

Eastern Gas Transmission and Storage, Inc.
(Formerly Known As Dominion Energy Transmission, Inc.)

Consolidated Financial Statements

Fiscal Years Ended December 31, 2020, 2019 and 2018
with Independent Auditors' Report

Eastern Gas Transmission and Storage, Inc.

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GLOSSARY OF TERMS

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

Abbreviation or Acronym	Definition
2017 Tax Reform	The Tax Cuts and Jobs Act enacted on December 22, 2017, effective January 1, 2018
AFUDC	Allowance for funds used during construction
AOCI	Accumulated other comprehensive income (loss)
ARO	Asset retirement obligation
Atlantic Coast Pipeline	Atlantic Coast Pipeline, LLC
BHE	Berkshire Hathaway Energy Company
BHE GT&S	BHE GT&S, LLC
Customer Revenue	Revenue from contracts with customers
DEI	Dominion Energy, Inc.
DES	Dominion Energy Services, Inc.
Dth	Decatherm
Eastern Energy Gas	The legal entity, Eastern Energy Gas Holdings, LLC (formerly known as Dominion Energy Gas Holdings, LLC), one or more of its consolidated subsidiaries (other than EGTS) or operating segment, or the entirety of Eastern Energy Gas Holdings, LLC and its consolidated subsidiaries
EGTS	The legal entity, Eastern Gas Transmission and Storage, Inc. (formerly known as Dominion Energy Transmission, Inc.), one or more of its consolidated subsidiaries or operating segment, or the entirety of Eastern Gas Transmission and Storage, Inc. and its consolidated subsidiaries
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
GAAP	Accounting principles generally accepted in the United States of America
GT&S Transaction	The acquisition of substantially all of the natural gas transmission and storage business of DEI, including EGTS, by BHE on November 1, 2020
Hope	Hope Gas, Inc.
LIBOR	London Interbank Offered Rate
MidAmerican Energy	MidAmerican Energy Company
NGA	Natural Gas Act of 1938, as amended
OCI	Other comprehensive income (loss)
SEC	United States Securities and Exchange Commission
Supply Header Project	Project previously intended for EGTS to provide approximately 1,500,000 Dths of firm transportation service to various customers in connection with the Atlantic Coast Pipeline project
VIE	Variable interest entity

INDEPENDENT AUDITORS' REPORT

Eastern Gas Transmission and Storage, Inc.

We have audited the accompanying consolidated financial statements of Eastern Gas Transmission and Storage, Inc. (the "Company"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the related consolidated statements of comprehensive income, equity, and cash flows for each of the three years in the period ended December 31, 2020, and the related notes to the consolidated financial statements (collectively referred to as the "consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Eastern Gas Transmission and Storage, Inc. as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020 in accordance with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

May 13, 2021

EASTERN GAS TRANSMISSION AND STORAGE, INC.
CONSOLIDATED BALANCE SHEETS
(Amounts in millions)

ASSETS	As of December 31,	
	2020	2019
Current assets:		
Cash and cash equivalents	\$ 10	\$ 5
Restricted cash and cash equivalents	13	7
Trade receivables, net	95	85
Other receivables	45	24
Receivables from affiliates	3	17
Inventories	48	52
Prepayments	35	43
Natural gas imbalances	25	43
Other current assets	3	2
Total current assets	277	278
Property, plant and equipment, net	4,309	4,682
Pension and other postretirement benefits	—	852
Deferred income taxes	354	—
Affiliated notes receivable	7	12
Other assets	127	73
Total assets	\$ 5,074	\$ 5,897

The accompanying notes are an integral part of these consolidated financial statements.

EASTERN GAS TRANSMISSION AND STORAGE, INC.
CONSOLIDATED BALANCE SHEETS
(Amounts in millions, except share data)

	As of December 31,	
	2020	2019
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities:		
Accounts payable	\$ 47	\$ 39
Accounts payable to affiliates	2	41
Accrued property, income and other taxes	65	65
Accrued employee expenses	18	15
Notes payable	81	47
Asset retirement obligations	36	14
Regulatory liabilities	18	19
Other current liabilities	33	51
Total current liabilities	300	291
Long-term debt	1,895	1,895
Regulatory liabilities	525	505
Deferred income taxes	—	753
Other long-term liabilities	175	85
Total liabilities	2,895	3,529
Commitments and contingencies (Note 12)		
Shareholder's equity:		
Common stock - \$10,000 par value, 75,000 shares authorized and 60,101 issued and outstanding	609	609
Additional paid-in capital	929	889
Retained earnings	641	947
Accumulated other comprehensive loss, net	—	(77)
Total shareholder's equity	2,179	2,368
Total liabilities and shareholder's equity	\$ 5,074	\$ 5,897

The accompanying notes are an integral part of these consolidated financial statements.

EASTERN GAS TRANSMISSION AND STORAGE, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in millions)

	Years Ended December 31,		
	2020	2019	2018
Operating revenue	\$ 916	\$ 981	\$ 1,073
Operating expenses:			
Cost of (excess) gas	21	3	(22)
Operations and maintenance	392	477	527
Depreciation and amortization	163	159	153
Property and other taxes	53	59	53
Disallowance and abandonment of utility plant	525	13	127
Assignments of shale development rights	—	—	(115)
Total operating expenses	1,154	711	723
Operating (loss) income	(238)	270	350
Other income (expense):			
Interest expense	(89)	(95)	(91)
Allowance for borrowed funds	5	12	6
Allowance for equity funds	12	16	11
Other, net	62	52	54
Total other income (expense)	(10)	(15)	(20)
(Loss) income before income tax (benefit) expense	(248)	255	330
Income tax (benefit) expense	(67)	52	75
Net (loss) income	(181)	203	255
Other comprehensive income (loss) - unrecognized amounts on retirement benefits, net of tax of \$(30), \$(12) and \$19	77	36	(50)
Comprehensive (loss) income	\$ (104)	\$ 239	\$ 205

The accompanying notes are an integral part of these consolidated financial statements.

EASTERN GAS TRANSMISSION AND STORAGE, INC.
CONSOLIDATED STATEMENTS OF EQUITY
(Amounts in millions, except shares)

	Common Stock		Additional	Retained	Accumulated	
	Shares	Amount	Paid-In	Earnings	Other	Total
			Capital		Comprehensive	
					Loss, Net	
December 31, 2017	60,101	\$ 609	\$ 529	\$ 807	\$ (48)	\$ 1,897
Net income	—	—	—	255	—	255
Other comprehensive loss - unrecognized amounts on retirement benefits	—	—	—	—	(50)	(50)
Dividends	—	—	—	(255)	—	(255)
Adoption of ASU 2014-09	—	—	—	3	—	3
Adoption of ASU 2018-02	—	—	—	15	(15)	—
December 31, 2018	60,101	609	529	825	(113)	1,850
Net income	—	—	—	203	—	203
Other comprehensive income - unrecognized amounts on retirement benefits	—	—	—	—	36	36
Contributions	—	—	360	—	—	360
Dividends	—	—	—	(81)	—	(81)
December 31, 2019	60,101	609	889	947	(77)	2,368
Net loss	—	—	—	(181)	—	(181)
Other comprehensive income - unrecognized amounts on retirement benefits	—	—	—	—	77	77
Dividends	—	—	—	(125)	—	(125)
Acquisition of EGTS by BHE	—	—	40	—	—	40
December 31, 2020	60,101	\$ 609	\$ 929	\$ 641	\$ —	\$ 2,179

The accompanying notes are an integral part of these consolidated financial statements.

EASTERN GAS TRANSMISSION AND STORAGE, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in millions)

	Years Ended December 31,		
	2020	2019	2018
Cash flows from operating activities:			
Net (loss) income	\$ (181)	\$ 203	\$ 255
Adjustments to reconcile net (loss) income to net cash flows from operating			
Losses on other items, net	517	13	18
Depreciation and amortization	163	159	153
Allowance for equity funds	(12)	(16)	(11)
Changes in regulatory assets and liabilities	24	17	(14)
Deferred income taxes	(121)	(5)	(30)
Other, net	26	(14)	(6)
Changes in:			
Trade receivables and other assets	53	(63)	(28)
Pension and other postretirement benefit plans	(85)	(102)	(41)
Accrued property, income and other taxes	10	4	3
Accounts payable and other liabilities	(27)	22	14
Net cash flows from operating activities	<u>367</u>	<u>218</u>	<u>313</u>
Cash flows from investing activities:			
Capital expenditures	(263)	(277)	(411)
Proceeds from assignments of shale development rights	—	—	109
Other, net	(2)	1	1
Net cash flows from investing activities	<u>(265)</u>	<u>(276)</u>	<u>(301)</u>
Cash flows from financing activities:			
Issuance (repayment) of notes payable, net	34	(234)	242
Proceeds from equity contributions	—	360	—
Dividends	(125)	(81)	(255)
Net cash flows from financing activities	<u>(91)</u>	<u>45</u>	<u>(13)</u>
Net change in cash and cash equivalents and restricted cash and cash equivalents	11	(13)	(1)
Cash and cash equivalents and restricted cash and cash equivalents at beginning of period	<u>12</u>	<u>25</u>	<u>26</u>
Cash and cash equivalents and restricted cash and cash equivalents at end of period	<u>\$ 23</u>	<u>\$ 12</u>	<u>\$ 25</u>

The accompanying notes are an integral part of these consolidated financial statements.

EASTERN GAS TRANSMISSION AND STORAGE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) Organization and Operations

EGTS conducts business activities consisting of FERC-regulated interstate natural gas transmission pipeline and underground storage. EGTS' operations include transmission pipelines in Maryland, New York, Ohio, Pennsylvania, Virginia and West Virginia. EGTS also operates one of the nation's largest underground natural gas storage systems located in New York, Pennsylvania and West Virginia. EGTS is a wholly owned subsidiary of Eastern Energy Gas. Prior to the GT&S Transaction, Eastern Energy Gas was an indirect wholly owned subsidiary of DEI. On November 1, 2020, BHE completed its acquisition of substantially all of the natural gas transmission and storage business of DEI. As a result of the GT&S Transaction, Eastern Energy Gas became an indirect wholly owned subsidiary of BHE. BHE is a holding company based in Des Moines, Iowa that owns subsidiaries principally engaged in the energy industry. BHE is a consolidated subsidiary of Berkshire Hathaway Inc. See Note 3 for more information regarding the GT&S Transaction.

(2) Summary of Significant Accounting Policies

Basis of Consolidation and Presentation

The Consolidated Financial Statements include the accounts of EGTS and its subsidiaries in which it holds a controlling financial interest as of the financial statement date. Intercompany accounts and transactions have been eliminated.

Use of Estimates in Preparation of Financial Statements

The preparation of the Consolidated Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. These estimates include, but are not limited to, the effects of regulation; recovery of long-lived assets; certain assumptions made in accounting for pension and other postretirement benefits; AROs; income taxes; unbilled revenue; valuation of certain financial assets and liabilities, including derivative contracts; and accounting for contingencies. Actual results may differ from the estimates used in preparing the Consolidated Financial Statements.

Accounting for the Effects of Certain Types of Regulation

EGTS prepares its Consolidated Financial Statements in accordance with authoritative guidance for regulated operations, which recognizes the economic effects of regulation. Accordingly, EGTS defers the recognition of certain costs or income if it is probable that, through the ratemaking process, there will be a corresponding increase or decrease in future regulated rates. Regulatory assets and liabilities are established to reflect the impacts of these deferrals, which will be recognized in earnings in the periods the corresponding changes in regulated rates occur.

EGTS continually evaluates the applicability of the guidance for its regulated gas operations and whether its regulatory assets and liabilities are probable of inclusion in future regulated rates by considering factors such as a change in the regulator's approach to setting rates from cost-based ratemaking to another form of regulation, other regulatory actions or the impact of competition that could limit EGTS' ability to recover its costs. EGTS believes the application of the guidance for regulated operations is appropriate and its existing regulatory assets and liabilities are probable of inclusion in future regulated rates. The evaluation reflects the current political and regulatory climate at the federal and state levels. If it becomes no longer probable that the deferred costs or income will be included in future regulated rates, the related regulatory assets and liabilities will be recognized in net income, returned to customers or re-established as AOCI.

Fair Value Measurements

As defined under GAAP, fair value is the price that would be received to sell an asset or paid to transfer a liability between market participants in the principal market or in the most advantageous market when no principal market exists. Adjustments to transaction prices or quoted market prices may be required in illiquid or disorderly markets in order to estimate fair value. Alternative valuation techniques may be appropriate under the circumstances to determine the value that would be received to sell an asset or paid to transfer a liability in an orderly transaction. Market participants are assumed to be independent, knowledgeable, able and willing to transact an exchange and not under duress. Nonperformance or credit risk is considered in determining fair value. Considerable judgment may be required in interpreting market data used to develop the estimates of fair value. Accordingly, estimates of fair value presented herein are not necessarily indicative of the amounts that could be realized in a current or future market exchange.

Cash Equivalents and Restricted Cash and Cash Equivalents

Cash equivalents consist of funds invested in money market mutual funds, United States Treasury Bills and other investments with a maturity of three months or less when purchased. Cash and cash equivalents exclude amounts where availability is restricted by legal requirements, loan agreements or other contractual provisions. Restricted amounts are included in restricted cash and cash equivalents on the Consolidated Balance Sheets.

Allowance for Credit Losses

Trade receivables are primarily short-term in nature and are stated at the outstanding principal amount, net of an estimated allowance for credit losses. The allowance for credit losses is based on EGTS' assessment of the collectability of amounts owed to EGTS by its customers. This assessment requires judgment regarding the ability of customers to pay or the outcome of any pending disputes. In measuring the allowance for credit losses for trade receivables, EGTS primarily evaluates the financial condition of the individual customer and the nature of any disputed amount. As of December 31, 2020 and 2019, the allowance for credit losses totaled \$2 million and \$1 million, respectively, and is included in trade receivables, net on the Consolidated Balance Sheets.

Derivatives

EGTS uses derivative instruments such as swaps to manage the commodity price risks of certain of its operations. Derivative contracts are recorded on the Consolidated Balance Sheets as either assets or liabilities and are stated at estimated fair value unless they are designated as normal purchases or normal sales and qualify for the exception afforded by GAAP. Derivative balances reflect offsetting permitted under master netting agreements with counterparties and cash collateral paid or received under such agreements. Cash collateral received from or paid to counterparties to secure derivative contract assets or liabilities in excess of amounts offset is included in other current assets on the Consolidated Balance Sheets.

Commodity derivatives used in normal business operations that are settled by physical delivery, among other criteria, are eligible for and may be designated as normal purchases or normal sales. Normal purchases or normal sales contracts are not marked-to-market and settled amounts are recognized as operating revenue or cost of sales on the Consolidated Statements of Comprehensive Income.

For EGTS' derivatives not designated as hedging contracts, unrealized gains and losses are recognized on the Consolidated Statements of Comprehensive Income as operating revenue for derivatives related to natural gas sales contracts.

For EGTS' derivatives designated as hedging contracts, EGTS formally assesses, at inception and thereafter, whether the hedging contract is highly effective in offsetting changes in the hedged item. EGTS formally documents hedging activity by transaction type and risk management strategy. For derivative instruments that are accounted for as cash flow hedges or fair value hedges, the cash flows from the derivatives and from the related hedged items are classified in operating cash flows.

Changes in the estimated fair value of a derivative contract designated and qualified as a cash flow hedge, to the extent effective, are included on the Consolidated Statements of Changes in Equity as AOCI, net of tax, until the contract settles and the hedged item is recognized in earnings. EGTS discontinues hedge accounting prospectively when it has determined that a derivative contract no longer qualifies as an effective hedge, or when it is no longer probable that the hedged forecasted transaction will occur. When hedge accounting is discontinued because the derivative contract no longer qualifies as an effective hedge, future changes in the estimated fair value of the derivative contract are charged to earnings. Gains and losses related to discontinued hedges that were previously recorded in AOCI will remain in AOCI until the contract settles and the hedged item is recognized in earnings, unless it becomes probable that the hedged forecasted transaction will not occur at which time associated deferred amounts in AOCI are immediately recognized in earnings.

Inventories

Inventories consist mainly of materials and supplies and are determined using the average cost method.

Gas Imbalances

Natural gas imbalances occur when the physical amount of natural gas delivered from, or received by, a pipeline system or storage facility differs from the contractual amount of natural gas delivered or received. EGTS values these imbalances due to, or from, shippers and operators at an appropriate index price at period end, subject to the terms of its tariff. Imbalances are primarily settled in-kind. Imbalances due to EGTS from other parties are reported in natural gas imbalances and imbalances that EGTS owes to other parties are reported in other current liabilities on the Consolidated Balance Sheets.

Property, Plant and Equipment, Net

General

Additions to property, plant and equipment are recorded at cost. EGTS capitalizes all construction-related materials, direct labor and contract services, as well as indirect construction costs. Indirect construction costs include debt and equity AFUDC, as applicable. The cost of additions and betterments are capitalized, while costs incurred that do not improve or extend the useful lives of the related assets are generally expensed.

Depreciation and amortization are generally computed by applying the composite or straight-line method based on estimated useful lives. Depreciation studies are completed by EGTS to determine the appropriate group lives, net salvage and group depreciation rates. These studies are reviewed and rates are ultimately approved by the FERC. Net salvage includes the estimated future residual values of the assets and any estimated removal costs recovered through approved depreciation rates. Estimated removal costs are recorded as either a cost of removal regulatory liability or an ARO liability on the Consolidated Balance Sheets, depending on whether the obligation meets the requirements of an ARO. As actual removal costs are incurred, the associated liability is reduced.

Generally when EGTS retires or sells a component of regulated property, plant and equipment, it charges the original cost, net of any proceeds from the disposition, to accumulated depreciation. Any gain or loss on disposals of all other assets is recorded through earnings.

Debt and equity AFUDC, which represent the estimated costs of debt and equity funds necessary to finance the construction of regulated facilities, is capitalized by EGTS as a component of property, plant and equipment, with offsetting credits to the Consolidated Statements of Comprehensive Income. AFUDC is computed based on guidelines set forth by the FERC. After construction is completed, EGTS is permitted to earn a return on these costs as a component of the related assets, as well as recover these costs through depreciation expense over the useful lives of the related assets.

Asset Retirement Obligations

EGTS recognizes AROs when it has a legal obligation to perform decommissioning, reclamation or removal activities upon retirement of an asset. EGTS' AROs are primarily related to the obligations associated with its natural gas pipeline and storage well assets. The fair value of an ARO liability is recognized in the period in which it is incurred, if a reasonable estimate of fair value can be made, and is added to the carrying amount of the associated asset, which is then depreciated over the remaining useful life of the asset. Subsequent to the initial recognition, the ARO liability is adjusted for any revisions to the original estimate of undiscounted cash flows (with corresponding adjustments to property, plant and equipment, net) and for accretion of the ARO liability due to the passage of time. For EGTS, the difference between the ARO liability, the corresponding ARO asset included in property, plant and equipment, net and amounts recovered in rates to satisfy such liabilities is recorded as a regulatory asset or liability.

Impairment of Long-Lived Assets

EGTS evaluates long-lived assets for impairment, including property, plant and equipment, when events or changes in circumstances indicate that the carrying value of such assets may not be recoverable or the assets are being held for sale. Upon the occurrence of a triggering event, the asset is reviewed to assess whether the estimated undiscounted cash flows expected from the use of the asset plus the residual value from the ultimate disposal exceeds the carrying value of the asset. If the carrying value exceeds the estimated recoverable amounts, the asset is written down to the estimated fair value and any resulting impairment loss is reflected on the Consolidated Statements of Comprehensive Income. The impacts of regulation are considered when evaluating the carrying value of regulated assets. See Note 6 for more information.

Leases

EGTS has non-cancelable operating leases primarily for office space, office equipment and land and finance leases consisting primarily of natural gas pipeline facilities and vehicles. These leases generally require EGTS to pay for insurance, taxes and maintenance applicable to the leased property. Given the capital intensive nature of the utility industry, it is common for a portion of lease costs to be capitalized when used during construction or maintenance of assets, in which the associated costs will be capitalized with the corresponding asset and depreciated over the remaining life of that asset. Certain leases contain renewal options for varying periods and escalation clauses for adjusting rent to reflect changes in price indices. EGTS does not include options in its lease calculations unless there is a triggering event indicating EGTS is reasonably certain to exercise the option. EGTS' accounting policy is to not recognize right-of-use assets and lease obligations for leases with contract terms of one year or less and not separate lease components from non-lease components and instead account for each separate lease component and the non-lease components associated with a lease as a single lease component. Leases will be evaluated for impairment in line with Accounting Standards Codification 360, "Property, Plant and Equipment" when a triggering event has occurred that might affect the value and use of the assets being leased.

EGTS' operating and finance right-of-use assets are recorded in other assets and the operating and finance lease liabilities are recorded in current and long-term other liabilities accordingly.

Revenue Recognition

EGTS uses a single five-step model to identify and recognize Customer Revenue upon transfer of control of promised goods or services in an amount that reflects the consideration to which EGTS expects to be entitled in exchange for those goods or services. EGTS records sales and excise taxes collected directly from customers and remitted directly to the taxing authorities on a net basis on the Consolidated Statements of Comprehensive Income.

A majority of EGTS' energy revenue is derived from tariff-based sales arrangements approved by the FERC. These tariff-based revenues are mainly comprised of natural gas transmission and storage services and have performance obligations which are satisfied over time as services are provided.

Revenue recognized is equal to what EGTS has the right to invoice as it corresponds directly with the value to the customer of EGTS' performance to date and includes billed and unbilled amounts. As of December 31, 2020 and 2019, trade receivables, net on the Consolidated Balance Sheets relate substantially to Customer Revenue, including unbilled revenue of \$86 million and \$71 million, respectively. Payments for amounts billed are generally due from the customer within 30 days of billing. Rates charged for energy products and services are established by regulators or contractual arrangements that establish the transaction price as well as the allocation of price amongst the separate performance obligations. When preliminary regulated rates are permitted to be billed prior to final approval by the applicable regulator, certain revenue collected may be subject to refund and a liability for estimated refunds is accrued. In the event one of the parties to a contract has performed before the other, EGTS would recognize a contract asset or contract liability depending on the relationship between EGTS' performance and the customer's payment. EGTS has recognized contract assets of \$29 million and \$40 million as of December 31, 2020 and 2019, respectively, and \$3 million and less than \$1 million of contract liabilities as of December 31, 2020 and 2019, respectively, due to EGTS' performance on certain contracts.

Income Taxes

Prior to the GT&S Transaction, DEI included EGTS in its consolidated United States federal income tax return. Subsequent to the GT&S Transaction, Berkshire Hathaway Inc. includes EGTS in its consolidated United States federal income tax return. Consistent with established regulatory practice, EGTS' provision for income taxes has been computed on a stand-alone return basis.

Deferred income tax assets and liabilities are based on differences between the financial statement and income tax basis of assets and liabilities using enacted income tax rates expected to be in effect for the year in which the differences are expected to reverse. Changes in deferred income tax assets and liabilities associated with components of OCI are charged or credited directly to OCI. Changes in deferred income tax assets and liabilities associated with certain property-related basis differences and other various differences that EGTS' regulated businesses deems probable to be passed on to its customers are charged or credited directly to a regulatory asset or liability and will be included in regulated rates when the temporary differences reverse. Other changes in deferred income tax assets and liabilities are included as a component of income tax expense. Changes in deferred income tax assets and liabilities attributable to changes in enacted income tax rates are charged or credited to income tax expense or a regulatory asset or liability in the period of enactment. Valuation allowances are established when necessary to reduce deferred income tax assets to the amount that is more-likely-than-not to be realized.

In determining EGTS' income taxes, management is required to interpret complex income tax laws and regulations, which includes consideration of regulatory implications imposed by the FERC. EGTS' income tax returns are subject to continuous examinations by federal, state and local income tax authorities that may give rise to different interpretations of these complex laws and regulations. Due to the nature of the examination process, it generally takes years before these examinations are completed and these matters are resolved. EGTS recognizes the tax benefit from an uncertain tax position only if it is more-likely-than-not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the Consolidated Financial Statements from such a position are measured based on the largest benefit that is more-likely-than-not to be realized upon ultimate settlement. Although the ultimate resolution of EGTS' federal, state and local income tax examinations is uncertain, EGTS believes it has made adequate provisions for these income tax positions. The aggregate amount of any additional income tax liabilities that may result from these examinations, if any, is not expected to have a material impact on EGTS' consolidated financial results. Estimated interest and penalties, if any, related to uncertain tax positions are included as a component of income tax expense on the Consolidated Statements of Comprehensive Income.

New Accounting Standards

Revenue Recognition (ASU 2014-09)

In May 2014, the FASB issued revised accounting guidance for revenue recognition from contracts with customers. EGTS adopted this revised accounting guidance for annual reporting periods beginning January 1, 2018 using the modified retrospective method. Upon the adoption of the standard, EGTS recorded the cumulative-effect of a change in accounting principle of \$3 million to retained earnings and to establish a contract asset related to changes in the timing of revenue recognition for three existing contracts with customers at EGTS.

In February 2018, the FASB issued revised accounting guidance to provide clarification on the application of 2017 Tax Reform for balances recorded within AOCI. The revised guidance provides for stranded amounts within AOCI from the impacts of 2017 Tax Reform to be reclassified to retained earnings. EGTS adopted this guidance for annual reporting periods beginning January 1, 2018 on a prospective basis. In connection with the adoption of this guidance, EGTS reclassified a benefit of \$15 million from AOCI to retained earnings. The amount reclassified reflects the reduction in the federal income tax rate, and the federal benefit of state income taxes, on the components of EGTS' AOCI.

Leases

In February 2016, the FASB issued revised accounting guidance for the recognition, measurement, presentation and disclosure of leasing arrangements. The update requires that a liability and corresponding right-of-use asset are recorded on the balance sheet for all leases, including those leases previously classified as operating leases, and refines the definition of a lease. In addition, lessees are required to disclose key information about the amount, timing and uncertainty of cash flows arising from lease arrangements.

The guidance became effective for EGTS' annual reporting beginning January 1, 2019. EGTS adopted this revised accounting guidance using a modified retrospective approach, which requires lessees to recognize and measure leases at the date of adoption. Under this approach, EGTS utilized the transition practical expedient to maintain historical presentation for periods before January 1, 2019. EGTS also applied the other practical expedients, which required no reassessment of whether existing contracts are or contain leases, no reassessment of lease classification for existing leases and no reassessment of existing or expired land easements that were not previously accounted for as leases. In connection with the adoption of this revised accounting guidance, EGTS recorded \$41 million of offsetting operating lease assets and liabilities for operating leases in effect at the adoption date.

Subsequent Events

EGTS has evaluated subsequent events through the date that these financial statements were available to be issued on May 13, 2021.

(3) Business Acquisitions and Dispositions

Acquisition of EGTS by BHE

In July 2020, DEI entered into an agreement to sell substantially all of its gas transmission and storage operations, including EGTS, to BHE. In November 2020, the GT&S Transaction was completed and EGTS became an indirect wholly-owned subsidiary of BHE. DEI retained the assets and obligations of the pension and other postretirement employee benefit plans associated with the operations sold and relating to services provided before closing. See Notes 7 and 8 for more information on the GT&S Transaction.

In accordance with the terms of the GT&S Transaction, DEI retained certain assets and liabilities associated with EGTS and settled all affiliated balances. As a result, EGTS recorded a contribution for the reset of deferred taxes of \$1.0 billion and \$34 million for retained tax liabilities payable to EGTS by DEI, net of distributions of \$904 million related to the pension and other postretirement employee benefit plans retained by DEI and \$107 million of other pension related amounts. In addition, EGTS decided to forgo recovery of \$18 million of certain property, plant and equipment as a result of the GT&S Transaction, included in disallowance and abandonment of utility plant on the Consolidated Statement of Comprehensive Income.

(4) Property, Plant and Equipment, Net

Property, plant and equipment, net consists of the following as of December 31 (in millions):

	Depreciable Life	2020	2019
Interstate natural gas pipeline and storage assets	29 - 41 years	\$ 6,247	\$ 6,191
Intangible plant	5 - 40 years	77	75
Plant in service		6,324	6,266
Accumulated depreciation and amortization		(2,208)	(2,100)
Plant in service, net		4,116	4,166
Construction work-in-progress		193	516
Property, plant and equipment, net		\$ 4,309	\$ 4,682

Assignments of Shale Development Rights

In December 2013, EGTS closed on agreements with two natural gas producers to convey over time approximately 100,000 acres of Marcellus Shale development rights underneath several of its natural gas storage fields. The agreements provided for payments to EGTS, subject to customary adjustments, of approximately \$200 million over a period of nine years and an overriding royalty interest in gas produced from the acreage. In August 2017, EGTS and the natural gas producer signed an amendment to the agreement, which included the finalization of contractual matters on previous conveyances, the conveyance of EGTS' remaining 68% interest in approximately 70,000 acres and the elimination of EGTS' overriding royalty interest in gas produced from all acreage. EGTS received consideration of \$65 million in September 2018 in connection with the final conveyance. In 2018, as a result of this amendment, EGTS recognized a \$65 million (\$47 million after-tax) gain included in assignments of shale development rights on the Consolidated Statement of Comprehensive Income associated with the final conveyance of acreage.

In November 2014, EGTS closed an agreement with a natural gas producer to convey over time approximately 24,000 acres of Marcellus Shale development rights underneath one of its natural gas storage fields. The agreement provided for payments to EGTS, subject to customary adjustments, of approximately \$120 million over a period of four years and an overriding royalty interest in gas produced from the acreage. In January 2018, EGTS and the natural gas producer closed on an amendment to the agreement, which included the conveyance of EGTS' remaining 50% interest in approximately 18,000 acres and the elimination of EGTS' overriding royalty interest in gas produced from all acreage. EGTS received proceeds of \$28 million, resulting in an approximately \$28 million (\$20 million after-tax) gain recorded in assignments of shale development rights on the Consolidated Statement of Comprehensive Income.

In March 2018, EGTS closed an agreement with a natural gas producer to convey approximately 11,000 acres of Utica and Point Pleasant Shale development rights underneath one of its natural gas storage fields. The agreement provided for a payment to EGTS, subject to customary adjustments, of \$16 million. In March 2018, EGTS received cash proceeds of \$16 million associated with the conveyance of the acreage, resulting in a \$16 million (\$12 million after-tax) gain recorded in assignments of shale development rights on the Consolidated Statement of Comprehensive Income.

In June 2018, EGTS closed an amendment to an agreement with a natural gas producer for the elimination of EGTS' overriding royalty interest in gas produced from approximately 9,000 acres of Marcellus Shale development rights underneath one of its natural gas storage fields previously conveyed in December 2013. In June 2018, EGTS received proceeds of \$6 million associated with the transaction, resulting in a \$6 million (\$4 million after-tax) gain recorded in assignments of shale development rights on the Consolidated Statement of Comprehensive Income.

(5) Leases

The following table summarizes EGTS' leases recorded on the Consolidated Balance Sheets (in millions):

	As of	
	December 31, 2020	December 31, 2019
Right-of-use assets:		
Operating leases	\$ 30	\$ 35
Finance leases	7	6
Total right-of-use assets	<u>\$ 37</u>	<u>\$ 41</u>
Lease liabilities:		
Operating leases	\$ 28	\$ 34
Finance leases	5	6
Total lease liabilities	<u>\$ 33</u>	<u>\$ 40</u>

The following table summarizes EGTS' lease costs (in millions):

	Years Ended	
	December 31, 2020	December 31, 2019
Operating	\$ 6	\$ 7
Short-term	3	4
Total lease costs	<u>\$ 9</u>	<u>\$ 11</u>
Weighted-average remaining lease term (years):		
Operating leases	11.7	11.5
Finance leases	4.6	5.5
Weighted-average discount rate:		
Operating leases	4.4 %	4.4 %
Finance leases	2.6 %	4.1 %

Rent expense totaled \$20 million for the year ended December 31, 2018, the majority of which is reflected in operations and maintenance expense on the Consolidated Statement of Comprehensive Income.

The following table summarizes EGTS' supplemental cash flow information relating to leases (in millions):

	Years Ended	
	December 31, 2020	December 31, 2019
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 9	\$ 11
Right-of-use assets obtained in exchange for lease liabilities:		
Finance leases	\$ 1	\$ 6

EGTS has the following remaining lease commitments as of (in millions):

	December 31, 2020		
	Operating	Finance	Total
2021	\$ 5	\$ 1	\$ 6
2022	5	1	6
2023	4	1	5
2024	3	1	4
2025	2	1	3
Thereafter	18	—	18
Total undiscounted lease payments	37	5	42
Less - amounts representing interest	(9)	—	(9)
Lease liabilities	<u>\$ 28</u>	<u>\$ 5</u>	<u>\$ 33</u>

(6) Regulatory Matters

Regulatory Assets

Regulatory assets represent costs that are expected to be recovered in future regulated rates. EGTS' regulatory assets reflected on the Consolidated Balance Sheets consist of the following as of December 31 (in millions):

	Weighted Average Remaining Life	2020	2019
Employee benefit plans ⁽¹⁾	Various	\$ 65	\$ —
Other	Various	3	5
Total regulatory assets		<u>\$ 68</u>	<u>\$ 5</u>
Reflected as:			
Current assets		\$ 2	\$ 2
Noncurrent assets		66	3
Total regulatory assets		<u>\$ 68</u>	<u>\$ 5</u>

(1) Represents costs expected to be recovered through future rates generally over the expected remaining service period of plan participants.

EGTS had regulatory assets not earning a return on investment of \$68 million and \$5 million as of December 31, 2020, and 2019, respectively.

Regulatory Liabilities

Regulatory liabilities represent income to be recognized or amounts to be returned to customers in future periods. EGTS' regulatory liabilities reflected on the Consolidated Balance Sheets consist of the following as of December 31 (in millions):

	Weighted Average Remaining Life	2020	2019
Income taxes refundable through future rates ⁽¹⁾	Various	\$ 403	\$ 397
Other postretirement benefit costs ⁽²⁾	Various	104	118
Provision for future cost of removal and AROs ⁽³⁾	Various	32	3
Other	Various	4	6
Total regulatory liabilities		\$ 543	\$ 524

Reflected as:

Current liabilities	\$ 18	\$ 19
Noncurrent liabilities	525	505
Total regulatory liabilities	\$ 543	\$ 524

- (1) Amounts primarily represent income tax liabilities related to the federal tax rate change from 35% to 21% that are probable to be passed on to customers, offset by income tax benefits related to certain property-related basis differences and other various differences that were previously passed on to customers and will be included in regulated rates when the temporary differences reverse.
- (2) Reflects a regulatory liability for the collection of postretirement benefit costs allowed in rates in excess of expense incurred.
- (3) Rates charged to customers include a provision for the cost of future activities to remove assets that are expected to be incurred at the time of retirement.

Regulatory Matters

The FERC regulates the transportation and sale for resale of natural gas in interstate commerce under the NGA and the Natural Gas Policy Act of 1978, as amended. Under the NGA, the FERC has authority over rates, terms and conditions of services performed by EGTS. The FERC also has jurisdiction over siting, construction and operation of interstate natural gas pipeline facilities.

In July 2017, the FERC audit staff communicated to EGTS that it had substantially completed an audit of EGTS' compliance with the accounting and reporting requirements of the FERC's Uniform System of Accounts and provided a description of matters and preliminary recommendations. In November 2017, the FERC audit staff issued its audit report. In December 2017, EGTS provided its response to the audit report. EGTS requested FERC review of the contested findings and submitted its plan for compliance with the uncontested portions of the report. EGTS reached resolution of certain matters with the FERC in the fourth quarter of 2018. EGTS recognized a charge of \$129 million (\$94 million after-tax) recorded primarily within disallowance and abandonment of utility plant on the Consolidated Statement of Comprehensive Income for the year ended December 31, 2018 for a disallowance of plant, originally established beginning in 2012, for the resolution of one matter with the FERC. In December 2020, the FERC issued a final ruling on the remaining matter, which resulted in a \$43 million (\$31 million after-tax) charge for disallowance of capitalized AFUDC, recorded within disallowance and abandonment of utility plant on the Consolidated Statement of Comprehensive Income. As a condition of the December 2020 ruling, EGTS will file its proposed accounting entries and supporting documentation with the FERC by the second quarter of 2021; however, EGTS does not expect a material change from the charge recognized.

In December 2014, EGTS entered into a precedent agreement with Atlantic Coast Pipeline for the Supply Header Project. In 2020, as a result of the cancellation of the Atlantic Coast Pipeline project, EGTS recorded a charge of \$463 million (\$346 million after-tax) in disallowance and abandonment of utility plant on its Consolidated Statement of Comprehensive Income associated with the probable abandonment of a significant portion of the project as well as the establishment of a \$46 million ARO. As EGTS evaluates its future use, \$40 million remains within property, plant and equipment for a potential modified project.

In January 2018, EGTS filed an application to request FERC authorization to construct and operate certain facilities located in Ohio and Pennsylvania for the Sweden Valley project. In June 2019, EGTS withdrew its application for the project due to certain regulatory delays. As a result of the project abandonment, during the second quarter of 2019, EGTS recorded a charge of \$13 million (\$10 million after-tax), included in disallowance and abandonment of utility plant on the Consolidated Statement of Comprehensive Income.

2017 Tax Reform

2017 Tax Reform included a broad range of tax reform provisions affecting EGTS. 2017 Tax Reform reduced the corporate income tax rate from 35% to 21% for tax years beginning after December 31, 2017. At the date of enactment, deferred tax assets and liabilities were remeasured based upon the new 21% enacted tax rate expected to apply when temporary differences are realized or settled. For regulated operations, many of the changes in deferred taxes represent amounts probable of collection from or refund to customers and were recorded as either an increase to a regulatory asset or liability. 2017 Tax Reform included provisions that stipulate how these excess deferred taxes may be passed back to customers for certain accelerated tax depreciation benefits.

In March 2018, FERC announced actions to address the income tax allowance component of regulated entities' cost-of-service rates as a result of 2017 Tax Reform. The FERC required all interstate natural gas pipelines to make a one-time informational filing with the FERC to provide financial information to allow the FERC and other interested parties to analyze the impacts of the changes in tax law. In July 2018, the FERC issued a final rule adopting and modifying the procedures for determining whether jurisdictional natural gas pipelines may be collecting unjust and unreasonable rates in light of the reduction in the corporate income tax rate. During 2018, EGTS filed the Form 501-G with the FERC. EGTS reached resolution through the FERC terminating the 501-G proceeding which did not result in a material impact to results of operations, financial condition or cash flows of EGTS.

(7) Income Taxes

Income tax (benefit) expense consists of the following for the years ended December 31 (in millions):

	2020	2019	2018
Current:			
Federal	\$ 48	\$ 52	\$ 74
State	6	5	31
	54	57	105
Deferred:			
Federal	(93)	(7)	(33)
State	(28)	2	3
	(121)	(5)	(30)
Total	\$ (67)	\$ 52	\$ 75

A reconciliation of the federal statutory income tax rate to the effective income tax rate applicable to income before income tax (benefit) expense is as follows for the years ended December 31:

	2020	2019	2018
Federal statutory income tax rate	21 %	21 %	21 %
State income tax, net of federal income tax benefit	7	2	8
Effects of ratemaking	2	(2)	(7)
AFUDC-equity	1	(2)	(1)
Write-off of regulatory assets	(3)	—	—
Other, net	(1)	1	2
Effective income tax rate	27 %	20 %	23 %

For the year ended December 31, 2020, EGTS' effective tax rate is primarily a function of the pre-tax loss driven by charges associated with the Supply Header Project. In addition, the December 31, 2019, effective tax rate reflects a change in the state tax rates as a result of changes to the state apportionment factors.

The net deferred income tax asset (liability) consists of the following as of December 31 (in millions):

	2020	2019
Deferred income tax assets:		
Employee benefits	\$ 28	\$ 31
Intangibles	91	—
Goodwill	232	—
Derivatives and hedges	—	9
Property-related items	2	—
Other	2	1
Total deferred income tax assets	355	41
Deferred income tax liabilities:		
Property-related items	—	(560)
Pension benefits	(1)	(231)
Other	—	(3)
Total deferred income tax liabilities	(1)	(794)
Net deferred income tax asset (liability)	\$ 354	\$ (753)

The net deferred income tax liability decreased significantly due to the GT&S Transaction. The acquisition was treated as a deemed asset sale for federal and state income tax purposes. All deferred taxes at EGTS were reset to reflect financial and tax basis differences as of November 1, 2020.

Through October 31, 2020, EGTS was included in DEI's consolidated federal income tax return and, where applicable, combined state income tax returns. The United States Internal Revenue Service has closed its examination of EGTS' consolidated income tax returns through December 31, 2018. The statute of limitations for EGTS' state tax returns have expired through December 31, 2016, with the exception of Pennsylvania, New York and West Virginia, for which the earliest remaining open tax years are December 31, 2012, December 31, 2015, and December 31, 2017, respectively. DEI is responsible for income taxes, including any adjustments resulting from its audit examinations, prior to the GT&S Transaction.

(8) Employee Benefit Plans

Defined Benefit Plans

As discussed in Note 3, in November 2020, the GT&S Transaction was completed and the assets and obligations of the pension and other postretirement employee benefit plans associated with the operations sold and relating to services provided before closing were retained by DEI. As a result, just prior to completing the sale, net benefit plan assets of \$904 million were distributed through an equity transaction with DEI. EGTS employees are covered by MidAmerican Energy's pension and other postretirement benefit plans subsequent to the GT&S Transaction. Prior to the GT&S Transaction, EGTS participated in a number of the DEI-sponsored retirement plans.

Prior to the GT&S Transaction, EGTS employees not represented by collective bargaining units were covered by the Dominion Energy Pension Plan, a defined benefit pension plan sponsored by DEI that provides benefits to multiple DEI subsidiaries. Retirement benefits payable under this plan are based primarily on years of service, age and the employee's compensation. As participating employers, EGTS was subject to DEI's funding policy, which was to contribute annually an amount that is in accordance with the Employee Retirement Income Security Act of 1974. During 2020, EGTS made no contributions to the qualified defined benefit pension plan. EGTS' net periodic pension credit related to this plan was \$17 million, \$16 million and \$17 million for the years ended December 31, 2020, 2019 and 2018, respectively, reflected in operations and maintenance expense on the Consolidated Statements of Comprehensive Income. The funded status of various DEI subsidiary groups and employee compensation are the basis for determining the share of total pension costs for participating DEI subsidiaries. Subsequent to the GT&S Transaction, EGTS employees are covered by the MidAmerican Energy Pension Plan similar to the DEI plan described above. EGTS' net periodic pension cost related to this plan was \$3 million for the year ended December 31, 2020. During 2020, EGTS made \$2 million of contributions to the MidAmerican Energy Pension Plan and expects to contribute \$16 million in 2021.

Prior to the GT&S Transaction, retiree healthcare and life insurance benefits for EGTS employees not represented by collective bargaining units were covered by the Dominion Energy Retiree Health and Welfare Plan, a plan sponsored by DEI that provides certain retiree healthcare and life insurance benefits to multiple DEI subsidiaries. EGTS' net periodic benefit credit related to this plan was \$5 million for each of the years ended December 31, 2020, 2019 and 2018, reflected in operations and maintenance expense on the Consolidated Statements of Comprehensive Income. Employee headcount is the basis for determining the share of total other postretirement benefit costs for participating DEI subsidiaries. Subsequent to the GT&S Transaction, certain EGTS employees are covered by the MidAmerican Energy Retiree Health and Welfare plan similar to the DEI plan described above. EGTS' net periodic benefit cost related to this plan was \$1 million for the year ended December 31, 2020. During 2020, EGTS made \$2 million of contributions to the MidAmerican Energy Health and Welfare Plan and expects to contribute \$12 million in 2021.

Pension benefits for EGTS employees represented by a collective bargaining unit were covered by a separate pension plan that provides benefits to employees of both EGTS and Hope, a wholly-owned subsidiary of DEI. Employee compensation was the basis for allocating pension costs and obligations between EGTS and Hope. Retiree healthcare and life insurance benefits, for EGTS employees represented by a collective bargaining unit, were covered by a separate other postretirement benefit plan that provides benefits to both EGTS and Hope. Employee headcount was the basis for allocating other postretirement benefit costs and obligations between EGTS and Hope.

Pension Remeasurement

In the third quarter of 2020, EGTS remeasured a pension plan due to a curtailment resulting from the agreement for DEI to retain the assets and obligations of the pension benefit plan associated with the GT&S Transaction. The remeasurement resulted in an increase in the pension benefit obligation of \$3 million and a decrease in the fair value of the pension plan assets of \$7 million for EGTS. The impact of the remeasurement on net periodic pension benefit credit was recognized prospectively from the remeasurement date and is not material. The discount rate used for the remeasurement was 3.16%. All other assumptions used for the remeasurement were consistent with the measurement as of December 31, 2019.

Voluntary Retirement Program

In March 2019, DEI announced a voluntary retirement program to employees that met certain age and service requirements. The voluntary retirement program will not compromise safety or EGTS' ability to comply with applicable laws and regulations. In the second quarter of 2019, upon the determinations made concerning the number of employees that elected to participate in the program, EGTS recorded a charge of \$30 million (\$23 million after-tax) primarily reflected in operations and maintenance expense in its Consolidated Statement of Comprehensive Income. In the second quarter of 2019, EGTS remeasured its pension and other postretirement benefit plans as a result of the voluntary retirement program.

The remeasurement resulted in an increase in the pension benefit obligation of \$12 million and an increase in the fair value of the pension plan assets of \$51 million. In addition, the remeasurement resulted in an increase in the accumulated postretirement benefit obligation of \$5 million and an increase in the fair value of the other postretirement benefit plan assets of \$17 million. The impact of the remeasurement on net periodic benefit cost (credit) was recognized prospectively from the remeasurement date. The discount rate used for the remeasurement was 4.10% for the EGTS pension plan and 4.06% for the EGTS other postretirement benefit plan. All other assumptions used for the remeasurement were consistent with the measurement as of December 31, 2018.

Funded Status

The following table is a reconciliation of the fair value of plan assets for the year ended December 31, 2019 (in millions):

	<u>Pension</u>	<u>Other Postretirement</u>
Plan assets at fair value, beginning of year	\$ 572	\$ 185
Employer contributions	—	12
Actual return on plan assets	129	38
Benefits paid	(15)	(8)
Plan assets at fair value, end of year	<u>\$ 686</u>	<u>\$ 227</u>

The following table is a reconciliation of the benefit obligations for the year ended December 31, 2019 (in millions):

	<u>Pension</u>	<u>Other Postretirement</u>
Benefit obligation, beginning of year	\$ 262	\$ 121
Service cost	6	1
Interest cost	11	5
Actuarial loss	30	1
Settlement	1	1
Benefits paid	(15)	(8)
Benefit obligation, end of year	<u>\$ 295</u>	<u>\$ 121</u>

The funded status of the plans and the amounts recognized on the Consolidated Balance Sheets as of December 31, 2019 are as follows (in millions):

	<u>Pension</u>	<u>Other Postretirement</u>
Plan assets at fair value, end of year	\$ 686	\$ 227
Less - Benefit obligation, end of year	295	121
Funded status	<u>\$ 391</u>	<u>\$ 106</u>

Amounts recognized on the Consolidated Balance Sheets:

Pension and other postretirement benefits	\$ 391	\$ 106
Amounts recognized	<u>\$ 391</u>	<u>\$ 106</u>

Significant assumptions used to determine benefit obligations:

Discount rate	3.63 %	3.44 %
Weighted average rate of increase for compensation	4.64 %	n/a

The accumulated benefit obligation for the defined benefit pension plans covering EGTS employees represented by collective bargaining units was \$279 million as of December 31, 2019.

Plan Assets

Investment Policy and Asset Allocations

DEI's overall objective for investing its pension and other postretirement plan assets is to achieve appropriate long-term rates of return commensurate with prudent levels of risk. As a participating employer in various pension plans sponsored by DEI, EGTS was subject to DEI's investment policies for such plans. To minimize risk, funds are broadly diversified among asset classes, investment strategies and investment advisors. The strategic target asset allocations for DEI's pension funds were 28% U.S. equity, 18% non-U.S. equity, 35% fixed income, 3% real estate and 16% other alternative investments. U.S. equity includes investments in large-cap, mid-cap and small-cap companies located in the U.S. Non-U.S. equity includes investments in large-cap and small-cap companies located outside of the U.S. including both developed and emerging markets. Fixed income includes corporate debt instruments of companies from diversified industries and U.S. Treasuries. The U.S. equity, non-U.S. equity and fixed income investments are in individual securities as well as mutual funds. Real estate includes equity real estate investment trusts and investments in partnerships. Other alternative investments include partnership investments in private equity, debt and hedge funds that follow several different strategies.

DEI also utilizes common/collective trust funds as an investment vehicle for its defined benefit plans. A common/collective trust fund is a pooled fund operated by a bank or trust company for investment of the assets of various organizations and individuals in a well-diversified portfolio. Common/collective trust funds are funds of grouped assets that follow various investment strategies.

Strategic investment policies are established for DEI's prefunded benefit plans based upon periodic asset/liability studies. Factors considered in setting the investment policy include employee demographics, liability growth rates, future discount rates, the funded status of the plans and the expected long-term rate of return on plan assets. Deviations from the plans' strategic allocation are a function of DEI's assessments regarding short-term risk and reward opportunities in the capital markets and/or short-term market movements which result in the plans' actual asset allocations varying from the strategic target asset allocations. Through periodic rebalancing, actual allocations are brought back in line with the target. Future asset/liability studies will focus on strategies to further reduce pension and other postretirement plan risk, while still achieving attractive levels of returns. Financial derivatives may be used to obtain or manage market exposures and to hedge assets and liabilities.

Fair Value Measurements

The following table presents the fair value of plan assets, by major category, for EGTS' defined benefit pension plan as of December 31, 2019 (in millions):

	Input Levels for Fair Value Measurements			Total
	Level 1 ⁽¹⁾	Level 2 ⁽¹⁾	Level 3 ⁽¹⁾	
Cash and cash equivalents	\$ 1	\$ —	\$ —	\$ 1
Debt securities:				
United States government obligations	2	59	—	61
Corporate obligations	3	66	—	69
Insurance contracts	—	28	—	28
Equity securities:				
United States equity securities	177	—	—	177
International equity securities	114	—	—	114
Total assets in the fair value hierarchy	<u>\$ 297</u>	<u>\$ 153</u>	<u>\$ —</u>	<u>450</u>
Investment funds measured at net asset value				238
Investments at fair value				<u>\$ 688</u>

(1) Refer to Note 11 for additional discussion regarding the three levels of the fair value hierarchy.

The following table presents the fair value of plan assets, by major category, for EGTS' defined benefit other postretirement plan as of December 31, 2019 (in millions):

	Input Levels for Fair Value Measurements			Total
	Level 1 ⁽¹⁾	Level 2 ⁽¹⁾	Level 3 ⁽¹⁾	
Equity securities:				
United States equity securities	\$ 86	\$ —	\$ —	\$ 86
International equity securities	21	—	—	21
Total assets in the fair value hierarchy	<u>\$ 107</u>	<u>\$ —</u>	<u>\$ —</u>	<u>107</u>
Investment funds measured at net asset value				120
Investments at fair value				<u>\$ 227</u>

(1) Refer to Note 11 for additional discussion regarding the three levels of the fair value hierarchy.

For Level 1 investments, a readily observable quoted market price or net asset value of an identical security in an active market is used to record the fair value. For Level 2 investments, the fair value is determined using pricing models based on observable market inputs. Shares of mutual funds not registered under the Securities Act of 1933, private equity limited partnership interests, common and commingled trust funds and investment entities are reported at fair value based on the net asset value per unit, which is used for expedience purposes. A fund's net asset value is based on the fair value of the underlying assets held by the fund less its liabilities.

Net Periodic Benefit Cost

Net periodic benefit cost for the plans included the following components for the years ended December 31 (in millions):

	Pension			Other Postretirement		
	2020	2019	2018	2020	2019	2018
Service cost	\$ 5	\$ 6	\$ 6	\$ 1	\$ 1	\$ 2
Interest cost	8	11	10	4	5	5
Expected return on plan assets	(47)	(54)	(52)	(16)	(16)	(16)
Settlement	—	1	—	—	1	—
Net amortization	3	4	4	(3)	(2)	(3)
Net periodic benefit (credit) cost	<u>\$ (31)</u>	<u>\$ (32)</u>	<u>\$ (32)</u>	<u>\$ (14)</u>	<u>\$ (11)</u>	<u>\$ (12)</u>

Significant assumptions used to determine periodic credits for the years ended December 31:

	Pension			Other Postretirement		
	2020	2019	2018	2020	2019	2018
Discount rate	3.16% - 3.63%	4.10% - 4.42%	3.81 %	3.44 %	4.05% - 4.37%	3.81 %
Expected long-term rate of return on plan assets	8.60 %	8.65 %	8.75 %	8.50 %	8.50 %	8.50 %
Weighted average rate of increase for compensation	4.73 %	4.55 %	4.11 %	n/a	n/a	n/a
Healthcare cost trend rate				6.50 %	6.50 %	7.00 %
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)				5.00 %	5.00 %	5.00 %
Year that the rate reached the ultimate trend rate				2026	2025	2022

Unrecognized Amounts

The portion of the funded status of the plans not yet recognized in net periodic benefit cost as of December 31, 2019 is as follows (in millions):

	Pension	Other Postretirement
Net loss	\$ 108	\$ 44
Prior service cost (credit)	—	(49)
Total ⁽¹⁾	<u>\$ 108</u>	<u>\$ (5)</u>

- (1) Amounts related to pension benefits are included in AOCI and amounts related to other postretirement benefits are included in regulatory assets and liabilities.

Defined Contribution Plans

EGTS participates in the BHE GT&S defined contribution employee savings plan subsequent to the GT&S Transaction and the DEI defined contribution employee savings plans prior to the GT&S Transaction. EGTS' matching contributions are based on each participant's level of contribution. Contributions cannot exceed the maximum allowable for tax purposes. EGTS' contributions to the 401(k) plan were \$3 million, \$4 million and \$4 million for the years ended December 31, 2020, 2019 and 2018, respectively.

(9) Asset Retirement Obligations

EGTS estimates its ARO liabilities based upon detailed engineering calculations of the amount and timing of the future cash spending for a third party to perform the required work. Spending estimates are escalated for inflation and then discounted at a credit-adjusted, risk-free rate. Changes in estimates could occur for a number of reasons, including changes in laws and regulations, plan revisions, inflation and changes in the amount and timing of the expected work.

EGTS does not recognize liabilities for AROs for which the fair value cannot be reasonably estimated. Due to the indeterminate removal date, the fair value of the interim removal of natural gas pipelines and certain storage wells in EGTS' underground natural gas storage network cannot currently be estimated, and no amounts are recognized on the Consolidated Financial Statements other than those included in the cost of removal regulatory liability established via approved depreciation rates in accordance with accepted regulatory practices. Cost of removal regulatory liabilities totaled \$30 million and \$1 million as of December 31, 2020 and 2019, respectively. EGTS will continue to monitor operational and strategic developments to identify if sufficient information exists to reasonably estimate a retirement date for these assets.

The following table reconciles the beginning and ending balances of EGTS' ARO liabilities for the years ended December 31 (in millions):

	2020	2019
Beginning balance	\$ 59	\$ 58
Change in estimated costs	(36)	—
Additions	48	—
Retirements	(3)	(2)
Accretion	3	3
Ending balance	<u>\$ 71</u>	<u>\$ 59</u>
Reflected as:		
Current liabilities	\$ 36	\$ 14
Other long-term liabilities	35	45
Total ARO liability	<u>\$ 71</u>	<u>\$ 59</u>

(10) Risk Management and Hedging Activities

Gains and Losses on Derivative Contracts

EGTS is exposed to the impact of market fluctuations in commodity prices, principally, to natural gas market fluctuations primarily related to fuel retained and used during the operation of the pipeline system as well as lost and unaccounted for gas. EGTS has established a risk management process that is designed to identify, assess, manage, mitigate, monitor and report, each of the various types of risk involved in its business. To mitigate a portion of its commodity price risk, EGTS uses over-the-counter commodity derivative contracts, which may include forwards, options, swaps and other agreements, to effectively secure future supply or sell future production generally at fixed prices. EGTS does not hedge all of its commodity price risk, thereby exposing the unhedged portion to changes in market prices. See Note 11 for further information about fair value measurements and associated valuation methods for derivatives.

Subsequent to the GT&S Transaction, EGTS has elected to offset derivative contracts where master netting arrangements allow. There have been no other significant changes in EGTS' accounting policies related to derivatives. Refer to Notes 2 and 11 for additional information on derivative contracts.

The following table presents the losses on EGTS' derivatives, as well as where the associated activity is presented on its Statements of Comprehensive Income for the years ended December 31 (in millions):

Derivatives not designated as hedging instruments	2020	2019	2018
Derivative type and location of losses:			
Commodity:			
Operating revenue	\$ (1)	\$ —	\$ (11)
Total	<u>\$ (1)</u>	<u>\$ —</u>	<u>\$ (11)</u>

Credit Risk

EGTS is exposed to counterparty credit risk associated with wholesale energy supply and marketing activities with other utilities, energy marketing companies, financial institutions and other market participants. Credit risk may be concentrated to the extent EGTS' counterparties have similar economic, industry or other characteristics and due to direct or indirect relationships among the counterparties. For the year ended December 31, 2020, the ten largest customers provided 37% of the total storage and transportation revenues. Before entering into a transaction, EGTS analyzes the financial condition of each significant wholesale counterparty, establishes limits on the amount of unsecured credit to be extended to each counterparty and evaluates the appropriateness of unsecured credit limits on an ongoing basis. To further mitigate wholesale counterparty credit risk, EGTS enters into netting and collateral arrangements that may include margining and cross-product netting agreements and obtains third-party guarantees, letters of credit and cash deposits. If required, EGTS exercises rights under these arrangements, including calling on the counterparty's credit support arrangement.

(11) Fair Value Measurements

The carrying value of EGTS' cash, certain cash equivalents, receivables, payables, accrued liabilities and short-term borrowings approximates fair value because of the short-term maturity of these instruments. EGTS' long-term debt is carried at cost on the Consolidated Financial Statements. The fair value of the related-party long-term debt cannot be determined because of EGTS' affiliation with the party with whom the agreement exists. The carrying amount approximates its fair value as of December 31, 2020 and 2019. Fair value disclosures for assets held in EGTS' pension and other postretirement benefit plans are presented in Note 8. EGTS has various financial assets and liabilities that are measured at fair value on the Consolidated Financial Statements using inputs from the three levels of the fair value hierarchy. A financial asset or liability classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement. The three levels are as follows:

- Level 1 - Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that EGTS has the ability to access at the measurement date.
- Level 2 - Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).
- Level 3 - Unobservable inputs reflect EGTS' judgments about the assumptions market participants would use in pricing the asset or liability since limited market data exists. EGTS develops these inputs based on the best information available, including its own data.

Derivative contracts are recorded on the Consolidated Balance Sheets as either assets or liabilities and are stated at estimated fair value unless they are designated as normal purchase or normal sales and qualify for the exception afforded by GAAP. When available, the fair value of derivative contracts is estimated using unadjusted quoted prices for identical contracts in the market in which EGTS transacts. When quoted prices for identical contracts are not available, EGTS uses forward price curves. Forward price curves represent EGTS' estimates of the prices at which a buyer or seller could contract today for delivery or settlement at future dates. EGTS bases its forward price curves upon market price quotations, when available, or internally developed and commercial models, with internal and external fundamental data inputs. Market price quotations are obtained from independent brokers, exchanges, direct communication with market participants and actual transactions executed by EGTS. Market price quotations are generally readily obtainable for the applicable term of EGTS' outstanding derivative contracts; therefore, EGTS' forward price curves reflect observable market quotes. Market price quotations for certain natural gas trading hubs are not as readily obtainable due to the length of the contracts. Given that limited market data exists for these contracts, as well as for those contracts that are not actively traded, EGTS uses forward price curves derived from internal models based on perceived pricing relationships to major trading hubs that are based on unobservable inputs. The estimated fair value of these derivative contracts is a function of underlying forward commodity prices, related volatility, counterparty creditworthiness and duration of contracts. All of EGTS' derivatives are considered Level 2 in the fair value hierarchy.

(12) Commitments and Contingencies

Environmental Laws and Regulations

EGTS is subject to federal, state and local laws and regulations regarding climate change, air and water quality, hazardous and solid waste disposal, protected species and other environmental matters that have the potential to impact its current and future operations. EGTS believes it is in material compliance with all applicable laws and regulations.

Other Legal Matters

EGTS is party to a variety of legal actions arising out of the normal course of business. Plaintiffs occasionally seek punitive or exemplary damages. EGTS does not believe that such normal and routine litigation will have a material impact on its consolidated financial results.

Surety Bonds

As of December 31, 2020, EGTS had purchased \$19 million of surety bonds. Under the terms of surety bonds, Eastern Energy Gas is obligated to indemnify the respective surety bond company for any amounts paid.

(13) Revenue from Contracts with Customers

The following table summarizes EGTS' energy products and services revenue by regulated and nonregulated for the years ended December 31 (in millions):

	2020	2019	2018
Customer Revenue:			
Regulated:			
Gas transportation	\$ 583	\$ 606	\$ 593
Gas storage	191	192	193
Wholesale	41	6	21
Total regulated	815	804	807
Management service and other revenues	100	176	275
Total Customer Revenue	915	980	1,082
Other revenue	1	1	(9)
Total operating revenue	\$ 916	\$ 981	\$ 1,073

Remaining Performance Obligations

The following table summarizes EGTS' revenue it expects to recognize in future periods related to significant unsatisfied remaining performance obligations for fixed contracts with expected durations in excess of one year as of December 31, 2020 (in millions):

	Performance obligations expected to be satisfied		Total
	Less than 12 months	More than 12 months	
	\$ 652	\$ 3,248	\$ 3,900

(14) Variable Interest Entities

The primary beneficiary of a VIE is required to consolidate the VIE and to disclose certain information about its significant variable interests in the VIE. The primary beneficiary of a VIE is the entity that has both: (1) the power to direct the 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.

EGTS had been engaged to oversee the construction of, and to subsequently operate and maintain, the projects undertaken by Atlantic Coast Pipeline based on the overall direction and oversight of Atlantic Coast Pipeline's members. Prior to the GT&S Transaction, an affiliate of EGTS held a membership interest in Atlantic Coast Pipeline; therefore, EGTS was considered to have a variable interest in Atlantic Coast Pipeline. Prior to the cancellation of the project in 2020, the members of Atlantic Coast Pipeline held the power to direct the construction, operations and maintenance activities of the entity. EGTS has concluded it was not the primary beneficiary of Atlantic Coast Pipeline as it did not have the power to direct the activities of Atlantic Coast Pipeline that most significantly impact its economic performance. EGTS has no obligation to absorb any losses of the VIE.

Prior to the GT&S Transaction, EGTS purchased shared services from DES, an affiliated VIE, of \$53 million, \$65 million and \$52 million for the years ended December 31, 2020, 2019 and 2018, respectively. EGTS' Consolidated Balance Sheet included amounts due to DES of \$20 million as of December 31, 2019. EGTS determined that neither it nor any of its consolidated entities was the primary beneficiary of DES as neither it nor any of its consolidated entities had both the power to direct the activities that most significantly impact their economic performance as well as the obligation to absorb losses and benefits which could be significant to them. DES provided accounting, legal, finance and certain administrative and technical services. Neither EGTS nor any of its consolidated entities had any obligation to absorb more than its allocated share of DES costs.

(15) Supplemental Cash Flow Disclosures

Cash and Cash Equivalents and Restricted Cash and Cash Equivalents

Cash equivalents consist of funds invested in money market mutual funds, United States Treasury Bills and other investments with a maturity of three months or less when purchased. Cash and cash equivalents exclude amounts where availability is restricted by legal requirements, loan agreements or other contractual provisions. Restricted cash and cash equivalents as of December 31, 2020 and December 31, 2019 consist substantially of customer deposits as allowed under the FERC gas tariffs. A reconciliation of cash and cash equivalents and restricted cash and cash equivalents as of December 31, 2020 and December 31, 2019, as presented on the Consolidated Statements of Cash Flows is outlined below and disaggregated by the line items in which they appear on the Consolidated Balance Sheets (in millions):

	As of December 31,	
	2020	2019
Cash and cash equivalents	\$ 10	\$ 5
Restricted cash and cash equivalents	13	7
Total cash and cash equivalents and restricted cash and cash equivalents	\$ 23	\$ 12

The summary of supplemental cash flow disclosures as of and for the years ending December 31 is as follows (in millions):

	2020	2019	2018
Supplemental disclosure of cash flow information:			
Interest paid, net of amounts capitalized	\$ 82	\$ 83	\$ 106
Income taxes paid	58	60	109
Supplemental disclosure of non-cash investing transactions:			
Acquisition of EGTS by BHE	\$ 40	\$ —	\$ —
Accruals related to property, plant and equipment additions	25	11	32

(16) Related-Party Transactions

Transactions Prior to the GT&S Transaction

Prior to the GT&S Transaction, EGTS engaged in related party transactions primarily with other DEI subsidiaries (affiliates). EGTS' receivable and payable balances with affiliates were settled based on contractual terms or on a monthly basis, depending on the nature of the underlying transactions. Through October 31, 2020, EGTS was included in DEI's consolidated federal income tax return and, where applicable, DEI's combined income tax returns for various states. As of December 31, 2019, EGTS had a net affiliated payable of \$3 million due to DEI, representing \$2 million of federal income taxes payable to DEI and \$1 million of state income taxes payable to DEI. In addition, EGTS' Consolidated Balance Sheet as of December 31, 2019 includes \$10 million of state income taxes receivable. All affiliate payables or receivables were settled with DEI prior to the closing date of the GT&S Transaction.

EGTS transacted with affiliates for certain quantities of natural gas and other commodities at market prices in the ordinary course of business. Additionally, EGTS provided transportation and storage services to affiliates. EGTS also entered into certain other contracts with affiliates, and related parties, including construction services, which were presented separately from contracts involving commodities or services. As of December 31, 2019, EGTS did not have any commodity derivative assets and liabilities with affiliates. See Note 10 for more information. EGTS participated in certain DEI benefit plans as described in Note 8. As of December 31, 2019, EGTS' amount due from DEI associated with the Dominion Energy Pension Plan and reflected in other assets on the Consolidated Balance Sheet was \$342 million. EGTS' amount due from DEI associated with the Dominion Energy Retiree Health and Welfare Plan and reflected in other assets on the Consolidated Balance Sheet was \$13 million as of December 31, 2019.

DES and other affiliates provided accounting, legal, finance and certain administrative and technical services to EGTS. EGTS provided certain services to related parties, including technical services.

The financial statements for all years presented include costs for certain general, administrative and corporate expenses assigned by DES to EGTS on the basis of direct and allocated methods in accordance with EGTS' services agreements with DES. Where costs incurred cannot be determined by specific identification, the costs were allocated based on the proportional level of effort devoted by DES, resources that is attributable to the entity, determined by reference to number of employees, salaries and wages and other similar measures for the relevant DES service. Management believes the assumptions and methodologies underlying the allocation of general corporate overhead expenses are reasonable.

Subsequent to the GT&S Transaction, EGTS' transactions with other DEI subsidiaries are no longer related-party transactions.

Presented below are EGTS' significant transactions with DES and other affiliated and related parties for the years ended December 31 (in millions):

	2020	2019	2018
Sales of natural gas and transportation and storage services	\$ 71	\$ 91	\$ 89
Purchases of natural gas and transportation and storage services	7	11	11
Services provided by related parties ⁽¹⁾	67	83	69
Services provided to related parties ⁽²⁾	86	118	203

(1) Includes capitalized expenditures of \$14 million, \$17 million and \$14 million for the years ended December 31, 2020, 2019 and 2018, respectively.

(2) Includes amounts attributable to Atlantic Coast Pipeline, a related-party VIE prior to the GT&S Transaction. See below for more information.

The following table presents affiliated and related party balances as of December 31 (in millions):

	2019
Other receivables ⁽¹⁾	\$ 7
Imbalances receivable from affiliates ⁽²⁾	7
Imbalances payable to affiliates ⁽³⁾	6

(1) Represents amounts due from Atlantic Coast Pipeline.

(2) Amounts are presented in natural gas imbalances on the Consolidated Balance Sheet.

(3) Amounts are presented in other current liabilities on the Consolidated Balance Sheet.

EGTS provided services to Atlantic Coast Pipeline, which totaled \$46 million, \$103 million and \$203 million for the years ended December 31, 2020, 2019 and 2018, respectively, included in operating revenue on the Consolidated Statements of Comprehensive Income.

Trade receivables, net as of December 31, 2019 included \$9 million of accrued unbilled revenue. This revenue is based on estimated amounts of services provided but not yet billed to various affiliates.

Borrowings With Eastern Energy Gas

Prior to the GT&S Transaction, EGTS borrowed from Eastern Energy Gas pursuant to a series of short-term notes. In November 2020, EGTS entered into a \$400 million intercompany revolving credit agreement from its parent, Eastern Energy Gas, expiring in November 2021. The credit agreement, which is for general corporate purposes, has a variable interest rate based on LIBOR plus a fixed spread. Net outstanding borrowings totaled \$81 million with a weighted-average interest rate of 1.725% as of December 31, 2020 and \$47 million with a weighted-average interest rate of 2.723% as of December 31, 2019. Interest expense related to these borrowings totaled \$1 million, \$6 million and \$3 million for the years ended December 31, 2020, 2019 and 2018, respectively.

In March 2021, Eastern Energy Gas entered into a \$400 million intercompany revolving credit agreement from EGTS expiring in March 2022. The credit agreement, which is for general corporate purposes, has a variable interest rate based on LIBOR plus a fixed spread.

EGTS has also borrowed from Eastern Energy Gas pursuant to a series of long-term notes with fixed interest rates ranging from 3.6% to 5.0%, due 2024 to 2047. Net outstanding borrowings under these notes totaled \$1.9 billion as of December 31, 2020 and 2019. EGTS incurred interest charges related to these borrowings of \$88 million for each of the years ended December 31, 2020, 2019 and 2018.

The annual repayments of long-term debt for the years beginning January 1, 2021 and thereafter, are as follows (in millions):

2021	\$ —
2022	—
2023	—
2024	100
2025	—
2026 and thereafter	1,795
Total	<u>\$ 1,895</u>

Transactions Subsequent to the GT&S Transaction

EGTS is party to a tax-sharing agreement and is part of the Berkshire Hathaway Inc. consolidated United States federal income tax return. For current federal and state income taxes, EGTS had a payable to BHE of \$1 million as of December 31, 2020. EGTS paid net cash payments for federal and state income taxes to BHE totaling \$7 million for the year ended December 31, 2020.

DEI, BHE, MidAmerican Energy, Northern Natural Gas Company and other related parties provided accounting, human resources, information technology and certain other administrative and technical services to EGTS, which totaled \$2 million for the year ended December 31, 2020. EGTS provided certain services to affiliates, including administrative and technical services, which totaled \$10 million for the year ended December 31, 2020. EGTS also provided transportation and storage services and natural gas sales to affiliates, which totaled \$4 million for the year ended December 31, 2020.

Trade receivables, net as of December 31, 2020 included \$2 million of accrued unbilled revenue. This revenue is based on estimated amounts of services provided but not yet billed to various affiliates.

As of December 31, 2020, EGTS had \$1 million of natural gas imbalances receivable from affiliates, presented in natural gas imbalances on the Consolidated Balance Sheet and \$1 million of natural gas imbalances payable to affiliates, presented in other current liabilities on the Consolidated Balance Sheet.

EGTS participates in certain MidAmerican Energy benefit plans as described in Note 8. As of December 31, 2020, EGTS' net amount due to MidAmerican Energy associated with these plans and primarily reflected in other long-term liabilities on the Consolidated Balance Sheet was \$95 million.