



Southern LNG  
Company, L.L.C.  
a Kinder Morgan company

November 8, 2018

Ms. Kimberly Bose, Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, D. C. 20426

Re: Docket No. RP19-\_\_\_  
Southern LNG Company, L.L.C.  
Filing in Compliance with Order No. 849  
Form No. 501-G

Dear Ms. Bose:

In compliance with Order No. 849, the Final Rule in Docket No. RM18-11 (“Final Rule”) and section 260.402 of the Code of Federal Regulations, Southern LNG Company, L.L.C. (“SLNG”) hereby submits its FERC Form No. 501-G (see attached Excel spreadsheet as well as a PDF version in Appendix A).<sup>1</sup> As further detailed below, pursuant to Option 3 of the Final Rule, SLNG does not believe an adjustment to rates is warranted at this time.

SLNG reiterates and incorporates by reference the comments filed by the Kinder Morgan Entities including SLNG to the Commission’s Notice of Proposed Rulemaking 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. 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 burden established by sections 4 and 5 of the Natural Gas Act and undermines SLNG’s filed rates, which are deemed to be just and reasonable unless proven otherwise through full evidentiary hearing procedures.

Nevertheless, SLNG must comply with the Final Rule until the Commission or a reviewing court takes action, and SLNG therefore is submitting the Form No. 501-G as directed by the Commission. In doing so, SLNG stresses that the resulting outputs of the form are misleading, have little resemblance to a litigated or settled outcome, and are not indicative of SLNG’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.

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<sup>1</sup> SLNG’s submission of this compliance filing is without prejudice to SLNG’s participation in the Request for Rehearing of the Final Rule filed on behalf of the Kinder Morgan Entities as well as any judicial review of any order on rehearing pertaining to the Final Rule.

SLNG is 100% owned by Kinder Morgan Inc. (“KMI”). SLNG has no debt of its own. KMI’s capital structure does not qualify per the instructions of the Form 501-G since not all of its debt is publicly traded. Consequently, the hypothetical capital structure is used in SLNG’s Form 501-G.<sup>2</sup>

Regarding an income taxes allowance, SLNG is not a master limited partnership. SLNG is a partnership owned 100% by KMI, which is a C-corporation and thus subject to income taxes. SLNG is a pass-through entity all of whose income or losses are consolidated on the federal income tax return of KMI. As explained in paragraph #32 and reiterated in footnote 69 of the Final Rule, a natural gas company organized as a pass-through entity is considered subject to the federal corporate income tax if all of its income or losses are consolidated on the federal income tax return of its corporate parent and thus such a pass-through entity is eligible for a tax allowance. Therefore, since this situation applies to SLNG, its Form 501-G reflects an income tax allowance.<sup>3</sup>

SLNG is filing under Option 3 of the Final Rule. Paragraph #217 of the Final Rule stated that under Option 3 a pipeline may explain why an adjustment in its rates is not warranted. SLNG does not believe a downward adjustment in its rates is needed at this time because 78% of SLNG’s 2017 revenues are derived from negotiated rates under long-term contracts<sup>4</sup> with one customer, Shell LNG NA LLC.<sup>5</sup> These negotiated rates are binding on SLNG’s customer, and therefore any potential adjustment in SLNG’s tariff rates would not result in an adjustment to its contract rates. Per paragraph #245 of the Final Rule, the FERC noted that it believes that such negotiated rate contracts should be allowed to remain in effect without change.

Based on SLNG’s individual facts and circumstances as described above, an adjustment to SLNG’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 SLNG 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 SLNG 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.

Copies of this filing are being made at SLNG’s offices in Birmingham, Alabama, and electronically mailed to SLNG’s customer and to interested state commissions.

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<sup>2</sup> SLNG’s strict adherence to the prescribed Form 501-G capital structure guidance without adjustment through the submission of an Addendum or otherwise is in no way an indication that SLNG concurs with or supports the use of such capital structure or other cost and revenue inputs reflected in its Form 501-G for ratemaking purposes.

<sup>3</sup> Line no. 31 of page 1 of SLNG’s Form 501-G reflects the amortization of the excess accumulated deferred income taxes (ADIT) associated with SLNG’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, SLNG 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.

<sup>4</sup> Such contracts end no sooner than in 2027 and as late as in 2036.

<sup>5</sup> Shell LNG NA LLC now owns BG LNG Services, LLC.

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:

T. Brooks Henderson  
Director – Rates and Regulatory  
Southern LNG Company, L.L.C.  
Post Office Box 2563  
Birmingham, Alabama 35202-2563  
(205) 325-3843  
[brooks\\_henderson@kindermorgan.com](mailto:brooks_henderson@kindermorgan.com)

Patricia S. Francis  
Assistant General Counsel  
Southern LNG Company, L.L.C.  
Post Office Box 2563  
Birmingham, Alabama 35202-2563  
(205) 325-7696  
[patricia\\_francis@kindermorgan.com](mailto:patricia_francis@kindermorgan.com)

Respectfully submitted,

SOUTHERN LNG COMPANY, L.L.C.

/s/ T. Brooks Henderson  
T. Brooks Henderson  
Director – Rates & Regulatory  
Southern LNG Company, L.L.C.  
Post Office Box 2563  
Birmingham, Alabama 35202-2563  
(205) 325-3843  
[brooks\\_henderson@kindermorgan.com](mailto:brooks_henderson@kindermorgan.com)

**UNITED STATES OF AMERICA**  
**BEFORE THE**  
**FEDERAL ENERGY REGULATORY COMMISSION**

Southern LNG Company, L.L.C.     )  
  )  
  )

Docket No. RP19-

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon all of Southern LNG's customers and interested state commissions.

Dated at Birmingham, Alabama this 8th day of November 2018.

/s/ T. Brooks Henderson  
T. Brooks Henderson  
Director – Rates and Regulatory  
Southern LNG Company, L.L.C.  
Post Office Box 2563  
Birmingham, AL 35202-2563  
[brooks\\_henderson@kindermorgan.com](mailto:brooks_henderson@kindermorgan.com)

**Southern LNG Company, L.L.C.**

**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

**Southern LNG Company, L.L.C.**

Line No.	(A) Description	(B) Form 2 Reference	(C) Calendar Year 2017 Actuals	(D) Net Amort. of Excess/ Deficient ADIT	(E) With Adjusted Tax Allowance
3	CID	<b>C000039</b>			
4	Is the Pipeline a separate income taxpaying entity? Does it conduct business, realize net income or loss, pay income taxes and distribute profits to shareholders?		<b>Yes</b>		
<b>Cost of Service - Non Fuel</b>					
<b>Operating, Maintenance and Administrative &amp; General</b>					
5	Total Production & Gathering	P. 317; L. 30, C. (b)	\$ -		\$ -
6	Total Products Extraction	P. 318; L. 58, C. (b)	-		-
7	Total Natural Gas Storage	P. 322; L. 177, C. (b)	16,631,383		16,631,383
8	(Less) UG Compressor Station Fuel & Power	P. 320; L. 106, C. (b)	-		-
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)	1,627,840		1,627,840
11	Net Storage Costs	L. 7 minus LL. 8-10	15,003,543		15,003,543
12	Total Transmission	P. 323; L. 201, C. (b)	-		-
13	(Less) Gas for Compressor Station Fuel	P. 323; L. 184, C. (b)	-		-
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	-		-
16	Administrative & General	P. 325; L. 270, C. (b)	5,041,709		5,041,709
17	Total Operating, Maintenance and Admin. & Gen.	Sum of LL. 4, 5, 10, 14, 15	\$ 20,045,252		\$ 20,045,252
18	<b>Depreciation, Depletion, and Amortization</b>	Form 2 - P. 337; L. 12, C. (h) Form 2A - P. 114; LL. 6-8, C. (c)	12,020,970		12,020,970
19	Amort. of Plant Acq. Adj. If 'yes' to P. 2; L. 5 of Form 501-G then 0, else P. 114; L. 9, C. (c)		-		-
<b>Credits to Cost of Service</b>					
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	<b>Other Taxes</b>	P. 114; L. 14, C. (c)	6,675,688		6,675,688
<b>Return</b>					
23	Long Term Debt	P. 2; L. 27 of Form 501-G	9,687,111		9,695,089
24	Preferred Stock (or equivalent)	P. 2; L. 28 of Form 501-G	-		-
25	Common Equity	P. 2; L. 29 of Form 501-G	27,094,625		27,116,939
26	Total Return		36,781,736		36,812,029
<b>Allowance for Income Taxes</b>					
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	6.00%		6.00%
29	Composite Income Tax Rate	P. 5; LL. 3-6 of Form 501-G	38.90%		25.74%
30	Income Tax Allowance on Equity Return	[(L. 24+L. 25)*(L. 29/(1-L. 29))]	17,250,097		9,399,273
31	(Less) Net Amort. of Excess(+) and/or Deficient(-) ADIT (Year 1 amortization)		-	371,071	371,071
32	Total Income Tax Allowance	L. 30 minus L. 31	17,250,097		9,028,202
33	<b>Total Cost of Service - Non Fuel</b>	Sum of LL. 17-20, 22, 26, 32 less L. 21	\$ 92,773,743		\$ 84,582,141
34	<b>Indicated Cost of Service Reduction</b>	1 minus [L. 33, C. (E) divided by L. 33, C. (C)]			<b>8.8%</b>

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

**Rate Base  
Southern LNG 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
<b>Rate Base</b>					
1	Gas Plant in Service	P. 110; L. 2, C. (c)	\$ 686,972,965		\$ 686,972,965
2	Accumulated Depreciation	P. 110; L. 5, C. (c)	223,042,773		223,042,773
3	Acquisition Adjustment	P. 200; L. 12, C. (b)	-		-
4	(Less) Amort. of Plant Acquisition Adjustment	P. 200; L. 32, C. (b)	-		-
5	<b>No</b> 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	463,930,192		463,930,192
<b>Gas Stored Underground</b>					
9	Base Gas - Account No. 117.1	P. 220; L. 5, C. (b)	-		-
10	System Balancing - Account No. 117.2	P. 220; L. 5, C. (c)	-		-
<b>Working Capital</b>					
11	Prepayments	P. 111; L. 54, C. (c)	-		-
12	Materials and Supplies	P. 111; L. 45, C. (c)	3,139,460		3,139,460
<b>ADIT and Regulatory Assets and Liabilities</b>					
13	Accumulated Deferred Income Taxes (IT)	P. 235; L. 3, C. (k)(see footnote)	3,812,664		3,812,664
14	(Less) Accum. Deferred IT - Other Property	P. 275; L. 3, C. (k)(see footnote)	20,588,633		20,588,633
15	(Less) Accum. Deferred IT - Other	P. 277; L. 3, C. (k)(see footnote)	-		-
16	Other Regulatory Assets	P. 232; L. 40, C. (g)	16,753,219	-	16,753,219
17	(Less) Other Regulatory Liabilities	P. 278; L. 45, C. (g)	16,483,588	-	16,112,517
18	<b>Rate Base</b>	Sum of LL. 8 - 13 minus LL. 14-15 plus L. 16 minus L. 17	<b>\$ 450,563,314</b>	<b>\$566,996</b>	<b>\$ 450,934,385</b>

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 4 - FERC Hypothetical Capital Structure and Cost of new Corporate Debt.

Summary of Page 4 Capital Structure and Capital Component Costs	Case 1	Case 2	Case 3	Case 4
	Balance Sheet & Income Statement	Page 218a	Parent's SEC Form 10K	Hypothetical
19) 1) Is the debt issued in the entity's name and traded?	No	No	No	
20) 2) Is the debt rated by a rating agency?	No	No	No	
21) 3) Is the equity ratio less than 65%?	No	No	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.	<b>Not using Case 1 per Opinion No. 414 et al</b>	<b>Not using Case 2 per Opinion No. 414 et al</b>	<b>Not using Case 3 per Opinion No. 414 et al</b>	<b>Using Case 4</b>

		<u>Capitalization Ratio</u>	<u>Component Cost</u>	<u>Wtd. Cost of Capital</u>
23	Long Term Debt	P. 4 of Form 501-G 43.00%	5.00%	2.15%
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 <u>57.00%</u>	<u>10.55%</u>	<u>6.01%</u>
26	Total Return	Sum of LL. 23 - 25 100.00%		<u>8.16%</u>
27	Return - Long Term Debt	L. 18 times L. 23, C. (E)	\$ 9,687,111	\$ 9,695,089
28	Return - Preferred Stock (or equivalent)	L. 18 times L. 24, C. (E)	-	-
29	Return - Common Equity	L. 18 times L. 25, C. (E)	27,094,625	27,116,939
30	Total Return	Sum of LL. 27 - 29	<u>\$ 36,781,736</u>	<u>\$ 36,812,029</u>

**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**  
**Southern LNG 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
<b>Operating Revenue</b>					Indicated Cost of Service Reduction of 8.8%
1	Total Operating Revenues	P. 301; L. 21, C. (h)	\$ 166,353,190	\$ 166,353,190	
2	(Less) Sales for Resale (Acct. Nos. 480-484)	P. 301; L. 4, C. (h)	-	-	
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		-	-	
6	<b>Total Adjusted Revenue</b>	L. 1 minus sum of LL 2-5	<b>\$ 166,353,190</b>	<b>\$ 166,353,190</b>	<b>\$ 151,664,776</b>
7	<input checked="" type="checkbox"/> <b>Yes</b>	Enter 'Yes' or 'No' - Does the Pipeline track or true-up fuel retention?			
8	<input checked="" type="checkbox"/> <b>No</b>	Enter 'Yes' or 'No' - Does the Pipeline have stated fuel rates?			
<b>Calculation of Return On Equity - Pre Tax Cut and Pro Forma Post Tax Cut</b>					
9	Total Operating, Maintenance and Admin. & Gen.	P. 1; L. 17 of 501-G	\$ 20,045,252	\$ 20,045,252	\$ 20,045,252
10	Depreciation, Depletion, and Amortization	P. 1; L. 18 of 501-G	12,020,970	12,020,970	12,020,970
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	6,675,688	6,675,688	6,675,688
15	Non-Fuel Operating Cost Excl. Interest and Taxes	Sum of LL 9-12 minus L. 13 plus L. 14	38,741,910	38,741,910	38,741,910
16	<b>Operating Income</b>	L. 6 minus L. 15	<b>\$ 127,611,280</b>	<b>\$ 127,611,280</b>	<b>\$ 112,922,866</b>
17	Interest Expense	P. 1; L. 23, C. (C) of 501-G	9,687,111	9,695,089	9,695,089
18	Income Before Income Taxes	L. 16 minus L. 17	<b>\$ 117,924,169</b>	<b>\$ 117,916,191</b>	<b>\$ 103,227,776</b>
<b>Allowance for Income Taxes</b>					
19	Composite Income Tax Rate	P. 1; L. 29 of 501-G	38.90%	25.74%	25.74%
20	Income Taxes	L. 18 times L. 19	\$ 45,872,502	\$ 30,351,627	\$ 26,570,830
21	(Less) Net Amort. of Excess(+) and/or Deficient(-) ADIT	P. 1; L. 31 of 501-G	-	371,071	371,071
22	Total Income Tax Allowance	L. 20 minus L. 21	45,872,502	29,980,556	26,199,759
23	<b>Net Income</b>	L. 18 minus L. 22	<b>\$ 72,051,667</b>	<b>\$ 87,935,634</b>	<b>\$ 77,028,018</b>
24	(Less) Preferred Dividends	P. 1; L. 24, C. (C) of 501-G	-	-	-
25	<b>Rate Base</b>	P. 2; L. 18 of 501-G	<b>\$ 450,563,314</b>	<b>\$ 450,934,385</b>	<b>\$ 450,934,385</b>
26	<b>Total Estimated ROE (excluding fuel)</b>	[L. 23 - L. 24] / [L. 25 * P. 2; L. 25 C. (C) of 501-G]	<b>28.1%</b>	<b>34.2%</b>	<b>30.0%</b>



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

**Capital Structure and Component Costs  
Southern LNG 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.**

<b>Cost of Debt and Preferred Stock</b>						
1	Interest	P. 116; LL. 62-68, C. (c)	\$ 82,809	= 0		
2	Long-Term Debt	P. 112; L. 24, C. (c)	\$ -			
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)	\$ 767,824,560			
6	<b>Cost of Capital</b>					
7	Long-Term Debt	L. 3	\$ -	0.00%	0.00%	0.00%
8	Preferred Stock (or equivalent)	L. 5	\$ -	0.00%	0.00%	0.00%
9	Common Equity	L. 6 minus L. 5	\$ 767,824,560	100.00%	10.55%	10.55%
10	Totals		\$ 767,824,560	100.00%		10.55%
11	<input type="checkbox"/> No	Enter 'Yes' or 'No' - Is all of the debt listed on L. 3 above issued in the pipeline's name and publicly traded?				
12	<input type="checkbox"/> No	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	\$ -	0.00%	0.00%	
15	Preferred Stock (or equivalent)	L. 4	\$ -	0.00%	0.00%	
16	Common Equity	L. 5	\$ 688,756,617	100.00%	10.55%	
17	Totals		\$ 688,756,617	100.00%	10.55%	
18	<input type="checkbox"/> Yes	Are the Values on P. 218a from the books and records of Southern LNG Company, L.L.C.?				
19	If no, provide the name and stock symbol of the company for the source of the Page 218a amounts.					
20	<b>Ticker</b>	<b>Company Name</b>				
21	<input type="checkbox"/> No	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?				
22	<input type="checkbox"/> No	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%
28	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:					
29	<b>Ticker(s)</b>	<b>KMI</b>	<b>Company Name(s)</b>	<b>Kinder Morgan, Inc.</b>		
30	<b>Year</b>	<b>2017</b>	<b>10K Hyperlink(s)</b>	<a href="https://ir.kindermorgan.com/annual-quarterly-reports">https://ir.kindermorgan.com/annual-quarterly-reports</a>		
31	<input type="checkbox"/> No	Enter 'Yes' or 'No' - Is all of the debt listed on L. 24 above publicly traded?				
32	<input 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**  
**Southern LNG Company, L.L.C.**

Line No.	(A) Description	(B) Form 2 Reference	(C) Weighting	(D) Marginal Tax Rates	(E) Weighted Average Tax Rates
1	<b>Based on the response to Line 4 on Page 1 of Form No. 501-G, Southern LNG Company, L.L.C.</b>				
2	<b>is a C Corp subject to the 35% tax rate for 2017. Please fill out lines 6 and 9.</b>				
3	Federal Income Tax Rate (FIT) - Calendar Year 2017:				<b>35.00%</b>
4	State Income Tax Rate (SIT) - Calendar Year 2017:				<b>6.00%</b>
5	Composite Tax Rate - Calendar Year 2017:				<b>38.90%</b>
6	<b>Provide the percentage of federal income tax deductible for state income taxes. = (p)</b>				<b>0.00%</b>
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)]				
<b><u>Tax Rates for C Corps.</u></b>					
9	Provide the sum of weighted state tax rate(s)	sum of all rows from P. 263b.; C. (q)			<b>6.00%</b>
<b><u>Tax Rates for Pass Through Entities */</u></b>					
<b>Federal Income Tax Rates</b>					
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>
<b>State and Local Income Tax Rates</b>					
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.			<b>mm/dd/yyyy</b>	

\*/ 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).