

Columbia Pipelines Holding Company LLC

Consolidated and Combined Financial Statements  
(Unaudited)  
September 30, 2024

## Consolidated and combined statement of income

<i>(unaudited)</i> <i>(millions of dollars)</i>	Nine months ended September 30,	
	2024	2023
<b>Revenues</b> (Note 3)	<b>2,100</b>	2,044
<b>Income from Equity Investments</b>	<b>—</b>	22
<b>Operating and Other Expenses</b>		
Plant operating costs and other	<b>571</b>	619
Property taxes	<b>203</b>	194
Depreciation and amortization	<b>265</b>	247
Total Operating and Other Expenses	<b>1,039</b>	1,060
<b>Operating Income</b>	<b>1,061</b>	1,006
<b>Financial Charges</b>		
Interest expense, net (Note 8)	<b>344</b>	221
Allowance for funds used during construction	<b>(32)</b>	(21)
Other income	<b>(1)</b>	—
Total Financial Charges	<b>311</b>	200
<b>Net Income</b>	<b>750</b>	806

The accompanying Notes to the unaudited consolidated and combined financial statements are an integral part of these statements.

## Consolidated and combined statement of comprehensive income

<i>(unaudited)</i> <i>(millions of dollars)</i>	Nine months ended September 30,	
	2024	2023
<b>Net Income</b>	<b>750</b>	806
<b>Other Comprehensive Income</b>		
Other comprehensive income of equity investments	—	1
Other comprehensive income	—	1
<b>Comprehensive Income</b>	<b>750</b>	807

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## Consolidated and combined balance sheet

<i>(unaudited)</i> <i>(millions of dollars)</i>	September 30, 2024	December 31, 2023
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	311	114
Accounts receivable and other (Note 4)	249	293
Related party receivable (Note 12)	—	12
Inventories	41	43
Other (Note 5)	30	28
Total Current Assets	631	490
<b>Plant, Property and Equipment</b> , net of accumulated depreciation of \$4.7B and \$4.6B for September 30, 2024 and December 31, 2023, respectively	18,615	17,873
<b>Regulatory Assets</b> (Note 6)	—	1
<b>Other Long-Term Assets</b>	1	—
Total Assets	19,247	18,364
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable and other (Note 7)	866	862
Related party payable (Note 12)	51	64
Current portion of long-term debt (Note 8)	1,000	—
Total Current Liabilities	1,917	926
<b>Long-Term Debt, net</b> (Note 8)	7,343	7,049
<b>Regulatory Liabilities</b> (Note 6)	127	148
<b>Other Long-Term Liabilities</b> (Note 9)	22	33
Total Liabilities	9,409	8,156
<b>MEMBERS' EQUITY</b>		
Members' equity	9,838	10,208
Total Members' equity	9,838	10,208
<b>LIABILITIES and MEMBERS' EQUITY</b>	19,247	18,364
<b>Commitments and Contingencies</b> (Note 13)		
<b>Subsequent Events</b> (Note 14)		

The accompanying Notes to the unaudited consolidated and combined financial statements are an integral part of these statements.

## Consolidated and combined statement of members' equity

For the nine months ended September 30, 2024

<i>(unaudited)</i> <i>(millions of dollars)</i>	Class A Units			Class B Units		Total
	Columbia Pipeline Group, Inc. (CPG)	Columbia Pipeline Intermediate Company LLC (CPIC)	GIP Pilot Acquisitions Partners, LP (GIP Pilot)	CPG	CPIC	
<b>January 1, 2024</b>	6,082	85	3,921	119	1	<b>10,208</b>
Net income	444	6	301	(1)	—	<b>750</b>
Distributions	(685)	(9)	(463)	—	—	<b>(1,157)</b>
Contributions	17	—	12	8	—	<b>37</b>
<b>September 30, 2024</b>	<b>5,858</b>	<b>82</b>	<b>3,771</b>	<b>126</b>	<b>1</b>	<b>9,838</b>

For the nine months ended September 30, 2023

<i>(unaudited)</i> <i>(millions of dollars)</i>	CPG Inc	CPIC	AOCI	Total
<b>January 1, 2023</b>	13,103	—	(7)	13,096
Net income	806	—	—	806
Distributions to CPG	(566)	—	—	(566)
Distributions of equity investment	(378)	—	7	(371)
Restructuring CPHC-CPG note <sup>1</sup>	(1,000)	—	—	(1,000)
Restructuring CPOC-CPG note <sup>1</sup>	(400)	—	—	(400)
Transfer of CPG notes <sup>1</sup>	(1,505)	—	—	(1,505)
Other	5	—	—	5
CPG contribution of interest to CPIC	(101)	101	—	—
<b>September 30, 2023</b>	<b>9,964</b>	<b>101</b>	<b>—</b>	<b>10,065</b>

1. On July 31, 2023 CPG transferred 100 percent of its membership interest in Columbia Gas and Columbia Gulf to CPOC in exchange for equity and an intercompany note amounting to \$400 million and assumption of \$1.505 Billion of outstanding balances on the CPG notes. Additionally, on the same date, CPG transferred 100 percent of its interest in CPOC in exchange for equity and an intercompany note amounting to \$1 Billion. Finally, on September 27, 2023, CPG contributed 1 percent of its interest in CPHC in exchange for additional equity in CPIC.

The accompanying Notes to the unaudited consolidated and combined financial statements are an integral part of these statements.

## Consolidated and combined statement of cash flows

<i>(unaudited)</i> <i>(millions of dollars)</i>	Nine months ended September 30,	
	2024	2023
<b>Cash Generated from Operations</b>		
Net income	750	806
Depreciation and amortization	265	247
Amortization of debt issuance costs	5	1
Income from equity investments	—	(22)
Distributions received from operating activities of equity investment	—	30
Equity allowance for funds used during construction	(31)	(19)
Changes in regulatory assets and liabilities	(4)	(6)
Changes in other operating assets and liabilities (Note 11)	(61)	59
Net cash provided by operations	924	1,096
<b>Investing Activities</b>		
Capital expenditures	(898)	(764)
KOT Acquisition	—	(70)
Change in demand loan receivable with TransCanada PipeLine USA Ltd (TCPL USA)	—	413
Deferred amounts and other	2	4
Net cash used in investing activities	(896)	(417)
<b>Financing Activities</b>		
Proceeds from TCPL USA-CPHC Loan and TCPL USA-CPOC Loan	—	5,600
CPHC Credit Facility Draw (Note 8)	785	—
CPHC Credit Facility Repayment (Note 8)	(785)	—
Intercompany variable rate long-term debt repayment	—	(4,200)
CPHC-CPG note and CPOC-CPG note repayment	—	(1,400)
Proceeds from CPHC and CPOC Offering, net of discount (Note 8)	1,300	5,599
TCPL USA-CPHC Loan and TCPL USA-CPOC Loan repayment	—	(5,600)
Distributions to CPG	—	(566)
Distributions to Class A Unitholders (Note 12)	(1,157)	—
Contributions from Class A Unitholders (Note 12)	29	—
Contributions from Class B Unitholders (Note 12)	8	—
Debt issuance costs (Note 8)	(11)	(41)
Net cash used in financing activities	169	(608)
<b>Change in Cash and Cash Equivalents</b>	<b>197</b>	<b>71</b>
<b>Cash and Cash Equivalents</b>		
Beginning of period	114	—
<b>Cash and Cash Equivalents</b>		
End of period	311	71
<b>Supplemental cash flow information, including certain non-cash investing and financing activities</b>		
Interest paid, net of capitalized interest	368	166
Accruals for property, plant and equipment	355	222
Distribution of equity investment	—	371
Transfer of CPG notes	—	1,505
Restructuring notes issued to CPG	—	1,400
CPG contribution of equity interest in Columbia Gas and Columbia Gulf to the Company	—	10,102

The accompanying Notes to the unaudited consolidated and combined financial statements are an integral part of these statements.

# Notes to unaudited consolidated and combined financial statements

## 1. DESCRIPTION OF BUSINESS AND OWNERSHIP

"We," "our," "us," and "the Company" refer to Columbia Pipelines Holding Company LLC (CPHC) and its subsidiaries that were formed as part of the corporate restructuring of its parent, Columbia Pipeline Group, Inc. (CPG), a direct subsidiary of TransCanada PipeLine USA Ltd (TCPL USA). TCPL USA is a direct wholly-owned subsidiary of TC Energy. Effective October 4, 2023, each Members' Interest in CPHC is represented by two classes of Units, Class A and B Units. As of September 30, 2024, the total units held by each member on CPHC are as follows:

Member	Class A Units	Percentage Interest	Class B Units	Percentage Interest
Columbia Pipeline Group, Inc. (CPG)	5,720,130,924	59.1649 %	99	99 %
Columbia Pipelines Intermediate LLC (CPIC)	80,733,608	0.8351 %	1	1 %
GIP Pilot Acquisition Partners, LP (GIP)	3,867,243,021	40.0000 %	—	— %
Total	9,668,107,553	100 %	100	100 %

Through our 100% ownership interest in Columbia Pipelines Operating Company LLC (CPOC) we own the following natural gas transportation and storage assets, which are regulated by the Federal Energy Regulatory Commission (FERC).

### Columbia Gas Transmission Company, L.L.C.

Columbia Gas Transmission Company, L.L.C. (Columbia Gas) is engaged in the transportation and/or storage of natural gas through interstate pipeline systems located in Delaware, Kentucky, Maryland, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Virginia, and West Virginia. On February 1, 2023, Columbia Gas completed a \$69.8 million asset purchase from KO Transmission Company (KOT Acquisition), an affiliate of Duke Energy, by acquiring approximately 88.1 miles of interstate pipeline system originating in Means, Kentucky and extending to Hamilton, Ohio and Campbell, Kentucky. The assets were integrated into Columbia Gas' pipeline system and expanded its footprint by providing additional last-mile connectivity on its system into northern Kentucky and southern Ohio to growing local distribution company markets.

### Columbia Gulf Transmission Company, L.L.C.

Columbia Gulf Transmission Company, L.L.C. (Columbia Gulf) is engaged in the transportation of natural gas through interstate pipeline systems located in Kentucky, Louisiana, Mississippi, and Tennessee.

Prior to the restructuring described below, Columbia Gas and Columbia Gulf were both wholly-owned direct subsidiaries of CPG.

## 2. ACCOUNTING POLICIES

### Basis of Presentation – Consolidated and Combined Financial Statements

CPHC's financial statements for the periods through July 31, 2023 are combined financial statements prepared on a "carve-out" basis as discussed below. CPHC's financial statements for the period from July 31, 2023 through September 30, 2024, and as of September 30, 2024 are consolidated financial statements based on the reported results of CPHC.

The Consolidated and Combined Financial Statements include CPHC's accounts maintained on the accrual basis of accounting in accordance with United States Generally Accepted Accounting Principles (GAAP).

### Basis of Presentation – Prior to the July 31 Reorganization

Through July 31, 2023, the combined financial statements are prepared on a "carve-out" basis which have been derived from Columbia Gas and Columbia Gulf's financial statements and accounting records in conformity with GAAP (Combined Company). All transactions between Columbia Gas and Columbia Gulf have been eliminated in combination.

The Combined Financial Statements include the Combined Company's accounts maintained on the accrual basis of accounting in accordance with GAAP.

## Accounting Policies – Overall

The results of operations for the nine months ended September 30, 2024 and 2023 are not necessarily indicative of the results that may be expected for the full fiscal year. The accompanying unaudited consolidated and combined financial statements do not include all disclosures required in the annual financial statements and should be read in conjunction with the audited consolidated and combined financial statements and notes thereto for the year ended December 31, 2023 which contain a more comprehensive summary of the Company's significant accounting policies.

## Use of Estimates and Judgments

The preparation of financial statements requires management to make estimates and assumptions that affect both the amount and timing of recording assets, liabilities, revenues and expenses since the determination of these items may be dependent on future events. Management uses the most current information available and exercises careful judgment in making these estimates and assumptions. Actual results could differ from these estimates. Certain prior year amounts have been reclassified to conform to current year presentation.

## 3. REVENUES

### Disaggregation of Revenues

The following table summarizes our total Revenues:

(unaudited) (millions of dollars)	Nine months ended September 30	
	2024	2023
Revenues from contracts with customers		
Capacity arrangements and transportation	1,798	1,719
Natural gas storage and other	299	322
	2,097	2,041
Other revenues <sup>1</sup>	3	3
	2,100	2,044

1. Other revenues primarily include amortization of the OPEB Tracker regulatory liability on Columbia Gas as well as natural gas processed by others.

For certain natural gas pipeline capacity and storage contracts, amounts are invoiced to the customer in accordance with the terms of the contract; however, the related revenues are recognized when the Company satisfies its performance obligation to provide committed capacity ratably over the term of the contract. This difference in timing between revenue recognition and amounts invoiced creates a contract asset or contract liability.

### Contract Balances

(unaudited) (millions of dollars)	September 30, 2024	December 31, 2023
Receivables from contracts with customers <sup>1</sup>	224	247
Receivables from related parties	—	3
Contract liabilities <sup>2</sup>	(9)	(10)
Long-term contract liability	—	(1)

1. Majority of the balance here is recorded as Trade accounts receivable (See Note 4) reported as Accounts receivable and other in the Balance sheet.

2. Comprised of current deferred revenue and current deferred credits recorded in Accounts Payable and other on the Balance sheet.



#### 4. ACCOUNTS RECEIVABLE AND OTHER

The following table summarizes total Accounts receivable and other:

(unaudited) (millions of dollars)	September 30, 2024	December 31, 2023
Trade account receivables, net of allowance of \$1.7 million and \$1.6 million for 2024 and 2023, respectively	224	247
Imbalance receivable	13	32
Other	12	14
	<b>249</b>	<b>293</b>

#### 5. OTHER CURRENT ASSETS

The following table summarizes total Other current assets:

(unaudited) (millions of dollars)	September 30, 2024	December 31, 2023
Regulatory Assets (Note 6)	19	17
Prepaid expenses	10	8
Deferred debits	1	3
	<b>30</b>	<b>28</b>

#### 6. REGULATORY MATTERS

The Company's regulatory assets and liabilities represent future revenues that are expected to be recovered from or refunded to customers based on decisions and approvals by the FERC. Depending on whether they are current or long-term in nature, Regulatory Assets are included on the balance sheet as either Other current assets or Regulatory Assets; Regulatory Liabilities are included in Accounts payable and accrued interest or Regulatory Liabilities.

The Company operates under the provisions of the Natural Gas Act of 1938, the Natural Gas Policy Act of 1978 (NGA) and the Energy Policy Act of 2005, and are subject to the jurisdiction of the FERC. The NGA grants the FERC authority over the construction and operation of pipelines and related facilities, including the regulation of tariffs which incorporates maximum and minimum rates for services and allows regulated natural gas pipelines to discount or negotiate rates on a non-discriminatory basis.

The Company's regulatory assets and liabilities are summarized below:

### Regulatory Assets and Liabilities

(unaudited)			Remaining Recovery/ Settlement Period
(millions of dollars)	September 30, 2024	December 31, 2023	
<b>Regulatory Assets</b>			
Fuel Tracker	6	5	See note 1
Rate Case, Covid 19 and Property taxes	4	4	See note 2
Other	9	9	
Total Regulatory Assets	19	18	
Less: Current portion included in Other current assets (Note 5)	19	17	
Total non-current Regulatory Assets	—	1	
<b>Regulatory Liabilities</b>			
Pensions and other post retirement benefits	2	5	See note 3
Cost of removal	126	146	See note 4
Other	1	1	
Total Regulatory Liabilities	129	152	
Less: Current portion included in Accounts payable and other (Note 7)	2	4	
Total non-current Regulatory Liabilities	127	148	

1. Fuel tracker assets or liabilities represents the over or under recovery of Columbia Gulf's Transportation Retainage Adjustment tracker which are settled with in-kind exchanges with customers continuously. Columbia Gas' Transportation Retainage Adjustment & other trackers' over or under recoveries are being recorded under Deferred Debits-Other current assets or Accounts payable and other consistent with its FERC approved Tariff. For the nine months ended September 30, 2024, Columbia Gas recorded a liability of \$8 million related to these trackers. For the year ended December 31, 2023, Columbia Gas recorded an asset of \$1 million and a liability of \$10 million related to these trackers.
2. This balance represents Columbia Gas' recovery of regulatory costs incurred on its rate case, certain costs incurred during the COVID-19 pandemic and certain property taxes associated with its modernization program. All of these costs are being recovered until March 2025.
3. This balance represents the regulatory offset to pension plan and other post-retirement obligations to the extent the amounts are expected to be refunded to customers in future rates.
4. The Company collects an allowance for cost of removal related to the orderly recoupment of funds to cover current and future retirement costs of certain transmission and storage facilities. Costs associated with abandonment of these facilities are recorded against the negative salvage balance as incurred over time. A cost of removal liability represents funds collected associated with future abandonment costs. The Company is required to operate and maintain its natural gas pipeline system and intends to do so as long as supply and demand for natural gas exists, which the Company expects for the foreseeable future. Therefore, the timing of abandonment of facilities and the recovery period is not determinable.

### Columbia Gulf Settlement

Columbia Gulf operates under a settlement approved by FERC in August 2023, effective March 1, 2024 (2023 Columbia Gulf Settlement). The 2023 Columbia Gulf Settlement included a moratorium on further rate changes through February 28, 2027, and Columbia Gulf must file for new rates no later than March 1, 2029.

### Columbia Gas Rate Case

Columbia Gas' natural gas transportation and storage services are provided under a tariff at rates subject to FERC approval. Columbia Gas operates under a settlement approved by FERC in February 2022 (2022 Columbia Gas Settlement). As part of the settlement, there is a moratorium on any further rate changes until April 1, 2025 and Columbia Gas must file for new rates with an effective date no later than April 1, 2026. Additionally, Columbia Gas maintains a FERC-approved modernization program allowing for the cost recovery and return on additional investment up to \$1.2 billion over a four-year period through 2024 to modernize the Columbia Gas system, thereby improving system integrity and enhancing service reliability and flexibility.

In September 2024, Columbia Gas filed a general NGA Section 4 rate case with FERC requesting an increase to Columbia Gas' maximum transportation rates effective April 1, 2025, subject to refund.

## Columbia Gas Line Break Incident

On July 25, 2023, a rupture on the Columbia Gas' Line VB segment occurred alongside Interstate 81 in Strasburg, Virginia. Emergency response procedures were enacted and the segment of impacted pipeline was isolated shortly thereafter. There were no reported injuries involved with this incident and no significant damage to surrounding structures. The pipeline has been operating at reduced pressure in accordance with the United States Pipeline and Hazardous Materials Safety Administration's (PHMSA) Corrective Action Order (CAO) since July 28, 2023, and Columbia Gas is working with PHMSA under the CAO to return the system to normal operations as soon as possible. As part of the CAO, similar pipeline segment locations within the Columbia Gas system required further testing, which will be completed in the fourth quarter of 2024. The force majeure related to the incident ended on September 5, 2024. Columbia Gas does not expect the Line VB event or the additional testing to have a material impact on its financial results.

## 7. ACCOUNTS PAYABLE AND OTHER

The following table summarizes the breakdown of total Accounts payable and other:

(unaudited) (millions of dollars)	September 30, 2024	December 31, 2023
Accounts payable and accrued liabilities	465	375
Taxes other than income	245	279
Imbalance payable	15	38
Regulatory Liabilities (Note 6)	2	4
Interest Payable	122	146
Other	17	20
	<b>866</b>	<b>862</b>

## 8. DEBT

### Long-Term Debt

The Company's long-term debt is summarized below:

(unaudited) (millions of dollars)	Maturity Dates	September 30, 2024	December 31, 2023
<b>Columbia Pipelines Holding Company</b>			
Revolving credit facility (Credit Facility)	8/31/2026	—	—
6.055% Senior Unsecured Notes	8/15/2026	300	300
6.042% Senior Unsecured Notes	8/15/2028	700	700
5.681% Senior Unsecured Notes	1/15/2034	500	—
5.097% Senior Unsecured Notes	10/1/2031	400	—
Unamortized debt discount and issue costs		(11)	(6)
<b>Columbia Pipelines Operating Company</b>			
4.500% Senior Unsecured Notes	6/1/2025	1,000	1,000
5.800% Senior Unsecured Notes	6/1/2045	500	500
5.927% Senior Unsecured Notes	8/15/2030	750	750
6.036% Senior Unsecured Notes	11/15/2033	1,500	1,500
6.497% Senior Unsecured Notes	8/15/2043	600	600
6.544% Senior Unsecured Notes	11/15/2053	1,250	1,250
6.714% Senior Unsecured Notes	8/15/2063	500	500
5.695% Senior Unsecured Notes	10/1/2054	400	—
Unamortized debt discount and issue costs		(46)	(45)
<b>Total Long-Term Debt</b>		<b>8,343</b>	<b>7,049</b>

## Net Interest Expense

The net interest expense recorded during the period is summarized below:

(unaudited) (millions of dollars)	Nine months ended September 30	
	2024	2023
Interest on long-term debt	341	64
Interest on short-term debt	3	—
Interest on intercompany debt	—	168
Demand loan interest income	—	(13)
Interest income	(5)	—
Amortization and other financial charges	5	2
	<b>344</b>	221

On January 9, 2024, CPHC closed an unregistered offering for senior unsecured notes for an aggregate principal amount of \$500 million due 2034, with a fixed interest rate of 5.681%. The net proceeds from the issuance were used for general corporate purposes, including to fund a cash distribution to our members.

On September 9, 2024, CPHC closed an unregistered offering for senior unsecured notes for an aggregate principal amount of \$400 million due 2031, with a fixed interest rate of 5.097%. The net proceeds from the issuance were used for general corporate purposes, including to fund a cash distribution to our members.

On September 9, 2024, CPOC closed an unregistered offering for senior unsecured notes for an aggregate principal amount of \$400 million due 2054, with a fixed interest rate of 5.695%. The net proceeds from the issuance were used for general corporate purposes, including to fund a cash distribution to our members.

CPHC's Credit Facility is a \$1.0 billion revolving credit facility with a banking syndicate that expires on August 31, 2026, under which none was outstanding at September 30, 2024, leaving \$1.0 billion available for future borrowing. The interest rate for the Credit Facility is based on Secured Overnight Financing Rate (SOFR) plus an applicable market-based spread. The weighted average interest rate for the year ended September 30, 2024 was 6.67%. There was no interest paid on the Credit Facility for the year ended September 30, 2023.

CPHC is not required to maintain any financial covenants with respect to its Senior Unsecured Notes. Under the terms of the Credit Facility, CPHC is required to maintain a Consolidated Funded Obligations to Consolidated Total Capitalization ratio (calculated as the sum of long-term debt, the related interest payable, and capital lease obligations divided by the sum of members' equity and Consolidated Funded Obligations) that would not be in excess of 0.65 to 1.00. At September 30, 2024, the ratio was 0.46 to 1.00.

## Principal Repayments

The principal repayments required by CPHC on its consolidated debt are as follows:

(unaudited) (millions of U.S. dollars)		Total	2024	2025	2026	2027	2028	After
<b>Columbia Pipelines Holding Company</b>								
Credit Facility		—	—	—	—	—	—	—
6.055% Senior Unsecured Notes		300	—	—	300	—	—	—
6.042% Senior Unsecured Notes		700	—	—	—	—	700	—
5.681% Senior Unsecured Notes		500	—	—	—	—	—	500
5.097% Senior Unsecured Notes		400	—	—	—	—	—	400
<b>Columbia Pipelines Operating Company</b>								
5.927% Senior Unsecured Notes		750	—	—	—	—	—	750
6.036% Senior Unsecured Notes		1,500	—	—	—	—	—	1,500
6.497% Senior Unsecured Notes		600	—	—	—	—	—	600
6.544% Senior Unsecured Notes		1,250	—	—	—	—	—	1,250
6.714% Senior Unsecured Notes		500	—	—	—	—	—	500
4.500% Senior Unsecured Notes		1,000	—	1,000	—	—	—	—
5.800% Senior Unsecured Notes		500	—	—	—	—	—	500
5.695% Senior Unsecured Notes		400	—	—	—	—	—	400
<b>Total Repayments</b>		<b>8,400</b>	<b>—</b>	<b>1,000</b>	<b>300</b>	<b>—</b>	<b>700</b>	<b>6,400</b>

CPOC intends to refinance its 4.50% Senior Unsecured Notes in advance of its June 1, 2025 maturity date. If needed, CPOC has access to the cash management program with CPHC.

## 9. OTHER LONG-TERM LIABILITIES

(unaudited) (millions of dollars)	September 30, 2024	December 31, 2023
Operating lease obligation	8	8
Deferred credits	—	12
Asset retirement obligations <sup>1</sup>	9	8
Deferred tax liability <sup>2</sup>	5	5
	<b>22</b>	<b>33</b>

1 The majority of our remaining asset retirement obligations relate to certain polychlorinated biphenyl ("PCB") remediation. As part of our process of assessing the estimated asset retirement obligation, we have re-evaluated our asset retirement obligations and determined that due to the construction status underway with the pipeline modernization settlement and the completion of certain key expansion projects to integrate the new expansion pipelines with our existing pipeline infrastructure, the timing of settlement of the remediation activity of the historically recognized asset retirement obligations is indeterminable as we are required to operate and maintain its natural gas pipeline system, and intends to do so as long as supply and demand for natural gas exists, which we expect for the foreseeable future. Therefore, we believe our natural gas pipeline system assets have indeterminate lives and, accordingly, have recorded no asset retirement obligation outside of the PCB remediation under an EPA order. We continue to evaluate asset retirement obligations and future developments that could impact amounts it records.

2 The amount accrued here pertains to deferred taxes associated with Columbia Gulf's filing of Tennessee state franchise & excise taxes.

## 10. FAIR VALUE MEASUREMENT

### Fair Value Hierarchy

Our financial assets and liabilities recorded at fair value have been categorized into three categories based on a fair value hierarchy.

Levels	How fair value has been determined
Level I	Quoted prices in active markets for identical assets and liabilities that we have the ability to access at the measurement date. An active market is a market in which frequency and volume of transactions provides pricing information on an ongoing basis.
Level II	<p>Valuation based on the extrapolation of inputs, other than quoted prices included within Level I, for which all significant inputs are observable directly or indirectly.</p> <p>Inputs include published interest rates, interest rate swap curves, yield curves and broker quotes from external data service providers.</p> <p>This category includes interest rate derivative assets and liabilities where fair value is determined using the income approach and commodity derivatives where fair value is determined using the market approach.</p> <p>Transfers between Level I and Level II would occur when there is a change in market circumstances.</p>
Level III	<p>Valuation of assets and liabilities are measured using a market approach based on extrapolation of inputs that are unobservable or where observable data does not support a significant portion of the derivative's fair value. This category mainly includes long-dated commodity transactions in certain markets where liquidity is low and the Company uses the most observable inputs available or, if not available, long-term broker quotes to estimate the fair value for these transactions.</p> <p>Assets and liabilities measured at fair value can fluctuate between Level II and Level III depending on the proportion of the value of the contract that extends beyond the time frame for which significant inputs are considered to be observable. As contracts near maturity and observable market data becomes available, they are transferred out of Level III and into Level II.</p>

### Fair Value of Financial Instruments

The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying value of "cash and cash equivalents," "accounts receivable and other," "related party receivable and payable," "accounts payable and other," and "long-term intercompany debt" approximate their fair values because of the short maturity or duration of these instruments, or because the instruments bear a variable rate of interest or a rate that approximates current rates.

The fair value of the Company's fixed rate debt is estimated by discounting the future cash flows of each instrument at estimated current borrowing rates, which is classified as Level II in the "Fair Value Hierarchy" where the fair value is determined by using valuation techniques that refer to observable market data. At September 30, 2024, the fair value of the Company's long-term debt was \$8.9 billion.

We have classified the fair value of natural gas imbalances as a Level II of the fair value hierarchy for fair value disclosure purposes, as the valuation approach includes quoted prices in the market index and observable volumes for the imbalance.

## 11. CHANGES IN OTHER OPERATING ASSETS AND LIABILITIES

(unaudited) (millions of dollars)	September 30, 2024	September 30, 2023
(Increase)/decrease in Accounts receivable and other receivables	44	79
(Increase)/decrease in Related party receivable	11	14
(Increase)/decrease in Other current assets	—	45
(Decrease)/increase in Accounts payable and other	(106)	(80)
(Increase)/decrease in Inventories	2	(1)
(Increase)/decrease in Deferred credits and other	(12)	2
<b>Changes in other operating assets and liabilities</b>	<b>(61)</b>	<b>59</b>

## 12. RELATED PARTY TRANSACTIONS

### Operation and Maintenance Services Agreement

Company has contracted Columbia Pipelines Management Company LLC (CPMC), subject to the Company's overall management, supervision, and control, to be responsible for the day-to-day management of the Company's affairs as defined in the Operating and Maintenance Services Agreement (OMSA), and CPMC utilizes the services of TC Energy and its related parties (collectively, TC Energy) for management services related to the Company. Total costs incurred by the Company for these services provided by TC Energy are summarized in next paragraph below.

### Affiliate Revenues and Expenses

Columbia Gas has a Retained Asset Capacity Agreement with Millennium at an annual expense of \$5.6 million to retain capacity on Millennium's pipeline that automatically renews on a year-to-year basis with FERC approval required to terminate the agreement.

During the normal course of operation, the Company earned revenue of \$11 million and \$30 million for the nine months ended September 30, 2024 and 2023, respectively, from affiliates for transportation of natural gas. For the nine months ended September 30, 2024 and 2023, the Company incurred operating expenses related to transportation of natural gas and administrative costs amounting to \$313 million and \$311 million, respectively. For the nine months ended September 30, 2024 and 2023, the Company also incurred capital charges from affiliates amounting to \$94 million and \$91 million, respectively.

At September 30, 2024 and December 31, 2023, amounts due to/from affiliates are included in the balance sheet under the captions Related party receivable and Related party payable. At September 30, 2024 and December 31, 2023, the Company did not have any loans due to affiliates.

### Distributions and Contributions

Effective October 4, 2023, the Company makes Class A and Class B cash distributions to its partners with respect to each calendar quarter within 30 days after the end of each quarter. Distributions are based on available cash, as defined in the Company's Amended and Restated Limited Liability Company Agreement (LLC Agreement) which includes all cash and cash equivalents of the Company and working capital borrowings less reserves established by the Company's Operator, CMIC, to provide proper conduct of the Company's business. The total Class A distribution declared by CPHC is allocated pro rata based on ownership percentages in each of the members' capital accounts. The Class A distribution payments are generally allocated in the same manner but subject to adjustments if certain agreed upon cost allocation targets set by the Operator changed by more than 5%. If the target is above 5%, CPG and CPIC will share pro-rata a portion of the distribution attributable to them to GIP. Similarly, if the target is below 5%, GIP will share pro-rata a portion of its distribution allocation to CPG and CPIC.

## 2024

On January 25, 2024, the Board of Managers of CPHC approved the following contributions and distributions as required by the Company's agreement. These amounts were paid on January 30, 2024:

Class A Unitholders	Distributions paid by CPHC
CPG	296,880,212
CPIC	4,190,401
GIP	200,713,742
Total	<b>501,784,355</b>

Class B Unitholders	Contributions received by CPHC
CPG	8,480,109
CPIC	85,658
Total	<b>8,565,767</b>

On April 3, 2024, the Board of Managers of CPHC approved the following contributions and distributions as required by the Company's agreement. These amounts were paid on April 23, 2024:

Class A Unitholders	Distribution	Net Contribution	Net Cash Paid by CPHC
CPG	73,956,125	4,709,278	69,246,847
CPIC	1,043,875	66,470	977,405
GIP	50,000,000	3,183,832	46,816,168
Total	<b>125,000,000</b>	<b>7,959,580</b>	<b>117,040,420</b>

On May 23, 2024, the Board of Managers of CPHC approved the following contributions and distributions as required by the Company's agreement. These amounts were paid on July 23, 2024.

Class A Unitholders	Distribution	Net Contribution	Net Cash Paid by CPHC
CPG	73,956,125	4,709,278	69,246,847
CPIC	1,043,875	66,471	977,404
GIP	50,000,000	3,183,832	46,816,168
Total	<b>125,000,000</b>	<b>7,959,581</b>	<b>117,040,419</b>

On August 28, 2024, the Board of Managers of CPHC approved the following contributions and distributions as required by the Company's agreement. These amounts were paid on September 9, 2024.

Class A Unitholders	Distribution	Net Contribution	Net Cash Paid by CPHC
CPG	236,659,600	4,709,278	231,950,322
CPIC	3,340,400	66,471	3,273,929
GIP	160,000,000	3,183,832	156,816,168
Total	<b>400,000,000</b>	<b>7,959,581</b>	<b>392,040,419</b>

## 13. COMMITMENTS AND CONTINGENCIES

### Commitments

The Company has capital expenditure commitments related to construction costs associated with modernization projects on Columbia Gas. Capital expenditure commitments include obligations related to the construction of growth projects and are based on the projects proceeding as planned. Changes to these projects, including cancellation, would reduce or possibly eliminate these commitments as a result of cost mitigation efforts.



## **Contingencies**

The Company is subject to laws and regulations governing environmental quality and pollution control. As at September 30, 2024, the Company had accrued approximately \$0.4 million (December 31, 2023 - \$0.6 million) of environmental liabilities related to operating its facilities, which represents the estimated future amount it expects to expend to remediate the sites. However, additional liabilities may be incurred as assessments occur and remediation efforts continue.

The Company is subject to various legal proceedings, arbitrations and actions arising in the normal course of business. The Company will accrue a liability related to such matters when an obligation becomes probable and can be estimated. The Company is not aware of any legal matters that would have a material impact on the Company's financial position, results of operations, or cash flows as of September 30, 2024.

## **14. SUBSEQUENT EVENTS**

Subsequent events have been evaluated through November 22, 2024, the date these financial statements were available to be issued and concluded there were no events or transactions during this period that would require recognition or disclosure in the financial statements other than what is disclosed here and/or those already disclosed in the preceding notes.