

REDACTED

P.S.C.U. Docket No. 25-057-06  
Data Request No. MDR\_22 D.08 Redacted Attachment 1  
Requested by R746-700-22  
Date of EGU Response: May 1, 2025

Attachment 1 to MDR\_22 D.08 is redacted in its entirety.

March 28, 2024

The Board of Directors of Questar Gas Company  
120 Tredegar Street  
Richmond, Virginia 23219

Dear Members of the Board of Directors:

We have performed an audit of the financial statements of Questar Gas Company (the "Company") as of and for the year ended December 31, 2023 (the "financial statements"), in accordance with auditing standards generally accepted in the United States of America ("generally accepted auditing standards") and have issued our report thereon dated March 28, 2024.

We have prepared the following comments to assist you in fulfilling your obligation to oversee the financial reporting and disclosure process for which management of the Company is responsible.

This report is intended solely for the information and use of management, the Board of Directors of Questar Gas Company, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Yours truly,

*Deloitte Touche LLP*


cc: The Management of Questar Gas Company

## Planned Scope of the Audit

We planned and performed our audit to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether caused by error or fraud.

## Significant Risks

As of the date of this report, we have identified certain significant risks, including fraud risks. A significant risk is a risk of material misstatement for which the assessment of inherent risk is close to the upper end of the spectrum of inherent risk due to the degree to which inherent risk factors affect the combination of the likelihood of misstatement occurring and the magnitude of the potential misstatement should that misstatement occur. The significant risks we have identified during our risk assessment procedures and our planned procedures are as follows:

Areas of Significant Risk	Description of Significant Risk	Planned Procedures
 <b>Management override of controls</b>	The risk of management override of controls is pervasive. Because of the unpredictable nature of this risk, it poses a risk of material misstatement resulting from fraud and is thus an area of audit focus.	<ul style="list-style-type: none"> <li>• Test the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements by obtaining an understanding of the Company's financial reporting process and controls over journal entries, making inquiries of individuals involved in the financial reporting process, and selecting journal entries and other adjustments for testing.</li> <li>• Review accounting estimates for bias and evaluate whether the circumstances producing the bias, if any, represent a risk of material misstatement due to fraud.</li> <li>• For significant transactions that are outside the normal course of business, or that otherwise appear to be unusual, evaluate whether the business rationale (or the lack thereof) of the transactions suggest that they may have been entered into to engage in fraudulent financial reporting or to conceal misappropriation of assets.</li> </ul>

## Internal Control

We have adopted a non-control-reliance strategy for all areas of the audit, except for property, plant and equipment, where a control reliance strategy was adopted.

## Materiality

Materiality is the amount we use as our basis for planning the scope of our audit of the Company's financial statements and is the amount of misstatement we judge to be material to the financial statements on which we are reporting. The determination of materiality is a complex issue requiring consideration of qualitative and quantitative factors and is a matter of professional judgment taking into account our knowledge of the entity, our assessment of engagement risk, and the reporting requirements for the financial statements. Our consideration of materiality is influenced by our perception of the needs of users of the Company's financial statements.

## Internal Audit Function

We used the work performed by the internal audit function to support our testing of property, plant and equipment, accounts payable and purchased gas through detail testing of property additions, accounts payable balances and purchased gas expense testing.

## Our Responsibility under Generally Accepted Auditing Standards

Our responsibility under generally accepted auditing standards has been described in our engagement letter dated February 19, 2024. As described in that letter, our responsibilities under generally accepted auditing standards include forming and expressing an opinion about whether the financial statements that have been prepared by management with the oversight of the Board of Directors are prepared, in all material respects, in accordance with accounting principles generally accepted in the United States of America ("generally accepted accounting principles"). The audit of the financial statements does not relieve management or the Board of Directors of Questar Gas Company of their responsibilities. We considered internal control relevant to the Company's preparation of the financial statements in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

## Significant Accounting Policies

The Company's significant accounting policies are set forth in Note 2 to the Company's 2023 financial statements. We are not aware of any significant changes in previously adopted accounting policies or their application during the year ended December 31, 2023.

We have evaluated the significant qualitative aspects of the Company's accounting practices, including accounting policies, accounting estimates and financial statement disclosures and concluded that the policies are appropriate, adequately disclosed, and consistently applied by management.

## Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are ordinarily based on knowledge and experience about past and current events and on assumptions about future events. Note 2 to the Company's 2023 financial statements describes the estimates included within such financial statements. We are not aware of any changes in the nature of the estimates in the current year. Additionally, we did not identify any particularly sensitive accounting estimates that required a significant audit response.

### Uncorrected Misstatements

Our audit of the financial statements was designed to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. There were no uncorrected misstatements or disclosure items passed identified during our audit.

### Material Corrected Misstatements

Our audit of the financial statements was designed to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. There were no material misstatements that were brought to the attention of management as a result of our audit procedures.

### Disagreements with Management

We have not had any disagreements with management related to matters that are material to the Company's 2023 financial statements.

### Our Views about Significant Matters That Were the Subject of Consultation with Other Accountants

We are not aware of any consultations that management may have had with other accountants about auditing and accounting matters during 2023.

### Significant Findings or Issues Arising from the Audit Discussed, or Subject of Correspondence, with Management

Throughout the year, routine discussions were held, or were the subject of correspondence, with management. In our judgment, such discussions or correspondence did not involve significant findings or issues requiring communication to the Board of Directors of Questar Gas Company.

### Significant Difficulties Encountered in Performing the Audit

In our judgment, we received the full cooperation of the Company's management and staff and had unrestricted access to the Company's senior management in the performance of our audit.

### Management's Representations

We have made specific inquiries of the Company's management about the representations embodied in the financial statements. In addition, we have requested that management provide to us the written representations the Company is required to provide to its independent auditors under generally accepted auditing standards. We have attached to this letter, as Appendix A, a copy of the representation letter we obtained from management.

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- *Appendix A: Questar Gas Representation letter from Management*

Dominion Energy Services, Inc.  
120 Tredegar Street, Richmond, VA 23219  
DominionEnergy.com



March 28, 2024

Deloitte & Touche LLP  
901 East Byrd St.  
Suite 820  
Richmond, Virginia 23219 USA

We are providing this letter in connection with your audits of the financial statements of Questar Gas Company ("the Company"), which comprise the balance sheets at December 31, 2023 and 2022, and the related statements of income, common shareholder's equity, and cash flows, for each of the three years ended December 31, 2023, and the related notes to the financial statements (the "financial statements"), for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of the Company in accordance with accounting principles generally accepted in the United States of America ("GAAP").

We confirm that we are responsible for the following:

- a. The preparation and fair presentation in the financial statements of financial position, results of operations, and cash flows in accordance with GAAP.
- b. 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.
  - To prevent and detect fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audits.

1. The financial statements referred to above are fairly presented in accordance with GAAP.
2. The Company has provided to you all relevant information and access as agreed in the terms of the audit engagement letter.
3. The Company has made available to you:
  - a. All financial records and related data.
  - b. All minutes of the meetings of board of directors and committees of the board of directors or summaries of actions of recent meetings for which minutes have not yet been prepared.
4. There have been no communications with regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices.

5. The Company has disclosed to you the results of management's risk assessment, including the assessment of the risk that the financial statements may be materially misstated as a result of fraud.
6. We have no knowledge of any fraud or suspected fraud affecting the Company involving:
  - a. Management.
  - b. Employees who have significant roles in the Company's internal control.
  - c. Others, where the fraud could have a material effect on the financial statements.
7. We have no knowledge of any allegations of fraud or suspected fraud affecting the Company's financial statements communicated by employees, former employees, regulators, or others.
8. Significant assumptions used by us in making accounting estimates are reasonable.
9. The Company has appropriately identified and disclosed all operating segments in accordance with FASB ASC 280, *Segment Reporting* ("ASC 280"), and has only aggregated such operating segments when the criteria for aggregation was met in accordance with ASC 280. The Company's chief operating decision maker is Diane Leopold, Executive Vice President and Chief Operating Officer.
10. Variable interest entities ("VIEs") and potential VIEs and transactions with VIEs and potential VIEs have been properly recorded and disclosed in interim and annual financial statements in accordance with GAAP.
11. We have considered both implicit and explicit variable interests in determining whether potential VIEs should be considered VIEs and which party, if any, is the primary beneficiary.
12. We have provided you with lists of all identified variable interests in (a) VIEs, (b) potential VIEs that we considered but judged not to be VIEs, and (c) entities that were afforded the scope exceptions of FASB ASC 810, *Consolidation* ("ASC 810").
13. We have advised you of all transactions with identified VIEs, potential VIEs, or entities afforded the scope exceptions of ASC 810.
14. Our conclusions on the obligations to absorb losses or right to receive benefits that could potentially be significant to the VIEs and the power to direct the activities of the VIEs that most significantly affect the VIEs' economic performance are based on the best information available.
15. Regarding entities in which the Company has variable interests (implicit and explicit), we have provided all information about events and changes in circumstances that could potentially cause reconsideration about whether the entities are VIEs and we have performed ongoing reassessments of whether the Company is the primary beneficiary of the VIEs.
16. We have made available all relevant information regarding financial interests and contractual arrangements, if any, with related parties, de facto agents, and other entities, including but not limited to, their governing documents, equity and debt instruments, contracts, leases, guarantee arrangements, other financial contracts and arrangements, unwritten understandings, and written and oral side agreements.
17. We have complied with all applicable provisions of the Foreign Corrupt Practices Act.

Except where otherwise stated below, immaterial matters less than \$3,000,000 collectively are not considered to be exceptions that require disclosure for the purpose of the following representations. This

amount is not necessarily indicative of amounts that would require adjustment to, or disclosure in, the financial statements.

18. There are no transactions that have not been properly recorded and reflected in the financial statements.
19. The Company has no plans or intentions that may affect the carrying value or classification of assets and liabilities.
20. Regarding related parties:
  - a. We have disclosed to you the identity of the Company's related parties and all the related-party relationships and transactions of which we are aware.
  - b. To the extent applicable, related parties and all the related-party relationships and transactions, including sales, purchases, loans, transfers, leasing arrangements, and guarantees (written or oral) have been appropriately identified, properly accounted for, and disclosed in the financial statements.
21. In preparing the financial statements in accordance with GAAP, management uses estimates. All estimates have been disclosed in the financial statements for which known information available prior to the issuance of the financial statements indicates that both of the following criteria are met:
  - a. It is reasonably possible that the estimate of the effect on the financial statements of a condition, situation, or set of circumstances that existed at the date of the financial statements will change in the near term due to one or more future confirming events.
  - b. The effect of the change would be material to the financial statements.
22. There are no:
  - a. Instances of identified or suspected noncompliance with laws and regulations whose effects should be considered when preparing the financial statements.
  - b. Known actual or possible litigation and claims whose effects should be considered when preparing the financial statements that have not been disclosed to you and accounted for and disclosed in accordance with GAAP.
23. The Company has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral.
24. The Company has complied with all aspects of contractual agreements that may affect the financial statements.
25. The methods and significant assumptions used to determine fair values of financial instruments are disclosed in Note 5. The assumptions are reflective of management's intent and ability to carry out specific courses of action and the significant assumptions used are consistent with the Company's plans and past experience.
26. Financial instruments with significant individual or group concentration of credit risk have been appropriately identified, properly recorded, and disclosed in the financial statements.
27. The Company has properly identified all derivative instruments and any financial instruments that contain embedded derivatives. The Company's hedging activities, if any, are in accordance with its documented and approved hedging and risk management policies, and all appropriate hedge documentation was in place at the inception of the hedge in accordance with FASB ASC 815, *Derivatives and Hedging* ("ASC 815"). Specifically, we have appropriately designated all hedging



instruments as either fair value or cash flow hedges. The timing, nature, and amounts of all forecasted transactions are probable of occurring. The fair values of all derivatives and hedged items have been determined based on GAAP using prevailing market prices or by using financial models that are the most appropriate models for valuing such instruments and that incorporate market data and other assumptions that we have determined to be reasonable and appropriate at December 31, 2023.

28. The Company has evaluated all recognized derivatives accounted for in accordance with ASC 815, including bifurcated embedded derivatives, repurchase agreements and reverse repurchase agreements, and securities borrowing and securities lending transactions to determine whether those instruments are subject to an enforceable master netting arrangement or similar agreement. In making this determination, both positive and negative evidence was considered to evaluate whether the right of setoff would be upheld in bankruptcy.
29. The Company has offset amounts in the statement of financial position only when it meets the criteria in FASB ASC 210-20-45 or FASB ASC 815-10-45.
30. Except for matters appropriately disclosed in the notes to the financial statements, to the best of our knowledge and belief, no events have occurred after December 31, 2023, but before March 28, 2024, that would require adjustment to, or disclosure in, the aforementioned financial statements.
31. With regard to the fair value measurements and disclosures of certain assets and liabilities, such as derivatives and outstanding debt:
  - a. The measurement methods, including the related assumptions, used in determining fair value were appropriate, consistent with market participant assumptions where available without undue cost and effort, and were consistently applied in accordance with GAAP.
  - b. The completeness and adequacy of the disclosures related to fair values are in accordance with GAAP.
  - c. No events have occurred after December 31, 2023, but before March 28, 2024, the date the financial statements were available to be issued that require adjustment to the fair value measurements and disclosures included in the financial statements.
32. The Company, using its best estimates based on reasonable and supportable assumptions and projections, reviews long-lived assets for impairment in accordance with FASB ASC 360, *Property, Plant, and Equipment* ("ASC 360"), and goodwill and certain intangible assets in accordance with ASC 350. The financial statements referred to above reflect all adjustments required by ASC 360 and 350 as of December 31, 2023.
33. The Company has appropriately identified all reporting units in accordance with FASB ASC 350, *Intangibles — Goodwill and Other* ("ASC 350").
34. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, line of credit, or similar arrangements have been properly disclosed in the financial statements.
35. For financial instruments with off-balance-sheet credit risk (e.g., financial guarantees, note issuance facilities at floating rates, letters of credit), except for those instruments within the scope of FASB ASC 815, the Company has disclosed the following:
  - a. The face or contract amount.
  - b. The nature and terms, including a discussion of the following:
    - Credit and market risks of those instruments.
    - Cash requirements of those instruments.

- Related accounting policy pursuant to FASB ASC 235, *Notes to Financial Statements*.
- c. The Company's policy for requiring collateral or other security to support financial instruments subject to credit risk, information about the Company's access to that collateral or other security, and the nature and brief description of the collateral or other security supporting those financial instruments.
- 36. Receivables recorded in the financial statements represent valid claims against debtors for sales or other charges arising on or before the balance-sheet date and have been appropriately reduced to their estimated net realizable value.
- 37. Quantitative and qualitative information regarding the allowance for doubtful accounts has been properly disclosed in the financial statements.
- 38. We believe that all expenditures that have been deferred to future periods are recoverable.
- 39. The Company has identified all uncertain tax positions, and the recognition and measurement of tax positions is in accordance with FASB ASC 740, *Income Taxes* ("ASC 740") and is based upon the facts, circumstances, and information available as of the reporting date. The disclosures related to the accounting for unrecognized tax benefits are complete and in accordance with ASC 740.
- 40. The Company has made available to you all communications with tax authorities and/or communications with outside tax advisors.
- 41. A valuation allowance against deferred tax assets at the balance-sheet date is not considered necessary, because it is more likely than not that the deferred tax asset will be fully realized.
- 42. We have disclosed to you all new or changes to the existing pension, other postretirement benefit and 401(k) plans.
- 43. We have no intention of withdrawing from any multiemployer plans or taking any other action that could result in an effective termination or reportable event for any of the plans. We are not aware of any occurrences that could result in the termination of any of our multiemployer plans to which we contribute. Further, we have no intentions of terminating the 401(k) plan.
- 44. All documentation related to sales transactions is contained in customer files. We also confirm that:
  - a. We are not aware of any "side agreements" with any companies that are inconsistent with the applicable sales agreement, the customer's purchase order, sales invoice, or any other documentation contained in the customer's file. For the purposes of this letter, a "side agreement" is any agreement, understanding, promise, or commitment, whether written (e.g., in the form of a letter or formal agreement or in the form of any exchange of physical or electronic communications) or oral, by or on behalf of the Company (or any subsidiary, director, employee, or agent of the Company) with a customer from whom revenue has been recognized that is not contained in the written purchase order from the customer or sales order confirmation and sales invoice of the Company delivered to or generated by the Company's Accounting and Finance Department. The definition of a side agreement is not limited by any particular subject matter. For purposes of example only, any agreement not contained in the written purchase order from the customer or sales order and sales invoice of the Company that relates to return rights, acceptance rights, future pricing, payment terms, free consulting, free maintenance, or exchange rights would be a side agreement.
  - b. We are not aware of any commitments or concessions to a customer regarding pricing or payment terms outside of the terms documented in the customer's file.

45. For the period ended December 31, 2023, we believe no amounts previously collected through rates are subject to refund, and therefore are appropriately recognized in the financial statements and do not require accrual of a provision for estimated refund; except for certain previously collected amounts appropriately deferred as a regulatory liability in connection with the 2017 Tax Reform Act.
46. The Company has evaluated the likelihood that any of our regulated operating assets or assets under construction will be abandoned. We believe the likelihood of abandonment is less than probable.
47. All additions to the Company's property accounts consist of replacements or additions that are properly capitalizable.
48. There were no items of physical property contained in the property accounts of the Company that were (a) retired/replaced and represent a full property unit in our written property units listing; (b) abandoned; or (c) out of service and not regarded as either (i) standby property or equipment or (ii) property held for use only temporarily out of service, as that term is commonly understood in the public utility business.
49. The Company's provisions for depreciation have been determined in accordance with the orders of and the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission and the state corporation commissions of Utah, Idaho, and Wyoming. Based on the present operating conditions and probable useful lives of the properties, we believe that the provisions being made using the depreciation rates in effect will be adequate to depreciate the properties over their respective useful lives.
50. In cases where the Company has determined that materials and supplies will not be used in plant operations, provision has been made to reduce excess or obsolete inventories to their estimated net realizable value. All inventories are the property of the Company and do not include any items consigned to it or any items billed to customers.
51. The Company has concluded that the likelihood that part of the cost of a recently completed plant or a plant under construction will be disallowed for ratemaking purposes is less than probable.
52. The Company continues to meet the criteria for application of FASB ASC 980, *Regulated Operations* ("ASC 980"). All regulatory assets and liabilities have been recorded in accordance with the orders or other guidance of the Company's regulatory commissions and in accordance with the provisions of ASC 980. Regulatory assets represent incurred costs that are probable of recovery from future revenues. Regulatory liabilities represent amounts imposed by rate actions of the Company's regulators that (a) may require refunds to customers, (b) represent amounts provided in current rates that are intended to recover costs that are expected to be incurred in the future with the understanding that if these costs are not incurred, future rates will be reduced by corresponding amounts, or (c) represent a gain or other reduction of allowable costs to be given to customers over future periods.
53. We have disclosed to you all communications with regulatory agencies or interveners that are relevant to our accounting judgments.
54. As discussed in Note 2, at December 31, 2023, Questar Gas' Balance Sheet included \$48.1 million of tax-related payables to affiliates. The net affiliated payables are expected to be paid to Dominion Energy, Inc.
55. As discussed in Note 4, Dominion Energy participates in the Internal Revenue Service (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 tax years after 2019. Although Dominion Energy has not received a final letter indicating no changes to its taxable income for tax years 2020, 2021 and 2022, no material adjustments are expected.

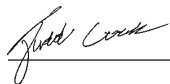
56. As discussed in Note 9, at December 31, 2023, none of Questar Gas' regulatory assets were earning a return. With the exception of certain items, the majority of these expenditures are expected to be recovered within the next three years.
57. As discussed in Note 16, during 2023, no contributions to the Dominion Energy Pension Plan were made by the Company and no contributions are currently expected in 2024.
58. As discussed in Note 17, 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.
59. As discussed in Note 18, 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, 2023 provision for credit losses, that it is unlikely that a material adverse effect on the financial position, results of operations or cash flows would occur as a result of counterparty nonperformance.
60. As discussed in Note 19, Dominion Energy Services, Inc. (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. 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. We believe that the allocation methods are reasonable.
61. As discussed in Note, 22, 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 Agreement. 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.

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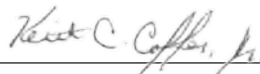
Very truly yours,

**QUESTAR GAS COMPANY**



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**Judd Cook**  
President, Questar Gas Company



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**Keith C. Coffer, Jr.**  
Controller, Questar Gas Company