

The East Ohio Gas Company
Financial Statements
(Unaudited)

Quarter Ended September 30, 2020

The East Ohio Gas Company

	Page Number
Glossary of Terms	3
Financial Statements (Unaudited)	
Statements of Income for the three and nine months ended September 30, 2020 and 2019	4
Balance Sheets at September 30, 2020 and December 31, 2019	5
Statements of Equity at September 30, 2020 and 2019 and for the periods then ended	7
Statements of Cash Flows for the nine months ended September 30, 2020 and 2019	8
Notes to the Financial Statements (Unaudited)	9

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
CARES Act	Coronavirus Aid, Relief and Economic Security Act, enacted on March 27, 2020
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.)
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 Holdings, LLC (formerly known as Dominion Energy Gas Holdings, LLC), one or more of its consolidated subsidiaries or the entirety of Eastern Energy Gas Holdings, LLC 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
IRCA	Intercompany revolving credit agreement
Ohio Commission	Public Utilities Commission of Ohio
PIPP	Percentage of Income Payment Plan deployed by East Ohio
PIR	Pipeline Infrastructure Replacement program deployed by East Ohio
UEX Rider	Uncollectible Expense Rider deployed by East Ohio
VIE	Variable interest entity

FINANCIAL STATEMENTS

THE EAST OHIO GAS COMPANY STATEMENTS OF INCOME (Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
(millions)				
Operating Revenue⁽¹⁾	\$ 148.9	\$ 155.2	\$ 551.7	\$ 538.5
Operating Expenses				
Purchased gas ⁽¹⁾	3.3	2.1	44.4	41.9
Other operations and maintenance ⁽¹⁾	52.6	58.1	185.2	218.5
Depreciation and amortization	22.1	25.0	67.1	72.5
Other taxes	22.9	27.0	91.6	98.1
Total operating expenses	100.9	112.2	388.3	431.0
Income from operations	48.0	43.0	163.4	107.5
Other income	21.4	20.3	65.5	59.5
Interest and related charges (benefit) ⁽¹⁾	(3.9)	11.1	3.5	29.6
Income from operations before income tax expense	73.3	52.2	225.4	137.4
Income tax expense	7.9	8.3	31.0	25.5
Net income	\$ 65.4	\$ 43.9	\$ 194.4	\$ 111.9

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

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

THE EAST OHIO GAS COMPANY
BALANCE SHEETS
(Unaudited)

September 30, 2020 December 31, 2019⁽¹⁾

(millions)

ASSETS

Current Assets

Cash and cash equivalents	\$ 5.4	\$ 7.2
Customer receivables (less allowance for doubtful accounts of \$0.8 million and \$1.1 million)	115.6	193.3
Other receivables (less allowance for doubtful accounts of \$1.1 million and \$0.9 million)	6.6	17.9
Affiliated receivables	1.0	7.8
Prepayments	20.5	73.8
Inventories	43.5	31.4
Regulatory assets	54.3	57.7
Other	0.4	0.9
Total current assets	247.3	390.0

Property, Plant and Equipment

Property, plant and equipment	5,246.6	5,018.7
Accumulated depreciation and amortization	(1,102.7)	(1,054.9)
Total property, plant and equipment, net	4,143.9	3,963.8

Deferred Charges and Other Assets

Pension and other postretirement benefit assets ⁽²⁾	1,332.3	1,250.1
Regulatory assets	674.0	619.1
Other	70.1	74.6
Total deferred charges and other assets	2,076.4	1,943.8
Total assets	\$ 6,467.6	\$ 6,297.6

(1) East Ohio's Balance Sheet at December 31, 2019 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 Financial Statements.

THE EAST OHIO GAS COMPANY
BALANCE SHEETS (CONTINUED)
(Unaudited)

September 30, 2020 December 31, 2019⁽¹⁾

(millions)

LIABILITIES AND EQUITY

Current Liabilities

Accounts payable	\$ 38.1	\$ 122.8
Payables to affiliates	36.9	59.2
Affiliated current borrowings	92.8	7.6
Accrued interest, payroll and taxes	112.7	178.0
Customer deposits	9.7	15.3
Regulatory liabilities	81.1	12.7
Contract liabilities	40.8	37.8
Other	36.7	59.0
Total current liabilities	448.8	492.4

Long-Term Debt

Long-term debt	1,772.2	—
Affiliated long-term debt	—	1,665.0
Finance leases	8.6	5.5
Total long-term debt	1,780.8	1,670.5

Deferred Credits and Other Liabilities

Deferred income taxes and investment tax credits	780.2	730.2
Regulatory liabilities	703.2	801.1
Other	105.6	105.3
Total deferred credits and other liabilities	1,589.0	1,636.6
Total liabilities	3,818.6	3,799.5

Commitments and Contingencies (See Note 10)

Equity

Common stock ⁽²⁾	1,312.9	1,312.9
Retained earnings	1,336.1	1,185.2
Total equity	2,649.0	2,498.1
Total liabilities and equity	\$ 6,467.6	\$ 6,297.6

(1) East Ohio's Balance Sheet at December 31, 2019 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, 2020 and December 31, 2019.

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

THE EAST OHIO GAS COMPANY
STATEMENTS OF EQUITY
(Unaudited)

	Common Stock		Retained Earnings	Total
	Shares	Amount		
(millions, except for shares)				
December 31, 2018	7,966	\$ 655.9	\$ 1,072.2	\$ 1,728.1
Net income			111.9	111.9
Dividends			(33.3)	(33.3)
September 30, 2019	7,966	\$ 655.9	\$ 1,150.8	\$ 1,806.7
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	7,966	\$ 1,312.9	\$ 1,336.1	\$ 2,649.0

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

THE EAST OHIO GAS COMPANY
STATEMENTS OF CASH FLOWS
(Unaudited)

Nine Months Ended September 30, (millions)	2020	2019
Operating Activities		
Net income	\$ 194.4	\$ 111.9
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	67.1	72.5
Deferred income taxes	29.3	21.4
Other adjustments	(0.8)	(0.4)
Changes in operating assets and liabilities	(181.6)	(109.1)
Net cash provided by operating activities	108.4	96.3
Investing Activities		
Plant construction and other property additions	(241.7)	(262.1)
Other	(15.4)	(7.5)
Net cash used in investing activities	(257.1)	(269.6)
Financing Activities		
Issuance (repayment) of affiliated current borrowings, net	85.1	(47.1)
Issuance of long-term debt	1,800.0	—
Repayment of long-term debt	(1.4)	(0.5)
Issuance of affiliated long-term debt	—	250.0
Repayment of affiliated long-term debt	(1,665.0)	—
Dividends paid to parent	(43.5)	(33.3)
Other	(28.3)	—
Net cash provided by financing activities	146.9	169.1
Decrease in cash, restricted cash and equivalents	(1.8)	(4.2)
Cash, restricted cash and cash equivalents at beginning of period ⁽¹⁾	7.2	9.0
Cash, restricted cash and cash equivalents at end of period ⁽¹⁾	\$ 5.4	\$ 4.8
Supplemental Cash Flow Information		
Significant noncash activities:		
Accrued capital expenditures	\$ 8.2	\$ 10.4
Charge related to a voluntary retirement program	—	20.0
Finance leases	5.0	5.1

(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 Financial Statements.

NOTES TO THE 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 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 Financial Statements should be read in conjunction with East Ohio's Financial Statements and Notes for the year ended December 31, 2019.

In the opinion of management, the accompanying unaudited Financial Statements contain all adjustments necessary to present fairly its financial position at September 30, 2020, its results of operations for the three and nine months ended September 30, 2020 and 2019 and its changes in equity and cash flows for the nine months ended September 30, 2020 and 2019. Such adjustments are normal and recurring in nature unless otherwise noted.

East Ohio makes certain estimates and assumptions in preparing its 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.

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 2019 Financial Statements have been reclassified to conform to the 2020 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, 2019.

Note 3. Operating Revenue

East Ohio's operating revenue consists of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
(millions)				
Regulated gas transportation and storage ⁽¹⁾	\$ 133.9	\$ 139.8	\$ 485.9	\$ 464.7
Regulated gas sales:				
Residential	9.4	9.7	42.6	51.2
Commercial	0.2	0.2	3.9	2.5
Other	—	0.1	0.2	0.2
Other regulated revenues	4.6	4.2	16.6	16.9
Other nonregulated revenues	0.8	1.2	2.5	3.0
Total operating revenue	<u>\$ 148.9</u>	<u>\$ 155.2</u>	<u>\$ 551.7</u>	<u>\$ 538.5</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, 2020 and December 31, 2019, East Ohio's contract liability balances were \$40.8 million and \$37.8 million, respectively, all of which is included in current liabilities in East Ohio's Balance Sheets. During the nine months ended September 30, 2020 and 2019, East Ohio recognized revenue of \$37.3 million and \$32.1 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,	
	2020	2019
Federal income taxes statutory rate	21.0%	21.0%
Increases (reductions) resulting from:		
Reversal of excess deferred income taxes	(7.5)	(1.4)
AFUDC equity	(0.1)	—
Other	0.4	(1.0)
Effective tax rate	<u>13.8%</u>	<u>18.6%</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 2020. The reversal of these excess deferred income taxes will impact the effective tax rate and rates charged to customers.

For the nine months ended September 2020, East Ohio's effective tax rate includes the effects of the Ohio Commission's order to share excess deferred income taxes with customers via a tax savings credit beginning in April 2020. See Note 6 for more information.

In March 2020, the CARES Act was enacted which includes several significant business tax provisions that modify or temporarily suspend certain provisions of the 2017 Tax Reform Act. The CARES Act provisions are intended to improve cash flow and liquidity by, among other things, providing a temporary five-year carryback for certain net operating losses, accelerating the refund of previously generated corporate alternative minimum tax credits, and temporarily loosening the business interest limitation to 50% of adjusted taxable income for certain businesses. While East Ohio intends to utilize the income tax provisions of the CARES Act where applicable, they are not expected to provide a material benefit.

As of September 30, 2020, 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, 2020	December 31, 2019
Regulatory assets:		
Deferred project costs and DSM programs ⁽¹⁾	\$ 27.7	\$ 15.5
Unrecovered gas costs ⁽²⁾	11.0	17.7
PIPP ⁽³⁾	0.2	13.3
UEX Rider ⁽⁴⁾	15.4	11.2
Regulatory assets-current	54.3	57.7
Unrecognized pension and other postretirement benefit costs ⁽⁵⁾	183.6	190.1
Deferred project costs ⁽¹⁾	490.4	429.0
Regulatory assets-noncurrent	674.0	619.1
Total regulatory assets	\$ 728.3	\$ 676.8
Regulatory liabilities:		
Provision for future cost of removal and AROs ⁽⁶⁾	\$ 11.6	\$ 11.6
Cost-of-service impact of 2017 Tax Reform Act ⁽⁷⁾	22.9	—
Income taxes refundable through future rates ⁽⁸⁾	45.0	1.1
Other	1.6	—
Regulatory liabilities-current	81.1	12.7
Income taxes refundable through future rates ⁽⁸⁾	555.2	618.9
Provision for future cost of removal and AROs ⁽⁶⁾	144.3	138.1
Cost-of-service impact of 2017 Tax Reform Act ⁽⁵⁾	—	40.3
Other	3.7	3.8
Regulatory liabilities-noncurrent	703.2	801.1
Total regulatory liabilities	\$ 784.3	\$ 813.8

(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 and Management Program. The recovery period 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, 2019 and Note 6 for more information.

(2) Reflects unrecovered gas costs at regulated gas operations, which are recovered through filings with the Ohio Commission.

(3) 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 according to East Ohio tariff provisions. See Note 6 for more information.

(4) Reflects recovery amounts of under-recovered accumulated bad debt expense. See Note 6 for more information.

(5) 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.

(6) 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.

(7) Balance refundable to customers related to the decrease in revenue requirements for recovery of income taxes. See Note 6 for more information.

(8) 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, 2020, approximately \$136.8 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, the Pipeline Safety and Management Program expenses and unrecognized other postretirement benefit costs, 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 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, 2019.

2017 Tax Reform Act

In October 2018, the Ohio Commission issued an order requiring rate-regulated utilities to file an application reflecting the impact of the 2017 Tax Reform Act on current rates by January 1, 2019. In December 2018, East Ohio filed its application proposing an approach to establishing rates and charges by and through which to return tax reform benefits to its customers. In

December 2019, the Ohio Commission issued an order approving customer credits of approximately \$600 million that will be shared with customers primarily over the remaining book life of the property to which the excess deferred income taxes relate. In addition, East Ohio will reduce rates approximately \$19 million per year to account for the 2017 Tax Reform Act's impact on its equity return component of rates charged to customers. A tax savings credit, which passes through the reduction in the federal income tax rate under the 2017 Tax Reform Act to customers in accordance with the settlement agreement approved by the Ohio Commission, became effective with the first billing cycle in April 2020.

PIR Program

In 2008, East Ohio began PIR, aimed at replacing approximately 25% of its pipeline system. In April 2020, the Ohio Commission approved East Ohio's application to adjust the PIR recovery for 2019 costs. The filing reflects gross plant investment for 2019 of \$209.4 million, cumulative gross plant investment of \$1.8 billion and an annual revenue requirement of \$218.1 million.

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 2020, East Ohio filed its annual update of the PIPP rider with the Ohio Commission. In July 2020, 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 2020 through June 2021 of projected deferred program costs of approximately \$11.8 million from April 2020 through June 2021, net of recovery for under-recovery of accumulated arrearages of approximately \$4.8 million as of March 31, 2020.

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 2020, the Ohio Commission approved East Ohio's application requesting approval of its UEX Rider to reflect recovery of under-recovered accumulated bad debt expense of \$5.1 million as of March 31, 2020, and recovery of prospective net bad debt expense projected to total \$11.3 million for the twelve-month period from April 2020 to March 2021.

DSM Rider

East Ohio has approval for a DSM Rider through which it recovers expenditures related to its DSM programs. In November 2020, East Ohio filed an application with the Ohio Commission seeking approval to recover \$3.9 million under the DSM rider, which includes an over-recovery of costs during the preceding 12-month period.

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, 2019.

East Ohio purchased shared services from DES of \$14.3 million and \$14.2 million for the three months ended September 30, 2020 and 2019, respectively, and \$45.9 million and \$51.8 million for the nine months ended September 30, 2020 and 2019, respectively. The Balance Sheets at September 30, 2020 and December 31, 2019 included amounts due to DES for such services of \$31.3 million and \$14.0 million, respectively.

Note 8. Affiliated Current Borrowings and Long-Term Debt

During 2019, East Ohio entered into an IRCA with Dominion Energy. Affiliated current borrowings under this IRCA were \$92.8 million and \$7.6 million at September 30, 2020 and December 31, 2019, respectively. Interest expense related to East Ohio's borrowings was \$0.3 million and \$1.2 million for the three and nine months ended September 30, 2020, respectively. There was no interest expense associated with this IRCA for both the three and nine months ended September 30, 2019. There was no accrued interest associated with this IRCA at both September 30, 2020 and December 31, 2019.

During 2019, East Ohio had affiliated current borrowings under an IRCA with Dominion Energy Gas. By December 31, 2019 all outstanding balances owed to Dominion Energy Gas under this IRCA were paid and the agreement was terminated. Interest expense on the IRCA was \$4.1 million and \$12.2 million for the three and nine months ended September 30, 2019, respectively.

At December 31, 2019, East Ohio's affiliated long-term debt to Dominion Energy Gas totaled \$1.7 billion. There was no affiliated long-term debt to Dominion Energy Gas at September 30, 2020. There was no interest expense on these promissory notes for the three months ended September 30, 2020. Interest expense was \$18.4 million for the three months ended September 30, 2019, and \$33.0 million and \$53.6 million for the nine months ended September 30, 2020 and 2019,

respectively. Accrued interest associated with this debt was \$22.0 million at December 31, 2019. There was no accrued interest associated with this debt at September 30, 2020.

In June 2020, East Ohio issued, through private placement, \$500.0 million of 1.30% senior notes, \$500.0 million of 2.00% senior notes and \$800.0 million of 3.00% senior notes that mature in 2025, 2030 and 2050, respectively. East Ohio used the proceeds from this offering to repay promissory notes with Dominion Energy Gas and a portion of its IRCA balance with Dominion Energy.

Fair Value of Financial Instruments

East Ohio's debt instruments are reported at historical cost. At September 30, 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 value has been determined using available market information and valuation methodologies considered appropriate by management. The fair value was calculated using market interest rates currently available for issuance of debt with similar terms and remaining maturities. The fair value measurement is 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:

	Pension Benefits		Other Postretirement Benefits	
	2020	2019	2020	2019
(millions)				
Three Months Ended September 30,				
Service cost	\$ 2.8	\$ 2.4	\$ 0.5	\$ 0.4
Interest cost	4.7	5.0	1.2	1.4
Expected return on plan assets	(26.8)	(25.0)	(3.0)	(2.5)
Amortization of prior service cost	—	—	0.1	0.1
Amortization of net actuarial loss	2.0	1.7	—	0.1
Net periodic benefit credit	<u>\$ (17.3)</u>	<u>\$ (15.9)</u>	<u>\$ (1.2)</u>	<u>\$ (0.5)</u>
Nine Months Ended September 30,				
Service cost	\$ 8.3	\$ 7.2	\$ 1.5	\$ 1.3
Interest cost	14.0	15.1	3.4	4.2
Expected return on plan assets	(80.3)	(74.9)	(8.9)	(7.7)
Amortization of prior service cost	—	—	0.2	0.2
Amortization of net actuarial loss	6.1	4.9	0.1	0.3
Net periodic benefit credit	<u>\$ (51.9)</u>	<u>\$ (47.7)</u>	<u>\$ (3.7)</u>	<u>\$ (1.7)</u>

During the nine months ended September 30, 2020, 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 2020.

East Ohio participates in certain Dominion Energy benefit plans as described in Note 14 to the Financial Statements for the year ended December 31, 2019. Amounts due from Dominion Energy associated with the Dominion Energy Pension Plan for employees not covered by collective bargaining units at September 30, 2020 and December 31, 2019 were \$477.9 million and \$459.8 million, respectively, 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, 2020 and December 31, 2019 were \$7.2 million and \$5.1 million, respectively, included in pension and other postretirement benefit assets in the Balance Sheets.

Voluntary Retirement Program

In March 2019, Dominion Energy announced a voluntary retirement program to employees that met certain age and service requirements. In the second quarter of 2019, upon the determinations made concerning the number of employees that elected to participate in the program, East Ohio recorded a charge of \$32.8 million (\$25.9 million after-tax) included within other operations and maintenance expense (\$31.4 million) and other taxes (\$1.4 million) in the Statements of Income.

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 one site under federal or state oversight. East Ohio has finalized remediation plans at one site, and expects to conduct remediation activities at that site primarily in 2020. At September 30, 2020 and December 31, 2019, East Ohio had \$3.6 million and \$8.0 million, respectively, of reserves recorded. East Ohio is associated with ten 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, 2020, 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 has 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.

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 has contracted to purchase transportation and storage services from DETI. Expenses recognized in association with these services were \$4.0 million for both the three months ended September 30, 2020 and 2019, respectively, and \$15.6 million and \$15.7 million for the nine months ended September 30, 2020 and 2019, respectively, presented in purchased gas in the

Statements of Income. In addition, East Ohio provides transportation and storage services to DETI. Revenue recognized from these services was \$1.0 million and \$1.3 million for the three months ended September 30, 2020 and 2019, respectively, and \$3.8 million and \$4.4 million for the nine months ended September 30, 2020 and 2019, respectively, presented in operating revenue in the Statements of Income. Effective November 2020, DETI is no longer an affiliate of East Ohio.

East Ohio provides balancing and storage services to Dominion Energy Solutions, Inc. Revenue recognized in association with these services was \$0.1 million and \$0.2 million for the three months ended September 30, 2020 and 2019, respectively, and \$0.7 million and \$1.2 million for the nine months ended September 30, 2020 and 2019, respectively, presented in operating revenue in the Statements of Income. In addition, East Ohio provides billing and collection services to Dominion Energy Solutions, Inc. and other gas marketing companies in Ohio.

Note 12. Subsequent Events

East Ohio has evaluated subsequent events through the date that these financial statements were available to be issued on November 23, 2020.