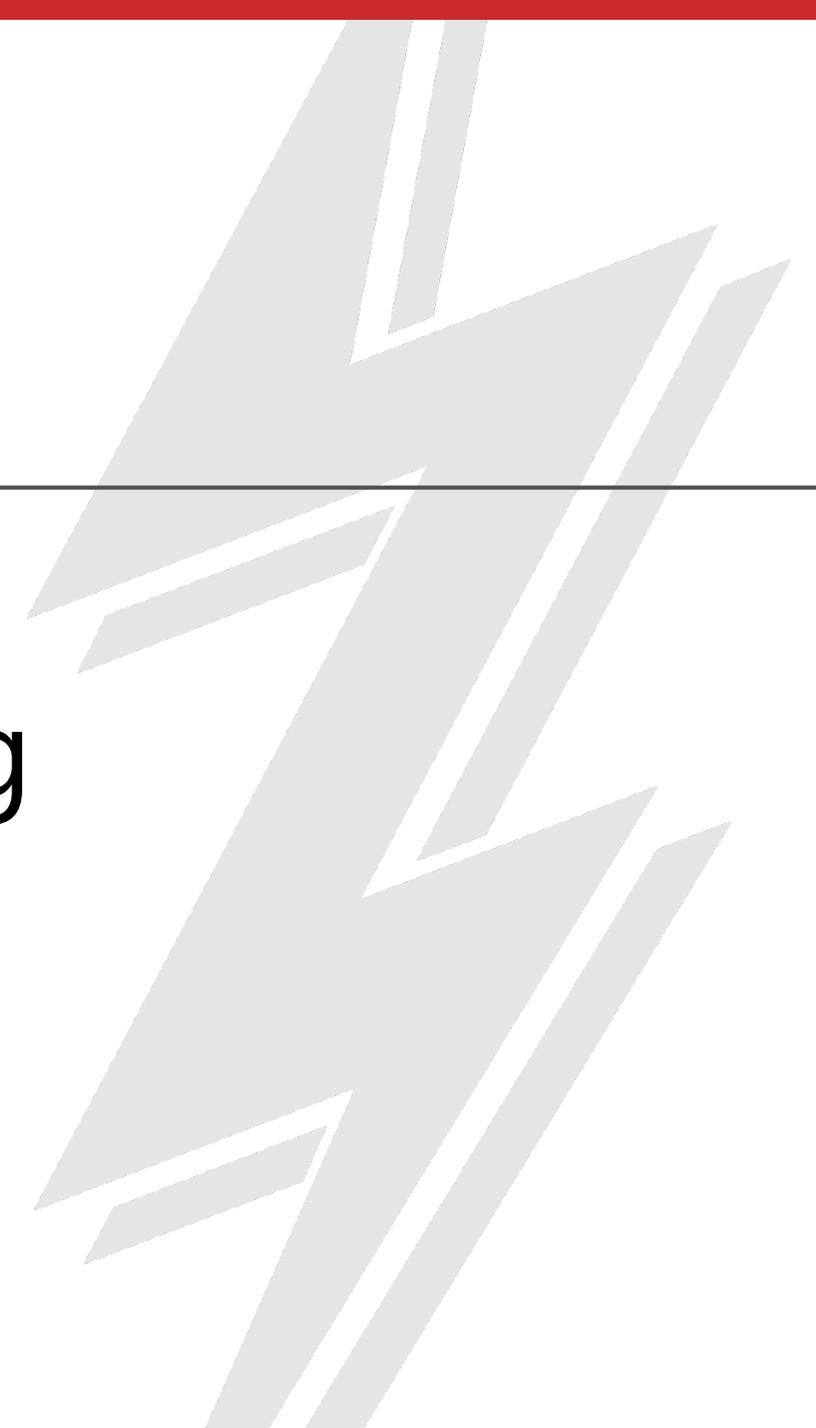




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2021 SNG Shipper Meeting

October 27, 2021



AGENDA

- Opening Remarks and Welcome
 - Carl Haga, VP Commercial

- SNG Pipeline Operations Review
 - Reese Hart, Manager SNG Gas Control

- Scheduling Winter Restrictions
 - Gina Mabry, Director, Scheduling

- Regulatory Update
 - Brooks Henderson, Director, Regulatory



Opening Remarks and Welcome

Carl Haga – VP Commercial

October 27, 2021

Southern Natural Gas – 90 Years of Service

Chart shown at September 19-20, 2019 Shipper Meeting



Changes Over Two Years

	September 19, 2019	October 15, 2021	Change	September 20, 2020
Natural Gas (Winter)	\$2.69	\$5.68	+\$2.99 (+111%)	\$1.57 (cash)
Gasoline	\$2.55	\$3.27	+\$0.720 (+28%)	\$2.17
Stock Market				
- Dow	27,147	35,294	+8,147 (+30%)	27,148
- S&P 500	3,006	4,471	+1,465 (+49%)	3,281
- Nasdaq	8,177	14,897	+6,720 (+82%)	10,779
UA Football Attendance	101,821	100,077	-1,744 (-1.7%)	19,424
Unemployment Rate	3.5%	4.8%	+1.3% (+37%)	7.8%

Challenges over the last 2 years

- Pandemic
- Work from home / workload / no travel
- Market swings
- Weather (Uri, hurricanes, floods, etc.)
- Atmosphere of general divisiveness throughout the country



SNG Pipeline Operations Review

Reese Hart – Manager, SNG Gas Control

October 27, 2021



Agenda

- System and Transportation Overview
- Operations Review
- 2021 Summer Review
- 2020-2021 Winter Review
- Maintenance Update
- Getting Ready for Winter 2021-2022

2021 Transportation YTD September 1



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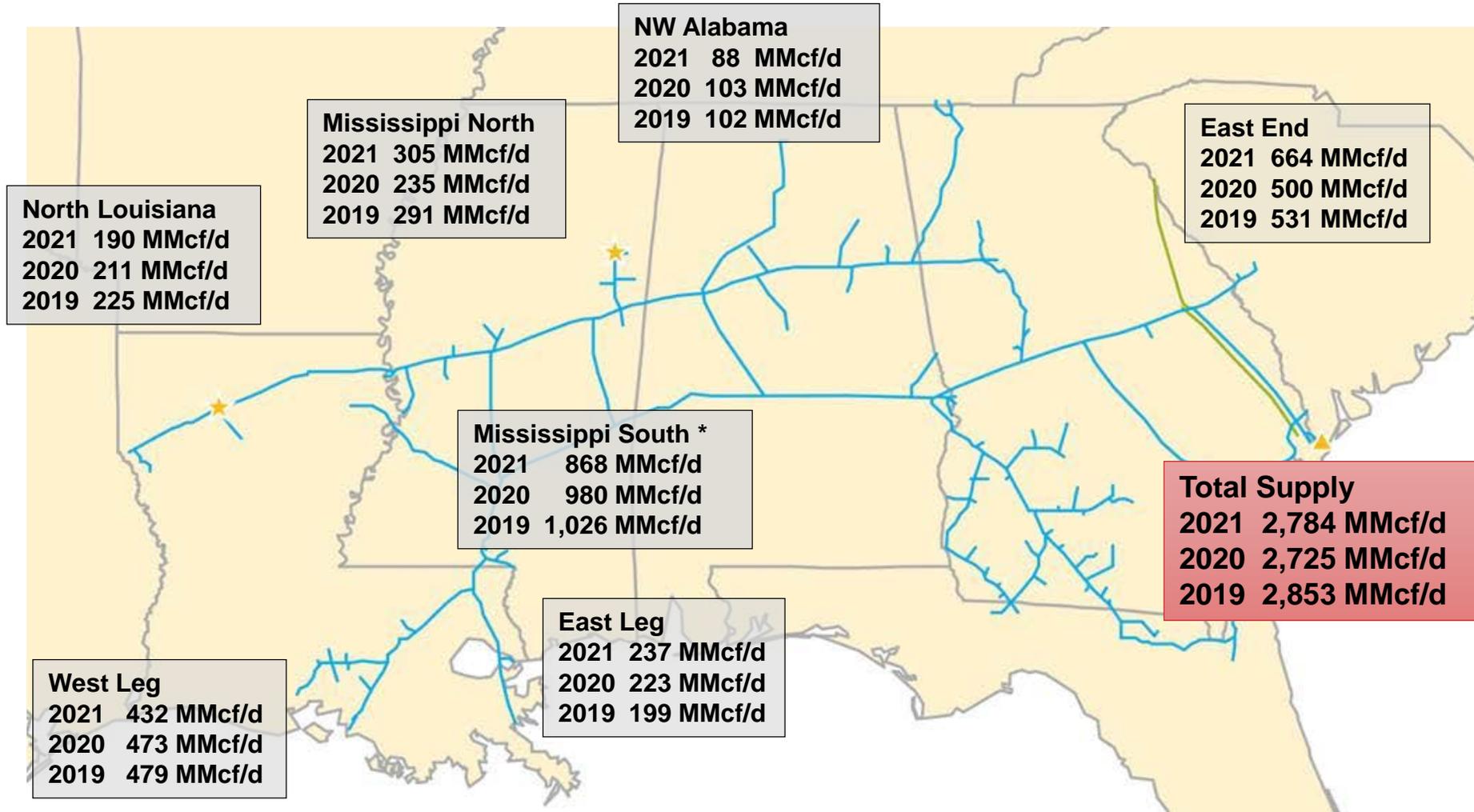
- 2021 Transport Summary
 - Power generation markets are up 3.6% from 2018
 - Total System Deliveries for Jan-Sept 2020 averaged 2,901 MDth/d
 - Deliveries for 2021 as of Sept. 1st have averaged 2,934 MDth/d
 - Storage inventories are expected to be at levels to support winter operations
 - Some outages will extend into December

SNG System Supplies By Major Location

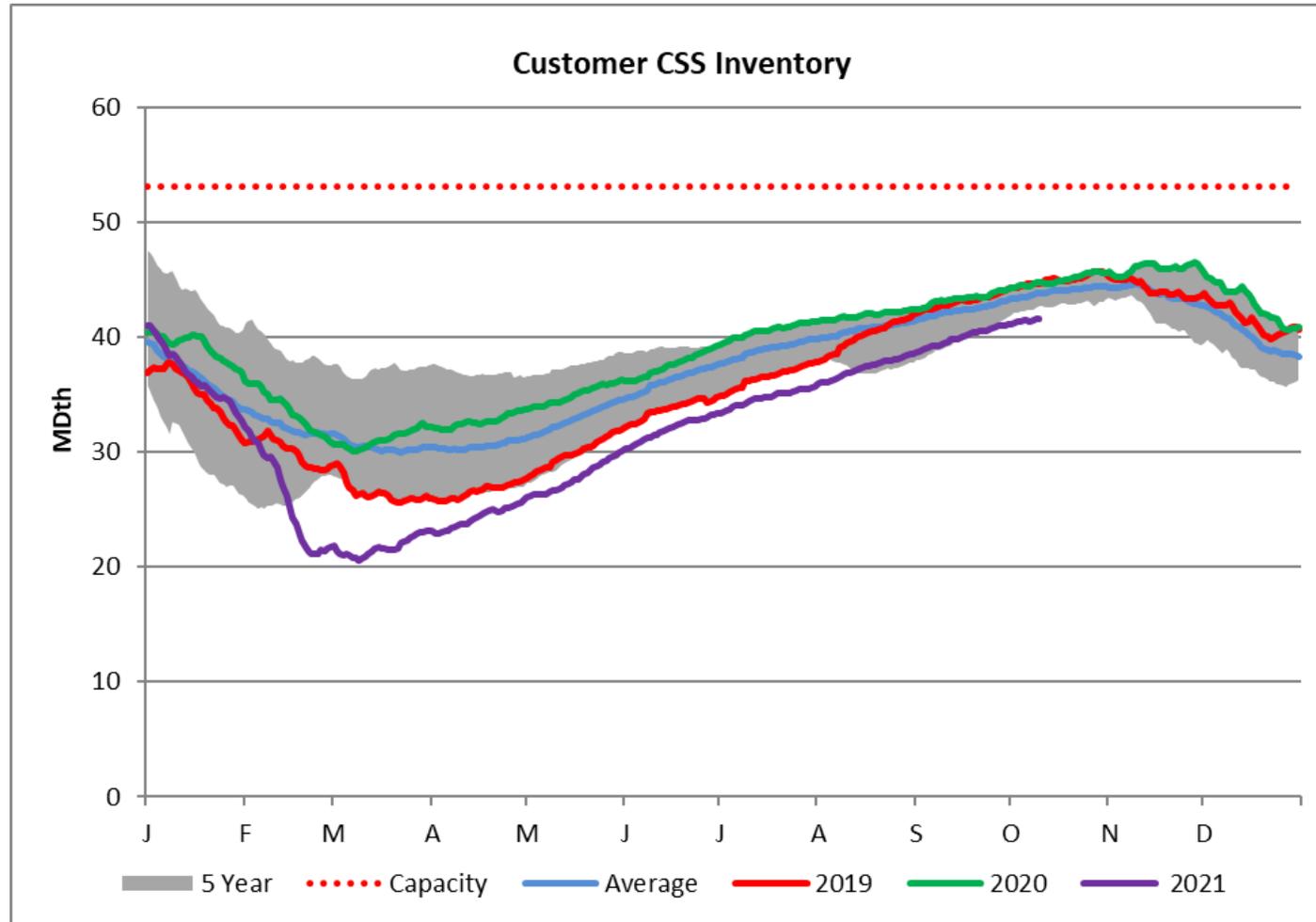
Average Daily Supply in 2021 is for Jan 1 – Sept 30



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CSS Inventory

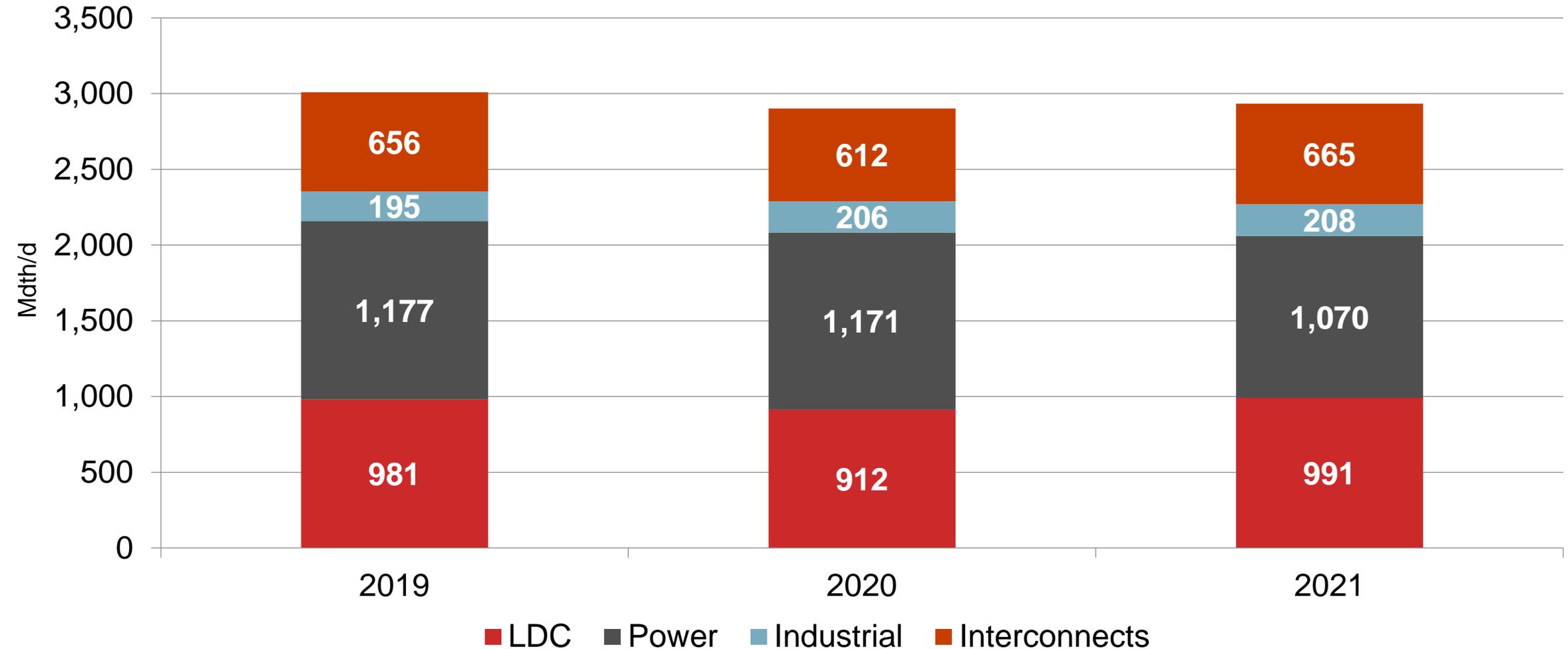


Average Daily Deliveries

JAN – SEP



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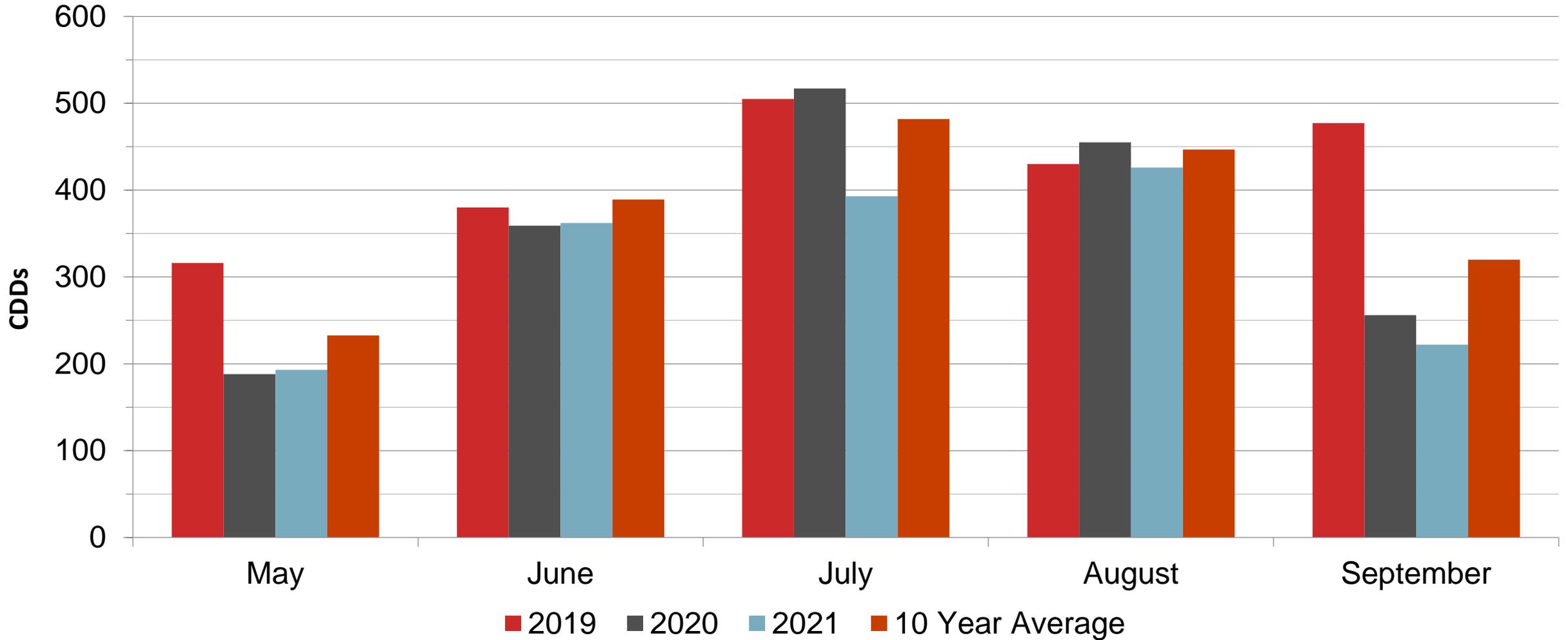


2021 Summer Review

- SNG’s facility performance was good during summer months
 - Compressor stations were staffed as needed during maintenance projects
 - East end supply has reduced the dependence on south system compression and long haul capacity.
- Power generation continues to be strong, but slightly down from 2020.
- Major weather event – Hurricane Ida
- Storage levels are on average to be slightly lower than last year and storage facilities are performing well

Summer Cooling Degree Days (CDDs*)

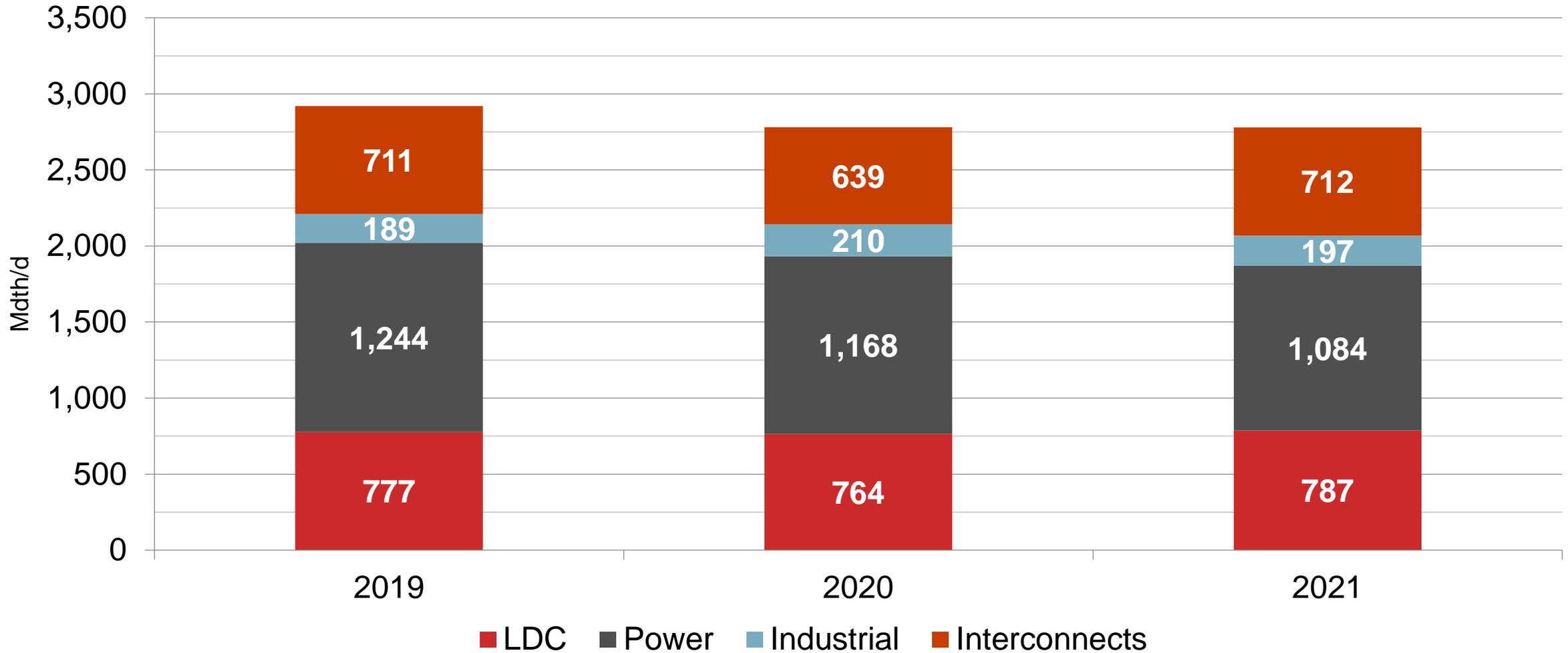
2019 - 2021



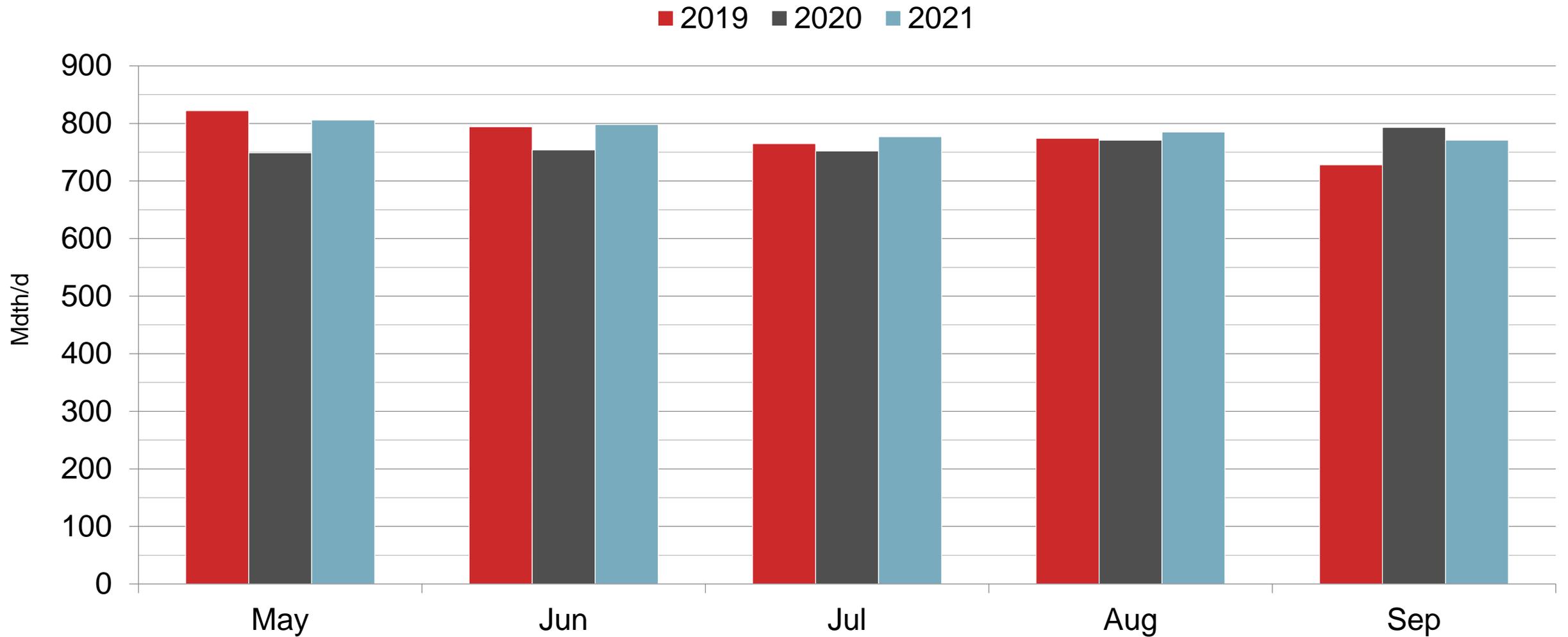
*CDD = System Mean Temperature Minus 65 Degrees

2021 Average Daily Deliveries

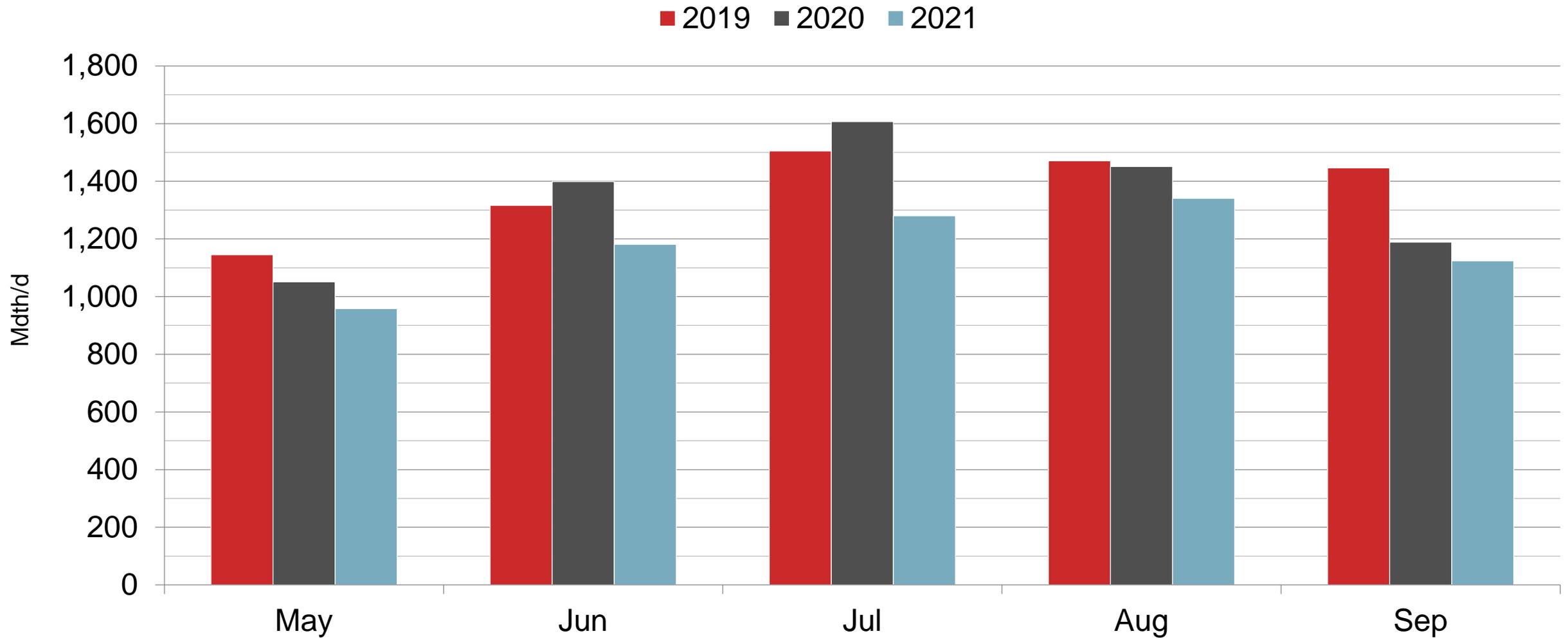
MAY – SEP



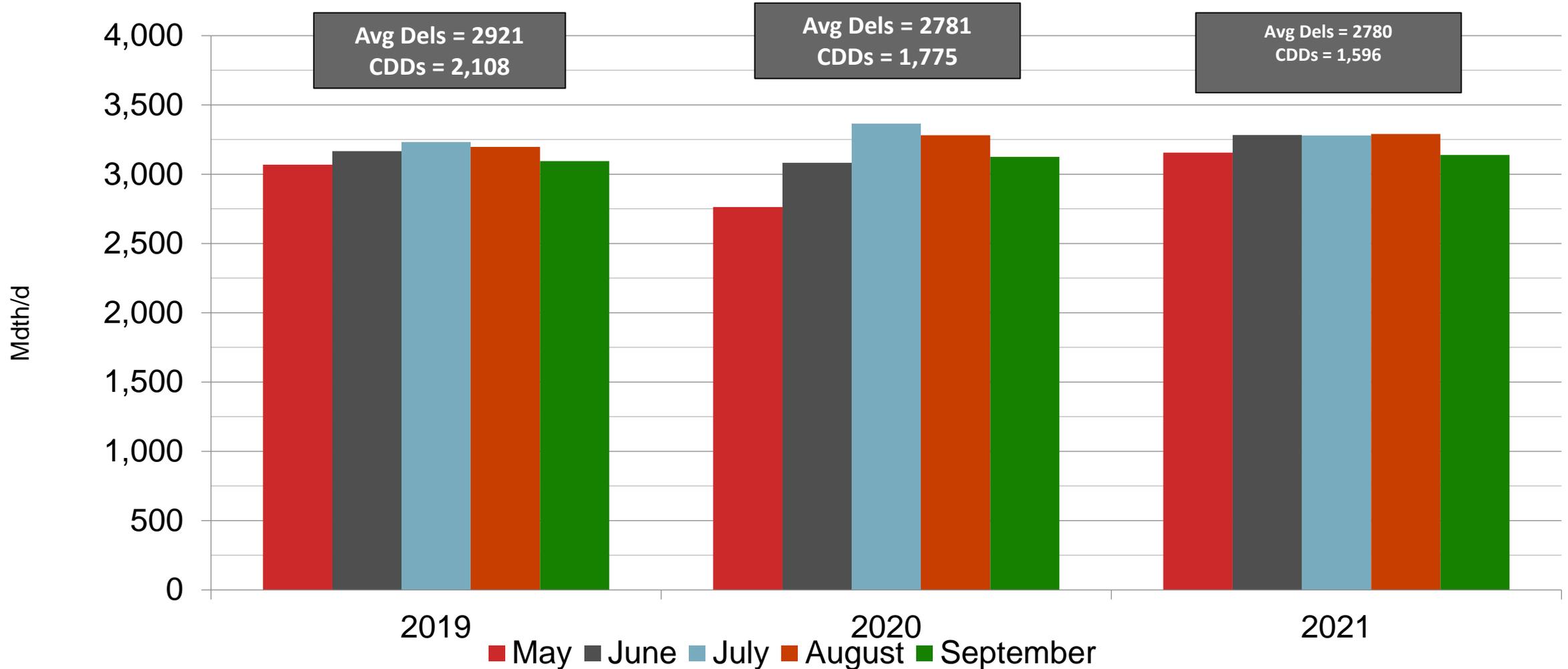
Summer Average Daily LDC Demand



Summer Average Daily Power Demand



Summer Deliveries By Year





2020-2021 Winter Review

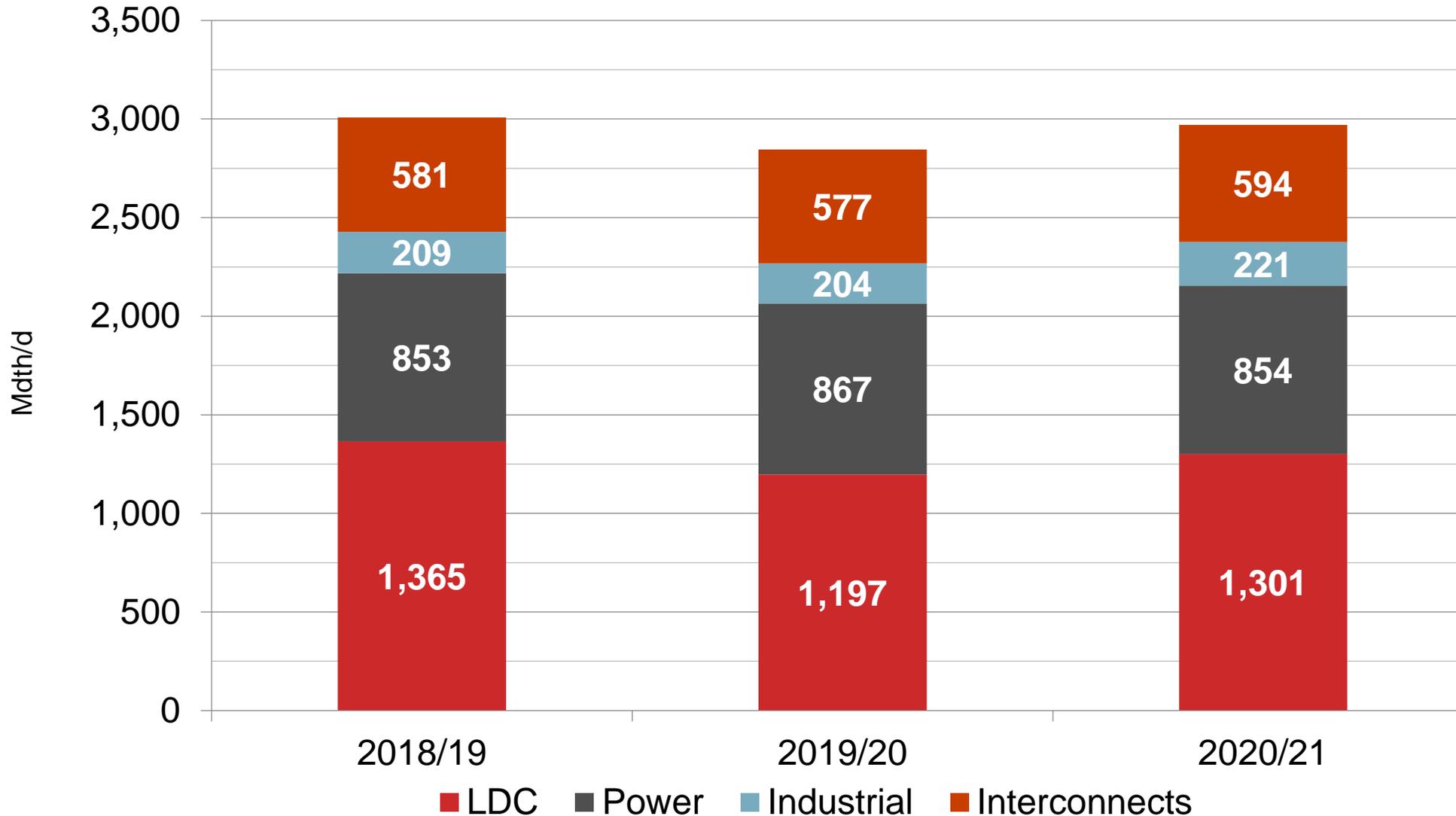
Winter Review



- SNG's facilities performed well during this winter
 - Compressor stations staffed 24x7 as needed
 - Horsepower reliability
- Major event Storm Uri
- Storage assets were heavily utilized. Extended withdrawals through March
- Where does Winter 2020-21 rank?
 - Peak Winter Day - 12/17/20 4.328 MMdth

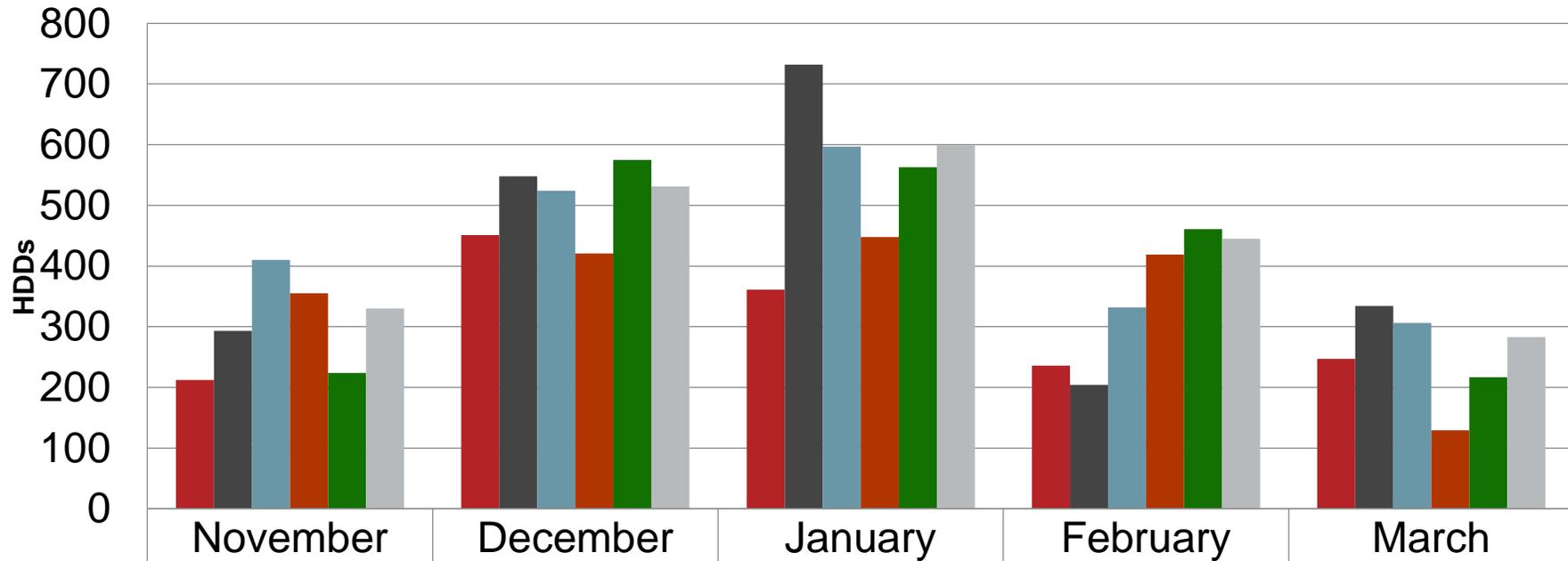
Average Daily Deliveries

Nov 20 – Mar 21



Winter Heating Degree Days (HDDs*)

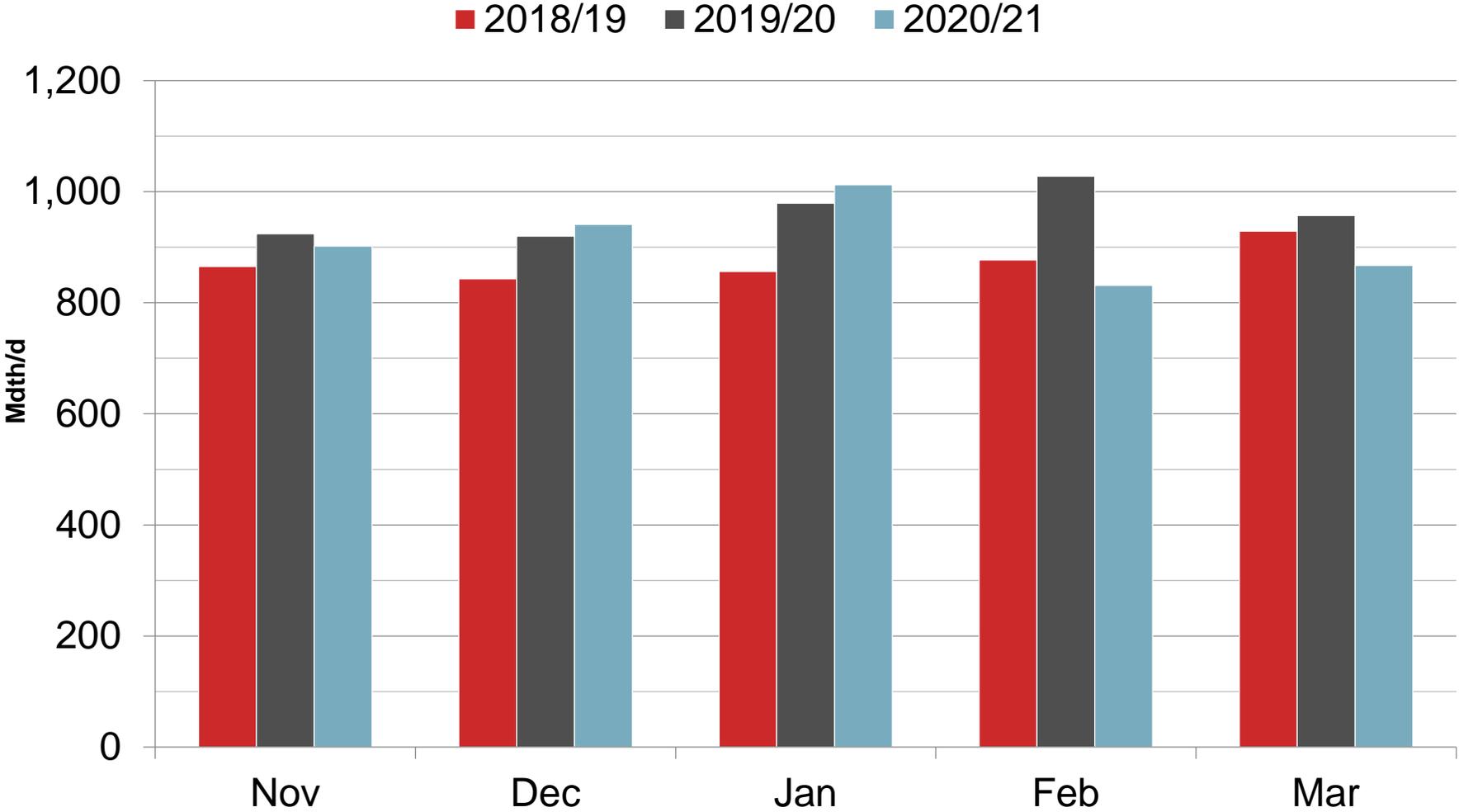
2016-2021



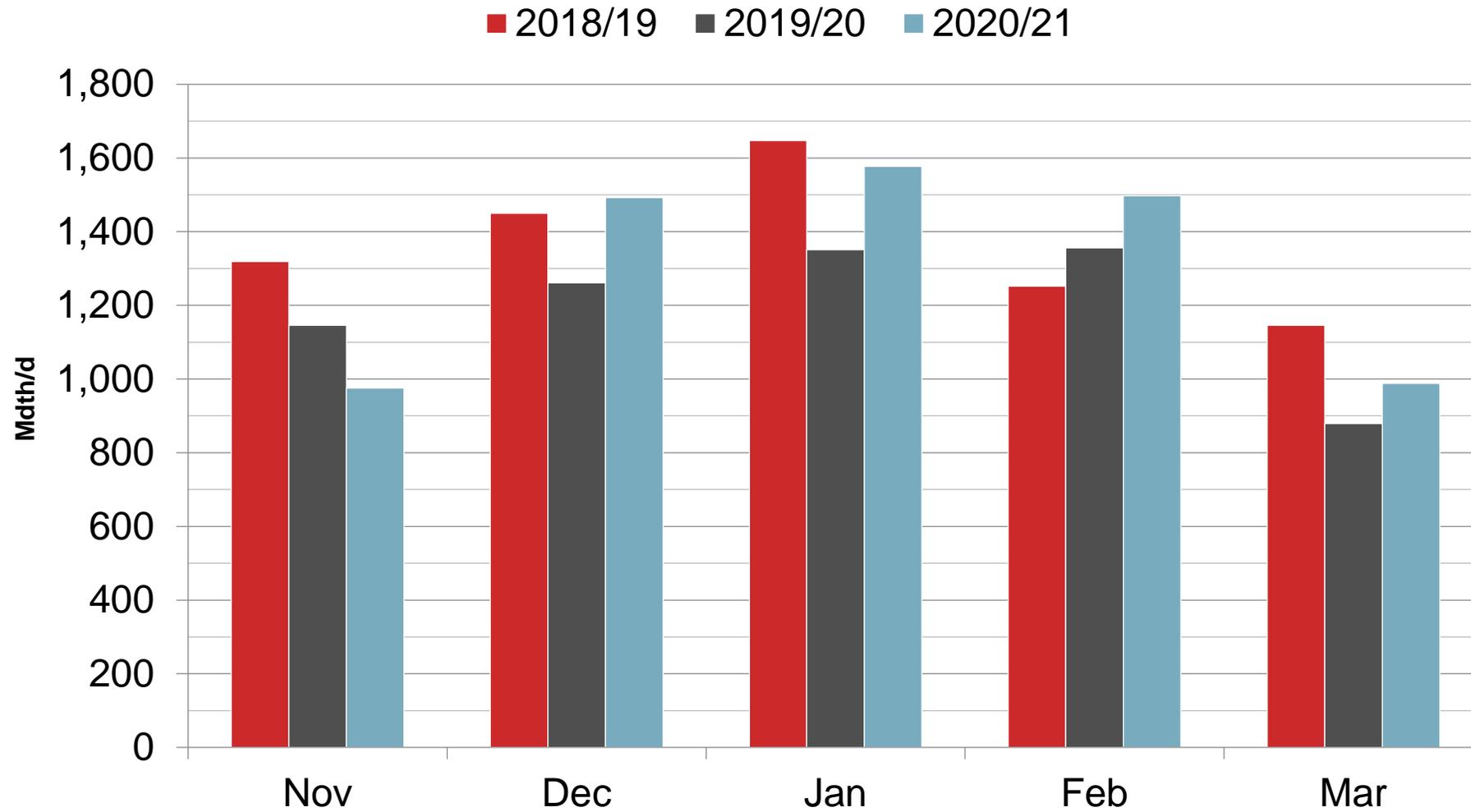
	November	December	January	February	March
■ 2016/17	212	451	361	236	247
■ 2017/18	293	548	732	204	334
■ 2018/19	410	524	597	332	306
■ 2019/20	355	421	448	419	129
■ 2020/21	224	575	563	461	217
■ 30 Year Average	330	531	599	445	283

*HDD = 65 Degrees Minus System Mean Temperature

Winter Average Daily Power Demand



Winter Average Daily LDC Demand

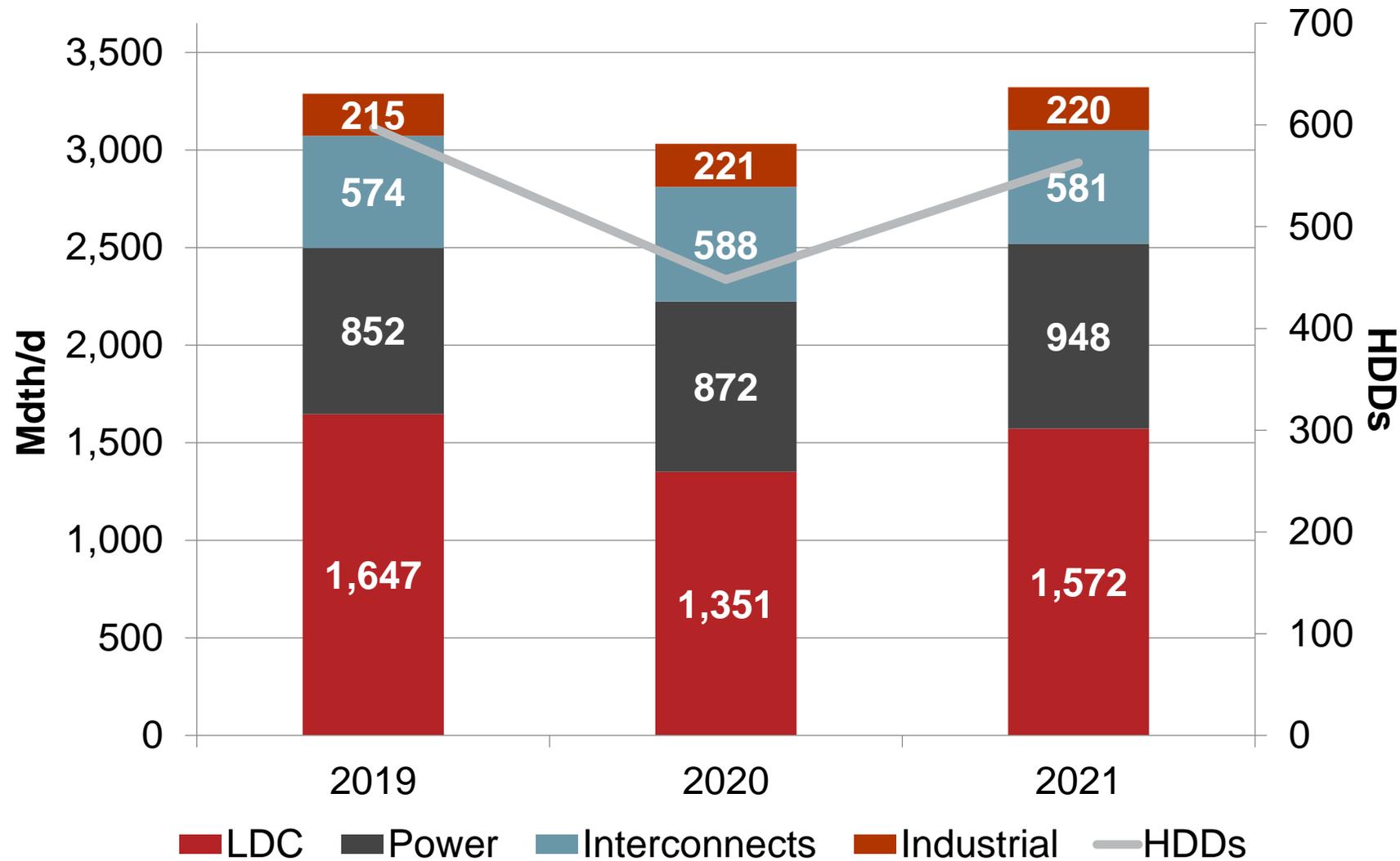


Average January Daily Deliveries

2019-2021



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Maintenance Update

Maintenance Planning Process

- Typical types of planned work

Compressors:

- ESD and safety tests
- Emission tests
- Run-hour inspections & maintenance to insure reliability
- Various engine/compressor repairs

Integrity Management:

- Various pig runs (ILI)
- Remediation of anomalies
- Hydrotests
- Selected wrinkle bend replacements

3rd Party Needs:

- Class location changes
- Line relocations
- Expansion projects

Storage Field: Shut-in tests & maintenance – spring & fall

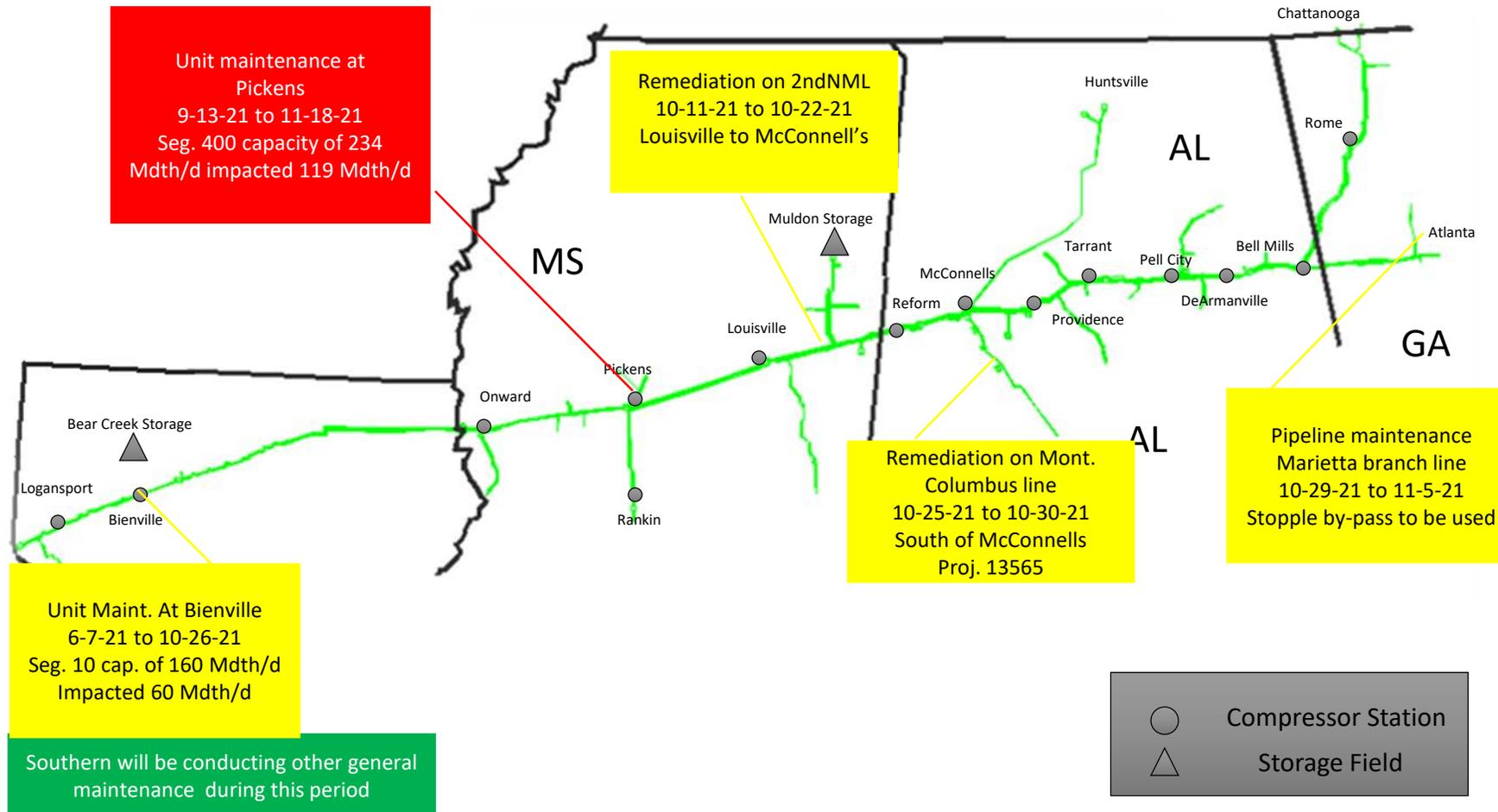
- Gas Control models impact to capacity and compares against expected flow to determine best outage windows
- Goal is to avoid impact to firm service that we forecast to be needed or coordinate with the customer(s) to manage the impact
- Plan may need to be adjusted to account for unscheduled outages, multiple outages, equipment availability, contractors, weather, and other items out of our control

SNG North System

Maint. Review Oct./Nov./Dec./Jan.



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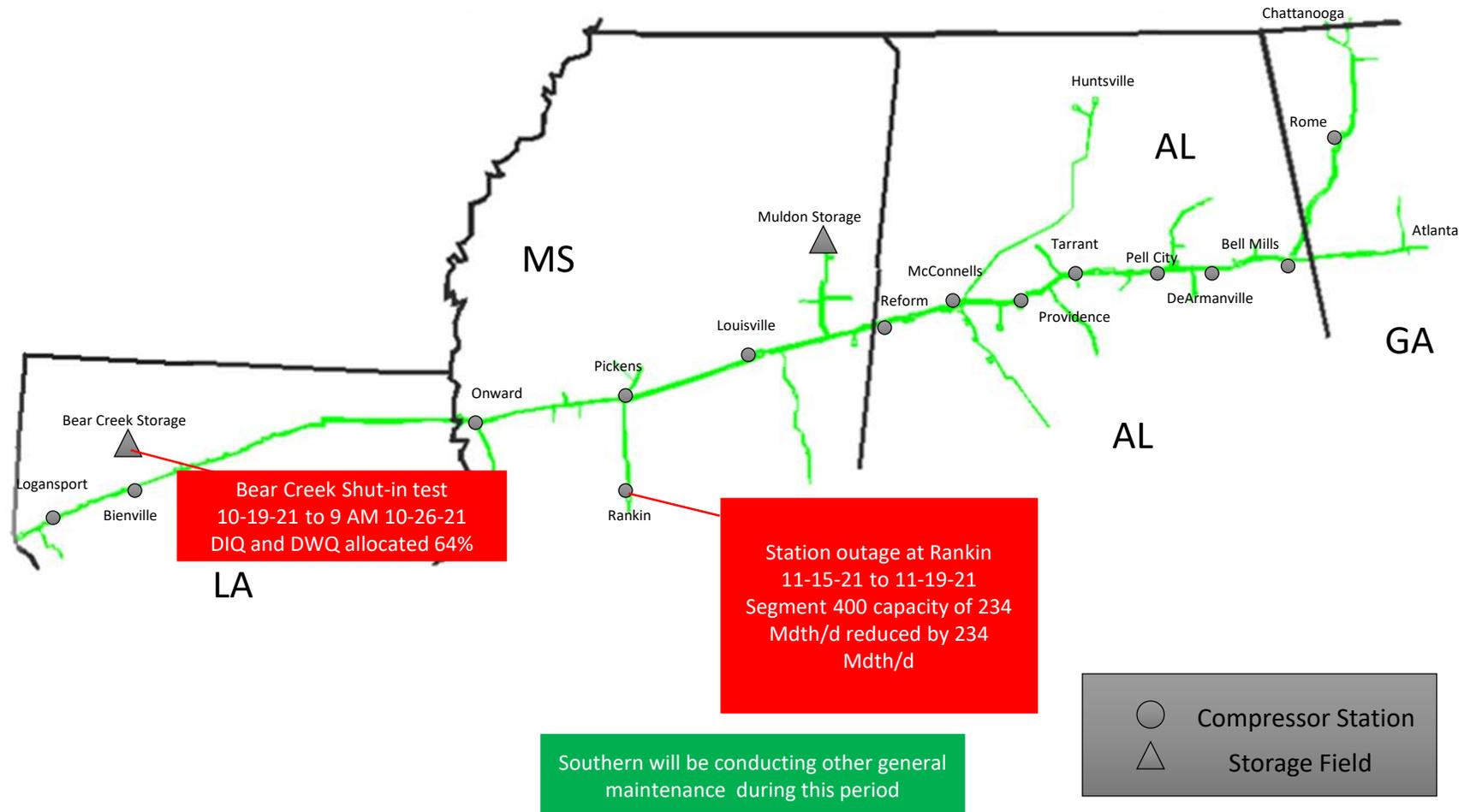


SNG North System

Maint. Oct. thru Jan. cont.

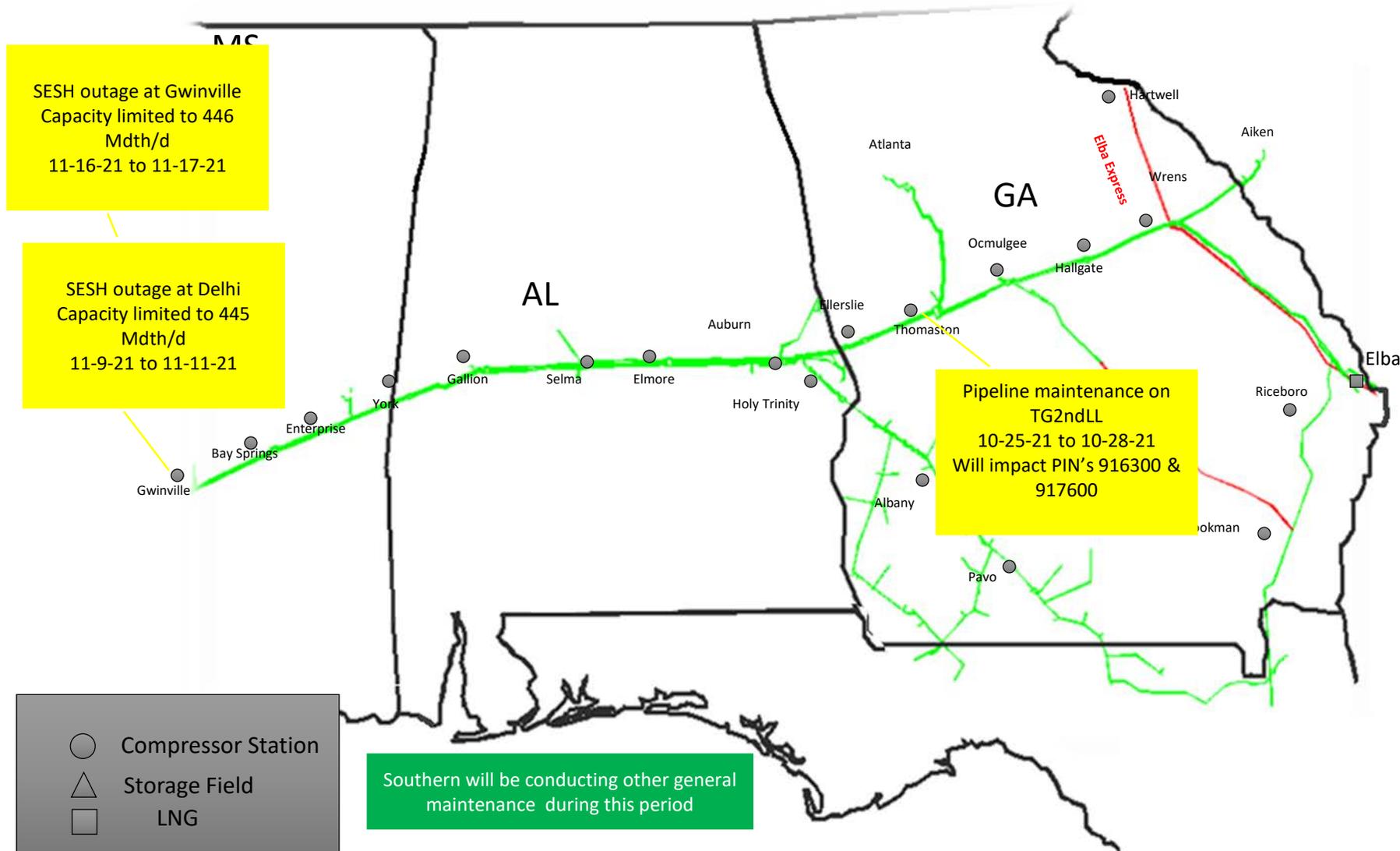


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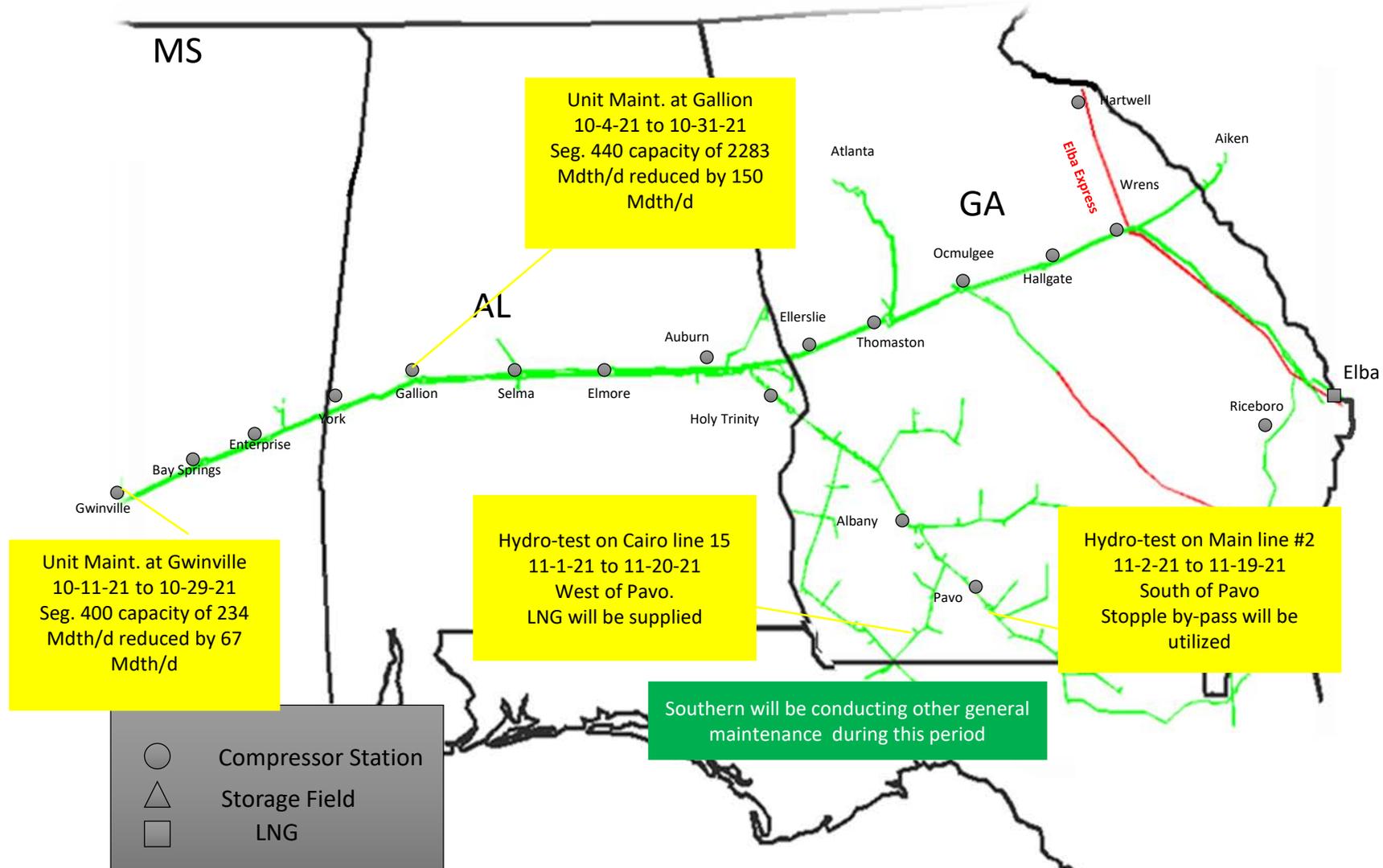
SNG South System Maint. Review

October/November/December/January



SNG South System Maint. Review

October thru January continued



SNG South Louisiana System

Pigging Review Oct./Nov./Dec./Jan.



Southern will be conducting other general maintenance during this period

Maintenance Communication

- Annual Maintenance Posting provided by March each year
- Updated Every Thursday via Annual Excel report, Market Impact Report.
 - Via EBB posting and Customer WebEx held prior to bid week
- Maintenance Contacts

Reese Hart – Manager
(713) – 420 – 4774 (office)
(832) – 248 - 2937 (cell)
maurice_hartiii@kindermorgan.com

Kal Dankovich – Outage Coordinator
(713) – 420 – 7522 (office)
(713) – 420 – 7305 (Gas Control)
kalman_dankovich@kindermorgan.com

Jimmy Reese – Lead Controller
(713) – 420 – 7310 (office)
(713) – 420 - 7305 (Gas Control)
jimmy_reese@kindermorgan.com

Daniel Mitchell – Lead Controller
(713) – 420 - 5874 (office)
(713) – 420 – 7305 (Gas Control)
daniel_mitchell@kindermorgan.com

Getting Ready for Winter 2021-2022

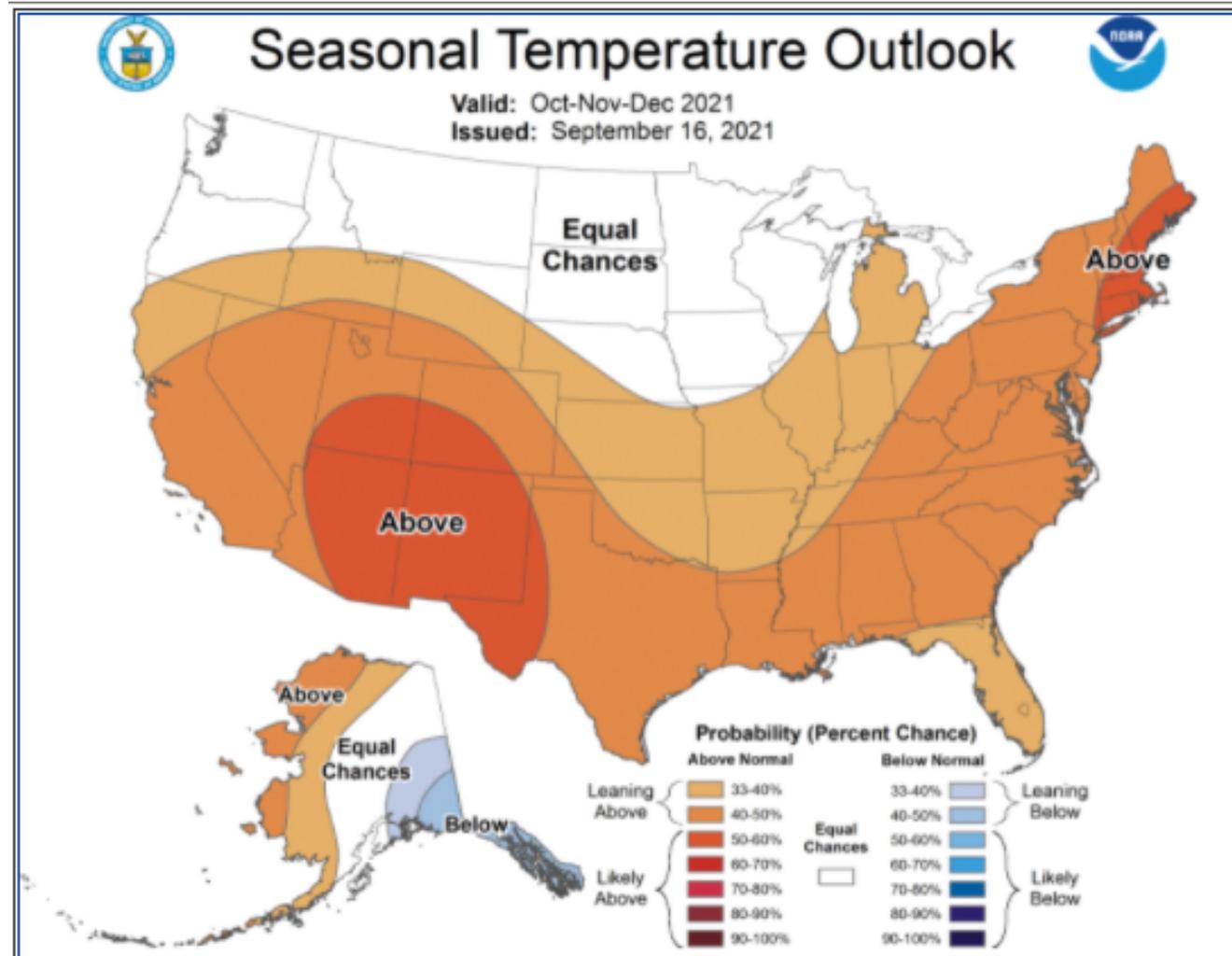
Preparing for Winter 2021-22



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- Readiness testing on horse power will be completed before winter
- Storage fields will be ready
- Plan is to complete maintenance projects by year-end.
- OFO philosophy will remain consistent with past years
- Expected pipeline flows:
 - Continued strong power loads.
 - Supply should remain consistent with 2020. East end supply anticipated to be higher.
 - Weather is forecasted to be warmer than normal.
 - Some predict another significant weather event similar to Uri.

Three-Month Outlook



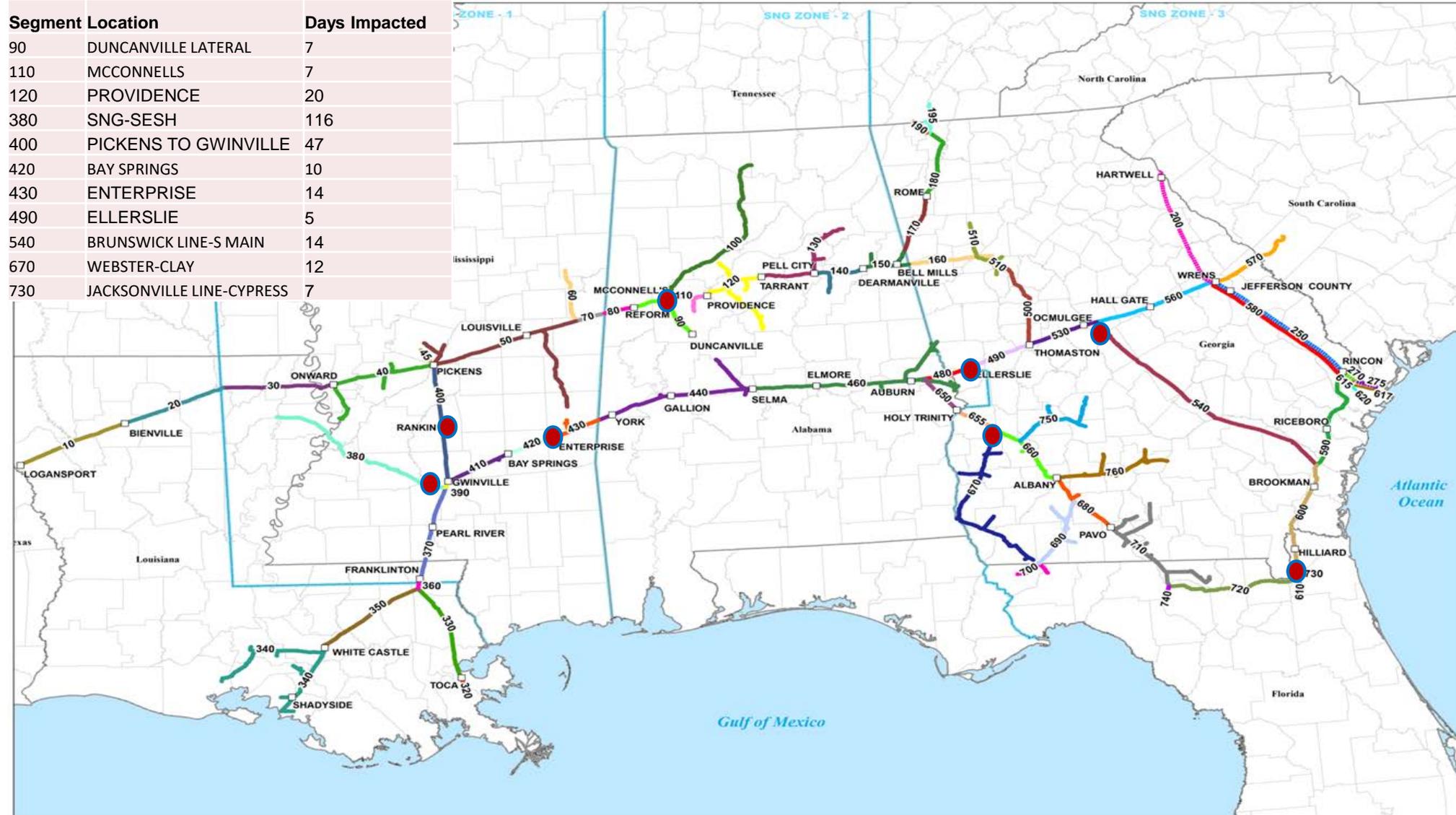


Scheduling Winter Restrictions

Gina Mabry – Director, Scheduling

October 27, 2021

SNG Winter 2020/2021 Segment Constraints (November-March)



Winter Restrictions

Percentage Days Restricted (November - March)



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| Percentage Days Restricted
(November - March) |
|--|--|--|--|
| | 2018/2019 | 2019/2020 | 2020/2021 |
| Segment 30 | 17.22% | 55.26% | 2.65% |
| Segment 90 | 46.35% | 0.66% | 4.64% |
| Segment 120 | 0.66% | 0.0% | 13.25% |
| Segment 130 | 5.30% | 0.0% | 1.99% |
| Segment 150 | 5.96% | 7.89% | 0.0% |
| Segment 180 | 5.96% | 0.0% | 1.32% |
| Segment 380 | 54.31% | 88.82% | 76.82% |
| Segment 400 | 18.54% | 17.11% | 31.12% |
| Segment 420 | 0.66% | 2.63% | 6.62% |
| Segment 430 | 4.64% | 3.95% | 9.27% |
| Segment 490 | 9.93% | 3.95% | 3.31% |
| Segment 540 | 0.0% | 0.0% | 9.27% |
| Segment 670 | 0.0% | 0.0% | 7.95% |

Type 3 OFO Winter Count

November-March

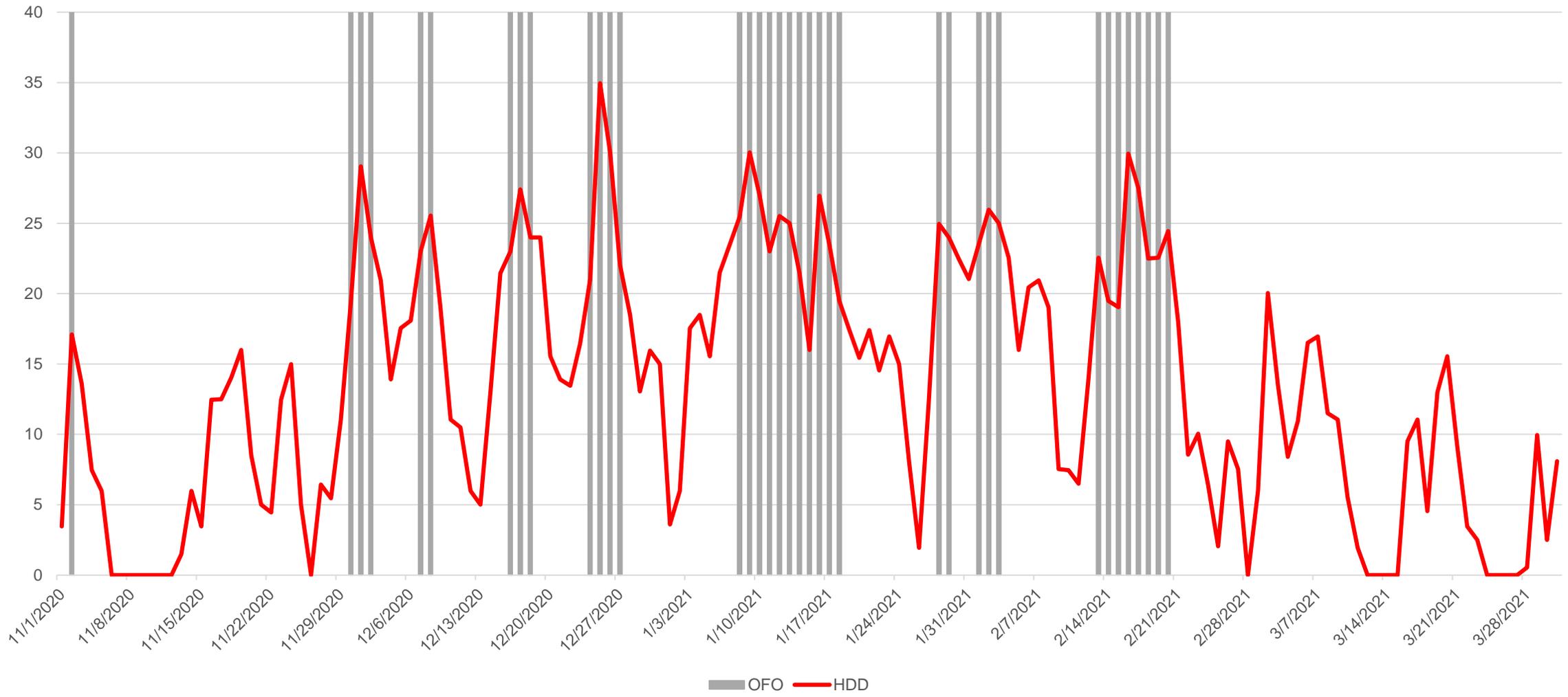


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	2017/2018	2018/2019	2019/2020	2020/2021
Type 3 - LEVEL 1	2	25	14	26
Type 3 - LEVEL 2	36	10	9	11
Total	38	35	23	37

Winter 2020/2021

Type 3 OFO





Regulatory

Brooks Henderson – Director, Regulatory

October 27, 2021

Background on SNG Fuel Retention Rates

- Transport fuel retention rates updated twice each year
 - October-March (winter period)
 - April-September (summer period)
 - Winter calculations based on activity from prior winter season
 - Summer fuel calculations based on activity from prior summer season
- Storage fuel retention rates updated once each year on April 1
- Any under or over-recovery carried over into the fuel calculation for the next winter or summer period
 - Over-recovery has effect to reduce next year's fuel rates
 - Under-recovery has effect to increase next year's fuel rates
- Part of gas collected for fuel is sold to cover the electricity costs of SNG's electric compression

Proposed Update #1

- Per the tariff, fuel rates are calculated using actual fuel/throughput from prior summer/winter period
 - Can help cause big swings in fuel rates
 - If go from hot summer in year 1 to mild summer in year 2, results in large over-recovery which lowers summer fuel rates in year 3
 - If go from mild winter in year 1 to cold winter in year 2, results in large under-recovery which increases winter fuel rates in year 3
- Propose to update tariff to allow adjustments to the actual data from the prior period in calculating fuel rates
 - To be able to adjust data from extreme weather periods
 - This update can help moderate some of the big swings in fuel rates

Background On Paying For Electric Compression

- To pay for electric compressor costs, monthly electric dollar cost divided by that month's index price to determine how much dth to sell
 - If sell above the index price, then have a gain
 - If sell below this index price, then have a loss
- Example
 - \$1,000,000 monthly electric cost for April divided by April index price of \$2.50 = 400,000 dth to sell
 - Sell 400,000 dth at \$2.75 for a gain of \$100,000
 - $(\$2.75 - \$2.50) \times 400,000 = \$100,000$
- If have gain for the entire six month summer period or six month winter period, then 85% of gain refunded to customers
 - If have loss for summer period, loss carried forward to next summer season
 - If have loss for winter period, loss carried forward to next winter season
- To cover the winter monthly electricity costs, SNG sells the dth to be delivered in spring/summer months
 - Do not want such deliveries on cold days so as to have more pipeline capacity to serve firm and interruptible nominations
 - Often have to sell at a loss since gas prices usually lower in spring/summer vs. winter month index prices
 - Have never given a refund for a winter period
 - Currently have a cumulative \$4.6 mil loss pertaining to the winter period
 - Have provided refunds on four of the past five summer periods (no cumulative loss position currently)

Proposed Update #2

- Need to resolve the \$4.6 mil winter cumulative loss position and how winter periods result in a loss
- Propose beginning April 1, 2022, to determine the gain or loss each year over a twelve month period (April-March)
 - Versus determining the gain or loss based on separate winter and summer six month periods
 - Any gains will be applied first to any cumulative loss position (i.e. the current \$4.6 mil loss position)
 - When have a cumulative gain position at the end of the twelve month period (i.e. at March 31), will continue to refund 85% to customers
 - Any cumulative loss position will be carried forward to the next twelve month period

Summary



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- Plan to make FERC filing in November with the proposed two updates to SNG's tariff on fuel provisions
 - Propose new tariff updates to be effective January 1, 2022
- Refunds will be given in December for the April-September 2021 summer period relating to dth sales to cover summer electric compression costs

For follow-up questions, please
contact your Account Manager

Thank you for your business!