

The East Ohio Gas Company
Consolidated Financial Statements
(Unaudited)

Quarter Ended September 30, 2021

The East Ohio Gas Company

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GLOSSARY OF TERMS

The following abbreviations or acronyms used in this document are defined below:

Abbreviation or Acronym	Definition
2017 Tax Reform Act	An Act to Provide for Reconciliation Pursuant to Titles II and V of the Concurrent Resolution on the Budget for Fiscal Year 2018 (previously known as the Tax Cuts and Jobs Act) enacted on December 22, 2017
AFUDC	Allowance for funds used during construction
ARO	Asset retirement obligation
CEP	Capital Expenditure Program, as established by House Bill 95, Ohio legislation enacted in 2011, deployed by East Ohio to recover certain costs associated with capital investment
DES	Dominion Energy Services, Inc.
DETI	Eastern Gas Transmission and Storage, Inc. (formerly known as Dominion Energy Transmission, Inc.), a subsidiary of Berkshire Hathaway Energy Company effective November 2020 (previously a subsidiary of Dominion Energy)
Dominion Energy	The legal entity, Dominion Energy, Inc., one or more of its consolidated subsidiaries (other than East Ohio) or operating segments, or the entirety of Dominion Energy, Inc. and its consolidated subsidiaries
Dominion Energy Gas	The legal entity, Eastern Energy Gas Holding, LLC (formerly known as Dominion Energy Gas Holdings, LLC), a wholly-owned subsidiary of Berkshire Hathaway Energy Company effective November 2020 (previously a wholly-owned subsidiary of Dominion Energy), one or more of its consolidated subsidiaries, or the entirety of Eastern Energy Gas Holding, LLC and its consolidated subsidiaries
DSM	Demand-side management
East Ohio	The East Ohio Gas Company, doing business as Dominion Energy Ohio, its consolidated subsidiary or the entirety of The East Ohio Gas Company and its consolidated subsidiary
GAAP	U.S. generally accepted accounting principles
IRCA	Intercompany revolving credit agreement
Ohio Commission	Public Utilities Commission of Ohio
PIPP	Percentage of Income Payment Plan
PIR	Pipeline Infrastructure Replacement program deployed by East Ohio
UEX Rider	Uncollectible Expense Rider deployed by East Ohio
VIE	Variable interest entity

The East Ohio Gas Company
Consolidated Statements of Income
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
(millions)				
Operating Revenue⁽¹⁾	\$ 190.4	\$ 148.9	\$ 661.0	\$ 551.7
Operating Expenses				
Purchased gas ⁽¹⁾	4.3	3.3	50.8	44.4
Other operations and maintenance ⁽¹⁾	55.9	52.6	189.1	185.2
Depreciation and amortization	31.9	22.1	90.8	67.1
Other taxes	32.9	22.9	113.5	91.6
Total operating expenses	<u>125.0</u>	<u>100.9</u>	<u>444.2</u>	<u>388.3</u>
Income from operations	65.4	48.0	216.8	163.4
Other income	25.8	21.4	76.6	65.5
Interest and related charges ⁽¹⁾	6.2	(3.9)	12.8	3.5
Income from operations before income tax expense	85.0	73.3	280.6	225.4
Income tax expense	9.6	7.9	40.1	31.0
Net income	<u>\$ 75.4</u>	<u>\$ 65.4</u>	<u>\$ 240.5</u>	<u>\$ 194.4</u>

(1) See Note 11 for amounts attributable to related parties.

The accompanying notes are an integral part of East Ohio's Consolidated Financial Statements.

The East Ohio Gas Company
Consolidated Balance Sheets
(Unaudited)

(millions)	<u>September 30, 2021</u>	<u>December 31, 2020⁽¹⁾</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 4.5	\$ 4.5
Customer receivables (less allowance for doubtful accounts of \$1.3 million and \$0.8 million)	142.2	216.3
Other receivables (less allowance for doubtful accounts of \$1.3 million and \$1.1 million)	4.6	7.8
Affiliated receivables	0.9	9.7
Prepayments	22.1	80.9
Inventories	59.2	30.8
Regulatory assets	54.4	50.7
Other	1.3	0.7
Total current assets	<u>289.2</u>	<u>401.4</u>
Property, Plant and Equipment		
Property, plant and equipment	5,608.1	5,397.0
Accumulated depreciation and amortization	(1,151.0)	(1,119.5)
Total property, plant and equipment, net	<u>4,457.1</u>	<u>4,277.5</u>
Deferred Charges and Other Assets		
Pension and other postretirement benefit assets ⁽²⁾	1,538.9	1,441.2
Regulatory assets	650.4	628.0
Other	66.7	69.5
Total deferred charges and other assets	<u>2,256.0</u>	<u>2,138.7</u>
Total assets	<u>\$ 7,002.3</u>	<u>\$ 6,817.6</u>

(1) East Ohio's Balance Sheet at December 31, 2020 has been derived from the audited Balance Sheet at that date.

(2) See Note 11 for amounts attributable to related parties.

The accompanying notes are an integral part of East Ohio's Consolidated Financial Statements.

The East Ohio Gas Company
Consolidated Balance Sheets (continued)
(Unaudited)

(millions)	September 30, 2021	December 31, 2020 ⁽¹⁾
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 46.7	\$ 118.5
Payables to affiliates	11.7	5.9
Affiliated current borrowings	432.1	222.1
Accrued interest, payroll and taxes	135.1	197.5
Customer deposits	13.5	9.8
Regulatory liabilities	62.6	72.9
Contract liabilities	40.4	39.0
Other	40.8	52.7
Total current liabilities	782.9	718.4
Long-Term Debt		
Long-term debt	1,773.8	1,772.5
Finance leases	11.8	8.5
Total long-term debt	1,785.6	1,781.0
Deferred Credits and Other Liabilities		
Deferred income taxes and investment tax credits	835.7	802.9
Regulatory liabilities	737.1	702.2
Other	30.2	110.3
Total deferred credits and other liabilities	1,603.0	1,615.4
Total liabilities	4,171.5	4,114.8
Commitments and Contingencies (See Note 10)		
Equity		
Common stock ⁽²⁾	1,322.3	1,322.3
Retained earnings	1,508.5	1,380.5
Total equity	2,830.8	2,702.8
Total liabilities and equity	\$ 7,002.3	\$ 6,817.6

(1) East Ohio's Consolidated Balance Sheet at December 31, 2020 has been derived from the audited Balance Sheet at that date.

(2) No par, 50,000 shares authorized; 7,966 shares outstanding at both September 30, 2021 and December 31, 2020.

The accompanying notes are an integral part of East Ohio's Consolidated Financial Statements.

The East Ohio Gas Company
Consolidated Statements of Equity
(Unaudited)

	<u>Common Stock</u>		<u>Retained Earnings</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>		
<i>(millions, except for shares)</i>				
December 31, 2019	7,966	\$ 1,312.9	\$ 1,185.2	\$ 2,498.1
Net income			194.4	194.4
Dividends			(43.5)	(43.5)
September 30 2020	<u>7,966</u>	<u>\$ 1,312.9</u>	<u>\$ 1,336.1</u>	<u>\$ 2,649.0</u>
December 31, 2020	7,966	\$ 1,322.3	\$ 1,380.5	\$ 2,702.8
Net income			240.5	240.5
Dividends			(112.5)	(112.5)
September 30, 2021	<u>7,966</u>	<u>\$ 1,322.3</u>	<u>\$ 1,508.5</u>	<u>\$ 2,830.8</u>

The accompanying notes are an integral part of East Ohio's Consolidated Financial Statements.

The East Ohio Gas Company
Consolidated Statements of Cash Flows
(Unaudited)

Nine Months Ended September 30, (millions)	2021	2020
Operating Activities		
Net income	\$ 240.5	\$ 194.4
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	90.8	67.1
Deferred income taxes	8.3	29.3
Other adjustments	(3.2)	(0.8)
Changes in operating assets and liabilities	(149.2)	(181.6)
Net cash used in operating activities	187.2	108.4
Investing Activities		
Plant construction and other property additions	(277.1)	(241.7)
Other	(6.1)	(15.4)
Net cash used in investing activities	(283.2)	(257.1)
Financing Activities		
Issuance of affiliated current borrowings, net	210.1	85.1
Issuance of long-term debt	—	1,800.0
Repayment of affiliated long-term debt	—	(1,665.0)
Dividends paid to parent	(112.5)	(43.5)
Other	(1.6)	(29.7)
Net cash provided by financing activities	96.0	146.9
Increase (decrease) in cash, restricted cash and equivalents	—	(1.8)
Cash, restricted cash and cash equivalents at beginning of period ⁽¹⁾	4.5	7.2
Cash, restricted cash and cash equivalents at end of period ⁽¹⁾	\$ 4.5	\$ 5.4
Supplemental Cash Flow Information		
Significant noncash investing and financing activities:		
Accrued capital expenditures	\$ 11.2	\$ 8.2
Leases ⁽²⁾	5.7	5.0

(1) No amounts were held in restricted cash and equivalents in any of the periods presented.

(2) Includes \$5.6 million and \$5.0 million of financing leases at September 30, 2021 and 2020, respectively, and \$0.1 million of operating leases at September 30, 2021.

The accompanying notes are an integral part of East Ohio's Consolidated Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1. DESCRIPTION OF BUSINESS

East Ohio, a public utility, was organized as an Ohio corporation in 1898 and is a wholly-owned subsidiary of Dominion Energy. East Ohio serves residential, commercial and industrial gas sales, transportation and gathering service customers in Ohio. Revenue generated by East Ohio is based primarily on rates established by the Ohio Commission.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

East Ohio's accompanying unaudited Consolidated Financial Statements contain certain condensed financial information and exclude certain footnote disclosures normally included in annual audited consolidated financial statements prepared in accordance with GAAP. These unaudited Consolidated Financial Statements should be read in conjunction with East Ohio's Financial Statements and Notes for the year ended December 31, 2020.

In the opinion of management, the accompanying unaudited Consolidated Financial Statements contain all adjustments necessary to present fairly its financial position at September 30, 2021, its results of operations for the three and nine months ended September 30, 2021 and 2020 and changes in equity and cash flows for the nine months ended September 30, 2021 and 2020. Such adjustments are normal and recurring in nature unless otherwise noted.

East Ohio makes certain estimates and assumptions in preparing its Consolidated Financial Statements in accordance with GAAP. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and cash flows for the periods presented. Actual results may differ from those estimates.

East Ohio's Consolidated Financial Statements include, after eliminating intercompany transactions and balances, the accounts of its wholly-owned subsidiary.

The results of operations for interim periods are not necessarily indicative of the results expected for the full year. Information for quarterly periods is affected by seasonal variations in sales, rate changes, purchased gas expenses and other factors.

Certain amounts in East Ohio's 2020 Financial Statements have been reclassified to conform to the 2021 presentation for comparative purposes; however, such reclassifications did not impact net income, total assets, liabilities, equity or cash flows.

There have been no significant changes from the significant accounting policies discussed in Note 2 to East Ohio's Financial Statements for the year ended December 31, 2020, except for the item discussed below.

Asset Retirement Obligations

In the third quarter of 2021, East Ohio revised its estimated cash flow projections associated with certain gas distribution pipeline AROs. As a result, East Ohio recorded a \$72.1 million decrease to AROs with a corresponding \$25.3 million decrease to property, plant and equipment, net and the remainder recorded as an increase to regulatory liabilities.

NOTE 3. OPERATING REVENUE

East Ohio operating revenue consists of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
(millions)				
Regulated gas transportation and storage ⁽¹⁾	\$ 170.6	\$ 133.9	\$ 588.8	\$ 485.9
Regulated gas sales:				
Residential	11.4	9.4	49.1	42.6
Commercial	0.3	0.2	2.1	3.9
Other	—	—	0.1	0.2
Nonregulated gas sales	—	—	0.3	—
Other regulated revenues	7.2	4.6	18.0	16.6
Other nonregulated revenues	0.9	0.8	2.6	2.5
Total operating revenue	<u>\$ 190.4</u>	<u>\$ 148.9</u>	<u>\$ 661.0</u>	<u>\$ 551.7</u>

(1) See Note 11 for amounts attributable to related parties.

Contract liabilities represent an entity's obligation to transfer goods or services to a customer for which the entity has received consideration, or the amount that is due, from the customer. At September 30, 2021 and December 31, 2020, East Ohio's contract liability balances were \$40.4 million and \$39.0 million, respectively. During the nine months ended September 30, 2021 and 2020, East Ohio recognized revenue of \$39.0 million and \$37.3 million, respectively, from the beginning contract liability balance as East Ohio fulfilled its obligations to provide service to its customers.

NOTE 4. INCOME TAXES

For continuing operations, the statutory U.S. federal income tax rate reconciles to East Ohio's effective income tax rate as follows:

	Nine Months Ended September 30,	
	2021	2020
Federal income taxes statutory rate	21.0%	21.0%
Increases (reductions) resulting from:		
Reversal of excess deferred income taxes	(6.5)	(7.5)
AFUDC equity	—	(0.1)
Other	(0.2)	0.4
Effective tax rate	<u>14.3%</u>	<u>13.8%</u>

For East Ohio, deferred taxes will reverse at the weighted average rate used to originate the deferred tax liability, which in some cases will be 35%. East Ohio has recorded an estimate of excess deferred income tax amortization in 2021. The reversal of these excess deferred income taxes will impact the effective tax rate and rates charged to customers.

As of September 30, 2021, there are no unrecognized tax benefits for East Ohio.

NOTE 5. REGULATORY ASSETS AND LIABILITIES

Regulatory assets and liabilities include the following:

(millions)	September 30, 2021	December 31, 2020
Regulatory assets:		
Deferred project costs and DSM programs ⁽¹⁾	\$ 31.8	\$ 25.2
Unrecovered gas costs ⁽²⁾	6.7	18.0
UEX Rider ⁽³⁾	11.8	7.1
Other	4.1	0.4
Regulatory assets-current	54.4	50.7
Unrecognized pension and other postretirement benefit costs ⁽⁴⁾	100.4	105.3
Deferred project costs ⁽¹⁾	550.0	522.7
Regulatory assets-noncurrent	650.4	628.0
Total regulatory assets	\$ 704.8	\$ 678.7
Regulatory liabilities:		
Provision for future cost of removal and AROs ⁽⁵⁾	\$ 15.1	\$ 15.1
Cost-of-service impact of 2017 Tax Reform Act ⁽⁶⁾	—	11.4
Income taxes refundable through future rates ⁽⁷⁾	35.3	38.1
Other	12.2	8.3
Regulatory liabilities-current	62.6	72.9
Income taxes refundable through future rates ⁽⁷⁾	521.7	546.7
Provision for future cost of removal and AROs ⁽⁵⁾	207.1	147.4
Other	8.3	8.1
Regulatory liabilities-noncurrent	737.1	702.2
Total regulatory liabilities	\$ 799.7	\$ 775.1

- (1) Primarily reflects amounts expected to be collected from gas customers in East Ohio's service territories associated with current and prospective rider projects, including CEP, PIR and DSM as well as costs associated with the Pipeline Safety Management Program. The recovery periods for these expenditures vary based on stipulations set forth in the respective riders. See Note 8 in East Ohio's Financial Statements for the year ended December 31, 2020 for more information.
- (2) Reflects unrecovered gas costs at regulated gas operations, which are recovered through filings with the Ohio Commission.
- (3) Reflects accumulated unrecovered bad debt expense. See Note 8 in East Ohio's Financial Statements for the year ended December 31, 2020 for more information.
- (4) Represents unrecognized pension and other postretirement employee benefit costs expected to be recovered or refunded through future rates generally over the expected remaining service period of plan participants.
- (5) Rates charged to customers by East Ohio's regulated businesses include a provision for the cost of future activities to remove assets that are expected to be incurred at the time of retirement.
- (6) Balance refundable to customers related to the decrease in revenue requirements for recovery of income taxes. See Note 8 in East Ohio's Financial Statements for the year ended December 31, 2020 for more information.
- (7) Amounts recorded to pass the effect of reduced income taxes from the 2017 Tax Reform Act to customers in future periods, which will reverse at the weighted average tax rate that was used to build the reserves over the remaining book life of the property, net of amounts to be recovered through future rates to pay income taxes that become payable when rate revenue is provided to recover AFUDC equity.

At September 30, 2021, approximately \$148.6 million of regulatory assets represented past expenditures on which East Ohio does not expect to earn a return during the applicable recovery period. With the exception of PIR and the Pipeline Safety Management Program expenses, these expenditures are expected to be recovered within the next two years.

NOTE 6. REGULATORY MATTERS

East Ohio is subject to the jurisdiction of the Ohio Commission with its natural gas sales and transportation and storage services being provided under rate schedules approved by the regulatory commission. East Ohio is required to file an application for a rate case no later than October 2024.

Other than the following matters, there have been no significant developments regarding the pending regulatory matters disclosed in Note 8 to East Ohio's Financial Statements for the year ended December 31, 2020.

PIPP Plus Program

Under the Ohio PIPP Plus Program, eligible customers can make reduced payments based on their ability to pay their bill. The difference between the customer's total bill and the PIPP amount is deferred and collected under the PIPP Rider in accordance with the rules of the Ohio Commission. In May 2021, East Ohio filed its annual update of the PIPP rider with the Ohio Commission. In July 2021, East Ohio's annual update of the PIPP rider was automatically approved by the Ohio Commission after a 45-day waiting period from the date of the filing. The revised rider rate reflects recovery over the twelve-month period

from July 2021 through June 2022 of projected deferred program costs of approximately \$14.0 million from April 2021 through June 2022, net of an over-recovery of accumulated arrearages of approximately \$9.4 million as of March 31, 2021.

UEX Rider

East Ohio has approval for a UEX Rider through which it recovers the bad debt expense of most customers not participating in the PIPP Plus Program. The UEX Rider is adjusted annually to achieve dollar for dollar recovery of East Ohio's actual writeoffs of uncollectible amounts. In May 2021, East Ohio filed an application with the Ohio Commission requesting approval of its UEX Rider to reflect an increased annual revenue requirement of \$20.4 million to provide for an under-recovered accumulated bad debt expense of \$7.0 million as of March 31, 2021, and recovery of net bad debt expense projected to total \$13.4 million for the twelve-month period from April 2021 to March 2022. In July 2021, the Ohio Commission approved the filing.

PIR Program

In 2008, East Ohio began PIR, aimed at replacing approximately 25% of its pipeline system. In April 2021, the Ohio Commission approved East Ohio's application to adjust the PIR cost recovery rates for 2020 costs. The filing reflects gross plant investment for 2020 of \$178.2 million, cumulative gross plant investment of \$2.0 billion and an annual revenue requirement of \$242.8 million.

CEP Program

In 2011, East Ohio began CEP which enables East Ohio to defer depreciation expense, property tax expense and carrying costs associated with CEP investments. In April 2021, East Ohio filed an application requesting approval to adjust the CEP cost recovery rates for 2019 and 2020 costs. The filing reflects gross plant investment for 2019 of \$137.1 million, gross plant investment for 2020 of \$98.6 million, cumulative gross plant investment of \$956.6 million and a revenue requirement of \$118.8 million. This matter is pending.

Infrastructure Development Rider

In March 2017, the Governor of Ohio signed legislation into law that allows utilities to file an application to recover infrastructure development costs associated with economic development projects. The cost recovery provision allows for projects totaling up to \$21.6 million annually for East Ohio subject to Ohio Commission approval. As of June 30, 2020, economic development projects totaling \$16.0 million had been submitted by East Ohio and approved by the Ohio Commission.

East Ohio has approval for an infrastructure development rider through which it recovers expenditures related to economic development projects. As economic development projects are proposed and approved, East Ohio updates the rider rate in accordance with the timeliness and conditions established by the Ohio Commission. In June 2021, East Ohio filed its annual update of the infrastructure development rider with the Ohio Commission requesting approval of the infrastructure development rider cost recovery rates for 2020 costs. The filing reflects a revenue requirement of \$8.1 million. In September 2021, the Ohio Commission approved the filing.

NOTE 7. VARIABLE INTEREST ENTITIES

There have been no significant changes regarding the entities East Ohio considers VIEs as described in Note 11 to East Ohio's Financial Statements for the year ended December 31, 2020.

East Ohio purchased shared services from DES of \$16.8 million and \$14.3 million for the three months ended September 30, 2021 and 2020, respectively, and \$50.3 million and \$45.9 million for the nine months ended September 30, 2021 and 2020, respectively. The Balance Sheet at September 30, 2021 and December 31, 2020 included amounts due to DES for such services of \$4.9 million and \$4.7 million, respectively.

NOTE 8. AFFILIATED CURRENT BORROWINGS AND LONG-TERM DEBT

Affiliated current borrowings under East Ohio's IRCA with Dominion Energy were \$432.1 million and \$222.1 million at September 30, 2021 and December 31, 2020, respectively. Interest expense on the IRCA was less than \$1.0 million for the three months ended September 30, 2021 and 2020 and \$0.6 million and \$1.2 million for the nine months ended September 30, 2021 and 2020. At both September 30, 2021 and December 31, 2020 there was no accrued interest associated with these borrowings.

During 2020, East Ohio had affiliated-long term debt to Dominion Energy Gas. In June 2020, the amount of this outstanding debt was repaid in full to Dominion Energy Gas. There was no interest expense on these promissory notes for the three months ended September 30, 2020. Interest expense on these promissory notes was \$33.0 million for the nine months ended September 30, 2020.

Fair Value of Financial Instruments

East Ohio's debt instruments are reported at historical cost. At September 30, 2021, both the carrying amount and fair value of East Ohio's outstanding debt was \$1.8 billion. At December 31, 2020, the carrying amount and fair value of East Ohio's outstanding debt was \$1.8 billion and \$1.9 billion, respectively. The estimated fair values have been determined using available market information and valuation methodologies considered appropriate by management. The fair values were calculated using market interest rates currently available for issuance of debt with similar terms and remaining maturities. The fair value measurements are classified as Level 2.

NOTE 9. EMPLOYEE BENEFIT PLANS

The components of East Ohio's provision for net periodic benefit credit for employees represented by collective bargaining units were as follows:

Three Months Ended September 30, (millions)	Pension Benefits		Other Postretirement Benefits	
	2021	2020	2021	2020
Service cost	\$ 3.1	\$ 2.8	\$ 0.5	\$ 0.5
Interest cost	4.2	4.7	0.9	1.2
Expected return on plan assets	(29.0)	(26.8)	(3.2)	(3.0)
Amortization of prior service cost	—	—	0.1	0.1
Amortization of net actuarial loss	1.6	2.0	0.1	—
Net periodic benefit credit	<u>\$ (20.1)</u>	<u>\$ (17.3)</u>	<u>\$ (1.6)</u>	<u>\$ (1.2)</u>
Nine Months Ended September 30, (millions)	2021	2020	2021	2020
Service cost	\$ 9.4	\$ 8.3	\$ 1.5	\$ 1.5
Interest cost	12.6	14.0	2.6	3.4
Expected return on plan assets	(87.1)	(80.3)	(9.6)	(8.9)
Amortization of prior service cost	—	—	0.2	0.2
Amortization of net actuarial loss	4.8	6.1	0.3	0.1
Net periodic benefit credit	<u>\$ (60.3)</u>	<u>\$ (51.9)</u>	<u>\$ (5.0)</u>	<u>\$ (3.7)</u>

During the three and nine months ended September 30, 2021, East Ohio made no contributions to its qualified defined benefit pension plan or other postretirement benefit plans. East Ohio does not expect to make contributions to its defined benefit pension plan or to its other postretirement benefit plans during the remainder of 2021.

East Ohio participates in certain Dominion Energy benefit plans as described in Note 14 to the Financial Statements for the year ended December 31, 2020. Amounts due from Dominion Energy associated with the Dominion Energy Pension Plan for employees not covered by collective bargaining units at September 30, 2021 and December 31, 2020 were \$507.8 million and \$484.0 million, respectively. These amounts are included in pension and other postretirement benefit assets in the Balance Sheets. Amounts due from Dominion Energy associated with the Dominion Energy Retiree Health and Welfare for employees not covered by collective bargaining units at September 30, 2021 and December 31, 2020 were \$11.4 million and \$8.1 million, respectively. These amounts are included in pension and other postretirement benefit assets in the Balance Sheets.

NOTE 10. COMMITMENTS AND CONTINGENCIES

As a result of issues generated in the ordinary course of business, East Ohio is involved in legal proceedings before various courts and is periodically subject to governmental examinations (including by regulatory authorities), inquiries and investigations. Certain legal proceedings and governmental examinations involve demands for unspecified amounts of damages, are in an initial procedural phase, involve uncertainty as to the outcome of pending appeals or motions, or involve significant factual issues that need to be resolved, such that it is not possible for East Ohio to estimate a range of possible loss. For such matters that East Ohio cannot estimate, a statement to this effect is made in the description of the matter. Other matters may have progressed sufficiently through the litigation or investigative processes such that East Ohio is able to estimate a range of possible loss. For legal proceedings and governmental examinations that East Ohio is able to reasonably estimate a range of possible losses, an estimated range of possible loss is provided, in excess of the accrued liability (if any) for such matters. Any accrued liability is recorded on a gross basis with a receivable also recorded for any probable insurance recoveries. Estimated ranges of loss are inclusive of legal fees and net of any anticipated insurance recoveries. Any estimated range is based on currently available information and involves elements of judgment and significant uncertainties. Any estimated range of possible loss may not represent East Ohio's maximum possible loss exposure. The circumstances of such

legal proceedings and governmental examinations will change from time to time and actual results may vary significantly from the current estimate. For current proceedings not specifically reported below, management does not anticipate that the liabilities, if any, arising from such proceedings would have a material effect on East Ohio's financial position, liquidity or results of operations.

The operations of East Ohio are subject to a variety of state and federal laws and regulations governing the management and disposal of solid and hazardous waste, and release of hazardous substances associated with current and/or historical operations.

The Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, and similar state laws, may impose joint, several and strict liability for cleanup on potentially responsible parties who owned, operated or arranged for disposal at facilities affected by a release of hazardous substances. In addition, many states have created programs to incentivize voluntary remediation of sites where historical releases of hazardous substances are identified and property owners or responsible parties decide to initiate cleanups.

From time to time, East Ohio may be identified as a potentially responsible party in connection with the alleged release of hazardous substances or wastes at a site. Under applicable federal and state laws, East Ohio could be responsible for costs associated with the investigation or remediation of impacted sites, or subject to contribution claims by other responsible parties for their costs incurred at such sites. East Ohio also may identify, evaluate and remediate other potentially impacted sites under voluntary state programs. Remediation costs may be subject to reimbursement under East Ohio's insurance policies, rate recovery mechanisms, or both. Except as described below, East Ohio does not believe these matters will have a material effect on results of operations, financial condition and/or cash flows.

East Ohio has determined that it is associated with former manufactured gas plant sites. Remediation work was previously substantially completed at two sites under federal or state oversight. East Ohio is developing remediation plans at one site, and expects to conduct remediation activities at that site primarily in 2021. At September 30, 2021 and December 31, 2020, East Ohio had \$5.6 million and \$6.0 million of reserves recorded, respectively. East Ohio is associated with nine additional sites which are not under investigation by any state or federal environmental agency nor the subject of any current or proposed plans to perform remediation activities. Due to the uncertainty surrounding such sites, East Ohio is unable to make an estimate of the potential financial statement impacts.

Surety Bonds

At September 30, 2021, East Ohio had purchased \$6.4 million of surety bonds. Under the terms of surety bonds, East Ohio is obligated to indemnify the respective surety bond company for any amounts paid.

NOTE 11. RELATED-PARTY TRANSACTIONS

East Ohio engages in related-party transactions primarily with other Dominion Energy subsidiaries (affiliates). East Ohio's receivable and payable balances with affiliates are settled based on contractual terms or on a monthly basis, depending on the nature of the underlying transactions.

East Ohio participates in certain Dominion Energy benefit plans as described in Note 9. In addition, East Ohio had a borrowing agreement with Dominion Energy and its subsidiaries (affiliates) as described in Note 8. A discussion of the remaining significant related-party transactions follows.

Transactions with Affiliates

DES provides accounting, legal, finance and certain administrative and technical services to East Ohio. See Note 7 for more information.

East Ohio provided to and received from DETI certain services while it was an affiliated entity. Expenses recognized in association with purchased transportation and storage services from DETI were \$4.0 million and \$15.6 million for the three and nine months ended September 30, 2020, respectively, presented in purchased gas in the Statements of Income. Revenue recognized from transportation and storage services provided to DETI was \$1.0 million and \$3.8 million for the three and nine months ended September 30, 2020, respectively, presented in operating revenue in the Statements of Income.

East Ohio provides balancing and storage services to Dominion Energy Solutions, Inc. Revenue recognized in association with these services was \$0.1 million for the three months ended September 30, 2021 and 2020, and \$0.3 million and \$0.7 million for the nine months ended September 30, 2021 and 2020, respectively, presented in operating revenue in the Statements of Income. In addition, East Ohio provided billing and collection services to Dominion Energy Solutions, Inc. through November 2020.

NOTE 12. SUBSEQUENT EVENTS

East Ohio has evaluated subsequent events through the date that these financial statements were available to be issued on November 19, 2021.