Columbia Pipelines Operating Company LLC

Consolidated and Combined Financial Statements
December 31, 2024 and 2023

Consolidated and combined statement of income

(millions of dollars)	Year ended December 31, 2024	2023
Revenues (Note 3)	**2,856**	2,787
Income from Equity Investments (Note 6)	**—**	22
Operating and Other Expenses		
Plant operating costs and other	**785**	835
Property taxes	**271**	265
Depreciation and amortization	**354**	333
Total Operating and Other Expenses	**1,410**	1,433
Operating Income	**1,446**	1,376
Financial Charges		
Interest expense, net (Note 10)	**377**	299
Allowance for funds used during construction	**(45)**	(29)
Other income	**(2)**	1
Total Financial Charges	**330**	271
Income before Income Taxes	**1,116**	1,105
Income Tax Expense	**—**	1
Net Income	**1,116**	1,104

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

Consolidated and combined statement of comprehensive income

(millions of dollars)	Year ended December 31,	
	2024	**2023**
Net Income	**1,116**	1,104
Other Comprehensive Income		
Other comprehensive income of equity investments	**—**	1
Other comprehensive income	**—**	1
Comprehensive Income	**1,116**	1,105

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

Consolidated balance sheet

(millions of dollars)	**December 31, 2024**	**December 31, 2023**
ASSETS		
Current Assets		
Demand loan receivable (Note 15)	**—**	125
Accounts receivable and other (Note 4)	**306**	293
Related party receivable (Note 15)	**1**	12
Inventories	**40**	43
Other (Note 5)	**32**	27
Total Current Assets	**379**	500
Plant, Property and Equipment, net of accumulated depreciation of $4.7B and $4.6B for December 31, 2024 and December 31, 2023, respectively	**18,887**	17,873
Regulatory Assets (Note 8)	**—**	1
Total Assets	**19,266**	18,374
LIABILITIES		
Current Liabilities		
Accounts payable and other (Note 9)	**894**	836
Demand loan payable (Note 15)	**37**	—
Related party payable (Note 15)	**73**	64
Current portion of long-term debt (Note 10)	**1,000**	—
Total Current Liabilities	**2,004**	900
Long-Term Debt, net (Note 10)	**5,455**	6,055
Regulatory Liabilities (Note 8)	**132**	148
Other Long-Term Liabilities (Note 11)	**21**	33
Total Liabilities	**7,612**	7,136
MEMBER'S EQUITY		
Member's equity	**11,654**	11,238
Total Member's equity	**11,654**	11,238
LIABILITIES and MEMBER'S EQUITY	**19,266**	18,374

Commitments and Contingencies (Note 16)
Subsequent Events (Note 17)

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

Consolidated and combined statement of member's equity

For the year ended December 31, 2024

(millions of dollars)	Member's Equity
January 1, 2024	11,238
Net Income	1,116
Distributions	(700)
December 31, 2024	11,654

For the year ended December 31, 2023

(millions of dollars)	Member's Equity	Accumulated Other Comprehensive Loss (AOCL)	Total
January 1, 2023	13,103	(7)	13,096
Net income	1,104	—	1,104
Distributions	(691)	—	(691)
Distributions of equity investment	(378)	7	(371)
Other	5	—	5
Restructuring CPOC-CPG note[1]	(400)	—	(400)
Transfer of CPG notes[1]	(1,505)	—	(1,505)
December 31, 2023	11,238	—	11,238

1. On July 31, 2023 CPG transferred 100 percent of its membership interest in Columbia Gas and Columbia Gulf to Columbia Pipelines Operating Company (CPOC) in exchange for equity and an intercompany note amounting to $400 million and assumption of outstanding balances on the CPG Existing Notes.

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

Consolidated and combined statement of cash flows

(millions of dollars)	Year ended December 31, 2024	2023
Cash Generated from Operations		
Net income	**1,116**	1,104
Depreciation and amortization	**354**	333
Amortization of debt issuance costs	**4**	2
Income from equity investments	**—**	(22)
Distributions received from operating activities of equity investment	**—**	30
Equity allowance for funds used during construction	**(44)**	(25)
Other	**(2)**	—
Changes in regulatory assets and liabilities	**(11)**	(15)
Changes in other operating assets and liabilities (Note 13)	**(10)**	181
Net cash provided by operations	**1,407**	1,588
Investing Activities		
Capital expenditures	**(1,288)**	(1,078)
KOT acquisition	**—**	(70)
Change in demand loan receivable with TransCanada PipeLine USA Ltd (TCPL USA)	**—**	413
Change in demand loan receivable with Columbia Pipelines Holding Company LLC (CPHC)	**125**	(125)
Deferred amounts and other	**23**	2
Net cash used in investing activities	**(1,140)**	(858)
Financing Activities		
Proceeds from TCPL USA-CPOC Loan	**—**	4,600
Intercompany variable rate long-term debt repayment	**—**	(4,200)
CPOC-CPG note repayment	**—**	(400)
Proceeds from CPOC Offering, net of discount (Note 10)	**400**	4,599
TCPL USA-CPOC Loan repayment	**—**	(4,600)
Distributions to CPG	**—**	(566)
Distribution to CPHC (Note 15)	**(700)**	(125)
Change in demand loan payable with CPHC	**37**	—
Debt issuance costs (Note 10)	**(4)**	(38)
Net cash used in financing activities	**(267)**	(730)
Change in Cash and Cash Equivalents	**—**	**—**
Cash and Cash Equivalents		
Beginning of period	**—**	—
Cash and Cash Equivalents		
End of period	**—**	**—**
Supplemental cash flow information, including certain non-cash investing and financing activities		
Interest paid, net of capitalized interest	**411**	201
Accruals for property, plant and equipment	**309**	248
Distribution of equity investment	**—**	371
Transfer of CPG notes	**—**	1,505
Restructuring notes issued to CPG	**—**	400
CPG contribution of equity interest in Columbia Gas and Columbia Gulf to the Company	**—**	11,102

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

Notes to consolidated and combined financial statements

1. DESCRIPTION OF BUSINESS AND OWNERSHIP

"We," "our," "us," and "the Company" refer to Columbia Pipelines Operating Company LLC (CPOC) and its subsidiaries. CPOC is a Delaware limited liability company, a wholly owned subsidiary of Columbia Pipelines Holding Company LLC (CPHC). The Company was formed as part of the corporate restructuring of its indirect 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.

Through our wholly owned subsidiaries, 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.

Restructuring

During 2023, CPG undertook the following corporate restructuring (the "Restructuring") with respect to its ownership of Columbia Gas and Columbia Gulf, including the following:

- Effective April 1, 2023, Columbia Gas assigned all of its 47.5 percent equity interest in Millennium to CPG.
- CPG established four new Delaware limited liability companies, CPOC, CPHC, Columbia Pipelines Intermediate LLC (CPIC) and Columbia Pipelines Management Company LLC (CPMC), as its direct wholly-owned subsidiaries.
- On July 31, 2023, CPG contributed all of its equity interests in Columbia Gas and Columbia Gulf to CPOC in exchange for additional equity and an intercompany note resulting in Columbia Gas and Columbia Gulf becoming direct wholly-owned subsidiaries of CPOC. CPG then contributed all of its equity interests in CPOC to CPHC, resulting in CPOC becoming a wholly-owned subsidiary of CPHC, in exchange for additional equity and an intercompany note (collectively the "July 31 Reorganization").

2. ACCOUNTING POLICIES

Basis of Presentation – Consolidated and Combined Financial Statements

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

The Consolidated and Combined Financial Statements include the CPOC'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, 2023 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.

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.

Regulation

The Company's accounting policies conform to Accounting Standards Codification (ASC) 980 – ***Regulated Operations***. As a result, the Company records assets and liabilities that result from the regulated rate-making process that may not be recorded under GAAP for non-regulated entities.

The Company's regulated natural gas pipelines and storage assets are subject to the authority of the FERC. The Company's natural gas transmission operations are regulated with respect to construction, operations and the determination of rates. Rate-regulated accounting (RRA) standards may impact the timing of the recognition of certain revenues and expenses in these rate-regulated businesses which may differ from that otherwise expected in non-rate-regulated businesses to appropriately reflect the economic impact of the regulator's decisions regarding revenues and rates. Regulatory assets represent costs that are expected to be recovered in customer rates in future periods and regulatory liabilities represent amounts that are expected to be returned to customers through future rate-setting processes. An asset qualifies for the use of RRA when it meets three criteria:

- a regulator must establish or approve the rates for the regulated services or activities
- the regulated rates must be designed to recover the cost of providing the services or products and
- it is reasonable to assume that rates set at levels to recover the cost can be charged to (and collected from) customers because of the demand for services or products and the level of direct or indirect competition.

Revenue Recognition

The Company's revenues are generated from contractual arrangements for committed capacity and from transportation and storage of natural gas which are treated as a single performance obligation. Revenues earned from firm contracted capacity arrangements are recognized over the term of the contract regardless of the amount of natural gas that is transported or stored. The Company utilizes the practical expedient of recognizing revenue as invoiced. In the application of the right to invoice practical expedient, our revenues from regulated capacity arrangements are recognized based on rates specified in the contract. Therefore, the amount invoiced, which includes the capacity contracted and variable volume of natural gas transported and injected and/or withdrawn from storage, corresponds directly to the value the customer received. Revenues are invoiced and paid on a monthly basis.

Transportation revenues for interruptible or volumetric based services and revenues for storage injection and withdrawals are recognized when the Company satisfies its performance obligation.

The Company's pipeline systems do not take ownership of the natural gas that is transported for customers. Revenues from contracts with customers are recognized net of any taxes collected from customers, which are subsequently remitted to governmental authorities.

The Company's natural gas pipelines are subject to FERC regulations and, as a result, a portion of revenues collected may be subject to refund if invoiced during an interim period when a rate proceeding is ongoing. Allowances for these potential refunds are recognized using management's best estimate based on the facts and circumstances of the proceeding. Any allowances that are recognized during the preceding process are refunded or retained at the time a regulatory decision becomes final. At December 31, 2024 and 2023, there were no refund provisions reflected in these financial statements.

Cash and Cash Equivalents

The Company's cash and cash equivalents consist of cash and highly liquid short-term investments with original maturities of three months or less and are recorded at cost, which approximates fair value.

Trade Accounts Receivable

Trade accounts receivable are recorded at the invoiced amount and do not bear interest, except for those receivables subject to late charges. The Company maintains an allowance for credit losses for estimated losses on accounts receivable, if it is determined the Company will not collect all or part of the outstanding receivable balance. The allowance for credit loss is a valuation account deducted from the amortized cost basis to present the net amount expected to be collected. The estimate of expected credit losses includes expected recoveries of amounts previously written off as well as amounts currently expected to be written off.

Natural Gas Imbalances

Natural gas imbalances occur when the actual amount of natural gas delivered to or received from a pipeline system differs from the amount of natural gas scheduled to be delivered or received. The Company values these imbalances due to or from customers at current index prices. Imbalances are settled in-kind, subject to the terms of the pipelines' tariff. Imbalances due from others are reported under the caption accounts receivable and other on the balance sheets. Imbalances owed to others are reported on the balance sheets as Accounts payable and other. In addition, the Company classifies all imbalances as current as the Company expects to settle them within a year.

Inventories

Inventories primarily consist of materials and supplies, including spare parts. Inventories are carried at the lower of cost or net realizable value.

Plant, Property and Equipment

Plant, property and equipment are recorded at their original cost of construction. For assets the Company constructs, direct costs are capitalized, such as labor and materials, and indirect costs, such as overhead, interest, and an equity return component on regulated businesses as allowed by the FERC, are also capitalized. The Company capitalizes major units of property replacements or improvements and expenses minor items.

The Company uses the composite (group) method to depreciate plant, property and equipment. Under this method, assets with similar lives and characteristics are grouped and depreciated as one asset. The depreciation rate is applied to the total cost of the group until its net book value equals its salvage value. All asset groups are depreciated using depreciation rates approved in the Company's last rate proceeding. Currently, the Company's depreciation rates vary from 0.36% to 25.00% per year. Using these rates, the remaining depreciable life of these assets ranges from 1 to 166 years. Depreciation rates are re-evaluated each time the Company files with the FERC for a change in its transportation rates.

The Company amortizes the cost of leasehold improvements and computer software developed for internal use. The largest component of amortization expense is for software costs, which are capitalized upon the completion of the preliminary stage of each project in accordance with ASC 350-40, ***Internal Use Software***. Once the installed software is ready for its intended use, such capitalized costs are amortized on a straight-line basis.

The Company collects estimated future removal costs related to its transmission and gathering facilities in its current rates (also known as “negative salvage”). Estimated costs associated with the future removal of transmission and gathering facilities are collected through depreciation as allowed by FERC. These amounts do not represent asset retirement obligations as defined by Financial Accounting Standards Board (FASB) ASC 410, ***Accounting for Asset Retirement Obligations***.

When plant, property and equipment are retired, the Company charges accumulated depreciation and amortization for the original cost of the assets in addition to the cost to remove, sell, or dispose of the assets, less their salvage value. The Company does not recognize a gain or loss unless an entire operating unit is sold or retired. The Company includes gains or losses on dispositions of operating units in income.

The Company capitalizes a carrying cost on funds invested in the construction of long-lived assets. This carrying cost includes a return on the investment financed by debt and equity allowance for funds used during construction (AFUDC). AFUDC is calculated based on the Company’s average cost of debt and equity. Capitalized carrying costs for AFUDC debt and equity are reflected as an increase in the cost of the asset in Plant, Property, and Equipment on the balance sheets with a corresponding credit recognized in Allowance for funds used during construction in the Statement of income. The equity component of AFUDC is a non-cash expenditure adjustment in the operating cash flows in the Statement of cash flows.

Included in plant, property and equipment is the Company's natural gas storage base gas, which is valued at cost, representing storage volumes that are maintained to ensure that adequate reservoir pressure exists to deliver natural gas held in storage. Base gas is not depreciated.

Leases

Lessee Accounting Policy

The Company determines if an arrangement is a lease at inception of the contract. Operating leases are recognized as right-of-use (ROU) assets and included in Plant, property and equipment while corresponding liabilities are included in Accounts payable and other and Other long-term liabilities on the Balance sheet.

Operating lease ROU assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at the commencement date of the lease agreement. As the Company's lease contracts do not provide an implicit interest rate, the Company uses incremental borrowing rates based on the information available at commencement date in determining the present value of future payments. The operating lease ROU asset also includes any prepaid lease payments and initial direct costs incurred and excludes lease incentives. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Operating lease expense is recognized on a straight-line basis over the lease term and included in Plant operating costs and other in the Statement of income.

Operating lease balances were not material to the Financial statements for the years ended December 31, 2024 and 2023.

Impairment of Long-Lived Assets

The Company reviews long-lived assets such as plant, property and equipment and capital projects in development for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable. If the total of the estimated undiscounted future cash flows that are estimated for an asset within Plant, property and equipment, or the estimated selling price of any long-lived asset is less than the carrying value of an asset, an impairment loss is recognized for the excess of the carrying value over the estimated fair value of the asset.

Income Taxes

The Company is structured as a pass-through entity for federal and state income tax purposes and, as such, are not directly subject to federal and state income tax. Accordingly, each member of the Company is responsible for reporting its share of taxable income or loss.

Franchise and Excise Taxes in the State of Tennessee

Columbia Gulf is subject to franchise and excise taxes by the state of Tennessee. As a result of the excise taxes levied at Columbia Gulf, Columbia Gulf recognizes deferred taxes related to temporary differences between the financial statement carrying amount of existing assets and liabilities and their respective tax bases. Columbia Gulf has a deferred tax liability of approximately $5 million for the years ended December 31, 2024 and 2023, related to the filing of Tennessee state Franchise & Excise taxes. During the year ended December 31, 2024, Columbia Gulf recorded $0.2 million of state income tax expense (2023- $0.8 million).

Asset Retirement Obligations

The Company recognizes the fair value of a liability for asset retirement obligations (ARO) in the period in which it is incurred, when a legal obligation exists and a reasonable estimate of fair value can be made. The fair value is added to the carrying amount of the associated asset and the liability is accreted through charges to Operating and other expenses.

For those AROs that the Company records, the following assumptions are used:

- when the asset is expected to be retired
- the scope and cost of abandonment and reclamation activities that are required and
- appropriate inflation and discount rates.

The Company has recorded AROs related to certain polychlorinated biphenyl ("PCB") remediation on Columbia Gas' pipeline system. As part of the process of assessing the estimated AROs, we have re-evaluated our AROs and determined that due to the pipeline modernization program and completion of certain key expansion projects to integrate the new expansion pipelines with the Company's existing pipeline infrastructure, the timing of settlement of the remediation activity of the historically recognized AROs is indeterminable as 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. As a result, the Company has not recorded an amount for ARO related to these assets, outside of the PCB remediation under an Environmental Protection Agency (EPA) order. Refer to Note 11 for further detail.

Environmental Liabilities

The Company records liabilities on an undiscounted basis for environmental remediation efforts that are likely to occur and where the cost can be reasonably estimated. These estimates, including associated legal costs, are based on available information using existing technology and enacted laws and regulations and are subject to revision in future periods based on actual costs incurred or new circumstances. Amounts expected to be recovered from other parties, including insurers, are recorded as an asset separate from the associated liability. There are no amounts expected to be recovered from other parties, including insurers, for environmental remediation as of December 31, 2024 and 2023.

Long-Term Debt Transaction Costs and Issuance Costs

The Company records long-term debt transaction costs and issuance costs as a deduction from the carrying amount of the related debt liability and amortizes these costs using the effective interest method. Refer to Note 10 for further detail.

3. REVENUES

Disaggregation of Revenues

The following table summarizes our total Revenues:

	Year ended December 31	
(millions of dollars)	2024	2023
Revenues from contracts with customers		
Capacity arrangements and transportation	**2,446**	2,356
Natural gas storage and other	**406**	427
	2,852	2,783
Other revenues[1]	**4**	4
	2,856	2,787

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

(millions of dollars)	December 31, 2024	December 31, 2023
Receivables from contracts with customers[1]	**260**	258
Contract liabilities[2]	**(11)**	(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. Additionally, for the year ended December 31, 2023, this amount also includes receivables from related party customer contracts reported as Related party receivable 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:

(millions of dollars)	December 31, 2024	December 31, 2023
Trade account receivables, net of allowance of nil and $1.6 million for 2024 and 2023, respectively	**260**	247
Imbalance receivable	**34**	32
Other	**12**	14
	306	293

5. OTHER CURRENT ASSETS

The following table summarizes total Other current assets:

(millions of dollars)	December 31, 2024	December 31, 2023
Regulatory assets (Note 8)	**25**	17
Prepaid expenses	**7**	7
Deferred debits	**—**	3
	32	27

6. EQUITY INVESTMENTS

Columbia Gas used the equity method of accounting to account for its 47.5 percent interest in Millennium and served as the operator of the pipeline until November 9, 2023, which is the effective date Millennium transferred its operating agreement with Columbia Gas to TransCanada Northern Border Inc. (TCNB), a subsidiary of TCPL USA. Millennium pipeline commenced service on December 22, 2008, providing the capability to transport natural gas to markets along its route, which lies between Corning, New York and Ramapo, New York, as well as to the New York City market through its pipeline interconnections.

On March 29, 2023, Columbia Gas received a distribution from its equity investment in Millennium Pipeline Company of $29.5 million.

Effective April 1, 2023, Columbia Gas assigned all its 47.5 percent ownership interest in Millennium to its parent CPG. This transaction resulted to a reduction in the Combined Company's total assets and equity amounting to $371.6 million, which represents Columbia Gas' total Millennium investment balance at April 1, 2023.

7. PLANT, PROPERTY AND EQUIPMENT

The following table summarizes the Company's total Plant, property and equipment:

(millions of dollars)	December 31, 2024	December 31, 2023
Pipeline	**12,636**	12,157
Compression	**6,781**	6,521
Metering and Other[1]	**3,233**	3,134
	22,650	21,812
Under construction	**906**	675
Total	**23,556**	22,487
Less: Accumulated Depreciation	**4,669**	4,614
Plant, Property and Equipment, net	**18,887**	17,873

1. Includes Base gas of $312 million and $311 million at December 31, 2024 and 2023, respectively.

8. 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

(millions of dollars)	December 31, 2024	December 31, 2023	Remaining Recovery/ Settlement Period
Regulatory Assets			
Fuel Tracker	**11**	5	See note 1
Rate Case, Covid 19 and Property taxes	**5**	4	See note 2
Other	**9**	9	
Total Regulatory Assets	**25**	18	
Less: Current portion included in Other current assets (Note 5)	**25**	17	
Total non-current Regulatory Assets	**—**	1	
Regulatory Liabilities			
Pensions and other post retirement benefits	**1**	5	See note 3
Cost of removal	**132**	146	See note 4
Other	**—**	1	
Total Regulatory Liabilities	**133**	152	
Less: Current portion included in Accounts payable and other (Note 9)	**1**	4	
Total non-current Regulatory Liabilities	**132**	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 year ended December 31, 2024, Columbia Gas recorded a liability of $15 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. 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, effective February 2021 (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 to be 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 was completed in the fourth quarter of 2024. The force majeure related to the incident ended on September 5, 2024.

9. ACCOUNTS PAYABLE AND OTHER

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

(millions of dollars)	December 31, 2024	December 31, 2023
Accounts payable and accrued liabilities	**446**	374
Taxes other than income	**308**	279
Imbalance payable	**33**	38
Regulatory liabilities (Note 8)	**1**	4
Interest payable	**80**	122
Other	**26**	19
	894	836

10. DEBT

Long-Term Debt

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

(millions of dollars)		Maturity Dates	December 31, 2024	December 31, 2023
Columbia Pipelines Operating Company				
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			(45)	(45)
Total Long-Term Debt			6,455	6,055

Net Interest Expense

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

	Year ended December 31	
(millions of dollars)	2024	2023
Interest on long-term debt	**370**	146
Interest on intercompany debt	**—**	166
Demand loan interest expense	**20**	—
Demand loan interest income	**(18)**	(16)
Amortization and other financial charges	**5**	3
	377	299

As part of the Restructuring described under Note 1, the following CPOC debt activities occurred in 2023:

- On July 31, 2023, CPOC issued an intercompany note in the amount of $400 million (the "CPOC – CPG Note") to CPG as an additional consideration for Columbia Gas and Columbia Gulf becoming direct wholly-owned subsidiaries of CPOC.
- As a result of the contribution by CPG of all of its equity interests in Columbia Gas and Columbia Gulf to CPOC, CPOC succeeded to and assumed all of CPG's rights and obligations under two series of senior unsecured notes outstanding (the "CPG Existing Notes") and the Existing Notes indenture. The CPG Existing Notes include (i) $1,000,000,000 aggregate principal amount of 4.50% Senior Notes due 2025 and (ii) $500,000,000 aggregate principal amount of 5.80% Senior Notes due 2045. In accordance with the terms of the Existing Notes indenture, concurrently with CPG's contribution of Columbia Gas and Columbia Gulf to CPOC, CPOC entered into a supplemental indenture to the Existing Notes Indenture that effectuated such succession, and CPG was concurrently released from its obligations under the Existing Notes and the Existing Notes indenture.
- Finally, on July 31, 2023, CPOC borrowed $4.6 billion from TCPL USA (TCPL USA-CPOC Loan) and CPOC used the loan proceeds to:
  - make a contribution of $700 million to Columbia Gulf and Columbia Gulf, in turn, used the contributed funds to repay in full its outstanding indebtedness under a floating rate credit facility owed to CPG

- make a contribution of $3.5 billion to Columbia Gas and Columbia Gas, in turn, used the contributed funds to repay in full its outstanding indebtedness under a floating rate credit facility owed to CPG; and
- repay the $400 million CPOC – CPG Note

- In August 2023, CPOC commenced an unregistered offering for five series of senior unsecured notes for an aggregate principal amount of $4.6 billion (CPOC Offering). The CPOC Offering closed on August 8, 2023 and resulted in the following series (i) $750,000,000 aggregate principal amount of 5.927% Senior Notes due 2030, (ii) $1,500,000,000 aggregate principal amount of 6.036% Senior Notes due 2033, (iii) $600,000,000 aggregate principal amount of 6.497% Senior Notes due 2043, (iv) $1,250,000,000 aggregate principal amount of 6.544% Senior Notes due 2053 and (v) $500,000,000 aggregate principal amount of 6.714% Senior Notes due 2063 (collectively, the "CPOC Notes"). The net proceeds from the issuance and sale of the CPOC Notes were used for the repayment of intercompany indebtedness under the TCPL USA – CPOC Loan.

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.

CPOC is not required to maintain any financial covenants with respect to these notes.

Principal Repayments

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

(millions of U.S. dollars)		Total	2025	2026	2027	2028	2029	After
Columbia Pipelines Operating Company								
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]	1,000	1,000	—	—	—	—	—
5.800%	Senior Unsecured Notes	500	—	—	—	—	—	500
5.695%	Senior Unsecured Notes	400	—	—	—	—	—	400
Total Repayments		6,500	1,000	—	—	—	—	5,500

[1]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.

11. OTHER LONG-TERM LIABILITIES

(millions of dollars)	December 31, 2024	December 31, 2023
Operating lease obligation	**8**	8
Deferred credits	**—**	12
Asset retirement obligations[1]	**8**	8
Deferred tax liability[2]	**5**	5
	21	33

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.

12. 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	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. Inputs include published interest rates, interest rate swap curves, yield curves and broker quotes from external data service providers. 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. Transfers between Level I and Level II would occur when there is a change in market circumstances.
Level III	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. 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.

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 December 31, 2024, the fair value of the Company's long-term debt was $6.7 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.

Other Recurring Fair Value of Financial Instruments

at December 31 (millions of dollars)	2024 Carrying Amount	2024 Fair Value	2023 Carrying Amount	2023 Fair Value
Natural gas imbalance asset	**27**	**27**	30	30
Related party natural gas imbalance asset	**7**	**7**	2	2
Natural gas imbalance liability	**30**	**30**	34	34
Related party natural gas imbalance liability	**3**	**3**	4	4

Natural gas imbalances represent the difference between the amount of natural gas delivered to or received from a pipeline system and the amount of natural gas scheduled to be delivered or received at current market prices. The Company values these imbalances by applying the difference between the measured quantities of natural gas delivered to or received from its customers and operators to the contract index price for gas delivered to Columbia Gas Transmission, LLC, Appalachia and Columbia Gulf Mainline. The Company has classified the fair value of natural gas imbalances as a Level 2 in the "Fair Value Hierarchy," as the valuation approach includes quoted prices in the market index and observable volumes for the imbalance.

13. CHANGES IN OTHER OPERATING ASSETS AND LIABILITIES

(millions of dollars)	December 31, 2024	December 31, 2023
(Increase)/decrease in Accounts receivable and other receivables	**(11)**	30
(Increase)/decrease in Related party receivable	**10**	6
(Increase)/decrease in Other current assets	**2**	49
(Decrease)/increase in Accounts payable and other	**(3)**	94
(Increase)/decrease in Inventories	**3**	(1)
(Increase)/decrease in Deferred credits and other	**(11)**	3
Changes in other operating assets and liabilities	**(10)**	181

14. TRANSACTIONS WITH MAJOR CUSTOMERS

Major customers are defined as customers whose sales individually consist of more than 10% of total operating revenues. The following table represents shippers providing significant operating revenues to the Company:

	Year ended December 31			
	2024		2023	
(millions of dollars)	Amount	Percentage of total	Amount	Percentage of total
Antero Resources Corporation	**305**	**10.8 %**	319	11.4 %

The following table represents the amounts in the Company's trade accounts receivable for shippers with accounts receivable balances greater than 10% of the Company's trade receivables:

	Year ended December 31			
	2024		2023	
(millions of dollars)	Amount	Percentage of total	Amount	Percentage of total
Antero Resources Corporation	**26**	**9.9 %**	27	10.7 %

15. RELATED PARTY TRANSACTIONS

Cash Management Program

Prior to July 27, 2023, the Combined Company participated in the TCPL USA cash management program. On July 27, 2023, Columbia Gas and Columbia Gulf terminated its cash management agreement with TCPL USA. As a result, TCPL USA cash settled the outstanding demand loan receivable by Columbia Gas and Columbia Gulf from this arrangement which were $238.8 million and $39.7 million, respectively.

As a result of the Restructuring described under Note 1, effective August 2, 2023, CPHC established its own cash management program with its subsidiaries, CPOC, Columbia Gas and Columbia Gulf. This program matches short-term cash surplus and needs of CPHC's subsidiaries, thus minimizing the total borrowings from outside sources. Monies advanced under the agreement are considered to be a loan, accruing interest and repayable on demand. CPOC, Columbia Gas and Columbia Gulf receive interest on monies advanced to CPHC at the rate of interest earned by CPHC on short-term cash investments. CPOC, Columbia Gas and Columbia Gulf pay interest on monies advanced from CPHC based on CPHC's short-term borrowing costs. At December 31, 2023, the Company had a demand loan receivable from CPHC cash management program of $125 million. At December 31, 2024, the Company had a demand loan payable from CPHC cash management program of $37 million.

Operation and Maintenance Services Agreement

The Company's parent, CPHC, has contracted 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 $41 million for the years ended December 31, 2024 and 2023, respectively, from affiliates for transportation of natural gas. For the years ended December 31, 2024 and 2023, the Company incurred operating expenses related to transportation of natural gas and administrative costs amounting to $430 million and $414 million, respectively. For the years ended December 31, 2024 and 2023, the Company also incurred capital charges from affiliates amounting to $139 million and $120 million, respectively.

At December 31, 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 December 31, 2024 and December 31, 2023, the Company did not have any loans due to affiliates.

Distributions and Contributions

On April 3, 2024, the Board of Managers of CPHC approved a distribution to CPHC from CPOC amounting to $125 million. The distribution was paid on April 23, 2024.

On May 23, 2024, the Board of Managers of CPHC approved a distribution to CPHC from CPOC amounting to $125 million. The distribution was paid on July 23, 2024.

On August 28, 2024, the Board of Managers of CPHC approved a distribution to CPHC from CPOC amounting to $300 million. The distribution was paid on September 9, 2024.

On December 19, 2024, the Board of Managers of CPHC approved distributions from CPOC to CPHC amounting to $150 million. The distribution was paid on December 23, 2024.

2023

On July 13, 2023, the Board of Directors of CPG approved a distribution to CPG from Columbia Gas and Columbia Gulf amounting to $371 million and $9 million, respectively. The distributions were paid on July 21, 2023.

On September 25, 2023, the Board of Directors of CPG approved a distribution to CPHC from CPOC amounting to $186.2 million. The distribution was paid on September 26, 2023.

On December 5, 2023, the Board of Managers of CPHC approved a distribution to CPHC from CPOC amounting to $125 million. The distribution was paid on December 27, 2023.

16. 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 December 31, 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 December 31, 2024.

17. SUBSEQUENT EVENTS

Subsequent events have been evaluated through February 27, 2025, 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.