

Ring Fencing Provisions

1. Dominion and Questar agree to notify the Commission subsequent to Dominion's Board approval and as soon as practicable following any public announcement of (1) an acquisition of a regulated or non-regulated business representing 5% or more of the market capitalization of Dominion or entering into a new business venture or expansion of an existing one, or (2) a merger, combination, transfer of stock or assets of any material part or all of Dominion Questar or the direct owner of Dominion Questar stock. In addition, Dominion Questar shall comply with the provisions of Utah Code Ann. §§54-4-27 through 54-4-31. Dominion Questar agree to appoint an independent director at Dominion Questar who has the ability to voluntarily file for bankruptcy, independent of Dominion Resources, should the need arise. The Independent Director at each affiliate, Dominion Questar Gas and its immediate parent Dominion Questar, will be independent of each other and each one will have the ability to veto any decision to voluntarily file for bankruptcy.
2. Questar or Dominion shall notify the Commission, and provide sufficient information and documentation to the Commission, prior to the implementation of plans by either Questar or Dominion (1) to form an affiliate entity for the purpose of transacting business with the regulated operations of Questar, (2) to commence new business transactions between an existing affiliate and with the regulated operations of Questar, or (3) to dissolve an affiliate which has transacted any substantial business with the regulated operations of Questar.
3. Dominion shall not change its corporate structure to form a holding company or make any other major change in corporate structure without prior notice to the Commission along with an explanation of any expected impacts of the changes to Dominion Questar or any of its affiliates or Commission regulation.
4. Questar Gas shall not redeem any of its common stock with Commission approval.
5. Dominion Questar shall not transfer its assets to, nor assume liabilities of, the holding company without Commission approval. Dominion Questar will keep its own bank accounts and credit facilities that are in its own name and kept separate from any affiliates.
6. Dominion Questar may not divest itself of Questar Gas stock without Commission approval.
7. Questar shall comply with the provisions of Utah Admin. Code Section R746-401 which sets out the Commission's Rules for reporting the construction, purchase, acquisition, sale, transfer or disposition of utility assets and utility plant.

8. Dominion and Questar shall be required to provide notification of and file for Commission approval of the divestiture, spin-off, or sale of any integral utility function of Questar. This condition does not limit any jurisdiction the Commission may otherwise have over the divestiture, spin-off or sale of any utility asset.
9. Dominion and Questar shall provide adequate access for the Commission, DPU and CCS or their authorized agents to relevant books, records and officials of all Dominion entities. Failure to provide adequate supporting documentation of costs may result in those costs being denied rate recovery. Requests by such entities or their authorized agents shall be deemed presumptively valid, material and relevant, with the burden falling to Dominion and Questar to prove otherwise. Dominion and Questar shall reserve the right to challenge any such request before the Commission and shall have the burden of demonstrating that any such request is not valid, material or relevant. Applicants agree that corporate records shall be available for inspection in Utah or Portland, Oregon. Dominion and Questar shall pay reasonable expenses incurred by the Commission, DPU and CCS in accessing corporate records and personnel located outside of the State of Utah.
10. Any penalty payable by Dominion Questar for failure to meet any of the pipeline safety and performance standards in the State of Utah, as specified in Title 54 Chapter 13 of the Utah State Code, Public Utilities Statutes and Public Service Commission Rules, R746-409 and related Federal Pipeline Safety Regulations. Upon the assessment of any such penalties, Dominion Questar shall consult with the DPU and the CCS to identify an appropriate recipient and shall file its proposal with the Commission. Dominion Questar agree to be bound by the Commission's decision in this regard.
11. Dominion Questar and Dominion Questar Gas will both maintain their own accounting system and report their own financial statements. Dominion Questar and Questar Gas will keep their respective books and records in Salt Lake City, Utah.
12. Dominion Questar (holding company) shall maintain a complete set of transactions and financial records in Utah.
13. Unless otherwise approved by the Commission, the Applicants agree to the use of a hypothetical capital structure to determine the correct costs of capital for ratemaking purposes in Utah. The capital structure shall be constructed using a group of A-rated natural gas utilities comparable to Dominion Questar and Questar Gas.
14. Questar Gas shall maintain separate long term debt with its own debt rating supplied by at least two of the three or four recognized debt rating agencies, including Moody's and S&P or their successors. With the exception of inter-group loans which shall be provided in accordance with Condition 3 or 4 above, Dominion Questar shall apply to the Commission for approval of debt issuances by Dominion Questar or on its behalf, in accordance with Utah Code Ann. §54-4-31 provided that the DPU and CCS agree that Dominion Questar may apply for a waiver of this requirement following 12 months after

the closing of the merger. Questar Gas will maintain separate debt and preferred stock, if any, from that issued by its holding company affiliates.

15. Dominion Resources and all of its affiliates and subsidiaries must provide the Commission, the Division of Public Utilities, and the Office of Consumer Services, including their auditors and authorized agents, with unrestricted access to transactional, accounting and other information relevant to DQG upon request.
16. Any other terms required to implement this merger, credit shall be included in the merger credit tariff for approval by the Commission.
17. Dominion Questar shall not, without the approval of the Commission, assume any obligation or liability as guarantor, endorser, and surety or otherwise for Dominion or its affiliates provided that this condition shall not prevent Dominion Questar from assuming any obligation or liability on behalf of a subsidiary of Dominion Questar. Dominion shall not pledge any of the assets of the regulated business of Dominion Questar as backing for any securities which Dominion or its affiliates (but excluding Dominion Questar and its subsidiaries) may issue.
18. Dominion and Questar (or any shared service entity that is set up post-merger) agree they shall provide management and financial resources adequate to enable Questar Gas to meet its commitments, carry out its authorized activities and comply with its public service obligations. In the event that either Dominion Questar or Dominion does not comply with the above conditions, the Commission may make appropriate ratemaking adjustments to give full effect to these conditions. The Commission may exercise its authority to make, for retail ratemaking purposes, adjustments for misallocation of costs from non-regulated business to Dominion Questar or Dominion.
19. Questar guarantees that the customers of Questar will be held harmless if the transaction between Dominion and Questar results in a higher revenue requirement for Questar than if the transaction had not occurred; provided, however, that Dominion and Questar do not intend that this commitment be interpreted to prevent Questar from recovering prudently incurred costs approved for inclusion in revenue requirement by the Commission.
20. Dominion and Dominion Questar agree not to assert in any future Utah proceeding that the provisions of PUHCA or its successor PUHCA 2005 (EPAct 2005), or the related Ohio Power v FERC case preempt the Commission's jurisdiction over affiliated interest transactions and will explicitly waive any such defense in those proceedings. In the event that PUHCA or its successor PUHCA 2005 (EPAct 2005) is repealed or modified, Dominion and Questar agree not to seek any preemption under such subsequent modification or repeal.
21. Dominion Questar and Questar Gas will comply with all applicable Commission statutes and regulations regarding affiliated interest transactions, including timely filing of applications and reports.

22. Dominion Questar will file on an annual basis an affiliated interest report including an organization chart, narrative description of each affiliate, revenue for each affiliate and transactions with each affiliate.
23. Dominion Questar and Dominion Questar Gas will not cross-subsidize between the regulated and non-regulated businesses or between any regulated businesses, and shall comply with the Commission's applicable orders and rules with respect to such matters.
24. Dominion Questar will notify the Commission of any changes in the ring-fencing provisions within 30 days. Such notice shall include verification that (i) the change has been approved by independent directors at Questar Pipelines, Questar Gas and Dominion Questar, and (ii) the rating agencies have confirmed that there will be no credit downgrade from the changed ring-fencing protections.
25. Dominion and Questar Gas agree to review the Questar's existing cost allocation manual and affiliate code of conduct to assess whether it meets current industry best practices and make amendments accordingly to improve these guidelines. If either of these documents does not exist, Dominion and Questar Gas agree to submit proposed versions of each document to the Commission for review and approval. Dominion Questar also agrees to make sure that each document reflects the findings of the Commission's on-going review of the WEXPRO I and II operator service fee (OSF) as well as other costs, as part of the Commission audit of Questar Gas' Account 191 balance in Docket Nos. 16-057-05 and 16-057-06. (See DPU Action Request Response dated May 24, 2016 filed in both dockets.)
26. Dominion Questar Gas will have its own separate management located in Salt Lake City, Utah. Dominion Questar Gas will have a separate board of directors.
27. No dividends will be paid by Questar Gas if its actual equity structure falls below 45 percent without explicit Commission approval.
28. Within three months of closing of the transaction, Dominion Resources commits to obtain a non-consolidation opinion that demonstrates that the ring fencing around Dominion Questar or an intermediate special purpose entity between Dominion Questar and Dominion Questar Gas, is sufficient to prevent Dominion Questar or such intermediate special purpose entity and Dominion Questar Gas from being pulled into an Dominion Resources bankruptcy. Dominion Resources commits to promptly file such opinion with the Commission. If the ring-fencing provisions of this agreement are insufficient to obtain a non-consolidation opinion, MEHC agrees to promptly undertake the following actions:
 - a. Notify the Commission of this inability to obtain a non-consolidation opinion.
 - b. Propose and implement, upon Commission approval, such ring-fencing provisions that are sufficient to prevent Dominion Questar or an intermediate special purpose

entity between Dominion Questar and Dominion Questar Gas from being pulled into a Dominion Resources bankruptcy.

- c. Obtain a non-consolidation opinion.