

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM 10-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended September 30, 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: 1-4874**



**Colorado Interstate  
Gas Company, L.L.C.**  
a Kinder Morgan company

**COLORADO INTERSTATE GAS COMPANY, L.L.C.**

*(Exact name of registrant as specified in its charter)*

**Delaware**

*(State or other jurisdiction of  
incorporation or organization)*

**84-0173305**

*(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**

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  No

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  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

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

**COLORADO INTERSTATE GAS COMPANY, L.L.C. MEETS THE CONDITIONS SET FORTH IN GENERAL INSTRUCTION H(1)(a) AND (b) TO FORM 10-Q AND IS THEREFORE FILING THIS REPORT WITH A REDUCED DISCLOSURE FORMAT.**

**COLORADO INTERSTATE GAS COMPANY, L.L.C. AND SUBSIDIARIES**  
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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 make distributions 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.

See Part I, Item 1A “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2013 (2013 Form 10-K) for a more detailed description of factors that may affect the forward-looking statements. When considering forward-looking statements, one should keep in mind the risk factors described in our 2013 Form 10-K. The risk factors could cause our actual results to differ materially from those contained in any forward-looking statement. Because of these risks and uncertainties, you should not place undue reliance on any forward-looking statement. We disclaim any obligation, other than as required by applicable law, to update the results of any revisions to any forward looking statements to reflect future events or developments.

## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements.

**COLORADO INTERSTATE GAS COMPANY, L.L.C. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME**  
(In Millions)  
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Revenues	\$ 90	\$ 88	\$ 291	\$ 287
Operating Costs and Expenses				
Operations and maintenance	23	21	59	61
Depreciation and amortization	11	11	33	33
General and administrative	5	4	14	15
Taxes, other than income taxes	4	4	15	14
Total Operating Costs and Expenses	43	40	121	123
Operating Income	47	48	170	164
Other Income (Expense)				
Interest expense, net	(16)	(15)	(47)	(46)
Other, net	—	1	1	1
Total Other Income (Expense)	(16)	(14)	(46)	(45)
Net Income	31	34	124	119
Other Comprehensive Income (Loss)				
Adjustments to postretirement benefit plan liabilities	—	1	(1)	1
Comprehensive Income	\$ 31	\$ 35	\$ 123	\$ 120

The accompanying notes are an integral part of these consolidated financial statements.

**COLORADO INTERSTATE GAS COMPANY, L.L.C. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(In Millions)

	September 30, 2014	December 31, 2013
	(Unaudited)	
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ —	\$ —
Accounts receivable	31	36
Inventories	7	8
Regulatory assets	11	9
Natural gas imbalance receivable	2	5
Other current assets	1	3
Total current assets	52	61
Property, plant and equipment, net	1,346	1,367
Note receivable from affiliate	22	33
Deferred charges and other assets	42	44
Total Assets	\$ 1,462	\$ 1,505
<b>LIABILITIES AND MEMBER'S EQUITY</b>		
Current liabilities		
Current portion of debt	\$ 41	\$ 5
Accounts payable	12	17
Accrued interest	11	4
Accrued taxes, other than income	14	15
Regulatory liabilities	8	2
Contractual deposits	5	7
Other current liabilities	5	6
Total current liabilities	96	56
Long-term liabilities and deferred credits		
Long-term debt	609	639
Other long-term liabilities and deferred credits	12	20
Total Liabilities	717	715
Commitments and contingencies (Note 5)		
Member's equity	736	780
Accumulated other comprehensive income	9	10
Total Member's Equity	745	790
Total Liabilities and Member's Equity	\$ 1,462	\$ 1,505

The accompanying notes are an integral part of these consolidated financial statements.

**COLORADO INTERSTATE GAS COMPANY, L.L.C. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In Millions)  
(Unaudited)

	Nine Months Ended September 30,	
	2014	2013
<b>Cash Flows From Operating Activities</b>		
Net Income	\$ 124	\$ 119
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	33	33
Other non-cash items	—	(4)
Changes in components of working capital:		
Accounts receivable	5	4
Regulatory assets	(2)	1
Other current assets, including inventories	6	1
Accounts payable	(2)	2
Accrued interest	7	7
Accrued taxes, other than income	(1)	(1)
Regulatory liabilities	6	(3)
Other current liabilities	(2)	3
Other long-term assets and liabilities	(4)	(1)
Net Cash Provided by Operating Activities	<u>170</u>	<u>161</u>
<b>Cash Flows From Investing Activities</b>		
Capital expenditures	(8)	(14)
Net change in note receivable from affiliate	11	8
Other, net	(1)	3
Net Cash Provided by (Used in) Investing Activities	<u>2</u>	<u>(3)</u>
<b>Cash Flows From Financing Activities</b>		
Payments of debt	(4)	(3)
Distributions to Member	(168)	(156)
Net Cash Used in Financing Activities	<u>(172)</u>	<u>(159)</u>
Net change in Cash and Cash Equivalents	—	(1)
Cash and Cash Equivalents, beginning of period	—	1
Cash and Cash Equivalents, end of period	<u>\$ —</u>	<u>\$ —</u>
<b>Non-Cash Investing Activities</b>		
(Decrease) increase in property, plant and equipment accruals and contractor retainage	\$ (3)	\$ 2

The accompanying notes are an integral part of these consolidated financial statements.

**COLORADO INTERSTATE GAS COMPANY, L.L.C. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF MEMBER'S EQUITY****(In Millions)**  
**(Unaudited)**

December 31, 2012	\$	818
Net income		119
Distributions		(156)
Other comprehensive income		1
September 30, 2013	\$	<u>782</u>
December 31, 2013	\$	790
Net income		124
Distributions		(168)
Other comprehensive loss		(1)
September 30, 2014	\$	<u>745</u>

The accompanying notes are an integral part of these consolidated financial statements.

**COLORADO INTERSTATE GAS COMPANY, L.L.C. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**1. General**

***Organization***

We are a Delaware limited liability company, originally formed in 1927 as a corporation. We are an interstate pipeline system serving the Rocky Mountain Region. Unless the context otherwise requires, references to “us,” “we,” “our,” “ours” or “CIG,” are describing Colorado Interstate Gas Company, L.L.C. and its consolidated subsidiaries. We are wholly owned by El Paso Pipeline Partners Operating Company, L.L.C., a wholly owned subsidiary of El Paso Pipeline Partners, L.P. (EPB), a master limited partnership indirectly controlled by Kinder Morgan, Inc. (KMI).

***Basis of Presentation***

We have prepared our accompanying unaudited consolidated financial statements under the rules and regulations of the United States Securities and Exchange Commission (SEC). These rules and regulations conform to the accounting principles contained in the Financial Accounting Standards Board’s Accounting Standards Codification (the “Codification”), the single source of Generally Accepted Accounting Principles in the United States of America (GAAP) and referred to in this report as the Codification. Under such rules and regulations, we have condensed or omitted certain information and notes normally included in financial statements prepared in conformity with the Codification. We believe, however, that our disclosures are adequate to make the information presented not misleading.

Our accompanying consolidated financial statements reflect normal adjustments, and also recurring adjustments that are, in the opinion of our management, necessary for a fair presentation of our financial results for the interim periods. Certain amounts from prior periods have been reclassified to conform to the current presentation. Interim results are not necessarily indicative of results for a full year; accordingly, you should read these consolidated financial statements in conjunction with our consolidated financial statements and related notes included in our 2013 Form 10-K.

***Recent Developments***

On August 9, 2014, KMI entered into a separate definitive merger agreement with each of Kinder Morgan Energy Partners, L.P. (KMP), Kinder Morgan Management, LLC (KMR) and EPB, pursuant to which KMI will acquire directly or indirectly all of the outstanding common units of KMP and EPB and all of the outstanding shares of KMR that KMI and its subsidiaries do not already own (the “Merger Transactions”). The Merger Transactions are subject to approval of the stockholders, shareholders and unitholders of KMI, KMP, KMR and EPB, as applicable, and are expected to close in the fourth quarter of 2014. On October 22, 2014, EPB, KMR, KMP and KMI each (i) announced November 20, 2014 as the date for the respective special meetings of shareholders or unitholders to vote on the proposals related to the Merger Transactions; and (ii) commenced mailing of proxy materials to the respective shareholders or unitholders. Unitholders and shareholders of record at the close of business on October 20, 2014, will be entitled to vote at the applicable special meeting. After the consummation of the Merger Transactions, KMI, KMP and EPB and substantially all of their wholly owned subsidiaries (including CIG) with debt will enter into cross guarantees with respect to the existing debt of KMI, KMP, EPB and such subsidiaries, so that KMI and those subsidiaries will be liable for the debt of KMI, KMP, EPB and such subsidiaries.



## 2. Debt

We classify our debt based on the contractual maturity dates of the underlying debt instruments. We defer costs associated with debt issuance over the applicable term. These costs are then amortized as interest expense in our Consolidated Statements of Income and Comprehensive Income. The following table summarizes the net carrying value of our outstanding debt (in millions):

	September 30, 2014	December 31, 2013
Senior Notes, 5.95%, due March 2015	\$ 35	\$ 35
Senior Notes, 6.80%, due November 2015	340	340
Senior Debentures, 6.85%, due June 2037	100	100
Other financing obligations	175	169
Total debt and other financing obligations	650	644
Less: Current portion of debt	41	5
Total debt and other financing obligations, less current maturities	<u>\$ 609</u>	<u>\$ 639</u>

### *Debt Covenants*

As of September 30, 2014, we were in compliance with all of our debt covenants. For a further discussion of our debt, see our 2013 Form 10-K.

## 3. Fair Value

The following table reflects the carrying amount and estimated fair value of our financial instruments (in millions):

	September 30, 2014		December 31, 2013	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Total debt, excluding total other financing obligations (a)	\$ 475	\$ 518	\$ 475	\$ 532

- (a) Our other financing obligations were \$175 million and \$169 million as of September 30, 2014 and December 31, 2013, of which \$6 million and \$5 million, respectively, was reported as “Current portion of debt” on our Consolidated Balance Sheets. For a further discussion of our other financing obligations, see our 2013 Form 10-K.

We separate the fair values of our financial instruments into levels based on our assessment of the availability of observable market data and the significance of non-observable data used to determine the estimated fair value. We estimated the above fair values of debt, excluding total other financing obligations, primarily based on quoted market prices for the same or similar issues, a Level 2 fair value measurement. Our assessment and classification of an instrument within a level can change over time based on the maturity or liquidity of the instrument and this change would be reflected at the end of the period in which the change occurs. During the nine months ended September 30, 2014, there were no changes to the inputs and valuation techniques used to measure fair value of these instruments, or the levels in which they were classified.

As of September 30, 2014 and December 31, 2013, the carrying amounts of cash and cash equivalents, accounts receivable and accounts payable represent their fair values based on the short-term nature of these items. The carrying amount of our affiliate note receivable approximates its fair value due to the note being due on demand and the market-based nature of the interest rate.

## 4. Related Party Transactions

### *Affiliate Balances*

We enter into transactions with our affiliates within the ordinary course of business including long-term contracts providing for natural gas transportation services to and from affiliates, and various operating agreements. Such transactions are conducted in accordance with all applicable laws and regulations and on an arms’ length basis consistent with our policies governing such transactions. For a further discussion of our affiliate transactions, see our 2013 Form 10-K.

The following table summarizes our balance sheet affiliate balances (in millions):

	September 30, 2014	December 31, 2013
Natural gas imbalance receivable	\$ 1	\$ 3
Accounts payable	7	6
Natural gas imbalance payable (a)	3	2
Note receivable (b)	22	33
Financing obligations (c)	175	169

- (a) Included in “Other current liabilities” on our Consolidated Balance Sheets.
- (b) We participate in EPB’s cash management program which matches the short-term cash surpluses and needs of participating affiliates, thus minimizing total borrowings from outside sources. EPB uses the cash management program to settle intercompany transactions between participating affiliates. The interest rate on this note is variable and was 1.9% as of September 30, 2014 and December 31, 2013. These amounts are included in “Note receivable from affiliate” on our Consolidated Balance Sheets.
- (c) Represents financing obligations payable to WYCO Development L.L.C. related to Totem Gas Storage Facility and High Plains Pipeline, of which \$6 million and \$5 million, respectively, is included in “Current portion of debt” on our Consolidated Balance Sheets as of September 30, 2014 and December 31, 2013.

The following table shows overall revenues and expenses from our affiliates (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Revenues	\$ —	\$ —	\$ 1	\$ 1
Operations and maintenance	9	10	27	30
General and administrative	5	5	15	15

## 5. Litigation, Environmental and Other Contingencies

We are party to various legal, regulatory and other matters arising from the day-to-day operations of our business that may result in claims against us. Although no assurance can be given, we believe, based on our experiences to date and taking into account established reserves, that the ultimate resolution of such items will not have a material adverse impact on our business, financial position, results of operations or cash flows. We believe we have meritorious defenses to the matters to which we are a party and intend to vigorously defend these matters. When we determine a loss is probable of occurring and is reasonably estimable, we accrue an undiscounted liability for such contingencies based on our best estimate using information available at that time. If the estimated loss is a range of potential outcomes and there is no better estimate within the range, we accrue the amount at the low end of the range. We disclose contingencies where an adverse outcome may be material, or in the judgment of management, we conclude the matter should otherwise be disclosed. We had no accruals for any outstanding legal proceedings as of September 30, 2014 and December 31, 2013.

### *Environmental Matters*

We are subject to environmental cleanup and enforcement actions from time to time. Our operations are subject to federal, state and local laws and regulations relating to protection of the environment. Although we believe our operations are in substantial compliance with applicable environmental law and regulations, risks of additional costs and liabilities are inherent in our operations, and there can be no assurance that we will not incur significant costs and liabilities. Moreover, it is possible that other developments, such as increasingly stringent environmental laws, regulations and enforcement policies under the terms of authority of those laws, and claims for damages to property or persons resulting from operations, could result in substantial costs and liabilities to us.

### *General*

Although it is not possible to predict the ultimate outcomes, we believe that the resolution of the environmental matters, and other matters to which we are a party, will not have a material adverse effect on our business, financial position, results of operations or cash flows. As of September 30, 2014 and December 31, 2013, we had approximately \$2 million accrued for our environmental matters.

***Other Commitments***

We had no material changes to our capital commitments as disclosed in our 2013 Form 10-K.

**6. Accounting for Regulatory Activities*****Regulatory Assets and Liabilities***

Regulatory assets and liabilities represent probable future revenues or expenses associated with certain charges and credits that will be recovered from or refunded to customers through the ratemaking process. Substantially all of our regulatory assets are being recovered as cost of service in our rates over a period of approximately 1 year to 28 years. For a detailed discussion of our regulatory assets and liabilities, see our 2013 Form 10-K.

The following table summarizes our regulatory asset and liability balances (in millions):

	September 30, 2014	December 31, 2013
Current regulatory assets	\$ 11	\$ 9
Non-current regulatory assets (a)	10	12
<b>Total Regulatory Assets</b>	<b>\$ 21</b>	<b>\$ 21</b>
Current regulatory liabilities	\$ 8	\$ 2
Non-current regulatory liabilities (b)	10	10
<b>Total Regulatory Liabilities</b>	<b>\$ 18</b>	<b>\$ 12</b>

(a) Included in “Deferred charges and other assets” on our accompanying Consolidated Balance Sheets.

(b) Included in “Other long-term liabilities and deferred credits” on our accompanying Consolidated Balance Sheets.

***Rates and Regulatory Matter***

In August 2011, the Federal Energy Regulatory Commission approved an uncontested pre-filing settlement of a rate case required under the terms of a previous settlement. The settlement generally provides for (i) our current tariff rates to continue until our next general rate case, which will be effective no later than October 1, 2016, (ii) contract extensions to March 2016, (iii) a revenue sharing mechanism with certain of our customers for certain revenues above annual threshold amounts and (iv) a revenue surcharge mechanism with certain of our customers to charge for certain shortfalls of revenue less than an annual threshold amount.

**7. Recent Accounting Pronouncements*****Accounting Standards Update (ASU) No. 2014-09***

On May 28, 2014, the Financial Accounting Standards Board issued ASU No. 2014-09, “Revenue from Contracts with Customers (Topic 606).” This ASU is designed to create greater comparability for financial statement users across industries and jurisdictions. The provisions of ASU No. 2014-09 include a five-step process by which entities will recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the payment to which an entity expects to be entitled in exchange for those goods or services. The standard also will require enhanced disclosures, provide more comprehensive guidance for transactions such as service revenue and contract modifications, and enhance guidance for multiple-element arrangements. ASU No. 2014-09 will be effective for U.S. public companies for annual reporting periods beginning after December 15, 2016, including interim reporting periods (January 1, 2017 for us). Early adoption is not permitted. We are currently reviewing the effect of ASU No. 2014-09 on our revenue recognition.

## **Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.**

### ***Recent Developments***

On August 9, 2014, KMI entered into a separate definitive merger agreement with each of KMP, KMR and EPB, pursuant to which KMI will acquire directly or indirectly all of the outstanding common units of KMP and EPB and all of the outstanding shares of KMR that KMI and its subsidiaries do not already own (the “Merger Transactions”). The Merger Transactions are subject to approval of the stockholders, shareholders and unitholders of KMI, KMP, KMR and EPB, as applicable, and are expected to close in the fourth quarter of 2014. On October 22, 2014, EPB, KMR, KMP and KMI each (i) announced November 20, 2014 as the date for the respective special meetings of shareholders or unitholders to vote on the proposals related to the Merger Transactions; and (ii) commenced mailing of proxy materials to the respective shareholders or unitholders. Unitholders and shareholders of record at the close of business on October 20, 2014, will be entitled to vote at the applicable special meeting. After the consummation of the Merger Transactions, KMI, KMP and EPB and substantially all of their wholly owned subsidiaries (including CIG) with debt will enter into cross guarantees with respect to the existing debt of KMI, KMP, EPB and such subsidiaries, so that KMI and those subsidiaries will be liable for the debt of KMI, KMP, EPB and such subsidiaries.

### ***General and Basis of Presentation***

The following information should be read in conjunction with (i) our accompanying interim consolidated financial statements and related notes, (ii) our consolidated financial statements and related notes included in our 2013 Form 10-K, and (iii) our management’s discussion and analysis of financial condition and results of operations included in our 2013 Form 10-K. The information required by this Item is presented in a reduced disclosure format pursuant to General Instruction H to Form 10-Q.

### ***Results of Operations***

#### ***Non-GAAP Measures***

The non-GAAP financial measure, earnings before depreciation and amortization (EBDA) before certain items, is presented below under Earnings Results. Certain items are items that are required by GAAP to be reflected in net income, but typically either do not have a cash impact, or by their nature are separately identifiable from our normal business operations and in our view are likely to occur only sporadically.

Our non-GAAP measure described below should not be considered as an alternative to GAAP net income, operating income or any other GAAP measure. EBDA before certain items is not a financial measure in accordance with GAAP and has important limitations as an analytical tool. You should not consider this non-GAAP measure in isolation or as a substitute for an analysis of our results as reported under GAAP. Our EBDA before certain items excludes some but not all items that affect net income and may not be comparable to measures used by other companies. Our management compensates for the limitations of this non-GAAP measure by reviewing our comparable GAAP measures, understanding the differences between the measures and taking this information into account in its analysis and its decision making process.

#### ***Earnings Results***

Our management assesses our earnings performance based on EBDA, which excludes depreciation and amortization, general and administrative expenses and interest expense, net. General and administrative expenses include items such as employee benefits, legal, information technology and other costs that are not controllable by operating management and thus are not included in the measure of performance for which they are accountable. Our management uses EBDA as a measure to assess the operating results and effectiveness of our assets. We believe providing EBDA to our investors is useful because it is the same measure used by management to evaluate our performance and allows investors to evaluate our operating results without regard to our financing methods. EBDA may not be comparable to measures used by other companies. Additionally, EBDA should be considered in conjunction with net income and other GAAP performance measures such as operating income or operating cash flows.

Below are the components of EBDA for the periods presented (in millions):

	Nine Months Ended September 30,	
	2014	2013
Revenues	\$ 291	\$ 287
Operating Expenses		
Operation and maintenance	(59)	(61)
Taxes, other than income taxes	(15)	(14)
Subtotal	(74)	(75)
Other, net	1	1
EBDA	<u>\$ 218</u>	<u>\$ 213</u>

Below is a reconciliation of our EBDA to net income, our throughput volumes and an analysis and discussion of our operating results for the periods presented (in millions, except operating statistics):

	Nine Months Ended September 30,	
	2014	2013
EBDA	\$ 218	\$ 213
Depreciation and amortization	(33)	(33)
General and administrative	(14)	(15)
Interest expense, net	(47)	(46)
Net income	<u>\$ 124</u>	<u>\$ 119</u>
Throughput volumes (Billion British thermal units per day)	<u>2,215</u>	<u>2,185</u>

#### *EBDA*

Our EBDA increased by \$5 million for the nine months ended September 30, 2014 as compared to the same period in 2013. The increase was driven by higher revenues of \$5 million from the High Plains expansion project, which was placed in service in March 2014. We also incurred lower operating expenses of \$3 million due to favorable rates on gas used for system balancing. Partially offsetting these favorable impacts were lower incremental transportation revenues of \$1 million due to the nonrenewal of expiring contracts and the restructuring of certain contracts at lower volumes or discounted rates (the impact of these reduced contract revenues is mitigated by the revenue surcharge mechanism included in our August 2011 rate case settlement, which enables us to make estimated customer billing surcharge accruals with certain customers when realized revenue is less than annual threshold amounts). Additionally, we experienced higher operating expenses of \$3 million primarily due to higher property taxes and field operation and maintenance expenses.

#### *General and Administrative*

Our general and administrative expense was \$1 million lower for the nine months ended September 30, 2014 as compared to the same period in 2013 primarily due to lower rent and insurance expenses.

#### *Rate Case Settlements*

See Item 1. Financial Statements, Note 6 “Accounting for Regulatory Activities” for information related to our rate case settlement.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

Omitted from this report pursuant to the reduced disclosure format permitted by General Instruction H to Form 10-Q.

**Item 4. Controls and Procedures.**

As of September 30, 2014, our management, including our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rule 13a-15(b) under the Securities Exchange Act of 1934. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Based upon and as of the date of the evaluation, our Chief Executive Officer and Chief Financial Officer concluded that the design and operation of our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the reports we file and submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported as and when required, and is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. There has been no change in internal controls over financial reporting during the quarter ended September 30, 2014 that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

## PART II — OTHER INFORMATION

### Item 1. Legal Proceedings.

See Part I, Item 1, Note 5 to our consolidated financial statements entitled “Litigation, Environmental and Other Contingencies,” which is incorporated herein by reference.

### Item 1A. Risk Factors.

There have been no material changes in the risk factors disclosed in Part I, Item 1A in our 2013 Form 10-K. Below are additional risk factors related to the recent announcement of EPB’s proposed merger with KMI.

#### Risks Relating to the Merger Transactions

*Failure to complete, or significant delays in completing, the Merger Transactions could negatively affect the future business and financial results of KMI and EPB, which could in turn have a negative effect on us.*

Completion of the Merger Transactions is not assured and is subject to risks, including the risks that approval of the Merger Transactions by the stockholders, shareholders and unitholders of KMI, KMP, KMR and EPB, as applicable, or by governmental agencies is not obtained or that other closing conditions are not satisfied. If the Merger Transactions are not completed, or if there are significant delays in completing the Merger Transactions, the respective future business and financial results of KMI and EPB could be negatively affected, which could in turn have a negative effect on us.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Omitted from this report pursuant to the reduced disclosure format permitted by General Instruction H to Form 10-Q.

### Item 3. Defaults Upon Senior Securities.

Omitted from this report pursuant to the reduced disclosure format permitted by General Instruction H to Form 10-Q.

### Item 4. Mine Safety Disclosures.

Not applicable.

### Item 5. Other Information.

None.

**Item 6. Exhibits.**

- 3.1\* Certificate of Formation of Colorado Interstate Gas Company, L.L.C., dated August 31, 2011 (incorporated by reference to Exhibit 3.1 to Colorado Interstate Gas Company, L.L.C.'s Annual Report on Form 10-K (File No. 001-04874) for the year ended December 31, 2012, filed with the SEC on March 1, 2013).
- 3.2\* Second Amended and Restated Limited Liability Company Agreement of Colorado Interstate Gas Company, L.L.C. dated May 24, 2012 (incorporated by reference to Exhibit 10.2 to El Paso Pipeline Partners, L.P.'s Current Report on Form 8-K (File No. 001-33825) filed with the SEC on May 24, 2012).
- 31.1 Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1 Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2 Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 101 Interactive data files pursuant to Rule 405 of Regulation S-T: (i) our Consolidated Statements of Income and Comprehensive Income for the three and nine months ended September 30, 2014 and 2013; (ii) our Consolidated Balance Sheets as of September 30, 2014 and December 31, 2013; (iii) our Consolidated Statements of Cash Flows for the nine months ended September 30, 2014 and 2013; (iv) our Consolidated Statements of Member's Equity for the nine months ended September 30, 2014 and 2013; and (v) the notes to our Consolidated Financial Statements.

\* Asterisk indicates exhibit incorporated by reference as indicated; all other exhibits are filed herewith, except as noted otherwise.



**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**COLORADO INTERSTATE GAS COMPANY, L.L.C.**  
Registrant

Date: October 29, 2014

By: /s/ David P. Michels

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David P. Michels

Vice President and Chief Financial Officer  
(principal financial and accounting officer)