

Washington Gas Light Company

Annual Financial Report

For the Year Ended December 31, 2025

Washington Gas Light Company

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SAFE HARBOR FOR FORWARD-LOOKING STATEMENTS

Washington Gas Light Company (Washington Gas) is an indirect, wholly owned subsidiary of, among other entities, AltaGas Ltd. (AltaGas) and WGL Holdings, Inc (WGL). WGL is an indirect wholly owned subsidiary of AltaGas. Except where the content clearly indicates otherwise, any reference in this report to “Washington Gas,” “we,” “us,” “our” or “the Company” refers to Washington Gas Light Company. References to “WGL” refer to WGL Holdings, Inc. and all of its subsidiaries.

Certain matters discussed in this report, excluding historical information, include forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 with respect to the outlook for earnings, revenues and other future financial business performance, strategies, financing plans and other expectations. Forward-looking statements are typically identified by words such as, but not limited to, “estimates,” “expects,” “anticipates,” “intends,” “believes,” “plans” and similar expressions, or future or conditional terms such as “will,” “should,” “would” and “could.” Forward-looking statements speak only as of the posting date of this report, and the Company assumes no duty to update them. Factors that could cause actual results to differ materially from forward-looking statements or historical performance may include, but are not limited to the following; please refer to the Risk Factors of AltaGas' Annual Information Form for the year ended December 31, 2025 for a more detailed discussion, which is available on SEDAR+ at www.sedarplus.ca:

- cyberattacks, including cyberterrorism, or other information technology security breaches or failures;
- leaks, mechanical problems, incidents, or other operational issues that could affect public safety and the reliability of Washington Gas' distribution system;
- concerns involving climate change, including physical and transition risks, which could lead to adverse legislation, regulation, and ancillary government actions;
- unusual weather conditions and changes in natural gas consumption patterns;
- political insecurity and civil unrest that could threaten Company property and personnel;
- the political climate globally, including potential escalation of military activity or acts of war, threats to strategic targets such as energy-related assets, or other civil unrest or activism that may have effects on general economic conditions;
- general economic conditions including tariffs on trade;
- hazards involved in the storage, transportation, moving, and marketing of hydrocarbon products;
- the availability of natural gas supply or an inability to obtain an adequate supply of gas to satisfy present and future demands;
- challenges in securing the necessary transportation or storage capacity to deliver or acquire the volume of gas necessary to meet customer demands and future growth expectations;
- the outcome of new and existing matters before courts, regulators, government agencies or arbitrators;
- the extent, and the timing, to which we are allowed to recover from our customers, through the regulatory process, costs and expenses related to our operations and the ability of the Company to earn a reasonable rate of return on its invested capital;
- the inability to meet commitments under various orders and agreements associated with regulatory approvals for the 2018 merger between AltaGas and WGL (the Merger);
- the loss of certain administrative and management functions and services provided by AltaGas;
- changes in AltaGas' strategy or relationship with Washington Gas that could affect our performance or operations;
- the ability to access capital and the costs at which Washington Gas is able to access capital and credit markets, including changes in the credit ratings of Washington Gas, WGL, and AltaGas;
- disruptions or decline in the local economy in which Washington Gas operates;
- the credit-worthiness of customers, suppliers and derivatives counterparties;
- changes in the value of derivative contracts and related impacts on collateral and credit requirements;
- failures of Washington Gas service providers that could negatively impact the Company's business;

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- acts of nature and catastrophic events, including terrorist acts;
- the extent insurance losses exceed our insurance coverage;
- an inability to attract and retain key management and sufficiently skilled operational personnel;
- strikes or work stoppages by unionized employees;
- changes in the costs of providing retirement plan benefits;
- costs associated with certain legacy operations of Washington Gas and environmental remediation efforts;
- changes in laws and regulations;
- changes to government fiscal and trade policies;
- regulatory and financial risks related to pipeline safety legislation;
- changes to the tax code and our ability to quantify such changes and seek recovery for the manner in which corporate taxes are shared with customers; and
- changes in accounting principles and the effect of accounting pronouncements issued periodically by accounting standard-setting bodies.

All such factors are difficult to predict accurately and are generally beyond the direct control of the Company. Readers are urged to use care and consider the risks, uncertainties and other factors that could affect the Company's business as described in this Annual Report.

GLOSSARY OF KEY TERMS AND DEFINITIONS

Accelerated Pipe Replacement Programs (APRPs): Programs focused on replacement activities, targeting specific piping materials, installation years and/or locations which are undertaken on an expedited basis in an effort to improve safety, system reliability and to reduce potential greenhouse gas (GHG) emissions. See below for APRPs relating to various jurisdictions (PROJECTpipes for the District of Columbia, SAVE for Virginia, and STRIDE for Maryland).

Accounting Standards Codification (ASC): The source of authoritative generally accepted accounting principles (GAAP).

Accounting Standards Update (ASU): An update issued to communicate changes to an ASC.

Active Customer Meters: Natural gas meters that are physically connected to a building structure within the Washington Gas distribution system that are receiving natural gas distribution service.

AltaGas Ltd. (AltaGas): A Canadian corporation and parent company of WGL Holdings, Inc.

AltaGas Services (U.S.) Inc. (ASUS): A wholly owned subsidiary of AltaGas. It is the parent company of certain AltaGas' U.S. subsidiaries, including Washington Gas and WGL.

Asset Optimization Program: A program to optimize the value of Washington Gas' long-term natural gas transportation and storage capacity resources during periods when these resources are not being used to physically serve customers.

Bundled Service: Service in which customers purchase both the natural gas commodity and the distribution or delivery of the commodity from the local regulated utility. When customers purchase bundled service from Washington Gas, no mark-up is applied to the cost of the natural gas commodity that is passed through to customers.

CARE Ratemaking Adjustment (CRA): A billing mechanism in the state of Virginia that is designed to minimize the effect of factors such as conservation on utility net revenues.

City Gate: A point or measuring station at which a gas distribution company, such as Washington Gas, receives natural gas from an unaffiliated pipeline or transmission system.

Competitive Service Provider (CSP): Unregulated companies that sell natural gas and electricity directly to retail customers. WGL Energy Services is a CSP. Also referred to as **Third-party Marketer**.

Conservation and Ratemaking Efficiency (CARE Plan): Provides for the CRA as well as cost effective conservation and energy efficient programs.

Federal Energy Regulatory Commission (FERC): An independent agency of the federal government that regulates the interstate transmission of electricity, natural gas, and oil. The FERC also reviews proposals to build liquefied natural gas terminals and interstate natural gas pipelines.

Financial Contract: A contract in which no commodity is transferred between parties and only cash payments are exchanged in amounts equal to the financial benefit of holding the contract.

Firm Customers: Customers whose natural gas supply will not be disrupted by the regulated utility to meet the needs of other customers. Typically, this class of customer comprises residential customers and most commercial customers.

Generally Accepted Accounting Principles (GAAP): A standard framework of accounting rules used to prepare, present and report financial statements in the United States of America.

Hampshire: Hampshire Gas Company is a subsidiary of WGL that provides regulated interstate natural gas storage services to Washington Gas under a FERC approved interstate storage service tariff.

Heating Degree Day (HDD): A measure of the variation in weather based on the extent to which the daily average temperature falls below 65 degrees Fahrenheit.

Interruptible Customers: Large commercial and industrial customers whose service can be temporarily interrupted in order for the regulated utility to meet the needs of firm customers. These customers pay a lower delivery rate than firm customers and they must be able to readily substitute an alternate fuel for natural gas.

Lower-of-Cost or Net Realizable Value: The process of adjusting the value of inventory to reflect the lesser of its original cost or its net realizable value.

Mark-to-Market: The process of adjusting the carrying value of an asset or liability to reflect its current fair value.

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Medium-term notes (MTNs): Unsecured notes issued under Washington Gas' previous shelf-registrations.

Merger Agreement: A reference to the agreement, consummated July 6, 2018, governing the merger of WGL into an indirect, wholly owned AltaGas subsidiary, with WGL surviving as an indirect wholly owned subsidiary of AltaGas (the Merger).

New Customer Meters Added: Natural gas meters that are newly connected to a building structure within the Washington Gas distribution system. Service may or may not have been activated.

Normal Weather: A forecast of expected HDDs based on historical HDD data.

PROJECTpipes: An APRP that provides a recovery mechanism for costs of eligible infrastructure replacements in the District of Columbia.

PSC of DC: The Public Service Commission of the District of Columbia is a three-member board that regulates Washington Gas' distribution operations in the District of Columbia.

PSC of MD: The Maryland Public Service Commission is a five-member board that regulates Washington Gas' distribution operations in Maryland.

Purchase of Receivables (POR) Program: A program in Maryland and the District of Columbia, whereby Washington Gas purchases receivables from participating CSPs at approved discount rates.

Revenue Normalization Adjustment (RNA): A regulatory billing mechanism in the state of Maryland designed to stabilize the level of Washington Gas' net revenues collected from customers by eliminating the effect of deviations in customer usage caused by variations in weather from normal levels, and other factors such as conservation.

SCC of VA: The Commonwealth of Virginia State Corporation Commission is a three-member board that regulates Washington Gas' distribution operations in Virginia.

SEMCO Energy, Inc., (SEMCO): An indirect, wholly owned subsidiary of AltaGas.

Service Territory: The region in which Washington Gas operates. The service territory includes the District of Columbia, and the surrounding metropolitan areas in Maryland and Virginia.

Society of Actuaries (SOA): is a global professional organization for actuaries.

Steps to Advance Virginia's Energy Plan (SAVE Plan): An APRP that provides a recovery mechanism for costs of eligible infrastructure replacements in the state of Virginia.

Strategic Infrastructure Development and Enhancement Plan (STRIDE Plan): An APRP that provides a recovery mechanism for reasonable and prudent costs associated with infrastructure replacements in the state of Maryland.

Tariffs: Documents approved by the regulatory commission in each jurisdiction that set the prices Washington Gas may charge and the practices it must follow when providing utility service to its customers.

Therm: A natural gas unit of measurement that includes a standard measure for heating value. We report our natural gas sales and deliveries in therms. A therm of gas contains 100,000 British thermal units (BTUs) of heat, or the energy equivalent of burning approximately 100 cubic feet of natural gas under normal conditions. Ten million therms equal approximately one billion cubic feet of natural gas. A dekatherm is 10 therms and is abbreviated as Dth.

Third-party Marketer: See definition under *Competitive Service Provider (CSP)*.

Utility Net Revenues: A non-GAAP measure calculated as operating revenues less the associated cost of gas and applicable revenue taxes. The cost of gas associated with sales to customers and revenue taxes are generally pass through amounts.

Washington Gas Light Company (Washington Gas): An indirect, wholly owned subsidiary of, among other entities, WGL, that sells and delivers natural gas primarily to retail customers in accordance with tariffs approved by the PSC of DC, the PSC of MD and the SCC of VA.

Weather Normalization Adjustment (WNA): A billing adjustment mechanism in Virginia that is designed to minimize the effect of variations from normal weather on Washington Gas' net revenues.

WGL Holdings, Inc. (WGL): A holding company that is the parent company of Wrangler SPE LLC, Washington Gas Light Company and other subsidiaries. It is an indirect wholly owned subsidiary of AltaGas.

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WGL Energy Services, Inc. (WGL Energy Services): A subsidiary of WGL that sells natural gas and electricity to retail customers on an unregulated basis in the District of Columbia, Maryland, Virginia, Pennsylvania, Delaware, Ohio and New Jersey.

Wrangler SPE LLC (Wrangler): A bankruptcy remote special purpose entity which owns all the shares of the common stock of Washington Gas. It was established as a wholly owned subsidiary of WGL following the merger at the direction of Washington Gas' regulators.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

This Management's Discussion and Analysis analyzes the financial condition, results of operations and cash flows of Washington Gas. It includes management's narrative analysis of results of operations and reasons for material changes. This narrative discusses past financial results and potential factors that may affect future results, potential future risks and approaches that may be used to manage them. Except where the content clearly indicates otherwise, "Washington Gas," "we," "us," "our" or the "Company" refers to Washington Gas Light Company.

Management's Discussion and Analysis is designed to provide an understanding of our operations and financial performance and should be read in conjunction with the Company's financial statements and the Notes to Financial Statements.

Results of Operations

Washington Gas has one operating segment that engages in its core business of delivering and selling natural gas under tariffs approved by regulatory commissions in the District of Columbia, Maryland, and Virginia.

The following table summarizes the Company's financial and statistical data for the years ended December 31, 2025, 2024, and 2023.

<i>(\$ in millions)</i>	Financial and Statistical Data				
	Years Ended December 31,			Increase/(Decrease)	
	2025	2024	2023	2025 vs. 2024	2024 vs. 2023
Financial Data					
Operating revenues	\$ 1,745.2	\$ 1,506.8	\$ 1,566.1	\$ 238.4	\$ (59.3)
Less: Cost of gas	566.9	407.9	422.7	159.0	(14.8)
Less: Revenue taxes	86.2	77.9	77.4	8.3	0.5
Total net revenues	1,092.1	1,021.0	1,066.0	71.1	(45.0)
Operation and maintenance	457.9	474.4	468.4	(16.5)	6.0
Depreciation and amortization	189.1	175.6	166.1	13.5	9.5
General taxes and other assessments	108.4	98.6	86.5	9.8	12.1
Operating income	336.7	272.4	345.0	64.3	(72.6)
Other income - net	92.8	93.0	40.2	(0.2)	52.8
Interest expense	105.2	104.1	97.8	1.1	6.3
Income before income taxes	324.3	261.3	287.4	63.0	(26.1)
Income tax expense	78.2	63.3	62.7	14.9	0.6
Net income	\$ 246.1	\$ 198.0	\$ 224.7	\$ 48.1	\$ (26.7)
Statistical Data					
Sales Volumes (<i>millions of therms</i>) ^(a)					
Firm customers	1,454.4	1,283.3	1,251.5	171.1	31.8
Interruptible customers	216.7	218.3	254.9	(1.6)	(36.6)
Other	240.4	181.8	147.1	58.6	34.7
Total sales volumes	1,911.5	1,683.4	1,653.5	228.1	29.9
HDDs-Actual	3,617	3,104	2,991	513	113
Average active customer meters	1,239,126	1,233,925	1,229,129	5,201	4,796
Ending active customer meters	1,242,774	1,238,317	1,232,757	4,457	5,560
New customer meters added	7,137	9,413	9,551	(2,276)	(138)

^(a) Excludes sales volumes related to our asset optimization program.

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Management's Discussion and Analysis (continued)

The \$48.1 million increase in net income for the year ended December 31, 2025, compared to the prior year was primarily due to: (i) an increase in asset optimization margins; (ii) higher APRP revenues; (iii) the estimated effect of colder weather and consumption patterns and; (iv) lower operation and maintenance expenses. Partially offsetting the increase were higher depreciation expenses and general taxes.

Operating Revenues and Cost of Gas

Operating revenues increased by \$238.4 million for the year ended December 31, 2025, compared to the prior year, mainly driven by an increase in the cost of gas recovered due to higher gas commodity prices.

Cost of gas increased by \$159.0 million for the year ended December 31, 2025, compared to the prior year which was primarily driven by higher gas commodity prices, partially offset by higher realized and unrealized margins associated with asset optimization.

Net Revenues

We utilize the non-GAAP measure of net revenues, calculated as revenues less the associated cost of gas and applicable revenue taxes, to assist in the analysis of profitability. The cost of the natural gas commodity and revenue taxes are included in the rates that Washington Gas charges to customers as reflected in operating revenues. Accordingly, with the exception of net revenues associated with asset optimization, changes in the cost of gas and revenue taxes generally have no direct effect on utility net revenues, operating income, or net income. Net revenues should not be considered an alternative to, or a more meaningful indicator of, our operating performance than operating revenues. Additionally, net revenues may not be comparable to similarly titled measures of other companies.

The table above reconciles net revenues to operating revenues for the reporting periods. Net revenues increased by \$71.1 million in the year ended December 31, 2025, compared to the prior year.

The following explains the main drivers for the increase in net revenues.

Impact of rate cases

Favorable rate case impacts caused a \$0.9 million increase in net revenues for the year ended December 31, 2025, compared to the prior year due to higher rates in the District of Columbia, partially offset by the impact of the Maryland rate case.

APRP revenues

Approved APRPs in all jurisdictions drove a \$19.0 million increase in net revenues for the year ended December 31, 2025, compared to the prior year.

Asset optimization

Net revenues from asset optimization increased \$25.3 million for the year ended December 31, 2025, compared to the prior year, due to a \$10.3 million increase in realized margins and a \$15.0 million increase in unrealized derivative valuations. Refer to Note 15 — *Derivatives* for a discussion of our asset optimization program and the related derivative transactions.

Estimated effects of weather and consumption patterns

Natural gas consumption patterns may be affected by shifts in weather patterns and non-weather-related factors such as customer conservation. Weather, as measured by HDDs, was 16.5% colder for the year ended December 31, 2025, compared to the prior year. In the District of Columbia, Washington Gas does not have a billing mechanism to offset the effects of weather or consumption on net revenues. The estimated effects of weather and consumption patterns drove higher net revenue of approximately \$10.5 million for the year ended December 31, 2025, compared to the prior year.

Operation and maintenance expenses

The decrease in operation and maintenance expenses of \$16.5 million for the year ended December 31, 2025, compared to the prior year was mainly driven by transition and restructuring costs incurred in the prior periods that enabled labor and non-labor savings in the current periods.

Depreciation and amortization

The increase in depreciation and amortization of \$13.5 million for the year ended December 31, 2025, compared to the prior year was driven mainly by capital additions. Additionally, new Virginia depreciation rates were computed retroactive to January 1, 2025, and resulted in a \$3.7 million increase in depreciation expense during the year ended December 31, 2025. Refer to "Rates and Regulatory Matters" for a further discussion on the Virginia Rate Case.

General taxes and other assessments

The \$9.8 million increase in general taxes and other assessments for the year ended December 31, 2025, compared to the prior year was primarily associated with higher property taxes as well as a higher assessment rate for the District of Columbia's Sustainable Energy Trust Fund, which is offset in Operating revenues.

Other income - net

The year to year decrease of Other income - net was not significant. Both the years ended December 31, 2025, and 2024 reflect settlement gains associated with our retiree health and welfare plans. Refer to Note 11 — *Pension and Other Post-Retirement Benefit Plans*.

Interest expense

The increase in interest expense of \$1.1 million for the year ended December 31, 2025, compared to the prior year was primarily due to increased average long-term debt balances.

Income tax expense

The effective income tax rate for the year ended December 31, 2025, was 24.1% compared to 24.2% for the prior year. Refer to Note 10 — *Income Taxes* for the comparisons of the reconciliation between the statutory federal income tax rate and effective tax rate.

Liquidity and Capital Resources

General Factors Affecting Liquidity

Washington Gas generally meets its liquidity and capital needs through cash on hand, cash from operations, the issuance of commercial paper and long-term debt, and equity contributions from its parent companies. Access to short-term debt markets provides funding for our short-term liquidity requirements, the most significant of which include buying natural gas and pipeline capacity, and financing both accounts receivable and storage gas inventory. We have accessed long-term capital markets primarily to fund capital expenditures and to replace matured long-term debt, as necessary. Under the Merger commitments agreed to by AltaGas and Washington Gas, including other rules imposed by regulatory commissions or laws in Washington Gas' service territory, the Company is prohibited from making advances or issuing loans to an affiliate or parent holding company without prior regulatory commission approval.

Generally, pursuant to its Merger commitments, Washington Gas can make dividend payments in the ordinary course of business unless Washington Gas' senior unsecured debt rating is below investment grade or if a dividend payment to its parent company would result in its equity level dropping below 48%. At December 31, 2025, we had no significant restrictions on our cash balances or retained earnings that would affect the payment of dividends.

As of December 31, 2025, we believe that our cash flows from operations and other sources of funding will provide sufficient liquidity to satisfy our operating activities, capital expenditures, and financial obligations.

Short-Term Cash Requirements and Related Financing

Washington Gas has seasonal short-term cash requirements to fund the purchase of storage gas inventory in advance of the winter heating season. The Company collects the cost of gas under cost recovery mechanisms approved by our regulators. The Company's financing requirements are lowest during the heating season when cash receipts from customers are at their highest level. After the heating season, Washington Gas typically experiences a seasonal net loss due to reduced demand for natural gas and consequently the Company's financing needs increase.

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Management's Discussion and Analysis (continued)

Washington Gas uses short-term debt primarily in the form of commercial paper to fund seasonal cash requirements. Our policy is to maintain back-up bank credit facilities in an amount equal to or greater than our expected maximum short-term financing requirements. Washington Gas also has the ability to borrow up to \$200.0 million on a short-term basis from WGL. Washington Gas had no such amounts outstanding at December 31, 2025, or December 31, 2024. Refer to Note 8 — *Short-Term Debt* for additional information on our commercial paper and credit facilities.

Long-Term Cash Requirements and Related Financing

The primary drivers of our long-term cash requirements are capital expenditures and long-term debt maturities. Our capital expenditures primarily relate to adding new utility customers and system supply and maintaining the safety and reliability of Washington Gas' distribution system. Refer to Note 9 — *Long-Term Debt* for a further discussion of debt activities.

During the year ended December 31, 2024, Washington Gas received equity contributions from Wrangler in the total amount of \$121.5 million. No such contributions occurred during the year ended December 31, 2025.

Security Ratings

The table below reflects the current credit ratings for the outstanding debt instruments of Washington Gas. Changes in credit ratings may affect Washington Gas' cost of short-term and long-term debt and our access to the capital markets. A security rating is not a recommendation to buy, sell, or hold securities. Credit ratings are subject to revision or withdrawal at any time by the assigning rating organization and each rating should be evaluated independently of any other rating.

Rating Service	Senior Unsecured	Commercial Paper
Fitch Ratings ^(a)	A	F2
Standard & Poor's Ratings Services ^(b)	A-	A-2

^(a) On November 4, 2025, Fitch adjusted its outlook for Washington Gas from negative to stable.

^(b) On November 5, 2025, Standard & Poor's adjusted its outlook for Washington Gas from negative to stable.

Ratings Triggers and Certain Debt Covenants

Under the terms of Washington Gas' revolving credit facility and private placement note agreements, the ratio of financial indebtedness to total capitalization cannot exceed 0.65 to 1.0 (65.0%). At December 31, 2025, Washington Gas' ratio of financial indebtedness to total capitalization was 46.9%. In addition, Washington Gas is required to inform lenders of changes that might have a material effect on debt ratings. The failure to inform the lenders' agents of material changes might constitute default under the agreements. Additionally, failure to pay principal or interest on any other indebtedness may be deemed a default under our credit agreements. A default, if not remedied, may lead to obligations becoming immediately due and payable. In addition, the Washington Gas credit facility contains cross-default provisions that would declare Washington Gas in default on its credit facility if it were to default on certain of its other indebtedness. At December 31, 2025, we were in compliance with all of the covenants under our revolving credit facility and unsecured notes.

Historical Cash Flows

The following table summarizes Washington Gas' net cash provided by (used in) operating, investing and financing activities for the years ended December 31, 2025, 2024, and 2023.

<i>(In millions)</i>	Years Ended December 31,			Increase (decrease)	
	2025	2024	2023	2025 vs. 2024	2024 vs. 2023
	Cash provided by (used in):				
Operating activities	\$ 421.8	\$ 418.1	\$ 453.2	\$ 3.7	\$ (35.1)
Financing activities	\$ (19.4)	\$ 0.6	\$ 77.4	\$ (20.0)	\$ (76.8)
Investing activities	\$ (399.7)	\$ (423.7)	\$ (515.7)	\$ 24.0	\$ 92.0

Cash Flows Provided by Operating Activities

Washington Gas' cash flows from operating activities principally reflect receipts from gas sales and payments for gas deliveries and operating costs. Cash flows provided by operating activities were \$421.8 million for 2025, compared to \$418.1 million in 2024. The increase was primarily due to higher net revenues and lower operating costs.

Cash Flows Provided by Financing Activities

Net cash flows used in financing activities were \$19.4 million in 2025 compared to net cash flows provided by financing activities of \$0.6 million in 2024. This comparison mainly reflects a decrease in the net issuance of long-term debt in the current year, and a capital contribution received in the prior year, partially offset by an increase in net notes payable issued during the current year.

Cash Flows Used in Investing Activities

Net cash flows used in investing activities totaled \$399.7 million and \$423.7 million for the years ended December 31, 2025, and 2024, respectively, which consists of capital expenditures.

The following table depicts our actual capital expenditures for the years ended December 31, 2025, 2024, and 2023.

<i>(In millions)</i>	Capital Expenditures ^(a)		
	Years Ended December 31,		
	2025	2024	2023
New business	\$ 66.4	\$ 82.5	\$ 121.4
System betterment:			
APRPs	216.3	205.3	242.2
Replacements	84.6	111.7	115.2
Other	32.4	24.5	36.9
Total	\$ 399.7	\$ 424.0	\$ 515.7

^(a)Excludes Allowance for Funds Used During Construction and cost of removal.

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Management's Discussion and Analysis (continued)

APRPs. APRPs are in place in all three of our jurisdictions with an associated surcharge mechanism to recover the cost, including a return, on those capital investments between base rate cases. The following table summarizes the current status of our APRPs.

Jurisdiction	Approved Spending Limit	Expenditure to Date ^(a)	Status
District of Columbia	Estimated \$117.5 million for March 2024 through June 2026.	\$93.4 million	<p>The second phase of the accelerated pipe replacement program in the District of Columbia (PROJECT<i>pipes</i> 2) was scheduled to end in December 2023. On December 22, 2022, Washington Gas filed an application with the PSC of DC for PROJECT<i>pipes</i> 3, seeking approval of approximately \$671.8 million for the five-year period from January 1, 2024, to December 31, 2028. The PSC of DC has issued orders extending PROJECT<i>pipes</i> 2 through December 2025 with an additional approved spending limit of \$92.5 million. On October 15, 2025, Washington Gas filed an application with the PSC of DC to extend PROJECT<i>pipes</i> 2 through June 30, 2026, with an additional spending limit of \$32.5 million. On November 26, 2025, the PSC of DC approved the extension, with an additional spending limit of \$25.0 million towards the completion of already approved projects.</p> <p>On June 12, 2024, the PSC of DC issued an order dismissing the Company's PROJECT<i>pipes</i> 3 application, concurrently opened a new docket and directed the Company to file a new and restructured application that comports with DC's climate goals. On September 27, 2024, Washington Gas filed its restructured plan called District Strategic Accelerated Facility Enhancement (District SAFE). The District SAFE filing requests \$215 million for the period from March 1, 2025, through December 31, 2027.</p> <p>After review of all testimony, the PSC of DC determined there were new material issues of fact in dispute, which informed the evidentiary hearing on November 18, 2025. On March 4, 2026, the PSC of DC approved District SAFE, with modifications, for the period July 1, 2026, through June 30, 2029 with a total allowed spend of \$150 million.</p>

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Management's Discussion and Analysis (continued)

Jurisdiction	Approved Spending Limit	Expenditure to Date ^(a)	Status
Maryland	Estimated \$300 million over the five-year period from January 2024 to December 2028, plus additional expenditures for subsequent phases upon approval.	\$105.9 million	<p>On June 16, 2023, Washington Gas filed an application with the PSC of MD for STRIDE 3 Plan, seeking approval of \$495 million for the five-year period from January 1, 2024, to December 31, 2028. On December 13, 2023, the PSC of MD issued an order approving the application with a reduction to the five-year budget by one-third based on recommendation from a public utility law judge.</p> <p>On June 1, 2025, the Maryland Next Generation Energy Act (NGEA) was made effective, which includes amendments to the STRIDE law to include additional requirements for a company to recover costs under STRIDE. On October 21, 2025, the PSC of MD directed Washington Gas to, within sixty days, justify how its current STRIDE 3 Plan complies with the NGEA or submit proposed revisions to its plan that would bring it into compliance with the NGEA. The Company made a responsive Compliance Filing on December 20, 2025. On December 29, 2025, the MD PSC issued a Letter Order limiting further STRIDE work in 2026 to those projects that were active as of the issuance of the Order, pending Commission consideration of the NGEA Compliance Filing.</p>
Virginia	Estimated \$700 million over the three-year period from January 2026 to December 2028, plus additional expenditures for subsequent phases upon approval.	\$412.6 million	<p>On May 26, 2022, the SCC of VA approved Washington Gas' proposed amendment for the 2023 to 2027 SAVE Plan with a total five-year spending cap of approximately \$878 million, which may be exceeded by up to 5 percent. On August 4, 2025, Washington Gas filed an amended SAVE Plan with a three-year spending cap of approximately \$700 million, for the period January 1, 2026 through December 31, 2028.</p> <p>On November 25, 2025, the SCC of VA issued an order approving the shortening by two-years of the previous five-year authorization, reducing the spending cap from approximately \$878 million to \$413 million through December 2025. This has been replaced with a new three-year authorization of \$700 million, which may be exceeded by up to 5 percent, for 2026 to 2028.</p>

^(a) The APRPs are long-term projects with multiple phases for which expenditures are approved by the regulators and typically managed in multi-year increments. Expenditures to date only include amounts for the current programs described above, and exclude any expenditures made under prior increments of the programs. Actual regulatory filings may differ from reported amounts.

Refer to "Rates and Regulatory Matters" for further discussion on rate case decisions during the periods including the transfer of costs from surcharge to base rate recovery.

Off-Balance Sheet Arrangements

Washington Gas did not have any material off-balance sheet arrangements as of, or subsequent to, December 31, 2025, or upon the date these financial statements were issued.

Credit Risk

Wholesale Credit Risk

Washington Gas enters into transactions with wholesale counterparties for the purpose of meeting firm ratepayer commitments, to optimize the value of its long-term capacity assets, and for hedging natural gas costs. Certain wholesale suppliers that sell natural gas to Washington Gas may have relatively low credit ratings or may not be rated by major credit rating agencies. In the event of a counterparty's failure to deliver contracted volumes of gas or fulfill its payment obligations, Washington Gas may incur losses if they are not passed through to its sales customers under the purchased gas cost adjustment mechanisms.

Washington Gas operates under a credit risk management policy that is designed to mitigate credit risks through requirements for credit enhancements including, but not limited to, letters of credit, parent guarantees and cash collateral when deemed necessary. In accordance with this policy, Washington Gas has obtained credit enhancements from certain of its counterparties. If certain counterparties or their guarantors meet the policy's creditworthiness criteria, Washington Gas may grant unsecured credit to those counterparties or their guarantors. The creditworthiness of all counterparties is continuously monitored.

The following table provides information on our credit exposure, net of collateral, to wholesale counterparties as of December 31, 2025.

Credit Exposure to Wholesale Counterparties (In millions)

Rating ^(a)	Exposure Before Credit Collateral ^(b)	Offsetting Credit Collateral Held ^(c)	Net Exposure	Number of Counterparties Greater Than 10% ^(d)	Net Exposure of Counterparties Greater Than 10%
Investment Grade	\$ 44.5	\$ —	\$ 44.5	1	\$ 29.4
Non-Investment Grade	15.9	5.0	10.9	1	9.0
No External Ratings	5.5	—	5.5	—	—

^(a) Investment grade is primarily determined using publicly available credit ratings of the counterparty. If the counterparty has provided a guarantee by a higher-rated entity (e.g., its parent), it is determined based upon the rating of its guarantor. Included in "Investment grade" are counterparties with a minimum Standard & Poor's or Moody's Investor Service rating of BBB- or Baa3, respectively.

^(b) Includes the net of all open positions on energy-related derivatives subject to mark-to-market accounting requirements and the net receivable/payable for the realized transactions. Amounts due from counterparties are offset by liabilities payable to those counterparties to the extent that contractual netting arrangements are in place.

^(c) Represents cash deposits and letters of credit received from counterparties, not adjusted for probability of default.

^(d) Using a percentage of the net exposure.

Retail Credit Risk

Washington Gas is at risk of non-payment of utility bills by customers. To manage this customer credit risk, Washington Gas may require cash deposits from high risk customers to cover payment of their bills until the requirements for the deposit refunds are met. Base rates include a provision for recovery of uncollectible accounts based on historical levels of charge offs of accounts receivable. Washington Gas also has a Gas Administrative Charge mechanism in all jurisdictions that includes an allowance for commodity amounts included in uncollectible accounts. In addition, Washington Gas has a POR program in Maryland and the District of Columbia, whereby it purchases receivables from participating energy marketers at approved discount rates, which incorporates the risk of non-payment by the retail customers for these receivables.

Market Risk

We are exposed to various forms of market risk including commodity price risk, weather risk, and interest-rate risk. The following discussion describes these risks and our management of them.

Price Risk

Washington Gas faces price risk associated with the purchase and sale of natural gas. Washington Gas generally recovers the cost of the natural gas to serve customers through purchased gas cost adjustment mechanisms as approved in jurisdictional tariffs; therefore, a change in the price of natural gas generally has no direct effect on Washington Gas' net income. However, Washington Gas is responsible for following competitive and reasonable practices in purchasing natural gas for its customers.

To manage price risk associated with its natural gas supply to its firm customers, Washington Gas: (i) actively manages its gas supply portfolio to balance sales and delivery obligations; (ii) injects natural gas into storage during the non-heating months when prices are generally lower, and withdraws that gas during the winter heating season when prices are generally higher, and (iii) assesses the option to enter into hedging contracts and other contracts that may qualify as derivative instruments related to the sale and purchase of natural gas.

Washington Gas can execute commodity-related physical and financial contracts in the form of forward, futures, and option contracts as part of an asset optimization program. Under this program, Washington Gas realizes value from its long-term natural gas transportation and storage capacity resources when they are not being fully used to serve utility customers. Regulatory sharing mechanisms in all three jurisdictions allow the profit from these transactions to be shared between Washington Gas' customers and shareholder.

Refer to Note 15 — *Derivatives* and Note 16 — *Fair Value Measurements* of the Notes to Financial Statements for a further discussion of our derivative activities and fair value measurements.

Weather Risk

The Company is exposed to various forms of weather risk due to seasonal operations, with a significant portion of its revenues derived from the delivery of natural gas to residential and commercial heating customers during the winter heating season. Weather conditions directly influence the volume of natural gas delivered by Washington Gas. Weather patterns tend to be more volatile during "shoulder" months within our calendar year. "Shoulder" months are those months in which Washington Gas is going into or coming out of the winter heating season. During the shoulder months within quarters ending June 30 (particularly in April and May) and December 31 (particularly in October and November), customer heating usage may not highly correlate with historical levels or with the level of heating degree days that occur, particularly when weather patterns experienced are not consistently cold or warm.

Billing Adjustment Mechanisms. In Maryland, Washington Gas has an RNA billing mechanism that is designed to stabilize the level of net revenues collected from Maryland customers by eliminating the effect of deviations in customer usage caused by variations in weather from normal levels and other factors such as conservation. In Virginia, Washington Gas has a WNA billing adjustment mechanism that is designed to eliminate the effect of variations in weather from normal levels on utility net revenues for residential, commercial and industrial, and group metered apartment customers. Additionally, in Virginia, as part of the CARE Plan, Washington Gas has a CRA mechanism that eliminates the effect of conservation and other usage variations for residential customers.

Washington Gas does not have a weather-related instrument or billing adjustment mechanism in the District of Columbia and as a result, its revenues are volume driven and current rates are based upon an assumption of normal weather. Without weather protection strategies, variations from normal weather will cause our earnings to increase or decrease depending on the weather pattern.

Interest-Rate Risk

We are exposed to interest-rate risk associated with our short-term and long-term financing. Washington Gas has previously utilized derivative instruments to reduce its exposure to the risk of interest-rate volatility, with resulting gains and losses typically being recovered through each jurisdiction's overall allowed rate of return.

At December 31, 2025, and 2024, Washington Gas had outstanding commercial paper of \$158.7 million and \$106.9 million, respectively. The carrying amount of commercial paper approximates their fair value. At December 31, 2025, a change of 100 basis points in the underlying average interest rate for our commercial paper would have caused a change in interest expense of approximately \$0.3 million. Refer to Note 8 — *Short-Term Debt* and Note 9 — *Long-Term Debt*.

At December 31, 2025, and 2024, Washington Gas had outstanding long-term debt of \$2,129.9 million and \$2,083.2 million, respectively, excluding current maturities, commercial paper, and finance leases. At December 31, 2025, the fair value of Washington Gas' fixed-rate debt was \$1,836.0 million. Our sensitivity analysis indicates that fair value would increase by approximately \$122.9 million or decrease by approximately \$110.9 million if interest rates were to decline or increase by 10%, respectively, from current market levels. In general, such an increase or decrease in fair value would impact earnings and cash flows only if Washington Gas were to reacquire some or all of these instruments in the open market prior to their maturity.

At December 31, 2025, a total of \$2,042.0 million, or approximately 95.76% of the face amount of Washington Gas' outstanding long-term debt, excluding current maturities, commercial paper, and finance leases, have make-whole call options which would require us to pay a premium over the face amount if we were to exercise them.

Rates and Regulatory Matters

Washington Gas makes its requests to modify existing rates based on its determination of the level of net investment in plant and equipment, operating expenses, and a level of return on invested capital that is just and reasonable. The following is an update of significant current regulatory matters in Washington Gas' jurisdictions.

Summary of Major Rate Increase Applications and Results

Jurisdiction	Application Filed	Effective Date	Test Year 12 Months Ended	Increase in Annual Revenues (Millions)		Requested Rate of Return		Granted Rate of Return	
				Requested	Granted	Overall	Equity	Overall	Equity
Maryland	12/29/2025	N/A	9/30/2025	\$ 82.5	N/A	8.07%	10.85 %	N/A	N/A
Virginia	7/31/2025	12/30/2025	12/31/2024	\$ 104.1	N/A	7.76 %	10.85 %	N/A	N/A
District of Columbia	8/5/2024	1/1/2026	3/31/2024	\$ 45.6	\$ 33.4	7.87 %	10.50 %	7.43 %	9.65 %
District of Columbia	4/4/2022	1/19/2024	12/31/2021	\$ 53.0	\$ 24.6	7.39 %	10.40 %	7.11 %	9.65 %
Maryland	5/18/2023	12/14/2023	12/31/2022	\$ 49.4	\$ 10.1	7.70 %	10.75 %	7.04 %	9.50 %
Virginia	6/29/2022	11/26/2022	12/31/2021	\$ 86.6	\$ 73.0	7.50 %	10.75 %	7.15 %	9.65 %

The following is a discussion of significant current regulatory matters. Refer to "APRPs" above for a discussion of regulatory matters associated with those programs.

Virginia 2025 Rate Case

On July 31, 2025, Washington Gas filed an application for authority to increase existing rates and charges for gas service in Virginia. The requested rates are designed to collect an additional \$104.1 million in annual revenues with a 10.85% rate of return on equity. Of the requested revenue increase, \$38.7 million of the increase is related to transferring expenditures incurred under the SAVE Plan to base rates and resetting the surcharge and \$65.4 million represents an incremental increase in base rate revenues. Under the Order for Notice and Hearing issued on September 5, 2025, Washington Gas implemented the proposed rates, on an interim basis and subject to refund, for usage on or after December 30, 2025. Additionally, we implemented new depreciation rates effective January 1, 2025. The final order in this case is expected in the second half of 2026.

District of Columbia 2024 Rate Case

On August 5, 2024, Washington Gas filed an application for authority to increase existing rates and charges for gas service in the District of Columbia. The requested rates were designed to increase the Company's weather-normalized annual revenues by \$45.6 million. Of the requested revenue increase, \$11.7 million represented costs collected through the PROJECTpipes surcharge and \$33.9 million represented an incremental increase in new base rate revenues. On November 20, 2025, the PSC of D.C. approved a rate increase of \$33.4 million, of which \$12.5 million was formerly collected through the PROJECTpipes surcharge, resulting in an incremental increase of \$20.9 million. The new rates went into effect on January 1, 2026.

Maryland 2025 Rate Case

On December 29, 2025, Washington Gas filed an application for authority to increase existing rates and charges for gas service in Maryland. The requested rates are designed to collect an additional \$82.5 million in annual revenues with a 10.85% rate of return on equity. Of the requested revenue increase, \$15.4 million represents costs currently collected through the STRIDE Plan surcharge and \$67.1 million represents an incremental increase in new base rate revenues. New rates are expected to be effective in late July 2026.

Other Regulatory Matters

Climate Regulation

In the District of Columbia, DC Law 24-177 requires the mayor to issue final regulations by December 31, 2026 that requires all new construction or substantial improvements of commercial buildings (buildings with more than three stories) to be constructed to a net-zero-energy standard, which is defined to prohibit on-site fuel combustion. On October 17, 2024, Washington Gas, joined by co-plaintiffs, filed suit in the U.S. District Court for the District of Columbia challenging the legality of this law.

In Montgomery County, Maryland, Bill 13-22 will require regulations that establish all-electric building standards for all new construction (with limited exceptions) by December 31, 2026. On October 17, 2024, Washington Gas, joined by co-plaintiffs, filed suit in the U.S. District Court for the District of Maryland challenging the legality of this bill.

In the State of Maryland, the Maryland Department of Environment promulgated final Building Energy Performance Standards ("BEPS") regulations that will impose carbon dioxide reduction requirements (that will eventually reach zero) for certain covered buildings, effective December 23, 2024. On January 17, 2025, Washington Gas and co-plaintiffs filed suit in the U.S. District Court for the District of Maryland challenging the legality of the regulations.

On February 25, 2025, Montgomery County adopted BEPS that restrict and penalize gas appliances in new and existing buildings through a series of declining site energy use intensity limits for covered buildings. On March 27, 2025, Washington Gas and co-plaintiffs filed suit in the U.S. District Court for the District of Maryland challenging the legality of the regulations.

Critical Accounting Policies

Preparation of financial statements and related disclosures in compliance with GAAP requires the selection and the application of appropriate technical accounting guidance to the relevant facts and circumstances of our operations, as well as our use of estimates to compile the financial statements. The application of these accounting policies involves judgment regarding estimates and projected outcomes of future events, including the likelihood of success of particular regulatory initiatives, the likelihood of realizing estimates for legal and environmental contingencies, and the probability of recovering costs and investments.

We have identified the following critical accounting policies discussed below that require our judgment and estimation, where the resulting estimates have a material effect on our net income.

Accounting for Revenue

Revenue from contracts with customers is recognized in the period in which customers obtain control of promised goods or services and performance obligations are satisfied in an amount that reflects the consideration to which the Company is entitled in exchange for those goods or services. Generally, control of the promised goods or services is transferred to the customer when the natural gas is delivered.

For regulated deliveries of natural gas, the billing cycles for customers do not coincide with the accounting periods used for financial reporting purposes. Washington Gas accrues estimated unbilled revenues for gas that has been delivered but not yet billed at the end of an accounting period by jurisdiction and customer class, including the estimated effects of billing adjustment mechanisms.

See Note 1 — *Accounting Policies* and Note 2 — *Revenue from Contracts with Customers* of the Notes to Financial Statements for additional information.

Accounting for Regulatory Operations—Regulatory Assets and Liabilities

Washington Gas accounts for its regulated operations in accordance with ASC Topic 980, Regulated Operations (ASC Topic 980), which results in differences in the application of GAAP between regulated and unregulated businesses. Regulatory assets generally represent incurred costs that have been deferred because such costs are probable of future recovery in customer rates. Regulatory liabilities are recorded when it is probable that a regulator will require the Company to make refunds to customers, reduce rates to customers for previous collections, or defer revenue for costs that have yet to be incurred.

Future regulatory changes or changes in the competitive environment could result in Washington Gas discontinuing the application of ASC Topic 980 for some of its business and require the write-off of the portion of any regulatory asset or liability for which recovery or refund is no longer probable. If Washington Gas were required to discontinue the application of ASC Topic 980 for any of its operations, it would record a non-cash charge or credit to income for the net book value of its regulatory assets and liabilities. Other adjustments might also be required.

As required by regulated accounting rules, significant judgment can be required to determine if otherwise recognizable costs qualify to be deferred for future recovery as a regulatory asset, or if regulatory liabilities should be recorded because it is probable future obligations to customers exist. The current regulatory environment and Washington Gas' specific facts and circumstances support both the continued application of ASC Topic 980 for our regulatory activities and the conclusion that all of our regulatory assets and liabilities as of December 31, 2025, are recoverable or refundable through rates charged to customers. See Note 4 — *Regulated Operations* of the Notes to Financial Statements for further discussion of our regulated operations.

Accounting for Derivatives

We enter into both physical and financial contracts for the purchase and sale of natural gas and apply the fair value requirements of ASC Topic 815, Derivatives and Hedging (ASC Topic 815). The financial and physical contracts that qualify as derivative instruments are subject to mark-to-market accounting requirements and are recorded on the balance sheets at fair value. Changes in the fair value of derivative instruments, which are recoverable or refundable to customers when they settle, are subject to ASC Topic 980 and are recorded as regulatory assets or liabilities while changes in the fair value of derivative instruments not affected by rate regulation are reflected in earnings.

Judgment is required in determining the appropriate accounting treatment for our derivative instruments, including our ability to: (i) evaluate contracts and other activities as derivative instruments subject to the accounting guidelines of ASC Topic 815; (ii) determine whether or not our derivative instruments are recoverable from or refundable to customers in future periods and (iii) derive the estimated fair value of our derivative instruments. See Note 15 — *Derivatives* of the Notes to Financial Statements for a discussion of our derivatives.

Accounting for Pension and Other Post-Retirement Benefit Plans

Washington Gas maintains defined benefit pension plans and other post-retirement benefit plans for eligible employees (the "Plans"). The measurement of the Plans' obligations and costs is dependent on a variety of factors, such as employee demographics, the level of contributions made to the Plans, earnings on the Plans' assets, and mortality rates. Discount rates and the expected return on long-term return on plan assets are also critical to this measurement. These assumptions are derived on an annual basis with the assistance of a third-party actuarial firm.

The following table illustrates the effect of changing these actuarial assumptions, while holding all other assumptions constant:

Effect of Changing Critical Actuarial Assumptions					
<i>(In millions)</i>	Pension Benefits			Health and Life Benefits	
Actuarial Assumptions	Percentage-Point Change in Assumption	Increase (Decrease) in Ending Obligation	Increase (Decrease) in Annual Cost	Increase (Decrease) in Ending Obligation	Increase (Decrease) in Annual Cost
Expected long-term return on plan assets	+/- 1.00 pt.	n/a	\$(7.0) / \$7.0	n/a	\$(5.6) / \$5.6
Discount rate	+/- 1.00 pt.	\$(68.5) / \$81.7	\$1.9/ (\$2.4)	\$(6.0) / \$7.3	\$(0.5) / \$0.6

See Note 11 — *Pension and Other Post-retirement Benefits* of the Notes to Financial Statements for additional discussion of the Plans.

Washington Gas Light Company
Balance Sheets
Financial Statements

<i>(In thousands)</i>	December 31, 2025	December 31, 2024
ASSETS		
Property, Plant and Equipment		
At original cost	\$ 8,558,922	\$ 8,161,077
Accumulated depreciation and amortization	(2,177,944)	(2,053,377)
Net property, plant and equipment	6,380,978	6,107,700
Current Assets		
Cash and cash equivalents	18,759	13,740
Receivables (net of allowance of \$19,548 and \$17,878, respectively)	477,730	390,587
Gas costs and other regulatory assets	42,247	57,857
Inventory	116,016	100,238
Prepaid taxes	9,472	10,604
Other prepayments	32,117	27,722
Receivables from associated companies	29,646	6,260
Derivatives	5,566	4,153
Other	252	1,551
Total current assets	731,805	612,712
Deferred Charges and Other Assets		
Regulatory assets		
Gas costs	60,014	65,920
Pension and other post-retirement benefits	647	465
Excess deferred taxes and other	114,565	167,329
Prepaid pension and other post-retirement benefits	582,084	491,505
Operating lease right of use asset	31,582	28,903
Derivatives	42,106	20,284
Other	24,390	28,718
Total deferred charges and other assets	855,388	803,124
Total Assets	\$ 7,968,171	\$ 7,523,536
CAPITALIZATION AND LIABILITIES		
Capitalization		
Common shareholder's equity	\$ 2,671,477	\$ 2,551,257
Long-term debt	2,141,869	2,196,078
Total capitalization	4,813,346	4,747,335
Current Liabilities		
Current maturities of long-term debt	57,241	44,748
Notes payable	158,687	6,886
Accounts payable and other accrued liabilities	395,661	325,426
Customer deposits and advance payments	55,069	55,347
Gas costs and other regulatory liabilities	112,990	52,685
Accrued taxes	28,821	26,255
Payables to associated companies	20,812	19,681
Operating lease liability	6,385	5,916
Derivatives	17,376	11,639
Other	23,904	6,796
Total current liabilities	876,946	555,379
Deferred Credits		
Deferred income taxes	1,234,771	1,107,309
Accrued pensions and benefits	16,161	17,113
Asset retirement obligations	237,102	232,715
Regulatory liabilities		
Accrued asset removal costs	194,907	195,792
Pension and other post-retirement benefits	172,874	171,866
Excess deferred taxes and other	315,437	393,525
Operating lease liability	39,680	38,360
Derivatives	27,300	35,056
Other	39,647	29,086
Total deferred credits	2,277,879	2,220,822
Commitments and Contingencies (Note 14)		
Total Capitalization and Liabilities	\$ 7,968,171	\$ 7,523,536

The accompanying notes are an integral part of these statements.

Washington Gas Light Company
Statements of Operations
Financial Statements (continued)

<i>(In thousands)</i>	Years Ended December 31,		
	2025	2024	2023
OPERATING REVENUES	\$ 1,745,171	\$ 1,506,816	\$ 1,566,077
OPERATING EXPENSES			
Utility cost of gas	566,904	407,851	422,704
Operation and maintenance	457,909	474,375	468,358
Depreciation and amortization	189,115	175,556	166,130
General taxes and other assessments	194,581	176,618	163,848
Total Operating Expenses	1,408,509	1,234,400	1,221,040
OPERATING INCOME	336,662	272,416	345,037
Other income — net	92,811	92,978	40,204
Interest expense	105,157	104,130	97,796
INCOME BEFORE INCOME TAXES	324,316	261,264	287,445
INCOME TAX EXPENSE	78,174	63,272	62,711
NET INCOME	\$ 246,142	\$ 197,992	\$ 224,734

The accompanying notes are an integral part of these statements.

Washington Gas Light Company
Statements of Comprehensive Income
Financial Statements (continued)

<i>(In thousands)</i>	Years Ended December 31,		
	2025	2024	2023
NET INCOME	\$ 246,142	\$ 197,992	\$ 224,734
OTHER COMPREHENSIVE INCOME (LOSS), BEFORE INCOME TAXES			
Pension and other post-retirement benefit plans			
Change in prior service credit	(286)	(263)	(200)
Change in actuarial gains and losses	20	43	1,602
Settlement	(951)	(1,158)	—
Total pension and other post-retirement benefit plans	(1,217)	(1,378)	1,402
INCOME TAX EXPENSE (BENEFIT) RELATED TO OTHER COMPREHENSIVE INCOME (LOSS)	(295)	(372)	359
OTHER COMPREHENSIVE INCOME (LOSS)	\$ (922)	\$ (1,006)	\$ 1,043
COMPREHENSIVE INCOME	\$ 245,220	\$ 196,986	\$ 225,777

The accompanying notes are an integral part of these statements.

Washington Gas Light Company
Statements of Cash Flows
Financial Statements (continued)

<i>(In thousands)</i>	Years Ended December 31,		
	2025	2024	2023
OPERATING ACTIVITIES			
Net income	\$ 246,142	\$ 197,992	\$ 224,734
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Depreciation and amortization	189,115	175,556	166,130
Amortization of:			
Other regulatory assets and liabilities — net	9,830	18,091	15,012
Debt related costs	896	938	1,054
Deferred income taxes — net	78,667	63,538	62,687
Accrued/deferred pension and other post-retirement benefit	(88,829)	(86,362)	(32,901)
Compensation expense related to stock-based awards	19,474	11,000	13,465
Provision for credit losses	19,274	19,553	15,141
Impairment loss	863	—	—
Unrealized (gain) loss on derivative contracts	(9,721)	5,308	(65,046)
Net loss (gain) from sale of assets	1,400	(209)	—
Other non-cash charges — net	1,279	2,317	345
Changes in operating assets and liabilities (Note 19)	(46,630)	10,418	52,541
Net Cash Provided by Operating Activities	\$ 421,760	\$ 418,140	\$ 453,162
FINANCING ACTIVITIES			
Capital contributions from parent	—	121,500	120,000
Long-term debt issued	100,000	100,000	200,000
Repayment of long-term debt and finance lease	(45,542)	(4,566)	(22,289)
Debt issuance costs	(615)	(657)	(1,426)
Notes payable issued (retired) — net	51,801	(90,658)	(118,898)
Dividends on common stock	(125,000)	(125,000)	(100,000)
Net Cash Provided by (Used in) Financing Activities	\$ (19,356)	\$ 619	\$ 77,387
INVESTING ACTIVITIES			
Capital expenditures	(399,744)	(423,989)	(515,666)
Net proceeds from sale of assets	—	276	—
Net Cash Used in Investing Activities	\$ (399,744)	\$ (423,713)	\$ (515,666)
INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	2,660	(4,954)	14,883
Cash, Cash Equivalents, and Restricted Cash at Beginning of the Year	18,244	23,198	8,315
Cash, Cash equivalents and Restricted Cash at End of the Year	\$ 20,904	\$ 18,244	\$ 23,198
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION (Note 19)			

The accompanying notes are an integral part of these statements.

Washington Gas Light Company
Statements of Common Shareholder's Equity
Financial Statements (continued)

<i>(In thousands)</i>	Common Stock ^(a)	Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income, Net of Taxes	Total
Balance, December 31, 2022	46,479	1,314,273	749,336	1,906	\$ 2,111,994
Net income	—	—	224,734	—	224,734
Other comprehensive income	—	—	—	1,043	1,043
Capital contribution from parent	—	120,000	—	—	120,000
Common stock dividends declared	—	—	(100,000)	—	(100,000)
Balance, December 31, 2023	\$ 46,479	\$ 1,434,273	\$ 874,070	\$ 2,949	\$ 2,357,771
Net income	—	—	197,992	—	197,992
Other comprehensive loss	—	—	—	(1,006)	(1,006)
Capital contribution from parent	—	121,500	—	—	121,500
Common stock dividends declared	—	—	(125,000)	—	(125,000)
Balance, December 31, 2024	\$ 46,479	\$ 1,555,773	\$ 947,062	\$ 1,943	\$ 2,551,257
Net income	—	—	246,142	—	246,142
Other comprehensive loss	—	—	—	(922)	(922)
Common stock dividends declared	—	—	(125,000)	—	(125,000)
Balance, December 31, 2025	\$ 46,479	\$ 1,555,773	\$ 1,068,204	\$ 1,021	\$ 2,671,477

^(a) Includes 46,479,536 shares of common stock.

The accompanying notes are an integral part of these statements.

NOTE 1. ACCOUNTING POLICIES

Nature of Operations and Basis of Presentation

Washington Gas is an indirect, majority owned subsidiary of, among other entities, AltaGas and WGL. WGL established a wholly owned subsidiary, Wrangler, a bankruptcy remote, special purpose entity for the purpose of owning all of the shares of the common stock of Washington Gas. As a public utility company, Washington Gas sells and delivers natural gas to approximately 1.2 million customers primarily in the District of Columbia and the surrounding metropolitan areas in Maryland and Virginia.

These financial statements have been prepared in conformity with GAAP, and the information presented in this annual report is presented solely for Washington Gas on a stand-alone basis.

Use of Estimates in the Preparation of Financial Statements

We make certain estimates and assumptions regarding: (i) reported assets and liabilities; (ii) disclosed contingent assets and liabilities at the date of the financial statements, and (iii) reported revenues, revenues subject to refund, and expenses during the reporting period. Actual results could differ from those estimates.

Property, Plant and Equipment

Property, plant and equipment are stated at original cost, including labor, materials, taxes and overhead costs incurred during the construction period. The cost of utility plant of Washington Gas includes an allowance for funds used during construction (AFUDC) that is calculated under a formula prescribed by FERC. AFUDC equity is reported on the statements of operations as non-cash income in "Other income (expense)". AFUDC debt is reported as a non-cash offset to interest expense. After construction is completed, the Company is permitted to recover these costs through inclusion in rate base and the corresponding subsequent depreciation or amortization of those regulated assets. The average rates for AFUDC for the years ended December 31, 2025, 2024, and 2023 were 7.10%, 6.68%, 5.54%, respectively.

Costs of replacement and betterments that extend the useful life of property, plant, and equipment are also capitalized. The cost of maintenance and repairs, which do not extend the useful life or increase the expected output of the asset, are expensed as incurred. Depreciation applicable to utility gas plant in service primarily uses a straight-line method over the estimated remaining life of the plant. The composite annual depreciation and amortization rate was 2.38%, 2.32%, and 2.39% for the years ended December 31, 2025, 2024, and 2023, respectively. In accordance with regulatory requirements, such rates include a component related to asset removal costs for Washington Gas. Washington Gas periodically reviews the adequacy of its depreciation rates by considering estimated remaining lives and other factors.

The following table represents the components of Washington Gas' Property, Plant and Equipment at original cost.

(\$ In millions)	December 31,			
	2025		2024	
Distribution, transmission and storage	\$ 7,541.1	88.1 %	\$ 7,210.2	88.3 %
General, miscellaneous, intangibles and finance leases	578.1	6.8 %	578.0	7.1 %
Construction work in progress (CWIP)	439.7	5.1 %	372.9	4.6 %
Total	\$ 8,558.9	100.0 %	\$ 8,161.1	100.0 %

Impairment of Long-Lived Assets

Management regularly reviews property, plant and equipment and other long-lived assets for possible impairment whenever events or changes in circumstances indicate that the carrying value of such assets may not be recoverable.

For property, plant, and equipment, the indicators of potential impairment may include a deteriorating business or legal climate, a significant adverse change in asset condition, specific regulatory disallowance, advances in technology or plans to dispose of an asset significantly before the end of its useful life, among others. Management performs a recoverability test whenever the indicators show a possible impairment. The amount used to test recoverability is determined based on an estimate of undiscounted cash flows, and measurement of an impairment loss is determined based on the fair value of the asset. The determination of fair value requires management to make assumptions about future cash inflows and outflows over the life of an asset. Any changes to the assumptions used for the future cash flow could result in revisions to the evaluation of the recoverability of the long-lived assets and the recognition of an impairment loss in the Financial Statements.

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During the year ended December 31, 2025, we recorded an impairment charge of \$0.9 million for renewable natural gas project costs that are not expected to be recoverable. The impairment charge was recorded to "Operation and maintenance" on Washington Gas' Statements of Operations. During the years ended December 31, 2024 and 2023, Washington Gas did not record any impairments related to our long-lived assets.

Cash, Cash Equivalents, and Restricted Cash and Cash Equivalents

We consider all investments with original maturities of three months or less to be cash equivalents.

Restricted cash and cash equivalents represent funds that are restricted and are not available for general use by the Company. Restricted cash and cash equivalents available to satisfy designated current liabilities are classified as current assets. Restricted cash and cash equivalents expected to satisfy non-current liabilities are classified as non-current assets. Pursuant to the Merger Agreement with AltaGas, rabbi trust funds were funded to satisfy certain executive and outside director retirement benefit plan obligations. The funds in the rabbi trusts can only be used to pay for plan participant benefits and other plan expenses such as investment fees or trustee fees. Refer to Note 11 — *Pension and Other Post-Retirement Benefits* for a further discussion of the rabbi trusts.

Allowance for Credit Losses

Receivables on the balance sheets include accounts receivable and unbilled revenues. Accounts receivable, which consists of amounts owed to Washington Gas from residential, commercial, industrial and other customers, were \$342.8 million and \$284.4 million at December 31, 2025, and 2024, respectively.

Washington Gas accrues unbilled revenues for gas delivered, but not yet billed at the end of each accounting period due to our customer billing cycles. Unbilled revenues represent performance obligations that have been satisfied and to which Washington Gas has an unconditional right to payment. Total unbilled revenues were \$154.5 million and \$124.1 million at December 31, 2025, and 2024, respectively, and were included in "Receivables" on Washington Gas' balance sheets. Refer to Note 2 — *Revenue from Contracts with Customers* for further discussion on unbilled revenue.

Receivables are recorded net of allowance for credit losses. Washington Gas estimates its bad debt expense based on current sales and establishes the allowance. Periodically, Washington Gas evaluates the reasonableness of the allowance utilizing a variety of factors including historical payment and collection experience, current economic conditions, and receivable aging. If the financial condition of its customers deteriorates or other circumstances occur that impact the customers' ability or desire to make payments, Washington Gas considers these factors in its evaluation of the adequacy of the allowance. Accounts are written off to the allowance when collection efforts are complete and future recovery is unlikely. Refer to Note 3 — *Credit Losses* for further discussion regarding the allowance for credit losses.

Regulatory Assets and Liabilities

Washington Gas accounts for its regulated operations in accordance with ASC Topic 980, Regulated Operations (ASC Topic 980), which results in differences in the application of GAAP between regulated and unregulated businesses. ASC Topic 980 requires recording regulatory assets or liabilities for certain transactions that would have been treated as expense or revenue in unregulated businesses. Regulatory assets generally represent incurred costs that have been deferred because such costs are probable of future recovery in customer rates. Regulatory liabilities are recorded when it is probable that a regulator will require the Company to make refunds to customers, reduce rates to customers for previous collections, or defer revenue for costs that have yet to be incurred. Future regulatory changes or changes in the competitive environment could result in Washington Gas discontinuing the application of ASC Topic 980 for some of its business and require the write-off of the portion of any regulatory asset or liability for which recovery or refund is no longer probable. If Washington Gas were required to discontinue the application of ASC Topic 980 for any of its operations, it would record a non-cash charge or credit to income for the net book value of its regulatory assets and liabilities. Other adjustments might also be required.

The current regulatory environment and Washington Gas' specific facts and circumstances support both the continued application of ASC Topic 980 for our regulatory activities and the conclusion that all of our regulatory assets and liabilities as of December 31, 2025, are recoverable or refundable through rates charged to customers. See Note 4 — *Regulated Operations* for further discussion of our regulated operations.

Government Assistance

Washington Gas' accounting policy is to recognize and disclose government grants in accordance with the framework established by International Accounting Standards 20, Accounting for Government Grants and Disclosure of Government Assistance. In 2024, Washington Gas was approved for a \$9.2 million grant for projects completed through December 2025. Washington Gas was eligible to receive funds once it had incurred costs for a project and the state-funded energy investment fund deemed the costs incurred allowable for reimbursement. The Company's policy is to record grant income related to government assistance for the reimbursement of expenses as a reduction to the related operating and maintenance expense or property, plant, and equipment based on the type of cost. During the year ended December 31, 2025, \$2.7 million grant income was included in "Property, Plant and Equipment" on Washington Gas' balance sheets and \$4.3 million was included in "Operation and maintenance" on Washington Gas' statements of operations. For the year ended December 31, 2024, \$1.2 million grant income was included in "Property, Plant and Equipment" on Washington Gas' balance sheets and \$1.0 million was included in "Operation and maintenance" on Washington Gas' statements of operations.

Leases

We determine if an arrangement is a lease and the lease classification at inception. Washington Gas has lessee operating leases for our corporate headquarters and other corporate offices, communication tower space, and certain office equipment. Operating leases are included in "Deferred Charges and Other Assets-Operating lease right of use assets", "Current liabilities-Operating lease liability", and "Deferred credits-Operating lease liability". The Company also has leases of vehicles which are classified as finance leases. Finance leases are included in "Property, Plant and Equipment", "Current maturities of long-term debt", and "Long-term debt" on our balance sheets.

Right of use (ROU) assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease. For the operating leases in which we are the lessee, a ROU asset and lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. We use the rate implicit in the lease to determine the present value of the lease payments when the rate is readily determinable, or we use our incremental borrowing rate. Our ROU assets are adjusted for lease incentives, any lease payments made in advance, and initial direct costs incurred. Operating lease expenses are recognized on a straight-line basis over the lease term. For finance leases, the amortization of the ROU asset is recorded to "Depreciation and amortization" expense in the statement of operations on a straight-line basis over the lease term as well as interest expense associated with the lease. The estimated lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. For our lessor leases, lessee building, and certain equipment leases, we do not separate the lease and non-lease components. Variable lease payments are recognized as lease expense when incurred, and are dependent on various external factors, including real estate taxes, common area maintenance, and usage charges. The Company has elected not to record a ROU asset and lease liability for short-term leases. Short-term leases are defined as leases with a term of 12 months or less at the commencement date, including extension options that are reasonably certain of being exercised, and do not include an option to purchase the underlying asset.

For our multiple office location leases classified as operating leases, the lease term begins on the date when construction of the leasehold improvements can start and the lessor has allowed us to occupy the respective locations. Leasehold improvement costs are classified as "Property, Plant, and Equipment" on the balance sheets, and are being amortized to "Depreciation and amortization" expense in the statement of operations on a straight-line basis over the non-cancelable period of the leases.

The Company also has lessor leases for land, office space and communication tower space that are classified as operating leases. Lease payments under operating leases are recognized as leasing revenue on a straight-line basis over the lease term.

Revenue and Cost of Gas Recognition

Revenues. Washington Gas generally recognizes revenue from contracts with customers when natural gas is delivered. The billing cycles for customers do not coincide with the accounting periods used for financial reporting purposes; therefore, Washington Gas accrues unbilled revenues for gas delivered, but not yet billed, at the end of each accounting period. Refer to Note 2 — *Revenue from Contracts with Customers* for further discussion of revenue from contracts with customers.

Alternative Revenue Programs. Certain ratemaking mechanisms of Washington Gas qualify as alternative revenue programs in accordance with ASC Topic 980, if (i) the program is established by an order from a regulatory commission and allows for automatic adjustment of future rates, (ii) additional program revenues (above those amounts currently reflected in base rates) are objectively determinable and probable of recovery, and (iii) the collection of the additional revenues is allowed within 24 months of the end of the period in which they were recognized. The Company has determined that its RNA, WNA, and CRA billing adjustment mechanisms and APRPs are alternative revenue programs. Alternative revenue program revenues represent the initial recognition of revenue related to these programs. When amounts are billed and collected from customers through rates, the amounts are recorded as a recovery of the associated regulatory asset or liability.

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Cost of Gas. Washington Gas' jurisdictional tariffs contain mechanisms that provide for the recovery of the cost of gas incurred on behalf of customers, including related pipeline transportation and storage capacity charges. Under these mechanisms, Washington Gas periodically adjusts its rates to reflect increases and decreases in these costs. Under or over-collections of gas costs in the current cycle are charged or credited to deferred charges or credits on the balance sheets as non-current regulatory assets or liabilities. Amounts deferred at the end of the cycle, August 31 of each year, are fully reconciled and transferred to current assets or liabilities under the balance sheets captions "Gas costs and other regulatory assets" and "Gas costs and other regulatory liabilities." These balances are recovered or refunded to customers over the subsequent 12-month period.

Revenue Taxes. Revenue taxes such as gross receipts taxes, regulatory fees, franchise fees and energy taxes are reported gross in operating revenues. During the years ended December 31, 2025, 2024, and 2023, \$86.2 million, \$77.9 million, and \$77.4 million, respectively, were recorded to "Operating revenues" in Washington Gas' statements of operations.

Transportation Gas Imbalance. Third-party marketer shippers transport gas to Washington Gas' distribution system as part of the unbundled services offered. The delivered volumes of gas from third-party shippers into Washington Gas' distribution system rarely equal the volumes billed to third-party marketer customers, resulting in transportation gas imbalances. These imbalances are usually short-term in duration, and Washington Gas monitors the activity and regularly notifies the shippers when their accounts have an imbalance. In accordance with regulatory treatment, Washington Gas does not record a receivable from, or liability to, third-party marketers associated with gas volumes related to these transportation imbalances but, rather, reflects the financial impact within the regulatory assets or liabilities related to its gas cost adjustment mechanism, thereby eliminating any profit or loss that would occur because of the imbalance.

Asset Optimization Program. Washington Gas optimizes the value of its long-term natural gas transportation and storage capacity resources by entering into physical and financial transactions in the form of forwards, futures, and option contracts for periods when these resources are not being used to physically serve utility customers. Refer to "Derivative Activities" below for further discussion of the accounting for derivative transactions entered into under this program. Regulatory sharing mechanisms in all three jurisdictions outline how the profits from these transactions should be shared with Washington Gas' customers.

All unrealized fair value gains and losses, and margins generated from the physical and financial settlement of these asset optimization contracts are recorded in "Utility cost of gas" in the statements of operations or as regulatory assets or liabilities to the extent that it is probable that realized gains and losses associated with these derivative transactions will be included in the rates charged to customers when they are realized.

Inventory

Washington Gas values materials, supplies, and storage gas using a weighted-average cost method and these are carried at the lower of weighted-average cost or net realizable value. Interim period inventory losses attributable to lower of cost or net realizable value adjustments may be reversed if the net realizable value of the inventory is recovered by the end of the same year. In general, the cost of gas in storage includes the commodity cost as well as the related variable transportation costs. Fixed costs, primarily pipeline demand charges and storage charges, are expensed as incurred through the cost of gas.

Washington Gas did not record a material lower-of-cost or net realizable value adjustment to net income for the years ended December 31, 2025, 2024, and 2023.

Derivative Activities

Washington Gas enters into both physical and financial derivative contracts for the purchase and sale of natural gas that are subject to mark-to-market accounting. Changes in the fair value of derivative instruments, which are recoverable or refundable to customers when they settle, are subject to ASC Topic 980 and are recorded as regulatory assets or liabilities while changes in the fair value of derivative instruments not affected by rate regulation are reflected in earnings.

As part of its asset optimization program, Washington Gas enters into derivative contracts related to the sale and purchase of natural gas at a future price with the primary objective of securing operating margins that Washington Gas expects to ultimately realize. The fair value changes of derivatives used under this program may cause significant period-to-period volatility in earnings for the portion of net profits not shared with customers; however, this earnings volatility will not change the realized margins that Washington Gas expects to earn. In accordance with ASC Topic 815, all financially and physically settled contracts under our asset optimization program that are reflected in earnings are reported on a net basis in the statements of operations in "Utility cost of gas".

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Washington Gas historically has utilized derivative instruments that are designed to minimize the risk of interest-rate volatility associated with planned issuances of long-term debt. Gains or losses associated with these derivative transactions are deferred as regulatory assets or liabilities and amortized to interest expense in accordance with regulatory accounting requirements. Refer to Note 15 — *Derivatives* for further discussion of our derivative activities.

Contingencies

We account for contingent liabilities utilizing ASC Topic 450, Contingencies. By their nature, the amount of the contingency and the timing of a contingent event and any resulting accounting recognition are subject to our judgment of such events and our estimates of the amounts. Actual results related to contingencies may be difficult to predict and could differ significantly from the estimates included in reported earnings. For a discussion of contingencies, see Note 14 — *Commitments and Contingencies* of the Notes to Financial Statements.

Income Taxes

We recognize deferred income tax assets and liabilities for all temporary differences between the financial statement basis and the tax basis of assets and liabilities computed on a standalone basis for subsidiary entities included in tax returns filed with a taxing authority. Regulatory assets or liabilities, corresponding to excess or deficient deferred income tax assets or liabilities, may be recorded to the extent recoverable from or payable to customers through the ratemaking process in future periods. Refer to Note 4 — *Regulated Operations* for Washington Gas’ regulatory assets and liabilities associated with income taxes due from and due to customers. Refer to Note 10 — *Income Taxes* which provides detailed financial information related to our income taxes.

Long-Term Incentive Compensation

We account for stock-based compensation expense in accordance with ASC Topic 718, Compensation-Stock Compensation (ASC Topic 718). All restricted unit and performance unit awards outstanding at December 31, 2025, and 2024 are liability-classified awards.

We recognize stock-based compensation expense over the vesting period based on the fair value of the awards at the end of each reporting period. For all awards, we account for forfeitures when they occur. Refer to Note 12 — *Stock-Based Compensation* for further discussion of the accounting for our stock-based compensation plans.

Asset Retirement Obligations

Washington Gas accounts for its asset retirement obligations (AROs) in accordance with ASC Subtopic 410-20, Asset Retirement and Environmental Obligations—Asset Retirement Obligations. Our AROs includes the costs to cut, purge, and cap Washington Gas’ distribution and transmission system. This standard requires the Company to recognize the fair value of a liability for an ARO in the period in which it is incurred, and a reasonable estimate of fair value can be made. Over time, the liability is accreted to its future value, while the capitalized cost is depreciated over the useful life of the related asset. There are timing differences between the ARO-related accretion and depreciation amounts being recorded pursuant to GAAP and the recognition of depreciation expense for asset removal costs that we are currently recovering in rates. These timing differences are recorded to “Regulatory liabilities — Accrued asset removal costs” in accordance with ASC Topic 980. We do not have any assets that are legally restricted related to the settlement of AROs.

Changes in Asset Retirement Obligations

<i>(In millions)</i>	Years Ended December 31,		
	2025	2024	2023
Asset retirement obligations at beginning of the period	\$ 238.0	\$ 233.3	\$ 228.8
Liabilities incurred in the period	0.2	0.4	0.3
Liabilities settled in the period	(5.5)	(5.6)	(5.4)
Accretion	10.0	9.9	9.6
Asset retirement obligations at the end of the period ^(a)	\$ 242.7	\$ 238.0	\$ 233.3

^(a) Includes short-term AROs of \$5.6 million, \$5.3 million, and \$5.2 million recorded in "Current liabilities — Other" for years ended December 31, 2025, 2024, and 2023, respectively.

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Dividend Restrictions

Generally, Washington Gas can make dividend payments in the ordinary course of business unless any of the following regulatory limitations apply: (i) Washington Gas will not pay dividends to its parent company if Washington Gas' senior unsecured debt rating is below investment grade or (ii) Washington Gas will not make a dividend payment to its parent company if the payment would result in its equity level dropping below 48%. We had no significant restrictions on our cash balances or retained earnings that would affect the payment of dividends during the reported periods.

Accounting Standards Adopted in 2025 and Other Newly Issued Accounting Standards

The following table represents accounting standards adopted by Washington Gas during the year ended December 31, 2025, and other newly issued accounting standards that will be adopted by Washington Gas in the future.

ACCOUNTING STANDARDS ADOPTED IN 2025

Standard	Description	Date of adoption	Effect on the financial statements or other significant matters
<i>ASU 2024-01, Compensation—Stock Compensation (Topic 718)</i>	The amendments in this ASU provide an illustrative example to assist entities that account for profits interest awards as compensation to employees or non-employees to reduce (i) complexity in determining whether a profits interest award is subject to the guidance in Topic 718, and (ii) existing diversity in practice. The amendments in this ASU should be applied either (i) retrospectively to all prior periods presented in the financial statements, or (ii) prospectively to profits interest and similar awards granted or modified on or after the date at which the entity first applies the amendments. Early adoption is permitted.	January 1, 2025	The adoption of this standard did not have a material effect on our financial statements.
<i>ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures</i>	The amendments in this ASU require that public business entities on an annual basis: (i) disclose additional categories about federal, state, and foreign income taxes in the rate reconciliation table and (ii) provide additional information for reconciling items that meet a quantitative threshold. Additionally, entities are required to annually disclose disaggregated income from continuing operations, income tax expense, and income taxes paid (net of refunds received) by certain tax authorities and jurisdictions. Companies can apply these requirements prospectively.	December 31, 2025	We have prospectively incorporated the disclosure requirements in the Rate Reconciliation Table of <i>Note 10-Income Taxes</i> .

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OTHER NEWLY ISSUED ACCOUNTING STANDARDS

Standard	Description	Required date of adoption	Effect on the financial statements or other significant matters
<i>ASU 2023-06, Disclosure Improvements</i>	The amendments in this ASU modify the disclosure or presentation requirements of a variety of topics in the codification as a result of the Financial Accounting Standards Board's decision to incorporate disclosures referred to in SEC Release No. 33-10532, which sought to simplify SEC disclosure requirements. The amendments in this ASU allow users to more easily compare entities subject to the SEC's existing disclosures with those entities that were not previously subject to the SEC's requirements.	This update is only effective upon the removal of the related disclosure from SEC regulations with an expiration of June 30, 2027.	The adoption of this ASU is not expected to have a material impact to our financial statements at this time but may have an impact in future periods as Washington Gas is subject to the scope of this ASU.
<i>ASU 2024-03, Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40)</i>	This ASU requires all public business entities to disclose additional information about specific expense categories on an annual and interim basis in the notes to financial statements that is not currently required. The amendments do not change or remove existing expense disclosure requirements and do not change requirements for presentation of expenses on the face of the income statement. However, they do affect where this information appears in the notes to financial statements because entities will be required to include certain existing disclosures in the same tabular format disclosure as the other disaggregation requirements in the amendments.	December 31, 2027	Upon adoption of this standard, we will update our notes to the financial statements accordingly.
<i>ASU 2025-05, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets</i>	This ASU introduces two provisions related to estimating expected credit losses for current accounts receivable and contract assets arising from revenue transactions under Topic 606: a practical expedient available to all entities, and an accounting policy election available only to entities that are not public business entities. The practical expedient allows entities to assume that current conditions as of the balance sheet date do not change for the remaining life of the asset when developing forecasts as part of estimating expected credit losses.	This update is only effective upon the adoption of the practical expedient.	The adoption of this ASU is not expected to have a material impact to our financial statements.

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<p><i>ASU 2025-06, Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software</i></p>	<p>This ASU modernizes the recognition guidance for internal-use software costs to reflect current development practices and introduces the concept of “significant development uncertainty”, which precludes capitalization until resolved. Additionally, the ASU aligns website development cost treatment with the internal-use software guidance.</p>	<p>January 1, 2028</p>	<p>Washington Gas is currently evaluating the impact of this ASU on its financial statements.</p>
<p><i>ASU 2025-07, Derivatives and Hedging (Topic 815) and Revenue from Contracts with Customers (Topic 606): Derivatives Scope Refinement and Scope Clarification for Share-Based Noncash Consideration from a Customer in a Revenue Contract</i></p>	<p>This ASU expands the scope exception in Topic 815 to exclude certain non-exchange-traded contracts with underlyings based on operations or activities specific to one of the parties to the contract. Additionally, it clarifies that Topic 606 governs the accounting for share-based non-cash consideration from a customer until the entity’s right to receive or retain the consideration becomes unconditional.</p>	<p>January 1, 2027</p>	<p>Washington Gas is currently evaluating the impact of this ASU on its financial statements.</p>
<p><i>ASU 2025-09, Derivatives and Hedging (Topic 815): Hedge Accounting Improvements</i></p>	<p>The amendments in this ASU address five key areas: (1) expands the types of hedged risks that can be aggregated in a group of individual forecasted transactions for cash flow hedges, (2) provides an operable model to facilitate cash flow hedge accounting for forecasted interest payments on variable-rate debt instruments that allow borrowers to change the interest rate index and tenor (“choose-your-rate” debt instruments), (3) expands hedge accounting for forecasted purchases and sales of nonfinancial assets, (4) eliminates the requirement to apply the net written option test to a compound derivative comprising a swap and a written option designated as the hedging instrument in a cash flow hedge or a fair value hedge of interest rate risk, and (5) eliminates the recognition and presentation mismatch associated with a dual hedge strategy where a foreign-currency-denominated debt instrument is designated as both a hedging instrument in a net investment hedge and a hedged item in a fair value hedge of interest rate risk.</p>	<p>January 1, 2027</p>	<p>Washington Gas is currently evaluating the impact of this ASU on its financial statements.</p>

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<p><i>ASU 2025-10, Government Grants (Topic 832): Accounting for Government Grants Received by Business Entities</i></p>	<p>The amendments in this ASU apply to transfers of monetary or tangible non-monetary assets from governments to business entities (excluding not-for-profit entities and employee benefit plans) and excludes income taxes, below-market interest rate loans, or government guarantees. A grant related to an asset may be recognized using either the deferred income approach (presented as deferred income and recognized in earnings over the periods in which related costs are incurred) or the cost accumulation approach (reflected as an adjustment to the asset's carrying amount). A grant related to income should be recognized in earnings on a systematic and rational basis over the periods in which the related costs are recognized and may be presented as other income or as a reduction from related expenses. The amendments require disclosure of the grant's nature and terms, accounting policies, and the fair value of any tangible non-monetary asset received.</p>	<p>January 1, 2029</p>	<p>Washington Gas is currently evaluating the impact of this ASU on its financial statements.</p>
<p><i>ASU 2025-11, Interim Reporting (Topic 270): Narrow-Scope Improvements</i></p>	<p>This ASU provides a comprehensive list of interim disclosures in ASC 270 that are required in interim financial statements and the accompanying notes under US GAAP. The amendments also incorporate principle requiring entities to disclose events and changes that occur after the end of the most recent annual reporting period that have a material impact on the entity in the interim period.</p>	<p>January 1, 2028</p>	<p>Washington Gas is currently evaluating the impact of this ASU on its financial statements.</p>

NOTE 2. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Company recognizes revenue from contracts with customers as goods or services are transferred to customers, in accordance with ASC Topic 606, Revenue from Contracts with Customers (ASC Topic 606), at an amount it expects to be entitled to in exchange for those goods or services. Washington Gas sells natural gas and distribution services to residential, commercial, industrial and other customers through regulated tariff rates approved by regulatory commissions in the jurisdictions where we operate. Customers are billed monthly based on regular meter readings. Revenue from contracts with customers includes the following distribution charges: (i) a fixed system service charge and (ii) a variable fee for service based on the delivery of natural gas. The rates charged to customers vary based on the class of customer. For customers who choose to receive Bundled Service from Washington Gas, the bill will also include a usage-based charge for the cost of the natural gas commodity delivered. In addition, customer bills include other riders, surcharges, or fees, as applicable by jurisdiction. Revenue is recognized over time as natural gas is delivered or as service is performed. Because meter readings are performed on a cycle basis, Washington Gas recognizes unbilled revenue for any services rendered to its customers but not billed at month-end. The tariff sales are generally considered daily or “at-will” contracts as customers may cancel their service at any time (subject to notification requirements in the tariff), and revenue generally represents the amount Washington Gas has the right to invoice. There are certain contracts that have terms of one year or longer. For these contracts, revenue is recognized based on the amount Washington Gas has the right to invoice the customer.

For customers that do not receive Bundled Service, Washington Gas charges the CSPs balancing fees to manage the natural gas transportation imbalances. Where regulations require, Washington Gas issues customers a consolidated bill to include the cost of natural gas commodity supplied by the CSPs and Washington Gas’ distribution charges. Washington Gas recognizes revenue only for distribution services that it has provided to the customer, and the balancing fees for the services provided to the CSP.

The following table disaggregates revenue by type of service for the periods.

<i>(In millions)</i>	Disaggregated Revenue by Type of Service		
	Years Ended December 31,		
	2025	2024	2023
Revenue from contracts with customers			
Gas and transportation sales			
Gas sold and delivered	\$ 1,301.1	\$ 1,013.4	\$ 1,093.3
Gas delivered for others	304.3	298.4	281.4
Other	47.6	53.0	56.8
Other revenues	4.7	5.3	4.7
Total revenue from contracts with customers	\$ 1,657.7	\$ 1,370.1	\$ 1,436.2
Other sources of revenue			
Revenue from alternative revenue programs ^(a)	\$ 74.2	\$ 123.9	\$ 117.2
Leasing revenue	1.0	1.0	1.0
Other	12.3	11.8	11.7
Total revenue from other sources	87.5	136.7	129.9
Total Operating Revenue	\$ 1,745.2	\$ 1,506.8	\$ 1,566.1

^(a) Washington Gas has determined that its RNA, WNA, and CRA billing adjustment mechanisms and APRPs are alternative revenue programs and accounted for under ASC Topic 980, Regulated Operations.

The Company applies the practical expedient available under ASC Topic 606 and does not disclose information about the remaining performance obligations for (i) contracts with an original expected length of one year or less, (ii) contracts for which revenue is recognized at the amount to which the Company has the right to invoice for performance completed, and (iii) contracts with variable consideration that are allocated entirely to a wholly unsatisfied performance obligation or to a wholly unsatisfied promise to transfer a distinct good or service that forms part of a single performance obligation.

NOTE 3. CREDIT LOSSES

Customer Receivables. Washington Gas is exposed to customer credit risk resulting from the non-payment of utility bills. To manage this customer credit risk, Washington Gas customers are offered budget billing options, payment plans, or higher risk customers may be required to provide a cash deposit until the requirement for deposit refunds are met. Low-income customers may also participate in governmental programs or programs administered by Washington Gas that provide assistance for payment of utility bills. Base rates include a provision for recovery of uncollectible accounts based on historical levels of charge offs of accounts receivable. Washington Gas also has a provision in its Gas Administrative Charge mechanism that includes an allowance for commodity amounts included in uncollectible accounts. For accounts receivable and unbilled revenue generated by the utility business, an allowance for credit losses is recognized using a loss-rate based on historical payment and collection experience. This rate may be adjusted based on management's expectations of macroeconomic conditions and other factors. Washington Gas regularly evaluates the reasonableness of the allowance based on a combination of factors, such as the length of time receivables are past due, historical payment and collection experience, financial condition of customers, and other circumstances that could impact customers' ability or desire to make payments.

Asset Optimization Program. Washington Gas is exposed to wholesale counterparty credit risk through its asset optimization program. Washington Gas operates under a wholesale counterparty credit policy that is designed to mitigate credit risk. Credit limits are established for each counterparty and credit enhancements, such as letters of credit, parent guarantees, and cash collateral may be required. The creditworthiness of all counterparties is continuously monitored. Refer to Note 15 — *Derivatives* for a further discussion of our asset optimization program. At December 31, 2025 and 2024, the allowance for credit losses associated with outstanding receivables under the asset optimization program was not significant.

Allowance for Credit Losses. As of December 31, 2025, we have evaluated the adequacy of our allowance. Our evaluation included an analysis of customer payment trends, economic conditions, receivables aging, considerations of past economic downturns, the actions the Company is taking to assist customers with past due balances and customer account write-offs. Based on these evaluations, we have concluded that the allowance as of December 31, 2025 adequately reflected the collection risk and net realizable value for our receivables. We will continue to monitor changing circumstances and will adjust our allowance as additional information becomes available.

The following table presents the activity of allowance for credit losses.

<i>(In millions)</i>	Years Ended December 31,	
	2025	2024
Balance, beginning of period	\$ 17.9	\$ 19.5
Provision	19.3	19.6
Write offs	(20.7)	(24.0)
Recoveries	3.0	2.8
Balance, end of period	\$ 19.5	\$ 17.9

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NOTE 4. REGULATED OPERATIONS

Washington Gas accounts for its regulated operations in accordance with ASC Topic 980. This standard includes accounting principles for companies whose rates are determined by independent third-party regulators. When setting rates, regulators may require us to record expense in different periods than may be appropriate for unregulated enterprises.

At December 31, 2025 and 2024, we recorded the following regulatory assets and liabilities on our balance sheets. These assets and liabilities will be recognized as revenues or expenses in future periods as they are reflected in customers' rates.

(In millions)	Regulatory Assets and Liabilities			
	Regulatory Assets		Regulatory Liabilities	
	December 31,		December 31,	
	2025	2024	2025	2024
Current:				
Gas costs due from/to customers ^(a)	\$ 5.5	\$ —	\$ 104.0	\$ 41.9
Interruptible sharing ^(a)	1.3	3.4	1.5	6.2
Revenue normalization mechanisms for Maryland and Virginia ^(a)	18.3	37.5	6.1	3.5
Accelerated replacement recovery mechanisms ^(b)	16.8	17.0	—	—
Other	0.3	—	1.4	1.1
Total current	\$ 42.2	\$ 57.9	\$ 113.0	\$ 52.7
Deferred:				
Accrued asset removal costs ^(c)	\$ —	\$ —	\$ 194.9	\$ 195.8
Deferred gas costs ^{(a)(d)}	60.0	65.9	—	—
Pension and other post-retirement benefits:				
ASC Topic 715 unrecognized costs/income ^{(a)(e)} :				
Pension	0.6	0.5	72.0	41.6
Other post-retirement benefits	—	—	100.9	130.3
Total pension and other post-retirement benefits	0.6	0.5	172.9	171.9
Other:				
Income tax-related amounts due from/to customers ^(f)	43.9	92.7	310.4	385.5
Losses/gains on issuance and extinguishment of debt and interest-rate derivative instruments ^{(a)(g)}	9.1	9.7	0.9	0.9
Non-retirement post-employment benefits ^{(a)(h)}	2.4	2.5	—	—
Environmental response costs ^{(a)(i)}	20.8	19.1	—	—
Energy efficiency program-Maryland ^(j)	27.2	31.2	—	—
COVID-19 related costs ^{(a)(k)}	0.8	1.1	—	—
DC rate case ^(l)	6.9	6.5	—	—
Other regulatory items	3.5	4.5	4.1	7.1
Total other	\$ 114.6	\$ 167.3	\$ 315.4	\$ 393.5
Total deferred	\$ 175.2	\$ 233.7	\$ 683.2	\$ 761.2
Total	\$ 217.4	\$ 291.6	\$ 796.2	\$ 813.9

^(a) Washington Gas does not earn its overall rate of return on these assets.

^(b) Balance represents amounts deferred for over collections or under collections associated with SAVE Plan, STRIDE Plan, and PROJECTpipes programs compared to the amounts reflected in revenues.

^(c) Refer to Note 1 — Accounting Policies for a further discussion of these amounts.

^(d) Washington Gas is allowed to recover and required to pay, using short-term interest rates, the carrying costs related to billed gas costs due from and to its customers in the District of Columbia and Virginia jurisdictions. Also, includes the fair value of derivatives, which are not included in customer bills until settled.

^(e) Refer to Note 11 — Pension and Other Post-Retirement Benefit Plans for a further discussion of these amounts.

^(f) This balance represents i) amounts due from customers for deferred tax liabilities related to tax benefits on deductions that flowed directly to customers prior to the adoption of income tax normalization for ratemaking purposes and ii) amounts due to/from customers including the latest reduction as a result of the Tax Cuts and Jobs Act of 2017.

^(g) These transactions create gains and losses that are amortized over the remaining life of the debt as prescribed by regulatory accounting requirements.

^(h) Represents the timing difference between the recognition of workers compensation and short-term disability costs in accordance with generally accepted accounting principles and the recovery of these costs through rates.

⁽ⁱ⁾ This balance represents allowed environmental remediation expenditures at Washington Gas sites to be recovered through rates for Maryland and the District of Columbia. Refer to Note 13 — Environmental Matters for a further discussion of these amounts.

Washington Gas Light Company
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Notes to Financial Statements

⁽¹⁾ Balance represents amounts for costs incurred in association with Washington Gas' participation in the energy conservation and efficiency program EmPOWER in Maryland that are recovered from customers over a 5 to 7-year time period.

⁽²⁾ Regulatory assets established to capture and track the incremental COVID-19 related costs and are amortized over a period of 5 years.

⁽³⁾ Balance represents costs incurred in association with rate cases in the District of Columbia and recovery period of the regulatory assets is 3 years.

As required by ASC Topic 980, Washington Gas monitors its regulatory and competitive environment to determine whether the recovery of its regulatory assets remains probable. If Washington Gas were to determine that recovery of these assets is no longer probable, it would write off the assets against earnings. We have determined that ASC Topic 980 continues to apply to our regulated operations.

NOTE 5. LEASES

Lessee Leases

Washington Gas has operating leases for our corporate headquarters and other corporate offices, communication tower space, and certain office equipment. The Company also has finance leases for vehicles. Our leases have remaining lease terms up to 16 years. Some of the leases include options to extend the lease terms for 1 to 5 years with prior written notice or automatically renew if either party does not provide intent to terminate. The leases generally have options to terminate with notice prior to the end of the lease term based on the contract terms. Refer to Note 17 — *Related Party Transactions* for discussion of leases with associated companies.

The following table provides our expected operating and finance lease payments at December 31, 2025.

Maturity of Operating and Finance Lease Liabilities

<i>(In millions)</i>	Operating Leases		Finance Leases	
2026	\$	6.5	\$	4.8
2027		6.0		4.6
2028		5.9		4.1
2029		5.7		2.6
2030		5.9		1.0
Thereafter		24.1		1.2
Total lease payments	\$	54.1	\$	18.3
Less: Interest		(8.0)		(2.1)
Present Value of Lease Liabilities	\$	46.1	\$	16.2

The following table provides the components of lease expense.

Components of Lease Expense

<i>(In millions)</i>	Years Ended December 31,		
	2025	2024	2023
Operating lease cost ^(a)			
Rent expense	\$ 5.4	\$ 5.2	\$ 5.2
Variable lease cost	2.7	2.9	2.7
Financing lease cost			
Amortization of right-of-use assets	\$ 4.1	\$ 2.4	\$ 2.2
Interest on lease liabilities	\$ 0.9	\$ 0.5	\$ 0.3
Total lease cost	\$ 13.1	\$ 11.0	\$ 10.4

^(a) Short-term lease cost for the periods was insignificant.

Washington Gas Light Company
Financial Statements (continued)
Notes to Financial Statements

The following table provides supplemental cash flow information related to operating and finance leases.

Supplemental Cash Flow Information

<i>(In millions)</i>	Years Ended December 31,		
	2025	2024	2023
Cash paid for amounts included in the measurement of lease liabilities			
Operating cash flows used for operating leases	\$ 6.4	\$ 6.5	\$ 6.3
Financing cash flows used for finance leases	\$ 5.0	\$ 4.6	\$ 2.3
Right-of-use assets obtained in exchange for lease liabilities			
Operating leases	\$ 5.9	—	2.5
Finance leases	\$ 3.4	\$ 18.6	\$ 7.4

The following table provides balance sheet location and amounts for finance leases, weighted average remaining lease term and weighted average discount rates for operating and finance leases.

Supplemental Balance Sheet Information for Finance Leases

<i>(In millions)</i>	2025	2024
Finance leases		
Property, plant and equipment, at original cost	\$ 22.9	\$ 19.5
Accumulated depreciation and amortization	(6.5)	(2.4)
Net property, plant and equipment	\$ 16.4	\$ 17.1
Current finance lease liability included in "Current liabilities-Other"	4.2	4.4
Non-current finance lease liability included in "Long-term Debt"	\$ 12.0	\$ 12.9
Weighted average remaining lease term		
Operating leases	8.7 years	9.3 years
Finance leases	4.3 years	4.6 years
Weighted average discount rate		
Operating leases	3.59 %	3.40 %
Finance leases	5.53 %	5.59 %

Lessor Leases

The Company also has lessor leases for land, office space and communication tower space that are classified as operating leases. Washington Gas has elected not to separate the lease and non-lease components for its building leases. Our leases have remaining lease terms ranging from less than a year to 75 years. Some of the leases include options to extend the lease terms for 1 to 5 years with prior written notice or automatically renew if the lessee does not provide notice of intent not to renew. The leases generally have options to terminate the leases with notice prior to the end of the lease term based on the contract terms. The lease agreements do not contain material residual value guarantees. Additionally, the Company has entered into a sub-lease for a portion of its office space that has a remaining lease term equal to the term of the master lease of approximately 1 year.

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Notes to Financial Statements

The following table summarizes the future operating lease payments to be received associated with these leases as of December 31, 2025:

Maturity of Operating Lease Payments to be Received^(a)

<i>(In millions)</i>	Lease		Sub-lease	
2026	\$	1.4	\$	0.4
2027		1.1		0.1
2028		1.0		—
2029		0.9		—
2030		0.7		—
Thereafter		54.7		—
Total lease payments	\$	59.8	\$	0.5

^(a) The payments are presented on an undiscounted basis

The property, plant and equipment associated with these leases are not significant. The following table provides the operating lease income recognized for the periods.

Operating Lease Revenue Recognized

<i>(In millions)</i>	Years Ended December 31,		
	2025	2024	2023
Leasing revenue included in Operating Revenue	1.0	1.0	1.0
Lease revenue included in Other income — net	0.5	0.5	0.4
Sub-lease revenue included in Operating Expense	0.6	0.6	0.6
Total	\$ 2.1	\$ 2.1	\$ 2.0

During the years ended December 31, 2025, 2024, and 2023, Washington Gas did not record any impairments related to our leased assets.

NOTE 6. INVENTORY

The table below provides details for the amounts included in “Inventory” on the balance sheets.

<i>(In millions)</i>	December 31, 2025		December 31, 2024	
Materials and Supplies	\$	20.9	\$	20.0
Storage Gas		95.1		80.2
Total	\$	116.0	\$	100.2

NOTE 7. ACCOUNTS PAYABLE AND OTHER ACCRUED LIABILITIES

The table below provides details for the amounts included in “Accounts payable and other accrued liabilities” on the balance sheets.

<i>(In millions)</i>	December 31, 2025		December 31, 2024	
Accounts payable — trade	\$	284.2	\$	237.0
Employee related accruals		59.2		44.5
Accrued interest		23.3		22.2
Other accrued liabilities		29.0		21.7
Total	\$	395.7	\$	325.4

NOTE 8. SHORT-TERM DEBT

Washington Gas satisfies its short-term financing requirements through the sale of commercial paper, or through bank borrowings. Due to the seasonal nature of our operations, short-term financing requirements can vary significantly during the year. Revolving credit agreements are maintained to support outstanding commercial paper and to permit short-term borrowing flexibility. The policy of Washington Gas is to maintain bank credit facilities in amounts equal to or greater than the expected maximum short-term financing requirements.

Credit Facility

The following is a summary of committed credit available at December 31, 2025, and 2024.

Committed Credit Available			
<i>(In millions)</i>	December 31, 2025		December 31, 2024
Committed credit agreements			
Unsecured revolving credit facility, expires June 27, 2030 ^(a)	\$	450.0	\$ 450.0
Less: Commercial Paper outstanding ^(b)		(158.7)	(106.9)
Net committed credit available	\$	291.3	\$ 343.1
Weighted average interest rate^(c)		3.93 %	4.72 %

^(a) Washington Gas has the right to request two one-year extensions with the bank group's approval. Washington Gas' revolving credit facility permits it to borrow an additional \$150.0 million, with the bank group's approval, for a total potential maximum borrowing of \$600.0 million.

^(b) The amount represents carrying amount of commercial paper.

^(c) Weighted average interest rate on outstanding commercial paper.

At December 31, 2025, and 2024, there were no outstanding bank loans from Washington Gas' revolving credit facility.

Commercial Paper

At December 31, 2024, we classified \$100.0 million of the commercial paper balance as "Long-term debt" on Washington Gas' balance sheets due to our ability and intent to refinance these balances on a long-term basis. Accordingly, \$6.9 million of commercial paper remained in "Notes payable" on Washington Gas' balance sheets at December 31, 2024. As of December 31, 2025, Washington Gas no longer has the intent to refinance these obligations on a long-term basis. At December 31, 2025, \$158.7 million of commercial paper was classified as "Notes payable" on Washington Gas' balance sheets.

NOTE 9. LONG-TERM DEBT

First Mortgage Bonds

The Mortgage of Washington Gas dated January 1, 1933 (Mortgage), as supplemented and amended, securing any First Mortgage Bonds (FMBs) it issues, constitutes a direct lien on substantially all property and franchises owned by Washington Gas, other than a small amount of property that is expressly excluded. At December 31, 2025, and 2024, Washington Gas had no debt outstanding under the Mortgage. Any FMBs that may be issued in the future will represent indebtedness of Washington Gas.

Unsecured Notes

Washington Gas has outstanding long-term debt in the form of MTNs and private placement notes with individual terms regarding interest rates, maturities, and call or put options. These notes can have maturity dates of one or more years from the date of issuance.

The indenture for the unsecured MTNs and the note purchase agreement for the private placement notes provide that Washington Gas will not issue any FMBs under its Mortgage without securing all MTNs and the private placement notes with the Mortgage.

Certain of Washington Gas' outstanding MTNs and private placement notes have a make-whole call feature that pays the holder a premium based on a spread over the yield to maturity of a U.S. Treasury security having a comparable maturity if that particular note were to be called by Washington Gas before its stated maturity date. With the exception of this make-whole call feature, Washington Gas is not required to pay call premiums for calling debt prior to the stated maturity date.

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The following table shows the outstanding notes with maturities in years at December 31, 2025, and 2024.

Long Term Debt Outstanding

<i>(In millions)</i>	December 31, 2025	December 31, 2024
Unsecured Notes ^(a)		
Due 2025, 5.44%	—	40.5
Due 2026, 6.62% to 6.82%	53.0	53.0
Due 2027, 6.40% to 6.57%	72.0	72.0
Due 2028, 6.57% to 6.85%	52.0	52.0
Due 2030, 7.50%	8.5	8.5
Due 2033, 6.06%	150.0	150.0
Due 2036, 5.70% to 5.78%	50.0	50.0
Due 2040, 5.21%	75.0	75.0
Due 2042, 5.25%	25.0	25.0
Due 2043, 5.00%	75.0	75.0
Due 2044, 4.22% to 4.24%	150.0	150.0
Due 2046, 3.80%	450.0	450.0
Due 2049, 3.65%	400.0	400.0
Due 2051, 2.98%	200.0	200.0
Due 2052, 5.33%	175.0	175.0
Due 2053, 6.43%	50.0	50.0
Due 2054, 5.40%	100.0	100.0
Due 2035, 4.84%	100.0	—
Commercial Paper due within twelve months ^(b)	—	100.0
Total Principal Amount of Long-Term Debt	\$ 2,185.5	\$ 2,226.0
Unamortized debt premium (discount)	10.3	10.8
Unamortized debt expense	(12.9)	(13.1)
Non-current finance lease liability ^(c)	12.0	12.9
Less—current maturities	53.0	40.5
Total Carrying Amount of Long-Term Debt	\$ 2,141.9	\$ 2,196.1
Weighted average interest rate ^(d)	4.58 %	4.58 %

^(a) Includes MTNs and private placement notes. The amount represents face value of unsecured notes, including current maturities.

^(b) At December 31, 2024, we classified \$100.0 million of our commercial paper as "Long-term debt" on Washington Gas' balance sheets due to our ability and intent to refinance these balances on a long-term basis. Refer to Note 8 — Short-term debt for discussion of the credit facility.

^(c) Refer to Note 5 — Leases for additional information related to finance leases.

^(d) Weighted average interest rate is for the Washington Gas unsecured notes, including current maturities.

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Financial Statements (continued)
Notes to Financial Statements

The following table shows the issuances and retirements of Washington Gas' unsecured notes for the years ended December 31, 2025, 2024, and 2023.

Washington Gas' Unsecured Notes Issuances and Retirements

<i>(In millions)</i>	Principal ^(a)	Interest Rate ^(b)	Effective Cost ^(b)	Nominal Maturity Date
Year Ended December 31, 2025				
Issuances:				
4/1/2025^(c)	\$ 100.0	4.84 %	4.93 %	4/1/2035
Retirements:				
08/11/2025	\$ 40.5	5.44 %	5.52 %	8/11/2025
Year Ended December 31, 2024				
Issuances:				
10/01/2024^(c)	\$ 100.0	5.40 %	5.45 %	10/1/2054
Year Ended December 31, 2023				
Issuances:				
10/19/2023^(c)	\$ 150.0	6.06 %	6.16 %	10/14/2033
10/19/2023^(c)	\$ 50.0	6.43 %	6.48 %	10/15/2053
Retirements:				
03/23/2023	\$ 20.0	6.65 %	6.76 %	3/23/2023

^(a) Represents face amount of notes.

^(b) Represents the interest rate and effective cost at the trade date of the debt.

^(c) Unsecured private placement notes with a fixed interest rate paid semi-annually each year. The notes have a make-whole call provision at a U.S. Treasury rate plus 50 basis points that starts at issuance date.

NOTE 10. INCOME TAXES

Washington Gas, along with other ASUS subsidiaries, is included in the ASUS consolidated income tax returns and the members of the consolidated group have entered into a tax sharing agreement. Tax attributes utilized by the consolidated group have specific tax sharing provisions. For any required consolidated return filing, each individual member of the consolidated group will pay their stand-alone tax liability to ASUS. State income tax returns are filed on a separate company basis or consolidated basis as required.

At December 31, 2025, Washington Gas had a \$22.9 million receivable under the ASUS tax sharing agreement. At December 31, 2024, there were no intercompany balances under the ASUS tax sharing agreement on Washington Gas' balance sheets. The receivable and payable balances represent the individual legal entity positions with ASUS by tax jurisdiction.

Components of Income Tax Expense or Benefit

The following tables provide the components of income tax expenses for the years ended December 31, 2025, 2024, and 2023.

<i>(In thousands)</i>	Components of Income Tax Expense (Benefit)		
	Years Ended December 31,		
	2025	2024	2023
Current:			
Federal	\$ (247)	\$ —	\$ 1
State	(88)	1	337
Total current	(335)	1	338
Deferred:			
Federal	49,623	44,998	44,662
State	29,044	18,540	18,025
Total deferred	78,667	63,538	62,687
Amortization of investment tax credits	(158)	(267)	(314)
Total income tax expense	\$ 78,174	\$ 63,272	\$ 62,711

Rate Reconciliation

The effective income tax rate varies from the U.S. Federal statutory rate principally due to the following.

<i>(In thousands)</i>	Reconciliation Between the Statutory Federal Income Tax Rate and Effective Tax Rate					
	Years Ended December 31,					
	2025		2024		2023	
Income taxes at statutory federal income tax rate	\$ 68,106	21.00 %	\$ 54,865	21.00 %	\$ 60,364	21.00 %
Increase (decrease) in income taxes resulting from:						
Amortization of excess deferred taxes	(13,499)	(4.16)	(5,268)	(2.02)	(9,711)	(3.38)
State income taxes-net of federal benefit ^(a)	22,874	7.05	14,527	5.56	14,577	5.07
Other items-net	693	0.21	(852)	(0.32)	(2,519)	(0.87)
Total income tax expense and effective tax rate	\$ 78,174	24.10 %	\$ 63,272	24.22 %	\$ 62,711	21.82 %

^(a) Per ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, numbers are presented on a prospective basis only. Refer to Note 1 — *Accounting Policies* for further information. During the year ended December 31, 2025, state taxes in Maryland and Virginia made up the majority (greater than 50%) of the tax effect in this category.

Washington Gas Light Company
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Components of accumulated deferred income tax assets and liabilities

The following table provides the components of accumulated deferred income tax assets (liabilities) for Washington Gas at December 31, 2025, and 2024.

Components of Accumulated Deferred Income Tax Assets (Liabilities)		
<i>(In thousands)</i>	December 31, 2025	December 31, 2024
Deferred income tax assets:		
Income taxes recoverable through future rates	58,006	67,907
Net operating loss	74,948	87,349
Other	52,366	55,798
Total assets	185,320	211,054
Deferred income tax liabilities:		
Other post-retirement benefits	114,850	91,647
Accelerated depreciation and other plant related items	1,290,398	1,212,576
Other	14,474	13,475
Total liabilities	1,419,722	1,317,698
Deferred income tax included in Accumulated Other Comprehensive Income	369	665
Net accumulated deferred income tax assets (liabilities)	\$ (1,234,771)	\$ (1,107,309)

The Company has deferred tax assets relating to net operating loss (NOL) carryforwards in the amount of \$8.1 million for federal and \$66.8 million for states, net of federal benefit. The Tax Cuts and Jobs Act of 2017 extended the federal NOL carryforward to an indefinite period for net operating loss carryforwards generated in tax years beginning after December 31, 2017. The Company's state net operating losses have expiration dates beginning in 2035. The Company will be reimbursed for the use of its net operating losses by the consolidated group under the terms of the tax sharing agreement.

Unrecognized Tax Benefits

During the years ended December 31, 2025, 2024, and 2023, there were no unrecognized tax benefits relating to uncertain tax positions under the provisions of ASC Topic 740, Income Taxes.

Amounts of Interest and Penalties Recognized

Washington Gas recognizes any accrued interest associated with uncertain tax positions in interest expense and recognizes any accrued penalties associated with uncertain tax positions in other expenses in the statements of income. During the years ended December 31, 2025, 2024, and 2023, there were no accrued interest expense or penalties associated with uncertain tax positions.

NOTE 11. PENSION AND OTHER POST-RETIREMENT BENEFIT PLANS

Washington Gas maintains a qualified, trustee, non-contributory defined benefit pension plan (qualified pension plan) covering certain active and vested former employees of Washington Gas and certain employees of WGL subsidiaries. The non-contributory defined benefit pension plan is closed to all employees hired on or after January 1, 2010 and instead employees are eligible to receive supplemental contributions to their defined-contribution savings plan.

Several former executive officers of Washington Gas also participate in a defined benefit supplemental executive retirement plan (DB SERP), a non-qualified pension plan. The DB SERP was closed to new entrants beginning January 1, 2010, and eligible executive officers participate in a defined contribution SERP (DC SERP). In addition, effective January 1, 2010, Washington Gas established a non-funded defined benefit restoration plan (DB restoration) and a defined contribution restoration plan (DC restoration) for the purpose of providing supplemental pension and pension-related benefits to a select group of management employees. The DB restoration was closed to new entrants in 2020. Rabbi trusts associated with these plans were established and funded pursuant to the Merger Agreement. The rabbi trusts can be used to make payments to the participants or the payments can be made from operating funds. At December 31, 2025, balances remaining in the rabbi trust accounts totaled \$2.1 million.

Washington Gas offers defined-contribution savings plans to all eligible employees. These plans allow participants to defer on a pre-tax or after-tax basis, a portion of their salaries for investment in various alternatives. We made matching contributions of \$5.5 million, \$5.8 million and \$5.9 million during the years ended December 31, 2025, 2024, and 2023, respectively. All employees not earning benefits in the qualified pension plan receive an employer provided supplemental contribution ranging from 4% to 6% depending on years of service. Total supplemental contributions to the plans were \$5.0 million, \$4.9 million and \$4.7 million during the years ended December 31, 2025, 2024 and 2023, respectively.

Washington Gas provides certain healthcare and life insurance benefits for retired employees of Washington Gas and certain employees of WGL subsidiaries. Eligible employees of Washington Gas may qualify for such benefits if they attain retirement status and have the required number of years of service. Prior to January 1, 2025, Washington Gas provided medical, prescription drug and dental benefits, subject to an aggregate cost limit, through the Washington Gas Light Company Retiree Health and Welfare Plan. Refer to changes to benefits effective January 1, 2025, described below. For Medicare-eligible retirees age 65 and older, eligible retirees and dependents receive an annual special tax-free Health Reimbursement Account (HRA) stipend to help purchase supplemental medical, prescription drug and dental coverage in the marketplace through the Washington Gas Light Company Retiree Health and Welfare Plan. Washington Gas accounts for healthcare and life insurance benefits under the provisions of ASC Topic 715.

On October 6, 2025, the Company purchased an annual tax-free Medical HRA annuity from an insurance carrier. The purchase of the HRA annuity contract transferred all future obligations and benefits administration associated with the affected participants to the insurance carrier effective January 1, 2026. The purchase of the HRA annuity contract was accounted for as a partial settlement of the Washington Gas Light Company Retiree Health and Welfare Plan. A one-time settlement gain was recognized in other income during the year ended December 31, 2025.

On August 15, 2024, the Company purchased an annual tax-free Medical HRA annuity and a guaranteed life insurance funding account (GLIFA) from two insurance carriers. The purchase of the HRA annuity and GLIFA contracts transferred all future obligations and benefits administration associated with non-union management participants to the respective insurance carriers effective January 1, 2025. The purchase of the HRA annuity and GLIFA contracts were accounted for as a partial settlement of the Washington Gas Light Company Retiree Health and Welfare Plan. A one-time settlement gain was recognized in other income during the year ended December 31, 2024.

During the third quarter of 2024, the Company announced retiree health and welfare plan changes, including: (i) effective January 1, 2025, eligible retirees and dependents not yet receiving Medicare benefits will receive an HRA stipend to help purchase medical, prescription drug and dental coverage in the marketplace, (ii) effective January 1, 2026, employees who retire after December 31, 2025 will not receive retiree life insurance benefits under the plan and (iii) an HRA special termination benefit, under which eligible employees receive an employer-funded contribution into an HRA account.

Almost all costs associated with Washington Gas' defined benefit post-retirement plans have historically been and are expected to be recovered through Washington Gas' rates. Refer to the "Regulatory Matters" section below for additional information. Therefore, in accordance with ASC Topic 980 and ASC Topic 715, Washington Gas established a regulatory asset/liability for the substantial majority of the unrecognized costs/income associated with its defined benefit post-retirement plans. To the extent these amounts will not be recovered through Washington Gas' rates, they are recorded directly to "Accumulated other comprehensive loss, net of taxes."

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Obligations and Assets

The following table provides the benefit obligation, fair value of plan assets, the funded status of the plans, and amounts recognized on the Company's balance sheets.

<i>(In millions)</i>	Post-Retirement Benefits					
	Pension Benefits^(a)			Health and Life Benefits		
	Years Ended December 31,			Years Ended December 31,		
	2025	2024	2023	2025	2024	2023
Change in projected benefit obligation^(b)						
Benefit obligation at beginning of period	\$ 768.3	\$ 798.4	\$ 787.0	\$ 115.3	\$ 205.3	\$ 207.5
Service cost	5.5	6.7	6.7	1.9	3.7	3.7
Interest cost	42.7	41.6	42.5	5.6	9.5	11.2
Actuarial loss (gain)	7.0	(24.7)	16.0	(9.7)	(14.2)	(5.4)
Plan participants' contribution	—	—	—	—	1.0	1.8
Curtailments	—	2.3	—	—	—	—
Settlements	—	(0.7)	—	(43.8)	(64.3)	—
Benefits paid	(58.0)	(55.3)	(53.8)	(6.8)	(12.3)	(13.5)
Plan Amendments	—	—	—	2.6	(15.5)	—
Other	—	—	—	—	2.1	—
Projected benefit obligation at end of period^(b)	\$ 765.5	\$ 768.3	\$ 798.4	\$ 65.1	\$ 115.3	\$ 205.3
Change in plan assets						
Fair value of plan assets at beginning of period	764.1	790.7	780.6	595.6	633.1	566.9
Actual return on plan assets	88.0	26.8	62.0	57.5	38.1	78.0
Company contributions	1.9	2.6	1.9	—	—	(0.1)
Plan participants' contribution	—	—	—	—	1.0	1.8
Settlements	—	(0.7)	—	(43.8)	(64.3)	—
Expenses	—	—	—	—	—	—
Benefits paid	(58.0)	(55.3)	(53.8)	(6.8)	(12.3)	(13.5)
Fair value of plan assets at end of period	\$ 796.0	\$ 764.1	\$ 790.7	\$ 602.5	\$ 595.6	\$ 633.1
Funded status at end of period	30.5	(4.2)	(7.7)	537.4	480.3	427.8
Allocation to affiliates	0.3	0.1	0.1	3.9	3.0	2.5
Adjusted funded status at end of period	\$ 30.2	\$ (4.3)	\$ (7.8)	\$ 533.5	\$ 477.3	\$ 425.3
Total amounts recognized on balance sheet						
Non-current asset	\$ 47.9	\$ 13.7	\$ 12.0	\$ 533.5	\$ 477.3	\$ 425.3
Current liability	(1.8)	(1.9)	(2.0)	—	—	—
Non-current liability	(15.9)	(16.1)	(17.8)	—	—	—
Total recognized	\$ 30.2	\$ (4.3)	\$ (7.8)	\$ 533.5	\$ 477.3	\$ 425.3

^(a) The DB SERP and DB Restoration, included in pension benefits in the table above, does not include the amounts funded in rabbi trust.

^(b) For the Health and Life Benefits, the change in projected benefit obligation represents the accumulated benefit obligation.

Washington Gas Light Company
Financial Statements (continued)
Notes to Financial Statements

The following table provides the projected benefit obligation (PBO), accumulated benefit obligation (ABO), and fair value of plan assets the qualified pension plan, DB SERP and DB Restoration at December 31, 2025, and 2024.

<i>(In millions)</i>	Projected and Accumulated Benefit Obligation					
	Qualified Pension Plan		DB SERP		DB Restoration	
	December 31,		December 31,		December 31,	
	2025	2024	2025	2024	2025	2024
Projected benefit obligation	\$ 747.8	\$ 750.3	\$ 14.8	\$ 15.2	\$ 2.9	\$ 2.8
Accumulated benefit obligation	\$ 727.0	\$ 729.9	\$ 14.8	\$ 15.2	\$ 2.9	\$ 2.8
Fair value of plan assets	\$ 796.0	\$ 764.1	\$ —	\$ —	\$ —	\$ —

Amounts Recognized in Regulatory Assets/Liabilities and Accumulated Other Comprehensive Loss (Income)

The following table provides amounts recorded to regulatory assets, regulatory liabilities and accumulated other comprehensive loss (income) at December 31, 2025, and 2024.

<i>(In millions)</i>	Unrecognized Costs/Income Recorded on the Balance Sheet			
	Pension Benefits		Health and Life Benefits	
	December 31,		December 31,	
	2025	2024	2025	2024
Actuarial net loss (gain)	\$ (71.8)	\$ (41.4)	\$ (87.0)	\$ (100.1)
Prior service cost (credit)	—	—	(16.1)	(33.7)
Total	\$ (71.8)	\$ (41.4)	\$ (103.1)	\$ (133.8)
Regulatory asset (liability)	(71.9)	(41.4)	(101.6)	(131.1)
Pre-tax accumulated other comprehensive loss (income) ^(a)	0.1	—	(1.5)	(2.6)
Total recognized on the balance sheets	\$ (71.8)	\$ (41.4)	\$ (103.1)	\$ (133.7)
Allocation to Affiliates	\$ (0.5)	\$ (0.3)	\$ (0.7)	\$ (0.8)
Total	\$ (71.4)	\$ (41.1)	\$ (100.9)	\$ (130.3)

^(a) The total amount of accumulated other comprehensive income recorded on our balance sheets at December 31, 2025 and 2024 was net of income tax expense of \$0.3 million and \$0.7 million, respectively.

The following tables provide amounts that are included in regulatory assets/liabilities and accumulated other comprehensive loss associated with our unrecognized pension and other post-retirement benefit costs that were recognized as components of net periodic benefit cost before allocations to affiliates and capital during the years ended December 31, 2025, and 2024.

Amounts Recognized During the Year Ended December 31, 2025

<i>(In millions)</i>	Amounts Recognized During the Year Ended December 31, 2025			
	Regulatory assets/liabilities		Accumulated other comprehensive income (loss)	
	Pension Benefits	Health and Life Benefits	Pension Benefits	Health and Life Benefits
Amortization of actuarial net loss (gain)	\$ —	\$ (1.1)	\$ —	\$ —
Amortization of prior service cost (credit)	—	(14.6)	—	(0.3)
Settlement	—	(47.8)	—	(1.0)
Total	\$ —	\$ (63.5)	\$ —	\$ (1.3)

Washington Gas Light Company
Financial Statements (continued)
Notes to Financial Statements

Amounts Recognized During the Year Ended December 31, 2024

<i>(In millions)</i>	Regulatory assets/liabilities		Accumulated other comprehensive income (loss)	
	Pension Benefits	Health and Life Benefits	Pension Benefits	Health and Life Benefits
Amortization of actuarial net loss (gain)	\$ —	\$ (3.3)	\$ —	\$ (0.1)
Amortization of prior service cost (credit)	0.1	(13.7)	—	(0.3)
Settlement	—	(46.9)	—	(1.2)
Total	\$ 0.1	\$ (63.9)	\$ —	\$ (1.6)

Net Periodic Benefit Cost

The components of the net periodic benefit costs (income) related to pension and other post-retirement benefits were as follows.

Components of Net Periodic Benefit Costs (Income)^(a)

<i>(In millions)</i>	Pension Benefits			Health and Life Benefits		
	Years Ended December 31,			Years Ended December 31,		
	2025	2024	2023	2025	2024	2023
Service cost	\$ 5.5	\$ 6.7	\$ 6.7	\$ 1.9	\$ 3.7	\$ 3.7
Interest cost	42.7	41.6	42.5	5.6	9.5	11.2
Expected return on plan assets	(50.6)	(49.6)	(47.9)	(30.5)	(33.9)	(31.7)
Recognized prior service cost (credit)	—	0.1	0.1	(15.1)	(14.0)	(13.6)
Recognized actuarial loss (gain)	—	—	—	(1.1)	(3.4)	(2.6)
Settlements ^(b)	—	(0.1)	—	(48.8)	(48.1)	—
Other ^(c)	—	0.1	—	—	2.0	—
Net periodic benefit cost (income)	\$ (2.4)	\$ (1.2)	\$ 1.4	\$ (88.0)	\$ (84.2)	\$ (33.0)
Allocation to affiliates	—	(0.1)	—	1.6	1.7	0.8
Adjusted net periodic benefit cost (income)	\$ (2.4)	\$ (1.3)	\$ 1.4	\$ (86.4)	\$ (82.5)	\$ (32.2)
Service cost capitalized to construction projects	(1.3)	(1.7)	(1.3)	(0.9)	(0.9)	(0.8)
Amount charged (credited) to expense	\$ (3.7)	\$ (3.0)	\$ 0.1	\$ (87.3)	\$ (83.4)	\$ (33.0)

^(a) The components of net benefit cost (income), other than service cost and HRA special termination benefits, are recorded in "Other income -net" on the accompanying statements of operations.

^(b) The Pension amount relates to partial settlement charges associated with lump sum payments from the Washington Gas DB SERP plan to executives who have retired and the Health and Life amount relates to the purchase of the HRA annuity and GLIFA contracts.

^(c) Pension amount relates to curtailment charges associated with lump sum payments from the Washington Gas DB SERP plan to executives who have retired and health and Life amounts relates to the HRA special termination benefits.

Washington Gas uses the Market Related Value of Assets (MRVA) in the determination of net periodic benefit cost. The fair value approach is first used to determine the realized and unrealized gains and losses for all assets under Washington Gas' post-retirement benefit plans. The assets are then split between the fixed income investments and related derivatives, with the gains and losses related to these being recognized immediately, and all of the other asset classes, with the gains and losses related to these being deferred and amortized into the calculation of the MRVA over a period of five years. Therefore, each year 20% of the prior five years' asset gains and losses of the non-fixed income investments are recognized.

We also use the corridor approach to amortize all actuarial gains and losses. Under this approach, net gains or losses in excess of ten percent of the larger of the benefit obligation or the MRVA are amortized on a straight-line basis over the average future working lifetime of active plan participants.

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Financial Statements (continued)
Notes to Financial Statements

Assumptions

The weighted average assumptions used to determine net periodic benefit obligations and net periodic benefit costs were as follows.

Benefit Obligations Assumptions						
	Pension Benefits			Health and Life Benefits		
	Years Ended December 31,			Years Ended December 31,		
	2025	2024	2023	2025	2024	2023
Discount rate	5.51%-5.64%	5.73%-5.76%	5.40%	5.69%	5.78%	5.40%
Rate of compensation increase	3.00%	3.00%	3.00%	N/A	N/A	3.00%

Net Periodic Benefit Cost Assumptions						
	Pension Benefits			Health and Life Benefits		
	Years Ended December 31,			Years Ended December 31,		
	2025	2024	2023	2025	2024	2023
Discount rate ^(a)	5.73%-5.76%	5.30%-5.73%	5.60 %	5.58%-5.78%	5.30%-5.40%	5.60 %
Expected long-term return on plan assets ^(b)	7.25 %	6.75 %	6.75 %	6.00 %	6.25 %	6.25 %
Rate of compensation increase ^(c)	3.00 %	3.00 %	3.00 %	N/A	N/A	3.00 %

^(a) The changes in the discount rates over the prior periods primarily reflect the changes in long-term interest rates.

^(b) For health and life benefits, the expected returns for certain funds may be lower due to certain portions of income that are subject to an assumed blended income tax rate.

^(c) The changes in the rate of compensation reflects the best estimates of actual future compensation levels including consideration of general price levels, productivity, seniority, promotion, and other factors such as inflation rates.

Discount Rate

Washington Gas determines the discount rate based on a portfolio of high quality fixed-income investments (AA- as assigned by Standard & Poor's or Aa3 as assigned by Moody's or better) whose cash flows would cover our expected benefit payments.

Expected long-term return on plan assets

Washington Gas determines the expected long-term rate of return on plan assets by averaging the expected earnings for the target asset portfolio. In developing the expected rate of return assumption, Washington Gas evaluates an analysis of historical actual performance and long-term return projections, which gives consideration to our asset mix and anticipated length of obligation of our plan.

Mortality Assumptions

The Company aligns its mortality rate assumptions with the most recent mortality tables produced by the SOA, which are the Pri-2012 base table and the MP-2021 improvement scale. These tables were used to determine the benefit obligation as of December 31, 2025, and 2024.

Investment Policies and Strategies

The investment objective of the qualified pension and retiree health and welfare plans ("Plan" or "Plans") is to allocate each Plan's assets to appropriate investment asset classes (asset categories) so that the benefit obligations of each Plan are adequately funded, consistent with each Plan's and Washington Gas' tolerance for risk.

Washington Gas' portion of retired employee health and welfare benefits obligation is funded through two trusts: (i) the Washington Gas Light Company Post Retirement Benefit Master Trust for Retired Previously Union-Eligible Employees ("union-eligible trust") and (ii) the Washington Gas Light Company Post Retirement Benefit Master Trust for Retired Management Employees ("management trust").

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Financial Statements (continued)
Notes to Financial Statements

In order to best achieve the investment objectives for each Plan, strategic allocation targets and ranges are established that control exposure to selected investment asset classes. Asset/Liability Modeling (ALM) is used to test the benefits and risks of several potential strategic asset allocation mixes. Simulated investment performance results based on assumptions about expected return, volatility, and correlation characteristics of the selected asset classes are tested for their effects on contributions, pension expense, PBO funded status, and downside Value at Risk metrics over a ten-year planning time horizon. An ALM study completed in November 2022 indicated that adopted target asset class allocations remained an appropriate trade-off between risk and reward. The following table includes the target asset allocation by asset class at December 31, 2025. Actual asset balances are reviewed monthly and allowed to range within plus or minus 20% of the target allocations. Assets are generally rebalanced to target allocations before actual amounts fall below or rise above the allowable ranges.

Target Asset Allocation by Asset Class

	Qualified Pension Trust Asset ^(c)	Union-eligible Trust Asset	Management Trust Asset
Global Equities	20 %	30 %	50 %
Alternatives ^(a)	10 %	—	—
Real Estate	5 %	—	—
Fixed Income ^(b)	65 %	70 %	50 %
Total	100 %	100 %	100 %

^(a) The Alternatives asset class is comprised of 5% Private Equities and 5% Hedge Funds.

^(b) The Fixed Income asset class includes related derivatives.

^(c) Investment strategy for the qualified pension plan includes increasing the target fixed income allocation percentage by 10-12% for each 5% improvement in the Plan's funded ratio above the 100% funded level.

Each Plan has a high exposure to U.S. based investments. There are no other significant risk concentrations related to investments in any entity, industry, country, commodity, or investment fund.

Commingled funds are employed in the management of qualified pension plan, management trust, and union-eligible trust assets. In addition, separately managed portfolios are employed in the management of the qualified pension plan trust, the management trust, and the union-eligible trust. Collective trust funds and limited partnerships are also employed in the management of qualified pension plan assets.

U.S. and international equity assets are diversified across sectors, industries, and investment styles. Fixed income assets are primarily diversified across U.S. government and investment grade corporate debt instruments, with some exposure to foreign and non-investment-grade securities and direct lending. Alternative assets are diversified across sectors, managers, strategies, industries, geographies, and time horizons. Real estate are primarily comprised of private real estate assets diversified geographically across the U.S. by property type.

The qualified pension plan's investment policy allows the use of futures, options, trading on margin, and other derivatives for purposes of reducing portfolio risk, as a low- cost option for gaining market exposure, and for a limited degree of leverage. Derivatives are currently used in the Fixed Income portion of the portfolio. The qualified pension plan's investment policy prohibits investments in Washington Gas securities. The prohibition applies to separately managed portfolios but does not apply to any commingled fund investments.

Washington Gas Light Company
Financial Statements (continued)
Notes to Financial Statements

The following tables present the fair value of the pension plan assets and health and life insurance plan assets by asset category at December 31, 2025, and 2024.

Pension Plan Assets

<i>(In millions)</i>	Level 1	Level 2	Total	% of Total
At December 31, 2025				
Cash and cash equivalents	\$ 4.8		\$ 4.8	0.6 %
Fixed income securities				
U.S. Treasuries, government and agency		249.3	249.3	31.3
Derivatives ^(a)		(1.6)	(1.6)	(0.2)
Total investments in the fair value hierarchy	\$ 4.8	\$ 247.7	\$ 252.5	31.7 %
Investments measured at net asset value using the NAV practical expedient ^(b)				
Collective Trust Fund ^(c)			335.1	42.1
Commingled Funds and Pooled Separate Accounts ^(d)			24.1	3.0
Limited Partnership/Other ^(e)			181.5	22.8
Total fair value of plan investments			\$ 793.2	99.6 %
Net receivable/(payable) ^(f)			2.8	0.4
Total plan assets at fair value			\$ 796.0	100.0 %

Pension Plan Assets

<i>(In millions)</i>	Level 1	Level 2	Total	% of Total
At December 31, 2024				
Cash and cash equivalents	\$ 12.9	\$ —	\$ 12.9	1.7 %
Fixed income securities				
U.S. Treasuries, government and agency	—	269.5	269.5	35.3
Corporate Debt ^(h)	—	214.9	214.9	28.1
Other ⁽ⁱ⁾	—	9.3	9.3	1.2
Derivatives ^(a)	—	(7.5)	(7.5)	(1.0)
Total investments in the fair value hierarchy	\$ 12.9	\$ 486.2	\$ 499.1	65.3 %
Investments measured at net asset value using the NAV practical expedient ^(b)				
Collective Trust Fund ^(c)			237.8	31.1
Commingled Funds and Pooled Separate Accounts ^(d)			26.9	3.6
Total fair value of plan investments			\$ 763.8	100.0 %
Net receivable/(payable) ^(f)			0.3	—
Total plan assets at fair value^(g)			\$ 764.1	100.0 %

^(a) This category included a combination of long-term U.S. Treasury interest rate future contracts, equity futures contracts, currency forwards, currency option interest rate swaps, and put and call options on both interest rate swaps and credit default swap index products.

^(b) In accordance with ASC Topic 820, these investments are measured at fair value using NAV per share as a practical expedient and, therefore, have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliations of the fair value hierarchy to the statements of net assets available for plan benefits.

^(c) At December 31, 2025, investments in collective trust funds consisted primarily of 5.8% income producing properties located in the United States, 13.9% short-term money market investments, 34.6% U.S Fixed Income, 22.1% U.S Equity, 15.5% Non-U.S Equity, and 8.1% Global Equity. At December 31, 2024, investments in collective trust funds consisted primarily of 90.3% common stock of U.S companies; 9.7% income producing properties located in the United States.

^(d) Investments in commingled funds and a pooled separate accounts consisted of 100% income producing properties located in the United States.

^(e) At December 31, 2025 investments in limited partnership/other consisted of 26.84% U.S Fixed Income, 0.59% Real Estate, 1.20% Private Equity, 68.25% Hedge Funds, and 3.12% Direct Lending.

^(f) Net receivable/(payable) primarily represents pending trades for investments purchased net of pending trades for investments sold and interest receivable.

^(g) This table does not include rabbi trust investments located in "Current Assets-Other" and "Deferred Charges and Other Assets-Other" on our balance sheets. Refer to Note 16 — Fair Value Measurements for fair value of rabbi trust investments.

Washington Gas Light Company
Financial Statements (continued)
Notes to Financial Statements

^(b) At December 31, 2024, corporate debt consisted of 85% of U.S. corporate debt and 15% non-U.S. corporate debt.

⁽ⁱ⁾ This category primarily includes non-U.S. government bonds.

Healthcare and Life Insurance Plan Assets

<i>(In millions)</i>	Level 1	Level 2	Total	% of Total
At December 31, 2025				
Cash and Cash Equivalents	\$ 48.3		\$ 48.3	8.0 %
Fixed Income Securities				
U.S. Treasuries, government and agency		175.0	175.0	29.0
Corporate Debt ^(a)		50.4	50.4	8.4
Other ^(b)		2.8	2.8	0.5
Total investments in the fair value hierarchy	\$ 48.3	\$ 228.2	\$ 276.5	45.9 %
Investments measured at net asset value using the NAV practical expedient ^(c)				
Commingled Funds ^(d)			326.0	54.1 %
Total fair value of plan investments			\$ 602.5	100.0 %
Net receivable/(payable) ^(e)			—	—
Total plan assets at fair value			\$ 602.5	100.0 %

Healthcare and Life Insurance Plan Assets

<i>(In millions)</i>	Level 1	Level 2	Total	% of Total
At December 31, 2024				
Cash and Cash Equivalents	\$ 3.8	\$ —	\$ 3.8	0.6 %
Fixed Income Securities				
U.S. Treasuries, government and agency	—	60.9	60.9	10.2
Corporate Debt ^(a)	—	50.7	50.7	8.5
Other ^(b)	—	3.0	3.0	0.5
Total investments in the fair value hierarchy	\$ 3.8	\$ 114.6	\$ 118.4	19.8 %
Investments measured at net asset value using the NAV practical expedient ^(c)				
Commingled Funds ^(d)			477.4	80.2 %
Total fair value of plan investments			\$ 595.8	100.0 %
Net receivable/(payable) ^(e)			(0.2)	—
Total plan assets at fair value			\$ 595.6	100.0 %

^(a) At December 31, 2025, and 2024, corporate debt consisted of 91% of U.S. corporate debt and 9% non-U.S. corporate debt.

^(b) This category consisted primarily of non-U.S. government bonds.

^(c) In accordance with ASC Topic 820, these investments are measured at fair value using Net Asset Value (NAV) per share as a practical expedient and, therefore, have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliations of the fair value hierarchy to the statements of net assets available for plan benefits.

^(d) At December 31, 2025, investments in commingled funds consisted of approximately 67% common stock of large-cap U.S. companies and 33% corporate bonds. At December 31, 2024, investments held by commingled funds in which the plan invests consisted 47% of common stock of large-cap U.S. companies, 26% of US Govt fixed income securities and 27% corporate bonds.

^(e) Net receivable/(payable) primarily represents pending trades for investments purchased net of pending trades for investments sold and interest receivable.

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Notes to Financial Statements

Valuation Methods

Equity securities are traded on a securities exchange and are valued at the closing quoted market price as of the balance sheet date.

Commingled funds, collective trust funds, pooled separate accounts, and limited partnerships are valued at the quoted net asset value (NAV) per share, which is computed as of the close of business on the balance sheet date, and are not classified in the fair value hierarchy.

Fixed income securities are valued using pricing models that consider various observable inputs such as benchmark yields, reported trades, broker quotes and issuer spreads to determine fair value.

Benefit Contribution

For the qualified pension plan, Washington Gas' funding policy is to contribute an amount sufficient to satisfy the minimum annual funding requirements under the Pension Protection Act. Any contributions above the minimum annual funding requirements would be limited to amounts that are deductible under appropriate tax law. For the health and welfare benefit plans, Washington Gas' funding policy is to contribute amounts that are collected from ratepayers.

For 2026, Washington Gas does not expect to contribute to its qualified pension plan but expects to contribute in aggregate \$1.8 million to its DB SERP and DB Restoration. Washington Gas does not expect to make a contribution to its health and life insurance benefit plans year in 2026.

Expected Benefit Payments

Expected benefit payments, including benefits attributable to estimated future employee service, which are expected to be paid over the next ten years are as follows.

Expected Benefit Payments			
<i>(In millions)</i>	Pension Benefits	Health and Life Benefits	
2026	58.8	5.7	
2027	58.5	5.4	
2028	58.5	5.2	
2029	58.4	5.2	
2030	58.2	\$ 4.7	
2031—2035	\$ 286.4	\$ 22.4	

Regulatory Matters

All jurisdictions have approved rates that include annual costs and/or income associated with the qualified pension and other post-retirement benefits. Each regulatory commission has required Washington Gas to fund costs reflected in rates for post-retirement medical and life insurance benefits into irrevocable trusts.

Expenses of the SERP allocable to the District of Columbia and Maryland jurisdictions are not recovered through rates.

On September 28, 1995, the SCC of VA issued a generic order that set a forty-year recovery period of the transition obligation. As prescribed by GAAP, Washington Gas amortized these costs over a twenty-year period. Although the transition obligation has been fully amortized for accounting purposes, we continue to collect Virginia's portion of the transition expense in rates until 2033.

NOTE 12. STOCK-BASED COMPENSATION

The following table summarizes all stock-based compensation expense recognized during the years ended December 31, 2025, 2024, and 2023.

<i>(in millions)</i>	Stock-based Compensation Expense Recognized		
	Years Ended December 31,		
	2025	2024	2023
Performance and Restricted Units			
AltaGas Phantom Units ^(a)	\$ 19.5	\$ 11.0	\$ 13.4
Stock Options			
AltaGas Stock Options	—	—	0.1
Total recognized compensation expense	\$ 19.5	\$ 11.0	\$ 13.5
Recognized compensation expense tax benefit	5.2	2.9	3.5
Total, net of tax	\$ 14.3	\$ 8.1	\$ 10.0

(a) During the year ended December 31, 2025, 2024, and 2023 we paid \$11.4 million, \$15.0 million, and 9.9 million respectively, in cash to settle ALA Phantom Units.

Performance and Restricted Units

AltaGas Phantom Units (Phantom Units) under the Long-Term Incentive Plan. Phantom Units are comprised of both performance and restricted units, have a three-year vesting period, are settled in cash, and are valued at an average AltaGas stock price per unit at vesting. Performance units vest based on TSR and AltaGas' earnings per share (EPS) during the performance period, which is a performance condition under ASC Topic 718. The restricted units vest from zero to 100 percent of the target award based on payment of a cash dividend by AltaGas.

Phantom Units are accounted for as liability awards under ASC 718 as they only settle in cash; therefore, we measure and record compensation expense for these awards based on their fair value at the end of each period until their vesting date. The percentage of the fair value that is accrued as compensation expense at the end of each period equals the percentage of the requisite service that has been rendered at that date. Consequently, fluctuations in earnings may result.

The following table summarize information regarding all outstanding units during the year ended December 31, 2025.

Phantom Unit Award Activity	
<i>Number of units</i>	Year Ended December 31, 2025
Non-vested and outstanding, beginning of the year	1,185,917
Granted	428,081
Units in lieu of dividends and additional units added by performance factor	126,816
Vested and paid out	(477,279)
Forfeited	(112,592)
Non-vested and outstanding, end of year	1,150,943

At December 31, 2025, total unrecognized compensation expense related to the Phantom Units was \$13.6 million, which will be recognized over a period of approximately two and a half years.

As of December 31, 2025, and 2024, we had a deferred liability of \$12.7 million and \$10.3 million, respectively, related to the Phantom Units in "Deferred Credits-other" on Washington Gas' balance sheets. Additionally, at December 31, 2025, and 2024 we recorded a current liability of \$16.0 million and \$9.8 million, respectively, in "Accounts payable and other accrued liabilities-other" on Washington Gas' balance sheets related to the Phantom Units.

Stock Options

Certain executives of Washington Gas were awarded AltaGas stock options. As of December 31, 2025, and 2024, there were no such stock options outstanding and there were no unrecognized expenses for the fair value of stock option compensation cost associated with future periods. At December 31, 2023, the total intrinsic value of stock options outstanding was \$0.6 million Canadian dollars, and the total intrinsic value of stock options exercised was \$1.7 million Canadian dollars.

NOTE 13. ENVIRONMENTAL MATTERS

Washington Gas is subject to federal, state, and local laws and regulations that may require significant expenditures over extended periods to manage and mitigate environmental impacts. Nearly all of the environmental liabilities recorded relate to the remediation of sites where Washington Gas or its predecessor companies formerly operated manufactured gas plants (MGPs) or gas holder sites.

Estimating environmental response costs involves significant uncertainty due to various influencing factors, including:

- The complexity of the site;
- Evolving environmental laws and regulations at the federal, state, and local levels;
- The number of regulatory agencies or other parties involved;
- The emergence of new technologies or ineffectiveness of existing ones;
- The required level of remediation; and
- Differences between estimated and actual durations for site remediation.

Washington Gas has identified up to ten sites where it or its predecessors may have operated MGPs. Washington Gas last used any such plant in 1984. In connection with these operations, we are aware that coal tar and certain other by-products of the gas manufacturing process are present at or near some former sites and may be present at others.

At December 31, 2025, and December 31, 2024, Washington Gas reported environmental liabilities of \$15.1 million and \$16.7 million, respectively, on an undiscounted basis related to future environmental response costs. These estimates reflect the lower end of the range of environmental response costs. At December 31, 2025, and December 31, 2024, Washington Gas estimated the maximum liability associated with all of its sites to be approximately \$34.6 million and \$36.8 million, respectively. The estimates were determined by environmental experts, with input from legal counsel and environmental consultants. The difference between the recorded and estimated maximum potential liability reflects the variability in the anticipated remediation timelines and the extent of required clean-up.

Regulatory orders issued by the PSC of MD allow Washington Gas to recover the costs applicable to Maryland over the period ending in 2034. Regulatory orders issued by the PSC of DC allow Washington Gas a five-year recovery of prudently incurred environmental response costs and allow Washington Gas to defer additional costs incurred between rate cases. Regulatory orders from the SCC of VA have generally allowed the recovery of prudent environmental remediation costs to the extent they were included in the underlying financial data supporting an application for rate change. At December 31, 2025 and December 31, 2024, Washington Gas reported a regulatory asset of \$20.8 million and \$19.1 million, respectively, representing anticipated future recoveries of environmental response costs in Maryland and the District of Columbia.

East Station. Washington Gas is actively remediating its East Station property, located along the Anacostia River in Washington D.C. Remediation efforts include groundwater treatment, tar recovery, soil encapsulation, and other treatments. Under a 2012 consent decree with the District of Columbia and the federal government, Washington Gas is also conducting a remedial investigation and feasibility study on an adjacent District-owned property. A draft remedial investigation report was submitted to the National Park Service (NPS) and the Department of Energy and Environment (DOEE) on June 12, 2020. Additional remediation may be necessary. Washington Gas is concurrently exploring real estate development opportunities on portions of the property.

Washington Gas also agreed to investigate an adjoining site east of the District property known as the “Eastern Power Boat Club Property” under DOEE oversight. This property was initially subject to a July 12, 2019, Administrative Order from the DOEE, later replaced by a negotiated Administrative Order on Consent effective March 11, 2020. Under the terms of the Administrative Order on Consent, the Company submitted a remedial investigative report on February 26, 2021.

On March 11, 2021, DOEE issued a separate Administrative Order related to the alleged presence of sheens in the Anacostia River. The Company filed an appeal on March 26, 2021, with the D.C. Office of Administrative Hearings (OAH). On September 22, 2025, the District of Columbia Superior Court lodged a negotiated Consent Decree between DOEE and the Company resolving the allegations related to sheens. Under the Consent Decree, the Company agreed to undertake certain pollution mitigation efforts. On September 23, 2025, the Administrative Order was withdrawn by DOEE. On September 26, 2025, the Company withdrew its pending appeal with OAH.

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Anacostia River Sediment Project. Washington Gas may have a liability associated with the Anacostia River Sediment Project (ARSP). In February 2016, Washington Gas received a notice from the DOEE and NPS indicating that the District of Columbia is conducting a remedial investigation and feasibility study of the river, as well as a natural resource damage assessment. DOEE has since issued an Interim Record of Decision (ROD) identifying fifteen cleanup sites related to the Anacostia River, including East Station. However, remediation of East Station is expected to proceed under the existing consent decree rather than the ARSP framework.

On June 14, 2021, DOEE and NPS formally notified Washington Gas that it may be liable for environmental cleanup and related government costs associated with the ARSP. The Company has accrued study-related costs based on a potential range of estimates but is currently unable to determine the total future cost or timing of potential liabilities, as no cost allocation methodology among potentially responsible parties has been established.

Chillum. On May 27, 2021, Washington Gas applied to the Maryland Department of Environment’s Voluntary Cleanup Program (VCP) for a former gas holder site located in Chillum, Maryland. A remedial investigation report was submitted on November 27, 2024. The Company has accrued costs based on the potential remedial options under consideration.

West Station. On September 8, 2023, Washington Gas received a Directive Letter from DOEE regarding the former MGP that was formerly owned by Washington Gas known as the “West Station Gas Works.” The letter requested site-related information and a formal investigation. DOEE approved the Site Investigation Work Plan on April 19, 2024. Washington Gas has accrued estimated costs for implementation of the work plan based on a range of potential expenditures.

NOTE 14. COMMITMENTS AND CONTINGENCIES

Commitments

Natural Gas Contracts — Minimum Commitments

At December 31, 2025, Washington Gas had service agreements with four pipeline companies that provide direct service for firm transportation and/or storage services. These agreements, which have expiration dates ranging from 2026 to 2045, require Washington Gas to pay fixed charges each month. Additionally, Washington Gas had agreements for other pipeline and peaking services with expiration dates ranging from 2026 to 2028. These agreements were entered into based on forecasted loads on the Washington Gas system. In addition, Washington Gas has agreements to purchase natural gas at variable market prices with current expiration dates ranging from 2026 to 2033.

The following table summarizes the minimum contractual payments that Washington Gas will make under its pipeline transportation, storage, and peaking contracts, as well as minimum contractual payments to purchase natural gas during the next five years and thereafter.

Washington Gas Contract Minimums

<i>(In millions)</i>	Pipeline Contracts ^(a)	Gas Purchase Commitments ^(b)
2026	\$ 330.8	\$ 327.8
2027	321.1	284.8
2028	267.2	229.9
2029	202.9	126.1
2030	107.5	124.7
Thereafter	313.9	180.9
Total	\$ 1,543.4	\$ 1,274.2

^(a) Represents minimum payments for natural gas transportation, storage and peaking contracts that have expiration dates through 2045.

^(b) Includes known and reasonably likely commitments to purchase natural gas. Cost estimates are based on forward market prices at December 31, 2025.

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When a customer selects a third-party marketer to supply their natural gas, Washington Gas generally assigns pipeline and storage capacity to unregulated third-party marketers to deliver gas to Washington Gas' City Gate. In order to provide the gas commodity to customers who do not select an unregulated third-party marketer, Washington Gas has a commodity acquisition plan to acquire the natural gas supply to serve the customers.

To the extent these commitments are to serve its customers, Washington Gas has rate provisions in each of its jurisdictions that would allow it to continue to recover these commitments in rates. Washington Gas also actively manages its supply portfolio to ensure its sales and supply obligations remain balanced. This reduces the likelihood that the contracted supply commitments would exceed supply obligations. However, to the extent Washington Gas were to determine that changes in regulation would cause it to discontinue recovery of these costs in rates, Washington Gas would be required to charge these costs to expense without any corresponding revenue recovery. If this occurred, depending upon the timing of the occurrence, the related impact on our financial position, results of operations, and cash flows would likely be significant.

Merger Commitments

In connection with the Merger in 2018, Washington Gas and AltaGas made commitments related to the terms of the PSC of DC settlement agreement and the conditions of approval from the PSC of MD and the SCC of VA. Among other things, these commitments included rate credits distributable to both residential and non-residential customers, gas expansion and other programs, various public interest commitments, and safety programs. At December 31, 2025, the remaining unpaid amount for the previously accrued merger commitments was \$0.1 million. Additionally, there are a number of operational commitments, including maintaining pre-merger quality of service standards including odor call response times, and increasing supplier diversity, as well as reporting and tracking related to all the commitments.

Contingencies

We account for contingent liabilities utilizing ASC Topic 450, Contingencies. By their nature, the amount of the contingency and the timing of a contingent event and any resulting accounting recognition are subject to our judgment of such events and our estimates of the amounts. Actual results related to contingencies may be difficult to predict and could differ significantly from the estimates included in reported earnings.

Regulatory Contingencies

Certain legal and administrative proceedings incidental to our business, including regulatory contingencies, involve Washington Gas. At December 31, 2025, we have recorded adequate provisions, as applicable, for probable losses or refunds to customers for regulatory contingencies related to any ongoing proceedings.

Financial Guarantees

At December 31, 2025, there were no guarantees issued on behalf of external parties.

NOTE 15. DERIVATIVES

Washington Gas enters into contracts that qualify as derivative instruments and are accounted for under ASC Topic 815, Derivatives and Hedging (ASC Topic 815). These derivative instruments are recorded at fair value on our balance sheets. Washington Gas does not currently designate any derivatives as hedges under ASC Topic 815. Washington Gas' derivative instruments relate to Washington Gas' asset optimization program and managing price risk associated with the purchase of gas to serve utility customers. In prior periods, we have also entered into derivatives to manage interest rate risk.

Asset Optimization Program. Washington Gas optimizes the value of its long-term natural gas transportation and storage capacity resources during periods when these resources are not being used to physically serve utility customers. Specifically, Washington Gas utilizes its transportation capacity assets to benefit from favorable natural gas prices between different geographic locations and utilizes its storage capacity assets to benefit from favorable natural gas prices between different time periods. As part of this asset optimization program, Washington Gas enters into physical and financial derivative transactions in the form of forward, futures and option contracts with the primary objective of securing operating margins that Washington Gas will ultimately realize. The derivative transactions entered into under this program are subject to mark-to-market accounting treatment.

Regulatory sharing mechanisms provide for the annual realized profit from these transactions to be shared between Washington Gas and our customers; therefore, changes in fair value are recorded through earnings, or as regulatory assets or liabilities to the extent that it is probable that realized gains and losses associated with these derivative transactions will be included in the rates charged to customers when they are realized. Unrealized gains and losses recorded to earnings may cause significant period-to-period volatility; this volatility does not change the operating margins that Washington Gas expects to ultimately realize from these transactions through the use of its storage and transportation capacity resources

The following table presents the net margins associated with asset optimization recorded to "Utility cost of gas".

Net Margins for Asset Optimization

<i>(In millions)</i>	Years Ended December 31,		
	2025	2024	2023
Realized margins	\$ 40.3	\$ 30.0	\$ 42.1
Unrealized gain (loss)	9.7	(5.3)	65.0
Net margin gain	\$ 50.0	\$ 24.7	\$ 107.1

Managing Price Risk. To manage price risk associated with acquiring natural gas supply for utility customers, Washington Gas enters into physical and financial derivative transactions in the form of forward, option and other contracts, as authorized by its regulators. Any gains and losses associated with these derivatives are recorded as regulatory liabilities or assets, respectively, to reflect the rate treatment for these economic hedging activities.

Notional Summary

The following table presents notional amounts of our outstanding derivatives at December 31, 2025, and 2024.

Absolute Notional Amounts of Open Positions on Derivative Instruments

	December 31, 2025	December 31, 2024
Natural Gas (In millions of therms)		
Sales	1,863.5	2,176.4
Purchases	4,368.5	5,173.3
Swaps	67.1	75.2

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Location, Fair Value and Offsetting of Derivative Assets and Liabilities Recognized in the Balance Sheets

The following table presents the balance sheet line items where derivatives are recognized. Washington Gas has elected to offset the fair value of recognized derivative instruments against the right to reclaim or the obligation to return collateral for derivative instruments executed under the same master netting arrangement in accordance with ASC Topic 815. All recognized derivative contracts and associated financial collateral subject to a master netting arrangement that is eligible for offset under ASC Topic 815 have been presented net on the balance sheets.

Balance Sheet Classification of Derivative Instruments

<i>(In millions)</i>	Gross amounts of recognized assets/ (liabilities)	Gross amounts offset in balance sheet	Netting of collateral	Net amounts presented on balance sheet
December 31, 2025				
Derivative assets ^(a)	\$ 94.6	\$ (46.9)	\$ —	\$ 47.7
Derivative liabilities ^(b)	(91.5)	46.9	(0.1)	(44.7)
Net derivative assets (liabilities)	\$ 3.1	\$ —	\$ (0.1)	\$ 3.0
December 31, 2024				
Derivative assets ^(a)	\$ 42.7	\$ (18.3)	\$ —	\$ 24.4
Derivative liabilities ^(b)	(67.4)	18.3	2.4	(46.7)
Net derivative assets (liabilities)	\$ (24.7)	\$ —	\$ 2.4	\$ (22.3)

^(a) Derivative assets at December 31, 2025 include \$5.6 million recorded in "Current assets — Derivatives" and \$42.1 million recorded in "Deferred charges and other assets — Derivatives" on Washington Gas' balance sheets; Derivative assets at December 31, 2024 include \$4.2 million recorded in "Current assets — Derivatives" and \$20.3 million recorded in "Deferred charges and other assets — Derivatives" on Washington Gas' balance sheets.

^(b) Derivative liabilities at December 31, 2025 include \$17.4 million recorded in "Current liabilities — Derivatives" and \$27.3 million recorded in "Deferred credits — Derivatives" on Washington Gas' balance sheets; Derivative liabilities at December 31, 2024 include \$11.6 million recorded in "Current liabilities — Derivatives" and \$35.1 million recorded in "Deferred credits — Derivatives" on Washington Gas' balance sheets.

Gains and (Losses) on Derivatives

The following tables present all gains and losses associated with derivative instruments.

Gains and (Losses) on Derivative Instruments

<i>(In millions)</i>	Years Ended December 31,		
	2025	2024	2023
Recorded to income — Utility cost of gas	\$ 10.8	\$ (8.4)	\$ 59.8
Recorded to regulatory assets — Gas costs	15.8	(1.0)	82.6
Total	\$ 26.6	\$ (9.4)	\$ 142.4

Collateral

Washington Gas utilizes standardized master netting agreements, which facilitate the netting of cash flows into a single net exposure for a given counterparty. As part of these master netting agreements, cash, letters of credit and parent company guarantees may be required to be posted or obtained from counterparties in order to mitigate credit risk related to both derivatives and non-derivative positions. Under Washington Gas' offsetting policy, collateral balances are offset against the related counterparties' derivative positions to the extent the application would not result in the over-collateralization of those derivative positions on the balance sheets. Any collateral posted that is not offset against derivative assets and liabilities is included in "Other prepayments" on the balance sheets. Collateral received and not offset against derivative assets and liabilities is included in "Customer deposits and advance payments" on the balance sheets.

At December 31, 2025, and 2024, Washington Gas had \$1.0 million and \$2.3 million, respectively, in collateral deposits posted with counterparties that are not offset against derivative assets and liabilities. At December 31, 2025, and 2024, Washington Gas had \$0.1 million and \$0.1 million, respectively, cash collateral held representing obligations that are not offset against derivative assets and liabilities.

Certain derivative instruments of Washington Gas contain contract provisions that require collateral to be posted if the credit rating of Washington Gas falls below certain levels or if counterparty exposure to Washington Gas exceeds a certain level (credit-risk-related contingent features). There was no such collateral posted at December 31, 2025, and 2024.

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The following table shows the aggregate fair value of all derivative instruments with credit-risk-related contingent features that are in a liability position, as well as the maximum amount of collateral that would be required if the most unfavorable credit-risk-related contingent features underlying these agreements were triggered on December 31, 2025, and 2024, respectively.

**Potential Collateral Requirements for Derivative Liabilities
with Credit-Risk-Related Contingent Features**

<i>(In millions)</i>	December 31, 2025	December 31, 2024
Derivative liabilities with credit-risk-related contingent features	\$ 30.7	\$ 31.0
Maximum potential collateral requirements	30.7	31.0

We do not enter into derivative contracts for speculative purposes.

Concentration of Credit Risk

We are exposed to credit risk from wholesale derivative counterparties, which is represented by the fair value of derivative instruments, the net receivable/payable outstanding for settled transactions and offsetting collateral posted at the reporting date. We actively monitor and work to minimize counterparty concentration risk through various practices. At December 31, 2025, two counterparties represented over 10% of Washington Gas' credit exposure to wholesale derivative counterparties for a total concentration of credit risk of \$38.4 million.

NOTE 16. FAIR VALUE MEASUREMENTS

We measure the fair value of our financial assets and liabilities using a combination of the income and market approaches in accordance with ASC Topic 820, Fair Value Measurement (ASC Topic 820). These financial assets and liabilities primarily consist of derivatives recorded on our balance sheets under ASC Topic 815 and short-term investments, commercial paper and long-term debt outstanding required to be disclosed at fair value. Under ASC Topic 820, fair value is defined as the exit price, representing the amount that would be received in the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. To value our financial instruments, we use market data or assumptions that market participants would use, including assumptions about credit risk (both our own credit risk and the counterparty's credit risk) and the risks inherent in the inputs to valuation.

We enter into derivative contracts in the futures and over-the-counter wholesale and retail markets. These markets are the principal markets for the respective wholesale and retail contracts. Our relevant market participants are our existing counterparties and others who have participated in energy transactions at our delivery points. These participants have access to the same market data as Washington Gas. Valuations are generally based on pricing service data or indicative broker quotes depending on the market location. We measure the net credit exposure at the counterparty level where the right to set-off exists. The net exposure is determined using the mark-to-market exposure adjusted for collateral, letters of credit and parent guarantees. We use published default rates from Standard & Poor's Ratings Services and Moody's Investors Service as inputs for determining credit adjustments.

ASC Topic 820 establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy under ASC Topic 820 are described below:

Level 1. Level 1 of the fair value hierarchy consists of assets or liabilities that are valued using observable inputs based upon unadjusted quoted prices in active markets for identical assets or liabilities at the reporting date. Included in this category are cash equivalents and restricted cash equivalents which are investments in money market funds and recorded on the balance sheets at fair value on a recurring basis.

Level 2. Level 2 of the fair value hierarchy consists of assets or liabilities that are valued using directly or indirectly observable inputs either corroborated with market data or based on exchange traded market data. Level 2 includes fair values based on industry-standard valuation techniques that consider various assumptions: (i) quoted forward prices, including the use of mid-market pricing within a bid/ask spread; (ii) discount rates; (iii) implied volatility and (iv) other economic factors. Substantially all of these assumptions are observable throughout the full term of the instrument, can be derived from observable data or are supported by observable levels at which transactions are executed in the relevant market. Level 2 financial assets and liabilities include energy-related physical and financial derivative transactions such as forward contracts for deliveries at active market locations. Other Level 2 financial instruments include commercial paper and unsecured notes. The carrying cost of our commercial paper approximates fair value. The fair value of Washington Gas' unsecured notes was estimated based on valuation techniques using indirectly observable inputs corroborated with market data.

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Level 3. Level 3 of the fair value hierarchy consists of assets or liabilities that are valued using significant unobservable inputs at the reporting date. These unobservable assumptions reflect our assumptions about estimates that market participants would use in pricing the asset or liability, including natural gas basis prices and annualized volatilities of natural gas prices. A significant change to any one of these inputs in isolation could result in a significant upward or downward fluctuation in the fair value measurement. These inputs may be used with industry standard valuation methodologies that result in our best estimate of fair value for the assets or liabilities at the reporting date.

Level 3 derivative assets and liabilities include: (i) physical contracts valued at illiquid market locations with no observable market data; (ii) long-dated positions where observable pricing is not available over the majority of the life of the contract; and (iii) contracts valued using historical spot price volatility assumptions.

Our level 2 and level 3 derivatives are recorded on the balance sheets at fair value on a recurring basis.

Other financial instruments including commercial paper and unsecured notes are recorded on the balance sheets at amortized cost. Due to the short-term nature of these instruments, the carrying value approximates fair value and are classified as Level 2.

The fair value of unsecured notes was estimated based on valuation techniques using indirectly observable inputs corroborated with market data and therefore is classified as Level 2.

Summary of Carrying Amounts and Fair Value of Financial Instruments

The following table summarizes the carrying amounts and fair value of financial assets and liabilities. A financial instrument's classification within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy.

Fair Value Under the Fair Value Hierarchy

<i>(In millions)</i>	Carrying Amount	Level 1	Level 2	Level 3	Total
At December 31, 2025					
Financial assets					
Fair value through net income					
Cash equivalents ^(a)	\$ 1.0	\$ 1.0	\$ —	\$ —	\$ 1.0
Rabbi trust investments - deferred ^(b)	2.1	2.1	—	—	2.1
Derivative asset - current	1.8	—	1.7	0.1	1.8
Derivative asset - deferred	18.5	—	0.1	18.4	18.5
Fair value through regulatory assets/liabilities					
Derivative asset - current	3.8	—	3.1	0.7	3.8
Derivative asset - deferred	23.6	—	—	23.6	23.6
Total Assets	\$ 50.8	\$ 3.1	\$ 4.9	\$ 42.8	\$ 50.8
Financial Liabilities					
Fair value through net income					
Derivative liabilities - current	(5.5)	—	(0.2)	(5.3)	(5.5)
Derivative liabilities - deferred	(9.8)	—	—	(9.8)	(9.8)
Fair value through regulatory assets/liabilities					
Derivative liabilities - current	(11.9)	—	(4.9)	(7.0)	(11.9)
Derivative liabilities - deferred	(17.5)	—	(4.9)	(12.6)	(17.5)
Amortized cost					
Commercial paper ^(c)	(158.7)	—	(158.7)	—	(158.7)
Current maturities of long-term debt	(53.0)	—	(53.0)	—	(53.0)
Unsecured notes ^(d)	(2,129.9)	—	(1,836.0)	—	(1,836.0)
Total Liabilities	\$ (2,386.3)	\$ —	\$ (2,057.7)	\$ (34.7)	\$ (2,092.4)

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Fair Value Under the Fair Value Hierarchy

<i>(In millions)</i>	Carrying Amount	Level 1	Level 2	Level 3	Total
At December 31, 2024					
Financial assets					
Fair value through net income					
Cash equivalents ^(a)	\$ 0.2	\$ 0.2	\$ —	\$ —	\$ 0.2
Rabbi trust investments - current ^(b)	1.3	1.3	—	—	1.3
Rabbi trust investments - deferred ^(b)	3.2	3.2	—	—	3.2
Derivative asset - current	1.4	—	0.5	0.9	1.4
Derivative asset - deferred	8.9	—	—	8.9	8.9
Fair value through regulatory assets/liabilities					
Derivative asset - current	2.8	—	0.7	2.1	2.8
Derivative asset - deferred	11.4	—	—	11.4	11.4
Total Assets	\$ 29.2	\$ 4.7	\$ 1.2	\$ 23.3	\$ 29.2
Financial Liabilities					
Fair value through net income					
Derivative liabilities - current	(3.3)	—	—	(3.3)	(3.3)
Derivative liabilities - deferred	(10.9)	—	—	(10.9)	(10.9)
Fair value through regulatory assets/liabilities					
Derivative liabilities - current	(8.3)	—	—	(8.3)	(8.3)
Derivative liabilities - deferred	(24.2)	—	—	(24.2)	(24.2)
Amortized cost					
Commercial paper ^(c)	(106.9)	—	(106.9)	—	(106.9)
Current maturities of long-term debt	(40.5)	—	(40.5)	—	(40.5)
Unsecured notes ^(d)	(2,083.2)	—	(1,771.5)	—	(1,771.5)
Total Liabilities	\$ (2,277.3)	\$ —	\$ (1,918.9)	\$ (46.7)	\$ (1,965.6)

^(a) Cash equivalents represent the amounts invested in money market funds and were included in "Cash and cash equivalents" on the accompanying balance sheets.

^(b) Rabbi trust investments are restricted cash equivalents, which are invested in money market funds. Amounts are included in "Current assets — Other" and "Deferred charges and other assets — Other" on the accompanying balance sheets.

^(c) The balance at December 31, 2025 includes \$158.7 million located in "Notes payable". The balance at December 31, 2024 includes \$6.9 million located in "Notes payable", and \$100.0 million located in "Long-term debt" on the accompanying balance sheets.

^(d) Includes unamortized discounts/premiums and unamortized debt expense, as applicable. The carrying amount is included in "Long-term debt" on the accompanying balance sheets.

Quantitative Information About Unobservable Inputs

The following table includes quantitative information about the significant unobservable inputs used in the fair value measurement of our Level 3 financial instruments and the respective fair values of the net derivative asset and liability positions.

Quantitative Information about Level 3 Fair Value Measurements

<i>(In millions)</i>	Net Fair Value	Valuation Techniques	Unobservable Inputs	Weighted Average ^(a)	Range
December 31, 2025	\$8.1	Discounted Cash Flow	Natural Gas Basis Price (per dekatherm)	\$(0.04)	\$(1.380)-\$4.490
December 31, 2024	\$(23.4)	Discounted Cash Flow	Natural Gas Basis Price (per dekatherm)	\$(0.23)	\$(1.390)-\$2.830

^(a) The average level 3 contract price was weighted by transaction volume.

Reconciliation of Level 3 Assets and Liabilities

The following table presents a reconciliation of changes in net fair value of Level 3 derivative instruments measured at fair value on a recurring basis.

<i>(In millions)</i>	Reconciliation of Fair Value Measurements Using Significant Level 3 Inputs		
	Years Ended December 31,		
	2025	2024	2023
Balance at beginning of period	\$ (23.4)	\$ (22.3)	\$ (191.5)
Realized and unrealized gains (losses)			
Recorded to income—Utility cost of gas	4.7	(7.0)	58.6
Recorded to regulatory assets—gas costs	7.1	0.8	77.3
Transfers out of Level 3	9.2	—	—
Settlements	10.5	5.1	33.3
Balance at end of period	\$ 8.1	\$ (23.4)	\$ (22.3)

Transfers out of level 3 during the year ended December 31, 2025 occurred due to increased observable inputs based on contract expiration dates. All amounts recorded to income are included in Utility cost of gas.

The following table presents the unrealized gains (losses) attributable to Level 3 derivative instruments measured at fair value on a recurring basis.

<i>(In millions)</i>	Unrealized Gains (Losses) Recorded for Level 3 Measurements		
	Years Ended December 31,		
	2025	2024	2023
Recorded to income — Utility cost of gas	\$ 5.3	\$ (4.0)	\$ 50.8
Recorded to regulatory assets — Gas costs	7.4	1.9	72.8
Total	\$ 12.7	\$ (2.1)	\$ 123.6

NOTE 17. RELATED PARTY TRANSACTIONS

Financing Agreement with WGL

Washington Gas has an agreement to borrow up to \$200 million on a short-term basis from WGL. The agreement extends through December 31, 2028. The financing agreement is in place for the Company to meet its seasonal borrowing needs and to maintain financial flexibility. Washington Gas had no outstanding balance with WGL as of December 31, 2025, and 2024.

Corporate Services

As a subsidiary of AltaGas, Washington Gas is allocated a proportionate share of corporate governance and other shared service costs from AltaGas. AltaGas allocates WGL's portion of the total shared service costs at the lower of cost or market to ASUS, and ASUS in turn allocates a portion of the costs to ASUS's subsidiaries including Washington Gas at lower of cost or market. Washington Gas records a payable for the total shared service costs allocated from WGL's other subsidiaries in "Payables to associated companies" and a receivable for the shared service costs allocated to WGL's other subsidiaries in "Receivables from associated companies" on our balance sheets. Additionally, Washington Gas receives certain corporate services from SEMCO that are recorded as a payable in "Payable to associated companies" on our balance sheets. The expenses associated with services provided by AltaGas and SEMCO are recorded to "Operation and maintenance" on Washington Gas' statements of operations.

Expenses of \$34.1 million, \$30.3 million and \$27.8 million were included in "Operation and maintenance" in the statements of operations for the years ended December 31, 2025, 2024, and 2023, respectively, reflecting the corporate service cost allocated to Washington Gas.

In addition, Washington Gas reimburses AltaGas for certain outside service costs paid on behalf of Washington Gas. To the extent such billings are outstanding and not eliminated, they are reflected in "Payables to associated companies" on Washington Gas' balance sheets.

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Washington Gas also provides administrative and general support to AltaGas and its subsidiaries. Washington Gas bills affiliates to which it provides services in accordance with regulatory requirements for the actual cost of providing these services, which approximates their market value. To the extent such billings are outstanding, they are reflected in “Receivables from associated companies” on Washington Gas’ balance sheets. Washington Gas assigns or allocates these costs directly to its affiliates and, therefore, does not recognize revenues or expenses associated with providing these services. For certain expenses related to common services, Washington Gas allocates costs based on broad measures of business activity. Affiliate entities are allocated a portion of common services based on a formula driven by appropriate indicators of activity, as approved by management.

Related Party Transactions with Hampshire

Hampshire, a wholly owned subsidiary of WGL, owns full and partial interests in underground natural gas storage facilities, including pipeline delivery facilities located in and around Hampshire County, West Virginia, and operates those facilities to serve Washington Gas, which purchases all of the storage services of Hampshire. Washington Gas includes the cost of these services in the bills sent to its customers. Hampshire operates under a “pass-through” cost of service-based tariff approved by the FERC and adjusts its billing rates to Washington Gas on a periodic basis to account for changes in its investment in utility plant and associated expenses. The arrangement between Hampshire and Washington Gas is classified as an operating lease. A right of use asset and lease liability were not recognized upon the adoption of ASC Topic 842, Leases, because all the costs associated with the arrangement are variable. Washington Gas recorded expense of \$10.7 million, \$1.2 million, and \$11.3 million related to the cost of services provided by Hampshire in "Operation and maintenance " on Washington Gas' statements for the years ended December 31, 2025, 2024, and 2023, respectively. These amounts are fully offset in Utility cost of gas. The outstanding balance not cleared between Washington Gas and Hampshire at the end of the reporting period was recorded in "Payable to associated companies" on Washington Gas' balance sheets.

Other Related Party Transactions

In connection with billing for unregulated third-party marketers, including WGL Energy Services, and with other miscellaneous billing processes, Washington Gas collects cash on behalf of affiliates and transfers the cash to the affiliates in a reasonable time period. Cash collected by Washington Gas on behalf of its affiliates but not yet transferred is recorded in “Payables to associated companies” on Washington Gas’ balance sheets.

Washington Gas provides gas balancing services related to storage, injections, withdrawals, and deliveries to all third-party marketers participating in the sale of natural gas on an unregulated basis through the customer choice programs that operate in its service territory. Washington Gas records revenues in "Operating revenues" in its statements of operations for these balancing services pursuant to tariffs approved by the appropriate regulatory bodies. Washington Gas charged WGL Energy Services for balancing services of \$21.3 million, \$19.6 million, and \$21.3 million for the years ended December 31, 2025, 2024, and 2023, respectively.

Washington Gas participates in a POR program as approved by the PSC of MD and a separate program approved by the PSC of DC, whereby Washington Gas purchases receivables from participating third-party marketers at approved discount rates. WGL Energy Services is one of the third-party marketers that participates in these POR programs and sells its receivables to various utilities, including Washington Gas, at approved discount rates. The receivables purchased by Washington Gas are included in “Receivables” in the accompanying balance sheets. At December 31, 2025, and 2024, Washington Gas had balances of \$9.5 million and \$10.6 million, respectively, of purchased receivables from WGL Energy Services.

Refer to Note 10 — *Income Taxes* of the Notes to financial statements for discussions of related party income taxes.

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NOTE 18. ACCUMULATED OTHER COMPREHENSIVE INCOME

The following table shows the changes in accumulated other comprehensive income for Washington Gas by component.

Changes in Accumulated Other Comprehensive Income by Component

<i>(In thousands)</i>	Years Ended December 31,		
	2025	2024	2023
Beginning Balance	\$ 1,943	\$ 2,949	\$ 1,906
Amortization of prior service credit ^{(a)(b)}	(286)	(263)	(200)
Amortization of actuarial loss ^{(a)(b)}	(20)	(90)	(51)
Actuarial gain (loss) arising during the period ^(a)	40	133	1,653
Settlement ^(b)	(951)	(1,158)	—
Current-period other comprehensive income (loss)	\$ (1,217)	\$ (1,378)	\$ 1,402
Income tax expense (benefit) related to pension and other post-retirement benefit plans	(295)	(372)	359
Ending Balance	\$ 1,021	\$ 1,943	\$ 2,949

^(a) These accumulated other comprehensive income components are included in the computation of net periodic benefit cost.

^(b) Represent the amounts reclassified out of accumulated other comprehensive income to "Other income - net" in the statements of operations for the reporting periods.

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NOTE 19. SUPPLEMENTAL CASH FLOW INFORMATION

The following table details the changes in operating assets and liabilities from operating activities, cash payments that have been included in the determination of earnings and non-cash investing and financing activities.

<i>(In thousands)</i>	Years Ended December 31,		
	2025	2024	2023
CHANGES IN OPERATING ASSETS AND LIABILITIES			
Receivables	\$ (107,817)	\$ (23,144)	\$ 172,573
Receivables from/Payable to associated companies — net	(22,255)	7,598	(4,703)
Gas costs and other regulatory assets/liabilities — net	75,915	(19,250)	(89,645)
Inventory	(15,778)	36,179	108,262
Prepaid taxes	1,132	(3,853)	13,297
Accounts payable and other accrued liabilities	23,468	18,512	(143,837)
Customer deposits and advance payments	(278)	(2,427)	12,311
Accrued taxes	2,566	(10,653)	13,427
Other current assets	(1,938)	(5,046)	(2,928)
Other current liabilities	17,107	138	(23)
Deferred gas costs — net	(12,095)	(18,026)	29,500
Deferred assets — other	47,035	(51,122)	(68,214)
Deferred liabilities — other	(50,640)	81,904	21,527
Pension and other post-retirement benefits	(3,052)	(392)	(9,006)
Changes in operating assets and liabilities	\$ (46,630)	\$ 10,418	\$ 52,541
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION ^{(a)(b)}			
Interest paid, including interest for finance leases	\$ 102,354	\$ 101,015	\$ 94,125
SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING AND FINANCING ACTIVITIES ^(a)			
Capital expenditure accruals included in accounts payable and other accrued liabilities	\$ 100,786	\$ 71,123	\$ 39,262

^(a) Refer to Note 5 — Leases for additional supplemental cash flow disclosure related to leases.

^(b) Washington Gas has not paid income taxes for the years ended 2025, 2024, and 2023.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within Washington Gas' balance sheets that sums to the total of such amounts shown on the statements of cash flows.

<i>(In thousands)</i>	December 31,		
	2025	2024	2023
Cash and cash equivalents	\$ 18,759	\$ 13,740	\$ 16,742
Restricted cash included in Current assets — Other	—	1,308	1,963
Restricted cash included in Deferred charges and other assets — Other	2,145	3,196	4,493
Total cash, cash equivalents and restricted cash shown in the statement of cash flows	\$ 20,904	\$ 18,244	\$ 23,198

Restricted cash included in "Current assets — Other" and "Deferred charges and other assets — Other" on the balance sheets represents the amount of investment in rabbi trusts to fund deferred compensation, pension, and other post-retirement benefits for certain management personnel and directors. The funds are invested in money market funds at December 31, 2025, and 2024. Refer to Note 11 — Pension and Other Post-Retirement Benefit Plans for further discussion of the rabbi trusts.

NOTE 20. SUBSEQUENT EVENTS

Subsequent events have been reviewed through March 5, 2026, the date these financial statements were issued.