

The East Ohio Gas Company  
Consolidated Financial Statements  
(Unaudited)

Quarter Ended June 30, 2023

# The East Ohio Gas Company

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## GLOSSARY OF TERMS

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

<b>Abbreviation or Acronym</b>	<b>Definition</b>
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.
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
DSM	Demand-side management
East Ohio	The East Ohio Gas Company, doing business as Dominion Energy Ohio
GAAP	U.S. generally accepted accounting principles
Ohio Commission	Public Utilities Commission of Ohio
PIPP	Percentage of Income Payment Plan
PIR	Pipeline Infrastructure Replacement program
UEX Rider	Uncollectible Expense Rider
VIE	Variable interest entity

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
(millions)				
<b>Operating Revenue</b>	<b>\$ 235.4</b>	<b>\$ 221.2</b>	<b>\$ 546.8</b>	<b>\$ 531.1</b>
<b>Operating Expenses</b>				
Purchased gas	17.4	16.3	69.2	74.9
Other operations and maintenance <sup>(1)</sup>	59.6	58.3	141.7	134.0
Depreciation and amortization	36.1	32.6	71.4	65.1
Other taxes	39.7	37.3	86.7	87.3
Total operating expenses	<b>152.8</b>	<b>144.5</b>	<b>369.0</b>	<b>361.3</b>
Income from operations	<b>82.6</b>	<b>76.7</b>	<b>177.8</b>	<b>169.8</b>
Other income	28.5	30.0	57.1	59.9
Interest and related charges <sup>(1)</sup>	14.1	6.0	27.3	8.8
Income from operations before income tax expense	<b>97.0</b>	<b>100.7</b>	<b>207.6</b>	<b>220.9</b>
Income tax expense	12.1	14.6	28.8	33.2
<b>Net income</b>	<b>\$ 84.9</b>	<b>\$ 86.1</b>	<b>\$ 178.8</b>	<b>\$ 187.7</b>

(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>June 30, 2023</u>	<u>December 31, 2022<sup>(1)</sup></u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 3.3	\$ 5.4
Customer receivables (less allowance for doubtful accounts of \$1.1 and \$1.0)	212.5	322.7
Other receivables (less allowance for doubtful accounts of \$1.3 and \$1.2)	7.2	4.6
Affiliated receivables	—	3.0
Prepayments	49.7	96.5
Inventories	36.0	30.3
Regulatory assets	92.6	89.6
Other	2.0	1.8
Total current assets	<u>403.3</u>	<u>553.9</u>
<b>Property, Plant and Equipment</b>		
Property, plant and equipment	6,384.4	6,189.6
Accumulated depreciation and amortization	(1,267.7)	(1,229.7)
Total property, plant and equipment, net	<u>5,116.7</u>	<u>4,959.9</u>
<b>Deferred Charges and Other Assets</b>		
Pension and other postretirement benefit assets <sup>(2)</sup>	1,585.0	1,505.8
Regulatory assets	941.4	948.1
Other	62.0	62.6
Total deferred charges and other assets	<u>2,588.4</u>	<u>2,516.5</u>
Total assets	<u>\$ 8,108.4</u>	<u>\$ 8,030.3</u>

(1) East Ohio's Consolidated Balance Sheet at December 31, 2022 has been derived from the audited Consolidated 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)	June 30, 2023	December 31, 2022 <sup>(1)</sup>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 71.3	\$ 237.7
Payables to affiliates	20.1	7.2
Affiliated current borrowings	230.2	19.5
Accrued interest, payroll and taxes	153.9	228.4
Customer deposits	19.7	20.9
Regulatory liabilities	57.0	47.1
Contract liabilities	25.5	61.5
Other	32.1	43.8
Total current liabilities	609.8	666.1
<b>Long-Term Debt</b>		
Long-term debt	2,274.8	2,273.9
Finance leases	11.3	13.0
Total Long-Term Debt	2,286.1	2,286.9
<b>Deferred Credits and Other Liabilities</b>		
Deferred income taxes and investment tax credits	953.5	930.6
Regulatory liabilities	736.0	754.8
Other	24.3	22.0
Total deferred credits and other liabilities	1,713.8	1,707.4
Total liabilities	4,609.7	4,660.4
<b>Commitments and Contingencies (See Note 10)</b>		
<b>Equity</b>		
Common stock <sup>(2)</sup>	1,489.8	1,489.8
Retained earnings	2,008.9	1,880.1
Total equity	3,498.7	3,369.9
Total liabilities and equity	\$ 8,108.4	\$ 8,030.3

(1) East Ohio's Consolidated Balance Sheet at December 31, 2022 has been derived from the audited Consolidated Balance Sheet at that date.

(2) No par, 50,000 shares authorized; 7,966 shares outstanding at both June 30, 2023 and December 31, 2022.

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>		
(millions, except for shares)				
December 31, 2021	7,966	\$ 1,322.3	\$ 1,545.1	\$ 2,867.4
Net income			187.7	187.7
Dividends			(31.2)	(31.2)
June 30, 2022	<u>7,966</u>	<u>\$ 1,322.3</u>	<u>\$ 1,701.6</u>	<u>\$ 3,023.9</u>
December 31, 2022	7,966	\$ 1,489.8	\$ 1,880.1	\$ 3,369.9
Net income			<b>178.8</b>	<b>178.8</b>
Dividends			<b>(50.0)</b>	<b>(50.0)</b>
June 30, 2023	<u><b>7,966</b></u>	<u><b>\$ 1,489.8</b></u>	<u><b>\$ 2,008.9</b></u>	<u><b>\$ 3,498.7</b></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)

Six Months Ended June 30, (millions)	2023	2022
<b>Operating Activities</b>		
Net income	\$ 178.8	\$ 187.7
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	71.4	65.1
Deferred income taxes	4.6	2.9
Other adjustments	0.9	0.9
Changes in operating assets and liabilities	(180.7)	(141.6)
Net cash provided by operating activities	<u>75.0</u>	<u>115.0</u>
<b>Investing Activities</b>		
Plant construction and other property additions	(215.4)	(192.0)
Other	(20.8)	(8.6)
Net cash used in investing activities	<u>(236.2)</u>	<u>(200.6)</u>
<b>Financing Activities</b>		
Issuance of affiliated current borrowings, net	210.7	121.1
Dividends paid to parent	(50.0)	(31.2)
Other	(1.6)	(1.7)
Net cash provided by financing activities	<u>159.1</u>	<u>88.2</u>
Increase (decrease) in cash, restricted cash and equivalents	(2.1)	2.6
Cash, restricted cash and cash equivalents at beginning of year <sup>(1)</sup>	5.4	2.6
Cash, restricted cash and cash equivalents at end of year <sup>(1)</sup>	<u>\$ 3.3</u>	<u>\$ 5.2</u>
<b>Supplemental Cash Flow Information</b>		
Significant noncash investing and financing activities:		
Accrued capital expenditures	\$ 48.0	\$ 27.9
Finance leases	—	2.5

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

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 financial statements prepared in accordance with GAAP. These unaudited Consolidated Financial Statements should be read in conjunction with East Ohio's Consolidated Financial Statements and Notes for the year ended December 31, 2022.

In the opinion of management, the accompanying unaudited Consolidated Financial Statements contain all adjustments necessary to present fairly its financial position at June 30, 2023, its results of operations for the three and six months ended June 30, 2023 and 2022 and changes in equity and cash flows for the six months ended June 30, 2023 and 2022. 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 historical Consolidated Financial Statements and Notes have been reclassified to conform to the current 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 Consolidated Financial Statements for the year ended December 31, 2022.

### NOTE 3. OPERATING REVENUE

East Ohio operating revenue consists of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
(millions)				
Regulated gas transportation and storage	\$ 209.7	\$ 195.0	\$ 478.6	\$ 448.5
Regulated gas sales:				
Residential	13.9	18.5	43.8	55.4
Commercial	0.5	0.6	3.2	5.9
Other	—	0.1	0.2	0.6
Nonregulated gas sales	5.1	—	5.3	0.1
Other regulated revenues	5.5	6.1	14.3	14.7
Other nonregulated revenues	1.4	1.4	2.9	2.5
Total operating revenue from contracts with customers	236.1	221.7	548.3	527.7
Other revenues	(0.7)	(0.5)	(1.5)	3.4
Total operating revenue	235.4	\$ 221.2	546.8	\$ 531.1

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 June 30, 2023 and December 31, 2022, East Ohio's contract liability balances were \$25.5 million and \$61.5 million, respectively. During the six months ended June 30, 2023 and 2022,

East Ohio recognized revenue of \$61.5 million and \$38.8 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:

	Six Months Ended June 30,	
	2023	2022
Federal income taxes statutory rate	21.0%	21.0%
Increases (reductions) resulting from:		
Reversal of excess deferred income taxes	(6.7)	(6.1)
Other	(0.5)	0.2
Effective tax rate	<u>13.8%</u>	<u>15.1%</u>

As of June 30, 2023, there are no unrecognized tax benefits for East Ohio.

#### NOTE 5. REGULATORY ASSETS AND LIABILITIES

Regulatory assets and liabilities include the following:

(millions)	June 30, 2023	December 31, 2022
<b>Regulatory assets:</b>		
Deferred project costs and DSM programs <sup>(1)</sup>	\$ 61.1	\$ 33.7
Unrecovered gas costs <sup>(2)</sup>	20.1	49.0
UEX Rider <sup>(3)</sup>	9.3	5.7
Other	2.1	1.2
Regulatory assets-current	<u>92.6</u>	<u>89.6</u>
Unrecognized pension and other postretirement benefit costs <sup>(4)</sup>	332.2	332.2
Deferred project costs <sup>(1)</sup>	608.9	615.9
Other	0.3	—
Regulatory assets-noncurrent	<u>941.4</u>	<u>948.1</u>
Total regulatory assets	<u>\$ 1,034.0</u>	<u>\$ 1,037.7</u>
<b>Regulatory liabilities:</b>		
Provision for future cost of removal and AROs <sup>(5)</sup>	\$ 6.9	6.9
Income taxes refundable through future rates <sup>(6)</sup>	35.8	34.4
PIPP <sup>(7)</sup>	12.3	0.7
Other	2.0	5.1
Regulatory liabilities-current	<u>57.0</u>	<u>47.1</u>
Unrecognized pension and other postretirement benefit costs <sup>(4)</sup>	19.9	20.1
Income taxes refundable through future rates <sup>(6)</sup>	445.2	465.3
Provision for future cost of removal and AROs <sup>(5)</sup>	268.0	266.7
Other	2.9	2.7
Regulatory liabilities-noncurrent	<u>736.0</u>	<u>754.8</u>
Total regulatory liabilities	<u>\$ 793.0</u>	<u>\$ 801.9</u>

(1) Primarily reflects amounts expected to be collected from gas customers in East Ohio's service territories associated with 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 6 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 6 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) 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.

(7) Under PIPP, eligible customers can make reduced payments based on their ability to pay. The difference between the customer's total bill and the PIPP plan amount is deferred and collected or returned annually under the PIPP rider in accordance with the rules of the East Ohio Commission. See Note 6 for more information.

At June 30, 2023, approximately \$541.0 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, unrecognized pension and other

postretirement benefit costs 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 base rate case by October 2023.

Other than the following matters, there have been no significant developments regarding the pending regulatory matters disclosed in Note 8 to East Ohio's Consolidated Financial Statements for the year ended December 31, 2022.

##### *Pipeline Infrastructure Replacement Program*

In 2008, East Ohio began PIR, aimed at replacing approximately 25% of its pipeline system. In April 2022, the Ohio Commission approved an extension of East Ohio's PIR program for capital investments through 2026 with continuation of 3% increases of annual capital expenditures per year.

In February 2023, East Ohio filed an application with the Ohio Commission requesting approval to adjust the PIR recovery. The filing reflects gross plant investment for 2022 of \$224.9 million, cumulative gross plant investments of \$2.4 billion, and an annual revenue requirement of \$304.7 million. In April 2023, the Ohio Commission approved the application.

##### *Capital Expenditure Program*

In 2011, East Ohio began CEP which enables East Ohio to defer depreciation expense, property tax expense and carrying costs at the debt rate of 6.5% on capital investments not covered by its PIR program to expand, upgrade or replace its pipeline system and information technology systems as well as investments necessary to comply with the Ohio Commission or other government regulation. In April 2022, certain parties filed an appeal with the Supreme Court of Ohio appealing the Ohio Commission's December 2020 order establishing the CEP rider, including the rate of return utilized in determining the revenue requirement. This matter is pending.

In March 2023, East Ohio filed an application with the Ohio Commission requesting approval to adjust CEP cost recovery rates for 2022 costs. The filing reflects gross plant investment for 2022 of \$195.3 million, cumulative gross plant investment of \$1.3 billion and a revenue requirement of \$150.8 million. This matter is pending.

##### *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 July 2023, East Ohio's annual update of the PIPP rider filed in May 2023 with the Ohio Commission was approved. The revised rider rate reflects recovery over the twelve-month period from July 2023 through June 2024 of projected deferred program costs of approximately \$11.8 million from April 2023 through June 2024, net of over-recovery of accumulated arrearages of approximately \$11.0 million as of March 31, 2023.

##### *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 write-offs of uncollectible amounts. In July 2023, the Ohio Commission approved East Ohio's application to adjust its UEX Rider to reflect an annual revenue requirement of \$23.0 million to provide recovery of under-recovered accumulated bad debt expense of \$9.1 million as of March 31, 2023, and recovery of prospective net bad debt expense projected to total \$13.9 million for the twelve-months ended March 2023.

#### **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 Consolidated Financial Statements for the year ended December 31, 2022.

East Ohio purchased shared services from DES of \$17.7 million and \$16.2 million for the three months ended June 30, 2023 and 2022, respectively, and \$36.4 million and \$33.8 million for the six months ended June 30, 2023 and 2022, respectively. The Consolidated Balance Sheets at June 30, 2023 and December 31, 2022 included amounts due to DES for such services of \$5.9 million and \$5.7 million, respectively, recorded in payables to affiliates in the Consolidated Balance Sheets.

#### **NOTE 8. AFFILIATED CURRENT BORROWINGS AND LONG-TERM DEBT**

East Ohio's affiliated current borrowings under an intercompany revolving credit facility totaled \$230.2 million and \$19.5 million at June 30, 2023 and December 31, 2022, respectively, presented in affiliated current borrowings in the Consolidated Balance Sheets. Interest expense on the facility was \$1.8 million and \$2.5 million for the three and six months ended June 30, 2023, respectively, and \$1.8 million and \$2.4 million for the three and six months ended June 30, 2022, respectively. At both June 30, 2023 and December 31, 2022 there was no accrued interest associated with these borrowings.

## Fair Value of Financial Instruments

East Ohio's debt instruments are reported at historical cost. At both June 30, 2023 and December 31, 2022, the carrying amount and fair value of East Ohio's outstanding debt was \$2.3 billion and \$1.9 billion, respectively. The estimated fair values have been determined using available market information and valuation methodologies considered appropriate by management. Fair value is estimated using market prices, where available, and 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 service cost component and non-service cost components of net periodic benefit (credit) cost are reflected in other operations and maintenance expense and other income, respectively, in the Consolidated Statements of Income. The components of the provision for net periodic benefit (credit) cost and amounts recognized in regulatory assets and liabilities for East Ohio employees represented by collective bargaining units plans are as follows:

	Pension Benefits				Other Postretirement Benefits			
	Three Months Ended		Six Months Ended		Three Months Ended		Six Months Ended	
	June 30,		June 30,		June 30,		June 30,	
	2023	2022	2023	2022	2023	2022	2023	2022
(millions)								
Service cost	\$ 1.7	\$ 3.0	\$ 3.4	\$ 6.1	\$ 0.3	\$ 0.5	\$ 0.6	\$ 0.9
Interest cost	5.7	4.4	11.4	8.8	1.1	0.8	2.2	1.6
Expected return on plan assets	(32.6)	(31.4)	(65.3)	(62.8)	(2.8)	(3.5)	(5.6)	(7.0)
Amortization of prior service cost	—	—	—	—	0.1	0.1	0.2	0.2
Amortization of net actuarial (gain) loss	—	0.2	—	0.4	(0.1)	(0.4)	(0.3)	(0.8)
Net periodic benefit (credit) cost	<u>\$ (25.2)</u>	<u>\$ (23.8)</u>	<u>\$ (50.5)</u>	<u>\$ (47.5)</u>	<u>\$ (1.4)</u>	<u>\$ (2.5)</u>	<u>\$ (2.9)</u>	<u>\$ (5.1)</u>

During the three and six months ended June 30, 2023, 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 2023.

East Ohio participates in certain Dominion Energy benefit plans as described in Note 14 to the Consolidated Financial Statements for the year ended December 31, 2022. Amounts due from Dominion Energy associated with the Dominion Energy Pension Plan for employees not covered by collective bargaining units at June 30, 2023 and December 31, 2022 were \$582.3 million and \$559.6 million, respectively. These amounts are included in pension and other postretirement benefit assets in the Consolidated Balance Sheets. Amounts due from Dominion Energy associated with the Dominion Energy Retiree Health and Welfare Plan for employees not covered by collective bargaining units at June 30, 2023 and December 31, 2022 were \$19.8 million and \$17.8 million, respectively. These amounts are included in pension and other postretirement benefit assets in the Consolidated 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 has been substantially completed at three sites under federal or state oversight. At both June 30, 2023 and December 31, 2022, East Ohio had \$1 million of reserves recorded. 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 June 30, 2023, East Ohio had purchased \$5.1 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 has entered into various borrowing agreements with Dominion Energy and its subsidiaries (affiliates) as described in Note 8. A discussion of the remaining significant related-party transactions follows.

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

#### **NOTE 12. SUBSEQUENT EVENTS**

East Ohio has evaluated subsequent events through the date that these consolidated financial statements were available to be issued on August 25, 2023.