Columbia Pipelines Operating Company LLC

Consolidated Financial Statements
(Unaudited)
March 31, 2025 and 2024

Consolidated statement of income

(unaudited)	Three months ended March 31,	
(millions of dollars)	**2025**	**2024**
Revenues (Note 3)	**773**	738
Operating and Other Expenses		
Plant operating costs and other	**203**	184
Property taxes	**72**	64
Depreciation and amortization	**91**	89
Total Operating and Other Expenses	**366**	337
Operating Income	**407**	401
Financial Charges		
Interest expense, net (Note 8)	**100**	93
Allowance for funds used during construction	**(12)**	(7)
Other income	**—**	(1)
Total Financial Charges	**88**	85
Income before Income Taxes	**319**	316
Income Tax Expense	**1**	—
Net Income	**318**	316

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

Consolidated balance sheet

(unaudited) *(millions of dollars)*	**March 31, 2025**	**December 31, 2024**
ASSETS		
Current Assets		
Accounts receivable and other (Note 4)	**311**	306
Related party receivable (Note 12)	**—**	1
Inventories	**40**	40
Other (Note 5)	**23**	32
Total Current Assets	**374**	379
Plant, Property and Equipment, net of accumulated depreciation of $4.8B and $4.7B for March 31, 2025 and December 31, 2024, respectively	**19,015**	18,887
Total Assets	**19,389**	19,266
LIABILITIES		
Current Liabilities		
Accounts payable and other (Note 7)	**750**	894
Demand loan payable (Note 12)	**11**	37
Related party payable (Note 12)	**52**	73
Current portion of long-term debt (Note 8)	**—**	1,000
Total Current Liabilities	**813**	2,004
Long-Term Debt, net (Note 8)	**6,448**	5,455
Regulatory Liabilities (Note 6)	**134**	132
Other Long-Term Liabilities (Note 9)	**22**	21
Total Liabilities	**7,417**	7,612
MEMBER'S EQUITY		
Member's equity	**11,972**	11,654
Total Member's equity	**11,972**	11,654
LIABILITIES and MEMBER'S EQUITY	**19,389**	19,266

Commitments and Contingencies (Note 13)
Subsequent Events (Note 14)

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

Consolidated statement of member's equity

For the three months ended March 31, 2025

(unaudited) *(millions of dollars)*	**Member's Equity**
January 1, 2025	11,654
Net income	318
March 31, 2025	11,972

For the three months ended March 31, 2024

(unaudited) *(millions of dollars)*	**Member's Equity**
January 1, 2024	11,238
Net income	316
March 31, 2024	11,554

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

Consolidated statement of cash flows

(unaudited)	Three months ended March 31,	
(millions of dollars)	**2025**	**2024**
Cash Generated from Operations		
Net income	**318**	316
Depreciation and amortization	**91**	89
Amortization of debt issuance costs	**1**	1
Equity allowance for funds used during construction	**(12)**	(6)
Deferred income taxes	**1**	—
Changes in regulatory assets and liabilities	**25**	3
Changes in other operating assets and liabilities (Note 11)	**(84)**	(60)
Net cash provided by operations	**340**	343
Investing Activities		
Capital expenditures	**(305)**	(278)
Change in demand loan receivable from CPHC	**—**	(70)
Deferred amounts and other	**(1)**	5
Net cash used in investing activities	**(306)**	(343)
Financing Activities		
Proceeds from CPOC Offering (Note 8)	**1,000**	—
Repayment of Long-Term Debt	**(1,000)**	—
Change in demand loan payable to CPHC	**(26)**	—
Debt issuance costs (Note 8)	**(8)**	—
Net cash used in financing activities	**(34)**	—
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	**73**	63
Accruals for property, plant and equipment, net	**208**	94

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

Notes to unaudited consolidated 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. The Company is a wholly owned subsidiary of Columbia Pipelines Holding Company LLC (CPHC). CPHC is a direct subsidiary of TransCanada PipeLine USA Ltd (TCPL USA). TCPL USA is a direct wholly-owned subsidiary of TC Energy.

We own the following natural gas transportation and storage assets through our direct, wholly owned subsidiaries, 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.

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.

2. ACCOUNTING POLICIES

Basis of Presentation

These consolidated financial statements of CPOC have been prepared by management in accordance with United States generally accepted accounting principles (GAAP). The accounting policies applied are consistent with those outlined in CPOC’s annual audited consolidated financial statements for the year ended December 31, 2024.

These financial statements do not include all disclosures required in the annual financial statements and should be read in conjunction with the annual audited consolidated financial statements and notes thereto for the year ended December 31, 2024 which contain a more comprehensive summary of the Company's significant accounting policies. The results of operations for the three months ended March 31, 2025 and 2024 are not necessarily indicative of the results that may be expected for the full fiscal year.

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:

	Three months ended March 31,	
(unaudited - millions of dollars)	**2025**	**2024**
Revenues from contracts with customers:		
Capacity arrangements and transportation	**656**	637
Natural gas storage and other	**116**	100
	772	737
Other revenues[1]	**1**	1
	773	738

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)	March 31, 2025	December 31, 2024
Receivables from contracts with customers[1]	**259**	260
Contract Liabilities[2]	**(10)**	(11)

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)	March 31, 2025	December 31, 2024
Trade account receivables, net of allowance of nil million and for March 31, 2025 and December 31, 2024, respectively	**259**	260
Imbalance receivable	**43**	34
Other	**9**	12
	311	306

5. OTHER CURRENT ASSETS

The following table summarizes total Other current assets:

(unaudited - millions of dollars)	March 31, 2025	December 31, 2024
Regulatory assets	**14**	25
Prepaid expenses	**8**	7
Deferred debits	**1**	—
	23	32

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) (millions of dollars)	**March 31, 2025**	**December 31, 2024**	**Remaining Recovery/ Settlement Period**
Regulatory Assets			
Fuel Tracker	**—**	11	See note 1
Rate Case, Covid 19 and Property taxes	**5**	5	See note 2
Other	**9**	9	
Total Regulatory Assets	**14**	25	
Less: Current portion included in Other current assets (Note 5)	**14**	25	
Total non-current Regulatory Assets	**—**	—	
Regulatory Liabilities			
Pensions and other post retirement benefits	**1**	1	See note 3
Cost of removal	**134**	132	See note 4
Fuel Tracker	**14**	—	See note 1
Other	**1**	—	
Total Regulatory Liabilities	**150**	133	
Less: Current portion included in Accounts payable and other (Note 7)	**16**	1	
Total non-current Regulatory Liabilities	**134**	132	

1. Fuel tracker assets or liabilities represent the over or under recovery of Columbia Gulf's Transportation Retainage Adjustment which is settled with in-kind exchanges with customers continuously. Columbia Gas' Transportation Retainage Adjustment & other tracked over or under recoveries are being recorded under Deferred Debits (Other current assets on the Balance Sheet) or Deferred Credits (Accounts payable and other on the Balance Sheet) consistent with its FERC approved Tariff. For the three months ended March 31, 2025, Columbia Gas recorded a liability of $8 million and an asset of $1 million related to these trackers. For the year ended December 31, 2024, Columbia Gas recorded a liability of $15 million related to these trackers.
2. This balance represents Columbia Gas' recovery of regulatory costs incurred on its rate case.
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. The filing included a proposal to continue the Columbia Gas modernization program. Columbia Gas is currently in settlement negotiations with the parties to the proceeding.

Columbia Gas Line Break Incident

On July 25, 2023, a rupture on 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 operated at a reduced pressure in accordance with PHMSA’s Corrective Action Order (CAO) beginning July 28, 2023, but was returned to pre-incident pressure on all affected and isolated segments as of March 21, 2024. As part of the CAO, similar pipeline segment locations within 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. Pipeline pressure has been restored to pre-incident MAOP on all segments impacted by the CAO.

Columbia Gas has completed the required CAO Documentation Report (CDR), which was the final element of the CAO, and submitted to PHMSA on March 12, 2025, along with a Request for Closure of the CAO. After receiving the CDR and reviewing the documentation provided, PHMSA determined Columbia Gas has complied with the terms of the CAO and it is now closed. PHMSA issued the Closure Letter on April 25, 2025.

7. ACCOUNTS PAYABLE AND OTHER

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

(Unaudited) (millions of dollars)	March 31, 2025	December 31, 2024
Accounts payable and accrued liabilities	**342**	446
Taxes other than income	**244**	308
Imbalance payable	**22**	33
Regulatory liabilities (Note 6)	**16**	1
Interest payable	**108**	80
Deferred credits and other	**18**	26
	750	894

8. DEBT

Long-Term Debt

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

(Unaudited) (millions of dollars)		Maturity Dates	March 31, 2025	December 31, 2024
Columbia Pipelines Operating Company				
4.500%	Senior Unsecured Notes[1]	6/1/2025	—	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	400
5.439%	Senior Unsecured Notes	2/15/2035	550	—
5.962%	Senior Unsecured Notes	2/15/2055	450	—
Unamortized debt discount and issue costs			(52)	(45)
Total Long-Term Debt			6,448	6,455

1. CPOC refinanced its 4.500% Senior Unsecured Notes in March 2025 with $550M 5.439% and $450M 5.962% Senior Unsecured Notes.

On March 6, 2025 CPOC closed an unregistered offering for senior unsecured notes for an aggregate principal amount of $550 million due 2035, with a fixed interest rate of 5.439%. The net proceeds from the issuance were used for refinancing a portion of its 4.50% Senior Unsecured Notes in advance of its June 1, 2025 maturity date.

On March 6, 2025 CPOC closed an unregistered offering for senior unsecured notes for an aggregate principal amount of $450 million due 2055, with a fixed interest rate of 5.962%. The net proceeds from the issuance were used for refinancing a portion of its 4.50% Senior Unsecured Notes in advance of its June 1, 2025 maturity date.

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

Principal Repayments

The principal repayments required by CPOC are as follows:

(Unaudited) (millions of dollars)	Total	2026	2027	2028	2029	2030	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
5.80% Senior Unsecured Notes	500	—	—	—	—	—	500
5.695% Senior Unsecured Notes	400	—	—	—	—	—	400
5.439% Senior Unsecured Notes	550	—	—	—	—	—	550
5.962% Senior Unsecured Notes	450	—	—	—	—	—	450
Total Repayments	6,500	—	—	—	—	750	5,750

Net Interest Expense

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

	Three months ended March 31,	
(unaudited - millions of dollars)	2025	2024
Interest on long-term debt	**100**	91
Demand loan interest expense	**2**	—
Demand loan interest income	**—**	4
Interest income	**(3)**	(3)
Amortization and other financial charges	**1**	1
	100	93

9. OTHER LONG-TERM LIABILITIES

(Unaudited) (millions of dollars)	March 31, 2025	December 31, 2024
Operating lease obligation	**8**	8
Asset retirement obligations[1]	**8**	8
Deferred tax liability[2]	**6**	5
	22	21

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	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 March 31, 2025, the fair value of the Company's long-term debt was $6.6 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)	March 31, 2025	March 31, 2024
(Increase)/decrease in Accounts receivable and other receivables	**(5)**	17
(Increase)/decrease in Related party receivable	**1**	6
(Increase)/decrease in Other current assets	**(1)**	—
(Decrease)/increase in Accounts payable and other	**(79)**	(83)
Changes in other operating assets and liabilities	**(84)**	(60)

12. RELATED PARTY TRANSACTIONS

Cash Management Program

CPOC, Columbia Gas and Columbia Gulf (collectively, CPHC's subsidiaries) participate in CPHC's cash management program which matches short-term cash surplus and needs of CPHC's subsidiaries, thus minimizing the total borrowings from outside sources. Monies advanced under the program are considered to be a loan, accruing interest and repayable on demand. CPHC's subsidiaries receive interest on monies advanced to CPHC at the rate of interest earned by CPHC on short-term cash investments. CPHC's subsidiaries pay interest on monies advanced from CPHC based on CPHC's short-term borrowing costs. At March 31, 2025 and December 31, 2024, the Company had a demand loan payable to CPHC of $11 million and $37 million, respectively.

Operation and Maintenance Services Agreement

The Company's parent, CPHC, 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 nil million and $10 million for the year ended March 31, 2025 and 2024, respectively, from affiliates for transportation of natural gas. For the year ended March 31, 2025 and 2024, the Company incurred operating expenses related to transportation of natural gas and administrative costs amounting to $105 million and $100 million, respectively. For the year ended March 31, 2025 and 2024, the Company also incurred capital charges from affiliates amounting to $31 million and $23 million, respectively.

At March 31, 2025 and December 31, 2024, amounts due to/from affiliates are included in the balance sheet under the captions Related party receivable and Related party payable.

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. At March 31, 2025, the Company had accrued approximately $0.4 million (2024 - $0.5 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 March 31, 2025.

14. SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 6, 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.