# Questar Gas Company

# Financial Statements

## Fiscal Years Ended December 31, 2022, 2021 and 2020

## with Independent Auditor's Report

# Questar Gas Company

## 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 |
| bcf | billion cubic feet |
| CERCLA | Comprehensive Environmental Response, Compensation and Liability Act of 1980, also known as Superfund |
| CET | Conservation enabling tariff |
| CPCN | Certificate of Public Convenience and Necessity |
| DEQPS | MountainWest Pipeline Services, Inc. (formerly known as Dominion Energy Questar Pipeline Services, Inc.) |
| DES | Dominion Energy Services, Inc. |
| DESC | The legal entity, Dominion Energy South Carolina, Inc., one or more of its consolidated entities or operating segment, or the entirety of Dominion Energy South Carolina, Inc. and its consolidated entities |
| Dominion Energy | The legal entity, Dominion Energy, Inc., one or more of its consolidated subsidiaries (other than Dominion Energy Questar or Questar Gas) or operating segments, or the entirety of Dominion Energy, Inc. and its consolidated subsidiaries |
| Dominion Energy Questar | The legal entity, Dominion Energy Questar Corporation, one or more of its consolidated subsidiaries (other than Dominion Energy Questar Pipeline, effective December 2021), or the entirety of Dominion Energy Questar Corporation and its consolidated subsidiaries |
| Dominion Energy Questar Pipeline | The legal entity, MountainWest Pipeline, LLC (formerly known as Dominion Energy Questar Pipeline, LLC), one or more of its consolidated subsidiaries (including its 50% noncontrolling interest in MountainWest White River Hub, LLC (formerly known as White River Hub, LLC)), or the entirety of Dominion Energy Questar Pipeline, LLC and its consolidated subsidiaries |
| EEP | Energy-efficiency program |
| EPA | U.S. Environmental Protection Agency |
| ERISA | Employee Retirement Income Security Act of 1974 |
| GAAP | U.S. generally accepted accounting principles |
| Gas Distribution | Gas Distribution operating segment |
| Idaho Commission | Idaho Public Utilities Commission |
| Questar Gas | The legal entity, Questar Gas Company, doing business as Dominion Energy Utah, Dominion Energy Wyoming and Dominion Energy Idaho |
| SEC | U.S. Securities and Exchange Commission |
| Utah Commission | Utah Public Service Commission |
| VIE | Variable interest entity |
| Virginia Power | The legal entity, Virginia Electric and Power Company, one or more of its consolidated subsidiaries or operating segment, or the entirety of Virginia Electric and Power Company and its consolidated subsidiaries |
| Wexpro | The legal entity, Wexpro Company, one or more of its consolidated subsidiaries, or the entirety of Wexpro Company and its consolidated subsidiaries |
| Wexpro Agreement | An agreement which sets forth the rights of Questar Gas to receive certain benefits from Wexpro's operations, including cost-of-service gas |
| Wexpro II Agreement | An agreement with the states of Utah and Wyoming modeled after the Wexpro Agreement that allows for the addition of properties under the cost-of-service methodology for the benefit of Questar Gas customers |
| Wexpro Agreements | Collectively, the Wexpro Agreement, Wexpro II Agreement and two stipulation agreements approved by the Utah Commission allowing for the inclusion of certain property at Canyon Creek and the Trail Unit under the Wexpro II Agreement |
| Wyoming Commission | Wyoming Public Service Commission |

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Questar Gas Company

### Opinion

We have audited the accompanying financial statements of Questar Gas Company (the "Company"), which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of income, common shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2022, and the related notes to the financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022 in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Deloitte & Touche LLP

March 29, 2023

# Questar Gas Company
## Statements of Income

| Year Ended December 31, (millions) | 2022 | 2021 | 2020 |
|---|---|---|---|
| **Operating Revenue**[1] | **$ 1,318.4** | $ 1,005.6 | $ 928.7 |
| **Operating Expenses** | | | |
| Purchased gas[1] | **841.4** | 560.6 | 497.4 |
| Other operations and maintenance[1] | **157.2** | 147.3 | 143.4 |
| Depreciation and amortization | **93.6** | 86.4 | 82.4 |
| Other taxes | **26.6** | 27.7 | 27.3 |
| Total operating expenses | **1,118.8** | 822.0 | 750.5 |
| Income from operations | **199.6** | 183.6 | 178.2 |
| Other income | **8.6** | 7.3 | 6.9 |
| Interest and related charges[1] | **44.4** | 34.3 | 31.9 |
| Income from operations before income tax expense | **163.8** | 156.6 | 153.2 |
| Income tax expense | **34.9** | 33.9 | 35.8 |
| **Net Income** | **$ 128.9** | $ 122.7 | $ 117.4 |

*(1) See Note 19 for amounts attributable to related parties.*

*The accompanying notes are an integral part of Questar Gas' Financial Statements.*

# Questar Gas Company

## Balance Sheets

| At December 31, | 2022 | 2021 |
|---|---|---|
| (millions) | | |
| **ASSETS** | | |
| **Current Assets** | | |
| Cash and cash equivalents | **$ 14.4** | $ 4.1 |
| Customer receivables (less allowance for doubtful accounts of $2.5 and $2.5) | **276.3** | 192.8 |
| Other receivables | **7.1** | 4.2 |
| Affiliated receivables | **30.4** | — |
| Inventories at lower of average cost or market: | | |
| Gas stored | **49.6** | 44.9 |
| Materials and supplies | **25.2** | 20.9 |
| Regulatory assets | **249.9** | 107.5 |
| Derivative assets | **117.2** | 4.4 |
| Prepayments | **3.4** | 3.9 |
| Other(1) | **1.9** | 2.1 |
| Total current assets | **775.4** | 384.8 |
| **Property, Plant and Equipment** | | |
| Property, plant and equipment | **4,314.7** | 3,965.3 |
| Accumulated depreciation and amortization | **(975.6)** | (907.7) |
| Total property, plant and equipment, net | **3,339.1** | 3,057.6 |
| **Deferred Charges and Other Assets** | | |
| Pension and other postretirement benefit assets(1) | **156.6** | 136.3 |
| Other | **36.2** | 31.8 |
| Total deferred charges and other assets | **192.8** | 168.1 |
| Total assets | **$ 4,307.3** | $ 3,610.5 |

*(1) See Note 19 for amounts attributable to related parties.*

*The accompanying notes are an integral part of Questar Gas' Financial Statements.*

# Questar Gas Company
## Balance Sheets (continued)

| At December 31, (millions) | 2022 | 2021 |
|---|---|---|
| **LIABILITIES AND COMMON SHAREHOLDER'S EQUITY** | | |
| **Current Liabilities** | | |
| Affiliated current borrowings | **$ 116.5** | $ 304.3 |
| Accounts payable | **311.7** | 115.4 |
| Accrued interest, payroll and taxes | **22.8** | 21.6 |
| Payables to affiliates | **48.1** | 31.3 |
| Contract liabilities | **27.6** | 27.6 |
| Regulatory liabilities | **139.2** | 23.2 |
| Derivative liabilities | **6.5** | 3.2 |
| Other[1] | **51.0** | 40.2 |
| Total current liabilities | **723.4** | 566.8 |
| **Long-Term Debt** | **1,245.0** | 995.4 |
| **Deferred Credits and Other Liabilities** | | |
| Deferred income taxes | **395.6** | 345.6 |
| Regulatory liabilities | **446.9** | 435.8 |
| Asset retirement obligations | **6.5** | 6.9 |
| Other[1] | **15.3** | 14.3 |
| Total deferred credits and other liabilities | **864.3** | 802.6 |
| Total liabilities | **2,832.7** | 2,364.8 |
| **Commitments and Contingencies (see Note 17)** | | |
| **Common Shareholder's Equity** | | |
| Common stock - par value $2.50[2] | **23.0** | 23.0 |
| Other paid-in capital | **575.7** | 475.7 |
| Retained earnings | **875.9** | 747.0 |
| Total common shareholder's equity | **1,474.6** | 1,245.7 |
| Total liabilities and shareholder's equity | **$ 4,307.3** | $ 3,610.5 |

*(1) See Note 19 for amounts attributable to related parties.*
*(2) 50.0 million shares authorized; 9.2 million shares outstanding at December 31, 2022 and December 31, 2021.*

*The accompanying notes are an integral part of Questar Gas' Financial Statements.*

# Questar Gas Company
## Statements of Common Shareholder's Equity

| | Common Stock | | | | |
|---|---|---|---|---|---|
| (millions, except for shares) | Shares **(thousands)** | Amount | Other Paid-In Capital | Retained Earnings | Total |
| December 31, 2019 | 9,190 | $ 23.0 | $ 475.7 | $ 606.9 | $ 1,105.6 |
| Net income | | | | 117.4 | 117.4 |
| December 31, 2020 | 9,190 | 23.0 | 475.7 | 724.3 | 1,223.0 |
| Net income | | | | 122.7 | 122.7 |
| Dividends paid to Dominion Energy Questar | | | | (100.0) | (100.0) |
| December 31, 2021 | 9,190 | 23.0 | 475.7 | 747.0 | 1,245.7 |
| Net income | | | | **128.9** | **128.9** |
| Capital contribution | | | **100.0** | | **100.0** |
| December 31, 2022 | **9,190** | **$ 23.0** | **$ 575.7** | **$ 875.9** | **$ 1,474.6** |

*The accompanying notes are an integral part of Questar Gas' Financial Statements.*

# Questar Gas Company
## Statements of Cash Flows

| Year Ended December 31, (millions) | 2022 | 2021 | 2020 |
|---|---|---|---|
| **Operating Activities** | | | |
| Net income | **$ 128.9** | $ 122.7 | $ 117.4 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation and amortization | **93.6** | 86.4 | 82.4 |
| Deferred income taxes | **44.0** | 16.8 | 11.3 |
| Other adjustments for non-cash items | **(2.6)** | (2.6) | (3.1) |
| Changes in operating assets and liabilities | **(58.8)** | (65.3) | (20.8) |
| Net cash provided by operating activities | **205.1** | 158.0 | 187.2 |
| **Investing Activities** | | | |
| Plant construction and other property additions | **(343.7)** | (349.3) | (306.8) |
| Other | **(10.6)** | (9.3) | (6.5) |
| Net cash used in investing activities | **(354.3)** | (358.6) | (313.3) |
| **Financing Activities** | | | |
| Issuance (repayment) of affiliated current borrowings, net | **(187.8)** | 48.0 | 124.5 |
| Issuance of long-term debt | **250.0** | 250.0 | — |
| Contribution from parent | **100.0** | — | — |
| Dividends paid to Dominion Energy Questar | **—** | (100.0) | — |
| Other | **(1.3)** | (0.7) | — |
| Net cash provided by financing activities | **160.9** | 197.3 | 124.5 |
| Increase (decrease) in cash and cash equivalents | **11.7** | (3.3) | (1.6) |
| Cash, restricted cash and equivalents at beginning of year | **4.2** | 7.5 | 9.1 |
| Cash, restricted cash and equivalents at end of year | **$ 15.9** | $ 4.2 | $ 7.5 |
| **Supplemental Cash Flow Information** | | | |
| Cash paid during the year for: | | | |
| Interest and related charges, excluding capitalized amounts | **$ 39.7** | $ 31.0 | $ 31.4 |
| Income taxes | **21.8** | 22.9 | 28.9 |
| Significant noncash investing and financing activities: | | | |
| Accrued capital expenditures | **27.7** | 22.8 | 19.6 |

*The accompanying notes are an integral part of Questar Gas' Financial Statements.*

**NOTES TO THE FINANCIAL STATEMENTS**

## NOTE 1. NATURE OF OPERATIONS

Questar Gas is a wholly-owned subsidiary of Dominion Energy Questar which is a wholly-owned subsidiary of Dominion Energy. Questar Gas conducts business under the names “Dominion Energy Utah,” “Dominion Energy Wyoming” and “Dominion Energy Idaho.”

Questar Gas distributes natural gas as a public utility in Utah, southwestern Wyoming and a small portion of southeastern Idaho. The Utah, Wyoming and Idaho Commissions have granted Questar Gas the necessary regulatory approvals to serve these areas. Questar Gas also has long-term franchises granted by communities and counties within its service area.

Revenue generated by Questar Gas is based primarily on rates established by the Utah and Wyoming Commissions. The Idaho Commission has contracted with the Utah Commission for rate oversight of Questar Gas’ operations in Idaho.

Wexpro, an affiliate, provides the majority of Questar Gas' natural gas supply and Dominion Energy Questar Pipeline, previously an affiliate, provides the majority of Questar Gas' transportation and storage services.

## NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

### General

Questar Gas 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.

Questar Gas reports certain contracts and instruments at fair value. See Note 5 for further information on fair value measurements.

Certain amounts in Questar Gas’ 2021 and 2020 Financial Statements and Notes have been reclassified to conform to the 2022 presentation for comparative purposes; however, such reclassifications did not impact net income, total assets, liabilities, equity or cash flows.

### Operating Revenue

Operating revenue is recorded on the basis of services rendered, commodities delivered or contracts settled and includes amounts yet to be billed to customers. Questar Gas collects sales taxes; however, these amounts are excluded from revenue. Questar Gas’ customer receivables at December 31, 2022 and 2021 included $141.7 million and $103.3 million, respectively, of accrued unbilled revenue based on estimated amounts of natural gas delivered but not yet billed to its customers. See Note 19 for amounts attributable to related parties.

The primary types of sales and service activities reported as operating revenue for Questar Gas are as follows:

***Revenue from Contracts with Customers***

- **Regulated gas sales** consist of state-regulated delivery of natural gas to residential, commercial and industrial customers;
- **Regulated gas transportation sales** consist of state-regulated transportation of natural gas for commercial and industrial customers to buy their own natural gas supply;
- **Other regulated revenue** consists primarily of connection fees, forfeited discounts and miscellaneous product sales; and
- **Other nonregulated revenue** consists primarily of sales of natural gas production at market-based rates and sales of oil and extracted products.

***Other Revenue***

- **Other revenue** consists primarily of royalty revenue and alternative revenue programs.

Revenues from gas sales are recognized over time, as the customers of Questar Gas consume the gas as it is delivered. Transportation contracts are primarily stand-ready service contracts that include fixed reservation and variable usage fees. Fixed fees are recognized ratably over the life of the contract, which is less than 12 months, as the stand-ready performance obligation is satisfied, while variable usage fees are recognized when Questar Gas has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the performance obligation completed to date. As a local distribution company, substantially all of Questar Gas’ revenues are derived from performance obligations satisfied over time, rather than recognized at a single point in time, and are month-to-month contracts billed according to the terms of its tariff. Payment for most sales varies by contract type but is typically due within a month of billing.

Amounts deferred for the CET arise under specific arrangements with regulators rather than customers. As a result, Questar Gas has concluded that these arrangements represent alternative revenue programs. Revenue from alternative revenue programs is included within operating revenues in the Statements of Income in the month such adjustments are deferred within regulatory accounts, and is shown as other revenues when disaggregated, as shown in Note 3. As permitted, Questar Gas has elected to reduce the regulatory accounts in the period when such amounts are reflected on customer bills without affecting operating revenues.

**Purchased Gas**

Questar Gas obtains the majority of its gas supply from Wexpro's cost-of-service production and pays Wexpro an operator service fee based on the terms of the Wexpro Agreements. Questar Gas also obtains transportation and storage services from Dominion Energy Questar Pipeline. See Note 19 for more information. During the second and third quarters of the year, a significant portion of the natural gas from Wexpro production is injected into underground storage. This gas is withdrawn from storage as needed during the heating season in the first and fourth quarters. Purchased gas is credited with the value of natural gas as it is injected into storage and debited as it is withdrawn from storage.

The details of Questar Gas' purchased gas are as follows:

| Year Ended December 31, | 2022 | 2021 | 2020 |
|---|---|---|---|
| (millions) | | | |
| Gas purchases | $ **594.7** | $ 284.0 | $ 128.5 |
| Affiliated operator service fee | **227.0** | 199.9 | 218.2 |
| Transportation and storage(1) | **93.8** | 88.3 | 87.6 |
| Gathering(1) | **7.2** | 17.2 | 17.0 |
| Royalties | **57.5** | 33.7 | 20.0 |
| Storage withdrawal (injection), net | **(5.4)** | 0.9 | 0.1 |
| Purchased-gas account adjustment | **(137.4)** | (67.1) | 22.2 |
| Other(1) | **4.0** | 3.7 | 3.8 |
| Total purchased gas | $ **841.4** | $ 560.6 | $ 497.4 |

*(1) See Note 19 for amounts attributable to related parties.*

**Purchased Gas-Deferred Costs**

Where permitted by regulatory authorities, the differences between Questar Gas' purchased gas expenses and the related levels of recovery for these expenses in current rates are deferred and matched against recoveries in future periods. The deferral of gas costs in excess of current period recovery is recognized as a regulatory asset, while rate recovery in excess of current period gas costs is recognized as a regulatory liability.

Virtually all of Questar Gas' natural gas purchases are either subject to deferral accounting or are recovered from the customer in the same accounting period as the sale.

**Income Taxes**

A consolidated federal income tax return is filed for Dominion Energy and its subsidiaries, including Questar Gas. Where applicable, combined income tax returns for Dominion Energy and its subsidiaries are filed in various states; otherwise, separate state income tax returns are filed.

Questar Gas participates in intercompany tax sharing agreements with Dominion Energy and its subsidiaries. Current income taxes are based on taxable income or loss and credits determined on a separate company basis.

Under the agreements, if a subsidiary incurs a tax loss or earns a credit, recognition of current income tax benefits is limited to refunds of prior year taxes obtained by the carryback of the net operating loss or credit or to the extent the tax loss or credit is absorbed by the taxable income of other Dominion Energy consolidated group members. Otherwise, the net operating loss or credit is carried forward and is recognized as a deferred tax asset until realized.

Accounting for income taxes involves an asset and liability approach. Deferred income tax assets and liabilities are provided, representing future effects on income taxes for temporary differences between the bases of assets and liabilities for financial reporting and tax purposes. Accordingly, deferred taxes are recognized for the future consequences of different treatments used for the reporting of transactions in financial accounting and income tax returns. Questar Gas establishes a valuation allowance when it is more-likely-than-not that all, or a portion, of a deferred tax asset will not be realized. Questar Gas has not established any valuation allowances for the periods presented.

Questar Gas recognizes positions taken, or expected to be taken, in income tax returns that are more-likely-than-not to be realized, assuming that the position will be examined by tax authorities with full knowledge of all relevant information.

If it is not more-likely-than-not that a tax position, or some portion thereof, will be sustained, the related tax benefits are not recognized in the financial statements. Unrecognized tax benefits may result in an increase in income taxes payable, a reduction of income tax refunds receivable or changes in deferred taxes. Also, when uncertainty about the deductibility of an amount is limited to the timing of such deductibility, the increase in income taxes payable (or reduction in tax refunds receivable) is accompanied by a decrease in deferred tax liabilities. Except when such amounts are presented net with amounts receivable from or amounts prepaid to tax authorities, noncurrent income taxes payable related to unrecognized tax benefits are classified in other deferred credits and other liabilities in the Balance Sheets and current payables are included in accrued interest, payroll and taxes in the Balance Sheets. Questar Gas does not have any unrecognized tax benefits for the periods presented.

Questar Gas recognizes interest on underpayments and overpayments of income taxes in interest expense and other income, respectively, in the Statements of Income. Penalties are also recognized in other income in the Statements of Income.

At December 31, 2022, the Balance Sheet included $30.6 million of tax-related receivables from affiliates, representing $26.2 million of current federal income taxes receivable and $4.3 million of state income taxes receivable. The net affiliated receivables are expected to be received from Dominion Energy.

At December 31, 2021, the Balance Sheet included $0.3 million of tax-related payables to affiliates, representing $1.0 million of current federal income taxes receivable and $1.3 million of state income taxes payable. The net affiliated payables were paid to Dominion Energy.

Investment tax credits are deferred and amortized over service lives of the properties giving rise to the credits.

**Cash and Cash Equivalents**
Current banking arrangements generally do not require checks to be funded until they are presented for payment. At December 31, 2022 and 2021, accounts payable included $3.2 million and $2.2 million, respectively, of checks outstanding but not yet presented for payment. For purposes of the Statements of Cash Flows, cash and cash equivalents include cash on hand, cash in banks and temporary investments purchased with an original maturity of three months or less.

***Restricted Cash and Equivalents***
Questar Gas holds restricted cash and equivalent balances that primarily consist of non-customer deposits. Restricted cash and equivalents are included within Questar Gas' Statements of Cash Flows, with the change in balance no longer considered a separate investing activity. The following table provides a reconciliation of the total cash, restricted cash, and equivalents reported within Questar Gas' Balance Sheets to the corresponding amounts reported within Questar Gas' Statements of Cash Flows:

| | Cash, Restricted Cash and Equivalents at End/Beginning of Year | | | |
|---|---|---|---|---|
| | **2022** | 2021 | 2020 | 2019 |
| (millions) | | | | |
| Cash and cash equivalents | **$ 14.4** | $ 4.1 | $ 7.5 | $ 9.1 |
| Restricted cash and equivalents(1) | **1.5** | 0.1 | — | — |
| Cash, restricted cash and equivalents shown in the Statement of Cash Flows | **$ 15.9** | $ 4.2 | $ 7.5 | $ 9.1 |

*(1) Restricted cash and equivalent balances are presented within other current assets in Questar Gas' Balance Sheets.*

**Fair Value Measurements**
Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date. However, the use of a mid-market pricing convention (the mid-point between bid and ask prices) is permitted. Fair values are based on assumptions that market participants would use when pricing an asset or liability, including assumptions about risk and the risks inherent in valuation techniques and the inputs to valuations. This includes not only the credit standing of counterparties involved and the impact of credit enhancements but also the impact of Questar Gas' own nonperformance risk on its liabilities. Fair value measurements assume that the transaction occurs in the principal market for the asset or liability (the market with the most volume and activity for the asset or liability from the perspective of the reporting entity), or in the absence of a principal market, the most advantageous market for the asset or liability (the market in which the reporting entity would be able to maximize the amount received or minimize the amount paid). Questar Gas applies fair value measurements to commodity derivative instruments in accordance with the requirements described above. Questar Gas applies credit adjustments to its derivative fair values in accordance with the requirements described above.

***Inputs and Assumptions***
Fair value is based on actively-quoted market prices, if available. In the absence of actively-quoted market prices, price information is sought from external sources, including industry publications, and to a lesser extent, broker quotes. When evaluating pricing information provided by Designated Contract Market settlement pricing, other pricing services, or brokers, Questar Gas considers the ability to transact at the quoted price, i.e. if the quotes are based on an active market or an inactive market and to the extent which pricing models are used, if pricing is not readily available. If pricing information from external sources is not available, or if Questar Gas believes that observable pricing is not indicative of fair value, judgment is required to develop the estimates of fair value. In those cases the unobservable inputs are developed and substantiated using historical information, available market data, third-party data, and statistical analysis. Periodically, inputs to valuation models are reviewed and revised as needed, based on historical information, updated market data, market liquidity and relationships, and changes in third-party pricing sources.

For options and contracts with option-like characteristics where observable pricing information is not available from external sources, Questar Gas generally uses a modified Black-Scholes Model or other option model that considers time, value, the volatility of the underlying commodities and other relevant assumptions when estimating fair value.

The inputs and assumptions used in measuring fair value for commodity derivative contracts include the following:

- Forward commodity prices
- Transaction prices
- Price correlation
- Volumes
- Commodity location
- Interest rates
- Credit quality of counterparties and Questar Gas
- Credit enhancements
- Time value

***Levels***
Questar Gas also utilizes the following fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1-Quoted prices (unadjusted) in active markets for identical assets and liabilities that it has the ability to access at the measurement date.
- Level 2-Inputs other than quoted prices included within Level 1 that are either directly or indirectly observable for the asset or liability, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived from observable market data by correlation or other means. Instruments categorized in Level 2 primarily include commodity forwards and options.
- Level 3-Unobservable inputs for the asset or liability, including situations where there is little, if any, market activity.

The fair value hierarchy gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable data (Level 3). In some cases, the inputs used to measure fair value might fall in different levels of the fair value hierarchy. In these cases, the lowest level input that is significant to a fair value measurement in its entirety determines the applicable level in the fair value hierarchy. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

Transfers out of Level 3 represent assets and liabilities that were previously classified as Level 3 for which the inputs became observable for classification in either Level 1 or Level 2. Because the activity and liquidity of commodity markets vary substantially between regions and time periods, the availability of observable inputs for substantially the full term and value of Questar Gas' over-the-counter derivative contracts is subject to change.

**Derivative Instruments**
Questar Gas is exposed to the impact of market fluctuations in the price of natural gas it purchases in its business operations. Questar Gas uses derivative instruments such as physical forwards and options to manage its exposure to supply and price risk of its business operations.

Derivative assets and liabilities are presented gross on Questar Gas' Consolidated Balance Sheets. Derivative contracts representing unrealized gain positions and purchased options are reported as derivative assets. Derivative contracts representing unrealized losses and options sold are reported as derivative liabilities. All derivatives, except those for which an exception applies, are required to be reported at fair value. One of the exceptions to fair value accounting, normal purchases and normal sales, may be elected when the contract satisfies certain criteria, including a requirement that physical delivery of the underlying commodity is probable. Expenses and revenues resulting from deliveries under normal purchase contracts and normal sales contracts, respectively, are included in earnings at the time of contract performance. See Fair Value Measurements above for additional information about fair value measurements and associated valuation methods for derivatives.

Questar Gas' derivative contracts include over-the-counter transactions which are bilateral contracts that are transacted directly with a third party. Certain over-the-counter contain contractual rights of offset through master netting arrangements, derivative clearing agreements and contract default provisions. In addition, the contracts are subject to conditional rights of offset through counterparty nonperformance, insolvency or other conditions.

In general, most over-the-counter transactions are subject to collateral requirements. Types of collateral for over-the-counter and exchange contracts include cash, letters of credit, and in some cases, other forms of security, none of which are subject to restrictions.

Questar Gas does not offset amounts recognized for the right to reclaim cash collateral or the obligation to return cash collateral against amounts recognized for derivative instruments executed with the same counterparty under the same master netting arrangement. Questar Gas had no margin assets and liabilities associated with cash collateral at December 31, 2022 and 2021. See Note 6 for further information about derivatives.

To manage price risk, Questar Gas holds derivative instruments that are not designated as hedges for accounting purposes. However, to the extent Questar Gas does not hold offsetting positions for such derivatives, it believes these instruments represent economic hedges that mitigate its exposure to fluctuations in commodity prices. All income statement activity, including amounts realized upon settlement, is presented in operating expenses based on the nature of the underlying risk.

Changes in the fair value of derivative instruments result in the recognition of regulatory assets or regulatory liabilities. Realized gains or losses on the derivative instruments are generally recognized when the related transactions impact earnings.

**Property, Plant and Equipment**
Property, plant and equipment is recorded at lower of original cost or fair value, if impaired. Capitalized costs include labor, materials and other direct and indirect costs such as asset retirement costs, AFUDC and overhead costs. The cost of repairs and maintenance, including minor additions and replacements, is generally charged to expense as it is incurred.

In 2022, 2021 and 2020, Questar Gas capitalized AFUDC to property, plant and equipment of $6.7 million, $4.8 million and $5.5 million, respectively.

The undepreciated cost of property, less salvage value, is generally charged to accumulated depreciation at retirement. Cost of removal collections from utility customers not representing AROs are recorded as regulatory liabilities. For property that will be abandoned significantly before the end of its useful life, the net carrying value is reclassified from plant-in-service when it becomes probable it will be abandoned.

Depreciation of property, plant and equipment is computed on the straight-line method based on projected service lives. Questar Gas' average composite depreciation rates on property, plant and equipment are as follows:

| Year Ended December 31, | **2022** | 2021 | 2020 |
|---|---|---|---|
| (percent) | | | |
| Distribution and storage | **2.25** | 2.35 | 2.47 |
| General and other | **3.65** | 3.28 | 3.52 |

**Long-Lived and Intangible Assets**
Questar Gas performs an evaluation for impairment whenever events or changes in circumstances indicate that the carrying amount of long-lived assets or intangible assets with finite lives may not be recoverable. A long-lived or intangible asset is written down to fair value if the sum of its expected future undiscounted cash flows is less than its carrying amount. Intangible assets with finite lives are amortized over their estimated useful lives.

**Regulatory Assets and Liabilities**
The accounting for Questar Gas' regulated gas operations differs from the accounting for nonregulated operations in that Questar Gas is required to reflect the effect of rate regulation in its Financial Statements. For regulated businesses subject to state cost-of-service rate regulation, regulatory practices that assign costs to accounting periods may differ from accounting methods generally applied by nonregulated companies. When it is probable that regulators will permit the recovery of current costs through future rates charged to customers, these costs that otherwise would be expensed by nonregulated companies are deferred as regulatory assets. Likewise, regulatory liabilities are recognized when it is probable that regulators will require customer refunds through future rates or when revenue is collected from customers for expenditures that have yet to be incurred.

Questar Gas evaluates whether or not recovery of its regulatory assets through future rates is probable as well as whether a regulatory liability due to customers is probable and makes various assumptions in its analyses. These analyses are generally based on:

- Orders issued by regulatory commissions, legislation and judicial actions;
- Past experience; and
- Discussions with applicable regulatory authorities and legal counsel.

Generally, regulatory assets and liabilities are amortized into income over the period authorized by the regulator. If recovery of a regulatory asset is determined to be less than probable, it will be written off in the period such assessment is made. A regulatory liability, if considered probable, will be recorded in the period such assessment is made or reversed into earnings if no longer probable. See Notes 9 and 10 for additional information.

**Asset Retirement Obligations**
Questar Gas recognizes AROs at fair value as incurred or when sufficient information becomes available to determine a reasonable estimate of the fair value of future retirement activities to be performed, for which a legal obligation exists. These

amounts are generally capitalized as costs of the related tangible long-lived assets. Since relevant market information is not available, fair value is estimated using discounted cash flow analyses. Quarterly, Questar Gas assesses its AROs to determine if circumstances indicate that estimates of the amounts or timing of future cash flows associated with retirement activities have changed. AROs are adjusted when significant changes in the amounts or timing of future cash flows are identified. Questar Gas reports accretion of AROs and depreciation on asset retirement costs associated with its natural gas pipeline assets as an adjustment to the related regulatory liabilities as revenue is recoverable from customers for AROs.

**Debt Issuance Costs**

Questar Gas defers and amortizes debt issuance costs and debt premiums or discounts over the expected lives of the respective debt issues, considering maturity dates and, if applicable, redemption rights held by others. Deferred debt issuance costs are recorded as a reduction in long-term debt in the Balance Sheets. Amortization of the issuance costs is reported as interest expense. As permitted by regulatory authorities, unamortized costs and gains or losses associated with redemptions of debt securities prior to stated maturity dates as well as such amounts resulting from the refinancing of debt allocable to utility operations are deferred and amortized.

**Inventories**

Materials and supplies inventories are valued primarily using the weighted-average cost method. Stored gas inventory for Questar Gas used in gas distribution operations is valued using the weighted-average cost method.

**Goodwill**

Questar Gas evaluates goodwill for impairment annually as of April 1 and whenever an event occurs or circumstances change in the interim that would more-likely-than-not reduce the fair value of a reporting unit below its carrying amount.

## NOTE 3. OPERATING REVENUE

Questar Gas' operating revenue consists of the following:

| Year Ended December 31, | 2022 | 2021 |
|---|---|---|
| (millions) | | |
| Regulated gas sales: | | |
| Residential | **$ 895.9** | $ 689.1 |
| Commercial | **313.5** | 229.6 |
| Industrial | **5.6** | 4.6 |
| Regulated gas transportation | **50.3** | 46.1 |
| Other regulated revenue(1) | **13.0** | 7.5 |
| Other nonregulated revenue(1)(2) | **24.6** | 17.2 |
| Total operating revenue from contracts with customers | **1,302.9** | 994.1 |
| Other revenue(1)(3) | **15.5** | 11.5 |
| Total operating revenue | **$ 1,318.4** | $ 1,005.6 |

*(1) See Note 19 for amounts attributable to related parties.*
*(2) Includes sales of oil and extracted products of $16.5 million and $11.2 million for the years ended December 31, 2022 and 2021, respectively, which are considered to be goods transferred at a point in time.*
*(3) Includes alternative revenue of $(1.2) million and $4.0 million for the years ended December 31, 2022 and 2021, respectively.*

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 December 31, 2022 and 2021, Questar Gas' contract liability balances were $27.6 million. During the years ended December 31, 2022 and 2021, Questar Gas recognized revenue of $27.6 million and $23.3 million, respectively, from the beginning contract liability balance as Questar Gas fulfilled its obligations to provide service to its customers.

## NOTE 4. INCOME TAXES

Judgment and the use of estimates are required in developing the provision for income taxes and reporting of tax-related assets and liabilities. The interpretation of tax laws involves uncertainty, since tax authorities may interpret the laws differently. Dominion Energy is routinely audited by federal and state tax authorities. Ultimate resolution of income tax matters may result in favorable or unfavorable impacts to net income and cash flows, and adjustments to tax-related assets and liabilities could be material.

As indicated in Note 2, Questar Gas' operations, including accounting for income taxes are subject to regulatory treatment. For regulated operations, many of the changes in deferred taxes from the 2017 Tax Reform Act represent amounts probable of collection from or return to customers and were recorded as either an increase to a regulatory asset or liability. See Note 10 for more information and current year developments.

Details of Questar Gas' income tax expense were as follows:

| Year Ended December 31, (millions) | 2022 | 2021 | 2020 |
|---|---|---|---|
| Current: | | | |
| Federal | $ (7.5) | $ 13.7 | $ 19.8 |
| State | (1.6) | 3.4 | 4.7 |
| Total current expense | (9.1) | 17.1 | 24.5 |
| Deferred: | | | |
| Federal | 36.4 | 11.7 | 5.4 |
| State | 7.6 | 5.1 | 5.9 |
| Total deferred expense | 44.0 | 16.8 | 11.3 |
| Total income tax expense | $ 34.9 | $ 33.9 | $ 35.8 |

The statutory U.S federal income tax rate reconciles to Questar Gas' effective income tax rate as follows:

| Year Ended December 31, | 2022 | 2021 | 2020 |
|---|---|---|---|
| Federal income taxes statutory rate | 21.0% | 21.0% | 21.0% |
| Increases (reductions) resulting from: | | | |
| State taxes, net of federal benefit | 3.6 | 3.7 | 3.6 |
| Reversal of excess deferred income taxes | (2.3) | (3.0) | (2.5) |
| Legislative change - state | (0.8) | — | 1.8 |
| Other | (0.2) | (0.1) | (0.6) |
| Effective income tax rate | 21.3% | 21.6% | 23.3% |

Questar Gas' 2022 effective tax rate includes state legislative changes in Utah and Idaho. Effective January 2022, each state reduced their respective corporate income tax rates. As a result, Questar Gas' 2022 effective tax rate reflects a $1.2 million state income tax benefit.

In December 2019, the state of Utah passed legislation that lowered the corporate income tax rate. In January 2020, the state of Utah passed legislation repealing the prior law and reinstating the prior corporate income tax rate. As a result, Questar Gas' 2020 effective tax rate reflects $3.6 million state income tax expense.

Questar Gas' deferred income taxes consist of the following:

| At December 31, (millions) | 2022 | 2021 |
|---|---|---|
| **Deferred income taxes:** | | |
| Total deferred income tax assets | $ 58.3 | $ 60.5 |
| Total deferred income tax liabilities | 453.9 | 406.1 |
| Total deferred income tax liabilities | $ 395.6 | $ 345.6 |
| **Total deferred income taxes:** | | |
| Property, plant and equipment | $ 358.8 | $ 349.1 |
| 2017 Tax Reform Act impact | (55.5) | (57.3) |
| Employee benefits | 37.2 | 32.1 |
| Deferred compensation | (1.6) | (1.6) |
| Purchased gas costs | 56.5 | 23.3 |
| Other | 0.2 | — |
| Total net deferred income tax liabilities | $ 395.6 | $ 345.6 |

Dominion Energy participates in the IRS Compliance Assurance Process which provides the opportunity to resolve complex tax matters with the IRS before filing its federal income tax returns, thus achieving certainty for such tax return filing positions agreed to by the IRS. The IRS has completed its audit of tax years through 2019. The statute of limitations has not yet expired for years after 2018. Although Dominion Energy has not received a final letter indicating no changes to its taxable income for tax years 2021 and 2020, no material adjustments are expected. The IRS examination of tax year 2022 is ongoing. The earliest year open for examination of Dominion Energy Questar's consolidated Utah returns is 2019.

The 2022 federal income tax return has not been filed.

## NOTE 5. FAIR VALUE MEASUREMENTS

Questar Gas' fair value measurements are made in accordance with the policies discussed in Note 2. See Note 6 for additional information about Questar Gas' derivative and hedge accounting activities.

**Recurring Fair Value Measurements**

The following table presents Questar Gas' assets and liabilities that are measured at fair value on a recurring basis for each hierarchy level, including both current and noncurrent portions:

| (millions) | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **At December 31, 2022** | | | | |
| **Assets** | | | | |
| Derivatives: | | | | |
| Commodity | **$ —** | **$ 118.2** | **$ —** | **$ 118.2** |
| Total assets | **$ —** | **$ 118.2** | **$ —** | **$ 118.2** |
| **Liabilities** | | | | |
| Derivatives: | | | | |
| Commodity | **$ —** | **$ 7.4** | **$ —** | **$ 7.4** |
| Total liabilities | **$ —** | **$ 7.4** | **$ —** | **$ 7.4** |
| **At December 31, 2021** | | | | |
| **Assets** | | | | |
| Derivatives: | | | | |
| Commodity | $ — | $ 4.8 | $ — | $ 4.8 |
| Total assets | $ — | $ 4.8 | $ — | $ 4.8 |
| **Liabilities** | | | | |
| Derivatives: | | | | |
| Commodity | $ — | $ 4.1 | $ — | $ 4.1 |
| Total liabilities | $ — | $ 4.1 | $ — | $ 4.1 |

**Fair Value of Financial Instruments**

Substantially all of Questar Gas' financial instruments are recorded at fair value, with the exception of the instruments described below, which are reported at historical cost. Estimated fair values have been determined using available market information and valuation methodologies considered appropriate by management. The carrying amount of cash and cash equivalents, customer and other receivables, affiliated receivables, affiliated current borrowings, accounts payable and payables to affiliates are representative of fair value because of the short-term nature of these instruments. For Questar Gas' financial instruments that are not recorded at fair value, the carrying amounts and estimated fair values are as follows:

| At December 31, | **2022** | | 2021 | |
|---|---|---|---|---|
| (millions) | **Carrying Amount** | **Estimated Fair Value(1)** | Carrying Amount | Estimated Fair Value(1) |
| Long-term debt(2) | **$ 1,245.0** | **$ 1,014.8** | $ 995.4 | $ 1,092.0 |

*(1) 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.*

*(2) Carrying amount includes amounts which represent the unamortized debt issuance costs.*

## NOTE 6. DERIVATIVES AND HEDGE ACCOUNTING ACTIVITIES

See Note 2 for Questar Gas' accounting policies, objectives and strategies for using derivative instruments. See Note 5 for further information about fair value measurements and associated valuation methods for derivatives.

**Balance Sheet Presentation**

The table below presents Questar Gas' derivative asset and liability balances by type of financial instrument, if the gross amounts recognized in the Balance Sheets were netted with derivative instruments and cash collateral received or paid:

| | **December 31, 2022** | | | | December 31, 2021 | | | |
|---|---|---|---|---|---|---|---|---|
| (millions) | **Gross Assets Presented in the Balance Sheet(1)** | **Financial Instruments** | **Cash Collateral Received** | **Net Amounts** | Gross Assets Presented in the Balance Sheet(1) | Financial Instruments | Cash Collateral Received | Net Amounts |
| Commodity contracts: | | | | | | | | |
| Over-the-counter | **$ 118.2** | **$ 1.0** | **$ —** | **$ 117.2** | $ 4.8 | $ 0.9 | $ — | $ 3.9 |
| Total derivatives, subject to a master netting or similar arrangement | **$ 118.2** | **$ 1.0** | **$ —** | **$ 117.2** | $ 4.8 | $ 0.9 | $ — | $ 3.9 |
| (millions) | **Gross Liabilities Presented in the Balance Sheet(2)** | **Financial Instruments** | **Cash Collateral Paid** | **Net Amounts** | Gross Liabilities Presented in the Balance Sheet(2) | Financial Instruments | Cash Collateral Paid | Net Amounts |
| Commodity contracts: | | | | | | | | |
| Over-the-counter | **$ 7.4** | **$ 1.0** | **$ —** | **$ 6.4** | $ 3.9 | $ 0.9 | $ — | $ 3.0 |
| Total derivatives, subject to a master netting or similar arrangement | **$ 7.4** | **$ 1.0** | **$ —** | **$ 6.4** | $ 3.9 | $ 0.9 | $ — | $ 3.0 |

*(1) Questar Gas did not have any derivative assets at December 31, 2022 and 2021 which were not subject to master netting or similar arrangements.*
*(2) Questar Gas did not have any derivative liabilities at December 31, 2022 which were not subject to master netting or similar arrangements. Excludes derivative liabilities of $0.2 million at December 31, 2021 which were not subject to master netting or similar arrangements.*

**Volumes**

The following table presents the volume of Questar Gas' derivative activity at December 31, 2022. These volumes are based on open derivative positions and represent the combined absolute value of their long and short positions, except in the case of offsetting transactions, for which they represent the absolute value of the net volume of their long and short positions.

| | **Current** | **Noncurrent** |
|---|---|---|
| Natural Gas (bcf): | | |
| Fixed price | **4.5** | **—** |
| Basis | **14.0** | **7.8** |

**Fair Value and Gains and Losses on Derivative Instruments**

The following table presents the fair values of Questar Gas' derivatives and where they are presented in its Balance Sheets.

| At December 31, (millions) | **Fair Value - Derivatives not under Hedge Accounting 2022** | 2021 |
|---|---|---|
| **ASSETS** | | |
| **Current Assets** | | |
| Commodity | **$ 117.2** | $ 4.4 |
| Total current derivative assets | **117.2** | 4.4 |
| **Noncurrent Assets** | | |
| Commodity | **1.0** | 0.4 |
| Total noncurrent derivative assets(1) | **1.0** | 0.4 |
| Total derivative assets | **$ 118.2** | $ 4.8 |
| **LIABILITIES** | | |
| **Current Liabilities** | | |
| Commodity | **$ 6.5** | $ 3.2 |
| Total current derivative liabilities | **6.5** | 3.2 |
| **Noncurrent Liabilities** | | |
| Commodity | **0.9** | 0.9 |
| Total noncurrent derivative liabilities(2) | **0.9** | 0.9 |
| Total derivative liabilities | **$ 7.4** | $ 4.1 |

(1) *Noncurrent derivative assets are presented in other deferred charges and other assets in the Balance Sheets.*
(2) *Noncurrent derivative liabilities are presented in other deferred credits and other liabilities in the Balance Sheets.*

The following table presents the gains and losses on Questar Gas' derivatives, as well as where the associated activity is presented in the Statements of Income.

| Derivatives not designated as hedging instruments | Amount of Gains (Losses) Recognized in Income on Derivatives [1] | | |
|---|---|---|---|
| Year Ended December 31, | **2022** | 2021 | 2020 |
| (millions) | | | |
| Derivative Type and Location of Gains (Losses): | | | |
| Commodity[2] | **$ 7.8** | $ (0.4) | $ (0.6) |
| Total | **$ 7.8** | $ (0.4) | $ (0.6) |

(1) *Includes derivative activity amortized out of regulatory assets/liabilities. Amounts deferred into regulatory assets/liabilities have no associated effect in the Statements of Income.*
(2) *Amounts recorded in the Statements of Income are classified in purchased gas.*

## NOTE 7. PROPERTY, PLANT AND EQUIPMENT

Major classes of property, plant and equipment and their respective balances for Questar Gas are as follows:

| At December 31, | **2022** | 2021 |
|---|---|---|
| (millions) | | |
| Distribution and storage | **$ 3,749.6** | $ 3,302.2 |
| General and other | **400.0** | 382.9 |
| Plant under construction | **165.1** | 280.2 |
| Total property, plant and equipment | **$ 4,314.7** | $ 3,965.3 |

## NOTE 8. GOODWILL

The changes in Questar Gas' carrying amount and segment allocation of goodwill are presented below and are included in other deferred charges and other assets in the Balance Sheets:

| | **Gas Distribution** | **Corporate and Other** | **Total** |
|---|---|---|---|
| (millions) | | | |
| Balance at December 31, 2020[1] | $ 5.6 | $ — | $ 5.6 |
| No events affecting goodwill | — | — | — |
| Balance at December 31, 2021[1] | $ 5.6 | $ — | $ 5.6 |
| No events affecting goodwill | **—** | **—** | **—** |
| Balance at December 31, 2022[1] | **$ 5.6** | **$ —** | **$ 5.6** |

(1) *There are no accumulated impairment losses.*

## NOTE 9. REGULATORY ASSETS AND LIABILITIES

Regulatory assets and liabilities include the following:

| At December 31, (millions) | 2022 | 2021 |
|---|---|---|
| **Regulatory assets:** | | |
| Purchased gas adjustment[(1)] | **$ 233.6** | $ 94.4 |
| Deferred royalties[(2)] | **6.3** | 6.4 |
| Pipeline integrity costs[(3)] | **2.6** | 0.9 |
| CET[(4)] | **—** | 1.1 |
| Other | **7.4** | 4.7 |
| Regulatory assets-current | **249.9** | 107.5 |
| Deferred production imbalance[(5)] | **8.4** | 7.8 |
| Pipeline integrity costs[(3)] | **6.7** | 7.0 |
| Other | **0.9** | 1.0 |
| Regulatory assets-noncurrent[(6)] | **16.0** | 15.8 |
| **Total regulatory assets** | **$ 265.9** | $ 123.3 |
| **Regulatory liabilities:** | | |
| Derivatives[(7)] | **$ 116.2** | $ — |
| Cost of plant removal and AROs[(8)] | **10.0** | 13.9 |
| Income taxes refundable through future rates[(9)] | **4.3** | 3.8 |
| CET[(4)] | **3.5** | 0.5 |
| Other | **5.2** | 5.0 |
| Regulatory liabilities-current | **139.2** | 23.2 |
| Income taxes refundable through future rates[(9)] | **220.4** | 226.5 |
| Cost of plant removal and AROs[(8)] | **225.0** | 208.9 |
| Other | **1.5** | 0.4 |
| Regulatory liabilities-noncurrent | **446.9** | 435.8 |
| **Total regulatory liabilities** | **$ 586.1** | $ 459.0 |

*(1) Purchased gas costs that are different from those provided for in present rates are accumulated and recovered or credited through future rate changes. See Note 10 for more information.*
*(2) Royalties on cost-of-service gas produced are recovered from customers through future rates. See Note 10 for more information.*
*(3) The costs of complying with pipeline-integrity regulations are recovered in rates subject to a Utah Commission order. Questar Gas is allowed to recover $8.1 million per year. Costs incurred in excess of this amount will be recovered in future rate changes.*
*(4) The CET represents the difference between actual and allowed revenues. Any deficiency or excess in amounts collected is recovered or refunded through periodic rate adjustments. See Note 10 for more information.*
*(5) Production imbalances will be recovered from customers at the end of the related gas wells' useful life.*
*(6) Noncurrent regulatory assets are presented in other deferred charges and other assets in the Balance Sheets.*
*(7) Represents changes in the fair value of derivatives that following settlement are expected to be recovered from or refunded to customers.*
*(8) Cost of plant removal and AROs represent amounts recovered from customers for costs of future activities to remove assets that are expected to be incurred at the time of retirement.*
*(9) Amounts recorded to pass the effect of reduced income tax rates 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. See Note 10 for more information.*

At December 31, 2022, none of Questar Gas' regulatory assets were earning a return. With the exception of certain items discussed above, the majority of these expenditures are expected to be recovered within the next three years.

## NOTE 10. REGULATORY MATTERS

As a result of issues generated in the ordinary course of business, Questar Gas is involved in various regulatory matters. Certain regulatory matters may ultimately result in a loss; however, as such matters are in an initial procedural phase, involve uncertainty as to the outcome of pending reviews or orders, and/or involve significant factual issues that need to be resolved, it is not possible for Questar Gas to estimate a range of possible loss. For regulatory matters that Questar Gas cannot estimate, a statement to this effect is made in the description of the matter. Other matters may have progressed sufficiently through the regulatory process such that Questar Gas is able to estimate a range of possible loss. For regulatory matters that Questar Gas 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 estimated range is based on currently available information, involves elements of judgment and significant uncertainties and may not represent Questar Gas' maximum possible loss exposure. The circumstances of such regulatory matters will change from time to time and actual results may vary significantly from the current estimate. For current matters not specifically reported below, management does not anticipate that the outcome from such matters would have a material effect on Questar Gas' financial position, liquidity or results of operations.

As a public utility, Questar Gas is subject to the jurisdiction of the Utah Commission and the Wyoming Commission. Natural gas sales and transportation services are provided under rate schedules approved by the two regulatory commissions.

**Base Rates**

In May 2022, Questar Gas filed its base rate case and schedules with the Utah Commission. Questar Gas proposed a non-fuel, base rate increase of $70.5 million effective January 2023. The base rate increase was proposed to recover the significant investment in distribution infrastructure for the benefit of Utah customers. The proposed rates would provide for an ROE of 10.3% compared to the currently authorized ROE of 9.5%. In December 2022, the Utah Commission approved a non-fuel base rate increase of $47.8 million for rates effective January 2023 with an ROE of 9.6%.

In March 2023, Questar Gas filed its base rate case and schedules with the Wyoming Commission. Questar Gas proposed a non-fuel, base rate increase of $2.1 million effective January 2024. The base rate increase was proposed to recover the significant investment in distribution infrastructure for the benefit of Wyoming customers. The proposed rates would provide for an ROE of 10.3% compared to the currently authorized ROE of 9.5%. This matter is pending.

**Purchased Gas**

Both the Utah and Wyoming Commissions permit Questar Gas to recover gas costs through a balancing-account mechanism and to reflect natural gas price changes on a periodic basis, typically twice a year in the spring and the fall. Questar Gas recovers bad debt costs related to the gas-cost portion of rates in its Utah operations through a purchased-gas adjustment to rates.

In July 2022, the Utah Commission approved Questar Gas' request for a gas cost increase of $93.8 million with rates effective August 2022. In June 2022, the Wyoming Commission approved Questar Gas' request for a gas cost increase of $2.3 million with rates effective July 2022. In October 2022, the Utah Commission and the Wyoming Commission approved Questar Gas' requests for gas cost increases of $128.2 million and $4.3 million, respectively, with rates effective November 2022.

In February 2023, the Utah Commission and the Wyoming Commission approved Questar Gas' requests for gas cost increases of $163.9 million and $3.1 million, respectively, with rates effective March 2023.

**Infrastructure Replacement Program**

Questar Gas has an infrastructure cost-tracking mechanism that allows it to place into rate base, and earn a return on, capital expenditures associated with a multi-year natural gas infrastructure-replacement program upon the completion of each project.

In September 2022, the Utah Commission approved Questar Gas' request for a customer rate increase of $4.0 million relating to infrastructure replacement, with rates effective October 2022.

**Conservation Enabling Tariff**

Questar Gas has a revenue decoupling mechanism called the CET, which allows it to collect its allowed revenue per customer and promote energy conservation. Under the CET, Questar Gas' non-gas revenues are decoupled from the temperature-adjusted usage per customer. The tariff specifies an allowed monthly revenue per customer, with differences to be deferred and recovered from or refunded to customers through periodic rate adjustments. These adjustments are limited to 5% of distribution non-gas revenues.

In October 2022, the Utah Commission approved Questar Gas' request for a non-gas cost increase of $1.2 million, and in November 2022, the Wyoming Commission approved Questar Gas' request for a non-gas cost decrease of $0.3 million, relating to the CET with rates effective November 2022.

**Energy Efficiency Program**

Questar Gas has an EEP. Under the EEP, Questar Gas encourages the conservation of natural gas through advertising, rebates for efficient homes and appliances, and home energy plans. The costs related to the EEP are deferred and recovered from customers through periodic rate adjustments.

In October 2022, the Utah Commission approved Questar Gas' request for a non-gas cost decrease of $1.4 million relating to the EEP on an interim basis, with rates effective November 2022.

**Rural Expansion**

In August 2021, Questar Gas filed an application with the Utah Commission for a CPCN to acquire and construct natural gas infrastructure to extend service to Green River, Utah. The project is expected to include the purchase of an existing 21-mile high-pressure pipeline and the construction of an additional 17 miles of high-pressure pipeline. The project is also expected to include up to 480 service lines and to be in service in late 2023. Questar Gas also requested approval of a rural expansion rate adjustment tracker to recover the construction costs of the project. The Utah Commission approved the application in January 2022.

Pursuant to its 2022 Utah base rate case, Questar Gas is permitted to spend $84.7 million over three years, and approximately $213.6 million in the aggregate, for expansion of distribution facilities to bring natural gas to residential and commercial customers in rural parts of Utah, as approved by the Utah Commission. Additionally, as part of the 2022 Utah base rate case, the Utah Commission also approved the inclusion of $23.7 million of rural expansion capital investment in base rates, with costs above this amount to be included for future rural expansion consideration.

## NOTE 11. ASSET RETIREMENT OBLIGATIONS

AROs represent obligations that result from laws, statutes, contracts and regulations related to the eventual retirement of certain of Questar Gas' long-lived assets. Questar Gas' AROs primarily include interim retirement of natural gas distribution pipelines. Revisions to estimates result from material changes in the expected timing or amount of cash flows associated with AROs. The changes to AROs during 2021 and 2022 were as follows:

| (millions) | | Amount |
|---|---|---|
| AROs at December 31, 2020 | $ | 85.0 |
| Accretion | | 2.8 |
| Obligations settled during the period | | (1.9) |
| Revisions in estimated cash flows(1) | | (78.2) |
| AROs at December 31, 2021(2) | $ | 7.7 |
| Accretion | | **0.3** |
| Obligations settled during the period | | **(0.7)** |
| AROs at December 31, 2022(2) | **$** | **7.3** |

*(1) Reflects revisions to estimated cash flow projections associated with certain gas distribution pipelines. As a result, Questar Gas recorded a corresponding $62.5 million decrease to property, plant and equipment, net and a $15.7 million increase in regulatory liabilities.*
*(2) Includes $0.8 million reported in other current liabilities in the Balance Sheets at December 31, 2021 and 2022.*

## NOTE 12. VARIABLE INTEREST ENTITIES

The primary beneficiary of a VIE is required to consolidate the VIE and to disclose certain information about its significant variable interest in the VIE. The primary beneficiary of a VIE is the entity that has both: (1) the power to direct activities that most significantly impact the entity's economic performance and (2) the obligation to absorb losses or receive benefits from the entity that could potentially be significant to the VIE.

DEQPS, previously an affiliated VIE, provided operational services to certain Dominion Energy subsidiaries, including Questar Gas, as a subsidiary service company until it became a subsidiary of Southwest Gas Holdings, Inc. in December 2021. Questar Gas purchased shared services from DEQPS of $1.2 million and $1.0 million for the years ended December 31, 2021 and 2020, respectively.

DES, an affiliated VIE, provides accounting, legal, finance and certain administrative and technical services to Dominion Energy and its subsidiaries including Questar Gas. Questar Gas purchased shared services from DES of $50.4 million and $50.2 million for the years ended December 31, 2022 and 2021, respectively. The Balance Sheets at December 31, 2022 and 2021 included amounts due to DES of $2.3 million and $1.8 million, respectively.

Questar Gas determined that it is not the primary beneficiary of DES as it does not have both the power to direct the activities that most significantly impact its economic performance as well as the obligation to absorb losses and benefits which could be significant to it. Questar Gas has no obligation to absorb more than its allocated share of DES costs.

## NOTE 13. SHORT-TERM DEBT AND CREDIT AGREEMENTS

Questar Gas uses short-term debt to fund working capital requirements and as a bridge to long-term debt financings. The levels of borrowing may vary significantly during the course of the year, depending upon the timing and amount of cash requirements not satisfied by cash from operations.

Questar Gas' short-term financing is supported through its access as co-borrower to Dominion Energy's $6.0 billion joint revolving credit facility, which can be used for working capital, as support for the combined commercial paper programs of Questar Gas, Dominion Energy, Virginia Power and DESC, and for other general corporate purposes.

Questar Gas' share of commercial paper and letters of credit outstanding under its joint credit facility with Dominion Energy were as follows:

| (millions) | | Facility Limit(1) | | Outstanding Commercial Paper | | Outstanding Letters of Credit |
|---|---|---|---|---|---|---|
| **At December 31, 2022** | | | | | | |
| Joint revolving credit facility | **$** | **1,000.0** | **$** | **—** | **$** | **—** |
| **At December 31, 2021** | | | | | | |
| Joint revolving credit facility | $ | 1,000.0 | $ | — | $ | — |

(1) *A maximum of $1.0 billion of the facility is available to Questar Gas, assuming adequate capacity is available after giving effect to uses by co-borrowers Dominion Energy, Virginia Power and DESC. The sub-limit for Questar Gas is set within the facility limit but can be changed at the option of the borrowers under the credit facility multiple times per year. At December 31, 2022, the sub-limit for Questar Gas was $250.0 million. If Questar Gas has liquidity needs in excess of its sub-limit, the sub-limit may be changed or such needs may be satisfied through short-term borrowings from Dominion Energy. This credit facility matures in June 2026, with the potential to be extended by the borrowers to June 2028. This credit facility can be used to support bank borrowings and the issuance of commercial paper, as well as to support up to $1.0 billion (or the sub-limit, whichever is less) of letters of credit.*

## NOTE 14. LONG-TERM DEBT

| At December 31, | 2022 Weighted-average Coupon | 2022 | 2021 |
|---|---|---|---|
| (millions, except percentages) | | | |
| Unsecured Senior Notes: | | | |
| 2.21% to 7.20%, due 2024 to 2052 | **3.99%** | **$ 1,250.0** | $ 1,000.0 |
| Total principal | | **1,250.0** | 1,000.0 |
| Unamortized debt issuance costs | | **(5.0)** | (4.6) |
| Total long-term debt | | **$ 1,245.0** | $ 995.4 |

Based on stated maturity dates, the scheduled principal payments of long-term debt at December 31, 2022, were as follows:

| | 2023 | 2024 | 2025 | 2026 | 2027 | Thereafter | Total |
|---|---|---|---|---|---|---|---|
| (millions, except percentages) | | | | | | | |
| Questar Gas | **$ —** | **$ 40** | **$ —** | **$ —** | **$ 110** | **$ 1,100.0** | **$ 1,250.0** |
| Weighted-average Coupon | | **2.98%** | | | **3.28%** | **4.10%** | |

Questar Gas short-term credit facilities and long-term debt agreements contain customary covenants and default provisions. As of December 31, 2022, there were no events of default under these covenants.

Any new long-term debt issuance by Questar Gas is subject to approval by the Wyoming Commission.

## NOTE 15. DIVIDEND RESTRICTIONS

The Utah Commission may prohibit any public service company, including Questar Gas, from declaring or paying a dividend to an affiliate if found to be detrimental to the public interest. At December 31, 2022, the Utah Commission had not restricted the payment of dividends by Questar Gas.

## NOTE 16. EMPLOYEE BENEFITS

Questar Gas participates in retirement benefit plans sponsored by Dominion Energy effective December 2017, reflecting the merger of plans previously sponsored by Dominion Energy Questar, which provides certain retirement benefits to eligible active employees, retirees and qualifying dependents of Questar Gas. Under the terms of its benefit plans, Dominion Energy reserves the right to change, modify or terminate the plans. From time to time in the past, benefits have changed, and some of these changes have reduced benefits.

Pension benefits for Questar Gas employees are covered by a defined benefit pension plan sponsored by Dominion Energy that provides benefits to multiple Dominion Energy subsidiaries. Retirement benefits payable are based primarily on years of service, age and the employee's compensation. As a participating employer, Questar Gas is subject to Dominion Energy's funding policy, which is to contribute annually an amount that is in accordance with the provisions of ERISA. During 2022, no contributions to the plan were made by Questar Gas and no contributions are currently expected in 2023. Net periodic pension credit related to the plan was $(16.2) million, $(9.4) million and $(7.1) million in 2022, 2021 and 2020, respectively, recorded in other operations and maintenance expense in the Statements of Income. The funded status of various Dominion Energy subsidiary groups and employee compensation are the basis for determining the share of total pension costs for participating Dominion Energy subsidiaries. At December 31, 2022 and 2021, the amount due to Questar Gas associated with this plan, was $149.9 million and $133.7 million, respectively, recorded in pension and other postretirement benefit assets in the Balance Sheets.

In the fourth quarter of 2021, Dominion Energy recognized the effects of curtailment for certain pension plans resulting from an option that will provide certain active employees a one-time choice to transition to an enhanced defined contribution plan in lieu of accruing pension benefits for future services. The curtailment resulted in a decrease to Questar Gas' net periodic pension credit of $0.9 million in 2021, recorded in other operations and maintenance expense in the Statements of Income.

Retiree healthcare and life insurance benefits for Questar Gas employees are covered by a health and welfare plan sponsored by Dominion Energy that provides certain retiree healthcare and life insurance benefits to multiple Dominion Energy subsidiaries. Annual employee premiums are based on several factors such as retirement date and years of service. Net periodic benefit credit related to this plan was $(2.5) million, $(1.8) million and $(1.8) million in 2022, 2021 and 2020, respectively, recorded in other operations and maintenance expense in the Statements of Income. Employee headcount is the basis for determining the share of total other postretirement benefit costs for participating Dominion Energy subsidiaries. At December 31, 2022 and 2021, the amount due to Questar Gas associated with this plan was $6.7 million and $2.6 million, respectively, recorded in pension and other postretirement benefit assets in the Balance Sheets.

Dominion Energy holds investments in trusts to fund employee benefit payments for the pension and other postretirement benefit plans in which Questar Gas' employees participate. Any investment-related declines in these trusts will result in future increases in the net periodic cost recognized for such employee benefit plans and will be included in the determination of the amount of cash that Questar Gas will provide to Dominion Energy for its share of employee benefit plan contributions.

**Defined Contribution Plan**
Questar Gas also participates in a Dominion Energy-sponsored defined contribution plan which covers multiple Dominion Energy subsidiaries. Questar Gas recognized $2.8 million, $2.3 million and $2.0 million of expense in other operations and maintenance expense in the Statements of Income in 2022, 2021 and 2020, respectively, as employer matching contributions to this plan.

## NOTE 17. COMMITMENTS AND CONTINGENCIES

As a result of issues generated in the ordinary course of business, Questar Gas 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 Questar Gas to estimate a range of possible loss. For such matters that Questar Gas 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 Questar Gas is able to estimate a range of possible loss. For legal proceedings and governmental examinations that Questar Gas 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 Questar Gas' 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 Questar Gas' financial position, liquidity or results of operations.

The operations of Questar gas 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 CERCLA, 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, Questar Gas 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, Questar Gas 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. Questar Gas also may identify, evaluate and remediate other potentially impacted sites under voluntary state programs. Remediation costs may be subject to reimbursement under Questar Gas' insurance policies, rate recovery mechanisms, or both.

Questar Gas has determined that it is associated with two former manufactured gas plant sites. At both sites, remediation work has been substantially completed under federal or state oversight, and the sites are following state-approved groundwater monitoring programs. Questar Gas does not expect a material impact to results of operations, financial condition and/or cash flows.

**Commitments**
In addition to purchases made from Wexpro, Questar Gas purchases natural gas from multiple third parties under index-based or fixed-price contracts. Questar Gas has commitments to purchase gas from third parties for $429.2 million in 2023, $45.5 million in 2024 and $11.5 million in 2025 based on forward market prices. Generally, at the conclusion of the heating season and after a bid process, new agreements for the next heating season are put in place. Questar Gas bought natural gas under third-party purchase agreements amounting to $589.3 million in 2022, $148.6 million in 2021 and $126.8 million in 2020.

Questar Gas stores gas during off-peak periods (typically during the summer) and withdraws gas from storage to meet peak gas demand (typically in the winter). Questar Gas has third-party transportation and gathering commitments requiring payments of $90.2 million in 2023, $88.1 million in 2024, $79.9 million in 2025, $75.7 million in 2026 and $75.1 million in 2027. Questar

Gas paid, under third-party transportation and gathering agreements, $99.1 million in 2022, $21.3 million in 2021 and $25.3 million in 2020, excluding any payments made to Dominion Energy Questar Pipeline while it was an affiliate.

## NOTE 18. CREDIT RISK

Credit risk is the risk of financial loss if counterparties fail to perform their contractual obligations. In order to minimize overall credit risk, credit policies are maintained, including requiring customer deposits and the evaluation of counterparty financial condition. In addition, counterparties may make available collateral, including letters of credit or cash held as margin deposits, as a result of exceeding agreed-upon credit limits, or may be required to prepay the transaction.

Questar Gas maintains a provision for credit losses based on factors surrounding the credit risk of its customers, historical trends and other information. Management believes, based on credit policies and the December 31, 2022 provision for credit losses, that it is unlikely that a material adverse effect on financial position, results of operations or cash flows would occur as a result of counterparty nonperformance.

## NOTE 19. RELATED-PARTY TRANSACTIONS

Questar Gas engages in related party-transactions primarily with affiliates Wexpro, for cost-of-service natural gas supply, and Dominion Energy Questar Pipeline (an affiliate through December 2021), for transportation and storage services. See Notes 2 and 17 for more details. Questar Gas' receivables and payables balances with affiliates are settled based on contractual terms or on a monthly basis, depending on the nature of the underlying transactions. Questar Gas participates in certain Dominion Energy benefit plans as discussed in Note 16.  A discussion of significant related party transactions follows.

DES and other affiliates provide accounting, legal, finance and certain administrative and technical services to Questar Gas. These costs are included in other operations and maintenance in the Statements of Income on the basis of direct and allocated methods in accordance with Questar Gas' service agreements. Where costs incurred cannot be determined by specific identification, the costs are generally allocated based on each affiliated company's proportional share of revenues less product costs; property, plant and equipment; and labor costs from Dominion Energy Questar and based on the proportional level of effort devoted by resources that is attributable to Questar Gas, determined by reference to number of employees, salaries and wages and other similar measures for the relevant DES service. Management believes that the allocation methods are reasonable. Questar Gas provides certain services to related parties, including technical services. The billed amounts of these services are allocated based on the specific nature of the charges. Management believes that the allocation methods are reasonable. The amounts of these services follow:

| Year Ended December 31, | **2022** | 2021 | 2020 |
|---|---|---|---|
| (millions) | | | |
| Transportation and storage services from affiliates[(1)] | $ **0.3** | 86.1 | 83.7 |
| Services provided by related parties[(2)] | **52.5** | 54.3 | 52.6 |
| Services provided to related parties | **5.4** | 5.1 | 5.1 |

(1) *The costs of these services were included in purchased gas in the Statements of Income. Includes $1.2 million of natural gas purchases from Dominion Energy Questar Pipeline in 2021 while it was an affiliate.*
(2) *Includes capitalized expenditures of $3.5 million and $3.3 million for the years ended December 31, 2022 and 2021, respectively.*

Questar Gas' borrowings under an intercompany credit agreement with Dominion Energy totaled $116.5 million and $304.3 million at December 31, 2022 and 2021, respectively. The weighted-average interest rate for these borrowing was 4.57% and 0.34% at December 31, 2022 and 2021, respectively. Interest charges related to Questar Gas' total borrowings from Dominion Energy and Dominion Energy Questar were $2.7 million, $0.4 million and $0.8 million for the years ended December 31, 2022, 2021 and 2020, respectively.

## NOTE 20. SUBSEQUENT EVENTS

Questar Gas has evaluated subsequent events through the date that these financial statements were available to be issued on March 29, 2023.

## NOTE 21. OPERATING SEGMENT (UNAUDITED)

Questar Gas manages its daily operations through one primary operating segment: Gas Distribution. It also reports a Corporate and Other segment that primarily includes specific items attributable to its operating segment that are not included in profit measures evaluated by executive management in assessing the segment's performance or in allocating resources.

The net expense for specific items attributable to Questar Gas' operating segment in 2021 was $0.4 million ($0.3 million after-tax), primarily related to workplace realignment costs. The net expense for specific items attributable to Questar Gas' operating segment in 2020 was $2.3 million ($1.7 million after-tax), primarily related to an increase in the allowance for credit risk on customer accounts related to the effects of COVID-19. These costs primarily consist of employee related costs incurred at or allocated to Questar Gas and are included in other operations and maintenance in Questar Gas' Statements of Income.

The following table presents segment information pertaining to Questar Gas' operations:

| Year Ended December 31, (millions) | Gas Distribution | Corporate and Other | Consolidated Total |
|---|---|---|---|
| **2022** | | | |
| Operating revenue | **$ 1,318.4** | **$ —** | **$ 1,318.4** |
| Depreciation and amortization | **93.6** | **—** | **93.6** |
| Interest income | **2.1** | **—** | **2.1** |
| Interest and related charges | **44.4** | **—** | **44.4** |
| Income tax expense (benefit) | **34.9** | **—** | **34.9** |
| Net income | **128.9** | **—** | **128.9** |
| Capital expenditures | **343.7** | **—** | **343.7** |
| Total assets (billions) | **4.3** | **—** | **4.3** |
| **2021** | | | |
| Operating revenue | $ 1,005.6 | $ — | $ 1,005.6 |
| Depreciation and amortization | 86.4 | — | 86.4 |
| Interest income | 1.8 | — | 1.8 |
| Interest and related charges | 34.3 | — | 34.3 |
| Income tax expense (benefit) | 34.0 | (0.1) | 33.9 |
| Net income (loss) | 123.0 | (0.3) | 122.7 |
| Capital expenditures | 349.3 | — | 349.3 |
| Total assets (billions) | 3.6 | — | 3.6 |
| **2020** | | | |
| Operating revenue | $ 928.7 | $ — | $ 928.7 |
| Depreciation and amortization | 82.4 | — | 82.4 |
| Interest income | 1.1 | — | 1.1 |
| Interest and related charges | 31.9 | — | 31.9 |
| Income tax expense | 36.3 | (0.5) | 35.8 |
| Net income (loss) | 119.1 | (1.7) | 117.4 |
| Capital expenditures | 306.8 | — | 306.8 |

## NOTE 22. SUPPLEMENTAL OIL AND GAS INFORMATION (UNAUDITED)

The following information is provided with respect to estimated natural gas reserves, which are managed, developed and delivered by Wexpro at cost-of-service pursuant to the Wexpro Agreements. The estimates of proved gas reserves were prepared by Wexpro's reservoir engineers. Gas reserve estimates are subject to numerous uncertainties inherent in estimating quantities of proved reserves, projecting future rates or production and timing of development expenditures. The accuracy of these estimates depends on the quality of available data and on engineering and geological interpretation and judgment. Reserve estimates are imprecise and will change as additional information becomes available. Geological and engineering data demonstrate with reasonable certainty that these quantities are recoverable under existing economic and operating conditions. Since the gas reserves operated by Wexpro are delivered to Questar Gas at cost-of-service, SEC guidelines with respect to standard economic assumptions are not applicable. The SEC anticipated this potential difficulty and provides that companies may give appropriate recognition to differences because of the effect of the ratemaking process. Accordingly, Wexpro uses a minimum-producing rate or maximum well-life limit to determine the ultimate quantity of gas reserves.

| Proved Reserves (bcf) | Natural Gas |
|---|---|
| Balance at December 31, 2022 | **395.4** |
| Balance at December 31, 2021 | 367.0 |
| Balance at December 31, 2020 | 360.6 |