

**STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION**

Kinder Morgan Cochin, LLC)
)
Verified Application for issuance of a Certificate) **Docket 08-_____**
in Good Standing pursuant to Section 15-401 of)
the Public Utilities Act to operate as a common)
carrier by pipeline in the State of Illinois.)

**VERIFIED APPLICATION OF KINDER MORGAN COCHIN, LLC
FOR CERTIFICATE IN GOOD STANDING**

To the Illinois Commerce Commission:

Kinder Morgan Cochin, LLC (“KMC”) files this Verified Application requesting issuance of a Certificate in Good Standing, pursuant to §15-401 of the Public Utilities Act (“PUA”), 200 ILCS 5/15-401, to operate as a common carrier by pipeline, and to operate and maintain as a common carrier pipeline, for the transportation of propane, ethane, butane and natural gas liquids, an existing pipeline known as the Cochin Pipeline, as further described herein. In support of its Application, KMC states as follows:

I. Background and Corporate Organization

1. KMC is a limited liability corporation organized and in good standing under the laws of the State of Delaware. **Attachment 1** to this Application is a copy of KMC’s certificate of good standing issued by the Secretary of State of Delaware evidencing that KMC is duly organized and in good standing in the State of Delaware. KMC’s headquarters office is located at 500 Dallas Street, Suite 1000, Houston, Texas 77002.

2. KMC is duly authorized to transact business in the State of Illinois. **Attachment 2** to this Application is a copy of the certificate of authority to transact business in the State of Illinois issued to KMC by the Illinois Secretary of State. As shown thereon, the registered agent of KMC with the Secretary of State is CT Corporation System, 208 South LaSalle St., Suite 814,

Chicago, Illinois 60604. KMC maintains an office in Illinois at 747 East 22nd Street, Lombard, Illinois 60148-5072.

3. KMC is an indirect wholly owned subsidiary of Kinder Morgan Energy Partners, L.P., a publicly-traded limited partnership (New York Stock Exchange symbol “KMP”). KMP, together with its subsidiaries and affiliates, is one of the largest operators in North America of pipeline and terminals transporting and handling crude oil, petroleum products, natural gas, natural gas liquids and carbon dioxide. **Attachment 3** to this Application is a corporate organization chart showing KMC’s relationship to KMP and the other subsidiaries and affiliates of KMP. **Attachment 4** is a map of Canada and the United States showing the major petroleum, natural gas and product pipelines owned and operated by KMP and its subsidiaries and affiliates, including the Cochin Pipeline System (“Cochin” or “Cochin Pipeline”) operated by KMC.

4. On March 20, 2007, KMP acquired all the interests held by subsidiaries of BP p.l.c. in Cochin Pipe Lines Ltd. and Dome Pipeline Corporation (“Dome”). The assets acquired by KMP include the Cochin Pipeline. The Cochin Pipeline consists of approximately 1,900 miles of 12-inch pipeline from Fort Saskatchewan, Alberta, through Saskatchewan, North Dakota, Minnesota, Iowa, Illinois, Indiana, Ohio and Michigan, terminating in southern Ontario. The Cochin Pipeline was formerly operated by Cochin Pipe Lines Ltd. in Canada and by Dome in the U.S. As a result of the March 20, 2007 transaction, Cochin is now operated in Canada by Kinder Morgan Cochin ULC and in the U.S. by KMC.

5. In Docket 57052, the Commission issued a certificate of public convenience and necessity to Dome to construct, operate and maintain the pipeline now known as the Cochin Pipeline to transport liquid hydrocarbons, pursuant to an Order and Certificate of Public Convenience and Necessity issued on July 26, 1972, a Supplemental Order and Certificate of

Public Convenience and Necessity issued on February 27, 1974, and a Second Supplemental Order and Certificate of Public Convenience and Necessity issued on April 21, 1976. As the successor in interest to Dome as the owner and operator of the Cochin Pipeline in Illinois, KMC by this Application seeks a certificate in good standing as a common carrier by pipeline to operate and maintain the Cochin Pipeline as a common carrier pipeline.

II. Detailed Description of the Cochin Pipeline

6. The Cochin Pipeline was originally placed in service in 1977 and 1978 and has been continuously in operation since that date. Cochin is a multi-product pipeline capable of transporting propane, butane, ethane and natural gas liquids from the Western Canadian Sedimentary Basin to the Midwestern U.S. and eastern Canadian petrochemical and fuel markets. The Cochin Pipeline has the capacity to transport 52,000 barrels per day (“bpd”) of propane, ethane, butane or natural gas liquids.

7. As stated in paragraph 4, the Cochin Pipeline consists of approximately 1,900 miles of 12-inch pipeline from extending from Fort Saskatchewan, Alberta, through Saskatchewan, North Dakota, Minnesota, Iowa, Illinois, Indiana, Ohio and Michigan, to southern Ontario. The Cochin Pipeline includes 31 pump stations spaced at approximately 60-mile intervals, and five propane terminals in the United States. The terminals are located at Carrington, North Dakota; Benson, Minnesota; Mankato, Minnesota; New Hampton, Iowa; and Milford, Indiana. There are also three tie-ins to other pipelines located along the route of the Cochin Pipeline in the U.S. **Attachment 5** to this Application is a map of the route of the Cochin Pipeline.

8. The Cochin Pipeline enters Illinois from Iowa by crossing the Mississippi River near Albany, Illinois and crosses Rock Island, Whiteside, Bureau, LaSalle, Grundy, Livingston

and Kankakee Counties before exiting Illinois and entering Indiana near Kankakee, Illinois. The length of the Cochin Pipeline within Illinois is approximately 165 miles.

III. Requirements for Issuance of Certificate in Good Standing

9. Section 15-401(b) of the PUA states that the Commission, after a hearing, “shall grant an application for a certificate authorizing operations as a common carrier by pipeline, in whole or in part, to the extent that it finds the application was properly filed; a public need for the service exists; the applicant is fit, willing and able to provide the service in compliance with [the PUA], Commission regulations, and orders; and the public convenience and necessity requires issuance of the certificate.” As shown herein, KMC meets these requirements with respect to operation of the Cochin Pipeline.

A. A Public Need Exists for the Service Provided by the Cochin Pipeline

10. A public need exists for the transportation services provided by the Cochin Pipeline. In 2007, the Cochin Pipeline transported 2.4 Bcf of propane which was delivered to the Milford, Indiana and Windsor, Ontario terminals located east of Illinois. At present, KMC holds contracts with shippers to transport and deliver 12,000 bpd of propane to customers in Indiana, Ohio, Michigan and Ontario through the Cochin Pipeline. The Cochin Pipeline also delivers propane into both the ONEOK North System Pipeline and the Mapco Pipeline System. Both of these pipeline systems in turn provide propane deliveries into Illinois.

11. The propane transported by the Cochin Pipeline is used by industrial firms in Indiana, Ohio, Michigan and Ontario in the manufacture of products such as ethylene, polyethylene and styrene. These firms support substantial employment, and are a source of economic activity in Illinois, Indiana, Ohio, Michigan and Ontario. Additionally, the propane

transported by the Cochin Pipeline is delivered to wholesalers and distributors for eventual sale to residential and small commercial consumers in Illinois, Indiana, Ohio, Michigan and Ontario.

12. Without continued operation of the Cochin Pipeline, the capacity for deliveries of propane from the Western Canadian Sedimentary Basin to markets in Illinois, Indiana, Ohio, Michigan and eastern Canada would be reduced and there would be insufficient pipeline transportation capacity to meet present demands for this product in these markets.

B. KMC is Fit, Willing and Able to Operate the Cochin Pipeline to Provide Service as a Common Carrier Pipeline

13. KMC is fit, willing and able to operate the Cochin Pipeline to provide service as a common carrier pipeline in compliance with the PUA and regulations and orders of the Commission. KMC has the managerial capabilities and the technical capabilities to operate the Cochin Pipeline in Illinois in a safe and reliable manner, in compliance with all applicable Federal and State regulations. As noted above, KMC is a wholly-owned indirect subsidiary of KMP, which together with its subsidiaries and affiliates is one of the largest owners and operators in North America of pipelines and related facilities for the transportation, storage and delivery of crude oil, petroleum products, natural gas, natural gas liquids and carbon dioxide. KMP owns or operates more than 27,000 miles of pipelines and approximately 145 terminals. Pipelines owned and operated by KMP or its subsidiaries or affiliates that cross and/or terminate in Illinois include the Natural Gas Pipeline Company system, a major transporter of natural gas to gas distribution utilities and end users in Illinois; and the Express-Platte Pipeline system, which delivers crude petroleum from western Canada to Wood River, Illinois. KMP or its subsidiaries or affiliates also operate the Plantation products pipeline in the Southeastern U.S, the Trailblazer natural gas pipeline system in the mid-continent/Rocky Mountain region, and the Rockies Express-West Pipeline from the Cheyenne, Wyoming Hub to Audrain County, Missouri,

among other pipelines. The pipelines operated by KMP and its subsidiaries and affiliates transport more than 2 million bpd of gasoline and other petroleum products and up to 9 million cubic feet per day of natural gas. KMP's terminals have a liquids storage capacity of about 70 million barrels for petroleum products and chemicals. KMP together with its subsidiaries and affiliates have approximately 7,700 employees, collectively possessing extensive experience and expertise in the design, construction, operation and maintenance of the pipeline, terminal and other facilities operated by these companies. As a subsidiary of KMP, the resources, experience and expertise of KMP and its affiliates and other subsidiaries in pipeline operations are fully available to KMC in its operation of the Cochin Pipeline.

14. KMC operations and maintenance personnel are located in various area and field offices along the route of the Cochin Pipeline. Illinois-based Cochin facilities are maintained by approximately 20 electrical, mechanical and right-of-way technicians stationed throughout Iowa, Illinois and Indiana. An office located in Iowa City, Iowa provides engineering support for the entire system, including the Illinois facilities. These operations and maintenance personnel are full-time employees as are the pipeline controllers stationed in Houston, Texas. The BP/Dome employees, who have many years of experience with the Cochin Pipeline System, were retained by KMP following the acquisition. In addition, U.S. Department of Transportation ("DOT")-qualified contract personnel are utilized to perform various maintenance functions including pipeline excavation and repairs, aerial patrols, river inspections, right-of-way mowing and side trimming, cathodic surveys, and major motor and pump repairs. Contract support is also utilized for emergency response activities, and these contractors participate in periodic drills with pipeline employees to ensure the capability for fast response. Emergency responses times are

dependent on several factors, but Cochin Pipeline employees and emergency response contractors are positioned and capable of being on site quickly in the case of an abnormal event.

15. The Cochin Pipeline employs a leak detection program, a Telvent SCADA system and a proprietary batch tracking system. These systems are monitored 24 hours per day, 7 days per week from a manned control room in Houston, Texas. The Cochin Pipeline is operated under DOT and National Energy Board of Canada (“NEB”) regulations and is inspected in accordance with mandated time intervals. The Cochin Pipeline is fully piggable and is inspected with electronic “smart” pigs under KMP’s Integrity Management Program protocols per DOT and NEB requirements. In addition to internal pipeline inspections, the entire right-of-way is patrolled weekly by fixed-wing aircraft. Cochin also participates in all state one-call programs.

16. The Cochin Pipeline operates in the U.S. as an interstate pipeline subject to regulation as to rates by the Federal Energy Regulatory Commission and as to design, construction, safety and operational matters by the Office of Pipeline Safety within the Pipeline Hazardous Materials Safety Administration (“PHMSA”) of the DOT. (To the extent applicable, this Commission has adopted PHMSA’s regulations at 49 C.F.R Parts 191.23, 192 and 199 as this Commission’s pipeline safety regulations, 83 Ill. Admin. Code §590.10.) The Cochin Pipeline has been safely and reliably operated for many years in compliance with PHMSA’s regulations and requirements including during 2007, the first year in which KMC operated the Cochin Pipeline. From a compliance and leak history perspective, KMC had no compliance issues in 2007 and had one small leak in North Dakota on July 17, 2007 that was reported to DOT because of a cost (\$102,306) exceeding the \$50,000 threshold. The Cochin Pipeline is presently operating under a PHMSA Corrective Action Order (“CAO”) issued in 2003, before the 2007 acquisition by KMP, that restricts operating pressure to 900 psig and 825 psig;

however, in 2007, after the acquisition, KMP proposed to operate the Cochin Pipeline at approximately 600 psig until integrity items in the CAO were remediated. In addition, during 2007 KMC experienced two minor vehicular incidents and no employee injuries.

17. KMC and its ultimate parent company, KMP, have substantial financial resources that ensure KMC has and will continue to have the financial capability to operate the Cochin Pipeline in a safe and reliable manner. As of December 31, 2007, KMP had total assets of \$15,177,800,000 and partners' capital of \$4,435,700,000. As of May 31, 2008, KMP had a market capitalization in excess of \$10 billion. For the 12 months ended December 31, 2007, KMP had total operating revenues of \$9,217,700,000 and total net income of \$590,300,000. **Attachment 6** to this Application provides KMP's consolidated balance sheet at December 31, 2007 and consolidated Statement of Income and Statement of Cash Flows for the 12 months ended December 31, 2007. As a result of its sound financial position and performance, KMP is well-positioned to raise additional debt or equity capital as and when needed to support its operations and those of its subsidiaries, both through internal cash generation and, if necessary, by accessing external sources of capital. Further, KMC itself is fully and adequately capitalized and generates significant cash flows. As of December 31, 2007, KMC had total assets of \$196,380,775. For the 12 months ended December 31, 2007, KMC had total operating revenues of \$36,012,403 and net income of \$21,991,060. **Attachment 7** provides KMC's balance sheet at December 31, 2007 and Statement of Income and Statement of Cash Flows for the 12 months ended December 31, 2007.

C. The Public Convenience Requires Issuance of a Certificate in Good Standing to KMC for the Continued Operation of the Cochin Pipeline in Illinois

18. Based on the information set forth in paragraphs 10 through 17 of this Application, the public convenience and necessity requires issuance of a certificate in good

standing to KMC for the continued operation of the Cochin Pipeline as a common carrier pipeline. There is a substantial need for the transportation services provided by the Cochin Pipeline, and industrial and other end user customers in Illinois, Indiana, Ohio, Michigan and Ontario utilize and are dependent, directly or indirectly, on the transportation services provided by Cochin for the delivery of propane from Western Canada to these markets. Further, KMC is fit, willing and able to operate the Cochin Pipeline in Illinois in accordance with regulations and orders of this Commission as well as those of the DOT-PHMSA.

WHEREFORE, Kinder Morgan Cochin, LLC requests issuance of an order by the Commission, pursuant to Section 15-401 of the Public Utilities Act, granting KMC a certificate in good standing to operate as a common carrier by pipeline and to operate and maintain, as a common carrier pipeline, the Cochin Pipeline in the State of Illinois.

Respectfully submitted,

KINDER MORGAN COCHIN, LLC

Dated: June 30, 2008

By 

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Attorneys for Kinder Morgan Cochin, LLC

STATE OF TEXAS)
)
COUNTY OF HARRIS) SS.

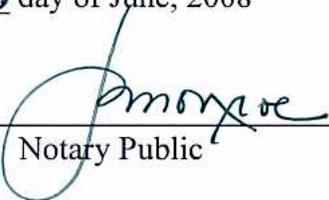
VERIFICATION

Thomas A. Bannigan, on oath, states that he is President of Kinder Morgan Cochin, LLC (“KMC”), the Applicant herein; that he is authorized to make this Verification on behalf of KMC; that he has read the foregoing Application of Kinder Morgan Cochin, LLC for Certificate in Good Standing and is familiar with the contents of said Application; and that the facts said forth in said Application are true and correct to the best of his knowledge, information and belief.

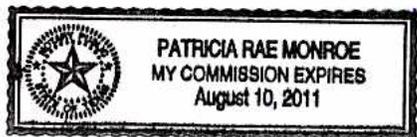


Thomas A. Bannigan

Subscribed and sworn to before me
this 26th day of June, 2008



Notary Public



ATTACHMENT 1

Delaware

PAGE 1

The First State

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "KINDER MORGAN COCHIN LLC" IS DULY FORMED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE TWENTIETH DAY OF JUNE, A.D. 2008.

AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL TAXES HAVE BEEN PAID TO DATE.

0772930 8300

080713428



Harriet Smith Windsor

Harriet Smith Windsor, Secretary of State

AUTHENTICATION: 6675852

DATE: 06-20-08

You may verify this certificate online
at corp.delaware.gov/authver.shtml

ATTACHMENT 2



OFFICE OF THE SECRETARY OF STATE

JESSE WHITE • Secretary of State

APRIL 16, 2007

0217601-7

C T CORPORATION SYSTEM
208 SO LASALLE ST, SUITE 814
CHICAGO, IL 60604-1101

RE KINDER MORGAN COCHIN LLC

DEAR SIR OR MADAM:

IT IS OUR PLEASURE TO APPROVE YOUR REQUEST TO TRANSACT BUSINESS IN THE STATE OF ILLINOIS. ENCLOSED PLEASE FIND AN APPROVED APPLICATION OF ADMISSION.

THE LIMITED LIABILITY COMPANY MUST FILE AN ANNUAL REPORT PRIOR TO THE FIRST DAY OF ITS ANNIVERSARY MONTH (MONTH OF QUALIFICATION) NEXT YEAR. A PRE-PRINTED ANNUAL REPORT FORM WILL BE SENT TO THE REGISTERED AGENT AT THE ADDRESS SHOWN ON THE RECORDS OF THIS OFFICE APPROXIMATELY 60 DAYS PRIOR TO ITS ANNIVERSARY MONTH.

SINCERELY YOURS,

A handwritten signature in black ink that reads "Jesse White".

JESSE WHITE
SECRETARY OF STATE

DEPARTMENT OF BUSINESS SERVICES
LIMITED LIABILITY COMPANY DIVISION
TELEPHONE (217)524-8008

JW:LLC

Form **LLC-45.5**

December 2004

Secretary of State Jesse White
 Department of Business Services
 Limited Liability Division
 Room 351 Howlett Building
 501 S. Second St.
 Springfield, IL 62756
 www.cyberdriveillinois.com

Payment must be made by certified check, cashier's check, Illinois attorney's C.P.A.'s check or money order payable to Secretary of State.

Illinois
Limited Liability Company Act
 Application for Admission to Transact Business

FILE# 0217601-7

This space for use by Secretary of State.

SUBMIT IN DUPLICATE

Must be typewritten

This space for use by Secretary of State.

Filing Fee: \$ 500

Penalty: \$

Approved: JL

FILED
APR 16 2007
 JESSE WHITE
 SECRETARY OF STATE

- Limited Liability Company name: Kinder Morgan Cochin LLC
 Must comply with Section 1-10 of ILLCA or Item 2 below applies.
- Assumed name, other than the true company name, under which the company proposes to transact business in Illinois:

 If applicable, form LLC-1.20, Application to Adopt an Assumed Name, must be completed and attached to this application.
- Jurisdiction of organization: Delaware
- Date of organization: 3/1/07
- Period of duration: Perpetual
- Address, including county, of the office required to be maintained in the jurisdiction of its organization or, if not required, of the principal place of business (P.O. Box alone or c/o is unacceptable):
500 Dallas Street, Suite 1000

Number	Street	Suite #

Houston, TX 77002 Harris

City/State	ZIP Code	County
- Registered agent: C T Corporation System

First Name	Middle Name	Last Name

 Registered office: 208 S. LaSalle Street, Suite 814
 (P.O. Box alone or c/o is unacceptable.)

Number	Street	Suite #

City	County	Illinois	ZIP Code
Chicago	Cook		60604
- If applicable, date on which the company first did business in Illinois: Upon Qualification

(continued on back page)

LLC-45.5

9. Purpose or purposes for which the company is organized and proposes to conduct business in Illinois: (Include the Business Code # from IRS Form 1065.)

To engage in any and all lawful purposes for which limited liability companies may be organized under the Delaware Limited Liability Company Act and as permitted under the Illinois Limited Liability Company Act.

10. The Limited Liability Company:
 is managed by a manager or managers
 has management vested in the member or members
11. The Illinois Secretary of State is, hereby, appointed the agent of the Limited Liability Company for service of process under the circumstances set forth in subsection (b) of Section 1-50 of the Illinois Limited Liability Company Act.
12. This application is accompanied by a Certificate of Good Standing or Existence, as well as a copy of the Articles of Organization, as amended, duly authenticated within the last 60 days, by the officer of the state or country wherein the LLC is formed.
13. If the period of duration is a date certain and is not stated in the Articles of Organization from the domestic state, a copy of that page from the Operating Agreement stating the date also must be submitted.
14. The undersigned affirms, under penalties of perjury, having authority to sign hereto, that this application for admission to transact business is to the best of my knowledge and belief, true, correct and complete.

Dated April 12, 2007
Month/Day Year

Joseph Listengart
Signature (Must comply with Section 5-45 of ILCA.)

Member: Kinder Morgan Operating L.P. "A" -- VICE PRESIDENT
Name and Title (type or print)

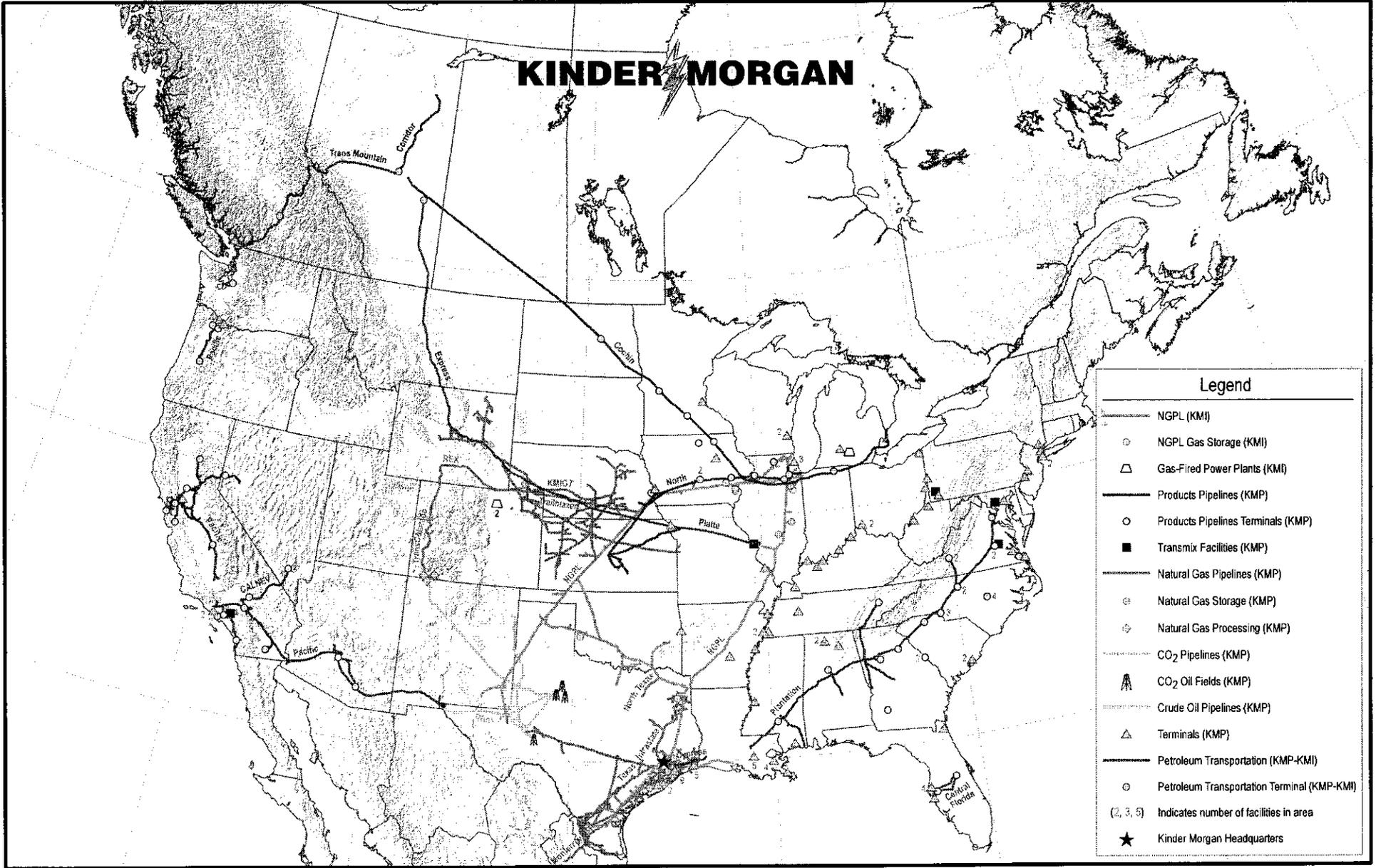
by Kinder Morgan G.P., Inc., general partner

If applicant is a company or other entity, state name of company and indicate whether it is a member or manager of the LLC. Please refer to Sections 178.20(d) of the Administrative Rules.

ATTACHMENT 3

ATTACHMENT 4

KINDER MORGAN



Legend

- NGPL (KMI)
- NGPL Gas Storage (KMI)
- △ Gas-Fired Power Plants (KMI)
- Products Pipelines (KMP)
- Products Pipelines Terminals (KMP)
- Transmix Facilities (KMP)
- Natural Gas Pipelines (KMP)
- ⊕ Natural Gas Storage (KMP)
- ◇ Natural Gas Processing (KMP)
- CO₂ Pipelines (KMP)
- ⚡ CO₂ Oil Fields (KMP)
- Crude Oil Pipelines (KMP)
- △ Terminals (KMP)
- Petroleum Transportation (KMP-KMI)
- Petroleum Transportation Terminal (KMP-KMI)
- (2, 3, 5) Indicates number of facilities in area
- ★ Kinder Morgan Headquarters

ATTACHMENT 5

ATTACHMENT 6

KINDER MORGAN ENERGY PARTNERS, L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

	<u>Year Ended December 31,</u>		
	<u>2007</u>	<u>2006</u>	<u>2005</u>
	<u>(In millions except per unit amounts)</u>		
Revenues			
Natural gas sales.....	\$ 5,834.7	\$ 6,039.9	\$ 7,198.5
Services.....	2,449.2	2,177.6	1,810.5
Product sales and other.....	933.8	831.2	736.9
	<u>9,217.7</u>	<u>9,048.7</u>	<u>9,745.9</u>
Costs, Expenses and Other			
Gas purchases and other costs of sales.....	5,809.8	5,990.9	7,167.3
Operations and maintenance.....	1,024.6	777.0	719.5
Fuel and power.....	237.5	223.7	178.5
Depreciation, depletion and amortization.....	540.0	423.9	341.6
General and administrative.....	278.7	238.4	216.7
Taxes, other than income taxes.....	153.8	134.4	106.5
Goodwill impairment expense.....	377.1	—	—
Other expense (income).....	(11.5)	(31.2)	—
	<u>8,410.0</u>	<u>7,757.1</u>	<u>8,730.1</u>
Operating Income.....	807.7	1,291.6	1,015.8
Other Income (Expense)			
Earnings from equity investments.....	69.7	74.0	89.6
Amortization of excess cost of equity investments.....	(5.8)	(5.6)	(5.5)
Interest, net.....	(391.4)	(337.8)	(259.0)
Other, net.....	14.2	12.0	3.3
Minority Interest.....	(7.0)	(15.4)	(7.3)
Income from Continuing Operations Before Income Taxes.....	487.4	1,018.8	836.9
Income Taxes.....	(71.0)	(29.0)	(24.5)
Income from Continuing Operations.....	416.4	989.8	812.4
Discontinued Operations:			
Income (loss) from operations of North System.....	21.1	14.3	(0.2)
Gain on disposal of North System.....	152.8	—	—
Income (loss) from Discontinued Operations.....	173.9	14.3	(0.2)
Net Income.....	<u>\$ 590.3</u>	<u>\$ 1,004.1</u>	<u>\$ 812.2</u>
Calculation of Limited Partners' interest in Net Income (loss):			
Income from Continuing Operations.....	\$ 416.4	\$ 989.8	\$ 812.4
Less: General Partner's interest.....	(609.9)	(513.2)	(477.3)
Limited Partners' interest.....	(193.5)	476.6	335.1
Add: Limited Partners' interest in Discontinued Operations.....	172.2	14.2	(0.2)
Limited Partners' interest in Net Income (loss).....	<u>\$ (21.3)</u>	<u>\$ 490.8</u>	<u>\$ 334.9</u>
Basic Limited Partners' Net Income (loss) per Unit:			
Income (loss) from Continuing Operations.....	\$ (0.82)	\$ 2.12	\$ 1.58
Income from Discontinued Operations.....	0.73	0.07	—
Net Income (loss).....	<u>\$ (0.09)</u>	<u>\$ 2.19</u>	<u>\$ 1.58</u>
Weighted average number of units outstanding.....	<u>236.9</u>	<u>224.6</u>	<u>212.2</u>
Diluted Limited Partners' Net Income (loss) per Unit:			
Income (loss) from Continuing Operations.....	\$ (0.82)	\$ 2.12	\$ 1.58
Income from Discontinued Operations.....	0.73	0.06	—
Net Income (loss).....	<u>\$ (0.09)</u>	<u>\$ 2.18</u>	<u>\$ 1.58</u>
Weighted average number of units outstanding.....	<u>236.9</u>	<u>224.9</u>	<u>212.4</u>
Per unit cash distribution declared.....	<u>\$ 3.48</u>	<u>\$ 3.26</u>	<u>\$ 3.13</u>

KINDER MORGAN ENERGY PARTNERS, L.P. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	<u>December 31,</u>	
	<u>2007</u>	<u>2006</u>
	(Dollars in millions)	
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 58.9	\$ 6.7
Restricted deposits	67.9	—
Accounts, notes and interest receivable, net		
Trade	960.2	854.7
Related parties	3.6	7.9
Inventories		
Products	19.5	20.4
Materials and supplies	18.3	16.6
Gas imbalances		
Trade	21.2	7.8
Related parties	5.7	11.6
Other current assets	54.4	111.1
	<u>1,209.7</u>	<u>1,036.8</u>
Property, Plant and Equipment, net	11,591.3	10,106.1
Investments	655.4	426.3
Notes receivable		
Trade	0.1	1.2
Related parties	87.9	96.2
Goodwill	1,077.8	1,421.0
Other intangibles, net	238.6	213.2
Deferred charges and other assets	317.0	241.4
Total Assets	<u>\$15,177.8</u>	<u>\$13,542.2</u>
LIABILITIES AND PARTNERS' CAPITAL		
Current Liabilities		
Accounts payable		
Cash book overdrafts	\$ 19.0	\$ 46.2
Trade	926.7	784.1
Related parties	22.6	203.3
Current portion of long-term debt	610.2	1,359.1
Accrued interest	131.2	83.7
Accrued taxes	73.8	35.4
Deferred revenues	22.8	20.0
Gas imbalances		
Trade	23.7	15.9
Related parties	—	—
Accrued other current liabilities	728.3	589.6
	<u>2,558.3</u>	<u>3,137.3</u>
Long-Term Liabilities and Deferred Credits		
Long-term debt		
Outstanding	6,455.9	4,384.3
Value of interest rate swaps	152.2	42.6
	<u>6,608.1</u>	<u>4,426.9</u>
Deferred revenues	14.2	18.8
Deferred income taxes	202.4	185.2
Asset retirement obligations	50.8	48.9
Other long-term liabilities and deferred credits	1,254.1	716.6
	<u>8,129.6</u>	<u>5,396.4</u>
Commitments and Contingencies (Notes 13 and 16)		
Minority Interest	54.2	60.2
Partners' Capital		
Common Units (170,220,396 and 162,816,303 units issued and outstanding as of December 31, 2007 and 2006, respectively) ..	3,048.4	3,414.9
Class B Units (5,313,400 and 5,313,400 units issued and outstanding as of December 31, 2007 and 2006, respectively) ..	102.0	126.1
i-Units (72,432,482 and 62,301,676 units issued and outstanding as of December 31, 2007 and 2006, respectively) ..	2,400.8	2,154.2
General Partner	161.1	119.2
Accumulated other comprehensive loss	(1,276.6)	(866.1)
	<u>4,435.7</u>	<u>4,948.3</u>
Total Liabilities and Partners' Capital	<u>\$15,177.8</u>	<u>\$13,542.2</u>

KINDER MORGAN ENERGY PARTNERS, L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
	<u>2007</u>	<u>2006</u>	<u>2005</u>
	(In millions)		
Cash Flows From Operating Activities			
Net income	\$ 590.3	\$ 1,004.1	\$ 812.2
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, depletion and amortization.....	547.0	432.8	349.8
Amortization of excess cost of equity investments	5.8	5.7	5.6
Impairment of goodwill.....	377.1	—	—
Gains and other non-cash income from the sale of property, plant and equipment	(162.5)	(15.2)	(0.5)
Gains from property casualty indemnifications.....	(1.8)	(15.2)	—
Earnings from equity investments.....	(71.5)	(76.2)	(91.7)
Distributions from equity investments	104.1	67.9	63.1
Changes in components of working capital:			
Accounts receivable	92.6	15.8	(240.7)
Other current assets	3.9	13.8	(14.1)
Inventories.....	(6.9)	0.9	(13.5)
Accounts payable	(79.7)	(48.8)	294.9
Accrued interest	47.3	8.0	17.9
Accrued liabilities	(9.5)	(10.6)	4.5
Accrued taxes.....	40.7	14.2	(2.3)
Rate reparations, refunds and other litigation reserve adjustments	140.0	(19.1)	105.0
Other, net.....	124.9	(14.2)	(0.8)
Net Cash Provided by Operating Activities	<u>1,741.8</u>	<u>1,363.9</u>	<u>1,289.4</u>
Cash Flows From Investing Activities			
Acquisitions of assets and equity investments	(713.3)	(387.2)	(307.8)
Additions to property, plant and equip. for expansion and maintenance projects	(1,691.6)	(1,182.1)	(863.1)
Sale of property, plant and equipment, and other net assets net of removal costs	302.6	70.8	9.9
Property casualty indemnifications	8.0	13.1	—
Net proceeds from (Investments in) margin deposits	(70.2)	2.3	—
Contributions to equity investments.....	(276.1)	(2.5)	(1.2)
Natural gas stored underground and natural gas liquids line-fill	12.3	(12.9)	(18.7)
Other	(0.2)	(3.4)	(0.2)
Net Cash Used in Investing Activities.....	<u>(2,428.5)</u>	<u>(1,501.9)</u>	<u>(1,181.1)</u>
Cash Flows From Financing Activities			
Issuance of debt.....	7,686.1	4,632.5	4,900.9
Payment of debt	(6,409.3)	(3,698.7)	(4,463.2)
Repayments from (Loans to) related party	4.4	1.1	2.1
Debt issue costs.....	(13.8)	(2.0)	(6.0)
Increase (Decrease) in cash book overdrafts	(27.2)	15.8	0.6
Proceeds from issuance of common units	342.9	248.4	415.6
Proceeds from issuance of i-units.....	297.9	—	—
Contributions from minority interest.....	8.9	109.8	7.8
Distributions to partners:			
Common units.....	(552.6)	(512.1)	(460.6)
Class B units	(18.0)	(17.2)	(16.3)
General Partner	(567.7)	(523.2)	(460.9)
Minority interest.....	(16.0)	(119.0)	(12.1)
Other, net.....	0.1	(3.0)	(3.9)
Net Cash Provided by (Used in) Financing Activities.....	<u>735.7</u>	<u>132.4</u>	<u>(96.0)</u>
Effect of exchange rate changes on cash and cash equivalents	3.2	0.2	(0.2)
Increase (Decrease) in Cash and Cash Equivalents.....	52.2	(5.4)	12.1
Cash and Cash Equivalents, beginning of year	6.7	12.1	—
Cash and Cash Equivalents, end of year	<u>\$ 58.9</u>	<u>\$ 6.7</u>	<u>\$ 12.1</u>

KINDER MORGAN ENERGY PARTNERS, L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

	<u>Year Ended December 31,</u>		
	<u>2007</u>	<u>2006</u>	<u>2005</u>
	(In millions)		
Noncash Investing and Financing Activities:			
Contribution of net assets to partnership investments	\$ —	\$ 17.0	\$ —
Assets acquired by the issuance of units	15.0	1.6	49.6
Assets acquired by the assumption or incurrence of liabilities	19.7	6.1	76.6
Assets acquired by the transfer of Trans Mountain	—	1,199.5	—
Liabilities assumed by the transfer of Trans Mountain	—	282.5	—
Related party asset settlements with Knight	276.2	—	—
Related party liability settlements with Knight	556.6	—	—
Supplemental disclosures of cash flow information:			
Cash paid during the year for interest (net of capitalized interest)	336.0	329.2	245.6
Cash paid during the year for income taxes	6.2	25.6	7.3

ATTACHMENT 7

KMP - Products Pipelines - Cochin Pipeline System
 Consolidating Segment Income Statement - By Legal Entity
 For the Twelve Months Ended December 31, 2007

	0010 04300081 OLPA	0010 0458 Cochin Pipeline LLC	Consolidated USA Cochin Pipeline
Revenues			
Natural Gas Sales	\$ -	\$ -	\$ -
Services	5,142,941.45	36,012,403.50	41,155,344.95
Product Sales and Other	-	-	-
Total Revenues	5,142,941.45	36,012,403.50	41,155,344.95
Cost of Sales	-	804,962.53	804,962.53
Gross Margin	5,142,941.45	35,207,440.97	40,350,382.42
Operating Expenses			
O&M / G&A - Labor	287,223.40	2,776,806.95	3,064,030.35
O&M / G&A - Alloc. Payroll Taxes	-	-	-
O&M / G&A - Fuel & Power	80,654.21	1,932,115.61	2,012,769.82
O&M / G&A - Field Non-Labor	1,970,939.01	6,790,093.90	8,761,032.91
	2,338,816.62	11,499,016.46	13,837,833.08
General & Administrative-Other		(215,312.16)	(215,312.16)
Deprec., Depletion and Amortization	3,684,912.30	923,182.92	4,608,095.22
Taxes Other Than Income	105,343.00	1,301,173.64	1,406,516.64
Other income (expense)	-	-	-
Net Operating Income	(986,130.47)	21,699,380.11	20,713,249.64
Other Income and Expenses			
Equity in Consolidated Affiliates	-	-	-
Equity in Nonconsolidating Invests.	-	-	-
Amort. of Excess Investment Costs	-	-	-
Interest Expense	-	-	-
AFUDC Expense	-	(31,132.82)	(31,132.82)
Minority Interest Expense	-	-	-
Interest Income	-	259,478.51	259,478.51
Other Income	-	1,068.47	1,068.47
Other Expense	-	-	-
Total Other	-	291,679.80	291,679.80
Income Before Taxes	(986,130.47)	21,991,059.91	21,004,929.44
Total Income Taxes	-	-	-
Income Before Change in Acctg. Principle	(986,130.47)	21,991,059.91	21,004,929.44
Change in Accounting Principle-Inc/(Exp)	-	-	-
Net Income	\$ (986,130.47)	\$ 21,991,059.91	\$ 21,004,929.44

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Kinder Morgan Operating L.P. "A"
 Consolidating Balance Sheet by Location p. 2 of 2
 At December 31, 2007

	Cochin Pipeline System - U.S.	Kinder Morgan Cochin LLC	Final Cochin
Cash and Cash Equivalents	\$ 389.95	\$ -	\$ 389.95
Accounts Receivable-Trade	(286,212.86)	7,537,701.65	7,251,488.79
Accounts Receivable-Allowance	-	-	-
Accounts Receivable-Related Parties	-	3,081,422.42	3,081,422.42
Notes Receivable-Trade	-	-	-
Notes Receivable-Related Parties	-	-	-
Inventories-Products	-	1,782,621.36	1,782,621.36
Inventories-Materials and Supplies	-	-	-
Gas In Underground Storage	-	-	-
Prepayments	-	604,257.00	604,257.00
Interest and Dividend Receivables	-	-	-
Interest and Dividend Receiv-Related Parties	-	38,565.20	38,565.20
Exchange Gas Receivables	-	-	-
Exchange Gas Receivables-Related Parties	-	-	-
OCA-MTM Valuations	-	-	-
Other Current Assets	-	-	-
Total Current Assets	(285,822.91)	13,244,567.63	12,958,744.72
Property, Plant and Equipment	154,964,261.06	30,800,956.22	185,844,937.28
Accum. Deprec, Depletion and Amort.	(19,974,943.83)	(823,182.92)	(20,898,126.85)
Property, Plant and Equipment, net	134,989,317.13	29,977,773.30	164,946,810.43
Equity Investments in Affiliates	-	-	-
Other Investments and Funds	-	-	-
Goodwill	-	-	-
Other Intangibles	-	-	-
Notes Receivable-Trade	-	-	-
Notes Receivable-Related Parties	-	11,000,361.71	11,000,361.71
Unamortized Debt Issuance Costs	-	-	-
Deferred Charges-MTM Valuations	-	-	-
Other Long Term Assets	-	-	-
Other Deferred Charges	586,454.06	6,888,403.79	7,474,857.85
Total Assets	\$ 135,289,968.28	\$ 61,090,806.43	\$ 196,380,774.71
Accounts Payable-Trade	\$ 1,961,642.68	10,204,440.52	12,166,083.20
Accounts Payable-Related Parties	-	2,373,800.48	2,373,800.48
Commercial Paper	-	-	-
Notes Payable-Trade	-	-	-
Notes Payable-Related Parties	-	-	-
Current Maturities of Long-Term Debt	-	-	-
Accrued Taxes	420,317.36	1,199,333.51	1,619,650.87
Accrued Interest-Trade	-	-	-
Accrued Interest-Related Parties	-	-	-
Exchange Gas Payable	-	-	-
Dividends Payable-Trade	-	-	-
Dividends Payable-Related Parties	-	-	-
OCL-MTM Valuations	-	-	-
OCL-ARO	-	-	-
OCL-Deferred Revenues	-	-	-
Other Current Liabilities	-	0.01	0.01
Total Current Liabilities	2,381,960.04	13,777,574.52	16,159,534.56
Debt:	-	-	-
Bonds Payable	-	-	-
Unamort. Discount on L-T Debt	-	-	-
Commercial Paper	-	-	-
Market Value of Interest Rate Swaps	-	-	-
Debt-Trade	-	-	-
Debt-Related Parties	-	-	-
Total Debt	-	-	-
Deferred Income Tax Credits	-	-	-
Deferred Credits-MTM Valuations	-	-	-
Deferred Credits-ARO	-	-	-
Deferred Credits-Def Revenues	-	-	-
Other Deferred Credits	-	-	-
Total Other Liabilities	-	-	-
Total Liabilities	2,381,960.04	13,777,574.52	16,159,534.56
Minority Interest	-	-	-
Unallocated Capital by Location	132,908,008.24	-	132,908,008.24
Additional Paid-in Capital	-	25,322,172.00	25,322,172.00
Retained Earnings	-	21,991,059.91	21,991,059.91
Accum. Other Comprehensive Inc/(Loss)	-	-	-
Partners Capital-KM Energy Partners, LP	-	-	-
Partners Capital-Kinder Morgan GP, Inc.	-	-	-
Total Capital	132,908,008.24	47,313,231.91	180,221,240.15
Total Liabilities and Capital	\$ 135,289,968.28	\$ 61,090,806.43	\$ 196,380,774.71

Kinder Morgan Operating L.P. "A"
 FERC Form 6 Statement of Cash Flows
 For the Twelve Months Ended December 31, 2007

	Cochin Pipeline System - U.S.	0010 0458 Kinder Morgan Cochin LLC	Final Cochin
Cash Flow from Operating Activities:			
Net Income	\$ (986,130.47)	\$ 21,991,059.91	\$ 21,004,929.44
Add Back Non-Cash Expenses:			
Change in Accounting Principle-(Inc)/Exp	-	-	-
Depreciation, Depletion and Amort of PP&E	3,684,912.30	923,182.92	4,608,095.22
Debt Discount Amort (Interest) Expense	-	-	-
Debt Issuance Amort (Interest) Expense	-	-	-
Minority Interest Expense	-	-	-
Subtotal	2,698,781.83	22,914,242.83	25,613,024.66
Working Capital Items:			
Accounts Receivable-Trade	2,424,750.32	(7,537,701.65)	(5,112,951.33)
Accounts Receivable-Related Parties	-	(3,081,422.42)	(3,081,422.42)
Inventories-Products	-	(1,782,621.36)	(1,782,621.36)
S-T Prepymts-Gas Storage Advances	-	(804,257.00)	(804,257.00)
S-T Prepymts-Other	(0.04)	-	(0.04)
OCA-Interest & Dividend Receiv-Related Parties	-	(38,565.20)	(38,565.20)
OCA-Misc-Other	0.01	-	0.01
Accounts Payable-Trade	962,156.16	10,204,440.52	11,166,596.68
Accounts Payable-Related Parties	-	2,373,800.48	2,373,800.48
Accrued Taxes	105,293.00	1,199,333.51	1,304,626.51
OCL-Customer Advs for Construction	-	0.01	0.01
Subtotal-Working Capital Items	3,492,199.45	533,006.89	4,025,206.34
Def Chrgs-LT Prepymts-Insurance	0.04	-	0.04
Def Chrgs-LT Prepymts-All Other Items	-	(35,986.00)	(35,986.00)
Def Chrgs-Misc-Third Party Billings	-	(6,820,889.72)	(6,820,889.72)
Def Chrgs-Misc-Misc, net of Amort Exp	(0.20)	(31,528.07)	(31,528.27)
Net Balancing Amount	(5,410,866.02)	-	(5,410,866.02)
Equity-OCI Other Comprehensive Income	-	-	-
Net Cash Flow from Operating Activities:	780,115.10	16,558,845.93	17,338,961.03
PP&E Cost-Transfers (Carrier)	-	(1,194,048.02)	(1,194,048.02)
PP&E Cost-Adjustments (Non-Carrier)	(372.82)	-	(372.82)
PP&E Cost-Adjustments (Carrier)	372.82	-	372.82
Additions to Fixed Assets-Capex	(780,115.10)	(29,686,608.20)	(30,466,723.30)
Net Cash Flow from Investing Activities	(780,115.10)	(30,880,656.22)	(31,660,771.32)
Notes Receivable-Related Parties	-	(11,000,361.71)	(11,000,361.71)
PIC-Contributions-Issuance	-	25,322,172.00	25,322,172.00
Net Cash Flow from Financing Activities	-	14,321,810.29	14,321,810.29
Net Increase (Decrease) in Cash	-	-	-
Cash and Equivalents at Beginning of Period	389.95	-	389.95

Kinder Morgan Operating L.P. "A"
 FERC Form 6 Statement of Cash Flows
 For the Twelve Months Ended December 31, 2007

	Cochin Pipeline System - U.S.	0010 0458 Kinder Morgan Cochin LLC	Final Cochin
Cash and Equivalents at End of Period	<u>\$ 389.95</u>	-	<u>389.95</u>
		<u>\$</u>	<u>-</u>
		-	<u>\$</u>
			<u>-</u>

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