existing rates may not fully recover its cost of service or a rate moratorium may prohibit changes at this time. Pipelines may include with their filing of the FERC Form No. 501-G a statement explaining why these or other reasons justify their not changing their rates at this time.⁴

Thus, the Commission offered pipelines four voluntary options related to the filing of the Form 501-G report, including Option 3 for those pipelines with settlement rate moratorium provisions.

No Further Action is Warranted at this Time

On August 1, 2016, the Commission approved a petition filed by CIG for approval of a "black box," pre-filing settlement in the form of a Stipulation and Agreement ("S&A").⁵ The S&A is the result of negotiations occurring over eight months among multiple parties representing significant compromises and numerous trade-offs on complex issues. The S&A was either supported or not opposed by 22 parties.⁶ As relevant here, the parties agreed in the S&A: a) to a moratorium on section 4 filings making rates effective prior to October 1, 2020⁷; and b) to a waiver of section 5 rights prior to October 1, 2020.⁸

CIG's S&A with its rate moratoria should not be disturbed as part of this proceeding as suggested in the Final Rule discussed above. As noted in the Final

³ See, e.g., Final Rule at P 63.

⁴ *Id.* at P 222 (Emphasis added).

⁵ *Colorado Interstate Gas Co.*, 156 FERC ¶ 61,085, at P 1 (2016).

⁶ See "Stipulation and Agreement," Docket Nos. RP16-1022-000 and RP11-2107-000, at Appendix A (Aug. 1, 2016) ("S&A").

⁷ S&A at section 6.2. Additionally, CIG must file a section 4 rate case to have rates effective no later than April 1, 2022. *Id.*

⁸ S&A at section 6.4.

Rule,⁹ the Commission recognized in the NOPR that parties agree to rate moratoria in settlement to provide rate certainty and therefore the Commission does not generally disturb a settlement during a rate moratorium.¹⁰ The Commission should follow this long-standing practice of supporting the sanctity of settlements¹¹ in this case as well. The moratoria provisions provide benefits as part of the carefully crafted balancing of interests to resolve issues and avoid costly and time consuming formal rate case litigation. Any disruption of the S&A and its bargained for rate certainty will greatly diminish the benefits of the common practice of including rate moratoria in pre-filing settlements in the future and may establish precedent for modifying or terminating settlements in the future for any changes to federal income taxes.

Procedural Requirements

CIG is submitting concurrently its completed, unadjusted Form 501-G in native format with formulas intact.¹² CIG has attached as Appendix A hereto a PDF version of that form.

Communications

The names, titles, and mailing addresses of the persons to whom communications concerning this filing are to be addressed and to whom service is to be made are as follows:¹³

⁹ Final Rule at PP 222-224.

¹⁰ NOPR at P 49.

¹¹ *Iroquois Gas Transmission Sys. L.P.* 69 FERC ¶ 61,165, at 61,631(1994), quoting *Texas Eastern Transmission Corp. v. FERC*, 306 F.2d 345, 348 (5th Cir. 1962) (the Commission supported its decision not to modify a settlement on the basis that this is “consistent with the principle that approved settlements are binding on the parties and should not be modified simply because it later appears that ‘the result is not as good as it ought to have been.’”); *JMC Power Projects v. Tennessee Gas Pipeline Co.*, 69 FERC ¶ 61,162 (1994), *reh’g denied*, 70 FERC ¶ 61,168, at 61,528 (1995), *aff’d sub nom.*, *Ocean States Power v. FERC*, 84 F.3d 1453 (D.C. Cir. 1996) (decision without published opinion). See also *Natural Gas Pipeline Co.*, 162 FERC ¶ 61,009, at P 29 (2018) (Commission stated that in deciding whether to initiate an NGA section 5 rate investigation, “the Commission would take into account the parties’ interest in maintaining a settlement.”).

¹² All of CIG’s income or losses are included on the consolidated tax return of a corporate parent. Additionally, Line no. 31 of page 1 of CIG’s Form 501-G reflects the amortization of the excess accumulated deferred income taxes (ADIT) associated with CIG’s regulatory liability Account No. 254 to reflect the 21% reduced federal income tax rate. Consistent with Commission and IRS normalization requirements and the Form 501-G, CIG intends to employ the Reverse South Georgia method to amortize its excess ADIT balance over the estimated weighted average remaining life of its assets as of December 31, 2017.

¹³ CIG respectfully requests waiver of the restriction in 18 C.F.R. § 385.203(b)(3) (2018) to allow more than two individuals representing CIG to be included on the official service list for this proceeding.

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Conclusion

Based on CIG's individual facts and circumstances as just described, an adjustment to CIG's rates is not warranted at this time. This submission is being made solely to comply with the Final Rule. Nothing in this filing should be construed as being supported or proposed by CIG as the appropriate amount or level of costs, or the methodology for functionalizing, classifying or allocating costs, or designing or establishing rates. This filing is without prejudice to any filings made on behalf of CIG or the Kinder Morgan Entities in this proceeding, Docket No. RM18-11-000 and Docket No. RP18-415-000, including their Request for Rehearing, as well as any petitions for rehearing, stay, or judicial review of any orders that may be issued in the referenced proceedings or this proceeding.

Respectfully submitted,

**COLORADO INTERSTATE GAS COMPANY,
L.L.C.**

By _____/s/_____
William D. Wible
Vice President, Regulatory

Appendix A

FERC Form No. 501-G
One-time Report on Rate Effect of the Tax Cuts and Jobs Act

Cost of Service

Pipeline
Company
Name

Colorado Interstate Gas Company, L.L.C.

Line No.	Description	Form 2 Reference	Calendar Year 2017 Actuals	Net Amort. of Excess/ Deficient ADIT	With Adjusted Tax Allowance
3	CID	C000981			
4	Is the Pipeline a separate income taxpaying entity?		Yes		
	Does it conduct business, realize net income or loss, pay income taxes and distribute profits to shareholders?				
Cost of Service - Non Fuel					
Operating, Maintenance and Administrative & General					
5	Total Production & Gathering	P. 317; L. 30, C. (b)	\$ -		\$ -
6	Total Products Extraction	P. 318; L. 58, C. (b)	2,065,579		2,065,579
7	Total Natural Gas Storage	P. 322; L. 177, C. (b)	34,474,296		34,474,296
8	(Less) UG Compressor Station Fuel & Power	P. 320; L. 106, C. (b)	1,113,683		1,113,683
9	(Less) Other Compressor Station Fuel & Power	P. 321; LL. 131 & 132, C. (b)	-		-
10	(Less) LNG Compressor Station Fuel & Power	P. 322; LL. 157 & 158, C. (b)	-		-
11	Net Storage Costs	L. 7 minus LL. 8-10	33,360,613		33,360,613
12	Total Transmission	P. 323; L. 201, C. (b)	113,265,059		113,265,059
13	(Less) Gas for Compressor Station Fuel	P. 323; L. 184, C. (b)	8,871,921		8,871,921
14	(Less) Other Fuel & Power for Compressor Stns. (if included in true-up or tracking mechanism)	P. 323; L. 185, C. (b)	-		-
15	Net Transmission Costs	L. 12 minus LL. 13-14	104,393,138		104,393,138
16	Administrative & General	P. 325; L. 270, C. (b)	14,171,523		14,171,523
17	Total Operating, Maintenance and Admin. & Gen.	Sum of LL. 4, 5, 10, 14, 15	\$ 153,990,853		\$ 153,990,853
18	Depreciation, Depletion, and Amortization	Form 2 - P. 337; L. 12, C. (h)	31,132,329		31,132,329
19	Amort. of Plant Acq. Adj.	Form 2A - P. 114; LL. 6-8, C. (c) If 'yes' to P. 2; L. 5 of Form 501-G then 0, else P. 114; L. 9, C. (c)	-		-
Credits to Cost of Service					
20	Regulatory Debits (if incl. in a § 4 rate filing)	P. 114; L. 12, C. (c)	-		-
21	(Less) Regulatory Credits (if incl. in a § 4 rate filing)	P. 114; L. 13, C. (c)	-		-
22	Other Taxes	P. 114; L. 14, C. (c)	20,699,981		20,699,981
Return					
23	Long Term Debt	P. 2; L. 27 of Form 501-G	24,862,916		24,885,798
24	Preferred Stock (or equivalent)	P. 2; L. 28 of Form 501-G	-		-
25	Common Equity	P. 2; L. 29 of Form 501-G	62,706,568		62,764,280
26	Total Return		87,569,483		87,650,078
Allowance for Income Taxes					
27	Federal Income Tax Rate	P. 5; L. 3 of Form 501-G	35.00%		21.00%
28	Weighted Average State Income Tax Rate	P. 5; L. 4 of Form 501-G	4.61%		4.61%
29	Composite Income Tax Rate	P. 5; LL. 3-6 of Form 501-G	38.00%		24.64%
30	Income Tax Allowance on Equity Return	[(L. 24+L. 25)*(L. 29/(1-L. 29))]	38,427,348		20,523,754
31	(Less) Net Amort. of Excess(+) and/or Deficient(-) ADIT (Year 1 amortization)		-	1,019,301	1,019,301
32	Total Income Tax Allowance	L. 30 minus L. 31	38,427,348		19,504,453
33	Total Cost of Service - Non Fuel	Sum of LL. 17-20, 22, 26, 32 less L. 21	\$ 331,819,995		\$ 312,977,694
34	Indicated Cost of Service Reduction	1 minus [L. 33, C. (E) divided by L. 33, C. (C)]			5.7%

**FERC Form No. 501-G
One-time Report on Rate Effect of the Tax Cuts and Jobs Act**

**Rate Base
Colorado Interstate Gas Company, L.L.C.**

Line No.	(A) Description	(B) Form 2 Reference	(C) Calendar Year 2017 Actuals	(D) Excess/ Deficient ADIT Adjustment	(E) With Adjusted Tax Allowance
Rate Base					
1	Gas Plant in Service	P. 110; L. 2, C. (c)	\$ 1,792,364,616		\$ 1,792,364,616
2	Accumulated Depreciation	P. 110; L. 5, C. (c)	653,011,423		653,011,423
3	Acquisition Adjustment	P. 200; L. 12, C. (b)	-		-
4	(Less) Amort. of Plant Acquisition Adjustment	P. 200; L. 32, C. (b)	-		-
5	No Has the pipeline received permission to include Acq. Adjustment(s) in Rate Base? If no, provide amounts as a reduction to Rate Base.				
6	FERC Order Cite				
7	Net Acquisition Adjustment	If L. 5 is yes, then zero; else L. 3 minus L. 4	-		-
8	Net Plant	L. 1 minus L. 2 minus L. 7	1,139,353,193		1,139,353,193
Gas Stored Underground					
9	Base Gas - Account No. 117.1	P. 220; L. 5, C. (b)	22,006,393		22,006,393
10	System Balancing - Account No. 117.2	P. 220; L. 5, C. (c)	875,418		875,418
Working Capital					
11	Prepayments	P. 111; L. 54, C. (c)	37,000		37,000
12	Materials and Supplies	P. 111; L. 45, C. (c)	5,344,684		5,344,684
ADIT and Regulatory Assets and Liabilities					
13	Accumulated Deferred Income Taxes (IT)	P. 235; L. 3, C. (k)(see footnote)	8,066,310		8,066,310
14	(Less) Accum. Deferred IT - Other Property	P. 275; L. 3, C. (k)(see footnote)	43,966,679		43,966,679
15	(Less) Accum. Deferred IT - Other	P. 277; L. 3, C. (k)(see footnote)	-		-
16	Other Regulatory Assets	P. 232; L. 40, C. (g)	9,194,807	-	9,194,807
17	(Less) Other Regulatory Liabilities	P. 278; L. 45, C. (g)	33,395,565	-	32,376,264
18	Rate Base	Sum of LL. 8 - 13 minus LL. 14-15 plus L. 16 minus L. 17	\$ 1,107,515,561		\$ 1,108,534,862

The Commission will apply Opinion No. 414, et al. in reviewing data submitted on page 4. Opinion No. 414, et al. requires that the pipeline's, or the parent's debt if using the parent's capital, must be issued in its name, be publicly traded, and be rated by a rating agency. The pipeline or parent must have a proper capital structure, which for purposes of FERC Form No. 501-G must have an equity ratio less than 65%.

Opinion No. 414, 80 FERC ¶ 61,157 (1997); reh'g denied, Opinion No. 414-A, 84 FERC ¶ 61,084 (1998).

Employing the data provided on Page 4 for capital structure and the component costs of Long Term Debt and Preferred Stock, the Pipeline's cost of capital for purposes of FERC Form No. 501-G will be based upon Case 1 - amounts obtained from the Balance Sheet and Income Statement.

Summary of Page 4 Capital Structure and Capital Component Costs	Case 1 Balance Sheet & Income Statement	Case 2 Page 218a	Case 3 Parent's SEC Form 10K	Case 4 Hypothetical
19) 1) Is the debt issued in the entity's name and traded?	Yes	Yes	No	
20) 2) Is the debt rated by a rating agency?	Yes	Yes	No	
21) 3) Is the equity ratio less than 65%?	Yes	Yes	Yes	
22) Each of the three above questions must be answered yes as the basis for using the capital structure and individual capital component cost.	All are 'Yes', using Case 1	Using Case 1	Using Case 1	Using Case 1

	Return based upon Pipeline's Balance Sheet & Income Statement.	Capitalization Ratio	Component Cost	Wtd. Cost of Capital	
23	Long Term Debt	P. 4 of Form 501-G	46.33%	4.85%	2.24%
24	Preferred Stock (or equivalent)	P. 4 of Form 501-G	0.00%	0.00%	0.00%
25	Common Equity	P. 4 of Form 501-G	53.67%	10.55%	5.66%
26	Total Return	Sum of LL. 23 - 25	100.00%		7.91%
27	Return - Long Term Debt	L. 18 times L. 23, C. (E)	\$ 24,862,916	\$	24,885,798
28	Return - Preferred Stock (or equivalent)	L. 18 times L. 24, C. (E)	-		-
29	Return - Common Equity	L. 18 times L. 25, C. (E)	62,706,568		62,764,280
30	Total Return	Sum of LL. 27 - 29	\$ 87,569,483	\$	87,650,078

FERC Form No. 501-G
One-time Report on Rate Effect of the Tax Cuts and Jobs Act

Return on Equity
Pre Tax Cut and Pro Forma Post Tax Cut
Colorado Interstate Gas Company, L.L.C.

Line No.	(A) Description	(B) Form 2 Reference	(C) Calendar Year 2017 Actuals	(D) With Adjusted Tax Allowance	(E) Rate Moratorium Option 12% ROE Test
	Operating Revenue				Indicated Cost of Service Reduction of 5.7%
1	Total Operating Revenues	P. 301; L. 21, C. (h)	\$ 319,975,450	\$ 319,975,450	
2	(Less) Sales for Resale (Acct. Nos. 480-484)	P. 301; L. 4, C. (h)	2,697,401	2,697,401	
3	(Less) Commercial & Industrial Sales	P. 301; L. 2, C. (h)	-	-	
4	(Less) Gas Sales & Other Adj. from Acct. No. 495	P. 308; L. 10, C. (b)	-	-	
5	(Less) Fuel Related Revenues Incl. in Total Revenues	per Pipeline	3,179,421	3,179,421	
6	Total Adjusted Revenue	L. 1 minus sum of LL. 2-5	\$ 314,098,628	\$ 314,098,628	\$ 296,262,630
7	<input checked="" type="checkbox"/> Yes Enter 'Yes' or 'No' - Does the Pipeline track or true-up fuel retention?				
8	<input checked="" type="checkbox"/> Yes Enter 'Yes' or 'No' - Does the Pipeline have stated fuel rates?				
	Calculation of Return On Equity - Pre Tax Cut and Pro Forma Post Tax Cut				
9	Total Operating, Maintenance and Admin. & Gen.	P. 1; L. 17 of 501-G	\$ 153,990,853	\$ 153,990,853	\$ 153,990,853
10	Depreciation, Depletion, and Amortization	P. 1; L. 18 of 501-G	31,132,329	31,132,329	31,132,329
11	Amort. of Plant Acq. Adj.	P. 1; L. 19 of 501-G	-	-	-
12	Regulatory Debits (if incl. in a § 4 rate filing)	P. 1; L. 20 of 501-G	-	-	-
13	(Less) Regulatory Credits (if incl. in a § 4 rate filing)	P. 1; L. 21 of 501-G	-	-	-
14	Other Taxes	P. 1; L. 22 of 501-G	20,699,981	20,699,981	20,699,981
15	Non-Fuel Operating Cost Excl. Interest and Taxes	Sum of LL. 9-12 minus L. 13 plus L. 14	205,823,163	205,823,163	205,823,163
16	Operating Income	L. 6 minus L. 15	\$ 108,275,465	\$ 108,275,465	\$ 90,439,467
17	Interest Expense	P. 1; L. 23, C. (C) of 501-G	24,862,916	24,885,798	24,885,798
18	Income Before Income Taxes	L. 16 minus L. 17	\$ 83,412,549	\$ 83,389,667	\$ 65,553,669
	Allowance for Income Taxes				
19	Composite Income Tax Rate	P. 1; L. 29 of 501-G	38.00%	24.64%	24.64%
20	Income Taxes	L. 18 times L. 19	\$ 31,693,849	\$ 20,548,798	\$ 16,153,669
21	(Less) Net Amort. of Excess(+) and/or Deficient(-) ADIT	P. 1; L. 31 of 501-G	-	1,019,301	1,019,301
22	Total Income Tax Allowance	L. 20 minus L. 21	31,693,849	19,529,498	15,134,369
23	Net Income	L. 18 minus L. 22	\$ 51,718,700	\$ 63,860,169	\$ 50,419,300
24	(Less) Preferred Dividends	P. 1; L. 24, C. (C) of 501-G	-	-	-
25	Rate Base	P. 2; L. 18 of 501-G	\$ 1,107,515,561	\$ 1,108,534,862	\$ 1,108,534,862
26	Total Estimated ROE (excluding fuel)	[L. 23 - L. 24] / [L. 25 * P. 2; L. 25 C. (C) of 501-G]	8.7%	10.7%	8.5%

FERC Form No. 501-G
One-time Report on Rate Effect of the Tax Cuts and Jobs Act
Capital Structure and Component Costs
Colorado Interstate Gas Company, L.L.C.

Line No.	(A) Description	(B) Form 2 Reference	(C) Capitalization	(D) Capitalization Ratio	(E) Capital Component Cost Rate	(F) Weighted Cost of Capital
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The Commission will use your responses on the following four cases to evaluate your capital structure and capital component costs for Form No. 501-G: Case 1, balance sheet and income statement; Case 2, Page 218a of Form No. 2; Case 3, the parent's financial statements as filed in its SEC Form 10-K; or Case 4, a hypothetical capital structure and capital component costs.

Case 1. Cost of Capital based upon amounts obtained from the Balance Sheet and Income Statement.

Cost of Debt and Preferred Stock						
1	Interest	P. 116; LL. 62-68, C. (c)	\$ 22,975,772	= 4.85%		
2	Long-Term Debt	P. 112; L. 24, C. (c)	\$ 474,192,147			
3	Preferred Dividends	P. 120a; L. 68, C. (b)	\$ -	= 0		
4	Preferred Stock (or equivalent)	P. 112; L. 3, C. (c)				
5	Common Equity	P. 112; L. 15, C. (c)	\$ 549,260,823			
6	Cost of Capital					
7	Long-Term Debt	L. 3	\$ 474,192,147	46.33%	4.85%	2.24%
8	Preferred Stock (or equivalent)	L. 5	\$ -	0.00%	0.00%	0.00%
9	Common Equity	L. 6 minus L. 5	\$ 549,260,823	53.67%	10.55%	5.66%
10	Totals		\$ 1,023,452,970	100.00%		7.91%

Yes Enter 'Yes' or 'No' - Is all of the debt listed on L. 3 above issued in the pipeline's name and publicly traded?

Yes Enter 'Yes' or 'No' - Is all the debt listed on L. 3 above rated by a rating agency?

Case 2. Cost of Capital based upon amounts obtained from Page 218a of the FERC Form No. 2.

	P. 218a	Column (b)	Column (c)	Column (d)		
14	Long-Term Debt	L. 3	\$ 474,116,365	43.49%	4.82%	2.10%
15	Preferred Stock (or equivalent)	L. 4	\$ -	0.00%	0.00%	0.00%
16	Common Equity	L. 5	\$ 616,030,643	56.51%	10.55%	5.96%
17	Totals		\$ 1,090,147,008	100.00%		8.06%

Yes Are the Values on P. 218a from the books and records of Colorado Interstate Gas Company, L.L.C.?

If no, provide the name and stock symbol of the company for the source of the Page 218a amounts.

Ticker	Company Name
<input checked="" type="checkbox"/> Yes	Enter 'Yes' or 'No' - Is all of the debt listed on L. 15 above issued in the pipeline's name, or, that of the entity on L. 21? and publicly traded?
<input checked="" type="checkbox"/> Yes	Enter 'Yes' or 'No' - Is all of the debt listed on L. 15 above rated by a rating agency?

Case 3. Cost of Capital based upon Parent's Capital Structure and costs for Long Term Debt and Preferred Stock.

24	Long-Term Debt	SEC - 10K	\$ 34,088,000,000	49.25%	5.25%	2.59%
25	Preferred Stock (or equivalent)	SEC - 10K	\$ -	0.00%	0.00%	0.00%
26	Common Equity	SEC - 10K	\$ 35,124,000,000	50.75%	10.55%	5.35%
27	Totals		\$ 69,212,000,000	100.00%		7.94%

Provide the stock symbol(s), the name of the parent company(s), a hyperlink to the parent's SEC Form 10-K, and the associated year:

Ticker(s)	KMI	Company Name(s)	Kinder Morgan, Inc.
29	2017	10K Hyperlink(s)	https://ir.kindermorgan.com/sites/kindermorgan.investorhq.businesswire.com/files/repor
30	<input checked="" type="checkbox"/> No	Enter 'Yes' or 'No' - Is all of the debt listed on L. 24 above publicly traded?	
31	<input checked="" type="checkbox"/> No	Enter 'Yes' or 'No' - Is all of the debt listed on L. 24 above rated by a rating agency?	

Case 4. Cost of Capital based upon FERC Hypothetical Capital Structure and Cost of new Corporate Debt.

33	Long-Term Debt		43.00%	5.00%	2.15%
34	Preferred Stock		0.00%	0.00%	0.00%
35	Common Equity		57.00%	10.55%	6.01%
36	Totals		100.00%		8.16%

FERC Form No. 501-G
One-time Report on Rate Effect of the Tax Cuts and Jobs Act
Current Composite Income Tax Rate
Colorado Interstate Gas Company, L.L.C.

Line No.	(A) Description	(B) Form 2 Reference	(C) Weighting	(D) Marginal Tax Rates	(E) Weighted Average Tax Rates
1	Based on the response to Line 4 on Page 1 of Form No. 501-G, Colorado Interstate Gas Company, L.L.C.				
2	is a C Corp subject to the 35% tax rate for 2017. Please fill out lines 6 and 9.				
3	Federal Income Tax Rate (FIT) - Calendar Year 2017:				35.00%
4	State Income Tax Rate (SIT) - Calendar Year 2017:				4.61%
5	Composite Tax Rate - Calendar Year 2017:				38.00%
6	Provide the percentage of federal income tax deductible for state income taxes. = (p)				0.00%
7	Composite Tax Rate equals				
8	[FIT Rate * (1 -SIT Rate) / (1 - SIT Rate * FIT Rate * p)] + [SIT Rate * (1 -FIT Rate * p) / (1 - SIT Rate * FIT Rate * p)]				
<u>Tax Rates for C Corps.</u>					
9	Provide the sum of weighted state tax rate(s)	sum of all rows from P. 263b; C. (q)			4.61%
<u>Tax Rates for Pass Through Entities */</u>					
Federal Income Tax Rates					
10	Subchapter C	per Pipeline's parents' owners	0.0%	0.0%	0.00%
11	Individuals	per Pipeline's parents' owners	0.0%	0.0%	0.00%
12	Mutual Funds	per Pipeline's parents' owners	0.0%	0.0%	0.00%
13	Pensions, IRAs, Keogh Plans	per Pipeline's parents' owners	0.0%	0.0%	0.00%
14	UBTI Entities	per Pipeline's parents' owners	0.0%	0.0%	0.00%
15	Non-Taxpaying Entities	per Pipeline's parents' owners	0.0%	0.0%	0.00%
16	Weighted Average Rate		<u>0.00%</u>		<u>0.00%</u>
State and Local Income Tax Rates					
17	Subchapter C	per Pipeline's parents' owners	0.0%	0.0%	0.00%
18	Individuals	per Pipeline's parents' owners	0.0%	0.0%	0.00%
19	Mutual Funds	per Pipeline's parents' owners	0.0%	0.0%	0.00%
20	Pensions, IRAs, Keogh Plans	per Pipeline's parents' owners	0.0%	0.0%	0.00%
21	UBTI Entities	per Pipeline's parents' owners	0.0%	0.0%	0.00%
22	Non-Taxpaying Entities	per Pipeline's parents' owners	0.0%	0.0%	0.00%
23	Weighted Average Rate		<u>0.00%</u>		<u>0.00%</u>
24	Provide the date when the marginal tax rates were determined.			mm/dd/yyyy	

*/ Income tax rates and weighting must be consistent with the Commission's Policy Statement on Income Tax Allowances, 111 FERC ¶ 61,139 (2005), and the Commission's Order on Initial Decision and on Certain Remanded Cost Issues, 113 FERC ¶ 61,277 (2005).