KINDER MORGAN, INC.
Form 10-K
February 23, 2015
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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Form 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2014

or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____to_____

Commission file number: 001-35081

Kinder Morgan, Inc.
(Exact name of registrant as specified in its charter)

Delaware	80-0682103
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1001 Louisiana Street, Suite 1000, Houston, Texas 77002
(Address of principal executive offices) (zip code)

Registrant's telephone number, including area code: 713-369-9000

____

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Class P Common Stock	New York Stock Exchange
Warrants to Purchase Class P Common Stock	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act of 1933. Yes þ No o

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934. Yes o No þ

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes þ No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes þ No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K(§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. þ

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934).
Large accelerated filer þ Accelerated filer o Non-accelerated filer o Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes o No þ

Aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant, based on closing prices in the daily composite list for transactions on the New York Stock Exchange on June 30, 2014 was approximately $24,279,037,627. As of February 2, 2015, the registrant had 2,130,052,022 Class P shares outstanding.

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KINDER MORGAN, INC. AND SUBSIDIARIES
GLOSSARY

Company Abbreviations

BOSTCO	=	Battleground Oil Specialty Terminal Company LLC	$KMCO_2$	=	Kinder Morgan CO_2 Company, L.P.
Calnev	=	Calnev Pipe Line LLC	KMEP	=	Kinder Morgan Energy Partners, L.P.
CIG	=	Colorado Interstate Gas Company, L.L.C.	KMGP	=	Kinder Morgan G.P., Inc.
Copano	=	Copano Energy, L.L.C.	KMI	=	Kinder Morgan Inc. and its majority-owned and/or
CPG	=	Cheyenne Plains Gas Pipeline Company, L.L.C.			controlled subsidiaries
El Paso	=	El Paso Holdco LLC	KMP	=	Kinder Morgan Energy Partners, L.P. and its
Elba Express	=	Elba Express Company, L.L.C.			majority-owned and controlled subsidiaries
ELC	=	Elba Liquefaction Company, L.L.C.	KMR	=	Kinder Morgan Management, LLC
EP	=	El Paso Corporation and its its majority-owned and	MEP	=	Midcontinent Express Pipeline LLC
		controlled subsidiaries	NGPL	=	Natural Gas Pipeline Company of America LLC
EPB	=	El Paso Pipeline Partners, L.P. and its majority-	SFPP	=	SFPP, L.P.
		owned and controlled subsidiaries	SLC	=	Southern Liquefaction Company, L.L.C.
EPNG	=	El Paso Natural Gas Company, L.L.C.	SLNG	=	Southern LNG Company, L.L.C.
EPPOC	=	El Paso Pipeline Partners Operating Company,	SNG	=	Southern Natural Gas Company, L.L.C.
		L.L.C.	TGP	=	Tennessee Gas Pipeline Company, L.L.C.
FEP	=	Fayetteville Express Pipeline LLC	WIC	=	Wyoming Interstate Company, L.L.C.
KinderHawk	=	KinderHawk Field Services LLC	WYCO	=	WYCO Development L.L.C.

Unless the context otherwise requires, references to “we,” “us,” or “our,” are intended to mean Kinder Morgan, Inc. and its its majority-owned and/or controlled subsidiaries.

Common Industry and Other Terms

AFUDC	=	allowance for funds used during construction	LIBOR	=	London Interbank Offered Rate
BBtu/d	=	billion British Thermal Units per day	LLC	=	limited liability company
Bcf/d	=	billion cubic feet per day	LNG	=	liquefied natural gas
CERCLA	=	Comprehensive Environmental Response,	MBbl/d	=	thousands of barrels per day
		Compensation and Liability Act	MDth/d	=	thousand of dekatherm per day
CO_2	=	carbon dioxide or our CO_2 business segment	MLP	=	master limited partnership
CPUC	=	California Public Utilities Commission	MMBbl/d	=	millions barrels per day
DCF	=	distributable cash flow	MMcf/d	=	million cubic feet per day
DD&A	=	depreciation, depletion and amortization	NEB	=	National Energy Board
DGCL	=	General Corporation Law of the state of Delaware	NGL	=	natural gas liquids
Dth	=	dekatherm	NYMEX	=	New York Mercantile Exchange
EBDA	=	earnings before depreciation, depletion and	NYSE	=	New York Stock Exchange
			OTC	=	over-the-counter

		amortization expenses, including amortization of excess cost of equity investments	PHMSA	=	United States Department of Transportation
EPA	=	United States Environmental Protection Agency			Pipeline and Hazardous Materials Safety
FASB	=	Financial Accounting Standards Board			Administration
FERC	=	Federal Energy Regulatory Commission	SEC	=	United States Securities and Exchange Commission
FTC	=	Federal Trade Commission			
GAAP	=	United States Generally Accepted Accounting	TBtu	=	trillion British Thermal Units
		Principles	WTI	=	West Texas Intermediate

When we refer to cubic feet measurements, all measurements are at a pressure of 14.73 pounds per square inch.

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Information Regarding Forward-Looking Statements

This report includes forward-looking statements. These forward-looking statements are identified as any statement that does not relate strictly to historical or current facts. They use words such as “anticipate,” “believe,” “intend,” “plan,” “projection,” “forecast,” “strategy,” “position,” “continue,” “estimate,” “expect,” “may,” or the negative of those terms or other variations of them or comparable terminology. In particular, expressed or implied, statements concerning future actions, conditions or events, future operating results or the ability to generate sales, income or cash flow or to service debt or to pay dividends are forward-looking statements. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. Future actions, conditions or events and future results of operations may differ materially from those expressed in these forward-looking statements. Many of the factors that will determine these results are beyond our ability to control or predict. Specific factors which could cause actual results to differ from those in the forward-looking statements include:

- the timing and extent of changes in price trends and overall demand for NGL, refined petroleum products, oil, CO_2, natural gas, electricity, coal, steel and other bulk materials and chemicals and certain agricultural products in North America;

- economic activity, weather, alternative energy sources, conservation and technological advances that may affect price trends and demand;

- changes in our tariff rates required by the FERC, the CPUC, Canada’s NEB or another regulatory agency;

- our ability to acquire new businesses and assets and integrate those operations into our existing operations, and make cost-saving changes in operations, particularly if we undertake multiple acquisitions in a relatively short period of time, as well as our ability to expand our facilities;

- our ability to safely operate and maintain our existing assets and to access or construct new pipeline, gas processing and NGL fractionation capacity;

- our ability to attract and retain key management and operations personnel;

- difficulties or delays experienced by railroads, barges, trucks, ships or pipelines in delivering products to or from our terminals or pipelines;

- shut-downs or cutbacks at major refineries, petrochemical or chemical plants, natural gas processing plants, ports, utilities, military bases or other businesses that use our services or provide services or products to us;

- changes in crude oil and natural gas production (and the NGL content of natural gas production) from exploration and production areas that we serve, such as the Permian Basin area of West Texas, the shale plays in Oklahoma, Ohio, Pennsylvania and Texas, and the U.S. Rocky Mountains and the Alberta, Canada oil sands;

- changes in laws or regulations, third-party relations and approvals, and decisions of courts, regulators and governmental bodies that may adversely affect our business or our ability to compete;

- interruptions of electric power supply to our facilities due to natural disasters, power shortages, strikes, riots, terrorism (including cyber attacks), war or other causes;

- the uncertainty inherent in estimating future oil, natural gas, and CO_2 production or reserves that we may experience;

- the ability to complete expansion projects and construction of our vessels on time and on budget;
- the timing and success of our business development efforts, including our ability to renew long-term customer contracts;
- changes in accounting pronouncements that impact the measurement of our results of operations, the timing of when such measurements are to be made and recorded, and the disclosures surrounding these activities;
- changes in tax law;

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- our ability to offer and sell debt securities, or obtain debt financing in sufficient amounts and on acceptable terms to implement that portion of our business plan that contemplates growth through acquisitions of operating businesses and assets and expansions of our facilities;
- our indebtedness, which could make us vulnerable to general adverse economic and industry conditions, limit our ability to borrow additional funds, place us at a competitive disadvantage compared to our competitors that have less debt, or have other adverse consequences;
- our ability to obtain insurance coverage without significant levels of self-retention of risk;
- acts of nature, sabotage, terrorism (including cyber attacks) or other similar acts or accidents causing damage to our properties greater than our insurance coverage limits;
- possible changes in our and our subsidiaries credit ratings;
- capital and credit markets conditions, inflation and fluctuations in interest rates;
- the political and economic stability of the oil producing nations of the world;
- national, international, regional and local economic, competitive and regulatory conditions and developments;
- our ability to achieve cost savings and revenue growth;
- foreign exchange fluctuations;
- the extent of our success in developing and producing CO_2 and oil and gas reserves, including the risks inherent in development drilling, well completion and other development activities;
- engineering and mechanical or technological difficulties that we may experience with operational equipment, in well completions and workovers, and in drilling new wells; and
- unfavorable results of litigation and the outcome of contingencies referred to in Note 16 “Litigation, Environmental and Other” to our consolidated financial statements.

The foregoing list should not be construed to be exhaustive. We believe the forward-looking statements in this report are reasonable. However, there is no assurance that any of the actions, events or results of the forward-looking statements will occur, or if any of them do, what impact they will have on our results of operations or financial condition. Because of these uncertainties, you should not put undue reliance on any forward-looking statements.

See Item 1A “Risk Factors” for a more detailed description of these and other factors that may affect the forward-looking statements. When considering forward-looking statements, one should keep in mind the risk factors described in Item 1A “Risk Factors.” The risk factors could cause our actual results to differ materially from those contained in any forward-looking statement. We disclaim any obligation, other than as required by applicable law, and described below under Items 1 and 2, “Business and Properties—–(a) General Development of Business—Recent Developments—2015 Outlook”, to update the above list or to announce publicly the result of any revisions to any of the forward-looking statements to reflect future events or developments.

PART I

Items 1 and 2. Business and Properties.

We are the largest energy infrastructure and the third largest energy company in North America with an enterprise value of more than $125 billion. We own an interest in or operate approximately 80,000 miles of pipelines and 180 terminals. Our pipelines transport natural gas, refined petroleum products, crude oil, condensate, CO_2 and other products, and our terminals transload and store petroleum products, ethanol and chemicals, and handle such products as coal, petroleum coke and steel. We are also the leading producer and transporter of CO_2, which is utilized for enhanced oil recovery projects in North America. Our common stock trades on the NYSE under the symbol "KMI."

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(a) General Development of Business

Organizational Structure

On November 26, 2014, we completed our acquisition, pursuant to three separate merger agreements, of all of the outstanding common units of Kinder Morgan Energy Partners, L.P. (NYSE: KMP) and El Paso Pipeline Partners, L.P. (NYSE: EPB) and all of the outstanding shares of Kinder Morgan Management, LLC (NYSE: KMR) that we did not already own. The transactions, valued at approximately $77 billion, are referred to collectively as the "Merger Transactions."

Upon completion of the Merger Transactions: (i) each publicly held KMR share received 2.4849 shares of KMI common stock; (ii) through the election and proration mechanisms in the KMP merger agreement, on average, each common unit held by a public KMP unitholder received 2.1931 shares of KMI common stock and $10.77 in cash; and (iii) through the election and proration mechanisms in the EPB merger agreement, on average, each common unit held by a public EPB unitholder received 0.9451 shares of KMI common stock and $4.65 in cash. The cash payments to the public unitholders of KMP and EPB totaled approximately $3.9 billion.

As we controlled each of KMP, KMR and EPB and continued to control each of them after the Merger Transactions, the changes in our ownership interest in each of KMP, KMR and EPB were accounted for as an equity transaction and no gain or loss was recognized in our consolidated statements of income resulting from the Merger Transactions. After closing the KMR Merger Transaction, KMR was merged with and into KMI.

Additionally, on January 1, 2015, EPB and its subsidiary, EPPOC merged with and into KMP and were dissolved. As a result of such merger, all of the subsidiaries of EPB and EPPOC are wholly owned subsidiaries of KMP.

Prior to November 26, 2014, we owned an approximate 10% limited partner interest (including our interest in KMR) and the 2% general partner interest including incentive distribution rights in KMP, and an approximate 39% limited partner interest and the 2% general partner interest and incentive distribution rights in EPB. Effective with the Merger Transactions, the incentive distribution rights held by the general partner of KMP was eliminated.

Historically, most of our operating assets were owned and most of our investments were conducted by KMP and EPB.

The equity interests in KMP, EPB and KMR (which are all consolidated in our financial statements) owned by the public prior to November 26, 2014 are reflected within "Noncontrolling interests" in our accompanying December 31, 2013 consolidated balance sheet. The earnings recorded by KMP, EPB and KMR that are attributed to their units and shares, respectively, held by the public prior to November 26, 2014 are reported as "Net income attributable to noncontrolling interests" in our accompanying consolidated statements of income.

You should read the following in conjunction with our audited consolidated financial statements and the notes thereto. We have prepared our accompanying consolidated financial statements under GAAP and the rules and regulations of the SEC. Our accounting records are maintained in U.S. dollars and all references to dollars in this report are to U.S. dollars, except where stated otherwise. Our consolidated financial statements include our accounts and those of our majority-owned and/or controlled subsidiaries, and all significant intercompany items have been eliminated in consolidation. The address of our principal executive offices is 1001 Louisiana Street, Suite 1000, Houston, Texas 77002, and our telephone number at this address is (713) 369-9000.

Recent Developments

The following is a brief listing of significant developments and updates related to our major projects since December 31, 2013. Additional information regarding most of these items may be found elsewhere in this report. “Capital Scope” is estimated for our share of the entire project which may include portions not yet completed.

Asset or project	Description	Activity	Capital Scope
Natural Gas Pipelines - Placed in service or acquisitions			
Hiland Partners	Assets consist of crude oil gathering and transportation pipelines and gas gathering and processing systems, primarily serving production from the Bakken Formation in North Dakota and Montana.	Acquired February 2015.	$3.0 billion
DK Expansion	Construction of the second of two 400,000 Mcf/d cryogenic unit expansions and compression to support volume growth in the Eagle Ford shale.	Plant placed in service third quarter 2014. Compression placed in service fourth quarter 2014.	$236 million
TGP Utica Backhaul	Expansion project that provides 500,000 Dth/d incremental natural gas transportation capacity, from Utica south to the Tennessee Zone 1 area.	Placed in service April 2014.	$175 million
KM Texas and Mier-Monterrey pipelines expansion	Expansion project provides 150,000 Dth/d of service to PEMEX Gas y Petroquímica Básica on an interim basis and is part of a larger project that is supported by three customers in Mexico that entered into long-term firm transportation contracts.	First portion placed in service September and December 2014, expected second phase in service 2016.	$105 million
Keystone Storage	Multi-cycle gas storage facility in West Texas near the WAHA Hub that connects to EPNG and two other interstate pipelines and has 8.5 Bcf of total storage capacity.	Acquired July 2014.	$92 million
TGP Rose Lake	Located in northeastern Pennsylvania, fully subscribed for 10-year terms by South Jersey Resources and Statoil and provides an additional 230,000 Dth/d per day of capacity.	Placed in service November 2014.	$74 million
Sierrita Gas Pipeline	The 60-mile pipeline provides 200 MMcf/d of capacity and extends from near Tucson to the U.S.-Mexico border near Sasabe, Arizona.	Placed in service October 2014.	$66 million
Natural Gas Pipelines - Other announcements			
TGP Northeast Energy Direct	Development of a 171-mile supply path that will extend from the Marcellus supply area in Pennsylvania to a point near Wright, New York, the market path will consist of 188 miles of mainline from Wright to Dracut, Massachusetts.	Expected in service November 2018.	$4.5 to $5.5 billion
Elba Liquefaction	Building of new natural gas liquefaction and export facilities at our SLNG natural gas terminal on Elba Island, near Savannah, Ga., with a total capacity of 2.5 million tonnes per year of LNG, equivalent to 350 MMcf/d of natural gas.	Planning and engineering activities continue, expected full in service 2018.	$1.3 billion
TGP Broad Run Flexibility and Broad Run Expansion	Modification to existing pipelines to create 790,000 Dth/d of north-to-south gas transportation capacity from a receipt point in West Virginia to delivery points in Mississippi and Louisiana.	Final facility design, expected in service November 2015 and November 2017.	$751 million
EPNG upstream Sierrita			$529 million

	Expansion projects to provide 550,000 Dth/d firm natural gas transport capacity, which involves a first phase of system improvements to deliver volumes to the Sierrita Pipeline, and the second phase that will result in incremental deliveries of natural gas to Arizona and California.	Phase one placed in service October 2014, phase two expected fully in service October 2020.	
Elba Express Company and SNG expansion	Expansion project that provides 854,000 Dth/d incremental natural gas transportation service supporting the needs of customers in Georgia, South Carolina and northern Florida, and also serving Elba Liquefaction.	Expected in service 2016 (first phase) and 2017.	$282 million
TGP South System Flexibility	Expansion project that provides more than 900 miles of north-to-south transportation capacity of 500,000 Dth/d on our TGP system from Tennessee to South Texas and expands our transportation service to Mexico.	Initial volume placed into service January 2015, with the remainder expected December 2016.	$187 million
Texas Intrastate SK Freeport LNG	Entered into a 20-year firm transportation services agreement with SK E&S LNG, LLC in December 2014. We will provide more than 320,000 Dth/d of firm natural gas transportation services.	Completion expected third quarter 2019.	$153 million
KMLP Magnolia LNG Liquefaction Transport	Upgrades to this existing pipeline system to provide 700,000 Dth/d capacity to serve Magnolia LNG in the Lake Charles, La., area.	Precedent agreement executed. Expected in service third quarter 2018.	$143 million

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Asset or project	Description	Activity	Capital Scope
Natural Gas Pipelines - Other announcements continued			
TGP Susquehanna West	Expansion project that provides 145,000 Dth/d incremental natural gas transportation capacity, serving the northeast Marcellus to points of liquidity.	Capacity awarded. Precedent agreement executed. Expected in service November 2017.	$143 million
TGP Cameron LNG	Compressor station modifications and new pipeline laterals for enhanced supply access to the Perryville Hub, for a capacity of 900,000 Dth/d.	Precedent agreements executed. Expected in service fourth quarter 2018.	$138 million
TGP Marcellus to Milford	An expansion project to provide additional firm capacity from the Marcellus supply basin to TGP's interconnection with Columbia Gas Transmission in Pike County, Pennsylvania. The capacity of this expansion will be at least 135,000 Dth/d.	Precedent agreements executed. Expected in service June 2018.	$129 million
TGP Lone Star	Two greenfield compressor stations to provide supply to the Corpus Christi LNG liquefaction project, for a capacity of 300,000 Dth/d.	Capacity awarded. Precedent agreement executed. Expected in service July 2019.	$123 million
TGP Connecticut Expansion	Expansion project that provides 72,100 Dth/d incremental natural gas transportation capacity, serving the New England market.	Precedent agreements executed. Expected in service November 2016.	$82 million
Texas Intrastate Cheniere Corpus Christi LNG	Project provides 250,000 Dth/d of firm natural gas transportation service, as well as 3 Bcf of natural gas storage capacity, to serve the LNG export facility. Entered into 15-year firm transportation and multi-year storage agreements with Cheniere Energy, through its subsidiary, Corpus Christi Liquefaction.	Agreements signed December 2014. Startup expected fourth quarter 2018.	$77 million
CO_2 - Placed in service			
Yellow Jacket Central Facility expansion	A booster compression project at the McElmo Dome source field in southwestern Colorado that will increase CO_2 production by up to 90 MMcf/d.	Placed in service September 2014.	$214 million
CO_2 - Other announcements			
St. Johns Development	Developing an additional 300 MMcf/d and building a new pipeline (Lobos) to transport CO_2 from our St. Johns source field in Apache County, Arizona.	Expected in service 2018.	$982 million
Cow Canyon development	An expansion project that will increase CO_2 production in the Cow Canyon area of the McElmo Dome source field by 200 MMcf/d.	Expected full in service fourth quarter 2015.	$344 million
Cortez Pipeline expansion - phase 1	Project will increase capacity from 1.35 Bcf/d to 1.7 Bcf/d on this existing pipeline. This pipeline will transport CO_2 from southwestern Colorado to eastern New Mexico and west Texas for use in enhanced oil recovery projects.	Expected full in service fourth quarter 2015.	$233 million
Terminals - Placed in service or acquisitions			

American Petroleum Tankers and State Class Tankers	Purchase of five on-the-water Jones Act tankers, each operating pursuant to long-term time charters with high quality counterparties, and assumption of a contract to receive four more tankers currently under construction, which will be operated pursuant to long-term time charters with a major integrated oil company.	Acquired January 2014.	$961 million
Edmonton Terminal expansion—Phases 1 and 2	A two-phase expansion project that adds 4.6 million barrels of storage capacity to our Edmonton terminal for crude oil and refined petroleum products, supported by long-term contracts with major producers and refiners.	Placed in service first quarter 2014 (phase 1) and fourth quarter 2014 (phase 2).	$402 million
BOSTCO expansion—Phases 1 and 2	A two-phase greenfield joint venture terminal development that adds 7.1 million barrels of distillate, residual fuel and other black oil product storage at the Houston Ship Channel site, fully subscribed and supported by long-term contracts with major oil companies.	Placed in service second quarter 2014 (phase 1) and third quarter 2014 (phase 2).	$305 million
Pennsylvania and Florida Jones Act Tankers	Purchase from Crowley Maritime of two Jones Act tankers, engaging in the marine transportation of crude oil, condensate, and refined products in the U.S, both supported by long-term time charters with major shippers.	Acquired November 2014.	$270 million

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Asset or project	Description	Activity	Capital Scope
Terminals - Placed in service or acquisitions continued			
Deepwater Coal Handling (Deer Park, TX)	Expansion project at our multi-purpose Deepwater Terminal along the Houston Ship Channel adds 10 million tons per year of coal export capacity secured by long-term take-or-pay volume commitments.	Construction completed third quarter of 2014.	$184 million
Lousiana Chemical Tankage Expansion	In two separate projects added additional chemical storage to our Harvey, LA terminal and storage and various marine, truck, and rail infrastructure improvements in support of Methanex Corporation's relocated production plant.	Construction completed second half of 2014.	$85 million
International Marine Terminal Phase 3	Phase 3 expansion at the joint venture International Marine Terminal in Louisiana adds additional export coal capacity supported by long-term take-or-pay volume commitments.	Construction completed first quarter of 2014.	$64 million
Terminals - Other announcements			
Edmonton Rail Terminal	Announced expansion increases capacity to over 210,000 bpd at the joint venture crude rail terminal in Edmonton. The facility, supported by long-term customer contracts, will be connected via pipeline to the Trans Mountain pipeline and be capable of sourcing all crude streams handled by Kinder Morgan for delivery by rail to North American markets and refineries.	Expected in service first quarter 2015.	$249 million
Pasadena and Galena Park Infrastructure Improvements and Greensport Ship Dock 2	Construction of 2.1 million barrels of storage between the Pasadena and Galena Park terminals, a new ship dock, and various other infrastructure improvements providing enhanced product export capabilities, supported by long-term customer contracts.	Phase into service in 2016 and 2017.	$238 million
Houston Export Terminal	Brownfield expansion along Houston Ship Channel will add 1.5 million barrels of liquids storage capacity and a new ship dock that will handle ocean going vessels, supported by a long-term contract with a major ship channel refiner.	Expected in service first quarter 2017.	$172 million
Royal Vopak U.S. Terminal acquisition	Announced purchase of three U.S. Terminals and one undeveloped site.	Expected acquisition close first quarter 2015.	$158 million
Galena Park Tank Project and Pasadena Barge Dock	Construction of nine storage tanks with total shell capacity of 1.2 million barrels and a new barge dock at Pasadena, supported by long-term customer contracts.	Final three tanks expected in service first quarter 2015; barge dock expected in service fourth quarter 2015.	$124 million
Products Pipelines - Placed in service			
Cochin Reversal project	Conversion of the line to northbound condensate service to serve oilsands producers' needs in western Canada, supported by long-term customer	In service July 2014.	$301 million

	contracts.		
KM Crude & Condensate Helena Extension	Constructed 30 miles of new pipeline from Helena to Dewitt, the Helena pump station, two new tanks and a four lane truck offload system, supported by long-term customer contracts.	In service September 2014.	$99 million
Products Pipelines - Other announcements			
Palmetto Pipeline	Construction of new pipeline, underpinned by long-term customer contracts, to move gasoline, diesel and ethanol from Louisiana, Mississippi and South Carolina to points in South Carolina, Georgia and Florida.	Close of successful binding open season November 2014, expected in service July 2017.	$778 million
Cochin Utopia East	Building of new 240 mile pipeline, supported by long-term customer contracts, to transport ethane and ethane-propane mixtures from the prolific Utica Shale, with an initial design capacity of 50,000 bpd, expandable to more than 75,000 bpd.	Work continues, expected in service January 2018.	$507 million
KM Condensate Processing Facility	Project includes building two separate units to split condensate into various components and construct storage tanks totaling almost 2 million barrels to support the processing operation, supported by long-term customer contracts.	Construction continues, expected in service March 2015 (phase 1) and July 2015 (phase 2).	$383 million
KM Crude and Condensate Pipeline/ Double Eagle Pipeline	Project will provide transportation of Eagle Ford crude and condensate to the Houston Ship Channel.	Continues to see strong interest, expected in service second quarter 2015.	$235 million

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Asset or project	Description	Activity	Capital Scope
Products Pipelines - Other announcements continued			
Utica Marcellus Texas Pipeline	Project involves the abandonment and conversion of over 1,000 miles of natural gas service on TGP, the construction of approximately 200 miles of new pipeline from Louisiana to Texas and 155 miles of new laterals in Pennsylvania, Ohio and West Virginia.	Pending customer commitments, expected in service 2018.	still developing
Kinder Morgan Canada			
Trans Mountain Expansion Project	An increase of capacity on our Trans Mountain pipeline system from approximately 300,000 to 890,000 barrels per day, underpinned by long-term take-or-pay contracts.	Currently engaged in final approval process with the NEB, expected in service third quarter 2018.	$5.4 billion

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Financings

- For information about our 2014 debt offerings and retirements, see Note 8 “Debt” to our consolidated financial statements. For information about our 2014 equity offerings, see Note 10 “Stockholders’ Equity–––Non-Controlling Interests—Contributions” to our consolidated financial statements.

2015 Outlook

- We expect to declare dividends of $2.00 per share for 2015, a 15% increase over our 2014 declared dividend of $1.74 per share. Growth in 2015 cash dividends is expected to be driven by continued high demand for North American energy infrastructure, including the transportation and storage of natural gas, NGL, crude oil and refined products. Additionally, growth is expected to be driven by contributions from our expansion projects across our business units.

We expect that a full-year of contributions from our 2014 acquisitions and expansions, including cash tax benefits from the Merger Transactions, along with partial-year contributions from our anticipated 2015 expansion investments, as described above under —Recent Developments, will help drive earnings and cash flow growth in 2015 and beyond. Generally, our base cash flows (that is, cash flows not attributable to acquisitions or expansions) are relatively stable from year to year and are largely supported by multi-year, fee-based customer arrangements.

The overwhelming majority of cash generated by our assets is fee-based and is not sensitive to commodity prices. We do have some commodity price sensitivity, primarily in our CO_2 segment, and hedge the majority of our next twelve months of oil production to minimize this sensitivity. For 2015, we estimate that every $1 per barrel change in average WTI crude oil price impacts distributable cash flow by approximately $10 million (budget assumes average WTI price of $70 per barrel), and each $0.10 per MMBtu change in the average price of natural gas impacts distributable cash flow by approximately $3 million (budget assumes average natural gas price of $3.80 per MMBtu). This assumes we do not add additional hedges during the year which could reduce these sensitivities. These sensitivities compare to total anticipated segment earnings before DD&A in 2015 of approximately $8 billion (adding back our share of joint venture DD&A).

In addition, our expectations for 2015 discussed above involve risks, uncertainties and assumptions, and are not guarantees of performance. Many of the factors that will determine these expectations are beyond our ability to control or predict, and because of these uncertainties, it is advisable to not put undue reliance on any forward-looking statement. Please read our Item 1A “Risk Factors” below for more information. Furthermore, we plan to provide updates to our 2015 expectations when we believe previously disclosed expectations no longer have a reasonable basis.

(b) Financial Information about Segments

For financial information on our six reportable business segments, see Note 15 “Reportable Segments” to our consolidated financial statements.

(c) Narrative Description of Business

Business Strategy

Our business strategy is to:

- focus on stable, fee-based energy transportation and storage assets that are central to the energy infrastructure of growing markets within North America;
- increase utilization of our existing assets while controlling costs, operating safely, and employing environmentally sound operating practices;
- leverage economies of scale from incremental acquisitions and expansions of assets that fit within our strategy and are accretive to cash flow; and
- maintain a strong balance sheet and return value to our stockholders.

It is our intention to carry out the above business strategy, modified as necessary to reflect changing economic conditions and other circumstances. However, as discussed under Item 1A. "Risk Factors" below, there are factors that could affect our ability to carry out our strategy or affect its level of success even if carried out.

We regularly consider and enter into discussions regarding potential acquisitions and are currently contemplating potential acquisitions. Any such transaction would be subject to negotiation of mutually agreeable terms and conditions, receipt of fairness opinions, and approval of our board of directors, if applicable. While there are currently no unannounced purchase agreements for the acquisition of any material business or assets, such transactions can be effected quickly, may occur at any time and may be significant in size relative to our existing assets or operations.

Business Segments

We operate the following reportable business segments. These segments and their principal sources of revenues are as follows:

- Natural Gas Pipelines—(i) the ownership and operation of major interstate and intrastate natural gas pipeline and storage systems; (ii) the ownership and/or operation of associated natural gas and crude oil gathering systems and natural gas processing and treating facilities; and (iii) the ownership and/or operation of NGL fractionation facilities and transportation systems;
- CO_2—(i) the production, transportation and marketing of CO_2 to oil fields that use CO_2 as a flooding medium for recovering crude oil from mature oil fields to increase production; (ii) ownership interests in and/or operation of oil fields and gas processing plants in West Texas; and (iii) the ownership and operation of a crude oil pipeline system in West Texas;
- Terminals—(i) the ownership and/or operation of liquids and bulk terminal facilities and rail transloading and materials handling facilities located throughout the U.S. and portions of Canada that transload and store refined petroleum products, crude oil, condensate, and bulk products, including coal, petroleum coke, cement, alumina, salt and other bulk chemicals and (ii) the ownership and operation of our Jones Act tankers;
- Products Pipelines—the ownership and operation of refined petroleum products and crude oil and condensate pipelines that deliver refined petroleum products (gasoline, diesel fuel and jet fuel), NGL, crude oil, condensate and bio-fuels to various markets, plus the ownership and/or operation of associated product terminals and petroleum pipeline transmix facilities;
- Kinder Morgan Canada—the ownership and operation of the Trans Mountain pipeline system that transports crude oil and refined petroleum products from Edmonton, Alberta, Canada to marketing terminals and refineries in British Columbia, Canada and the state of Washington, plus the Jet Fuel aviation turbine fuel pipeline that serves the Vancouver (Canada) International Airport; and
- Other—primarily includes other miscellaneous assets and liabilities purchased in our 2012 EP acquisition including (i) our corporate headquarters in Houston, Texas; (ii) several physical natural gas contracts with power plants associated with EP's legacy trading activities; and (iii) other miscellaneous EP assets and liabilities.

Natural Gas Pipelines

Our Natural Gas Pipelines segment includes interstate and intrastate pipelines and our LNG terminals, and includes both FERC regulated and non-FERC regulated assets.

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Our primary businesses in this segment consist of natural gas sales, transportation, storage, gathering, processing and treating, and the terminaling of LNG. Within this segment, are: (i) approximately 48,000 miles of natural gas pipelines and (ii) our equity interests in entities that have approximately 19,000 miles of natural gas pipelines, along with associated storage and supply lines for these transportation networks, which are strategically located throughout the North American natural gas pipeline grid. Our transportation network provides access to the major natural gas supply areas and consumers in the western U.S., Louisiana, Texas, the Midwest, Northeast, Rocky Mountain, Midwest and Southeastern regions. Our LNG storage and regasification terminals also serve natural gas supply areas in the southeast. The following tables summarize our significant Natural Gas Pipelines segment assets, as of December 31, 2014. The Design Capacity represents either transmission or gathering capacity depending on the nature of the asset.

	Ownership Interest %	Miles of Pipeline	Design (Bcf/d) [Storage (Bcf)] Capacity	Supply and Market Region
Natural Gas Pipelines				
TGP	100	11,900	9.00 [97]	South Texas and Gulf of Mexico to northeast and southeast U.S.; Haynesville, Marcellus, Utica, and Eagle Ford shale formations
EPNG/Mojave pipeline system	100	10,700	5.65 [44]	Northern New Mexico, Texas, Oklahoma, to California, connects to San Juan, Permian, and Anadarko basins
NGPL	20	9,200	6.20 [288]	Chicago and other Midwest markets and all central U.S. supply basins
SNG	100	6,900	3.90 [68]	Texas, Louisiana, Mississippi, Alabama, Florida, Georgia, South Carolina and Tennessee; basins in Texas, Louisiana, Mississippi and Alabama
Florida Gas Transmission (Citrus)	50	5,300	3.60	Texas to Florida; basins along Louisiana and Texas Gulf Coast, Mobile Bay and offshore Gulf of Mexico
CIG	100	4,300	5.20 [43]	Colorado and Wyoming; Rocky Mountains and the Anadarko Basin
WIC	100	850	3.90	Wyoming, Colorado, and Utah; Overthrust, Piceance, Uinta, Powder River and Green River Basins
Ruby pipeline	50	680	1.50	Wyoming to Oregon; Rocky Mountain basins
MEP	50	510	1.80	Oklahoma and north Texas supply basins to interconnects with deliveries to interconnects with Transco, Columbia Gulf and various other pipelines
CPG	100	410	1.20	Colorado and Kansas, natural gas basins in the Central Rocky Mountain area
TransColorado Gas	100	310	1.00	Colorado and New Mexico; connects to San Juan, Paradox and Piceance basins
WYCO	50	224	1.20 [7]	Northeast Colorado; connects with High Plains
Elba Express	100	200	0.95	Georgia; connects to SNG (Georgia), Transco (Georgia/South Carolina) and CGT (Georgia).
FEP	50	185	2.00	Arkansas to Mississippi; connects to NGPL, Trunkline Gas Company, Texas Gas Transmission, and ANR Pipeline Company
KM Louisiana	100	135	3.20	sources gas from Cheniere Sabine Pass LNG terminal to interconnects with Columbia Gulf, ANR and various

				other pipelines
Sierrita pipeline	35	60	0.20	near Tucson, Arizona, to the U.S.-Mexico border near Sasabe, Arizona; connects to EPNG and via a new international border crossing with a new natural gas pipeline in Mexico
Young Gas Storage	48	17	[6]	Morgan County, Colorado, capacity is committed to CIG and Colorado Springs Utilities.
Keystone Gas Storage	100	12	[9]	located in the Permian Basin and near the WAHA natural gas trading hub in West Texas.
Gulf LNG Holdings	50	5	[7]	near Pascagoula, Mississippi; connects to four interstate pipelines and natural gas processing plant
Bear Creek Storage	100	—	[59]	50% SNG and 50% TGP

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	Ownership Interest %	Miles of Pipeline	Design (Bcf/d) [Storage (Bcf)] Capacity	Supply and Market Region
SLNG	100	—	[12]	Georgia; connects to Elba Express, SNG and CGT
ELC	51	—		not in service until 2017 - 2018
Midstream group				
KM Texas and Tejas pipelines(a)	100	5,800	6.20 [120]	Texas Gulf Coast.
Mier-Monterrey pipeline	100	95	0.65	Starr County, Texas to Monterrey, Mexico; connects to Pemex NG Transportation system and a 1,000-megawatt power plant
KM North Texas pipeline	100	80	0.33	interconnect from NGPL; connects to 1,750-megawatt Forney, Texas, power plant and a 1,000-megawatt Paris, Texas, power plant
Copano Oklahoma				
Southern Dome	70	—	0.03	propane refrigeration plant in the southern portion of Oklahoma county
Copano Oklahoma System	100	3,500	0.38	Hunton Dewatering, Woodford Shale, and Mississippi Lime
Copano South Texas				
Webb/Duval gas gathering system	63	145	0.15	South Texas
Copano South Texas System	100	1,255	1.88	Eagle Ford shale formation, Woodbine and Eaglebine (Texas)
EagleHawk	25	860	1.00	South Texas, Eagle Ford shale formation
KM Altamont	100	790	0.08	Utah, Uinta Basin
Red Cedar	49	750	0.70	La Plata County, Colorado, Ignacio Blanco Field
Copano Rocky Mountain				
Fort Union	37	310	1.25	Powder River Basin (Wyoming)
Bighorn	51	290	0.60	Powder River Basin (Wyoming)
KinderHawk	100	500	2.00	Northwest Louisiana, Haynesville and Bossier shale formations
Copano North Texas	100	400	0.14	North Barnett Shale Combo
Endeavor	40	100	0.12	East Texas, Cotton Valley Sands and Haynesville/ Bossier Shale horizontal well developments
Camino Real - Gas	100	70	0.15	South Texas, Eagle Ford shale formation
KM Treating	100	—	—	Odessa, Texas, other locations in Tyler and Victoria, Texas
			(MBbl/d)	
Copano Liquids				
Liberty Pipeline	50	87	170	Houston Central complex to the Texas Gulf Coast
Copano Liquids Assets	100	313	115	Houston Central complex to the Texas Gulf Coast
Camino Real - Oil	100	70	110	South Texas, Eagle Ford shale formation

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Competition

The market for supply of natural gas is highly competitive, and new pipelines, storage facilities, treating facilities, and facilities for related services are currently being built to serve the growing demand for natural gas in each of the markets served by the pipelines in our Natural Gas Pipelines business segment. These operations compete with interstate and intrastate

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pipelines, and their shippers, for connections to new markets and supplies and for transportation, processing and treating services. We believe the principal elements of competition in our various markets are location, rates, terms of service and flexibility and reliability of service. From time to time, other projects are proposed that would compete with us. We do not know whether or when any such projects would be built, or the extent of their impact on our operations or profitability.

Shippers on our natural gas pipelines compete with other forms of energy available to their natural gas customers and end users, including electricity, coal, propane and fuel oils. Several factors influence the demand for natural gas, including price changes, the availability of natural gas and other forms of energy, the level of business activity, conservation, legislation and governmental regulations, the ability to convert to alternative fuels and weather.

CO_2

Our CO_2 business segment produces, transports, and markets CO_2 for use in enhanced oil recovery projects as a flooding medium for recovering crude oil from mature oil fields. Our CO_2 pipelines and related assets allow us to market a complete package of CO_2 supply, transportation and technical expertise to our customers. We also hold ownership interests in several oil-producing fields and own a crude oil pipeline, all located in the Permian Basin region of West Texas.

Oil and Gas Producing Activities

Oil Producing Interests

Our ownership interests in oil-producing fields located in the Permian Basin of West Texas, include the following:

	Working Interest %	KM Gross Developed Acres
SACROC	97	49,156
Yates	50	9,576
Goldsmith Landreth San Andres(a)	99	6,166
Katz Strawn	99	7,194
Sharon Ridge	14	2,619
H.T. Boyd(b)	21	n/a
MidCross	13	320
Reinecke(c)	—	80

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(a) Acquired June 1, 2013
(b) Net profits interest
(c) Working interest less than 1 percent.

The following table sets forth productive wells, service wells and drilling wells in the oil and gas fields in which we owned interests as of December 31, 2014. The oil and gas producing fields in which we own interests are located in the Permian Basin area of West Texas. When used with respect to acres or wells, “gross” refers to the total acres or wells in which we have a working interest, and “net” refers to gross acres or wells multiplied, in each case, by the percentage working interest owned by us:

	Productive Wells(a)		Service Wells(b)		Drilling Wells(c)	
	Gross	Net	Gross	Net	Gross	Net
Crude Oil	2,164	1,381	1,152	903	2	2
Natural Gas	5	2	—	—	—	—

Total Wells	2,169	1,383	1,152	903	2	2

(a) Includes active wells and wells temporarily shut-in. As of December 31, 2014, we did not operate any productive wells with multiple completions.

(b) Consists of injection, water supply, disposal wells and service wells temporarily shut-in. A disposal well is used for disposal of salt water into an underground formation; and an injection well is a well drilled in a known oil field in order to inject liquids and/or gases that enhance recovery.

(c) Consists of development wells in the process of being drilled as of December 31, 2014. A development well is a well drilled in an already discovered oil field.

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The following table reflects our net productive wells that were completed in each of the years ended December 31, 2014, 2013 and 2012:

	Year Ended December 31,		
	2014	2013	2012
Productive			
Development	83	51	59
Exploratory	26	4	—
Total Productive	109	55	59
Dry Exploratory	1	—	—
Total Wells	110	55	59

Note: The above table includes wells that were completed during each year regardless of the year in which drilling was initiated, and does not include any wells where drilling operations were not completed as of the end of the applicable year. A development well is a well drilled in an already discovered oil field.

The following table reflects the developed and undeveloped oil and gas acreage that we held as of December 31, 2014:

	Gross	Net
Developed Acres	75,111	71,919
Undeveloped Acres	17,603	15,369
Total	92,714	87,288

Note: As of December 31, 2014, we have no material amount of acreage expiring in the next three years.

See "Supplemental Information on Oil and Gas Activities (Unaudited)" for additional information with respect to operating statistics and supplemental information on our oil and gas producing activities.

Gas and Gasoline Plant Interests

Operated gas plants in the Permian Basin of West Texas:

	Ownership Interest %	Source
Snyder gasoline plant(a)	22	The SACROC unit and neighboring CO_2 projects, specifically the Sharon Ridge and Cogdell units
Diamond M gas plant	51	Snyder gasoline plant
North Snyder plant	100	Snyder gasoline plant

(a) This is a working interest, in addition, we have a 28% net profits interest. The average net to us does not include the value associated with the net profits interest.

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Sales and Transportation Activities

CO_2 Segment Storage and Sales

Our principal market for CO_2 is for injection into mature oil fields in the Permian Basin, where industry demand is expected to remain strong for the next several years. Our ownership of CO_2 reserves as of December 31, 2014 includes:

	Ownership Interest %	Recoverable CO_2 (Bcf)	Compression Capacity (Bcf/d)	Location
Recoverable CO_2				
McElmo Dome unit(a)	45	5,900	1.4	Colorado
St. Johns CO_2 source field and related assets(b)	100	1,660	0.3	Apache County, Arizona, and Catron County, New Mexico
Doe Canyon Deep unit(a)	87	832	0.2	Colorado
Bravo Dome unit	11	702	0.3	New Mexico

(a) We also operate.
(b) Compression installation planned for the fourth quarter of 2018.

CO_2 Segment Pipelines

The principal market for transportation on our CO_2 pipelines is to customers, including ourselves, using CO_2 for enhanced recovery operations in mature oil fields in the Permian Basin, where industry demand is expected to remain stable for the next several years. The tariffs charged by our CO_2 pipelines are not regulated; however, the tariff charged on the Cortez pipeline is based on a consent decree. The tariffs charged on the Wink pipeline system are regulated by both the FERC and the Texas Railroad Commission. Our ownership of CO_2 and crude oil pipelines as of December 31, 2014 includes:

	Ownership Interest %	Miles of Pipeline	Transport Capacity(Bcf/d)	Supply and Market Region
CO_2 pipelines				
Cortez pipeline	50	565	1.2	McElmo Dome and Doe Canyon source fields to the Denver City, Texas hub
Central Basin pipeline	100	323	0.7	Cortez, Bravo, Sheep Mountain, Canyon Reef Carriers, and Pecos pipelines
Bravo pipeline(a)	13	218	0.4	Bravo Dome to the Denver City, Texas hub
Canyon Reef Carriers pipeline	98	162	0.3	McCamey, Texas, to the SACROC, Sharon Ridge, Cogdell and Reinecke units
Centerline CO_2 pipeline	100	112	0.3	between Denver City, Texas and Snyder, Texas
Eastern Shelf CO_2 pipeline	100	91	0.1	between Snyder, Texas and Knox City, Texas
Pecos pipeline	69	25	0.1	McCamey, Texas, to Iraan, Texas, delivers to the Yates unit