

# **The Berkshire Gas Company**

**Financial Statements (Unaudited)**

**For the Six Months Ended June 30, 2024 and 2023**

# The Berkshire Gas Company

## Index

<b>Financial Statements (Unaudited) For the Six Months Ended June 30, 2024 and 2023</b>	<b>Page</b>
Statements of Income	1
Balance Sheets	2
Statements of Cash Flows	4
Statements of Changes in Common Stock Equity	5

**The Berkshire Gas Company**  
**Statements of Income (Unaudited)**

Periods Ended June 30,	Three Months		Six Months	
	2024	2023	2024	2023
(Thousands)				
<b>Operating Revenues</b>	<b>\$ 15,319</b>	<b>\$ 14,158</b>	<b>\$ 53,783</b>	<b>\$ 58,354</b>
<b>Operating Expenses</b>				
Natural gas purchased	3,531	1,367	16,893	19,064
Operations and maintenance	10,464	9,937	21,870	19,824
Depreciation and amortization	2,493	2,284	4,945	4,612
Taxes other than income taxes, net	1,999	1,894	4,284	3,787
<b>Total Operating Expenses</b>	<b>18,487</b>	<b>15,482</b>	<b>47,992</b>	<b>47,287</b>
<b>Operating (Loss) Income</b>	<b>(3,168)</b>	<b>(1,324)</b>	<b>5,791</b>	<b>11,067</b>
Other income	230	180	571	320
Other deductions	(117)	(53)	(276)	(45)
Interest expense, net of capitalization	(997)	(700)	(2,045)	(1,433)
<b>(Loss) Income Before Income Tax</b>	<b>(4,052)</b>	<b>(1,897)</b>	<b>4,041</b>	<b>9,909</b>
Income tax (benefit) expense	(1,139)	(518)	1,051	2,683
<b>Net (Loss) Income</b>	<b>\$ (2,913)</b>	<b>\$ (1,379)</b>	<b>\$ 2,990</b>	<b>\$ 7,226</b>

**The Berkshire Gas Company  
Balance Sheets (Unaudited)**

<b>As of</b>	<b>June 30,</b>	<b>December 31,</b>
(Thousands)	<b>2024</b>	<b>2023</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 111	\$ 488
Accounts receivable and unbilled revenues, net	7,158	16,812
Accounts receivable from affiliates	20	5
Gas in storage	3,611	3,538
Materials and supplies	3,450	3,344
Income tax receivable	2,837	—
Other current assets	363	684
Regulatory assets	11,243	14,396
<b>Total Current Assets</b>	<b>28,793</b>	<b>39,267</b>
Utility plant, at original cost	359,959	349,882
Less accumulated depreciation	(111,922)	(107,271)
<b>Net Utility Plant in Service</b>	<b>248,037</b>	<b>242,611</b>
Construction work in progress	5,544	3,144
<b>Total Utility Plant</b>	<b>253,581</b>	<b>245,755</b>
Operating lease right-of-use assets	96	100
Other property and investments	2,222	2,170
<b>Regulatory and Other Assets</b>		
Regulatory assets	17,666	18,728
Goodwill	51,932	51,932
Other	29	16
<b>Total Regulatory and Other Assets</b>	<b>69,627</b>	<b>70,676</b>
<b>Total Assets</b>	<b>\$ 354,319</b>	<b>\$ 357,968</b>

**The Berkshire Gas Company  
Balance Sheets (Unaudited)**

<b>As of</b>	<b>June 30,</b>	<b>December 31,</b>
	<b>2024</b>	<b>2023</b>
<b>(Thousands, except share information)</b>		
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Notes payable to affiliates	\$ 21,800	\$ 17,200
Accounts payable and accrued liabilities	8,204	14,934
Accounts payable to affiliates	2,525	5,371
Interest accrued	826	818
Taxes accrued	81	1,692
Operating lease liabilities	6	7
Regulatory liabilities	968	463
Other	3,422	4,159
<b>Total Current Liabilities</b>	<b>37,832</b>	<b>44,644</b>
<b>Regulatory and Other Liabilities</b>		
Regulatory liabilities	52,253	51,866
<b>Other Non-current Liabilities</b>		
Deferred income taxes	34,301	32,790
Pension and other postretirement	11,323	12,779
Operating lease liabilities	94	92
Environmental remediation costs	1,622	1,978
Other	1,423	1,333
<b>Total Regulatory and Other Liabilities</b>	<b>101,016</b>	<b>100,838</b>
Non-current debt	59,666	59,642
<b>Total Liabilities</b>	<b>198,514</b>	<b>205,124</b>
<b>Commitments and Contingencies</b>		
<b>Common Stock Equity</b>		
Additional paid-in capital	126,475	126,504
Retained earnings	29,330	26,340
<b>Total Common Stock Equity</b>	<b>155,805</b>	<b>152,844</b>
<b>Total Liabilities and Equity</b>	<b>\$ 354,319</b>	<b>\$ 357,968</b>

**The Berkshire Gas Company**  
**Statements of Cash Flows (Unaudited)**

Periods Ended June 30,	2024	2023
(Thousands)		
<b>Cash Flow from Operating Activities:</b>		
<b>Net income</b>	<b>\$ 2,990</b>	<b>\$ 7,226</b>
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	4,945	4,612
Regulatory assets/liabilities amortization	1,346	(142)
Regulatory assets/liabilities carrying cost	(357)	(215)
Amortization of debt issuance costs	24	24
Deferred taxes	1,421	248
Pension cost	178	396
Stock-based compensation	13	30
Other non-cash items	48	45
Changes in operating assets and liabilities:		
Accounts receivable, from affiliates, and unbilled revenues	9,639	11,773
Inventories	(179)	(325)
Accounts payable, to affiliates, and accrued liabilities	(5,122)	(12,541)
Taxes accrued	(4,558)	309
Other assets/liabilities	(32)	(164)
Regulatory assets/liabilities	900	5,777
<b>Net Cash Provided by Operating Activities</b>	<b>11,256</b>	<b>17,053</b>
<b>Cash Flow from Investing Activities:</b>		
Capital expenditures	(16,335)	(15,038)
Contributions in aid of construction	89	226
Proceeds from sale of utility plant	13	91
<b>Net Cash Used in Investing Activities</b>	<b>(16,233)</b>	<b>(14,721)</b>
<b>Cash Flow from Financing Activities:</b>		
Notes payable to affiliates	4,600	(3,000)
<b>Net Cash Provided by (Used in) Financing Activities</b>	<b>4,600</b>	<b>(3,000)</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(377)</b>	<b>(668)</b>
<b>Cash and Cash Equivalents, Beginning of Period</b>	<b>488</b>	<b>668</b>
<b>Cash and Cash Equivalents, End of Period</b>	<b>\$ 111</b>	<b>\$ —</b>

**The Berkshire Gas Company**  
**Statements of Changes in Common Stock Equity (Unaudited)**

(Thousands, except per share amounts)	Number of shares (*)	Common stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Common Stock Equity
<b>As of December 31, 2022</b>	<b>100 \$</b>	<b>— \$</b>	<b>126,506 \$</b>	<b>17,424 \$</b>	<b>57 \$</b>	<b>143,987</b>
Net income	—	—	—	7,226	—	7,226
Stock-based compensation	—	—	(23)	—	—	(23)
<b>As of June 30, 2023</b>	<b>100 \$</b>	<b>— \$</b>	<b>126,483 \$</b>	<b>24,650 \$</b>	<b>57 \$</b>	<b>151,190</b>
<b>As of December 31, 2023</b>	<b>100 \$</b>	<b>— \$</b>	<b>126,504 \$</b>	<b>26,340 \$</b>	<b>— \$</b>	<b>152,844</b>
Net income	—	—	—	2,990	—	2,990
Stock-based compensation	—	—	(29)	—	—	(29)
<b>As of June 30, 2024</b>	<b>100 \$</b>	<b>— \$</b>	<b>126,475 \$</b>	<b>29,330 \$</b>	<b>— \$</b>	<b>155,805</b>

(\*) Par value of share amounts is \$2.50

# **Connecticut Natural Gas Corporation**

**Financial Statements (Unaudited)**

**For the Six Months Ended June 30, 2024 and 2023**

# Connecticut Natural Gas Corporation

## Index

<b>Financial Statements (Unaudited) For the Six Months Ended June 30, 2024 and 2023</b>	<b>Page</b>
Statements of Income	1
Statements of Comprehensive Income	1
Balance Sheets	2
Statements of Cash Flows	4
Statements of Changes in Common Stock Equity	5

**Connecticut Natural Gas Corporation**  
**Statements of Income (Unaudited)**

Periods Ended June 30,	Three Months		Six Months	
	2024	2023	2024	2023
(Thousands)				
<b>Operating Revenues</b>	<b>\$ 80,892</b>	<b>\$ 67,055</b>	<b>\$ 248,641</b>	<b>\$ 254,099</b>
<b>Operating Expenses</b>				
Natural gas purchased	24,495	17,383	109,260	125,309
Operations and maintenance	25,568	27,390	51,797	54,289
Depreciation and amortization	13,034	12,410	25,887	24,664
Taxes other than income taxes, net	6,658	6,615	17,880	18,314
<b>Total Operating Expenses</b>	<b>69,755</b>	<b>63,798</b>	<b>204,824</b>	<b>222,576</b>
<b>Operating Income</b>	<b>11,137</b>	<b>3,257</b>	<b>43,817</b>	<b>31,523</b>
Other income	1,273	1,101	2,264	1,507
Other deductions	402	519	757	533
Interest expense, net of capitalization	(3,479)	(2,619)	(6,793)	(5,056)
<b>Income Before Income Tax</b>	<b>9,333</b>	<b>2,258</b>	<b>40,045</b>	<b>28,507</b>
Income tax expense	1,973	247	8,573	6,032
<b>Net Income</b>	<b>\$ 7,360</b>	<b>\$ 2,011</b>	<b>\$ 31,472</b>	<b>\$ 22,475</b>

**Connecticut Natural Gas Corporation**  
**Statements of Comprehensive Income (Unaudited)**

Periods Ended June 30,	Three Months		Six Months	
	2024	2023	2024	2023
(Thousands)				
<b>Net Income</b>	<b>\$ 7,360</b>	<b>\$ 2,011</b>	<b>\$ 31,472</b>	<b>\$ 22,475</b>
<b>Other Comprehensive Loss, Net of Tax</b>				
Amortization of pension cost for non-qualified plans, net of income tax	(1)	(5)	(2)	(5)
<b>Other Comprehensive Loss, Net of Tax</b>	<b>(1)</b>	<b>(5)</b>	<b>(2)</b>	<b>(5)</b>
<b>Comprehensive Income</b>	<b>\$ 7,359</b>	<b>\$ 2,006</b>	<b>\$ 31,470</b>	<b>\$ 22,470</b>

**Connecticut Natural Gas Corporation**  
**Balance Sheets (Unaudited)**

<b>As of</b>	<b>June 30,</b>	<b>December 31,</b>
(Thousands)	<b>2024</b>	<b>2023</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 193	\$ 421
Accounts receivable and unbilled revenues, net	81,077	107,260
Accounts receivable from affiliates	555	154
Notes receivable from affiliates	52,000	26,600
Gas in storage	34,267	41,998
Materials and supplies	5,253	5,603
Income tax receivable	3,173	—
Other current assets	4,195	4,130
Regulatory assets	55,957	50,255
<b>Total Current Assets</b>	<b>236,670</b>	<b>236,421</b>
Utility plant, at original cost	1,308,500	1,271,264
Less accumulated depreciation	(447,493)	(424,187)
<b>Net Utility Plant in Service</b>	<b>861,007</b>	<b>847,077</b>
Construction work in progress	21,598	21,284
<b>Total Utility Plant</b>	<b>882,605</b>	<b>868,361</b>
Operating lease right-of-use assets	3,028	2,746
Other property and investments	710	727
<b>Regulatory and Other Assets</b>		
Regulatory assets	78,289	75,711
Goodwill	79,341	79,341
Other	339	188
<b>Total Regulatory and Other Assets</b>	<b>157,969</b>	<b>155,240</b>
<b>Total Assets</b>	<b>\$ 1,280,982</b>	<b>\$ 1,263,495</b>

**Connecticut Natural Gas Corporation**  
**Balance Sheets (Unaudited)**

As of	June 30,	December 31,
	2024	2023
(Thousands, except share information)		
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 36,258	\$ 63,158
Accounts payable to affiliates	10,482	19,077
Interest accrued	2,674	2,674
Taxes accrued	5,008	8,702
Operating lease liabilities	537	429
Regulatory liabilities	24,560	5,386
Other	14,301	18,538
<b>Total Current Liabilities</b>	<b>93,820</b>	<b>117,964</b>
<b>Regulatory and Other Liabilities</b>		
Regulatory liabilities	319,867	309,536
<b>Other Non-current Liabilities</b>		
Deferred income taxes	56,029	56,111
Pension and other postretirement	62,261	62,813
Operating lease liabilities	2,746	2,364
Asset retirement obligation	6,140	6,140
Other	1,515	1,448
<b>Total Regulatory and Other Liabilities</b>	<b>448,558</b>	<b>438,412</b>
Non-current debt	244,003	243,923
<b>Total Liabilities</b>	<b>786,381</b>	<b>800,299</b>
<b>Commitments and Contingencies</b>		
<b>Preferred Stock</b>	<b>340</b>	<b>340</b>
<b>Common Stock Equity</b>		
Common stock (\$3.125 par value, 20,000,000 shares authorized and 10,634,436 shares outstanding at June 30, 2024 and December 31, 2023)	33,233	33,233
Additional paid-in capital	396,720	396,758
Retained earnings	64,617	33,172
Accumulated other comprehensive loss	(309)	(307)
<b>Total Common Stock Equity</b>	<b>494,261</b>	<b>462,856</b>
<b>Total Liabilities and Equity</b>	<b>\$ 1,280,982</b>	<b>\$ 1,263,495</b>

**Connecticut Natural Gas Corporation**  
**Statements of Cash Flows (Unaudited)**

Periods Ended June 30,	2024	2023
(Thousands)		
<b>Cash Flow from Operating Activities:</b>		
<b>Net income</b>	<b>\$ 31,472</b>	<b>\$ 22,475</b>
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	25,887	24,664
Regulatory assets/liabilities amortization	11,334	14,816
Regulatory assets/liabilities carrying cost	368	(125)
Amortization of debt issuance costs	80	66
Deferred taxes	(356)	1,319
Pension cost	(97)	98
Stock-based compensation	6	14
Gain on disposal of assets	—	(39)
Other non-cash items	658	348
<b>Changes in operating assets and liabilities:</b>		
Accounts receivable, from affiliates, and unbilled revenues	25,782	66,263
Inventories	8,081	15,037
Accounts payable, to affiliates, and accrued liabilities	(31,558)	(72,260)
Taxes accrued	(6,866)	(15,793)
Other assets/liabilities	(4,014)	4,811
Regulatory assets/liabilities	(1,309)	18,504
<b>Net Cash Provided by Operating Activities</b>	<b>59,468</b>	<b>80,198</b>
<b>Cash Flow from Investing Activities:</b>		
Capital expenditures	(35,784)	(30,384)
Contributions in aid of construction	1,502	784
Proceeds from sale of utility plant	—	96
Notes receivable from affiliates	(25,400)	(26,300)
<b>Net Cash Used in Investing Activities</b>	<b>(59,682)</b>	<b>(55,804)</b>
<b>Cash Flow from Financing Activities:</b>		
Notes payable to affiliates	—	(25,450)
Dividends paid	(14)	(14)
<b>Net Cash Used in Financing Activities</b>	<b>(14)</b>	<b>(25,464)</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(228)</b>	<b>(1,070)</b>
<b>Cash and Cash Equivalents, Beginning of Period</b>	<b>421</b>	<b>1,070</b>
<b>Cash and Cash Equivalents, End of Period</b>	<b>\$ 193</b>	<b>\$ —</b>

**Connecticut Natural Gas Corporation**  
**Statements of Changes in Common Stock Equity (Unaudited)**

(Thousands, except per share amounts)	Number of shares (*)	Common stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Loss	Total Common Stock Equity
<b>As of December 31, 2022</b>	<b>10,634,436</b>	<b>\$ 33,233</b>	<b>\$ 396,791</b>	<b>\$ 39,008</b>	<b>\$ (248)</b>	<b>\$ 468,784</b>
Net income	—	—	—	22,475	—	22,475
Other comprehensive loss, net of tax	—	—	—	—	(5)	(5)
Comprehensive income						22,470
Stock-based compensation	—	—	(43)	—	—	(43)
Preferred stock dividends	—	—	—	(14)	—	(14)
<b>As of June 30, 2023</b>	<b>10,634,436</b>	<b>\$ 33,233</b>	<b>\$ 396,748</b>	<b>\$ 61,469</b>	<b>\$ (253)</b>	<b>\$ 491,197</b>
<b>As of December 31, 2023</b>	<b>10,634,436</b>	<b>\$ 33,233</b>	<b>\$ 396,758</b>	<b>\$ 33,172</b>	<b>\$ (307)</b>	<b>\$ 462,856</b>
Net income	—	—	—	31,472	—	31,472
Other comprehensive loss, net of tax	—	—	—	—	(2)	(2)
Comprehensive income						31,470
Stock-based compensation	—	—	(38)	—	—	(38)
Preferred stock dividends	—	—	—	(27)	—	(27)
<b>As of June 30, 2024</b>	<b>10,634,436</b>	<b>\$ 33,233</b>	<b>\$ 396,720</b>	<b>\$ 64,617</b>	<b>\$ (309)</b>	<b>\$ 494,261</b>

(\*) Par value of share amounts is \$3.125

**Central Maine Power Company  
and Subsidiaries**

**Consolidated Financial Statements (Unaudited)  
For the Six Months Ended June 30, 2024 and 2023**

**Central Maine Power Company  
and Subsidiaries**

**Index**

**Consolidated Financial Statements (Unaudited)  
For the Six Months Ended June 30, 2024 and 2023**

	<b>Page</b>
Consolidated Statements of Income	1
Consolidated Statements of Comprehensive Income	1
Consolidated Balance Sheets	2
Consolidated Statements of Cash Flows	4
Consolidated Statements of Changes in Equity	5

**Central Maine Power Company and Subsidiaries  
Consolidated Statements of Income (Unaudited)**

Periods Ended June 30,	Three Months		Six Months	
(Thousands)	2024	2023	2024	2023
<b>Operating Revenues</b>	<b>\$ 302,118</b>	<b>\$ 168,663</b>	<b>\$ 596,129</b>	<b>\$ 423,613</b>
<b>Operating Expenses</b>				
Electricity purchased	35,140	25,843	61,909	41,810
Operations and maintenance	160,191	35,027	311,328	181,810
Depreciation and amortization	34,347	34,798	67,556	69,544
Taxes other than income taxes, net	19,633	20,012	40,275	40,608
<b>Total Operating Expenses</b>	<b>249,311</b>	<b>115,680</b>	<b>481,068</b>	<b>333,772</b>
<b>Operating Income</b>	<b>52,807</b>	<b>52,983</b>	<b>115,061</b>	<b>89,841</b>
Other income	11,303	6,603	20,012	12,459
Other deductions	177	(72)	(180)	(456)
Interest expense, net of capitalization	(16,412)	(18,394)	(34,656)	(34,611)
<b>Income Before Income Tax</b>	<b>47,875</b>	<b>41,120</b>	<b>100,237</b>	<b>67,233</b>
Income tax expense	6,715	5,921	14,758	10,945
<b>Net Income</b>	<b>41,160</b>	<b>35,199</b>	<b>85,479</b>	<b>56,288</b>
Less: net income attributable to noncontrolling interest	1,149	892	1,777	1,718
<b>Net Income Attributable to CMP</b>	<b>\$ 40,011</b>	<b>\$ 34,307</b>	<b>\$ 83,702</b>	<b>\$ 54,570</b>

**Central Maine Power Company and Subsidiaries  
Consolidated Statements of Comprehensive Income (Unaudited)**

Periods Ended June 30,	Three Months		Six Months	
(Thousands)	2024	2023	2024	2023
<b>Net Income</b>	<b>\$ 41,160</b>	<b>\$ 35,199</b>	<b>\$ 85,479</b>	<b>\$ 56,288</b>
<b>Other Comprehensive Income, Net of Tax</b>				
Amortization of pension cost for non-qualified plans, net of income tax	17	35	34	35
Reclassification to net income of loss on settled cash flow treasury hedges, net of income tax	33	33	66	66
<b>Other Comprehensive Income, Net of Tax</b>	<b>50</b>	<b>68</b>	<b>100</b>	<b>101</b>
<b>Comprehensive Income</b>	<b>41,210</b>	<b>35,267</b>	<b>85,579</b>	<b>56,389</b>
Less:				
Comprehensive income attributable to noncontrolling interest	1,149	892	1,777	1,718
<b>Comprehensive Income Attributable to CMP</b>	<b>\$ 40,061</b>	<b>\$ 34,375</b>	<b>\$ 83,802</b>	<b>\$ 54,671</b>

**Central Maine Power Company and Subsidiaries**  
**Consolidated Balance Sheets (Unaudited)**

As of	June 30, 2024	December 31, 2023
(Thousands)		
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 57,842	\$ 52,570
Accounts receivable and unbilled revenues, net	297,388	336,664
Accounts receivable from affiliates	32,690	2,399
Notes receivable from affiliates	249	252
Materials and supplies	78,813	68,495
Prepayments and other current assets	25,724	30,715
Income tax receivable	6,776	3,376
Regulatory assets	173,029	153,887
<b>Total Current Assets</b>	<b>672,511</b>	<b>648,358</b>
Utility plant, at original cost	5,577,536	5,466,800
Less accumulated depreciation	(1,645,182)	(1,588,777)
<b>Net Utility Plant in Service</b>	<b>3,932,354</b>	<b>3,878,023</b>
Construction work in progress	371,778	317,707
<b>Total Utility Plant</b>	<b>4,304,132</b>	<b>4,195,730</b>
Operating lease right-of-use assets	13,650	14,374
Other property and investments	1,051	1,020
<b>Regulatory and Other Assets</b>		
Regulatory assets	729,408	577,482
Goodwill	324,938	324,938
Other	155,967	157,372
<b>Total Regulatory and Other Assets</b>	<b>1,210,313</b>	<b>1,059,792</b>
<b>Total Assets</b>	<b>\$ 6,201,657</b>	<b>\$ 5,919,274</b>

**Central Maine Power Company and Subsidiaries**  
**Consolidated Balance Sheets (Unaudited)**

As of	June 30, 2024	December 31, 2023
(Thousands, except share information)		
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Current portion of debt	\$ 64,422	\$ —
Notes payable to affiliates	169,500	54,400
Accounts payable and accrued liabilities	446,204	448,582
Accounts payable to affiliates	33,972	41,385
Interest accrued	19,213	18,747
Taxes accrued	7,725	3,399
Operating lease liabilities	1,074	1,117
Other current liabilities	118,825	125,844
Regulatory liabilities	11,952	80,048
<b>Total Current Liabilities</b>	<b>872,887</b>	<b>773,522</b>
<b>Regulatory and Other Liabilities</b>		
Regulatory liabilities	305,399	307,999
<b>Other Non-current liabilities</b>		
Deferred income taxes	817,638	773,650
Pension and other postretirement	75,239	77,595
Operating lease liabilities	14,208	14,764
Other	142,132	143,435
<b>Total Regulatory and Other Liabilities</b>	<b>1,354,616</b>	<b>1,317,443</b>
Non-current debt	1,345,540	1,410,241
<b>Total Liabilities</b>	<b>3,573,043</b>	<b>3,501,206</b>
<b>Commitments and Contingencies</b>		
<b>Redeemable Preferred Stock</b>	<b>571</b>	<b>571</b>
<b>CMP Common Stock Equity</b>		
Common stock (\$5 par value, 80,000,000 shares authorized and 31,211,471 shares outstanding at June 30, 2024 and December 31, 2023)	156,057	156,057
Additional paid-in capital	1,327,133	1,202,132
Retained earnings	1,104,301	1,020,633
Accumulated other comprehensive loss	(2,957)	(3,057)
<b>Total CMP Common Stock Equity</b>	<b>2,584,534</b>	<b>2,375,765</b>
Noncontrolling interest	43,509	41,732
<b>Total Equity</b>	<b>2,628,043</b>	<b>2,417,497</b>
<b>Total Liabilities and Equity</b>	<b>\$ 6,201,657</b>	<b>\$ 5,919,274</b>

**Central Maine Power Company and Subsidiaries**  
**Consolidated Statements of Cash Flows (Unaudited)**

Periods Ended June 30,	2024	2023
(Thousands)		
<b>Cash Flow from Operating Activities:</b>		
<b>Net income</b>	<b>\$ 85,479</b>	<b>\$ 56,288</b>
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	67,556	69,544
Regulatory assets/liabilities amortization	(6,079)	16,660
Regulatory assets/liabilities carrying cost	(8,325)	142
Amortization of debt issuance costs	315	282
Deferred taxes	26,439	10,984
Pension cost	(2,156)	(1,326)
Stock-based compensation	316	61
Gain on disposal of assets	(190)	(197)
Other non-cash items	(4,430)	(2,241)
<b>Changes in operating assets and liabilities:</b>		
Accounts receivable, from affiliates, and unbilled revenues	8,985	(2,663)
Inventories	(10,318)	(11,408)
Accounts payable, to affiliates, and accrued liabilities	(18,103)	(144,006)
Taxes accrued	926	21,416
Other assets/liabilities	17,426	107,746
Regulatory assets/liabilities	(232,490)	(138,917)
<b>Net Cash Used in Operating Activities</b>	<b>(74,649)</b>	<b>(17,635)</b>
<b>Cash Flow from Investing Activities:</b>		
Utility plant additions	(226,496)	(163,377)
Contributions in aid of construction	66,197	50,870
Notes receivable from affiliates	3	3
Proceeds from sale of utility plant	150	916
<b>Net Cash Used in Investing Activities</b>	<b>(160,146)</b>	<b>(111,588)</b>
<b>Cash Flow from Financing Activities:</b>		
Repayments of finance leases	(7)	(7)
Notes payable to affiliates	115,100	138,500
Capital contribution	125,000	—
Dividends paid	(26)	(17)
<b>Net Cash Provided by Financing Activities</b>	<b>240,067</b>	<b>138,476</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>5,272</b>	<b>9,253</b>
<b>Cash and Cash Equivalents, Beginning of Period</b>	<b>52,570</b>	<b>28,463</b>
<b>Cash and Cash Equivalents, End of Period</b>	<b>\$ 57,842</b>	<b>\$ 37,716</b>

**Central Maine Power Company and Subsidiaries**  
**Consolidated Statements of Changes in Equity (Unaudited)**

(Thousands, except per share amounts)	CMP Stockholder					Accumulated Other Comprehensive Loss	Total CMP Common Stock Equity	Non- controlling Interest	Total Common Stock Equity
	Number of shares (*)	Common stock	Capital in Excess of Par Value	Retained Earnings	Retained Earnings				
<b>As of December 31, 2022</b>	<b>31,211,471</b>	<b>\$ 156,057</b>	<b>\$1,027,439</b>	<b>\$ 977,063</b>	<b>\$</b>	<b>(3,216)</b>	<b>\$2,157,343</b>	<b>\$ 38,444</b>	<b>\$2,195,787</b>
Net income	—	—	—	54,570	—	—	54,570	1,718	56,288
Other comprehensive income, net of tax	—	—	—	—	—	101	101	—	101
Comprehensive income	—	—	—	—	—	—	—	—	56,389
Stock-based compensation	—	—	(345)	—	—	—	(345)	—	(345)
Preferred stock dividends	—	—	—	(17)	—	—	(17)	—	(17)
<b>As of June 30, 2023</b>	<b>31,211,471</b>	<b>\$ 156,057</b>	<b>\$1,027,094</b>	<b>\$1,031,616</b>	<b>\$</b>	<b>(3,115)</b>	<b>\$2,211,652</b>	<b>\$ 40,162</b>	<b>\$2,251,814</b>
<b>As of December 31, 2023</b>	<b>31,211,471</b>	<b>\$ 156,057</b>	<b>\$1,202,132</b>	<b>\$1,020,633</b>	<b>\$</b>	<b>(3,057)</b>	<b>\$2,375,765</b>	<b>\$ 41,732</b>	<b>\$2,417,497</b>
Net income	—	—	—	83,702	—	—	83,702	1,777	85,479
Other comprehensive income, net of tax	—	—	—	—	—	100	100	—	100
Comprehensive income	—	—	—	—	—	—	—	—	85,579
Stock-based compensation	—	—	1	—	—	—	1	—	1
Capital contribution from parent	—	—	125,000	—	—	—	125,000	—	125,000
Preferred stock dividends	—	—	—	(34)	—	—	(34)	—	(34)
<b>As of June 30, 2024</b>	<b>31,211,471</b>	<b>\$ 156,057</b>	<b>\$1,327,133</b>	<b>\$1,104,301</b>	<b>\$</b>	<b>(2,957)</b>	<b>\$2,584,534</b>	<b>\$ 43,509</b>	<b>\$2,628,043</b>

(\*) Par value of share amounts is \$5

**New York State Electric & Gas Corporation**

**Financial Statements (Unaudited)**

**For the Six Months Ended June 30, 2024 and 2023**

# New York State Electric & Gas Corporation

## Index

<b>Financial Statements (Unaudited) For the Six Months Ended June 30, 2024 and 2023</b>	<b>Page</b>
Statements of Income	1
Statements of Comprehensive Income	1
Balance Sheets	2
Statements of Cash Flows	4
Statements of Changes in Common Stock Equity	5

**New York State Electric & Gas Corporation**  
**Statements of Income (Unaudited)**

Periods Ended June 30,	Three Months		Six Months	
	2024	2023	2024	2023
(Thousands)				
<b>Operating Revenues</b>	\$ 528,275	\$ 437,394	\$ 1,170,884	\$ 1,062,271
<b>Operating Expenses</b>				
Electricity purchased	116,200	97,575	270,988	252,156
Natural gas purchased	10,839	10,334	52,801	90,786
Operations and maintenance	234,334	223,835	474,119	445,035
Depreciation and amortization	59,078	51,783	112,810	103,886
Taxes other than income taxes, net	42,460	40,713	88,550	85,098
<b>Total Operating Expenses</b>	<b>462,911</b>	<b>424,240</b>	<b>999,268</b>	<b>976,961</b>
<b>Operating Income</b>	<b>65,364</b>	<b>13,154</b>	<b>171,616</b>	<b>85,310</b>
Other income	16,739	12,170	32,185	24,553
Other deductions	1,820	4,001	3,734	6,437
Interest expense, net of capitalization	(23,508)	(18,241)	(51,777)	(38,948)
<b>Income Before Income Tax</b>	<b>60,415</b>	<b>11,084</b>	<b>155,758</b>	<b>77,352</b>
Income tax expense	12,838	2,445	32,395	13,485
<b>Net Income</b>	<b>\$ 47,577</b>	<b>\$ 8,639</b>	<b>\$ 123,363</b>	<b>\$ 63,867</b>

**New York State Electric & Gas Corporation**  
**Statements of Comprehensive Income (Unaudited)**

Periods Ended June 30,	Three Months		Six Months	
	2024	2023	2024	2023
(Thousands)				
<b>Net Income</b>	\$ 47,577	\$ 8,639	\$ 123,363	\$ 63,867
<b>Other Comprehensive (Loss) Income, Net of Tax</b>				
Amortization of pension cost for non-qualified plans, net of income tax	(11)	(18)	(27)	(18)
Reclassification to net income of loss on settled cash flow treasury hedges, net of income tax	—	13	—	227
<b>Other Comprehensive (Loss) Income, Net of Tax</b>	<b>(11)</b>	<b>(5)</b>	<b>(27)</b>	<b>209</b>
<b>Comprehensive Income</b>	<b>\$ 47,566</b>	<b>\$ 8,634</b>	<b>\$ 123,336</b>	<b>\$ 64,076</b>

**New York State Electric & Gas Corporation**  
**Balance Sheets (Unaudited)**

As of	June 30,	December 31,
(Thousands)	2024	2023
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 2,498	\$ 6,101
Accounts receivable and unbilled revenues, net	318,546	348,556
Accounts receivable from affiliates	3,084	4,900
Fuel and natural gas in storage, at average cost	13,660	19,022
Materials and supplies	52,711	47,037
Broker margin accounts	17,042	12,039
Derivative assets	944	—
Prepaid property taxes	27,444	38,757
Other current assets	24,155	19,695
Regulatory assets	222,280	204,332
<b>Total Current Assets</b>	<b>682,364</b>	<b>700,439</b>
Utility plant, at original cost	8,742,642	8,528,387
Less accumulated depreciation	(2,533,606)	(2,490,347)
<b>Net Utility Plant in Service</b>	<b>6,209,036</b>	<b>6,038,040</b>
Construction work in progress	1,024,060	882,447
<b>Total Utility Plant</b>	<b>7,233,096</b>	<b>6,920,487</b>
Operating lease right-of-use assets	7,684	8,202
Other property and investments	8,966	8,779
<b>Regulatory and Other Assets</b>		
Regulatory assets	1,221,222	1,050,289
Other	34,611	40,526
<b>Total Regulatory and Other Assets</b>	<b>1,255,833</b>	<b>1,090,815</b>
<b>Total Assets</b>	<b>\$ 9,187,943</b>	<b>\$ 8,728,722</b>

**New York State Electric & Gas Corporation  
Balance Sheets (Unaudited)**

As of	June 30, 2024	December 31, 2023
<b>(Thousands, except share information)</b>		
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Current portion of long-term debt	\$ —	\$ 9,603
Notes payable to affiliates	149,300	83,300
Accounts payable and accrued liabilities	490,442	565,373
Accounts payable to affiliates	63,906	120,564
Interest accrued	28,629	29,288
Taxes accrued	5,272	9,712
Operating lease liabilities	1,256	1,237
Environmental remediation costs	9,650	6,061
Customer deposits	11,149	13,858
Regulatory liabilities	66,001	75,587
Other	80,611	110,600
<b>Total Current Liabilities</b>	<b>906,216</b>	<b>1,025,183</b>
<b>Regulatory and Other Liabilities</b>		
Regulatory liabilities	877,426	917,132
<b>Other Non-current Liabilities</b>		
Deferred income taxes	920,220	853,843
Pension and other postretirement	102,063	119,885
Operating lease liabilities	7,670	8,034
Asset retirement obligation	11,365	11,078
Environmental remediation costs	47,181	53,233
Other	24,963	24,119
<b>Total Regulatory and Other Liabilities</b>	<b>1,990,888</b>	<b>1,987,324</b>
Non-current debt	2,876,532	2,875,190
<b>Total Liabilities</b>	<b>5,773,636</b>	<b>5,887,697</b>
<b>Commitments and Contingencies</b>		
<b>Common Stock Equity</b>		
Common stock (\$6.66 2/3 par value, 90,000,000 shares authorized and 64,508,477 shares outstanding at June 30, 2024 and December 31, 2023)	430,057	430,057
Additional paid-in capital	2,379,088	1,929,142
Retained earnings	605,758	482,395
Accumulated other comprehensive loss	(596)	(569)
<b>Total Common Stock Equity</b>	<b>3,414,307</b>	<b>2,841,025</b>
<b>Total Liabilities and Equity</b>	<b>\$ 9,187,943</b>	<b>\$ 8,728,722</b>

**New York State Electric & Gas Corporation**  
**Statements of Cash Flows (Unaudited)**

Periods Ended June 30,	2024	2023
(Thousands)		
<b>Cash Flow from Operating Activities:</b>		
<b>Net income</b>	<b>\$ 123,363</b>	<b>\$ 63,867</b>
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	112,810	103,886
Regulatory assets/liabilities amortization	15,478	(3,303)
Regulatory assets/liabilities carrying cost	(11,169)	(5,378)
Amortization of debt issuance costs	1,344	948
Deferred taxes	53,264	21,173
Pension cost	(4,205)	(7,158)
Stock-based compensation	190	(15)
Accretion expenses	287	294
Gain on disposal of assets	(13)	(55)
Other non-cash items	(32,031)	(41,308)
Changes in operating assets and liabilities:		
Accounts receivable, from affiliates, and unbilled revenues	31,826	102,396
Inventories	(312)	34,443
Accounts payable, to affiliates, and accrued liabilities	(67,392)	(170,322)
Taxes accrued	(4,440)	971
Other assets/liabilities	(13,660)	20,503
Regulatory assets/liabilities	(249,315)	(113,391)
<b>Net Cash (Used in) Provided by Operating Activities</b>	<b>(43,975)</b>	<b>7,551</b>
<b>Cash Flow from Investing Activities:</b>		
Capital expenditures	(485,546)	(447,020)
Contributions in aid of construction	19,487	16,341
Proceeds from sale of utility plant	2,598	1,536
<b>Net Cash Used in Investing Activities</b>	<b>(463,461)</b>	<b>(429,143)</b>
<b>Cash Flow from Financing Activities:</b>		
Repayments of non-current debt	(12,000)	(200,000)
Repayments of finance leases	(167)	(105)
Notes payable to affiliates	66,000	221,700
Capital contributions	450,000	400,000
<b>Net Cash Provided by Financing Activities</b>	<b>503,833</b>	<b>421,595</b>
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	<b>(3,603)</b>	<b>3</b>
<b>Cash and Cash Equivalents, Beginning of Period</b>	<b>6,101</b>	<b>1</b>
<b>Cash and Cash Equivalents, End of Period</b>	<b>\$ 2,498</b>	<b>\$ 4</b>

**New York State Electric & Gas Corporation**  
**Statements of Changes in Common Stock Equity (Unaudited)**

(Thousands, except per share amounts)	Number of Shares (*)	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Common Stock Equity
<b>As of December 31, 2022</b>	<b>64,508,477 \$</b>	<b>430,057 \$</b>	<b>1,529,469 \$</b>	<b>470,160 \$</b>	<b>(820) \$</b>	<b>2,428,866</b>
Net income	—	—	—	63,867	—	63,867
Other comprehensive income, net of tax	—	—	—	—	209	209
Comprehensive income						64,076
Stock-based compensation	—	—	(327)	—	—	(327)
Capital contributions	—	—	400,000	—	—	400,000
<b>As of June 30, 2023</b>	<b>64,508,477 \$</b>	<b>430,057 \$</b>	<b>1,929,142 \$</b>	<b>534,027 \$</b>	<b>(611) \$</b>	<b>2,892,615</b>
<b>As of December 31, 2023</b>	<b>64,508,477 \$</b>	<b>430,057 \$</b>	<b>1,929,142 \$</b>	<b>482,395 \$</b>	<b>(569) \$</b>	<b>2,841,025</b>
Net income	—	—	—	123,363	—	123,363
Other comprehensive loss, net of tax	—	—	—	—	(27)	(27)
Comprehensive income						123,336
Stock-based compensation	—	—	(54)	—	—	(54)
Capital contributions	—	—	450,000	—	—	450,000
<b>As of June 30, 2024</b>	<b>64,508,477 \$</b>	<b>430,057 \$</b>	<b>2,379,088 \$</b>	<b>605,758 \$</b>	<b>(596) \$</b>	<b>3,414,307</b>

(\*) Par value of share amounts is 6.66 2/3

# **Rochester Gas and Electric Corporation**

**Financial Statements (Unaudited)**

**For the Six Months Ended June 30, 2024 and 2023**

# Rochester Gas and Electric Corporation

## Index

<b>Financial Statements (Unaudited) For the Six Months Ended June 30, 2024 and 2023</b>	<b>Page</b>
Statements of Income	1
Statements of Comprehensive Income	1
Balance Sheets	2
Statements of Cash Flows	4
Statements of Changes in Common Stock Equity	5

**Rochester Gas and Electric Corporation**  
**Statements of Income (Unaudited)**

Periods ended June 30,	Three Months		Six Months	
	2024	2023	2024	2023
(Thousands)				
<b>Operating Revenues</b>	<b>\$ 272,686</b>	<b>\$ 235,662</b>	<b>\$ 623,488</b>	<b>\$ 596,620</b>
<b>Operating Expenses</b>				
Electricity purchased	39,639	34,768	88,323	80,442
Natural gas purchased	11,083	9,160	57,059	86,083
Operations and maintenance	112,764	104,997	210,453	205,184
Depreciation and amortization	34,930	32,593	68,977	64,985
Taxes other than income taxes, net	38,859	36,879	80,424	76,430
<b>Total Operating Expenses</b>	<b>237,275</b>	<b>218,397</b>	<b>505,236</b>	<b>513,124</b>
<b>Operating Income</b>	<b>35,411</b>	<b>17,265</b>	<b>118,252</b>	<b>83,496</b>
Other income	7,472	4,866	14,195	9,869
Other deductions	(1,087)	(634)	(1,545)	(768)
Interest expense, net of capitalization	(15,399)	(12,047)	(32,931)	(25,751)
<b>Income Before Tax</b>	<b>26,397</b>	<b>9,450</b>	<b>97,971</b>	<b>66,846</b>
Income tax expense	6,282	2,893	22,610	14,906
<b>Net Income</b>	<b>\$ 20,115</b>	<b>\$ 6,557</b>	<b>\$ 75,361</b>	<b>\$ 51,940</b>

**Rochester Gas and Electric Corporation**  
**Statements of Comprehensive Income (Unaudited)**

Periods ended June 30,	Three Months		Six Months	
	2024	2023	2024	2023
(Thousands)				
<b>Net Income</b>	<b>\$ 20,115</b>	<b>\$ 6,557</b>	<b>\$ 75,361</b>	<b>\$ 51,940</b>
<b>Other Comprehensive Income, Net of Tax</b>				
Amortization of pension cost for non-qualified plans, net of income tax	70	118	140	118
Reclassification to net income of loss on settled cash flow treasury hedges, net of income tax	679	679	1,358	1,358
<b>Other Comprehensive Income, Net of Tax</b>	<b>749</b>	<b>797</b>	<b>1,498</b>	<b>1,476</b>
<b>Comprehensive Income</b>	<b>\$ 20,864</b>	<b>\$ 7,354</b>	<b>\$ 76,859</b>	<b>\$ 53,416</b>

**Rochester Gas and Electric Corporation**  
**Balance Sheets (Unaudited)**

<b>As of</b>	<b>June 30,</b>	<b>December 31,</b>
	<b>2024</b>	<b>2023</b>
<b>(Thousands)</b>		
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 699	\$ 197
Accounts receivable and unbilled revenues, net	201,920	210,138
Accounts receivable from affiliates	1,572	2,858
Fuel and gas in storage	6,836	10,453
Materials and supplies	24,238	26,745
Derivative assets	1,157	—
Broker margin accounts	9,581	6,985
Income tax receivable	—	825
Prepaid property taxes	22,896	43,637
Regulatory assets	81,309	105,460
Other current assets	14,937	13,853
<b>Total Current Assets</b>	<b>365,145</b>	<b>421,151</b>
Utility plant, at original cost	5,472,094	5,381,423
Less accumulated depreciation	(1,427,381)	(1,384,955)
<b>Net Utility Plant in Service</b>	<b>4,044,713</b>	<b>3,996,468</b>
Construction work in progress	461,889	409,669
<b>Total Utility Plant</b>	<b>4,506,602</b>	<b>4,406,137</b>
Operating lease right-of-use assets	16,711	1,372
<b>Regulatory and Other Assets</b>		
Regulatory assets	530,466	488,461
Other	41,497	42,749
<b>Total Regulatory and Other Assets</b>	<b>571,963</b>	<b>531,210</b>
<b>Total Assets</b>	<b>\$ 5,460,421</b>	<b>\$ 5,359,870</b>

**Rochester Gas and Electric Corporation**  
**Balance Sheets (Unaudited)**

<b>As of</b>	<b>June 30,</b>	<b>December 31,</b>
	<b>2024</b>	<b>2023</b>
<i>(Thousands, except share information)</i>		
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Notes payable to affiliates	\$ 1,400	\$ 17,100
Accounts payable and accrued liabilities	172,413	202,636
Accounts payable to affiliates	32,034	58,427
Interest accrued	8,908	9,192
Taxes accrued	4,478	2,199
Operating lease liabilities	1,319	1,878
Environmental remediation costs	13,755	17,767
Regulatory liabilities	61,257	79,101
Other	61,916	73,025
<b>Total Current Liabilities</b>	<b>357,480</b>	<b>461,325</b>
<b>Regulatory and Other Liabilities</b>		
Regulatory liabilities	510,738	528,741
<b>Other Non-current Liabilities</b>		
Deferred income taxes	553,968	524,937
Nuclear plant obligations	141,930	138,182
Pension and other postretirement	95,484	98,117
Operating lease liabilities	16,842	1,274
Asset retirement obligations	2,263	2,206
Environmental remediation costs	62,299	62,834
Other	28,279	28,758
<b>Total Regulatory and Other Liabilities</b>	<b>1,411,803</b>	<b>1,385,049</b>
Non-current debt	1,738,965	1,738,065
<b>Total Liabilities</b>	<b>3,508,248</b>	<b>3,584,439</b>
<b>Commitments and Contingencies</b>		
<b>Common Stock Equity</b>		
Common stock (\$5 par value, 50,000,000 shares authorized, 38,885,813 shares outstanding at June 30, 2024 and December 31, 2023)	194,429	194,429
Additional paid-in capital	1,405,435	1,305,552
Retained earnings	495,992	420,631
Accumulated other comprehensive loss	(26,445)	(27,943)
Treasury stock, at cost (4,379,300 shares at June 30, 2024 and December 31, 2023)	(117,238)	(117,238)
<b>Total Common Stock Equity</b>	<b>1,952,173</b>	<b>1,775,431</b>
<b>Total Liabilities and Equity</b>	<b>\$ 5,460,421</b>	<b>\$ 5,359,870</b>

**Rochester Gas and Electric Corporation**  
**Statements of Cash Flows (Unaudited)**

Periods ended June 30,	2024	2023
(Thousands)		
<b>Cash Flow From Operating Activities:</b>		
<b>Net income</b>	<b>\$ 75,361</b>	<b>\$ 51,940</b>
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	68,977	64,985
Regulatory assets/liabilities amortization	(24,910)	(20,867)
Regulatory assets/liabilities carrying cost	(2,760)	788
Amortization of debt issuance costs	882	777
Deferred taxes	23,823	17,985
Pension cost	1,371	(451)
Accretion expenses	57	60
Gain on disposal of assets	(252)	(24)
Other non-cash items	(8,123)	(4,402)
Changes in operating assets and liabilities:		
Accounts receivable, from affiliates, and unbilled revenues	9,504	48,223
Inventories	6,124	22,444
Accounts payable, to affiliates, and accrued liabilities	(33,620)	(68,048)
Taxes accrued	3,104	(14,511)
Other assets/liabilities	9,606	25,529
Regulatory assets/liabilities	(32,430)	(61,270)
<b>Net Cash Provided by Operating Activities</b>	<b>96,714</b>	<b>63,158</b>
<b>Cash Flow From Investing Activities:</b>		
Capital expenditures	(186,074)	(233,932)
Contributions in aid of construction	6,197	4,333
Proceeds from sale of utility plant	638	202
<b>Net Cash Used in Investing Activities</b>	<b>(179,239)</b>	<b>(229,397)</b>
<b>Cash Flow From Financing Activities:</b>		
Repayments of finance leases	(1,273)	(1,959)
Notes payable to affiliates	(15,700)	93,200
Capital contributions	100,000	75,000
<b>Net Cash Provided by Financing Activities</b>	<b>83,027</b>	<b>166,241</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>502</b>	<b>2</b>
<b>Cash and Cash Equivalents, Beginning of Period</b>	<b>197</b>	<b>4</b>
<b>Cash and Cash Equivalents, End of Period</b>	<b>\$ 699</b>	<b>\$ 6</b>

**Rochester Gas and Electric Corporation**  
**Statements of Changes in Common Stock Equity (Unaudited)**

(Thousands, except per share amounts)	Number of shares (*)	Common stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total Common Stock Equity
<b>Balance, December 31, 2022</b>	<b>38,885,813</b>	<b>\$ 194,429</b>	<b>\$ 1,080,703</b>	<b>\$ 376,434</b>	<b>\$ (30,977)</b>	<b>\$ (117,238)</b>	<b>\$ 1,503,351</b>
Net income	—	—	—	51,940	—	—	51,940
Other comprehensive income, net of tax	—	—	—	—	1,476	—	1,476
Comprehensive income							53,416
Stock-based compensation	—	—	(151)	—	—	—	(151)
Capital contributions	—	—	75,000	—	—	—	75,000
<b>Balance, June 30, 2023</b>	<b>38,885,813</b>	<b>\$ 194,429</b>	<b>\$ 1,155,552</b>	<b>\$ 428,374</b>	<b>\$ (29,501)</b>	<b>\$ (117,238)</b>	<b>\$ 1,631,616</b>
<b>Balance, December 31, 2023</b>	<b>38,885,813</b>	<b>\$ 194,429</b>	<b>\$ 1,305,552</b>	<b>\$ 420,631</b>	<b>\$ (27,943)</b>	<b>\$ (117,238)</b>	<b>\$ 1,775,431</b>
Net income	—	—	—	75,361	—	—	75,361
Other comprehensive income, net of tax	—	—	—	—	1,498	—	1,498
Comprehensive income							76,859
Stock-based compensation	—	—	(117)	—	—	—	(117)
Capital contributions	—	—	100,000	—	—	—	100,000
<b>Balance, June 30, 2024</b>	<b>38,885,813</b>	<b>\$ 194,429</b>	<b>\$ 1,405,435</b>	<b>\$ 495,992</b>	<b>\$ (26,445)</b>	<b>\$ (117,238)</b>	<b>\$ 1,952,173</b>

(\*) Par value of share amounts is \$5

**The Southern Connecticut Gas Company**

**Consolidated Financial Statements (Unaudited)  
For the Six Months Ended June 30, 2024 and 2023**

# The Southern Connecticut Gas Company

## Index

### **Consolidated Financial Statements (Unaudited) For the Six Months Ended June 30, 2024 and 2023**

	<b>Page</b>
Consolidated Statements of Income	1
Consolidated Statements of Comprehensive Income	1
Consolidated Balance Sheets	2
Consolidated Statements of Cash Flows	4
Consolidated Statements of Changes in Common Stock Equity	5

**The Southern Connecticut Gas Company  
Consolidated Statements of Income (Unaudited)**

Periods Ended June 30,	Three Months		Six Months	
(Thousands)	2024	2023	2024	2023
<b>Operating Revenues</b>	<b>\$ 98,835</b>	<b>\$ 73,308</b>	<b>\$ 239,489</b>	<b>\$ 252,427</b>
<b>Operating Expenses</b>				
Natural gas purchased	39,161	22,895	101,663	126,435
Operations and maintenance	26,130	28,313	52,849	50,135
Depreciation and amortization	11,507	10,544	22,776	20,930
Taxes other than income taxes, net	8,518	8,064	20,089	19,614
<b>Total Operating Expenses</b>	<b>85,316</b>	<b>69,816</b>	<b>197,377</b>	<b>217,114</b>
<b>Operating Income</b>	<b>13,519</b>	<b>3,492</b>	<b>42,112</b>	<b>35,313</b>
Other income	575	1,300	2,097	1,774
Other deductions	(891)	63	(2,544)	(777)
Interest expense, net of capitalization	(5,900)	(4,806)	(11,649)	(9,301)
<b>Income Before Income Tax</b>	<b>7,303</b>	<b>49</b>	<b>30,016</b>	<b>27,009</b>
Income tax expense (benefit)	904	(323)	4,925	4,696
<b>Net Income</b>	<b>6,399</b>	<b>372</b>	<b>25,091</b>	<b>22,313</b>
Less: net income attributable to noncontrolling interest	919	929	2,352	1,885
<b>Net Income (Loss) Attributable to SCG</b>	<b>\$ 5,480</b>	<b>\$ (557)</b>	<b>\$ 22,739</b>	<b>\$ 20,428</b>

**The Southern Connecticut Gas Company  
Consolidated Statements of Comprehensive Income (Unaudited)**

Periods Ended June 30,	Three Months		Six Months	
(Thousands)	2024	2023	2024	2023
<b>Net Income</b>	<b>\$ 6,399</b>	<b>\$ 372</b>	<b>\$ 25,091</b>	<b>\$ 22,313</b>
<b>Other Comprehensive Income, Net of Tax</b>				
Amortization of pension cost for non-qualified plans, net of income tax	9	8	18	8
<b>Other Comprehensive Income, Net of Tax</b>	<b>9</b>	<b>8</b>	<b>18</b>	<b>8</b>
<b>Comprehensive Income</b>	<b>6,408</b>	<b>380</b>	<b>25,109</b>	<b>22,321</b>
Less: Comprehensive income attributable to noncontrolling interest	919	929	2,352	1,885
<b>Comprehensive Income (Loss) Attributable to SCG</b>	<b>\$ 5,489</b>	<b>\$ (549)</b>	<b>\$ 22,757</b>	<b>\$ 20,436</b>

**The Southern Connecticut Gas Company  
Consolidated Balance Sheets (Unaudited)**

<b>As of</b>	<b>June 30,</b>	<b>December 31,</b>
(Thousands)	<b>2024</b>	<b>2023</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 248	\$ 380
Accounts receivable and unbilled revenues, net	83,907	103,015
Accounts receivable from affiliates	528	648
Notes receivable from affiliates	3,018	15,259
Gas in storage	37,848	45,886
Materials and supplies	3,933	4,400
Income tax receivable	6,734	—
Other current assets	3,628	4,047
Regulatory assets	55,421	48,064
<b>Total Current Assets</b>	<b>195,265</b>	<b>221,699</b>
Utility plant, at original cost	1,488,649	1,435,400
Less accumulated depreciation	(425,648)	(403,611)
<b>Net Utility Plant in Service</b>	<b>1,063,001</b>	<b>1,031,789</b>
Construction work in progress	25,292	26,905
<b>Total Utility Plant</b>	<b>1,088,293</b>	<b>1,058,694</b>
Operating lease right-of-use assets	10,949	11,256
Other property and investments	10,825	10,396
<b>Regulatory and Other Assets</b>		
Regulatory assets	165,465	163,696
Goodwill	134,931	134,931
Other	488	372
<b>Total Regulatory and Other Assets</b>	<b>300,884</b>	<b>298,999</b>
<b>Total Assets</b>	<b>\$ 1,606,216</b>	<b>\$ 1,601,044</b>

**The Southern Connecticut Gas Company  
Consolidated Balance Sheets (Unaudited)**

As of	June 30, 2024	December 31, 2023
(Thousands, except share information)		
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Notes payable to affiliates	\$ 4,024	\$ 2,087
Accounts payable and accrued liabilities	39,856	71,892
Accounts payable to affiliates	11,534	20,927
Interest accrued	3,997	4,096
Taxes accrued	4,395	12,324
Operating lease liabilities	955	904
Regulatory liabilities	24,538	6,279
Other	21,750	21,794
<b>Total Current Liabilities</b>	<b>111,049</b>	<b>140,303</b>
<b>Regulatory and Other Liabilities</b>		
Regulatory liabilities	255,682	245,911
<b>Other Non-current Liabilities</b>		
Deferred income taxes	115,614	109,708
Pension and other postretirement	48,823	48,122
Operating lease liabilities	11,026	11,364
Asset retirement obligation	12,907	12,907
Environmental remediation costs	58,007	60,624
Other	6,920	7,071
<b>Total Regulatory and Other Liabilities</b>	<b>508,979</b>	<b>495,707</b>
Non-current debt	364,388	364,471
<b>Total Liabilities</b>	<b>984,416</b>	<b>1,000,481</b>
<b>Commitments and Contingencies</b>		
<b>Common Stock Equity</b>		
Common stock (\$13.33 par value, 2,650,000 shares authorized and 1,407,072 shares outstanding at June 30, 2024 and December 31, 2023)	18,761	18,761
Additional paid-in capital	472,737	472,737
Retained earnings	94,061	71,322
Accumulated other comprehensive loss	(5,352)	(5,370)
<b>Total SCG Common Stock Equity</b>	<b>580,207</b>	<b>557,450</b>
Noncontrolling interest	41,593	43,113
<b>Total Equity</b>	<b>621,800</b>	<b>600,563</b>
<b>Total Liabilities and Equity</b>	<b>\$ 1,606,216</b>	<b>\$ 1,601,044</b>

**The Southern Connecticut Gas Company**  
**Consolidated Statements of Cash Flows (Unaudited)**

Periods Ended June 30,	2024	2023
(Thousands)		
<b>Cash Flow from Operating Activities:</b>		
<b>Net income</b>	<b>\$ 25,091</b>	<b>\$ 22,313</b>
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	22,776	20,930
Regulatory assets/liabilities amortization	8,788	9,683
Regulatory assets/liabilities carrying cost	2,519	1,769
Amortization of debt issuance costs	(87)	(98)
Deferred taxes	4,030	2,908
Pension cost	593	1,137
Gain on disposal of assets	—	(76)
Other non-cash items	(23)	(118)
Changes in operating assets and liabilities:		
Accounts receivable, from affiliates, and unbilled revenues	19,228	54,591
Inventories	8,505	13,416
Accounts payable, to affiliates, and accrued liabilities	(30,755)	(57,547)
Taxes accrued	(14,663)	(14,426)
Other assets/liabilities	(1,404)	6,206
Regulatory assets/liabilities	5,131	25,109
<b>Net Cash Provided by Operating Activities</b>	<b>49,729</b>	<b>85,797</b>
<b>Cash Flow from Investing Activities:</b>		
Capital expenditures	(61,751)	(55,010)
Contributions in aid of construction	1,584	1,908
Proceeds from sale of utility plant	—	116
Notes receivable from affiliates	12,241	(20,771)
<b>Net Cash Used in Investing Activities</b>	<b>(47,926)</b>	<b>(73,757)</b>
<b>Cash Flow from Financing Activities:</b>		
Notes payable to affiliates	1,937	(23,291)
Capital contributions	—	10,000
Contributions from noncontrolling interest	2,087	—
Payment of noncontrolling interest dividend	(5,959)	—
<b>Net Cash Used in Financing Activities</b>	<b>(1,935)</b>	<b>(13,291)</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(132)</b>	<b>(1,251)</b>
<b>Cash and Cash Equivalents, Beginning of Period</b>	<b>380</b>	<b>1,259</b>
<b>Cash and Cash Equivalents, End of Period</b>	<b>\$ 248</b>	<b>\$ 8</b>

**The Southern Connecticut Gas Company**  
**Consolidated Statements of Changes in Common Stock Equity (Unaudited)**

(Thousands, except per share amounts)	Number of Shares (*)	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interest	Total Common Stock Equity
<b>As of December 31, 2022</b>	<b>1,407,072</b>	<b>\$ 18,761</b>	<b>\$ 462,737</b>	<b>\$ 62,315</b>	<b>\$ (5,216)</b>	<b>\$ 40,440</b>	<b>\$ 579,037</b>
Net income	—	—	—	20,428	—	—	20,428
Other comprehensive income, net of tax	—	—	—	—	8	—	8
Comprehensive income							20,436
Net income attributable to noncontrolling interest	—	—	—	—	—	1,885	1,885
Capital contributions	—	—	10,000	—	—	—	10,000
<b>As of June 30, 2023</b>	<b>1,407,072</b>	<b>\$ 18,761</b>	<b>\$ 472,737</b>	<b>\$ 82,743</b>	<b>\$ (5,208)</b>	<b>\$ 42,325</b>	<b>\$ 611,358</b>
<b>As of December 31, 2023</b>	<b>1,407,072</b>	<b>\$ 18,761</b>	<b>\$ 472,737</b>	<b>\$ 71,322</b>	<b>\$ (5,370)</b>	<b>\$ 43,113</b>	<b>\$ 600,563</b>
Net income	—	—	—	22,739	—	—	22,739
Other comprehensive income, net of tax	—	—	—	—	18	—	18
Comprehensive income							22,757
Net income attributable to noncontrolling interest	—	—	—	—	—	2,352	2,352
Payment of noncontrolling interest dividend	—	—	—	—	—	(5,959)	(5,959)
Contributions from noncontrolling interest	—	—	—	—	—	2,087	2,087
<b>As of June 30, 2024</b>	<b>1,407,072</b>	<b>\$ 18,761</b>	<b>\$ 472,737</b>	<b>\$ 94,061</b>	<b>\$ (5,352)</b>	<b>\$ 41,593</b>	<b>\$ 621,800</b>

(\*) Par value of share amounts is \$13.33

# **The United Illuminating Company**

**Financial Statements (Unaudited)**

**For the Six Months Ended June 30, 2024 and 2023**

# The United Illuminating Company

## Index

### Financial Statements (Unaudited) For the Six Months Ended June 30, 2024 and 2023

	<b>Page</b>
Statements of Income	1
Statements of Comprehensive Income	1
Balance Sheets	2
Statements of Cash Flows	4
Statements of Changes in Equity	5
Notes to Financial Statements	6

**The United Illuminating Company**  
**Statements of Income (Unaudited)**

Periods Ended June 30,	Three Months		Six Months	
(Thousands)	2024	2023	2024	2023
<b>Operating Revenues</b>	<b>\$ 286,594</b>	<b>\$ 273,874</b>	<b>\$ 660,395</b>	<b>\$ 683,518</b>
<b>Operating Expenses</b>				
Electricity purchased	81,906	84,820	240,048	302,631
Operations and maintenance	117,524	97,286	236,964	197,519
Depreciation and amortization	29,288	29,046	58,464	57,621
Taxes other than income taxes, net	27,585	25,368	57,207	51,703
<b>Total Operating Expenses</b>	<b>256,303</b>	<b>236,520</b>	<b>592,683</b>	<b>609,474</b>
<b>Operating Income</b>	<b>30,291</b>	<b>37,354</b>	<b>67,712</b>	<b>74,044</b>
Other income	7,394	5,486	16,490	11,029
Other deductions	36	278	(709)	(677)
Earnings from equity method investments	626	688	1,370	1,505
Interest expense, net of capitalization	(12,293)	(9,995)	(25,084)	(20,554)
<b>Income Before Income Tax</b>	<b>26,054</b>	<b>33,811</b>	<b>59,779</b>	<b>65,347</b>
Income tax expense	6,468	6,622	12,970	12,661
<b>Net Income</b>	<b>\$ 19,586</b>	<b>\$ 27,189</b>	<b>\$ 46,809</b>	<b>\$ 52,686</b>

**The United Illuminating Company**  
**Statements of Comprehensive Income (Unaudited)**

Periods Ended June 30,	Three Months		Six Months	
(Thousands)	2024	2023	2024	2023
<b>Net Income</b>	<b>\$ 19,586</b>	<b>\$ 27,189</b>	<b>\$ 46,809</b>	<b>\$ 52,686</b>
<b>Other Comprehensive Income, Net of Tax</b>				
Amortization of pension cost for non-qualified plans, net of income tax	56	100	112	100
<b>Other Comprehensive Income, Net of Tax</b>	<b>56</b>	<b>100</b>	<b>112</b>	<b>100</b>
<b>Comprehensive Income</b>	<b>\$ 19,642</b>	<b>\$ 27,289</b>	<b>\$ 46,921</b>	<b>\$ 52,786</b>

**The United Illuminating Company**  
**Balance Sheets (Unaudited)**

As of	June 30, 2024	December 31, 2023
(Thousands)		
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 712	\$ 4,359
Accounts receivable and unbilled revenues, net	201,122	200,295
Accounts receivable from affiliates	887	4,471
Materials and supplies	14,229	12,046
Derivative assets	390	454
Prepayments and other current assets	9,016	10,387
Income tax receivable	6,696	2,544
Regulatory assets	193,074	132,434
<b>Total Current Assets</b>	<b>426,126</b>	<b>366,990</b>
Utility plant, at original cost	3,846,436	3,791,867
Less accumulated depreciation	(1,195,361)	(1,137,053)
<b>Net Utility Plant in Service</b>	<b>2,651,075</b>	<b>2,654,814</b>
Construction work in progress	435,137	372,242
<b>Total Utility Plant</b>	<b>3,086,212</b>	<b>3,027,056</b>
Operating lease right-of-use assets	11,428	11,790
Equity method investments	77,032	78,747
Other property and investments	19,271	16,740
<b>Regulatory and Other Assets</b>		
Regulatory assets	297,915	305,644
Derivative assets	263	445
Other	26,779	25,605
<b>Total Regulatory and Other Assets</b>	<b>324,957</b>	<b>331,694</b>
<b>Total Assets</b>	<b>\$ 3,945,026</b>	<b>\$ 3,833,017</b>

**The United Illuminating Company**  
**Balance Sheets (Unaudited)**

As of	June 30, 2024	December 31, 2023
(Thousands, except share information)		
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Current portion of debt	\$ 49,564	\$ —
Notes payable to affiliates	146,000	24,400
Accounts payable and accrued liabilities	129,649	170,503
Accounts payable to affiliates	38,818	71,314
Interest accrued	12,510	10,841
Taxes accrued	16,946	16,636
Operating lease liabilities	569	703
Derivative liabilities	15,762	16,777
Other current liabilities	52,844	41,712
Regulatory liabilities	17,101	13,650
<b>Total Current Liabilities</b>	<b>479,763</b>	<b>366,536</b>
<b>Regulatory and Other Liabilities</b>		
Regulatory liabilities	334,341	333,670
<b>Other Non-current Liabilities</b>		
Deferred income taxes	467,081	446,803
Pension and other postretirement	116,111	119,176
Operating lease liabilities	15,318	15,474
Derivative liabilities	6,483	14,050
Environmental remediation costs	14,848	24,019
Other	32,069	31,417
<b>Total Regulatory and Other Liabilities</b>	<b>986,251</b>	<b>984,609</b>
Non-current debt	988,580	1,038,310
<b>Total Liabilities</b>	<b>2,454,594</b>	<b>2,389,455</b>
<b>Commitments and Contingencies</b>		
<b>Common Stock Equity</b>		
Common stock (no par value, 30,000,000 shares authorized and 100 shares outstanding at June 30, 2024 and December 31, 2023)	1	1
Additional paid-in capital	906,544	906,595
Retained earnings	591,464	544,655
Accumulated other comprehensive loss	(7,577)	(7,689)
<b>Total Common Stock Equity</b>	<b>1,490,432</b>	<b>1,443,562</b>
<b>Total Liabilities and Equity</b>	<b>\$ 3,945,026</b>	<b>\$ 3,833,017</b>

**The United Illuminating Company**  
**Statements of Cash Flows (Unaudited)**

Periods Ended June 30,	2024	2023
(Thousands)		
<b>Cash Flow from Operating Activities:</b>		
<b>Net income</b>	<b>\$ 46,809</b>	<b>\$ 52,686</b>
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	58,464	57,621
Regulatory assets/liabilities amortization	(1,226)	(74,012)
Regulatory assets/liabilities carrying cost	(6,686)	(2,495)
Amortization of debt issuance costs	271	267
Deferred taxes	16,075	17,170
Pension cost	1,370	2,851
Stock-based compensation	36	32
Gain on disposal of assets	—	(57)
Earnings from equity method investments	(1,363)	(1,499)
Cash distribution from equity method investments	1,134	1,500
Other non-cash items	(6,638)	(4,730)
Changes in operating assets and liabilities:		
Accounts receivable, from affiliates, and unbilled revenues	2,757	1,722
Inventories	(2,183)	(2,762)
Accounts payable, to affiliates, and accrued liabilities	(33,451)	(55,634)
Taxes accrued	(3,841)	(7,255)
Other assets/liabilities	7,320	11,287
Regulatory assets/liabilities	(63,678)	(59,870)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>15,170</b>	<b>(63,178)</b>
<b>Cash Flow from Investing Activities:</b>		
Capital expenditures	(144,133)	(118,483)
Contributions in aid of construction	1,690	2,460
Notes receivable from affiliates	—	82,600
Proceeds from sale of utility plant	82	73
Cash distribution from equity method investments	1,944	1,973
<b>Net Cash Used in Investing Activities</b>	<b>(140,417)</b>	<b>(31,377)</b>
<b>Cash Flow from Financing Activities:</b>		
Notes payable to affiliates	121,600	95,400
<b>Net Cash Provided by Financing Activities</b>	<b>121,600</b>	<b>95,400</b>
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	<b>(3,647)</b>	<b>845</b>
<b>Cash and Cash Equivalents, Beginning of Period</b>	<b>4,359</b>	<b>1</b>
<b>Cash and Cash Equivalents, End of Period</b>	<b>\$ 712</b>	<b>\$ 846</b>

**The United Illuminating Company  
Statements of Changes in Equity (Unaudited)**

(Thousands, except per share amounts)	Number of shares (*)	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Common Stock Equity
<b>Balance, December 31, 2022</b>	<b>100 \$</b>	<b>1 \$</b>	<b>806,652 \$</b>	<b>537,117 \$</b>	<b>(7,431) \$</b>	<b>1,336,339</b>
Net income	—	—	—	52,686	—	52,686
Other comprehensive income, net of tax	—	—	—	—	100	100
Comprehensive income						52,786
Stock-based compensation	—	—	(80)	—	—	(80)
<b>Balance, June 30, 2023</b>	<b>100 \$</b>	<b>1 \$</b>	<b>806,572 \$</b>	<b>589,803 \$</b>	<b>(7,331) \$</b>	<b>1,389,045</b>
<b>Balance, December 31, 2023</b>	<b>100 \$</b>	<b>1 \$</b>	<b>906,595 \$</b>	<b>544,655 \$</b>	<b>(7,689) \$</b>	<b>1,443,562</b>
Net income	—	—	—	46,809	—	46,809
Other comprehensive income, net of tax	—	—	—	—	112	112
Comprehensive income						46,921
Stock-based compensation	—	—	(51)	—	—	(51)
<b>Balance, June 30, 2024</b>	<b>100 \$</b>	<b>1 \$</b>	<b>906,544 \$</b>	<b>591,464 \$</b>	<b>(7,577) \$</b>	<b>1,490,432</b>

(\*) No par value.

## Notes to Financial Statements

### **Note 1. Significant Accounting Policies**

**Background and nature of operations:** The United Illuminating Company (UI) is a regulated operating electric public utility engaged in the purchase, transmission, distribution, and sale of electricity for residential, commercial and industrial purposes. UI is regulated as an electric distribution company by the Connecticut Public Utilities Regulatory Authority (PURA) and is also subject to regulation by the Federal Energy Regulatory Commission (FERC). UI serves approximately 345,200 customers as of June 30, 2024 in its service territory of approximately 335 square miles in southwestern Connecticut.

UI is a wholly owned subsidiary of UIL Holdings Corporation (UIL Holdings). UIL Holdings, whose primary business is ownership of its operating regulated utility businesses, is a wholly-owned subsidiary of Avangrid Networks, Inc. (Networks), which is a wholly-owned subsidiary of Avangrid, Inc. (AGR), which is a 81.6% owned subsidiary of Iberdrola, S.A., a corporation organized under the law of the Kingdom of Spain.

UI is also a party to a joint venture with Clearway Energy, Inc., a subsidiary of Global Infrastructure Partners (GIP), pursuant to which UI holds 50% of the membership interests in GCE Holding LLC, whose wholly-owned subsidiary, GenConn Energy LLC, or GenConn, operates peaking generation plants in Devon, Connecticut (GenConn Devon) and Middletown, Connecticut (GenConn Middletown).

**Agreement and Plan of Merger:** On May 17, 2024, AGR entered into an Agreement and Plan of Merger (the Merger Agreement) with Iberdrola and Arizona Merger Sub, Inc (Merger Sub). The Merger Agreement provides that, upon the terms and subject to the satisfaction or waiver of the conditions set forth therein, Merger Sub will merge with and into AGR (the Merger), with AGR continuing as the surviving corporation and a wholly-owned subsidiary of Iberdrola.

Pursuant to the terms of the Merger Agreement, at the time at which the Merger becomes effective (the "Effective Time"), as a result of the Merger, each share of common stock of AGR issued and outstanding immediately prior to the Effective Time (other than shares of common stock owned by Iberdrola, Merger Sub or any other direct or indirect wholly-owned subsidiary of Iberdrola and shares of common stock owned by AGR or any direct or indirect wholly-owned subsidiary of AGR, and in each case not held on behalf of third parties (collectively, the Excluded Shares)) will be converted into the right to receive \$35.75 in cash per share, without interest. At the Effective Time, all of the shares of common stock of AGR (other than the Excluded Shares) will be cancelled and will cease to exist.

The consummation of the Merger is subject to customary closing conditions, including, among others, requisite shareholder approval and receipt of certain required regulatory approvals (including approvals from the FERC, the Maine Public Utilities Commission (MPUC) and the New York Public Service Commission (NYPSC)). The Merger Agreement contains certain termination rights for each of AGR and Iberdrola. In addition, AGR, upon the recommendation of the Unaffiliated Committee of the board of directors of AGR, and Iberdrola may terminate the Merger Agreement if the Merger is not consummated on or before June 30, 2025, subject to one three-month extension, exercisable by either Iberdrola or AGR, upon the recommendation of the Unaffiliated Committee, in the event that all conditions to closing have been satisfied except for those related to the approval of FERC, MPUC and NYPSC.

**Basis of presentation:** The accompanying unaudited condensed financial statements for the interim periods have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) for interim financial information. Accordingly, the

## **Notes to Financial Statements**

interim condensed financial statements do not include all the information and note disclosures required by U.S. GAAP for complete financial statements.

In the opinion of management, the accompanying condensed financial statements contain all adjustments necessary to present fairly our condensed financial statements for the interim periods described herein. All such adjustments are of a normal and recurring nature, except as otherwise disclosed. The results for the six months ended June 30, 2024, are not necessarily indicative of the results for the entire fiscal year ending December 31, 2024.

***Significant Accounting Policies and New Accounting Pronouncements:*** The new accounting pronouncements we have adopted as of January 1, 2024, and reflected in our condensed financial statements are described below. There have been no other material changes to the significant accounting policies described in our financial statements and FERC Form No.1 for the fiscal year ended December 31, 2023, except for those described below resulting from the adoption of new authoritative accounting guidance issued by Financial Accounting Standards Board (FASB).

### **Adoption of New Accounting Pronouncements**

Although we are not a public business entity, our parent company is a public business entity; therefore, we adopt new accounting standards based on the effective date for public entities as permitted. There were no significant new accounting pronouncements adopted since January 1, 2024.

### **Accounting Pronouncements Issued But Not Yet Adopted**

The following are new accounting pronouncements not yet adopted that we have evaluated or are evaluating to determine their effect on UI's condensed financial statements.

#### **(a) Improvements to Income Tax Disclosures**

In December 2023, the FASB issued guidance to enhance income tax disclosures. The two primary enhancements relate to disaggregation of the annual disclosures for the effective tax rate reconciliation and income taxes paid. For the rate reconciliation, it requires additional disaggregation of information in a tabular format using both percentages and amounts broken out into specific categories (e.g., state and local income tax net of federal income tax effect, foreign tax effects, effect of changes in tax laws, tax credits, changes in valuation allowances, nontaxable or nondeductible items, and changes in unrecognized tax benefits). For income taxes paid, it requires disaggregation by jurisdiction (e.g., federal, state and foreign). We do not expect the new guidance to have a material impact on our results of operations, financial position and cash flows.

## **Note 2. Industry Regulation**

### **Rates**

Utilities are entitled by Connecticut statutes to charge rates that are sufficient to allow them an opportunity to cover their reasonable operating and capital costs, to attract needed capital, and to maintain their financial integrity, while also protecting relevant public interests.

UI's previously approved three-year distribution rate schedules became effective January 1, 2017 through December 31, 2019, and included, among other things, annual tariff increases and an ROE of 9.10% based on a 50.00% equity ratio, continuation of UI's existing earnings sharing

## **Notes to Financial Statements**

mechanism (ESM) pursuant to which UI and its customers share on a 50/50 basis all distribution earnings above the allowed ROE in a calendar year, continuation of the existing decoupling mechanism, and the continuation of a requested storm reserve. Any dollars due to customers from the ESM continue to be first applied against any storm regulatory asset balance (if one exists at that time) or refunded to customers through a bill credit if such storm regulatory asset balance does not exist. Given the expiration of the rate plan, UI has been operating under the 2019 approved rate schedules.

On September 9, 2022, UI filed a distribution revenue requirement case. UI's filing proposes a three-year rate plan commencing September 1, 2023 through August 31, 2026. In February and March, 2023, UI attended 15 days of evidentiary hearings in support of its application. PURA issued a Final Decision on August 25, 2023, which approved an annual revenue requirement of \$384.9 million and a 1-year rate plan commencing on September 1, 2023. This represents an increase of \$22.9 million to the Company's currently approved base distribution revenue requirement. PURA established an allowed return on equity of 9.10%, but reduced the allowed ROE by an aggregate 47 basis point reduction (i.e., to 8.63%), subject to certain conditions and timelines. The Final Decision established a capital structure consisting of 50% common equity and 50% debt. The Final Decision results in an average increase in base distribution rates of about 6.6% and an average increase in customer bills of about 2% compared to current levels. On September 18, 2023, UI filed an appeal of the PURA's Final Decision in Connecticut Superior Court, because of actual and legal errors related to the treatment of deferred assets, plant in service, and operating expenses. We cannot predict the outcome of this matter.

### **Connecticut Energy Legislation**

On June 29, 2023, the Governor of Connecticut signed into law an energy bill titled *An Act Strengthening Protections for Connecticut Consumers*, which, among other things, provided PURA with additional powers to regulate the State's public service companies. More specifically, the Act modified certain ratemaking mechanisms such as revenue decoupling, allows PURA to initiate more frequent rate reviews in between rate cases, modifies electric distribution billing formats, precludes recovery of rate case expenses and appeals from rate proceedings, and mandates various reporting requirements. We will continue to review the requirements of the program for the next legislative session.

### **Power Supply Arrangements**

Under Connecticut law, UI's retail electricity customers can choose their electricity supplier while UI remains their electric distribution company. UI purchases power for those of its customers under standard service rates who do not choose an alternative retail electric supplier and have a maximum demand of less than 500 kilowatts, as well as its customers under supplier of last resort service who are not eligible for standard service rates and do not choose to purchase electric generation service from an alternate retail electric supplier. The cost of the purchased power is a "pass-through" to those customers through the General Services Charge (GSC) charge on their bills.

UI must procure the power to serve its standard service load pursuant to a procurement plan approved by PURA. Under the procurement plan, UI procures wholesale power for its standard service customers on a full requirements basis pursuant to contracts with a maximum duration of 12 months, with the delivery of such wholesale power to commence no later than one year from the applicable bid day.

At the conclusion of the period ended June 30, 2024, UI has wholesale power supply agreements in place for its entire standard service load for 2024, and 40% of the first half of 2025. Supplier of

## **Notes to Financial Statements**

last resort service is procured on a quarterly basis and UI has a wholesale power supply agreement in place for the first, second and third quarters of 2024.

UI determined that its contracts for standard service and supplier of last resort service are derivatives under ASC 815 “Derivatives and Hedging” and elected the “normal purchase, normal sale” exception under ASC 815 “Derivatives and Hedging.” UI regularly assesses the accounting treatment for its power supply contracts. These wholesale power supply agreements contain default provisions that include required performance assurance, including certain collateral obligations, in the event that UI’s credit rating on senior debt were to fall below investment grade. If such an event had occurred as of June 30, 2024, UI would have had to post collateral of approximately \$17.2 million. We would have been and remain able to provide such collateral.

### **New Renewable Source Generation**

Under Connecticut Public Act (PA) 11-80, Connecticut electric utilities are required to enter into long-term contracts to purchase Connecticut Class I Renewable Energy Certificates (RECs) from renewable generators located on customer premises. Under this program, UI was initially required to enter into contracts totaling approximately \$200 million in commitments over an approximate 21-year period. The obligations were initially expected to phase in over a six-year solicitation period and peak at an annual commitment level of about \$14 million per year after all selected projects are online. PA 17-144, PA 18-50 and PA 19-35 extended the original six-year solicitation period of the program by adding seventh, eighth, ninth, and tenth years, and increased the original funding level of this program by adding up to \$64 million in additional commitments by UI. Upon purchase, UI accounts for the RECs as inventory. UI expects to partially mitigate the cost of these contracts through the resale of the RECs. PA 11-80 provides that the remaining costs (and any benefits) of these contracts, including any gain or loss resulting from the resale of the RECs, are fully recoverable from (or credited to) customers through electric rates.

In October of 2018, UI entered into five Power Purchase Agreements (PPAs) totaling approximately 50 MW from developers of offshore wind and fuel cell generation pursuant to state law that provides the net costs of the PPAs are recoverable through electric rates. On December 19, 2018, PURA approved the PPAs, and approved UI’s use of the non-bypassable federally mandated congestion charges for all customers to recover the net costs of the PPAs.

In 2019, UI entered into PPAs with 11 projects, totaling approximately 12 million MWh, pursuant to state law that provides that the net costs of the PPAs are recoverable through electric rates. UI terminated eight of these contracts in 2022 and 2023, and the remaining three projects with existing contracts from these 2019 procurements are with Millstone Nuclear, Seabrook Nuclear and Revolution Wind.

In 2020, Pursuant to Connecticut Act Concerning the Procurement of Energy Derived From Offshore Wind, UI entered into a PPA with Vineyard Wind, an affiliate of UI, to provide 804 MW of offshore wind through the development of its Park City Wind Project. Similar to the case with the zero carbon PPAs discussed above, the net costs of the PPAs are recoverable through electric rates. On October 13, 2023, PURA approved the termination of this agreement between UI and its affiliate for the development of Park City Wind Project.

Revenues are recorded gross from contracts with customers when UI is a principal if it controls a promised good or service before transferring that good or service to the customer. Revenues are recorded net of expenses and regulatory deferrals from contracts with customers when UI is an agent if it arranges for another entity to provide the goods or services.

### **Transmission**

PURA decisions do not affect the revenue requirements determination for UI's transmission business, including the applicable ROE. UI's transmission rates are determined by a tariff regulated by the FERC and administered by ISO New England, Inc. (ISO-NE). Transmission rates are set annually pursuant to a FERC authorized formula that allows for recovery of direct and allocated transmission operating and maintenance expenses, and for a return of and on investment in assets.

On September 30, 2011, the Massachusetts Attorney General, DPU, PURA, New Hampshire Public Utilities Commission, Rhode Island Division of Public Utilities and Carriers, Vermont Department of Public Service, numerous New England consumer advocate agencies and transmission tariff customers collectively filed a joint complaint (Complaint I) with the FERC pursuant to sections 206 and 306 of the Federal Power Act against several New England Transmission Owners (NETOs) claiming that the approved base ROE of 11.14% used by NETOs in calculating formula rates for transmission service under the ISO-New England Open Access Transmission Tariff (OATT) was not just and reasonable and seeking a reduction of the base ROE of 9.2%. UI is a NETO with assets and service rates that are governed by the OATT and will thereby be affected by any FERC order resulting from the filed complaint.

On December 26, 2012, a second related complaint (Complaint II) for a subsequent rate period was filed requesting the ROE be reduced to 8.7%. On July 31, 2014, a third related complaint (Complaint III) was filed for a subsequent rate period requesting the ROE be reduced to 8.84%. On April 29, 2016, a fourth complaint (Complaint IV) was filed for a rate period subsequent to prior complaints requesting the base ROE be 8.61% and ROE cap be 11.24%.

October 16, 2014, the FERC issued its decision in Complaint I, setting the base ROE at 10.57% and a maximum total ROE of 11.74% (base plus incentive ROEs) for the October 2011 – December 2012 period as well as prospectively from October 16, 2014. On March 3, 2015, the FERC upheld its decision and further clarified that the 11.74% ROE cap will be applied on a project specific basis and not on a transmission owner's total average transmission return. The complaints were consolidated and the administrative law judge issued an initial decision on March 22, 2016. The initial decision determined that, (1) for the fifteen month refund period in Complaint II, the base ROE should be 9.59% and that the ROE cap (base ROE plus incentive ROEs) should be 10.42% and (2) for the fifteen month refund period in Complaint III and prospectively, the base ROE should be 10.90% and that the ROE Cap should be 12.19%. The initial decision in Complaints II and III is the administrative law judge's recommendation to the FERC Commissioners.

UI reserved for refunds for Complaints I, II and III consistent with the FERC's March 3, 2015 decision in Complaint I. Refunds were provided to customers for Complaint I. UI's total reserve associated with Complaints II and III is \$8.9 million as of June 30, 2024, which has not changed since December 31, 2023, except for the accrual of carrying costs. If adopted as final by the FERC, the impact of the initial decision by the FERC administrative law judge would be an additional aggregate reserve for Complaints II and III of \$4.2 million, which is based upon currently available information for these proceedings.

Following various intermediate hearings, orders and appellate decisions, on October 16, 2018, the FERC issued an order directing briefs and proposing a new methodology to calculate the NETOs ROE that is contained in NETOs' transmission formula rate on file at the FERC (the October 2018 Order). Pursuant to the October 2018 Order, the NETOs filed initial briefs on the proposed

## **Notes to Financial Statements**

methodology in all four Complaints on January 11, 2019 and replied to the initial briefs on March 8, 2019.

On November 21, 2019, the FERC issued rulings on two complaints challenging the base return on equity for Midcontinent Independent System Operator, or MISO transmission owners. These rulings established a new zone of reasonableness based on equal weighting of the DCF and capital-asset pricing model for establishing the base return on equity. This resulted in a base return on equity of 9.88% as the midpoint of the zone of reasonableness. Various parties have requested rehearing on this decision, which was granted. On May 21, 2020, FERC issued a ruling, which, among other things, adjusted the methodology to determine the MISO transmission owners' ROE, resulting in an increase in ROE from 9.88% to 10.02% by utilizing the risk premium model in addition to the DCF model and capital-asset pricing model under both prongs of Section 206 of the FPA, and calculated the zone of reasonableness into equal thirds rather than employing the quartile approach. On November 19, 2020, FERC issued an order addressing arguments raised on rehearing of its May 21, 2020 order making minor adjustments to certain typographical errors with regard to some of the case inputs it included in its Risk Premium model analysis. However, those minor adjustments did not affect the outcome of the case, leaving the 10.02% ROE established by the May 21, 2020 order in place. Parties to these orders affecting the MISO transmission owners' base ROE petitioned for their review at the D.C. Circuit Court of Appeals in January 2021. The NETO's submitted an amici curia brief in support of the MISO transmission owners' on March 17, 2021. On August 9, 2022, the D.C. Circuit Court vacated FERC's orders and remanded the matter back to FERC. The D.C. Circuit Court held that FERC failed to offer a reasoned explanation for its decision to reintroduce the RPM after initially, and forcefully, rejecting it and that because FERC adopted that significant portion of its model in an arbitrary and capricious fashion, the new ROE produced by that model cannot stand. We cannot predict the potential impact the MISO transmission owners' ROE proceeding may have in establishing a precedent for the NETO's pending four Complaints.

On April 15, 2021, the FERC issued a supplemental Notice of Proposed Rulemaking (Supplemental NOPR) that proposes to eliminate the 50 basis-point ROE incentive for utilities who join Regional Transmission Organizations after three years of membership. The NETOs submitted initial comments in opposition to the Supplemental NOPR on June 25, 2021 and reply comments on July 26, 2021. If the elimination of the 50 basis-point ROE incentive adder becomes final, we estimate we would have an approximately \$2 million reduction in earnings per year. We cannot predict the outcome of this proceeding.

### **Equity Investment in Peaking Generation**

UI is a party to a joint venture with Clearway Energy, Inc., a subsidiary of Global Infrastructure Partners (GIP), pursuant to which UI holds 50% of the membership interests in GCE Holding LLC, whose wholly-owned subsidiary, GenConn Energy LLC, or GenConn, operates peaking generation plants in Devon, Connecticut (GenConn Devon) and Middletown, Connecticut (GenConn Middletown). The two peaking generation plants are both participating in the ISO-New England markets.

GenConn filed its annual revenue requirements request with PURA on June 28, 2024, seeking approval of its 2025 revenue requirements for the period commencing January 1, 2025 for both the GenConn Devon and GenConn Middletown facilities. As required by PURA Order 1 in the 2023 Decision GenConn's calculation for revenue requirements totaled \$41 million. While the company was required to file its application consistent with PURA's order in the 2023 decision, GenConn has also presented method that appropriately calculates revenue requirements \$46.5 million and has reserved the right to update revenue requirements following

## Notes to Financial Statements

outcomes of legal appeals of the last 3 decisions. The company cannot predict the outcome of this matter.

GenConn filed its annual revenue requirements request with PURA on June 30, 2023, seeking approval of its 2024 revenue requirements for the period commencing January 1, 2024 for both the GenConn Devon and GenConn Middletown facilities. As required by PURA Order 1 in the 2023 Decision GenConn's calculation for revenue requirements totaled \$44 million. While the company was required to file its application consistent with PURA's order in the 2023 decision, GenConn has reserved the right to update revenue requirements following outcomes of legal appeals of the last 3 decisions. Following a Draft Decision provided on October 16, 2023, a Final Decision was issued on November 8, 2023. On December 21, 2023 the company filed an appeal of the 2024 PURA decision at CT Superior Court. The company cannot predict the outcome of the appeal.

GenConn filed its annual revenue requirements request with PURA on June 30, 2022, seeking approval of its 2023 revenue requirements for the period commencing January 1, 2023 for both the GenConn Devon and GenConn Middletown facilities. As required by PURA Order 1 in the 2022 Decision GenConn's calculation for revenue requirements totaled \$44.7 million. On October 24, 2022 PURA issued a final decision approving revenue requirement of \$44.0 million (\$19.2 million for GenConn Devon, and \$24.8 million for GenConn Middletown). Additionally, GenConn was granted a 9.85% Return on Equity (ROE) for 2023. PURA disallowed \$0.7 million associated with recommended capital and expenses projects and costs associated with Working Capital Facility renewal necessary in 2023. GenConn has filed a 2023 Decision appeal before the CT Superior Court on January 27, 2023. The 2022 Decision appeal before CT Superior Court remains open but stayed pending the outcome of the 2021 Decision Appeal. The company cannot predict the outcome of the appeal.

GenConn filed its annual revenue requirements request with PURA on June 15, 2021, seeking approval of its 2022 revenue requirements for the period commencing January 1, 2022 for both the GenConn Devon and GenConn Middletown facilities and totaling \$55.8 million. A final decision was received on December 8, 2021, approving 2022 revenue requirements of \$44.4 million for GenConn (\$19.3 million for GenConn Devon, and \$25.1 million for GenConn Middletown). Additionally, GenConn was granted a 9.85% Return on Equity (ROE) for 2022. PURA disallowed \$2.9 million from the original 2021 revenue requirements associated with interest expense associated with GenConn's debt, \$0.1 million associated with 2013 refinancing amortization, \$6.1 million associated with its equity return and \$2.3 million associated with the resulting income tax, totaling \$11.4 million. On January 21, 2022, GenConn filed an appeal with the CT Superior Court, appealing PURA's disallowance of the \$11.4 million. On October 17, 2022 the company filed a brief to Superior Court of the 2022 appeal. A stay of the case was granted on January 6, 2023 pending the decision of the CT Supreme Court case on the 2021 revenue requirements decision. The company cannot predict the outcome of the appeal.

GenConn filed its annual revenue requirements request with PURA on June 12, 2020, seeking approval of its 2021 revenue requirements for the period commencing January 1, 2021 for both the GenConn Devon and GenConn Middletown facilities. A final decision was received on December 23, 2020, approving 2021 revenue requirements of \$49.4 million for GenConn (\$22.0 million for GenConn Devon, and \$27.4 million for GenConn Middletown). Additionally, GenConn was granted a 9.85% Return on Equity (ROE) for 2021. PURA disallowed \$3.3 million from the original 2021 revenue requirements request which includes a disallowance of \$2.9 million of interest expense associated with GenConn's debt, and \$0.4 million related to a proposed expense project to paint Exhaust Stacks at GenConn Devon. On February 4, 2021, GenConn filed an appeal with the CT Superior Court, appealing PURA's disallowance of the \$2.9 million interest

## **Notes to Financial Statements**

expense. The appeal was dismissed on January 28, 2022. On February 16, 2022, GenConn initiated an appeal at the Connecticut Appellate Court, which requested transfer to the Connecticut Supreme Court. The high court agreed to hear the case. Oral arguments occurred on September 8, 2023. On February 27, 2024, the Supreme Court issued an opinion in favor of PURA.

### **Tax Cuts and Jobs Act**

On December 22, 2017, the Tax Cuts and Jobs Act of 2017 (the Tax Act) was signed into law. The Tax Act significantly changed the federal taxation of business entities including, among other things, implementing a federal corporate tax rate decrease from 35% to 21% for tax years beginning after December 31, 2017. Reductions in accumulated deferred income tax balances due to the reduction in the corporate income tax rates will result in amounts previously and currently collected from utility customers for these deferred taxes to be refundable to such customers, generally through reductions in future rates.

PURA instituted proceedings in Connecticut to review and address the implications associated with the Tax Act on the utilities providing service in the state and rendered a final decision on January 23, 2019. PURA directed UI to establish a regulatory liability in the amount of the income tax expense to be returned to customers and propose a method of returning such amount to customers in its next rate case filing. On June 28, 2021, PURA approved a multi-docket settlement proposal that required UI to flow \$44.7 million of the regulatory liability related to accumulated Tax Act savings back to customers over an accelerated 22-month period, commencing on July 1, 2021 through April 30, 2023.

On December 22, 2021, the FERC issued an order finding that the New England Transmission Owners (NETOs) Regional Network Service proposed revisions partially comply with the requirements of Order 864 and directed the NETOs to submit a further compliance filing within 60 days of the date of the order. The compliance is effective January 27, 2020, consistent with Order 864 and January 1, 2022, to reflect the fact that the NETOs existing transmission formula rates under the ISO-NE Tariff will be replaced by a settled formula rate effective January 1, 2022.

### **PURA Investigation of the Preparation for and Response to the Tropical Storm Isaias and Connecticut Storm Reimbursement Legislation**

On August 6, 2020, PURA opened a docket to investigate the preparation for and response to Tropical Storm Isaias by the electric distribution companies in Connecticut including UI. Following hearings and the submission of testimony, PURA issued a final decision on April 15, 2021, finding that UI "generally met standards of acceptable performance in its preparation and response to Tropical Storm Isaias," subject to certain exceptions noted in the decision, but ordered a 15-basis point reduction to UI's ROE in its next rate case to incentivize better performance and indicated that penalties could be forthcoming in the penalty phase of the proceedings. On June 11, 2021, UI filed an appeal of PURA's decision with the Connecticut Superior Court.

On May 6, 2021, in connection with its findings in the Tropical Storm Isaias docket, PURA issued a Notice of Violation to UI for allegedly failing to comply with standards of acceptable performance in emergency preparation or restoration of service in an emergency and with orders of the Authority, and for violations of accident reporting requirements. PURA assessed a civil penalty in the total amount of \$2 million. PURA held a hearing on this matter and, in an order dated July 14, 2021, reduced the civil penalty to approximately \$1 million. UI filed an appeal of PURA's decision with the Connecticut Superior Court. This appeal and the appeal of PURA's decision on the Tropical Storm Isaias docket have been consolidated. On October 17, 2022, the court denied UI's appeal and affirmed PURA's decisions in their entirety. UI filed a notice of appeal to Connecticut's

## **Notes to Financial Statements**

Appellate court on November 7, 2022. This matter has been briefed and oral argument was held December 11, 2023. We cannot predict the outcome of this proceeding.

### **Minimum Equity Requirements for Regulated Subsidiaries**

Pursuant to agreements with PURA, UI is restricted from paying dividends if paying such dividend would result in a common equity ratio lower than 300 basis points below the equity percentage used to set rates in the most recent distribution rate proceeding as measured using a trailing 13-month average calculated as of the most recent quarter end. In addition, UI is prohibited from paying dividends to their parent if the utility's credit rating, as rated by any of the three major credit rating agencies, falls below investment grade, or if the utility's credit rating, as determined by two of the three major credit rating agencies, falls to the lowest investment grade and there is a negative watch or review downgrade notice.

### **Note 3. Regulatory Assets and Liabilities**

Pursuant to the requirements concerning accounting for regulated operations we capitalize, as regulatory assets, incurred and accrued costs that are probable of recovery in future electric rates. We base our assessment of whether recovery is probable on the existence of regulatory orders that allow for recovery of certain costs over a specific period, or allow for reconciliation or deferral of certain costs. When costs are not treated in a specific order we use regulatory precedent to determine if recovery is probable. We also record, as regulatory liabilities, obligations to refund previously collected revenue or to spend revenue collected from customers on future costs. Of the total regulatory assets net of regulatory liabilities, approximately \$248.0 million represents the offset of accrued liabilities for which funds have not been expended. The remainder is either included in rate base or accruing carrying costs.

Details of other regulatory assets and other regulatory liabilities are shown in the tables below. They result from various regulatory orders that allow for the deferral and/or reconciliation of specific costs. Regulatory assets and regulatory liabilities are classified as current when recovery or refund in the coming year is allowed or required through a specific order or when the rates related to a specific regulatory asset or regulatory liability are subject to automatic annual adjustment.

Regulatory assets as of June 30, 2024 and December 31, 2023 consisted of:

## Notes to Financial Statements

As of	June 30,	December 31,
(Thousands)	2024	2023
Contracts for differences	\$ 21,593	\$ 29,928
COVID-19 cost recovery	7,645	8,550
Deferred transmission expense	8,397	1,097
Environmental remediation costs	6,941	6,916
Excess generation service charge	51,969	52,401
Non-bypassable charges	45,435	14,421
Pension and other postretirement benefit plans	85,702	87,589
Pension and other postretirement benefits cost deferrals	20,204	21,026
Revenue decoupling mechanism	5,927	10,399
Storm costs	24,203	25,384
System benefit charge	57,345	29,165
Unamortized losses on reacquired debt	4,207	4,456
Unfunded future income taxes	126,267	124,727
Other	25,154	22,019
<b>Total regulatory assets</b>	<b>490,989</b>	<b>438,078</b>
Less: current portion	193,074	132,434
<b>Total non-current regulatory assets</b>	<b>\$ 297,915</b>	<b>\$ 305,644</b>

Contracts for differences represent the deferral of unrealized gains and losses on contracts for differences derivative contracts. The balance fluctuates based upon quarterly market analysis performed on the related derivatives. The amounts, which do not earn a return, are fully offset by a corresponding derivative asset/liability.

COVID-19 cost recovery represents deferred COVID-19-related costs in the state of Connecticut based on the order issued by PURA on April 29, 2020, requiring utilities to track COVID-19-related expenses and lost revenue and create a regulatory asset.

Deferred transmission expense represents deferred transmission income or expense and fluctuates based upon actual revenues and revenue requirements.

Environmental remediation costs includes spending that has occurred and is eligible for future recovery in customer rates. Environmental costs are currently recovered through a reserve mechanism whereby projected spending is included in rates with any variance recorded as a regulatory asset or a regulatory liability. The amortization period will be established in future proceedings and will depend upon the timing of spending for the remediation costs. It also includes the anticipated future rate recovery of costs that are recorded as environmental liabilities since these will be recovered when incurred. Because no funds have yet been expended for the regulatory asset related to future spending, it does not accrue carrying costs and is not included within rate base.

Excess generation service charge represents deferred generation-related costs or revenues for future recovery from or return to customers. The amount fluctuates based upon timing differences between revenues collected from rates and actual costs incurred.

Non-bypassable charges represent non-bypassable federally mandated congestion costs or revenues for future recovery from or return to customers. The amount fluctuates based upon timing differences between revenues collected from rates and actual costs incurred.

## **Notes to Financial Statements**

Pension and other postretirement benefit plans represent the actuarial losses on the pension and other postretirement plans that will be reflected in customer rates when they are amortized and recognized in future pension expenses.

Pension and other postretirement benefits cost deferrals include the difference between actual expense for pension and other postretirement benefits and the amount provided for in rates. The recovery of these amounts will be determined in future proceedings.

Revenue decoupling mechanism represents the mechanism established to disassociate the utility's profits from its delivery/commodity sales.

Storm costs are allowed in rates based on an estimate of the routine costs of service restoration. UI is also allowed to defer unusually high levels of service restoration costs resulting from major storms when they meet certain criteria for severity and duration. A portion of this balance is amortized through current rates, and the remaining portion will be determined through future rate cases.

System benefits charge represents the mechanism by which UI recovers costs associated with hardship uncollectible customer accounts, arrearage forgiveness programs, and other customer assistance programs. The amount fluctuates based upon timing differences between revenues collected from rates and actual costs incurred.

Unamortized losses on reacquired debt represent deferred losses on debt reacquisitions that will be recovered over the remaining original amortization period of the reacquired debt.

Unfunded future income taxes represent unrecovered federal and state income taxes primarily resulting from regulatory flow through accounting treatment and are the offset to the unfunded future deferred income tax liability recorded. The income tax benefits or charges for certain plant related timing differences, such as removal costs, are immediately flowed through to, or collected from, customers. This amount is being amortized as the amounts related to temporary differences that give rise to the deferrals are recovered in rates.

Other includes items such as deferred loss on sale of non-utility property and electric vehicle programs.

Regulatory liabilities as of June 30, 2024 and December 31, 2023 consisted of:

## Notes to Financial Statements

As of	June 30,	December 31,
(Thousands)	2024	2023
2017 Tax Act	\$ 204,105	\$ 206,288
Accrued removal obligations	82,479	80,709
Accumulated deferred investment tax credits	9,533	9,898
Conservation and load management	10,026	6,176
Middletown/Norwalk local transmission network service collections	15,382	15,669
Pension and other postretirement benefit plans	12,951	12,619
Pension and other postretirement benefits cost deferrals	1,899	1,974
Rate refund - FERC ROE proceeding	8,870	8,507
Other	6,197	5,480
<b>Total regulatory liabilities</b>	<b>351,442</b>	<b>347,320</b>
Less: current portion	17,101	13,650
<b>Total non-current regulatory liabilities</b>	<b>\$ 334,341</b>	<b>\$ 333,670</b>

2017 Tax Act represents the impact from remeasurement of deferred income tax balances as a result of the Tax Act enacted by the U.S. federal government on December 22, 2017. Reductions in accumulated deferred income tax balances due to the reduction in the corporate income tax rates from 35% to 21% under the provisions of the Tax Act will result in amounts previously and currently collected from utility customers for these deferred taxes to be refundable to such customers.

Accrued removal obligations represent the differences between asset removal costs recorded and amounts collected in rates for those costs. The amortization period is dependent upon the asset removal costs of underlying assets and the life of the utility plant.

Accumulated deferred investment tax credits represent investment tax credits related to plant investments that are deferred when earned and amortized over the estimated lives of the related assets.

Conservation and load management represents the difference between UI's costs for customer conservation measures and the amounts collected in rates for those costs.

Middletown/Norwalk local transmission network service collections represents allowance for funds used during construction of the Middletown/Norwalk transmission line, which is being amortized over the useful life of the project.

Pension and other postretirement benefit plans represent the actuarial gains on the pension and other postretirement plans that will be reflected in customer rates when they are amortized and recognized in future pension expenses.

Pension and other postretirement benefits cost deferrals include the difference between actual expense for pension and other postretirement benefits and the amount provided for in rates. The recovery of these amounts will be determined in future proceedings.

Rate refund - FERC ROE proceeding represents the reserve associated with the FERC proceeding around the base return on equity (ROE) reflected in ISO-NE's open access transmission tariff.

## **Notes to Financial Statements**

Other includes items such as deferral of CAM gross earnings tax expense collected in base distribution rates for periods between January 1, 2020 and August 31, 2023.

### **Note 4. Revenue**

We recognize revenue when we have satisfied our obligations under the terms of a contract with a customer, which generally occurs when the control of promised goods or services transfers to the customer. We measure revenue as the amount of consideration we expect to receive in exchange for providing those goods or services. Contracts with customers may include multiple performance obligations. For such contracts, we allocate revenue to each performance obligation based on its relative standalone selling price. We generally determine standalone selling prices based on the prices charged to customers. Certain revenues are not within the scope of ASC 606, such as revenues from leasing, derivatives, other revenues that are not from contracts with customers and other contractual rights or obligations, and we account for such revenues in accordance with the applicable accounting standards. We exclude from revenue amounts collected on behalf of third parties, including any such taxes collected from customers and remitted to governmental authorities. We do not have any material significant payment terms because we receive payment at or shortly after the point of sale.

The following describes the principal activities from which we generate revenue.

UI derives its revenue primarily from tariff-based sales of electricity service to customers in its Connecticut territory with no defined contractual term. For such revenues, we recognize revenues in an amount derived from the electricity delivered to customers. Other major sources of revenue are electricity transmission and wholesale sales of electricity.

Tariff-based sales are subject to PURA, which determines prices and other terms of service through the ratemaking process. Customers have the option to obtain the electricity directly from UI or from another supplier. For customers that receive their electricity from another supplier, UI acts as an agent and delivers the electricity by that supplier. Revenue in those cases is only for providing the service of delivery of the electricity.

Transmission revenue results from others' use of the utility's transmission system to transmit electricity and is subject to FERC regulation, which establishes the prices and other terms of service. Long-term wholesale sales of electricity are based on individual bilateral contracts. Short-term wholesale sales of electricity are generally on a daily basis based on market prices and are administered by an independent entity, ISO-New England, Inc.

The performance obligation in all arrangements is satisfied over time because the customer simultaneously receives and consumes the benefits as UI delivers or sells the electricity or provides the transmission service.

UI records revenue from Alternative Revenue Programs (ARPs), which is not ASC 606 revenue. Such programs represent contracts between UI and their regulators. UI ARPs include revenue decoupling mechanisms, other ratemaking mechanisms, and annual revenue requirement reconciliations.

UI also has various other sources of revenue including billing, collection, other administrative charges, sundry billings, rent of utility property, and miscellaneous revenue. It classifies such revenues as other ASC 606 revenues to the extent they are not related to revenue generating activities from leasing, ARPs, or other activities.

## Notes to Financial Statements

Revenues disaggregated by major source for the three and six months ended June 30, 2024 and 2023, are as follows:

<b>Three Months Ended June 30,</b>	<b>2024</b>	<b>2023</b>
(Thousands)		
Regulated operations – electricity	\$ 280,229	\$ 255,569
Other (a)	3,728	1,530
<b>Revenue from contracts with customers</b>	<b>283,957</b>	<b>257,099</b>
Leasing revenue	552	3,300
Alternative revenue programs	1,248	12,993
Other revenue	837	482
<b>Total operating revenues</b>	<b>\$ 286,594</b>	<b>\$ 273,874</b>

<b>Six Months Ended June 30,</b>	<b>2024</b>	<b>2023</b>
(Thousands)		
Regulated operations – electricity	\$ 646,798	\$ 651,041
Other (a)	6,293	2,924
<b>Revenue from contracts with customers</b>	<b>653,091</b>	<b>653,965</b>
Leasing revenue	1,751	4,569
Alternative revenue programs	2,940	24,004
Other revenue	2,613	980
<b>Total operating revenues</b>	<b>\$ 660,395</b>	<b>\$ 683,518</b>

(a) Primarily includes certain intra-month trading activities, billing, collection, and administrative charges, sundry billings, and other miscellaneous revenue.

As of June 30, 2024 and December 31, 2023, nearly all of the accounts receivable balances included in “Accounts receivable and unbilled revenues, net” on our condensed balance sheets are related to contracts with customers and include unbilled revenues of \$69.7 million and \$57.0 million, respectively.

### **Note 5. Income Taxes**

The effective tax rate for the six months ended June 30, 2024 was 21.7%, which was higher than the 21% statutory federal income tax rate due predominately to state taxes, partially offset by excess ADIT amortization and Equity AFUDC. The effective tax rate for the six months ended June 30, 2023 was 19.4%, which was lower than the 21% statutory federal income tax rate due predominately to excess ADIT amortization and property related flow-through tax benefits.

### **Note 6. Bank Loans and Other Borrowings**

UI had \$146.0 million and \$24.4 million short-term debt outstanding as of June 30, 2024 and December 31, 2023, respectively. UI funds short-term liquidity needs through an agreement among Avangrid’s regulated utility subsidiaries (the Virtual Money Pool Agreement), a bi-lateral intercompany credit agreement with Avangrid (the Bi-Lateral Intercompany Facility), and a bank provided credit facility to which UI is a party (the AGR Credit Facility), each of which are described below.

The Virtual Money Pool Agreement is an agreement among the investment grade-rated, regulated utility subsidiaries of Avangrid under which the parties to this agreement may lend to or borrow

## **Notes to Financial Statements**

from each other. This Agreement allows Avangrid to optimize cash resources within the regulated utility companies which are prohibited by regulation from lending to unregulated affiliates. The interest rate on transactions under this agreement is the A2/P2 non-financial 30-day commercial paper rate published by the Federal Reserve. UI has a lending/borrowing limit of \$100 million under this agreement. UI had no debt outstanding under this agreement at June 30, 2024 and December 31, 2023.

The Bi-Lateral Intercompany Facility provides for borrowing of up to \$500 million from Avangrid at the A2/P2 non-financial 30-day commercial paper rate published by the Federal Reserve. UI had \$146.0 million and \$24.4 million debt outstanding under this agreement as of June 30, 2024 and December 31, 2023, respectively.

On November 23, 2021, AGR and its investment-grade rated utility subsidiaries (New York State Electric and Gas Corporation (“NYSEG”), Rochester Gas and Electric Corporation (“RG&E”), Central Maine Power Company (“CMP”), The United Illuminating Company (“UI”), Connecticut Natural Gas Corporation (“CNG”), The Southern Connecticut Gas Company (“SCG”) and The Berkshire Gas Company (“BGC”)) executed a new credit facility with an aggregate limit of \$3,575 million and a termination date of November 23, 2026. Under the terms of the Avangrid Credit Facility, each borrower has a maximum borrowing entitlement, or sublimit, which can be periodically adjusted to address specific short-term capital funding needs, subject to the maximum limit contained in the agreement. NYSEG has a maximum sublimit of \$700 million, RG&E has \$300 million, CMP has \$200 million and UI has a maximum sublimit of \$250 million, CNG and SCG have maximum sublimits of \$150 million, and BGC has a maximum sublimit of \$50 million. Effective on November 23 2021, the AGR Credit Facility was amended to increase AGR’s maximum sublimit to \$2,500 million and to establish minimum sublimits of \$500 million for NYSEG, \$200 million for RG&E, \$100 million for CMP, \$150 million for UI, \$50 million for CNG and SCG, and \$25 million for BGC. On July 17, 2023, the Avangrid Credit Facility was amended and restated to, among other things, provide for the replacement of LIBOR-based rates with SOFR-based rates. Under the AGR Credit Facility, each of the borrowers are charged a facility fee that is dependent on their credit rating. The facility fees range from 10.0 to 22.5 basis points. UI had no debt outstanding under this agreement at June 30, 2024 and December 31, 2023.

In the AGR Credit Facility we covenant not to permit, without the consent of the lender, our ratio of total indebtedness to total capitalization to exceed 0.65 to 1.00 at any time. For purposes of calculating the maximum ratio of indebtedness to total capitalization, the facility excludes from net worth the balance of accumulated other comprehensive loss as it appears on the balance sheet. The facility contains various other covenants, including a restriction on the amount of secured indebtedness we may maintain. Continued un-remedied failure to comply with those covenants for five business days after written notice of such failure from the lender constitutes an event of default and would result in acceleration of maturity. Our ratio of indebtedness to total capitalization pursuant to the revolving credit facility was 0.44 to 1.00 at June 30, 2024. We are not in default as of June 30, 2024.

### **Note 7. Preferred Stock**

At June 30, 2024, UI had 1,119,612 shares of \$100 par value preferred stock, 2,400,000 shares of \$25 par value preferred stock, and 5,000,000 shares of \$25 par value preference stock authorized but unissued.

### **Note 8. Environmental Liability**

From time to time environmental laws, regulations and compliance programs may require changes in our operations and facilities and may increase the cost of electric service.

### **English Station**

In January 2012, Evergreen Power, LLC (Evergreen Power) and Asnat Realty LLC (Asnat), then owners of a former generation site on the Mill River in New Haven (English Station) that UI sold to Quinipiac Energy in 2000, filed a lawsuit in federal district court in Connecticut related to environmental remediation at the English Station site. This proceeding was stayed in 2014 pending resolutions of other proceedings before the DEEP concerning the English Station site. In December 2016, the court administratively closed the file without prejudice to reopen upon the filing of a motion to reopen by any party.

In December 2013, Evergreen Power and Asnat filed a subsequent lawsuit related to the English Station site. On April 16, 2018, the plaintiffs filed a revised complaint alleging fraud and unjust enrichment against UIL and UI and adding former UIL officers as named defendants alleging fraud. On February 21, 2019, the court granted our Motion to Strike with respect to all counts except for the count against UI for unjust enrichment. The counts stricken include all counts against the individual defendants as well as against UIL. The plaintiffs have appealed the court's decision to strike and oral arguments have taken place. On May 4, 2021, the Appeals Court affirmed the court's decision striking the counts. The plaintiffs filed a petition to appeal to the Connecticut Supreme Court, which was denied, leaving only the claim against UI for unjust enrichment. We cannot predict the outcome of this matter.

On April 8, 2013, DEEP issued an administrative order addressed to UI, Evergreen Power, Asnat and others, ordering the parties to take certain actions related to investigating and remediating the English Station site. This proceeding was stayed while DEEP and UI continue to work through the remediation process pursuant to the consent order described below. Status reports are periodically filed with DEEP.

On August 4, 2016, DEEP issued a partial consent order (the consent order), that, subject to its terms and conditions, requires UI to investigate and remediate certain environmental conditions within the perimeter of the English Station site. Under the consent order, to the extent that the cost of this investigation and remediation is less than \$30 million, UI will remit to the State of Connecticut the difference between such cost and \$30 million to be used for a public purpose as determined in the discretion of the Governor of the State of Connecticut, the Attorney General of the State of Connecticut and the Commissioner of DEEP. UI is obligated to comply with the terms of the consent order even if the cost of such compliance exceeds \$30 million. Under the terms of the consent order, the state will discuss options with UI on recovering or funding any cost above \$30 million such as through public funding or recovery from third parties; however, it is not bound to agree to or support any means of recovery or funding. UI has continued its process to investigate and remediate the environmental conditions within the perimeter of the English Station site pursuant to the consent order.

As of June 30, 2024 and December 31, 2023, the amount reserved related to English Station was \$19.2 million and \$19.4 million, respectively. We cannot predict the outcome of this matter.

### **Other**

In May 2019, UI obtained an updated remediation evaluation of the property adjacent to the New Haven Harbor Generating Station. As a result, UI recorded an additional \$6.0 million reserve in June 2019, the minimum of the range of remediation estimates. The amount reserved for this property was \$7.8 million as of June 30, 2024 and \$8.0 million as of December 31, 2023, respectively.

## Notes to Financial Statements

UI also holds a reserve for remediation of 801 Bridgeport Ave, the site of a former operations center. The amount reserved for this site was \$0.4 million as of June 30, 2024 and December 31, 2023.

Our environmental liability accruals are recorded on an undiscounted basis and are expected to be paid through the year 2036.

### **Note 9. Accounting for Derivative Instruments and Hedging Activities**

Our operating and financing activities are exposed to certain risks, which are managed by using derivative instruments. All derivative instruments are recognized as either assets or liabilities at fair value on our condensed balance sheets in accordance with the accounting requirements concerning derivative instruments and hedging activities.

#### *Derivatives not designated as hedging instruments*

Pursuant to Connecticut's 2005 Energy Independence Act, PURA solicited bids to create new or incremental capacity resources in order to reduce federally mandated congestion charges, and selected four new capacity resources. To facilitate the transactions between the selected capacity resources and Connecticut electric customers, and provide the commitment necessary for owners of these resources to obtain necessary financing, PURA required that UI and The Connecticut Light and Power Company (CL&P) execute long-term contracts with the selected resources. In August 2007, PURA approved four CfDs, each of which specifies a capacity quantity and a monthly settlement that reflects the difference between a forward market price and the contract price. UI executed two of the contracts and CL&P executed the other two contracts. The costs or benefits of each contract will be paid by or allocated to customers and will be subject to a cost-sharing agreement between UI and CL&P pursuant to which approximately 20% of the cost or benefit is borne by or allocated to UI customers and approximately 80% is borne by or allocated to CL&P customers.

PURA has determined that costs associated with these CfDs will be fully recoverable by UI and CL&P through electric rates, and in accordance with ASC 980 "Regulated Operations," UI has deferred recognition of costs (a regulatory asset) or obligations (a regulatory liability). The CfDs are marked-to-market in accordance with ASC 815 "Derivatives and Hedging." For those CfDs signed by CL&P, UI records its approximate 20% portion pursuant to the cost-sharing agreement noted above. As of June 30, 2024, UI has recorded a gross derivative asset of \$0.7 million (\$0 of which is related to UI's portion of the CfD signed by CL&P), a regulatory asset of \$21.6 million, a gross derivative liability of \$22.2 million (\$21.4 million of which is related to UI's portion of the CfD signed by CL&P), and a regulatory liability of \$0. As of December 31, 2023, UI had recorded a gross derivative asset of \$0.9 million (\$0 of which is related to UI's portion of the CfD signed by CL&P), a regulatory asset of \$29.9 million, a gross derivative liability of \$30.8 million (\$29.7 million of which is related to UI's portion of the CfD signed by CL&P), and a regulatory liability of \$0.

The unrealized gains and losses from fair value adjustments to these derivatives, which are recorded in regulatory assets, for the three and six months ended June 30, 2024 and 2023, respectively, were as follows:

	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
<b>(Thousands)</b>				
Derivative assets	\$ (116)	\$ (116)	\$ (246)	\$ (205)
Derivative liabilities	\$ 4,171	\$ 3,917	\$ 8,582	\$ 6,960

## Notes to Financial Statements

### Note 10. Fair Value of Financial Instruments and Fair Value Measurements

The estimated fair value of debt amounted to \$992 million as of June 30, 2024 and \$1,016 million as of December 31, 2023, respectively. The estimated fair value was determined, in most cases, by discounting the future cash flows at market interest rates. The interest rate curve used to make these calculations takes into account the risks associated with the electricity industry and the credit ratings of the borrowers in each case. The fair value hierarchy for the fair value of debt is considered as Level 2.

#### *Assets and liabilities measured at fair value on a recurring basis*

The financial instruments measured at fair value as of June 30, 2024 and December 31, 2023, respectively, consisted of:

As of June 30, 2024 (Thousands)		Level 1		Level 2		Level 3		Total
<b>Derivative assets</b>								
Contracts for differences	\$	—	\$	—	\$	653	\$	653
<b>Equity investments with readily determinable fair values</b>								
Supplemental retirement benefit trust life insurance policies		—		19,018		—		19,018
<b>Total</b>	<b>\$</b>	<b>—</b>	<b>\$</b>	<b>19,018</b>	<b>\$</b>	<b>653</b>	<b>\$</b>	<b>19,671</b>
<b>Derivative liabilities</b>								
Contracts for differences	\$	—	\$	—	\$	(22,245)	\$	(22,245)
<b>Total</b>	<b>\$</b>	<b>—</b>	<b>\$</b>	<b>—</b>	<b>\$</b>	<b>(22,245)</b>	<b>\$</b>	<b>(22,245)</b>

As of December 31, 2023 (Thousands)		Level 1		Level 2		Level 3		Total
<b>Derivative assets</b>								
Contracts for differences	\$	—	\$	—	\$	899	\$	899
<b>Equity investments with readily determinable fair values</b>								
Supplemental retirement benefit trust life insurance policies		—		16,493		—		16,493
<b>Total</b>	<b>\$</b>	<b>—</b>	<b>\$</b>	<b>16,493</b>	<b>\$</b>	<b>899</b>	<b>\$</b>	<b>17,392</b>
<b>Derivative liabilities</b>								
Contracts for differences	\$	—	\$	—	\$	(30,827)	\$	(30,827)
<b>Total</b>	<b>\$</b>	<b>—</b>	<b>\$</b>	<b>—</b>	<b>\$</b>	<b>(30,827)</b>	<b>\$</b>	<b>(30,827)</b>

We had no transfers to or from Level 1 and 2 during the periods ended June 30, 2024 and December 31, 2023. Our policy is to recognize transfers in and transfers out as of the actual date of the event or change in circumstances that causes a transfer, if any.

*Valuation techniques:* We determine the fair value of our derivative assets and liabilities and non-current equity investments utilizing market approach valuation techniques:

## Notes to Financial Statements

- UI enters into CfDs, which are marked-to-market based on a probability-based expected cash flow analysis that is discounted at risk-free interest rates and an adjustment for non-performance risk using credit default swap rates. We include the fair value measurement for these contracts in Level 3 (Refer to Note 9 for further discussion of CfDs).
- We measure the fair value of the supplemental retirement benefit life insurance trust based on quoted prices in the active markets for the various funds within which the assets are held and include the measurement in Level 2.
- We determine the fair value of our foreign currency exchange derivative instruments based on current exchange rates compared to the rates at inception of the hedge. We include the fair value measurement for these contracts in Level 2.

The determination of fair value of the CfDs was based on a probability-based expected cash flow analysis that was discounted at risk-free interest rates, as applicable, and an adjustment for non-performance risk using credit default swap rates. Certain management assumptions were required, including development of pricing that extends over the term of the contracts. We believe this methodology provides the most reasonable estimates of the amount of future discounted cash flows associated with the CfDs. Additionally, on a quarterly basis, we perform analytics to ensure that the fair value of the derivatives is consistent with changes, if any, in the various fair value model inputs. Significant isolated changes in the risk of non-performance, the discount rate or the contract term pricing would result in an inverse change in the fair value of the CfDs. Additional quantitative information about Level 3 fair value measurements of the CfDs is as follows:

Unobservable Input	Range at June 30, 2024	Range at December 31, 2023
Risk of non-performance	0.48% - 0.55%	0.42% - 0.52%
Discount rate	4.44% - 4.58%	3.84% - 4.01%
Forward pricing (\$ per MW)	\$2.59 - \$2.61	\$2.00 - \$2.61

The reconciliation of changes in the fair value of financial instruments based on Level 3 inputs for the three and six months ended June 30, 2024 and 2023, respectively, is as follows:

Three Months Ended June 30, (Thousands)	2024	2023
<b>Beginning balance</b>	\$ (25,647)	\$ (41,648)
Unrealized gains, net	4,055	3,801
<b>Ending balance</b>	<b>\$ (21,592)</b>	<b>\$ (37,847)</b>

Six Months Ended June 30, (Thousands)	2024	2023
<b>Beginning balance</b>	\$ (29,928)	\$ (44,602)
Unrealized gains, net	8,336	6,755
<b>Ending balance</b>	<b>\$ (21,592)</b>	<b>\$ (37,847)</b>

### Note 11. Postretirement and Similar Obligations

The components of net periodic benefit cost for pension and postretirement benefits for the three and six months ended June 30, 2024 and 2023, respectively, consisted of:

## Notes to Financial Statements

Three Months Ended June 30,	Pension Benefits		Postretirement Benefits	
	2024	2023	2024	2023
(Thousands)				
<b>Net periodic benefit cost</b>				
Service cost	\$ —	\$ —	\$ 73	\$ 67
Interest cost	4,484	4,865	532	505
Expected return on plan assets	(5,039)	(4,661)	(559)	(540)
Amortization of prior service cost (credit)	297	297	—	(264)
Amortization of net loss (gain)	943	924	(251)	(586)
<b>Net periodic benefit cost (credit)</b>	<b>\$ 685</b>	<b>\$ 1,425</b>	<b>\$ (205)</b>	<b>\$ (818)</b>

Six Months Ended June 30,	Pension Benefits		Postretirement Benefits	
	2024	2023	2024	2023
(Thousands)				
<b>Net periodic benefit cost</b>				
Service cost	\$ —	\$ —	\$ 146	\$ 134
Interest cost	8,969	9,731	1,064	1,009
Expected return on plan assets	(10,080)	(9,323)	(1,117)	(1,081)
Amortization of prior service cost (credit)	594	594	—	(528)
Amortization of net loss (gain)	1,887	1,849	(502)	(1,172)
<b>Net periodic benefit cost (credit)</b>	<b>\$ 1,370</b>	<b>\$ 2,851</b>	<b>\$ (409)</b>	<b>\$ (1,638)</b>

### Note 12. Equity Method Investments

UI is a party to a 50-50 joint venture with Clearway Energy, Inc. in GenConn, which operates two peaking generation plants in Connecticut. UI's investment in GenConn is being accounted for as an equity investment, the carrying value of which was \$77.0 million and \$78.7 million as of June 30, 2024 and December 31, 2023, respectively.

UI's pre-tax income from its equity investment in GenConn was \$0.6 million and \$0.7 million for the three months ended June 30, 2024 and 2023, respectively. UI's pre-tax income from its equity investment in GenConn was \$1.4 million and \$1.5 million for the six months ended June 30, 2024 and 2023, respectively.

Cash distributions from GenConn are reflected as either distributions of earnings or as returns of capital in the operating and investing sections, respectively, of the condensed statements of cash flows. UI received cash distributions from GenConn of \$0.5 million and \$0.8 million during the three months ended June 30, 2024 and 2023, respectively. UI received cash distributions from GenConn of \$3.1 million and \$3.5 million for the six months ended June 30, 2024 and 2023, respectively.

### Note 13. Other Income and Other Deductions

Other income and deductions for the three and six months ended June 30, 2024 and 2023, respectively, consisted of:

## Notes to Financial Statements

Three Months Ended June 30,	2024	2023
(Thousands)		
Interest and dividends income	\$ 3,622	\$ 1,754
Allowance for funds used during construction	2,698	2,462
Carrying costs on regulatory assets	1,073	1,269
Miscellaneous	1	1
<b>Total other income</b>	<b>\$ 7,394</b>	<b>\$ 5,486</b>
Pension non-service components	\$ 208	\$ 318
Miscellaneous	(172)	(40)
<b>Total other deductions</b>	<b>\$ 36</b>	<b>\$ 278</b>
<b>Six Months Ended June 30,</b>		
(Thousands)		
Interest and dividends income	\$ 8,596	\$ 2,794
Allowance for funds used during construction	5,636	5,767
Carrying costs on regulatory assets	2,163	2,418
Miscellaneous	95	50
<b>Total other income</b>	<b>\$ 16,490</b>	<b>\$ 11,029</b>
Pension non-service components	\$ (326)	\$ (380)
Miscellaneous	(383)	(297)
<b>Total other deductions</b>	<b>\$ (709)</b>	<b>\$ (677)</b>

### Note 14. Related Party Transactions

Certain Networks subsidiaries, including UI, borrow from AGR, the parent of Networks, through intercompany revolving credit agreements. For UI, the intercompany revolving credit agreements provide access to supplemental liquidity. See Note 6 for further detail on the credit facility with AGR.

AGR, through its affiliates, provides administrative and management services to Networks operating utilities, including UI, pursuant to service agreements. The cost of those services is allocated in accordance with methodologies set forth in the service agreements. The cost allocation methodologies vary depending on the type of service provided. Management believes such allocations are reasonable. The charge for operating and capital services provided to UI by AGR and its affiliates was \$44.8 million and \$39.5 million for the six months ended June 30, 2024 and 2023, respectively. Charge for services provided by UI to AGR and its subsidiaries was approximately \$6.6 million and \$2.9 million for the six months ended June 30, 2024 and 2023, respectively. All charges for services are at cost.

The balance in accounts payable to affiliates of \$38.8 million at June 30, 2024 and \$71.3 million at December 31, 2023 is primarily due to UIL Holdings. The balance in accounts receivable from affiliates of \$0.9 million at June 30, 2024 and \$4.5 million at December 31, 2023 is receivable from various companies.

There were no notes receivable from affiliates at June 30, 2024 and December 31, 2023. The balance in notes payable to affiliates of \$146.0 million at June 30, 2024 and \$24.4 million at December 31, 2023, respectively, relates to the Bi-Lateral Intercompany Facility as discussed in Note 6 of these condensed financial statements.