# Washington Gas Light Company

## Quarterly Financial Report

For the Quarter Ended September 30, 2026

# Washington Gas Light Company

**For the Quarter Ended September 30, 2026**

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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 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. For a more detailed discussion, please refer to the Safe Harbor for Forward-Looking Statements in the Washington Gas Annual Report for the year ended December 31, 2025 (Annual Report) available at www.washingtongas.com/about/corporate-governance#financial-reports and the Forward-Looking Information and Statements and Risk Factors sections of AltaGas' 2025 Annual Information Form and the Forward-Looking Information and Statements section of AltaGas' Management's Discussion and Analysis for the period ended September 30, 2026 for a more detailed discussion, which are available on SEDAR+ at www.sedarplus.ca.

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 Quarterly Financial 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 (PROJECT*pipes* and District SAFE 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 and the parent company of certain of AltaGas' US Subsidiaries, including Washington Gas and WGL. Effective October 2, 2026, ASUS was merged into AltaGas Services (U.S.) LLC.

***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.

***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***.

***District Strategic Accelerated Facility Enhancement (District SAFE):*** An APRP that will provide a recovery mechanism for costs of eligible infrastructure replacements in the District of Columbia, pending Commission approval.

***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.

***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.

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

***MD OPC:*** Maryland Office of People's Counsel represents the interests of Maryland residential utility consumers of electricity, natural gas, telecommunications and private water services in state and federal regulatory and legislative proceedings.

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

***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.

***Next Generation Energy Act (NGEA)***: A 2025 Maryland law requiring, among other things, gas companies to include additional information in their applications to participate in Maryland's advanced pipeline replacement program (STRIDE) including information on alternatives to replacement.

***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.

***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.

***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.

**Washington Gas Light Company**
**Condensed Balance Sheets (Unaudited)**
Financial Statements

| *(In thousands)* | **September 30, 2026** | December 31, 2025 |
|---|---|---|
| **ASSETS** | | |
| **Property, Plant and Equipment** | | |
| At original cost | **$ 8,923,865** | $ 8,558,922 |
| Accumulated depreciation and amortization | **(2,285,528)** | (2,177,944) |
| Net property, plant and equipment | **6,638,337** | 6,380,978 |
| **Current Assets** | | |
| Cash and cash equivalents | **7,684** | 18,759 |
| Receivables (net of allowance of $21,267 and $19,548, respectively) | **193,922** | 477,730 |
| Gas costs and other regulatory assets | **58,733** | 42,247 |
| Inventory | **117,018** | 116,016 |
| Prepaid taxes | **27,092** | 9,472 |
| Other prepayments | **14,183** | 32,117 |
| Receivables from associated companies | **2,488** | 29,646 |
| Derivatives | **14,279** | 5,566 |
| Other | **260** | 252 |
| Total current assets | **435,659** | 731,805 |
| **Deferred Charges and Other Assets** | | |
| Regulatory assets | | |
| Gas costs | **2,524** | 60,014 |
| Pension and other post-retirement benefits | **1,784** | 647 |
| Excess deferred taxes and other | **99,003** | 114,565 |
| Prepaid pension and other post-retirement benefits | **605,788** | 582,084 |
| Operating lease right of use asset | **29,102** | 31,582 |
| Derivatives | **46,953** | 42,106 |
| Other | **20,449** | 24,390 |
| Total deferred charges and other assets | **805,603** | 855,388 |
| **Total Assets** | **$ 7,879,599** | $ 7,968,171 |
| **CAPITALIZATION AND LIABILITIES** | | |
| **Capitalization** | | |
| Common shareholder's equity | **$ 2,726,276** | $ 2,671,477 |
| Long-term debt | **2,273,140** | 2,141,869 |
| Total capitalization | **4,999,416** | 4,813,346 |
| **Current Liabilities** | | |
| Current maturities of long-term debt | **130,819** | 57,241 |
| Notes payable | **10,000** | 158,687 |
| Accounts payable and other accrued liabilities | **263,297** | 395,661 |
| Customer deposits and advance payments | **62,673** | 55,069 |
| Gas costs and other regulatory liabilities | **40,300** | 112,990 |
| Accrued taxes | **27,816** | 28,821 |
| Payables to associated companies | **19,283** | 20,812 |
| Operating lease liability | **6,039** | 6,385 |
| Derivatives | **16,788** | 17,376 |
| Other | **6,262** | 23,904 |
| Total current liabilities | **583,277** | 876,946 |
| **Deferred Credits** | | |
| Deferred income taxes | **1,318,905** | 1,234,771 |
| Accrued pensions and benefits | **15,147** | 16,161 |
| Asset retirement obligations | **244,905** | 237,102 |
| Regulatory liabilities | | |
| Accrued asset removal costs | **184,385** | 194,907 |
| Pension and other post-retirement benefits | **141,506** | 172,874 |
| Excess deferred taxes and other | **303,034** | 315,437 |
| Operating lease liability | **36,526** | 39,680 |
| Derivatives | **20,263** | 27,300 |
| Other | **32,235** | 39,647 |
| Total deferred credits | **2,296,906** | 2,277,879 |
| **Commitments and Contingencies (Note 10)** | | |
| **Total Capitalization and Liabilities** | **$ 7,879,599** | $ 7,968,171 |

*The accompanying notes are an integral part of these statements.*

**Washington Gas Light Company**
**Condensed Statements of Operations (Unaudited)**
Financial Statements (continued)

| *(In thousands)* | **Three Months Ended September 30,** | | **Nine Months Ended September 30,** | |
|---|---|---|---|---|
| | **2026** | 2025 | **2026** | 2025 |
| **OPERATING REVENUES** | **$ 216,138** | $ 185,341 | **$ 1,236,743** | $ 1,213,524 |
| **OPERATING EXPENSES** | | | | |
| Utility cost of gas | **40,947** | 16,953 | **338,159** | 392,886 |
| Operation and maintenance | **116,876** | 107,332 | **351,521** | 328,235 |
| Depreciation and amortization | **53,501** | 46,221 | **151,598** | 137,539 |
| General taxes and other assessments | **36,191** | 34,418 | **144,952** | 140,664 |
| **Total Operating Expenses** | **247,515** | 204,924 | **986,230** | 999,324 |
| **OPERATING INCOME (LOSS)** | **(31,377)** | (19,583) | **250,513** | 214,200 |
| Other income — net | **6,423** | 11,872 | **50,560** | 35,537 |
| Interest expense | **26,520** | 26,306 | **79,142** | 78,176 |
| **INCOME (LOSS) BEFORE INCOME TAXES** | **(51,474)** | (34,017) | **221,931** | 171,561 |
| **INCOME TAX EXPENSE (BENEFIT)** | **(15,820)** | (8,336) | **54,302** | 40,797 |
| **NET INCOME (LOSS)** | **$ (35,654)** | $ (25,681) | **$ 167,629** | $ 130,764 |

*The accompanying notes are an integral part of these statements.*

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

| *(In thousands)* | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | **2026** | 2025 | **2026** | 2025 |
| **NET INCOME (LOSS)** | **$ (35,654)** | $ (25,681) | **$ 167,629** | $ 130,764 |
| **OTHER COMPREHENSIVE LOSS, BEFORE INCOME TAXES** | | | | |
| **Pension and other post-retirement benefit plans** | | | | |
| Change in prior service credit | **85** | (73) | **(61)** | (219) |
| Change in actuarial gains and losses | **25** | (5) | **(4)** | (17) |
| Settlement | **—** | — | **(385)** | — |
| Total pension and other post-retirement benefit plans | **$ 110** | $ (78) | **$ (450)** | $ (236) |
| **INCOME TAX EXPENSE (BENEFIT) RELATED TO OTHER COMPREHENSIVE INCOME (LOSS)** | **29** | (20) | **(120)** | (63) |
| **OTHER COMPREHENSIVE INCOME (LOSS)** | **$ 81** | $ (58) | **$ (330)** | $ (173) |
| **COMPREHENSIVE INCOME (LOSS)** | **$ (35,573)** | $ (25,739) | **$ 167,299** | $ 130,591 |

*The accompanying notes are an integral part of these statements.*

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

| *(In thousands)* | Nine Months Ended September 30, **2026** | 2025 |
|---|---|---|
| **OPERATING ACTIVITIES** | | |
| Net income | **167,629** | $ 130,764 |
| ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | |
| Depreciation and amortization | **151,598** | 137,539 |
| Amortization of: | | |
| Other regulatory assets and liabilities — net | **9,270** | 7,083 |
| Debt related costs | **628** | 686 |
| Deferred income taxes — net | **74,843** | 55,230 |
| Accrued/deferred pension and other post-retirement benefits | **(54,117)** | (31,622) |
| Compensation expense related to stock-based awards | **10,970** | 14,583 |
| Provision for credit losses | **14,177** | 11,996 |
| Unrealized gain on derivative contracts | **(8,182)** | (5,351) |
| Net loss from sale of assets | **—** | 1,400 |
| Other non-cash charges — net | **230** | 1,299 |
| Changes in operating assets and liabilities (Note 15) | **79,709** | 110,774 |
| Net Cash Provided by Operating Activities | **446,755** | 434,381 |
| **FINANCING ACTIVITIES** | | |
| Long-term debt issued | **200,000** | 100,000 |
| Repayment of long-term debt and finance lease | **(4,147)** | (43,970) |
| Debt issuance costs | **(900)** | (615) |
| Notes payable repaid — net | **(148,687)** | (106,886) |
| Dividends on common stock | **(112,500)** | (93,750) |
| Net Cash Used in Financing Activities | **(66,234)** | (145,221) |
| **INVESTING ACTIVITIES** | | |
| Capital expenditures | **(391,901)** | (293,029) |
| Net Cash Used in Investing Activities | **(391,901)** | (293,029) |
| **DECREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH** | **(11,380)** | (3,869) |
| Cash, Cash Equivalents, and Restricted Cash at Beginning of the Period | **20,904** | 18,244 |
| **Cash, Cash equivalents and Restricted Cash at End of the Period** | **$ 9,524** | $ 14,375 |
| **SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION (Note 15)** | | |

*The accompanying notes are an integral part of these statements.*

## NOTE 1. ACCOUNTING POLICIES

### Basis of Presentation

Washington Gas is an indirect, wholly 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.

The condensed financial statements have been prepared in conformity with GAAP. Certain financial information and note disclosures that accompany annual financial statements are omitted in this interim report. The condensed financial statements and accompanying notes should be read in conjunction with the Annual Report. Due to the seasonal nature of our business, the results of operations for the periods presented in this report are not necessarily indicative of full year results.

The accompanying condensed financial statements for Washington Gas reflect all normal recurring adjustments that are necessary, in our opinion, to present fairly the results of operations in accordance with GAAP.

For a complete description of our significant accounting policies, refer to Note 1 — *Accounting Policies* of the Notes to Financial Statements of the Annual Report. We include herein certain updates to those policies.

### Accounting Standards Adopted in the Calendar Year and Other Newly Issued Accounting Standards

The following table represents accounting standards adopted by Washington Gas during the nine months ended September 30, 2026, and other newly issued accounting standards that will be adopted by Washington Gas in the future.

**ACCOUNTING STANDARDS ADOPTED IN 2026**

| Standard | Description | Date of adoption | Effect on the financial statements or other significant matters |
|---|---|---|---|
| *ASU 2025-05, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets* | 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. | January 1, 2026 | The adoption of this ASU did not have a material impact on Washington Gas' financial statements. |

**OTHER NEWLY ISSUED ACCOUNTING STANDARDS**

| Standard | Description | Required date of adoption | Effect on the financial statements or other significant matters |
|---|---|---|---|
| *ASU 2026-02, Environmental Credits and Environmental Credit Obligations (Topic 818)* | This ASU establishes guidance for the recognition, measurement, presentation, and disclosure of environmental credits and environmental credit obligations ("ECOs"). The standard introduces a model for recognizing environmental credits based on intended use and requires entities to recognize ECOs as regulatory compliance obligations are incurred. The ASU also requires gross presentation of environmental credits and ECOs, as well as enhanced disclosure requirements. | January 1, 2028 | Washington Gas is currently evaluating the impact of this ASU on its financial statements. |
| *ASU 2023-06, Disclosure Improvements* | 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. |
| *ASU 2024-03, Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40)* | 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. | This ASU is effective for annual reporting periods beginning after December 15, 2026, and for interim reporting periods beginning after December 15, 2027. | Upon adoption of this standard, we will update our notes to the financial statements accordingly. |

| | | | |
|---|---|---|---|
| *ASU 2025-06, Intangibles —Goodwill and Other— Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software* | 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. | January 1, 2028 | The adoption of this ASU is not expected to have a material impact on Washington Gas' financial statements. |
| *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* | 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. | January 1, 2027 | The adoption of this ASU is not expected to have a material impact on Washington Gas' financial statements. |
| *ASU 2025-09, Derivatives and Hedging (Topic 815): Hedge Accounting Improvements* | 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. | January 1, 2027 | Washington Gas is currently evaluating the impact of this ASU on its financial statements. |

| | | | |
|---|---|---|---|
| *ASU 2025-10, Government Grants (Topic 832): Accounting for Government Grants Received by Business Entities* | 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. | January 1, 2029 | The adoption of this ASU is not expected to have a material impact on Washington Gas' financial statements. |
| *ASU 2025-11, Interim Reporting (Topic 270): Narrow-Scope Improvements* | 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 a 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. | January 1, 2028 | The adoption of this ASU is not expected to have a material impact on Washington Gas' financial statements. |

## 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.

**Disaggregated Revenue by Type of Service**

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| *(In millions)* | **2026** | 2025 | **2026** | 2025 |
| **Revenue from contracts with customers** | | | | |
| Gas and transportation sales | | | | |
| Gas sold and delivered | **$ 139.5** | $ 107.4 | **$ 947.3** | $ 886.1 |
| Gas delivered for others | **46.8** | 39.8 | **228.9** | 220.0 |
| Other[(a)] | **17.7** | 14.8 | **12.9** | 34.9 |
| Other revenues | **1.1** | 1.2 | **3.0** | 3.6 |
| **Total revenue from contracts with customers** | **$ 205.1** | $ 163.2 | **$ 1,192.1** | $ 1,144.6 |
| **Other sources of revenue** | | | | |
| Revenue from alternative revenue programs[(b)] | **$ 8.4** | $ 19.7 | **$ 33.3** | $ 58.3 |
| Leasing revenue | **0.3** | 0.2 | **1.0** | 0.7 |
| Other | **2.3** | 2.2 | **10.3** | 9.9 |
| **Total revenue from other sources** | **$ 11.0** | $ 22.1 | **$ 44.6** | $ 68.9 |
| **Total Operating Revenue** | **$ 216.1** | $ 185.3 | **$ 1,236.7** | $ 1,213.5 |

*[(a)] During the nine months ended September 30, 2026, Washington Gas credited $21.5 million to customers and competitive service providers for a rate refund from an interstate pipeline.*

*[(b)] 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.*

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. Unbilled revenues of $41.6 million and $154.5 million are included within "Receivables" on Washington Gas' balance sheets at September 30, 2026, and December 31, 2025, respectively.

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 requirements 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 11 — *Derivatives* for a further discussion of our asset optimization program. At September 30, 2026, and December 31, 2025, the allowance for credit losses associated with outstanding receivables under the asset optimization program was not significant.

***Allowance for Credit Losses.*** As of September 30, 2026, 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 September 30, 2026, 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.

| | **Three Months Ended September 30,** | | **Nine Months Ended September 30,** | |
|---|---|---|---|---|
| *(In millions)* | **2026** | 2025 | **2026** | 2025 |
| **Balance, beginning of period** | **$ 24.5** | $ 21.5 | **$ 19.5** | $ 17.9 |
| Provision | **2.2** | 1.7 | **14.2** | 12.0 |
| Write offs | **(5.9)** | (7.4) | **(14.1)** | (15.5) |
| Recoveries | **0.5** | 0.6 | **1.7** | 2.0 |
| **Balance, end of period** | **$ 21.3** | $ 16.4 | **$ 21.3** | $ 16.4 |

## NOTE 4. INVENTORY

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

| *(In millions)* | **September 30, 2026** | December 31, 2025 |
|---|---|---|
| Materials and supplies | **$ 19.0** | $ 20.9 |
| Storage gas | **98.0** | 95.1 |
| Total | **$ 117.0** | $ 116.0 |

## NOTE 5. 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.

| *(In millions)* | **September 30, 2026** | December 31, 2025 |
|---|---|---|
| Accounts payable—trade | **$ 173.7** | $ 284.2 |
| Employee related accruals | **54.3** | 59.2 |
| Accrued interest | **19.2** | 23.3 |
| Other accrued liabilities | **16.1** | 29.0 |
| Total | **$ 263.3** | $ 395.7 |

## NOTE 6. SHORT-TERM DEBT

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 a bank credit facility 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 September 30, 2026 and December 31, 2025.

**Committed Credit Available**

| *(In millions)* | **September 30, 2026** | December 31, 2025 |
|---|---|---|
| **Committed credit agreements** | | |
| Unsecured revolving credit facility, expires June 27, 2030[(a)] | **$ 450.0** | $ 450.0 |
| Less: Commercial Paper outstanding[(b)] | **(10.0)** | (158.7) |
| **Net committed credit available** | **$ 440.0** | $ 291.3 |
| Weighted average interest rate[(c)] | **4.07 %** | 3.93 % |

*[(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 the carrying amount of commercial paper, which is classified as "Notes payable" on Washington Gas' balance sheets.*
*[(c)] Weighted average interest rate on outstanding commercial paper.*

At September 30, 2026 and December 31, 2025, there were no outstanding bank loans from Washington Gas' revolving credit facility.

## NOTE 7. LONG-TERM DEBT

Washington Gas has unsecured long-term debt in the form of MTNs and private placement notes with individual terms regarding interest rates, maturities and call or put options.

The following table shows the long-term debt outstanding at September 30, 2026 and December 31, 2025.

**Long Term Debt Outstanding**

| *(In millions)* | **September 30, 2026** | December 31, 2025 |
|---|---|---|
| Washington Gas Unsecured Notes[(a)] | **$ 2,385.5** | $ 2,185.5 |
| Unamortized premium - net | **10.0** | 10.3 |
| Unamortized debt expense | **(13.3)** | (12.9) |
| Non-current finance lease liabilities | **15.9** | 12.0 |
| Less-current maturities | **125.0** | 53.0 |
| **Total Carrying Amount of Long-Term Debt** | **$ 2,273.1** | $ 2,141.9 |
| Weighted average interest rate[(b)] | **4.68 %** | 4.58 % |

*[(a)] Includes MTNs and private placement notes. The amount represents the face value of unsecured notes including current maturities.*
*[(b)] Weighted average interest rate is for unsecured notes including current maturities.*

On September 15, 2026, Washington Gas issued $200 million in private placement notes. $100 million of these notes were issued at 5.42 percent with a maturity date of September 15, 2036, and the remaining $100 million were issued at 6.03 percent with a maturity date of September 15, 2056. The proceeds will be used to repay existing indebtedness and for general corporate purposes. There were no retirements for the nine months ended September 30, 2026.

On April 1, 2025, Washington Gas issued $100 million in private placement notes with a 4.84 percent coupon, due on April 1, 2035, as part of the note purchase agreement executed on October 1, 2024. During the nine months ended September 30, 2025, Washington Gas retired a $40.5 million private placement note which was issued at 5.44 percent with a maturity date of August 11, 2025.

## NOTE 8. COMPONENTS OF TOTAL EQUITY

| *(In thousands)* | Common Stock[(a)] | Paid-In Capital | Retained Earnings | Accumulated Other Comprehensive Income, Net of Taxes | Total |
|---|---|---|---|---|---|
| **Three Months Ended September 30, 2026** | | | | | |
| Balance at June 30, 2026 | **$ 46,479** | **$ 1,555,773** | **$1,196,487** | **$ 610** | **$ 2,799,349** |
| Net loss | **—** | **—** | **(35,654)** | **—** | **(35,654)** |
| Other comprehensive income | **—** | **—** | **—** | **81** | **81** |
| Common stock dividends declared | **—** | **—** | **(37,500)** | **—** | **(37,500)** |
| **Balance at September 30, 2026** | **$ 46,479** | **$ 1,555,773** | **$1,123,333** | **$ 691** | **$ 2,726,276** |
| Three Months Ended September 30, 2025 | | | | | |
| Balance at June 30, 2025 | $ 46,479 | $ 1,555,773 | $1,041,007 | $ 1,828 | $ 2,645,087 |
| Net loss | — | — | (25,681) | — | (25,681) |
| Other comprehensive loss | — | — | — | (58) | (58) |
| Common stock dividends declared | — | — | (31,250) | — | (31,250) |
| Balance at September 30, 2025 | $ 46,479 | $ 1,555,773 | $ 984,076 | $ 1,770 | $ 2,588,098 |
| **Nine Months Ended September 30, 2026** | | | | | |
| Balance at December 31, 2025 | **$ 46,479** | **$ 1,555,773** | **$1,068,204** | **$ 1,021** | **$ 2,671,477** |
| Net income | **—** | **—** | **167,629** | **—** | **167,629** |
| Other comprehensive loss | **—** | **—** | **—** | **(330)** | **(330)** |
| Common stock dividends declared | **—** | **—** | **(112,500)** | **—** | **(112,500)** |
| **Balance at September 30, 2026** | **$ 46,479** | **$ 1,555,773** | **$1,123,333** | **$ 691** | **$ 2,726,276** |
| Nine Months Ended September 30, 2025 | | | | | |
| Balance at December 31, 2024 | $ 46,479 | $ 1,555,773 | $ 947,062 | $ 1,943 | $ 2,551,257 |
| Net income | — | — | 130,764 | — | 130,764 |
| Other comprehensive loss | — | — | — | (173) | (173) |
| Common stock dividends declared | — | — | (93,750) | — | (93,750) |
| Balance at September 30, 2025 | $ 46,479 | $ 1,555,773 | $ 984,076 | $ 1,770 | $ 2,588,098 |

[(a)] *Includes 46,479,536 shares of common stock.*

## NOTE 9. PENSION AND OTHER POST-RETIREMENT BENEFIT PLANS

The following table shows the components of the net periodic benefit costs (income) recognized in our financial statements.

**Components of Net Periodic Benefit Costs (Income)[(a)]**

| **Three Months Ended September 30,** | **2026** | | **2025** | |
|---|---|---|---|---|
| *(In millions)* | **Pension Benefits** | **Health and Life Benefits** | Pension Benefits | Health and Life Benefits |
| Service cost | **$ 0.9** | **$ 0.1** | $ 1.5 | $ 0.4 |
| Interest cost | **9.8** | **(1.0)** | 10.7 | 1.5 |
| Expected return on plan assets | **(11.4)** | **(10.3)** | (12.7) | (7.5) |
| Recognized prior service cost (credit) | **—** | **2.7** | — | (3.7) |
| Recognized actuarial loss (gain) | **—** | **0.5** | — | (0.3) |
| **Net periodic benefit cost income** | **(0.7)** | **(8.0)** | (0.5) | (9.6) |
| Allocation to affiliates | **—** | **0.5** | — | 0.3 |
| **Adjusted net periodic benefit cost income** | **(0.7)** | **(7.5)** | (0.5) | (9.3) |
| Service cost capitalized to construction projects | **(0.2)** | **(0.1)** | (0.4) | (0.2) |
| **Amount credited to expense** | **$ (0.9)** | **$ (7.6)** | $ (0.9) | $ (9.5) |

| **Nine Months Ended September 30,** | **2026** | | **2025** | |
|---|---|---|---|---|
| *(In millions)* | **Pension Benefits** | **Health and Life Benefits** | Pension Benefits | Health and Life Benefits |
| Service cost | **$ 3.6** | **$ 1.0** | $ 4.1 | $ 1.4 |
| Interest cost | **31.1** | **1.8** | 32.0 | 4.6 |
| Expected return on plan assets | **(36.7)** | **(25.5)** | (38.0) | (22.7) |
| Recognized prior service credit | **—** | **(4.8)** | — | (11.2) |
| Recognized actuarial gain | — | — | — | (1.0) |
| Settlement gain[(b)] | **—** | **(25.8)** | — | — |
| **Net periodic benefit income** | **(2.0)** | **(53.3)** | (1.9) | (28.9) |
| Allocation to affiliates | **—** | **1.1** | — | 0.8 |
| **Adjusted net periodic benefit income** | **(2.0)** | **(52.2)** | (1.9) | (28.1) |
| Service cost capitalized to construction projects | **(0.9)** | **(0.3)** | (1.0) | (0.6) |
| **Amount credited to expense** | **$ (2.9)** | **$ (52.5)** | $ (2.9) | $ (28.7) |

*[(a)] The components of net benefit costs (income), other than service cost, are recorded in "Other income - net" on the statements of operations.*

*[(b)] During the nine months ended September 30, 2026, the Company purchased a guaranteed life insurance funding account from an insurance carrier.*

## NOTE 10. COMMITMENTS AND CONTINGENCIES

### Commitments

Washington Gas has certain natural gas contracts entered into in the normal course of business that require fixed and determinable payments in the future, including unconditional purchase obligations for pipeline capacity, transportation and storage services, as well as natural gas purchase commitments that fluctuate based on market prices. Additionally, 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. Refer to Note 14 — *Commitments and Contingencies* of the Notes to Financial Statements of the Annual Report for a further discussion of these commitments. There were no significant changes to contractual obligations that are out of the ordinary course of business during the nine months ended September 30, 2026.

### 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 September 30, 2026, we have recorded adequate provisions, as applicable, for probable losses or refunds to customers for regulatory contingencies related to any ongoing proceedings.

#### *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 September 30, 2026 and December 31, 2025, Washington Gas reported environmental liabilities of $13.7 million and $15.1 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 September 30, 2026 and December 31, 2025, Washington Gas estimated the maximum liability associated with all of its sites to be approximately $33.5 million and $34.6 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 September 30, 2026 and December 31, 2025, Washington Gas reported a regulatory asset of $21.3 million and $20.8 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 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.

***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.

## Financial Guarantees

At September 30, 2026, there were no guarantees issued on behalf of external parties.

## NOTE 11. 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**

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| *(In millions)* | **2026** | 2025 | **2026** | 2025 |
| Realized gain | **$ 10.6** | $ 8.8 | **$ 41.9** | $ 28.4 |
| Unrealized gain | **3.6** | 9.3 | **8.2** | 5.4 |
| Net margin | **$ 14.2** | $ 18.1 | **$ 50.1** | $ 33.8 |

***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 September 30, 2026 and December 31, 2025.

**Absolute Notional Amounts of Open Positions on Derivative Instruments**

| | **September 30, 2026** | December 31, 2025 |
|---|---|---|
| **Natural Gas** (In millions of therms) | | |
| Sales | **1,637.9** | 1,863.5 |
| Purchases | **3,666.1** | 4,368.5 |
| Swaps | **108.3** | 67.1 |

## 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**

| *(In millions)* | Gross amounts of recognized assets/(liabilities) | Gross amounts offset in balance sheet | Netting of collateral | Net amounts presented on balance sheet |
|---|---|---|---|---|
| **September 30, 2026** | | | | |
| Derivative assets[(a)] | **$ 108.7** | **$ (47.5)** | **$ —** | **$ 61.2** |
| Derivative liabilities[(b)] | **(84.6)** | **47.5** | **—** | **$ (37.1)** |
| **Net derivative assets (liabilities)** | **$ 24.1** | **$ —** | **$ —** | **$ 24.1** |
| 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 |

*[(a)] Derivative assets at September 30, 2026 include $14.3 million recorded in "Current assets — Derivatives" and $47.0 million recorded in "Deferred charges and other assets — Derivatives" on Washington Gas' balance sheets; 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.*
*[(b)] Derivative liabilities at September 30, 2026 include $16.8 million recorded in "Current liabilities — Derivatives" and $20.3 million recorded in "Deferred credits — Derivatives" on Washington Gas' balance sheets; 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.*

## Gains and (Losses) on Derivatives

The following tables present all gains and losses associated with derivative instruments for the three and nine months ended September 30, 2026, and 2025.

**Gains and (Losses) on Derivative Instruments**

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| *(In millions)* | **2026** | 2025 | **2026** | 2025 |
| Recorded to income-Utility cost of gas | **$ 0.2** | $ 8.6 | **$ 0.8** | $ 6.1 |
| Recorded to regulatory assets-Gas costs | **0.4** | 17.4 | **4.1** | 7.9 |
| **Total** | **$ 0.6** | $ 26.0 | **$ 4.9** | $ 14.0 |

## 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 that is not offset against derivative assets and liabilities is included in "Customer deposits and advance payments" on the balance sheets.

At September 30, 2026 and December 31, 2025, Washington Gas had $0.9 million and $1.0 million, respectively, in collateral deposits posted with counterparties that are not offset against derivative assets and liabilities. At September 30, 2026 and December 31, 2025, Washington Gas had $0.5 million and $0.1 million, respectively, in 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-related contingent features). There was no such collateral posted at September 30, 2026 and December 31, 2025.

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 September 30, 2026 and December 31, 2025, respectively.

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

| *(In millions)* | **September 30, 2026** | December 31, 2025 |
|---|---|---|
| Derivative liabilities with credit-risk-contingent features | **$ 27.6** | $ 30.7 |
| Maximum potential collateral requirements | **$ 27.5** | 30.7 |

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 September 30, 2026, one counterparty represented over 10% of Washington Gas' credit exposure to wholesale derivative counterparties for a total concentration of credit risk of $44.2 million.

## NOTE 12. 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.

***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**

| *(In millions)* | Carrying Amount | Fair Value | | | |
|---|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 | Total |
| **At September 30, 2026** | | | | | |
| **Financial assets** | | | | | |
| **Fair value through net income** | | | | | |
| Cash equivalents[(a)] | $ 0.2 | $ 0.2 | $ — | $ — | $ 0.2 |
| Rabbi trust investments - deferred[(b)] | 1.8 | 1.8 | — | — | 1.8 |
| Derivative assets - current | 6.3 | — | 4.4 | 1.9 | 6.3 |
| Derivative assets - deferred | 21.5 | — | — | 21.5 | 21.5 |
| **Fair value through regulatory assets/liabilities** | | | | | |
| Derivative assets - current | 7.9 | — | 5.3 | 2.6 | 7.9 |
| Derivative assets - deferred | 25.5 | — | — | 25.5 | 25.5 |
| **Total Assets** | $ 63.2 | $ 2.0 | $ 9.7 | $ 51.5 | $ 63.2 |
| **Financial Liabilities** | | | | | |
| **Fair value through net income** | | | | | |
| Derivative liabilities - current | $ (6.1) | $ — | $ (0.2) | $ (5.9) | $ (6.1) |
| Derivative liabilities - deferred | (9.0) | — | (0.2) | (8.8) | (9.0) |
| **Fair value through regulatory assets/liabilities** | | | | | |
| Derivative liabilities - current | (10.7) | — | (3.8) | (6.9) | (10.7) |
| Derivative liabilities - deferred | (11.3) | — | (0.9) | (10.4) | (11.3) |
| **Amortized cost** | | | | | |
| Commercial paper | (10.0) | — | (10.0) | — | (10.0) |
| Current maturities of long-term debt | (125.0) | — | (125.0) | — | (125.0) |
| Unsecured notes[(c)] | (2,257.2) | — | (1,879.7) | — | (1,879.7) |
| **Total Liabilities** | $ (2,429.3) | $ — | $ (2,019.8) | $ (32.0) | $ (2,051.8) |

**Fair Value Under the Fair Value Hierarchy**

| *(In millions)* | Carrying Amount | Fair Value | | | |
|---|---|---|---|---|---|
| | | 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 assets - current | 1.8 | — | 1.7 | 0.1 | 1.8 |
| Derivative assets - deferred | 18.5 | — | 0.1 | 18.4 | 18.5 |
| **Fair value through regulatory assets/liabilities** | | | | | |
| Derivative assets - current | 3.8 | — | 3.1 | 0.7 | 3.8 |
| Derivative assets - 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 | (158.7) | — | (158.7) | — | (158.7) |
| Current maturities of long-term debt | (53.0) | — | (53.0) | — | (53.0) |
| Unsecured notes[(c)] | (2,129.9) | — | (1,836.0) | — | (1,836.0) |
| **Total Liabilities** | $ (2,386.3) | $ — | $ (2,057.7) | $ (34.7) | $ (2,092.4) |

*[(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" of the accompanying balance sheets.*
*[(c)] 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**

| *(In millions)* | Net Fair Value | Valuation Techniques | Unobservable Inputs | Weighted Average[(a)] | Range |
|---|---|---|---|---|---|
| **September 30, 2026** | **$19.5** | Discounted Cash Flow | Natural Gas Basis Price (per dekatherm) | **$0.24** | **$(1.72)-$5.59** |
| December 31, 2025 | $8.1 | Discounted Cash Flow | Natural Gas Basis Price (per dekatherm) | $(0.04) | $(1.38)-$4.49 |

*[(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.

**Reconciliation of Fair Value Measurements Using Significant Level 3 Inputs**

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| *(In millions)* | **2026** | 2025 | **2026** | 2025 |
| **Balance at beginning of period** | **$ 18.5** | $ (44.9) | **$ 8.1** | $ (23.4) |
| Realized and unrealized gains (losses) | | | | |
| Recorded to income—Utility cost of gas | **(4.3)** | 8.4 | **(6.8)** | 0.8 |
| Recorded to regulatory assets—Gas costs | **(4.5)** | 17.1 | **(7.7)** | 1.0 |
| Transfers out of Level 3 | **0.7** | — | **0.7** | — |
| Settlements | **9.1** | 5.1 | **25.2** | 7.3 |
| **Balance at end of period** | **$ 19.5** | $ (14.3) | **$ 19.5** | $ (14.3) |

Transfers out of level 3 during the nine months ended September 30, 2026 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.

**Unrealized Gains (Losses) Recorded for Level 3 Measurements**

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| *(In millions)* | **2026** | 2025 | **2026** | 2025 |
| Recorded to income — Utility cost of gas | **$ (2.8)** | $ 8.3 | **$ 1.4** | $ 1.5 |
| Recorded to regulatory assets — Gas costs | **(2.1)** | 16.4 | **2.2** | 3.4 |
| **Total** | **$ (4.9)** | $ 24.7 | **$ 3.6** | $ 4.9 |

## NOTE 13. 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 September 30, 2026 and December 31, 2025.

### 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 $9.4 million and $30.5 million were included in “Operation and maintenance” on the statements of operations for the three and nine months ended September 30, 2026, respectively, and $8.1 million and $26.3 million for the three and nine months ended September 30, 2025, 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.

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 expenses of $2.6 million and $8.2 million for the three and nine months ended September 30, 2026, and expenses of $2.2 million and $8.3 million for the three and nine months ended September 30, 2025, related to the cost of services provided by Hampshire in "Operation and maintenance" on Washington Gas' statements. 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.

## Related Party 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 September 30, 2026, there were no intercompany balances under the ASUS tax sharing agreement. At December 31, 2025, Washington Gas had a $22.9 million receivable under the ASUS tax sharing agreement.

## 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 $3.4 million and $16.1 million for the three and nine months ended September 30, 2026, and $3.4 million and $16.0 million for the three and nine months ended September 30, 2025, 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 September 30, 2026 and December 31, 2025, Washington Gas had balances of $5.0 million and $9.5 million, respectively, of purchased receivables from WGL Energy Services.

## NOTE 14. 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**

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| *(In thousands)* | **2026** | 2025 | **2026** | 2025 |
| **Beginning Balance** | **$ 610** | $ 1,828 | **$ 1,021** | $ 1,943 |
| Amortization of prior service credit[(a)(b)] | **85** | (73) | **(61)** | (219) |
| Amortization of actuarial loss[(a)(b)] | **25** | (5) | **17** | (17) |
| Actuarial gain arising during the period[(a)] | **—** | — | **(21)** | — |
| Settlement[(b)] | **—** | — | **(385)** | — |
| **Current-period other comprehensive income (loss)** | **110** | (78) | **(450)** | (236) |
| Income tax benefit related to pension and other post-retirement benefit plans | **29** | (20) | **(120)** | (63) |
| **Ending Balance** | **$ 691** | $ 1,770 | **$ 691** | $ 1,770 |

*[(a)] These accumulated other comprehensive income components are included in the computation of net periodic benefit cost.*
*[(b)] Represents the amounts reclassified out of accumulated other comprehensive income to "Other income - net" in the statements of operations for the reporting periods.*

## NOTE 15. 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.

| | Nine Months Ended September 30, | |
|---|---|---|
| *(In thousands)* | **2026** | 2025 |
| **CHANGES IN OPERATING ASSETS AND LIABILITIES** | | |
| Receivables | **$ 269,631** | $ 196,790 |
| Receivables from/Payable to associated companies — net | **25,006** | (1,569) |
| Gas costs and other regulatory assets/liabilities — net | **(89,176)** | 8,826 |
| Inventory | **(1,002)** | (23,688) |
| Prepaid taxes | **(17,620)** | (10,407) |
| Accounts payable and other accrued liabilities | **(126,488)** | (86,866) |
| Customer deposits and advance payments | **7,604** | 657 |
| Accrued taxes | **(1,005)** | (348) |
| Other current assets | **17,932** | 20,945 |
| Other current liabilities | **(17,641)** | (991) |
| Deferred gas costs — net | **44,481** | 28,813 |
| Deferred assets — other | **9,158** | 3,704 |
| Deferred liabilities — other | **(37,615)** | (23,943) |
| Pension and other post-retirement benefits | **(3,556)** | (1,149) |
| **Changes in operating assets and liabilities** | **$ 79,709** | $ 110,774 |
| **SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION** | | |
| Interest paid including interest for finance leases | **$ 81,524** | $ 73,476 |
| Cash paid for amounts included in the measurement of lease liabilities: | | |
| Operating cash flows used for operating leases | **$ 4,875** | $ 4,727 |
| Financing cash flows used for finance leases[(a)] | **$ 4,158** | $ 3,470 |
| **SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING AND FINANCING ACTIVITIES:** | | |
| Right-of-use assets obtained in exchange for new operating lease liabilities | **$ 195** | $ 5,947 |
| Right-of-use assets obtained in exchange for new finance lease liabilities | **$ 8,433** | $ 1,221 |
| Capital expenditure accruals included in accounts payable and other accrued liabilities | **$ 83,174** | $ 63,847 |

[(a)] *Operating cash flows related to finance leases are insignificant.*

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.

| *(In thousands)* | **September 30, 2026** | September 30, 2025 |
|---|---|---|
| Cash and cash equivalents | **$ 7,684** | $ 12,249 |
| Restricted cash included in Deferred charges and other assets — Other | **1,840** | 2,126 |
| **Total cash, cash equivalents and restricted cash shown in the statements of cash flows** | **$ 9,524** | $ 14,375 |

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 rabbi trusts were funded pursuant to the agreement of the merger with AltaGas. 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. The funds are invested in money market funds at September 30, 2026 and 2025.

## NOTE 16. SUBSEQUENT EVENTS

Effective October 2, 2026, ASUS was merged into AltaGas Services (U.S.) LLC. Subsequent events have been reviewed through October 28, 2026, the date these financial statements were available to be issued.

# 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 context 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 Condensed 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 three and nine months ended September 30, 2026, and 2025.

**Financial and Statistical Data**

| | Three Months Ended September 30, | | | Nine Months Ended September 30, | | |
|---|---|---|---|---|---|---|
| *($ in millions)* | **2026** | 2025 | Increase/ (Decrease) | **2026** | 2025 | Increase/ (Decrease) |
| **Financial Data** | | | | | | |
| Operating revenues | **$ 216.1** | $ 185.3 | $ 30.8 | **$ 1,236.7** | $ 1,213.5 | $ 23.2 |
| Less: Utility cost of gas | **40.9** | 17.0 | 23.9 | **338.2** | 392.9 | (54.7) |
| Less: Revenue taxes | **13.0** | 12.8 | 0.2 | **58.6** | 61.0 | (2.4) |
| **Total net revenues** | **162.2** | 155.5 | 6.7 | **839.9** | 759.6 | 80.3 |
| Operation and maintenance | **116.9** | 107.3 | 9.6 | **351.5** | 328.2 | 23.3 |
| Depreciation and amortization | **53.5** | 46.2 | 7.3 | **151.6** | 137.5 | 14.1 |
| General taxes and other assessments | **23.2** | 21.6 | 1.6 | **86.4** | 79.7 | 6.7 |
| **Operating income** | **(31.4)** | (19.6) | (11.8) | **250.4** | 214.2 | 36.2 |
| Other income - net | **6.4** | 11.9 | (5.5) | **50.6** | 35.6 | 15.0 |
| Interest expense | **26.5** | 26.3 | 0.2 | **79.1** | 78.2 | 0.9 |
| **Income (loss) before income taxes** | **(51.5)** | (34.0) | (17.5) | **221.9** | 171.6 | 50.3 |
| Income tax expense (benefit) | **(15.8)** | (8.3) | (7.5) | **54.3** | 40.8 | 13.5 |
| **Net income (loss)** | **$ (35.7)** | $ (25.7) | $ (10.0) | **$ 167.6** | $ 130.8 | $ 36.8 |
| **Statistical Data** | | | | | | |
| Sales Volumes *(millions of therms)*[(a)] | | | | | | |
| Firm customers | **128.0** | 114.7 | 13.3 | **973.4** | 973.7 | (0.3) |
| Interruptible customers | **43.8** | 43.5 | 0.3 | **165.9** | 157.7 | 8.2 |
| Other | **130.2** | 100.1 | 30.1 | **327.9** | 190.4 | 137.5 |
| **Total gas volumes** | **302.0** | 258.3 | 43.7 | **1,467.2** | 1,321.8 | 145.4 |
| HDDs-Actual | **15** | — | 15 | **2,436** | 2,168 | 268 |
| Average active customer meters | **1,241,996** | 1,237,417 | 4,579 | **1,242,914** | 1,238,599 | 4,315 |
| Ending active customer meters | **1,242,098** | 1,237,555 | 4,543 | **1,242,098** | 1,237,555 | 4,543 |
| New customer meters added | **1,564** | 1,936 | (372) | **4,029** | 5,429 | (1,400) |

[(a)] *Excludes sales volumes related to our asset optimization program.*

The $10.0 million increase in seasonal net loss for the three months ended September 30, 2026, compared to the prior year period was primarily driven by higher operation and maintenance and depreciation and amortization expense, partially offset by higher APRP revenues.

The $36.8 million increase in net income for the nine months ended September 30, 2026, compared to the prior year period was primarily driven by *(i)* an increase in asset optimization margins; *(ii)* impact of new rates; *(iii)* settlement gain associated with our retiree health and welfare plan; and *(iv)* higher APRP revenues. Partially offsetting the increase were higher operation and maintenance and depreciation and amortization expenses.

### *Operating Revenues and Utility Cost of Gas*

The increase in operating revenues of $30.8 million for the three months ended September 30, 2026, compared to the same prior year period was mainly driven by an increase in the cost of gas recovered due to higher gas commodity prices. The increase in operating revenues of $23.2 million for the nine months ended September 30, 2026, compared to the same prior year period was mainly driven by favorable rate case impacts, partially offset by decrease in the cost of gas recovered due to lower gas commodity prices and higher supplier refunds.

The increase in Utility cost of gas of $23.9 million for the three months ended September 30, 2026, compared to the same prior year period was mainly driven by an increase in the cost of gas recovered due to higher gas commodity prices, partially offset by lower asset optimization margins. The decrease of $54.7 million for the nine months ended September 30, 2026, compared to the same prior year period was mainly driven by a decrease in the cost of gas recovered due to lower gas commodity prices, higher supplier refunds and an increase in asset optimization margins.

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 $6.7 million and $80.3 million during the three and nine months ended September 30, 2026, compared to the prior year periods.

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

#### *Impact of rate cases*

Rate case impacts caused a $2.1 million decrease and $26.9 million increase in net revenues for the three and nine months ended September 30, 2026, respectively, compared to the prior year periods, primarily due to the implementation of new rates in Virginia, subject to refund, on December 30, 2025, the District of Columbia on January 1, 2026, and in Maryland on July 27, 2026. Rate case impacts exclude increases from APRP revenues being transferred into base rates as a result of our recent rate case orders.

#### *APRP revenues*

Approved APRPs in all jurisdictions drove a $6.7 million and $18.2 million increase in net revenues for the three and nine months ended September 30, 2026, respectively, compared to the prior year periods.

#### *Asset optimization*

Net revenues from asset optimization decreased $3.9 million for the three months ended September 30, 2026, compared to the prior year period, primarily due to lower unrealized derivative valuations, partially offset by higher realized margins. Net revenues from asset optimization increased $16.3 million for the nine months ended September 30, 2026, primarily due to higher realized margins and unrealized derivative valuations. Refer to Note 11 - *Derivatives* for a discussion of our asset optimization program and the related derivative transactions.

***Estimated effects of weather and consumption patterns***

Weather, as measured by HDDs, was 12.4% colder for the nine months ended September 30, 2026, compared to the prior year period. In the District of Columbia, Washington Gas does not have a billing mechanism to offset the effects of weather or consumption on net revenues. Natural gas consumption patterns may be affected by shifts in weather patterns and non-weather-related factors such as customer conservation. The estimated effects of weather and consumption patterns drove higher net revenue of approximately $0.9 million for the three months ended September 30, 2026, compared to the same prior year period. For the nine months ended September 30, 2026, the estimated effects of weather and consumption patterns was insignificant.

### *Operation and maintenance expenses*

Operation and maintenance expenses increased by $9.6 million and $23.3 million for the three and nine months ended September 30, 2026, respectively, compared to the same prior year periods, driven primarily by a reduction of grant income received in the current year, higher bad debt and insurance expenses, as well as higher expenses associated with energy efficiency programs that are fully offset in revenues.

### *Depreciation and amortization*

The increase in depreciation and amortization of $7.3 million and $14.1 million for the three and nine months ended September 30, 2026, compared to the prior year period, was driven by capital additions as well as the implementation of new depreciation rates in Virginia and the District of Columbia.

### *General taxes and other assessments*

The $1.6 million and $6.7 million increase in general taxes and other assessments for the three and nine months ended September 30, 2026, compared to the prior year periods was primarily associated with higher property taxes and a higher assessment rate for the District of Columbia's Sustainable Energy Trust Fund, which is offset in operating revenues.

### *Other income - net*

Other income - net decreased $5.5 million for the three months ended September 30, 2026, compared to the same prior year period, primarily due to lower interest income on cash balances as well as lower net periodic income from our health and life benefits. For the nine months ended September 30, 2026, Other income - net increased $15.0 million, compared to the same prior year period, primarily due to the settlement gain associated with our retiree health and welfare plans.

### *Interest expense*

The increase in interest expense of $0.2 million and $0.9 million for the three and nine months ended September 30, 2026, respectively, compared to the prior year period was due to increased average long-term debt balances.

### *Income tax expense*

The effective income tax rate for the nine months ended September 30, 2026, and 2025 was 24.5% and 23.8%, respectively.

## 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 September 30, 2026, we had no significant restrictions on our cash balances or retained earnings that would affect the payment of dividends.

As of September 30, 2026, 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.

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 borrowings outstanding from WGL at September 30, 2026 or December 31, 2025. Refer to Note 6 — *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 7 — Long-Term Debt for a further discussion of debt activities.

### *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[(a)] | A- | A-2 |

*[(a)] Both Fitch Ratings and Standard & Poor's Ratings Services provide a stable outlook for Washington Gas.*

### *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 September 30, 2026 and December 31, 2025, Washington Gas' ratios of financial indebtedness to total capitalization were 47.0% and 46.9%, respectively. 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 September 30, 2026 and December 31, 2025, we were in compliance with all of the covenants under our revolving credit facility and unsecured notes.

## Historical Cash Flows

### *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 $446.8 million for the nine months ended September 30, 2026, compared to $434.4 million for the nine months ended September 30, 2025. The increase was primarily due to higher net revenues.

### *Cash Flows Used in Financing Activities*

Net cash flows used in financing activities were $66.2 million for the nine months ended September 30, 2026, compared to $145.2 million for the same period in 2025. This decrease mainly reflects higher long-term debt issuances partially offset by an increase in repayments of short-term borrowings.

### *Cash Flows Used in Investing Activities*

Cash flows used in investing activities totaled $391.9 million and $293.0 million for the nine months ended September 30, 2026, and 2025, respectively, which consists of capital expenditures.

***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 | Estimated Cost | Expenditures to Date[(a)] | Status |
|---|---|---|---|
| **District of Columbia** | Estimated $136 million for March 2024 through December 2026 for PROJECTpipes 2, plus additional expenditures for District SAFE, upon final approval. | $131.4 million | The PSC of DC has issued several orders extending the second phase of Washington Gas' ARP in the District of Columbia while it continues to evaluate the next phase of the program. On June 16, 2026, Washington Gas applied to extend PROJECTpipes 2 through December 31, 2026 and requested authority for an additional $25 million of spending. On June 30, 2026, the PSC of DC approved an extension of PROJECTpipes 2 through December 31, 2026 and authorized up to $17.8 million of spending for previously approved projects.<br><br>On September 27, 2024, Washington Gas filed its proposed District SAFE plan, requesting approximately $215 million of investment. On March 4, 2026, the PSC of DC approved a modified version of District SAFE, authorizing $150 million of spending through June 30, 2029. Subsequently, on May 4, 2026, the PSC of DC granted requests for reconsideration of that approval. Evidentiary hearings were held in July 2026 and post-hearing briefs were filed on September 29, 2026, following an extension requested by the District of Columbia Office of the People's Counsel. Washington Gas has requested a final order before the expiration of the PROJECTpipes 2 extension on December 31, 2026. |

| Jurisdiction | Estimated Cost | Expenditures to Date[(a)] | Status |
|---|---|---|---|
| **Maryland** | Estimated $330 million over the five-year period from January 2024 to December 2028, plus additional expenditures for subsequent phases upon approval. | $147.0 million | On December 13, 2023, the PSC of MD approved the third phase of Washington Gas' accelerated replacement program STRIDE 3, subject to a five-year spending cap of $330 million. The NGEA, which became effective on June 1, 2025, introduced additional requirements for cost recovery under STRIDE. In response, Washington Gas submitted a compliance filing in December 2025. On February 26, 2026, the PSC of MD approved the Company's 2026 Project List and associated surcharges, representing approximately $60 million of planned investment for 2026, and directed Commission Staff to develop regulations addressing NGEA compliance. An initial hearing on the proposed regulations was held on October 21, 2026. The PSC represented that a second hearing will be scheduled. The 2027 Project List will be filed by November 21, 2026.<br><br>On July 8, 2026, the Maryland Office of People's Counsel filed a petition for judicial review of a PSC of MD order denying rehearing of its February 26, 2026 order, in which the PSC of MD approved Washington Gas' 2026 Project List under its STRIDE 3 plan and initiated a rulemaking proceeding on NGEA compliance. A hearing is set for January 26, 2027. |
| **Virginia** | Estimated $700 million over the three-year period from January 2026 to December 2028, plus additional expenditures for subsequent phases upon approval. | $123.8 million | 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 November 25, 2025, the SCC of VA issued an order shortening the previous five-year authorization by two years, 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 the period from 2026 to 2028. |

[(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 a further discussion on rate case decisions during the periods including the transfer of costs from surcharge to base rate recovery.

## Credit Risk

### *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.

## 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 rate case activity in Washington Gas' jurisdictions.

***Virginia 2025 Rate Case***

On July 31, 2025, Washington Gas filed an application with the SCC of VA seeking authority to increase existing rates and charges for natural gas service in Virginia. The application requested an annual revenue increase of approximately $104.1 million based on a 10.85% return on equity. Of the requested increase, $38.7 million related to rolling expenditures incurred under the SAVE Plan to base rates and resetting the associated surcharge, while $65.4 million represented an increase to base rate revenues. Under the Order for Notice and Hearing issued on September 5, 2025, Washington Gas implemented interim rates, subject to refund, effective December 30, 2025. Washington Gas, Commission Staff, and the City of Alexandria subsequently entered into a stipulation agreement, reflecting an annual revenue increase of $74.0 million, inclusive of the $38.7 million SAVE roll-in to base rates, and a 9.8% return on equity. A hearing on the stipulation was held on June 9, 2026. On July 13, 2026, the Hearing Examiner issued a report recommending that the SCC of VA approve the proposed stipulation. On October 2, 2026, the SCC of VA issued a final order adopting the Hearing Examiner's findings and recommendations. Refunds, with interest, are to be processed within 90 days of the final order.

***Maryland 2025 Rate Case***

On December 29, 2025, Washington Gas filed an application seeking authority to increase existing rates and charges for natural gas service in Maryland. The application requested an annual revenue increase of $82.5 million based on a 10.85% return on equity. Of the requested increase, $15.4 million related to costs currently recovered through the STRIDE Plan surcharge, while $67.1 million represented an increase in base rate revenues. On July 27, 2026, the PSC of MD issued an order approving an annual revenue increase of $38.1 million, inclusive of certain costs currently recovered through the STRIDE Plan surcharge, based on a 9.40% return on equity. Of the approved increase, $11.0 million relates to costs currently recovered through the STRIDE Plan Surcharge, while $27.1 million represents an increase in base rate revenues. The PSC of MD also initiated a Phase II proceeding to address unresolved matters, for which a procedural schedule has not yet been issued. New rates pursuant to the Final Order went into effect on July 27, 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. On March 26, 2026, the District Court issued an opinion concluding that the DC law is not preempted by the federal Energy Policy and Conservation Act (EPCA). On April 14, 2026, plaintiffs filed a Notice of Appeal to the District of Columbia Circuit Court of Appeals. A hearing was held on September 8, 2026 and a decision is pending.

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. On March 25, 2026, the District Court issued an opinion that the Montgomery County law is not preempted by the federal EPCA. On April 14, 2026, plaintiffs filed a Notice of Appeal to the Fourth Circuit Court of Appeals. A hearing is scheduled for the week of December 8, 2026.

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 March 31, 2026, the District Court issued an opinion that the Maryland BEPS are not preempted by federal EPCA. On April 29, 2026, plaintiffs filed a Notice of Appeal to the Fourth Circuit Court of Appeals. A hearing is scheduled for the week of December 8, 2026.

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. The case is stayed pending the outcome of the Maryland BEPS case.

## 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.

Our critical accounting policies have not changed materially from those previously reported in our Annual Report for the year ended December 31, 2025.