CH ENERGY GROUP, INC.
&
CENTRAL HUDSON GAS & ELECTRIC CORP.

QUARTERLY FINANCIAL REPORT

for the period ended

JUNE 30, 2024

QUARTER ENDED JUNE 30, 2024

TABLE OF CONTENTS

GLOSSARY

Certain terms used in this 2024 Quarterly Financial Report are defined below:

2021 Rate Order: Cases 20-E-0428 & 20-G-0429

2024 Rate Order: Cases 23-E-0418 & 23-G-0419

401(k) plan: 401(k) retirement plan

ASU: Accounting Standards Update

CAIDI: Customer Average Interruption Duration Index

Central Hudson or Company: Central Hudson Gas & Electric Corporation

CHEC: Central Hudson Enterprises Corporation

CHET: Central Hudson Electric Transmission

CHGT: Central Hudson Gas Transmission LLC

CIS: customer information system

COR: cost or removal

COVID-19: Coronavirus pandemic

D.C. Circuit Court: United States Court of Appeals for the District of Columbia Circuit Court

DPS: Department of Public Service

EAP: Energy Affordability Program

EE: energy efficiency

EV: electric vehicle

FASB: Financial Accounting Standards Board

FERC: Federal Energy Regulatory Commission

Fortis: Fortis Inc.

GAAP: Accounting principles generally accepted in the United States of America

GW: gigawatt

GWh: gigawatt hours

HDD: Heating Degree Days

IP: Implementation Plan

IT : information technology

LIBOR: London Interbank Offered Rate

LPP: leak prone pipe

LSE: Load Serving Entity

Moody's: Moody's Investors Service, Inc.

MW: megawatts

NPA: non-pipes alternative

NRA: negative revenue adjustment

NYISO: New York Independent System Operator

NYPA: New York Power Authority

NYS: New York State

NYSDEC: New York State Department of Environmental Conservation

NYSERDA: New York State Energy Research and Development Agency

NYTO: New York Transmission Operator

O&M: operations and maintenance

OATT: Open Access Transmission Tariff

OM&M: operation, maintenance, and monitoring costs

OCI: other comprehensive income

OPEB: other post-employment benefits

Pension: Retirement Income Plan and Supplemental Executive Retirement Plan

PJ: Petajoule

PPA: Pension Protection Act

PRA: positive revenue adjustment

PSC or Commission: New York State Public Service Commission

R&D: research and development

RAM: Rate Adjustment Mechanism

RD: Recommended Decision

RDM: Revenue Decoupling Mechanism

REC: Renewable Energy Credit

Retirement Plan: Retirement Income Plan

Rev Proc: Revenue Procedure

ROE: return on equity

RY: Rate Year

S&P: Standard and Poor's Financial Services LLC

SAIFI: System Average Interruption Frequency Index

SERP: Supplemental Executive Retirement Plan

SDU: System Deliverability Upgrade

SIFMA: Securities Industry and Financial Markets Association

SIR: site investigation and remediation

SOFR: Secured Overnight Financing Rate
Staff: Department of Public Service Staff

TO: Transmission Owner

Transco: New York Transco, LLC

ZEC: Zero-Emissions Credits

CH ENERGY GROUP
CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)
(In Thousands)

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Operating Revenues				
Electric	$ 182,152	$ 193,205	$ 380,041	$ 421,799
Natural gas	39,098	42,970	119,776	141,744
Total Operating Revenues	221,250	236,175	499,817	563,543
Operating Expenses				
Operation:				
Purchased electricity	62,813	76,468	128,388	183,784
Purchased natural gas	7,675	13,094	32,358	59,381
Other expenses of operation - regulated activities	100,705	87,379	201,280	182,806
Other expenses of operation - non-regulated	55	57	137	84
Depreciation and amortization	22,658	21,007	45,183	41,826
Taxes, other than income tax	21,462	20,138	47,636	44,285
Total Operating Expenses	215,368	218,143	454,982	512,166
Operating Income	5,882	18,032	44,835	51,377
Other Income and Deductions				
Income from unconsolidated affiliates	1,093	1,013	2,109	2,027
Interest on regulatory assets and other interest income	1,838	1,637	3,412	3,696
Regulatory adjustments for interest costs	371	447	785	819
Non-service cost components of pension and OPEB	7,185	6,570	14,373	13,140
Other - net	1,051	81	1,186	144
Total Other Income	11,538	9,748	21,865	19,826
Interest Charges				
Interest on long-term debt	14,251	12,892	28,025	24,430
Interest on regulatory liabilities and other interest	(1,073)	(1,398)	(1,695)	213
Total Interest Charges	13,178	11,494	26,330	24,643
Income Before Income Taxes	4,242	16,286	40,370	46,560
Income Tax Expense	1,029	3,687	9,518	10,442
Net Income	$ 3,213	$ 12,599	$ 30,852	$ 36,118

CH ENERGY GROUP
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
(In Thousands)

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Net Income	$ 3,213	$ 12,599	$ 30,852	$ 36,118
OCI:				
Employee future benefits, net of tax expense	2	1	4	3
Comprehensive Income	$ 3,215	$ 12,600	$ 30,856	$ 36,121

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

CH ENERGY GROUP
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

(In Thousands)	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Operating Activities:		
Net income	$ 30,852	$ 36,118
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	36,166	33,435
Amortization	9,017	8,391
Deferred income taxes - net	8,322	10,459
Uncollectible expense	5,110	4,464
Undistributed equity in earnings of unconsolidated affiliates	(1,802)	(30)
Pension credit	(3,561)	(5,006)
OPEB credit	(3,021)	(3,905)
Regulatory liability - rate moderation	(14,452)	(6,354)
Regulatory asset - RDM recorded	(7,583)	(5,601)
Regulatory liability – customer benefit fund (“CBF”)	4,000	-
Changes in operating assets and liabilities - net:		
Accounts receivable, unbilled revenues, and other receivables	(1,696)	(8,751)
Fuel, materials, and supplies	(5,275)	(4,473)
Special deposits and prepayments	12,940	17,242
Income and other taxes	1,174	2
Accounts payable	(1,112)	(29,996)
Accrued interest	307	1,172
Customer advances	(1,961)	(687)
Other advances	2,323	(1,641)
Corporate Alternative Minimum Tax	-	(5,400)
Pension plan contribution	(903)	(721)
OPEB contribution	(629)	(22)
Regulatory asset - RDM collected	11,277	3,554
Regulatory asset - major storm	(9,109)	(12,129)
Regulatory asset - SIR	4,276	4,341
Regulatory asset - Arrears Management Program (“AMP”)	1,924	(20,680)
Regulatory asset - uncollectible write-offs	(14,741)	(2,860)
Regulatory liability - EE programs including Clean Energy Fund (“CEF”)	4,637	1,182
Regulatory asset - RAM	6,496	6,250
Regulatory asset - deferred natural gas and electric costs	27,828	46,716
Other - net	11,036	2,803
Net cash provided by operating activities	111,840	67,873
Investing Activities:		
Additions to utility plant	(137,848)	(115,699)
Other - net	(2,141)	5,895
Net cash used in investing activities	(139,989)	(109,804)
Financing Activities:		
Repayment of long-term debt	(31,103)	(1,033)
Proceeds from issuance of long-term debt	60,000	90,000
Net change in short-term borrowings	(2,000)	(105,000)
Capital contributions	3,600	73,500
Other - net	(343)	(518)
Net cash provided by financing activities	30,154	56,949
Net Change in Cash, Cash Equivalents, and Restricted Cash	2,005	15,018
Cash, Cash Equivalents, and Restricted Cash at Beginning of Period	4,320	5,010
Cash, Cash Equivalents, and Restricted Cash at End of Period	$ 6,325	$ 20,028
Supplemental Disclosure of Cash Flow Information:		
Interest paid, net of amounts capitalized	$ 27,842	$ 22,910
Federal and state income taxes paid, net	$ 1,548	$ 5,400
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:		
Non-Cash Investing Activities:		
Accrued capital expenditures	$ 17,448	$ 17,763

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

CH ENERGY GROUP
CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)
(In Thousands)

	June 30, 2024	December 31, 2023	June 30, 2023
ASSETS			
Utility Plant (Note 3)			
Electric	$ 1,944,031	$ 1,884,513	$ 1,829,054
Natural gas	871,220	845,649	807,414
Common	501,315	476,744	463,411
Gross Utility Plant	3,316,566	3,206,906	3,099,879
Less: Accumulated depreciation	779,547	758,277	730,938
Net	2,537,019	2,448,629	2,368,941
Construction work in progress	177,617	183,204	159,334
Net Utility Plant	2,714,636	2,631,833	2,528,275
Non-utility property & plant	524	524	524
Net Non-Utility Property & Plant	524	524	524
Current Assets			
Cash and cash equivalents (Note 1)	5,629	3,624	19,332
Accounts receivable from customers - net of allowance for uncollectible accounts of $11.1 million, $11.1 million, and $11.1 million, respectively (Note 2)	246,091	239,862	234,030
Accounts receivable - affiliates (Note 17)	12	158	15
Accrued unbilled utility revenues - net of allowance for uncollectible accounts of $0.1 million, $0.1 million, and $0.1 million, respectively (Note 2)	20,475	28,615	19,423
Other receivables	16,700	18,326	22,885
Fuel, materials, and supplies (Note 1)	41,461	36,186	35,711
Regulatory assets (Note 4)	73,054	110,621	82,699
Income tax receivable	-	442	526
Fair value of derivative instruments (Note 15)	2,182	161	20
Special deposits and prepayments	23,577	36,517	25,464
Total Current Assets	429,181	474,512	440,105
Deferred Charges and Other Assets			
Regulatory assets - other (Note 4)	270,027	254,079	259,338
Prefunded pension costs (Note 11)	117,497	113,229	60,638
Prefunded OPEB costs (Note 11)	48,161	46,185	33,162
Investments in unconsolidated affiliates (Note 6)	34,141	29,711	29,178
Other investments (Note 16)	48,217	46,001	45,029
Other	7,792	8,505	8,039
Total Deferred Charges and Other Assets	525,835	497,710	435,384
Total Assets	$ 3,670,176	$ 3,604,579	$ 3,404,288

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

CH ENERGY GROUP
CONDENSED CONSOLIDATED BALANCE SHEET (CONT'D) (UNAUDITED)
(Dollars in Thousands)

	June 30, 2024	December 31, 2023	June 30, 2023
CAPITALIZATION AND LIABILITIES			
Capitalization (Note 9)			
CH Energy Group Common Shareholders' Equity			
Common Stock (30,000,000 shares authorized: $0.01 par value; 15,961,400 shares issued and outstanding)	$ 160	$ 160	$ 160
Paid-in capital	565,202	561,602	561,602
Retained earnings	687,664	656,812	620,552
Accumulated OCI	169	165	169
Total Equity	1,253,195	1,218,739	1,182,483
Long-term debt (Note 10)			
Principal amount	1,280,621	1,241,801	1,182,942
Unamortized debt issuance costs	(6,173)	(6,143)	(6,087)
Net long-term debt	1,274,448	1,235,658	1,176,855
Total Capitalization	2,527,643	2,454,397	2,359,338
Current Liabilities			
Current maturities of long-term debt (Note 10)	22,322	32,245	32,171
Short-term borrowings (Note 8)	19,000	21,000	-
Accounts payable	64,268	72,122	53,712
Accounts payable - affiliates (Note 17)	117	199	-
Accrued interest	13,281	12,974	11,857
Accrued vacation and payroll	13,357	10,780	12,699
Customer advances	16,193	18,154	16,266
Customer deposits	6,465	6,686	7,083
Regulatory liabilities (Note 4)	62,995	62,647	86,726
Fair value of derivative instruments (Note 15)	2,941	12,499	8,944
Accrued environmental remediation costs (Note 13)	1,528	1,066	1,131
Accrued income and other taxes	728	-	-
Other advances	12,426	10,103	10,239
Other current liabilities	17,913	21,187	16,885
Total Current Liabilities	253,534	281,662	257,713
Deferred Credits and Other Liabilities			
Regulatory liabilities - deferred pension costs (Note 4)	122,147	121,166	71,386
Regulatory liabilities - deferred OPEB costs (Note 4)	31,563	32,633	22,045
Regulatory liabilities - other (Note 4)	289,019	271,792	260,682
Operating reserves	4,214	3,495	3,337
Accrued environmental remediation costs (Note 13)	71,172	71,236	71,476
Other liabilities	39,396	37,506	33,827
Total Deferred Credits and Other Liabilities	557,511	537,828	462,753
Accumulated Deferred Income Tax (Note 5)	331,488	330,692	324,484
Commitments and Contingencies			
Total Capitalization and Liabilities	$ 3,670,176	$ 3,604,579	$ 3,404,288

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

CH ENERGY GROUP

CONDENSED CONSOLIDATED STATEMENT OF EQUITY (UNAUDITED)

(Dollars in Thousands)

	Six Months Ended June 30, 2024					
	Common Stock					
	Shares Issued	Amount	Paid-In Capital	Retained Earnings	Accumulated OCI	Total Equity
Balance at December 31, 2023	15,961,400	$ 160	$ 561,602	$ 656,812	$ 165	$ 1,218,739
Net income				27,639		27,639
Employee future benefits, net of tax					2	2
Balance at March 31, 2024	15,961,400	$ 160	$ 561,602	$ 684,451	$ 167	$ 1,246,380
Net income				3,213		3,213
Capital contribution			3,600			3,600
Employee future benefits, net of tax					2	2
Balance at June 30, 2024	15,961,400	$ 160	$ 565,202	$ 687,664	$ 169	$ 1,253,195

	Six Months Ended June 30, 2023					
	Common Stock					
	Shares Issued	Amount	Paid-In Capital	Retained Earnings	Accumulated OCI	Total Equity
Balance at December 31, 2022	15,961,400	$ 160	$ 488,102	$ 584,434	$ 166	$ 1,072,862
Net income				23,519		23,519
Capital contribution			67,500			67,500
Employee future benefits, net of tax					2	2
Balance at March 31, 2023	15,961,400	$ 160	$ 555,602	$ 607,953	$ 168	$ 1,163,883
Net income				12,599		12,599
Capital contribution			6,000			6,000
Employee future benefits, net of tax					1	1
Balance at June 30, 2023	15,961,400	$ 160	$ 561,602	$ 620,552	$ 169	$ 1,182,483

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

CENTRAL HUDSON

CONDENSED STATEMENT OF INCOME (UNAUDITED)

(In Thousands)

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Operating Revenues				
Electric	$ 182,152	$ 193,205	$ 380,041	$ 421,799
Natural gas	39,098	42,970	119,776	141,744
Total Operating Revenues	221,250	236,175	499,817	563,543
Operating Expenses				
Operation:				
Purchased electricity	62,813	76,468	128,388	183,784
Purchased natural gas	7,675	13,094	32,358	59,381
Other expenses of operation	100,705	87,379	201,280	182,806
Depreciation and amortization	22,658	21,007	45,183	41,826
Taxes, other than income tax	21,384	20,082	47,472	44,177
Total Operating Expenses	215,235	218,030	454,681	511,974
Operating Income	6,015	18,145	45,136	51,569
Other Income and Deductions				
Interest on regulatory assets and other interest income	1,838	1,637	3,412	3,696
Regulatory adjustments for interest costs	371	447	785	819
Non-service cost components of pension and OPEB	7,193	6,575	14,385	13,150
Other - net	1,178	94	1,345	180
Total Other Income	10,580	8,753	19,927	17,845
Interest Charges				
Interest on long-term debt	14,189	12,779	27,884	24,203
Interest on regulatory liabilities and other interest	(1,073)	(1,398)	(1,695)	213
Total Interest Charges	13,116	11,381	26,189	24,416
Income Before Income Taxes	3,479	15,517	38,874	44,998
Income Tax Expense	800	3,464	9,093	9,980
Net Income	$ 2,679	$ 12,053	$ 29,781	$ 35,018

CENTRAL HUDSON

CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

(In Thousands)

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Net Income	$ 2,679	$ 12,053	$ 29,781	$ 35,018
OCI:				
Employee future benefits, net of tax expense	2	1	4	3
Comprehensive Income	$ 2,681	$ 12,054	$ 29,785	$ 35,021

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

CENTRAL HUDSON
CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)
(In Thousands)

	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Operating Activities:		
Net income	$ 29,781	$ 35,018
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	36,166	33,435
Amortization	9,017	8,391
Deferred income taxes - net	7,935	9,998
Uncollectible expense	5,110	4,464
Pension credit	(3,561)	(5,006)
OPEB credit	(3,021)	(3,905)
Regulatory liability - CBF	4,000	-
Regulatory liability - rate moderation	(14,452)	(6,354)
Regulatory asset - RDM recorded	(7,583)	(5,601)
Changes in operating assets and liabilities - net:		
Accounts receivable, unbilled revenues, and other receivables	(1,689)	(9,027)
Fuel, materials, and supplies	(5,275)	(4,473)
Special deposits and prepayments	12,790	17,237
Income and other taxes	525	(19)
Accounts payable	(847)	(29,492)
Accrued interest	323	1,175
Customer advances	(1,961)	(687)
Other advances	2,323	(1,641)
Pension plan contribution	(903)	(721)
OPEB contribution	(629)	(22)
Regulatory asset - RDM collected	11,277	3,554
Regulatory asset - major storm	(9,109)	(12,129)
Regulatory asset - SIR	4,276	4,341
Regulatory asset - AMP	1,924	(20,680)
Regulatory asset - uncollectible write-offs	(14,741)	(2,860)
Regulatory liability - EE programs including CEF	4,637	1,182
Regulatory asset - RAM	6,496	6,250
Regulatory asset - deferred natural gas and electric costs	27,828	46,716
Other - net	10,919	3,900
Net cash provided by operating activities	111,556	73,044
Investing Activities:		
Additions to utility plant	(137,848)	(115,699)
Other - net	577	11,535
Net cash used in investing activities	(137,271)	(104,164)
Financing Activities:		
Repayment of long-term debt	(30,000)	-
Proceeds from issuance of long-term debt	60,000	90,000
Net change in short-term borrowings	(2,000)	(105,000)
Capital contributions	-	60,000
Other - net	(343)	(518)
Net cash provided by financing activities	27,657	44,482
Net Change in Cash, Cash Equivalents, and Restricted Cash	1,942	13,362
Cash, Cash Equivalents, and Restricted Cash - Beginning of Period	2,218	3,371
Cash, Cash Equivalents, and Restricted Cash - End of Period	$ 4,160	$ 16,733
Supplemental Disclosure of Cash Flow Information:		
Interest paid, net of amounts capitalized	$ 26,738	$ 22,681
Federal and state income taxes paid, net	$ 2,002	$ 1,252
Non-Cash Investing Activities:		
Accrued capital expenditures	$ 17,448	$ 17,763

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

CENTRAL HUDSON

CONDENSED BALANCE SHEET (UNAUDITED)

(In Thousands)

	June 30, 2024	December 31, 2023	June 30, 2023
ASSETS			
Utility Plant (Note 3)			
Electric	$ 1,944,031	$ 1,884,513	$ 1,829,054
Natural gas	871,220	845,649	807,414
Common	501,315	476,744	463,411
Gross Utility Plant	3,316,566	3,206,906	3,099,879
Less: Accumulated depreciation	779,547	758,277	730,938
Net	2,537,019	2,448,629	2,368,941
Construction work in progress	177,617	183,204	159,334
Net Utility Plant	2,714,636	2,631,833	2,528,275
Non-Utility Property and Plant	524	524	524
Net Non-Utility Property and Plant	524	524	524
Current Assets			
Cash and cash equivalents (Note 1)	3,464	1,522	16,037
Accounts receivable from customers - net of allowance for uncollectible accounts of $11.1 million, $11.1 million, and $11.1 million, respectively (Note 2)	246,091	239,862	234,030
Accrued unbilled utility revenues - net of allowance for uncollectible accounts of $0.1 million, $0.1 million, and $0.1 million, respectively (Note 2)	20,475	28,615	19,423
Other receivables	16,724	18,503	22,917
Fuel, materials, and supplies (Note 1)	41,461	36,186	35,711
Regulatory assets (Note 4)	73,054	110,621	82,699
Income tax receivable	-	-	52
Fair value of derivative instruments (Note 15)	2,182	161	20
Special deposits and prepayments	23,575	36,365	25,460
Total Current Assets	427,026	471,835	436,349
Deferred Charges and Other Assets			
Regulatory assets - other (Note 4)	270,027	254,079	259,338
Prefunded pension costs (Note 11)	117,662	113,404	60,822
Prefunded OPEB costs (Note 11)	48,161	46,185	33,162
Other investments (Note 16)	47,177	45,053	44,121
Other	7,791	8,502	8,037
Total Deferred Charges and Other Assets	490,818	467,223	405,480
Total Assets	$ 3,633,004	$ 3,571,415	$ 3,370,628

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

CENTRAL HUDSON

CONDENSED BALANCE SHEET (CONT'D) (UNAUDITED)

(Dollars in Thousands)

	June 30, 2024	December 31, 2023	June 30, 2023
CAPITALIZATION AND LIABILITIES			
Capitalization (Note 9)			
Common Stock (30,000,000 shares authorized: $5 par value; 16,862,087 shares issued and outstanding)	$ 84,311	$ 84,311	$ 84,311
Paid-in capital	386,452	386,452	386,452
Accumulated OCI	169	165	169
Retained earnings	755,642	725,861	685,131
Capital stock expense	(4,633)	(4,633)	(4,633)
Total Equity	1,221,941	1,192,156	1,151,430
Long-term debt (Note 10)			
Principal amount	1,279,400	1,239,400	1,179,400
Unamortized debt issuance costs	(6,159)	(6,124)	(6,064)
Net long-term debt	1,273,241	1,233,276	1,173,336
Total Capitalization	2,495,182	2,425,432	2,324,766
Current Liabilities			
Current maturities of long-term debt (Note 10)	20,000	30,000	30,000
Short-term borrowings (Note 8)	19,000	21,000	-
Accounts payable	65,707	73,378	54,770
Accrued interest	13,284	12,961	11,841
Accrued vacation and payroll	13,357	10,780	12,699
Customer advances	16,193	18,154	16,266
Customer deposits	6,465	6,686	7,083
Regulatory liabilities (Note 4)	62,995	62,647	86,726
Fair value of derivative instruments (Note 15)	2,941	12,499	8,944
Accrued environmental remediation costs (Note 13)	1,528	1,066	1,131
Accrued income and other taxes	1,139	614	-
Other advances	12,426	10,103	10,239
Other current liabilities	17,893	21,168	16,875
Total Current Liabilities	252,928	281,056	256,574
Deferred Credits and Other Liabilities			
Regulatory liabilities - deferred pension costs (Note 4)	122,147	121,166	71,386
Regulatory liabilities - deferred OPEB costs (Note 4)	31,563	32,633	22,045
Regulatory liabilities - other (Note 4)	289,019	271,792	260,682
Operating reserves	4,214	3,495	3,337
Accrued environmental remediation costs (Note 13)	71,172	71,236	71,476
Other liabilities	38,128	36,359	32,726
Total Deferred Credits and Other Liabilities	556,243	536,681	461,652
Accumulated Deferred Income Tax (Note 5)	328,651	328,246	327,636
Commitments and Contingencies			
Total Capitalization and Liabilities	$ 3,633,004	$ 3,571,415	$ 3,370,628

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

CENTRAL HUDSON

CONDENSED STATEMENT OF EQUITY (UNAUDITED)

(Dollars in Thousands)

	Six Months Ended June 30, 2024						
	Common Stock						
	Shares Issued	Amount	Paid-In Capital	Capital Stock Expense	Retained Earnings	Accumulated OCI	Total Equity
Balance at December 31, 2023	16,862,087	$ 84,311	$ 386,452	$ (4,633)	$ 725,861	$ 165	$ 1,192,156
Net income					27,102		27,102
Employee future benefits, net of tax						2	2
Balance at March 31, 2024	16,862,087	$ 84,311	$ 386,452	$ (4,633)	$ 752,963	$ 167	$ 1,219,260
Net income					2,679		2,679
Employee future benefits, net of tax						2	2
Balance at June 30, 2024	16,862,087	$ 84,311	$ 386,452	$ (4,633)	$ 755,642	$ 169	$ 1,221,941

	Six Months Ended June 30, 2023						
	Common Stock						
	Shares Issued	Amount	Paid-In Capital	Capital Stock Expense	Retained Earnings	Accumulated OCI	Total Equity
Balance at December 31, 2022	16,862,087	$ 84,311	$ 326,452	$ (4,633)	$ 650,113	$ 166	$ 1,056,409
Net income					22,965		22,965
Capital contribution			60,000				60,000
Employee future benefits, net of tax						2	2
Balance at March 31, 2023	16,862,087	$ 84,311	$ 386,452	$ (4,633)	$ 673,078	$ 168	$ 1,139,376
Net income					12,053		12,053
Employee future benefits, net of tax						1	1
Balance at June 30, 2023	16,862,087	$ 84,311	$ 386,452	$ (4,633)	$ 685,131	$ 169	$ 1,151,430

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

NOTE 1 – Summary of Significant Accounting Policies

Corporate Structure

CH Energy Group is the holding company parent corporation of four principal, wholly owned subsidiaries, Central Hudson, CHET, CHEC, and CHGT. CH Energy Group's common stock is indirectly owned by Fortis, which is a leader in the North American regulated electric and natural gas utility industry. Central Hudson is a regulated electric and natural gas transmission and distribution utility. CH Energy Group formed CHET to hold its ownership interest in Transco. CHGT was formed to hold CH Energy Group's ownership stake in possible natural gas transmission pipeline opportunities in NYS. As of June 30, 2024, there has been no activity in CHGT. CHEC had ownership interests in certain non-regulated subsidiaries that were less than 100% owned. At June 30, 2024, the CHEC investments had a cost basis of $0.

Basis of Presentation

This Quarterly Financial Report is a combined report of CH Energy Group and Central Hudson. The Notes to the Condensed Consolidated Financial Statements apply to both CH Energy Group and Central Hudson. CH Energy Group's Condensed Consolidated Financial Statements include the accounts of CH Energy Group and its wholly owned subsidiaries, which include Central Hudson, CHET, CHGT, and CHEC. All intercompany balances and transactions have been eliminated in consolidation.

The Condensed Consolidated Financial Statements of CH Energy Group and Condensed Financial Statements of Central Hudson are unaudited but, in the opinion of management, reflect all normal recurring adjustments necessary for a fair statement of the results for the interim periods presented. These unaudited Quarterly Condensed Financial Statements do not contain all footnote disclosures concerning accounting policies and other matters, which are included in the December 31, 2023 audited Financial Statements and, accordingly, should be read in conjunction with the Notes thereto. The balance sheets of CH Energy Group and Central Hudson as of June 30, 2023 are included for supplemental information.

The Quarterly Condensed Financial Statements have been prepared in accordance with GAAP, which for regulated utilities, includes specific accounting guidance for regulated operations. The same accounting policies are used to prepare both the quarterly and the annual financial statements.

Preparation of the financial statements in accordance with GAAP, includes the use of estimates and assumptions by management that affect the reported amounts of assets, liabilities, and the disclosures of the contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Current estimates as of and for the period ended June 30, 2024, reflect management's best assumptions at this time. As with all estimates, actual results may differ from those estimated. Estimates may be subject to future uncertainties, including the impacts on Central Hudson's service territory and customers resulting from legislative mandates and policies.

Estimates are also reflected for certain commitments and contingencies where there is sufficient basis to project a future obligation. Disclosures related to these certain commitments and contingencies are included in Note 13 – "Commitments and Contingencies."

Regulatory Accounting Policies

Central Hudson is subject to cost-based rate regulation. As a result, the effects of regulatory actions are required to be reflected in the financial statements. Regulatory accounting guidance results in differences in the application of GAAP, between regulated and non-regulated businesses, and requires the recording of regulatory assets and liabilities for certain transactions that would have been treated as expense or revenue in non-regulated businesses. Regulated utilities, such as Central Hudson, defer costs and revenues on the balance sheet as regulatory assets and liabilities when it is probable that those costs and revenues will be recoverable from or refundable to customers through the rate-making process in a period different from when they otherwise would have been reflected in income. For Central Hudson, these deferred regulatory assets and liabilities, and the related deferred taxes, are recovered from or reimbursed to customers either by offset as directed by the PSC, through an approved surcharge mechanism or through incorporation in the determination of the revenue requirement used to set new rates. Changes in regulatory assets and liabilities are reflected in the Condensed Consolidated Statement of Income either in the period in which the amounts are recovered through a surcharge, are reflected in rates, or when criteria for recording the revenues are met. Current accounting practices reflect the regulatory accounting authorized in Central Hudson's most recent Rate Orders. On November 18, 2021, the PSC issued the 2021 Rate Order. On October 4, 2021, FERC approved Facilities Charge for SDU under Rate Schedule 12 of the NYISO to be collected via the OATT. See Note 4 – "Regulatory Matters" for additional information regarding regulatory accounting.

Management periodically assesses whether the regulatory assets are probable of future recovery by considering factors such as changes in the applicable regulatory and political environments, the ability to recover costs through regulated rates, recent rate orders applicable to Central Hudson and other regulated entities, and the status of any pending or potential deregulation legislation. Based on this assessment, management believes the existing regulatory assets are probable of recovery. This assessment reflects the current political and regulatory climate at the state and federal levels and is subject to change in the future. If future recovery of costs ceases to be probable, the regulatory asset would be written-off, which could materially impact earnings.

Seasonality

Central Hudson's operations are seasonal in nature and weather-sensitive and, as a result, financial results for interim periods are not necessarily indicative of trends for a twelve-month period. Demand for electricity typically peaks during the summer, while demand for natural gas may peak during the winter or summer.

Restricted Cash

Restricted cash as of June 30, 2024 and 2023, primarily consisted of cash held in escrow as security deposits from companies attaching other utilities to Central Hudson-owned poles.

The following tables provide a reconciliation of cash, cash equivalents, and restricted cash reported on the Balance Sheets for CH Energy Group and Central Hudson that sum to the total of the same such amounts shown in the corresponding Statements of Cash Flows.

CH Energy Group

(In Thousands)

	June 30, 2024	June 30, 2023
Cash and cash equivalents	$ 5,629	$ 19,332
Restricted cash included in other long-term assets	696	696
Total Cash, Cash Equivalents, and Restricted Cash as shown in the Statement of Cash Flows	$ 6,325	$ 20,028

Central Hudson

(In Thousands)

		June 30, 2024		June 30, 2023
Cash and cash equivalents	$	3,464	$	16,037
Restricted cash included in other long-term assets		696		696
Total Cash, Cash Equivalents, and Restricted Cash as shown in the Statement of Cash Flows	$	4,160	$	16,733

Accounts Receivable and Allowance for Uncollectible Accounts

Receivables and unbilled utility revenues are carried at net realizable value, based on the allowance for credit losses model. The accounts receivable balance also reflects Central Hudson's purchase of receivables from energy service companies to support the retail choice programs. The allowance for uncollectible accounts reflects management's best estimate of expected credit losses to reduce accounts receivable for amounts estimated to be uncollectible. Estimates for uncollectible accounts are based on accounts receivable aging data, as well as consideration of various quantitative and qualitative factors, including special collection issues and current and forecasted economic conditions. Finance charges can be charged on accounts receivable balances that have been outstanding for more than 20 days, see Note 2 – "Revenue and Receivables" for further details.

Financial Instruments

CH Energy Group and Central Hudson use reasonable and supportable forecasts in the estimate of credit losses and the recognition of expected losses upon initial recognition of a financial instrument, in addition to using past events and current conditions. At June 30, 2024, December 31, 2023, and June 30, 2023, there were no expected credit losses on financial instruments other than those on accounts receivable and unbilled utility revenues.

Fuel, Materials, and Supplies

The following is a summary of CH Energy Group's and Central Hudson's inventory of Fuel, Materials, and Supplies valued using the average cost method (In Thousands):

		June 30, 2024		December 31, 2023		June 30, 2023
Fuel used in electric generation	$	254	$	521	$	546
RECs		403		0		0
Materials and supplies		40,804		35,665		35,165
Total	$	41,461	$	36,186	$	35,711

Central Hudson entered into an Asset Management Agreement with a third party related to its natural gas transport and storage capacity. Central Hudson continues to make purchases of natural gas in advance of the peak winter season to hedge against price volatility for its customers. However, based on the terms of the agreement, the third party will maintain control and title over the physical natural gas in storage until the end of the contract term. Amounts related to the Asset Management Agreement are recorded in “Special deposits and prepayments” in CH Energy Group’s and Central Hudson’s Balance Sheets.

RECs

PSC Order 15-E-0302 adopting a Clean Energy Standard (“CES”) outlined a LSE obligation for RECs. RECs are procured through self-supply, including Quarterly REC Sales, Alternative Compliance Payment, or Value Stack offset, and are reconciled annually. On April 19, 2024, the PSC issued Order Approving Utility Trading of Renewable Energy Certificates. The Order authorized Utilities to sell their surplus Value of Distributed Energy Resources RECs amongst LSEs at the price the utility initially paid. Effective June 1, 2024, Central Hudson recorded surplus RECs as inventory at cost, which is reported as Fuel, materials, and supplies in the CH Energy Group’s and Central Hudson’s Balance Sheets. RECs sold to other utilities are recorded as a regulatory liability for future refund to customers. Further disclosures related to RECs are included in Note 13 – “Commitments and Contingencies”.

Reclassification

Certain amounts shown in the CH Energy Group and Central Hudson Balance Sheets and Note 4 – “Regulatory Matters” have been reclassified to conform to the 2024 presentation. These reclassifications had no effect on the reported results of operations.

Future Accounting Pronouncements To Be Adopted

Soon to be adopted accounting guidance is summarized below, including explanations for any applicable new guidance issued by the FASB and the expected impact on CH Energy Group and its subsidiaries.

Segment Reporting

ASU No. 2023-07, *Improvements to Reportable Segment Disclosures* requires incremental disclosures about an entity’s reportable segments but does not change the definition of a segment or the guidance for determining reportable segments. The new guidance requires disclosure of significant segment expenses that are (1) regularly provided to, or easily computed from information regularly provided to, the chief operating decision maker and (2) included in the reported measure of segment profit or loss. The new standard also allows companies to disclose multiple measures of segment profit or loss if those measures are used to assess performance and allocate resources. This update is effective for annual periods beginning after December 15, 2023 and should be adopted retrospectively unless impracticable. CH Energy Group and its subsidiaries are currently evaluating the impact, if any, that the adoption of this standard will have on financial disclosures.

Income Taxes

ASU No. 2023-09, *Improvements to Income Tax Disclosures* requires entities to disclose in their rate reconciliation table additional categories of information about federal, state, and foreign income taxes and provide more details about the reconciling items in some categories if items meet a quantitative threshold. Entities would have to provide qualitative disclosures about the new categories. The guidance will require all entities to disclose income taxes paid, net of refunds, disaggregated by federal (national), state and foreign taxes for annual periods and to disaggregate the information by jurisdiction based on a quantitative threshold. The guidance makes several other changes to the disclosure requirements. Entities are required to apply the guidance prospectively, with the option to apply it retrospectively. The guidance is effective for fiscal years beginning in 2025. CH Energy Group and its subsidiaries are currently evaluating the impact, if any, that the adoption of this standard will have on financial disclosures.

Note 2 – Revenues and Receivables

Central Hudson disaggregates revenue by segment (electric and natural gas operations) and by revenue type (revenue from contracts with customers, alternative revenue programs, and other revenues).

Revenue from Contracts with Customers

Central Hudson records revenue as electricity and natural gas is delivered based on either the customers' meter read or estimated usage for the month. For full-service customers, this includes delivery and supply of electricity and natural gas. For retail choice customers, this includes delivery only as these customers purchase supply from a retail marketer. Sales and usage-based taxes are excluded from revenues. Consideration received from customers on a billing schedule is not adjusted for the effect of a significant finance component because the period between a transfer of goods or services will be one year or less.

Alternative Revenues

Central Hudson's alternative revenue programs include electric and natural gas RDMs, lost finance charges, as established in the 2021 Rate Order, Gas Merchant Function Charge lost revenue, and revenue requirements effects for certain incremental capital projects. In addition, Central Hudson records alternative revenues for PRAs and Earnings Adjustment Mechanisms ("EAMs") related to NYS clean energy goals, when prescribed targets are met.

Other Revenues

Other revenues consist of pole attachment rents, miscellaneous fees, and other revenue adjustments. Included in other revenue adjustments are changes to regulatory deferral balances to reverse the impact of refunds/(collections) of previously recognized deferrals and NRAs pursuant to PSC Orders.

The following summary presents CH Energy Group's and Central Hudson's operating revenues disaggregated by segment and revenue source (In Thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
Electric	2024	2023	2024	2023
Revenues from contracts with customers (ASC 606)	$ 182,825	$ 190,330	$ 381,865	$ 413,633
Alternative revenues (Non ASC 606)	3,757	4,253	4,819	5,752
Other revenue adjustments (Non ASC 606)	(4,430)	(1,378)	(6,643)	2,414
Total Operating Revenues Electric	$ 182,152	$ 193,205	$ 380,041	$ 421,799
Natural Gas				
Revenues from contracts with customers (ASC 606)	$ 34,037	$ 39,094	$ 119,168	$ 139,457
Alternative revenues (Non ASC 606)	6,573	6,053	7,267	7,529
Other revenue adjustments (Non ASC 606)	(1,512)	(2,177)	(6,659)	(5,242)
Total Operating Revenues Natural Gas	$ 39,098	$ 42,970	$ 119,776	$ 141,744

The quarter over quarter and year over year decrease in electric and natural gas revenues from contracts with customers was primarily driven by lower billed purchased commodity costs which were partially offset by approved increases in delivery rates effective July 1, 2023 and higher billings of previously deferred RDM revenues.

The decrease in electric alternative revenue programs quarter over quarter and year over year is due to EAM true up earnings recorded in second quarter of 2023 related to 2022 targets partially offset by higher RDM deferrals recorded for the differences between actual billed revenues when compared to prescribed targets.

The quarter over quarter and year over year decreases in other electric revenue adjustments is primarily driven by higher revenue adjustments, which offset amounts shown in revenues from contracts with customers, for the billing of previously deferred RDM revenues. Partially mitigating these decreases were higher rate moderation revenue offsets provided to customers in 2024 as compared to 2023. Other natural gas revenue adjustments increased quarter over quarter due to higher revenue offsets for rate moderation. The decrease in other gas revenue adjustment year over year is due to higher billings of previously deferred RDMs.

Allowance for Uncollectible Accounts

Accounts receivable are recorded net of an allowance for uncollectible accounts based on the allowance for credit losses model. A summary of all changes in the allowance for uncollectible accounts receivable and accrued unbilled utility revenue balances is as follows (In Thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Balance at Beginning of Period	$ (11,200)	$ (11,200)	$ (11,200)	$ (11,200)
Uncollectible expense	(2,743)	(1,733)	(5,110)	(4,464)
Uncollectible write-off deferral	(6,817)	(2,385)	(14,741)	(2,860)
Uncollectible write-offs - net	9,560	4,117	19,851	7,324
Balance at End of Period	$ (11,200)	$ (11,200)	$ (11,200)	$ (11,200)

Growth in arrears of accounts receivable began with the suspension of collection efforts required during COVID-19, which has impacted certain customers' payment behavior and was further compounded by increased commodity prices. The Company provided certain residential and small commercial customers with bill credits under the PSC approved AMP Phase 1 and Phase 2 relief programs during 2022 and 2023, a portion of which will be recovered over a seven-year period via a surcharge. Central Hudson does not anticipate any further credits will be issued under these AMP programs.

During 2024, Central Hudson received $6.3 million in arrears relief funding for affordability assistance, as approved under the 2024 NYS budget. While credits have provided some relief to customers, we believe these credits have further impacted customer payment behaviors and the accounts receivable arrears have continued to grow.

Central Hudson initiated focused collection efforts beginning in the second half of 2022 for certain customers with large balances in arrears through communications urging payment and notifying customers that finance charges and termination efforts would be forthcoming. Collection efforts expanded in 2023 and 2024, including issuing final termination notices and locking service for non-payment for certain commercial customers. Additionally, beginning in April 2024, the Company began a phased roll out of termination activities with certain residential customers as well. Outreach and collection efforts for the residential customers, where termination of service has not yet been enforced, have provided some success in obtaining payments. For those customers, where the Company has employed full termination activities, collection efforts have generated even greater success with payment or payment arrangements from customers. Termination efforts have resulted in an overall decrease in both the number of customers and dollars in arrears for commercial customers. For residential customers, collection activities to date have resulted in a leveling off in the number of residential customers in arrears, but not an overall decrease to residential amounts in arrears as the Company has just begun rolling out termination activities for these customers. As termination activities continue to expand in 2024, the Company expects to see collection results and customer payment behavior consistent with pre-COVID levels. There has not been a significant change in the economic conditions or customers within the service territory, and the Company believes the increasing arrears balances associated with those customers choosing not to pay is not indicative of customers' inability to pay. As such, the Company believes the recorded reserve is reflective of the ultimate expected credit losses.

Management conducted quantitative and qualitative assessments of the allowance for uncollectible accounts as of June 30, 2024, including consideration of the differences in the current customers with arrears compared to past history, differences in payment behaviors of customers, including past economic factors impacting payment behavior compared to the current economic environment and the success of collection efforts to date. Based on its analysis and taking all qualitative factors into consideration, the Company concluded that the reserve of $11.2 million is reflective of the expected credit losses and should be maintained at this level as of June 30, 2024.

Under the terms of the 2021 Rate Order, Central Hudson was authorized to defer bad debt write-offs through June 30, 2024, if they exceeded 10 basis points above the amounts billed to customers through delivery rates and applicable surcharges. As of June 30, 2024, Central Hudson has deferred approximately $28.0 million in uncollectible write-offs.

NOTE 3 – Utility Plant – Central Hudson

The following summarizes the type and amount of assets included in the electric, natural gas, and common categories of CH Energy Group's and Central Hudson's utility plant balances (In Thousands):

	Estimated Depreciable Life in Years	Utility Plant June 30, 2024	Utility Plant December 31, 2023	Utility Plant June 30, 2023
Electric:				
Production	25-95	$ 53,577	$ 54,996	$ 43,865
Transmission	30-90	533,744	508,937	497,082
Distribution	8-80	1,349,577	1,313,501	1,281,041
Other	40	7,133	7,079	7,066
Total		$ 1,944,031	$ 1,884,513	$ 1,829,054
Natural Gas:				
Transmission	19-85	$ 73,854	$ 71,250	$ 66,027
Distribution	28-95	796,924	773,957	740,945
Other	N/A	442	442	442
Total		$ 871,220	$ 845,649	$ 807,414
Common:				
Land and structures	50	$ 130,232	$ 117,533	$ 115,590
Office and other equipment, radios, and tools	8-35	97,754	93,295	92,768
Transportation equipment	10-12	86,650	87,965	83,895
Other	3-15	186,679	177,951	171,158
Total		$ 501,315	$ 476,744	$ 463,411
Gross Utility Plant		$ 3,316,566	$ 3,206,906	$ 3,099,879

For the three months ended June 30, 2024 and 2023, the borrowed component of funds used during construction and recorded as a reduction of interest expense was $1.0 million and $1.2 million and the equity component reported as other income was $1.3 million and $0.5 million, respectively. For the six months ended June 30, 2024 and 2023, the borrowed component of funds used during construction and recorded as a reduction of interest expense was $2.1 million and $2.0 million, respectively, and the equity component reported as other income was $2.2 million and $1.1 million, respectively.

Included in the Net Utility Plant balance of $2.7 billion at June 30, 2024, $2.6 billion at December 31, 2023, and $2.5 billion at June 30, 2023, is $225.2 million, $215.5 million, and $203.4 million of intangible utility plant assets, comprised primarily of computer software costs, land, transmission, water, and other rights and the related accumulated amortization of $120.3 million, $111.2 million, and $102.7 million, respectively.

As of June 30, 2024, December 31, 2023, and June 30, 2023, Central Hudson has reclassified from utility plant assets $49.9 million, $50.8 million, and $49.1 million, respectively, of COR recovered through the rate-making process in excess of amounts incurred to date as a regulatory liability.

Asset Retirement Obligations for Central Hudson were approximately $6.0 million, $5.9 million, and $3.1 million as of June 30, 2024, December 31, 2023, and June 30, 2023. These amounts have been classified in the above chart under “Electric – Other” and “Common – Other” based on the nature of the Asset Retirement Obligation and are reflected as “Other – long-term liabilities” in the CH Energy Group’s and Central Hudson’s Balance Sheets.

NOTE 4 – Regulatory Matters

Summary of Regulatory Assets and Liabilities

Based on previous, existing, or expected regulatory orders or decisions, the following table sets forth amounts that are expected to be recovered from or refunded to customers in future periods (In Thousands):

	June 30, 2024	December 31, 2023	June 30, 2023
Regulatory Assets:			
Deferred purchased electric costs	$ 11,958	$ 32,972	$ 16,005
Deferred unrealized losses on derivatives – electric and natural gas (Note 15)	3,815	12,499	8,944
RAM – electric and carrying charges	11,677	16,976	11,030
RAM – natural gas and carrying charges	2,821	3,890	1,677
EAMs – electric	2,541	8,235	9,363
RDM and carrying charges – electric	3,514	5,638	1,840
RDM and carrying charges – natural gas	6,404	7,720	5,769
Energy efficiency programs and carrying charges	37,561	35,772	30,453
EV make ready program and carrying charges	6,120	4,676	3,146 (2)
Demand management programs and carrying charges	5,908	5,796	6,890
Deferred and accrued SIR costs and carrying charges (Note 13)	57,079	61,340	65,704
Deferred storm costs and carrying charges	70,200	59,253	55,569
Deferred vacation pay accrual	11,212	8,760	10,877
Income taxes recoverable through future rates	25,180	37,807	45,534
Tax reform – unprotected impacts (Note 5)	23,733	23,733	23,733
Lost finance charge revenue and carrying charges	2,956	-	5,680
Natural gas safety	2,759	1,157 (2)	532 (2)
Deferred interest cost and carrying charges	8,873	5,443	2,185 (2)
AMP and carrying charges	20,207	21,842	23,273
Uncollectible write offs and carrying charges	16,373	948	6,014
Other	12,190 (1)	10,243 (1)(2)	7,819 (1)(2)
Total Regulatory Assets	$ 343,081	$ 364,700	$ 342,037
Less: Current Portion of Regulatory Assets	$ 73,054	$ 110,621	$ 82,699
Total Long-term Regulatory Assets	$ 270,027	$ 254,079	$ 259,338
Regulatory Liabilities:			
Rate moderator – electric and carrying charges	$ 17,553	$ 27,786	$ 37,825
Rate moderator – natural gas and carrying charges	6,094	9,745	12,417
Deferred purchased natural gas costs	6,228	-	2,308
Deferred unrealized gains on derivatives – electric and natural gas (Note 15)	2,182	161	20
CBF	4,000	-	-

CEF and carrying charges	55,983	49,664	51,864
Tax reform – protected deferred tax liability (Note 5)	144,627	145,859	146,175
Deferred COR (Note 3)	49,906	50,826	49,107
Deferred pension costs (Note 11)	122,147	121,166	71,386
Deferred property taxes and carrying charges	17,123	4,969	10,467
Income taxes refundable through future rates	8,443	11,887	9,206
Deferred OPEB costs (Note 11)	31,563	32,633	22,045
EAP and carrying charges	4,094	3,776	4,362
Net plant and depreciation targets and carrying charges	7,688 (3)	4,072 (3)	1,030
Fast charging infrastructure program and carrying charges	5,680	5,556	5,648
NRAs	12,437	8,282	5,751
Deferred unbilled revenue	5,082	5,082	5,082
Utility asset sale to Transco and carrying charges	4,464	4,338	4,466
Other	430 (1)	2,436 (1)	1,680 (1)
Total Regulatory Liabilities	$ 505,724	$ 488,238	$ 440,839
Less: Current Portion of Regulatory Liabilities	$ 62,995	$ 62,647	$ 86,726
Total Long-term Regulatory Liabilities	$ 442,729	$ 425,591	$ 354,113
Net Regulatory Liabilities	$ (162,643)	$ (123,538)	$ (98,802)

(1) Other includes estimated netting on the balance sheet of certain regulatory asset carrying charges to be offset against regulatory liabilities and collected through Rate Case offset/RAM.

(2) Certain amounts related to prior periods, have been reclassified to conform to the June 30, 2024 presentation.

(3) Approximately $5.2 million and $2.6 million is included in Net plant and depreciation targets, for the periods ended June 30, 2024 and December 31, 2023, respectively, related to revenues set aside for return to customers associated with a system replacement that was postponed. These deferred balances accrued carrying charges at the Company's pre-tax weighted average cost of capital.

Significant new regulatory liability for 2024 includes:

CBF: This regulatory liability represents Central Hudson's contribution to a benefit fund in accordance with the terms of the settlement agreement in Case 22-M-0645. See proceeding details below.

PSC Proceedings

2021 Rate Order

The 2021 Rate Order adopts the terms set forth in the August 24, 2021 Joint Proposal. The 2021 Rate Order also fully resolved all issues associated with the Sales Tax Refund Proceeding (Case 20-M-0134). The 2021 Rate Order was effective December 1, 2021 and included a make-whole provision that provided new rates effective retroactive to July 1, 2021, with RY1 through 3 defined as the twelve months ending June 30, 2022, June 30, 2023, and June 30, 2024, respectively.

A summary of the key terms of the 2021 Rate Order are as follows:

	2021 Rate Order (Dollars In Millions)		
Description	RY1	RY2	RY3
Electric delivery rate (decrease)/increase	($3.1)	$19.5	$20.7
Natural gas delivery rate increases	$4.7	$6.3	$6.4
ROE	9.00%	9.00%	9.00%
Earnings sharing	Yes(1)	Yes(1)	Yes(1)
Capital structure – common equity	50%	49%	48%
Bill (surcharge)/credits - electric	($2.0)	$9.5	$21.5
Bill credits - natural gas	$0.8	$3.2	$5.6
RDMs – electric and natural gas	Yes	Yes	Yes

(1) ROE > 9.5% and up to 10.0%, is shared 50% to customers, > 10.0% and up to 10.5%, is shared 75% to customers, and > 10.5% is shared 90% to customers.

The 2021 Rate Order utilizes existing regulatory balances to reduce bill impacts for customers during the term of the agreement. The 2021 Rate Order also reflects a postponement of certain capital projects, as well as reductions to O&M costs to help manage customer bill impacts. The total electric revenue (decrease)/increase, after bill credits, is (0.2%) for RY1 and 1.2% for RY2 and RY3 and the total natural gas revenue increase, after bill credits, is 1.9% for RY1 and 1.8% for RY2 and RY3. The rate plan also includes an allowed ROE of 9.0% and an equity ratio of 50%, 49%, and 48% for RY1 through RY3, respectively.

The 2021 Rate Order:

- establishes the Company's future energy infrastructure investments, programs, and operations;
- stabilizes electric delivery rates in the first year, with a slight decrease for residential customers;
- reflects modest increases in natural gas delivery rates producing bill impacts just under two percent each RY;
- includes increased electric bill discounts for income qualified households and expanded access into Central Hudson's EAP;
- reflects investments in clean EE ground and air-source electric heat pumps, EV charging, and system upgrades that support utilization of renewable sources;
- implements 10 EAMs, which reflect a maximum earnings potential of 100 basis points;
- maintains the current CAIDI metric and reflects increasingly stringent SAIFI targets, continues and further enhances existing natural gas safety performance metrics and public safety programs, and includes higher performance requirements for Customer Service Performance Indicators, with a net increase in total potential NRAs;
- provides Central Hudson with necessary resources to support ongoing O&M and necessary investments to reinforce electric and natural gas system reliability and resiliency through storm hardening, expanded vegetation management/tree trimming, continued investment for LPP replacement or elimination, and deployment of new technologies, as well as IT systems to further protect against cyber security risks; and
- includes several deferrals that authorize the Company to defer COVID-19 incremental O&M Costs, net of savings, lost revenues (finance charges and reconnection fee revenues), and uncollectible write-offs.

2023 Rate Case Filing

On July 31, 2023, Central Hudson filed electric and natural gas rate Cases 23-E-0418 and 23-G-0419 with the PSC requesting increases in electric and natural gas delivery rates with a 9.8% ROE and 50% common equity capital structure to be effective July 1, 2024. The main drivers of the rate filing include (1) replacement of aging or obsolete infrastructure; (2) workforce expansion; (3) capitalization costs; (4) major storm restoration costs; and (5) program costs in support of New York's clean energy goals and bill affordability.

On March 14, 2024, the Company indicated its willingness to accept a 31-day extension of the Suspension Date, through and including July 31, 2024, subject to a make-whole provision. A RD by the Administrative Law Judges assigned to the proceeding was issued May 1, 2024. This RD included wage increases, maintained the Company's position on productivity imputations, and recommended the continuation of certain deferrals including uncollectible write-offs and lost finance charge revenue. The RD also recommended the Commission make no modifications to the existing customer service metrics, targets, and the number of associated basis points and that the Commission not adopt the Staff's proposed bill credits.

On July 18, 2024, the Commission issued the 2024 Rate Order, adopting the RD, with certain modifications. The Order provided for delivery rate increases of $74.4 million for electric and $27.3 million for natural gas and included a 48% common equity ratio and an ROE of 9.5%. The 2024 Rate

Order is effective for one year with rates going into effect August 1, 2024 and contains a make-whole provision that provided new rates effective retroactive to July 1, 2024.

FERC SDU Proceeding

On December 31, 2019, Central Hudson submitted to FERC a new rate schedule pursuant to Rate Schedule 12 of the OATT to establish a Facilities Charge for SDUs being installed on Central Hudson's transmission facilities, which are required to provide four large generating facility developers with capacity resource interconnection service. The FERC formula rate was updated and filed on May 15, 2024 and is now effective for the period June 2024 through May 2025.

Energy Affordability & COVID-19 Proceeding

On June 11, 2020, the PSC established a proceeding, Case 20-M-0266, to identify and address the effects of the COVID-19 pandemic on utility service in NYS. The proceeding included, but was not limited to, impacts on rate-setting, rate design, utility financial strength, low-income programs, collections, and termination of service.

The 2024 State budget signed by the Governor on May 3, 2023, included the appropriation of $200 million for affordability assistance to utility customers. On February 15, 2024, the PSC issued Order Authorizing Energy Bill Credit, Case 23-M-0298, appropriating the funds to utilities based on each utility's share of the State's total 2022 EAP spending. The utilities were required to distribute the funds to all customers that contribute to EAPs as a flat, one-time bill credit, with separate amounts for electric and natural gas customers. In 2024, Central Hudson received $6.3 million in funding, which was applied to customers in accordance with the Order.

Order Adopting Terms of Settlement Agreement

On July 27, 2023, the Company entered into an Interim Agreement with the DPS. The Interim Agreement reflected Central Hudson's planned acceleration of the roll out of monthly meter reading and outlined mutually agreed upon terms of an independent third-party review and verification of the accuracy of the data and billings issued from the new CIS. As an initial step in the agreed upon process, the third-party monitor completed its review and provided a report to Staff. The March 1, 2024 final investigation report concluded that Central Hudson had resolved its critical billing issues and reached a stable state. The report also recommended several strategic changes and personnel enhancements designed to address risks associated with future transformation projects.

On June 20, 2024, the Commission issued its Order, Adopting Terms of Settlement Agreement, concluding Staff's investigation of Central Hudson's CIS system implementation. The settlement agreement required that the Company forego recovery from customers of $35.3 million incurred for remediation costs, $6.3 million of incremental costs for the deployment of monthly meter reading through June 30, 2025, $8.8 million of NRAs for failure to meet certain service quality metrics, $8.0 million of back billing credits, and to establish a $4.0 million CBF to be applied at the discretion of the Commission. Approximately $58.3 million of these costs have been recorded by the Company through June 30, 2024, including the $4.0 million contribution to the CBF, which was recorded upon the issuance of the Order in June 2024. Incremental costs not yet incurred for monthly meter readings are estimated to be approximately $4.1 million through June 30, 2025.

NOTE 5 – Income Tax

Uncertain Tax Positions

On April 14, 2023, the Internal Revenue Service issued Rev Proc 2023-15. The Company has assessed its methodology related to certain repair deductions taken for income tax purposes. As a result of this, the Company intends to file a change in accounting method with the filing of its 2023 Federal Income Tax Return. The Company re-assessed the deduction taken for the 2012-2023 tax years under the new methodology, recording an increase to the net operating loss deferred tax asset, with an offsetting increase to the repair deferred tax liability of $27.3 million.

The following is a summary of CH Energy Group's and Central Hudson's activity related to the uncertain tax position (In Thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024[(1)]	2023	2024[(1)]	2023
Unrecognized tax balance beginning of the period	$ -	$ 8,777	$ -	$ 10,538
Additions related to current year	-	301	-	601
Decreases related to the prior year	-	(182)	-	(2,243)
Unrecognized tax balance end of the period	$ -	$ 8,896	$ -	$ 8,896
Offset per ASU No. 2013-11[(2)]	-	(8,896)	-	(8,896)
Tax Reserve Balance End of the Period	$ -	$ -	$ -	$ -

(1) The natural gas repair reserve was reversed in December 2023 with the adoption of the Rev Proc.

(2) Amounts are classified as a deferred tax asset per ASU No. 2023-11, Presentation of an Unrecognized Tax Benefit when a Net Operating Loss Carryforward, a similar Tax Loss, or a Tax Credit Carryforward Exists.

CH Energy Group

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Effective tax rate - federal	18.2%	16.7%	17.7%	16.7%
Effective tax rate - state	6.1%	5.9%	5.9%	5.7%
Effective Tax Rate - Combined	24.3%	22.6%	23.6%	22.4%

Central Hudson

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Effective tax rate - federal	17.1%	16.4%	17.5%	16.4%
Effective tax rate - state	5.9%	5.9%	5.9%	5.8%
Effective Tax Rate - Combined	23.0%	22.3%	23.4%	22.2%

For the three and six months ended June 30, 2024, and 2023, the combined effective tax rates for CH Energy Group and Central Hudson are lower than the statutory rate due to tax normalization rules and the timing of flow through tax items related to capital expenditures. The higher effective tax rate for the quarter and year-to-date in 2024 when compared to 2023, is primarily attributed to required tax adjustments in accordance with GAAP.

NOTE 6 – Investments in Unconsolidated Affiliates

At June 30, 2024, December 31, 2023, and June 30, 2023, CHET's total investment in Transco for all projects was approximately $34.1 million, $29.7 million, and $29.2 million, respectively.

CHET holds a 6.1% interest in Transco assets that are mostly in service related to the Segment B portion awarded under the Alternating Current Transmission Order with NYISO for a transmission project that will improve the flow of power from upstate renewable resources to meet downstate demand and enhance the reliability and resilience of the grid (“AC Project”). Transco is authorized to earn a ROE invested in the project, up to 53% of the project cost, of 9.65%, with up to an additional 1% available for incentives. As of June 30, 2024, CHET had made capital contributions of $23.6 million as a 6.1% owner of the AC Projects in Transco.

On June 20, 2023, a proposal by Transco, in partnership with the NYPA was selected as the most cost-efficient project by the NYISO for the Long Island Offshore Wind Export Public Policy Transmission Need to provide transfer capability of at least 3,000 MWs from the Long Island transmission district to the Consolidated Edison transmission infrastructure. Transco’s approved FERC rate for Propel NY Energy (“Propel”) reflects an ROE of 10.7%, with up to an additional 1.25% available for incentives. CHET’s contribution is 10% of Transco’s 53% equity investment in the project. As of June 30, 2024, CHET had made a capital contribution of $2.0 million to Transco to fund a portion of Propel.

NOTE 7 – Research and Development

Central Hudson’s R&D expenditures for the three months ended June 30, 2024 and 2023 were $1.3 million and $0.8 million, respectively. For the six months ended June 30, 2024 and 2023 were $2.9 million and $1.8 million, respectively. These expenditures were for internal research programs and for contributions to research administered by NYSERDA, the Electric Power Research Institute, and other industry organizations.

NOTE 8 – Short-Term Borrowing Arrangements

Committed Credit Facilities

Central Hudson maintains a committed credit agreement with five commercial banks for an aggregate total commitment of $250 million. The credit agreement, as amended, has a five-year term maturing in March 2025. Amounts borrowed under the revolving credit agreement are used for working capital needs and for general corporate purposes. Letters of credit are available up to $15 million from three participating banks.

The Central Hudson credit agreement includes a covenant that its total funded debt to total capital will not exceed 0.65 to 1.00. Borrowing under the credit agreement is also subject to certain restrictions and conditions, including that there will be no event of default and, subject to certain exceptions, that Central Hudson will not sell, lien, or otherwise encumber its assets or enter into certain transactions including certain transactions with affiliates. Central Hudson is also required to pay a commitment fee calculated at a rate based on the applicable S&P’s or Moody’s rating on the average daily unused portion of the credit facility. At June 30, 2024, Central Hudson was in compliance with all financial debt covenants in the credit agreement.

Uncommitted Credit

At June 30, 2024 and December 31, 2023, CH Energy Group and Central Hudson had $160 million and $60 million, respectively, in uncommitted short-term credit arrangements totaling $220 million.

At June 30, 2023, CH Energy Group and Central Hudson had $10 million and $60 million, respectively, in uncommitted short-term credit arrangements totaling $70 million.

These credit arrangements diversify Central Hudson’s sources of cash and provide competitive options to minimize Central Hudson's cost of short-term debt.

Balances outstanding for CH Energy Group and Central Hudson under the various credit arrangements are as follows (Dollars in Thousands):

	CH Energy Group			Central Hudson		
	June 30, 2024	December 31, 2023	June 30, 2023	June 30, 2024	December 31, 2023	June 30, 2023
Committed credit	$ 5,000	$ 15,000	$ -	$ 5,000	$ 15,000	$ -
Uncommitted credit	14,000	6,000	-	14,000	6,000	-
Total	$ 19,000	$ 21,000	$ -	$ 19,000	$ 21,000	$ -
Weighted Average Interest Rate	6.39%	6.33%	0.00%	6.39%	6.33%	0.00%

NOTE 9 – Capitalization – Common and Preferred Stock

Capitalization

During the first half of 2024, CH Energy Group received a capital contribution of $3.6 million from its parent FortisUS. Additionally, during the six months ended June 30, 2024, CHET received capital contributions of $2.6 million from its parent CH Energy Group to fund capital contributions by CHET to Transco related to the AC Projects and Propel. Central Hudson did not receive any capital contribution during the first half of 2024.

During the first half of 2023, CH Energy Group received a capital contribution of $73.5 million from FortisUS and Central Hudson received a capital contribution of $60.0 million from its parent CH Energy Group. Additionally, during the six months ended June 30, 2023, CHET received capital contributions of $3.2 million from its parent CH Energy Group to fund capital contributions by CHET to Transco related to the AC Project.

These contributions were recorded as paid-in capital in CH Energy Group’s and Central Hudson’s Statements of Equity and Balance Sheets.

Common Stock Dividends

CH Energy Group’s ability to pay dividends is affected by the ability of its subsidiaries to pay dividends. The Federal Power Act limits the payment of annual dividends by Central Hudson to its retained earnings. More restrictive is the PSC’s limit on the dividends Central Hudson may pay to CH Energy Group, which is 100% of the average annual income available for common stock, calculated on a two-year rolling average basis. Based on this calculation, Central Hudson was restricted to a maximum annual payment of $75.4 million and $75.5 million in dividends to CH Energy Group for the periods ended June 30, 2024 and 2023, respectively. Central Hudson’s ability to pay dividends would be reduced to 75% of its average annual income in the event of a downgrade of its senior debt rating below BBB+ by more than one rating agency, if the stated reason for the downgrade is related to any of CH Energy Group or Central Hudson’s affiliates. Further restrictions are imposed for rating downgrades below this level. In addition, Central Hudson would not be allowed to pay dividends if its average common equity ratio for the 13 months prior to a proposed dividend was more than 200 basis points below the ratio used in setting rates. CH Energy Group’s other subsidiaries do not have express restrictions on their ability to pay dividends.

There were no dividends paid by CH Energy Group or Central Hudson in the first half of 2024 and 2023.

Preferred Stock

Other than one share of Junior Preferred Stock, Central Hudson had no outstanding preferred stock as of June 30, 2024, December 31, 2023, and June 30, 2023.

NOTE 10 – Capitalization – Long-Term Debt

As of June 30, 2024, CH Energy Group and Central Hudson were in compliance with all covenants under their long-term debt instruments. Most of these instruments are redeemable at the discretion of CH Energy Group and Central Hudson, at any time, at the greater of par or a specified price as defined in the respective long-term debt agreements, together with accrued and unpaid interest.

On April 9, 2024, Central Hudson issued $25 million of Series EE Senior Notes with an interest rate of 5.59% per annum and $35 million of Series FF Senior Notes with an interest rate of 5.69% per annum. Central Hudson used the proceeds from the sale of the Senior Notes for general corporate purposes, including the repayment of short-term borrowings.

On March 30, 2024, Central Hudson had $30 million of 2014 Series E 10-year notes with a floating interest rate based on SOFR plus 1.261%, reached their maturity. Due to the maturity date falling on a weekend, the debt was not paid until the following business day, April 1, 2024.

To mitigate the potential cash flow impact associated with its variable rate debt from unexpected increases in short-term interest rates, Central Hudson purchased a four-year interest rate cap that expired on March 30, 2024. The rate cap had a notional amount equal to the outstanding principal amount of the 2014 Series E notes and was based on the quarterly reset of LIBOR on the quarterly interest payment dates. On June 16, 2023, Central Hudson amended the interest rate cap associated with the 2014 Series E variable rate notes. The amended rate cap remained at 3% but was based on the Term SOFR , with a spread of 0.178%. For the six months ended June 30, 2024 and 2023, Central Hudson received payouts of $0.2 million and $0.3 million, respectively.

The principal amount of Central Hudson's outstanding 1999 Series B NYSERDA Bonds totaled $33.7 million at June 30, 2024. These are tax-exempt multi-modal bonds that are currently in a variable rate mode and mature in 2034. To mitigate the potential cash flow impact from unexpected increases in short-term interest rates on Series B NYSERDA Bonds, Central Hudson entered into an agreement on March 28, 2024 to purchase a one-year interest rate cap with an effective date of April 1, 2024. The rate cap has a notional amount equal to the outstanding principal amount of the Series B bonds and expires on April 1, 2025. The cap is based on the monthly weighted average of the SIFMA index, multiplied by 175%. Central Hudson receives a payout if the adjusted index exceeds 7% for a given month. This interest rate cap replaced a similar interest rate cap that expired on April 1, 2024. Central Hudson received no payouts during the six months ended June 30, 2024 and an immaterial payout for the six months ended June 30, 2023.

See Note 15 – "Accounting for Derivative Instruments and Hedging Activities" for fair value disclosures related to these interest rate cap agreements.

NOTE 11 – Post-Employment Benefits

Central Hudson has a non-contributory Retirement Plan covering substantially all its employees hired before January 1, 2008 or May 1, 2008, as applicable, and a non-qualified SERP for certain executives (collectively "Pension"). The Retirement Plan is a defined benefit plan, which provides pension benefits based on an employee's compensation and years of service. Central Hudson also provides certain health care and life insurance benefits for certain retired employees hired before January 1, 2008 or May 1, 2008, as applicable, through its post-retirement benefit plans.

In its Orders, the PSC has authorized deferral accounting treatment for any variations between actual Pension and OPEB expense and the amount included in the current delivery rate structure. As a result, variations in expenses for post-employment benefit plans at Central Hudson do not have any impact on earnings.

CH Energy Group's and Central Hudson's net periodic benefit costs for its Pension and OPEB plans are as follows (In Thousands):

	Pension		OPEB	
	Three Months Ended June 30,		Three Months Ended June 30,	
	2024	2023	2024	2023
Service cost	$ 1,761	$ 1,833	$ 255	$ 261
Interest cost	7,438	7,600	1,331	1,386
Expected return on plan assets	(10,877)	(9,574)	(2,398)	(2,131)
Amortization of prior service cost (credit)	128	130	(102)	(102)
Amortization of recognized actuarial net gain	(1,937)	(2,626)	(763)	(1,245)
Net Periodic Benefit	$ (3,487)	$ (2,637)	$ (1,677)	$ (1,831)

	Pension Benefits		OPEB	
	Six Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Service cost	$ 3,522	$ 3,666	$ 510	$ 522
Interest cost	14,876	15,200	2,662	2,772
Expected return on plan assets	(21,754)	(19,148)	(4,796)	(4,262)
Amortization of prior service cost (credit)	256	260	(204)	(204)
Amortization of recognized actuarial net gain	(3,874)	(5,252)	(1,526)	(2,490)
Net Periodic Benefit	$ (6,974)	$ (5,274)	$ (3,354)	$ (3,662)

The funded status of CH Energy Group's and Central Hudson's pension costs is as follows (In Thousands):

	June 30, 2024	December 31, 2023	June 30, 2023
Prefunded pension costs (1)(2)	$ 116,041	$ 111,403	$ 59,190

(1) Includes approximately $0.2 million at June 30, 2024, December 31, 2023, and June 30, 2023 of accrued pension liability recorded at CH Energy Group as a result of the resignation in 2014 of a CH Energy Group officer with a change in control agreement.

(2) Includes approximately $1.8 million at June 30, 2024, December 31, 2023, and June 30, 2023 that is reflected in the Balance Sheet under other current liabilities for pension payments expected to be made over the next twelve months.

The funded status includes the difference between the projected benefit obligation for the Retirement Plan and the market value of the pension assets, net of any liability for the non-qualified SERP. The funded status does not reflect approximately $31.9 million, $29.9 million, and $29.7 million of SERP trust assets at June 30, 2024, December 31, 2023, and June 30, 2023.

The following reflects the impact of the recording of funding status adjustments on the Balance Sheets of CH Energy Group and Central Hudson (In Thousands):

	June 30, 2024	December 31, 2023	June 30, 2023
Accrued pension costs prior to funding status adjustment	$ 10,918	$ 2,663	$ (3,145)
Funding status adjustment required	105,123	108,740	62,335
Prefunded Pension Costs (1)(2)	$ 116,041	$ 111,403	$ 59,190
Offset to Funding Status Adjustment - Regulatory Liability - Pension Plan	$ (104,900)	$ (108,523)	$ (62,113)
Offset to Funding Status Adjustment - Accumulated OCI, Net of Tax of ($63), ($61), and ($62), respectively	$ (160)	$ (157)	$ (161)

(1) Includes approximately $0.2 million at June 30, 2024, December 31, 2023, and June 30, 2023 of accrued pension liability recorded at CH Energy Group as a result of the resignation in 2014 of a CH Energy Group officer with a change in control agreement.

(2) Includes approximately $1.8 million at June 30, 2024, December 31, 2023, and June 30, 2023 that is reflected in the Balance Sheet under other current liabilities for pension payments expected to be made over the next twelve months.

Gains or losses and prior service costs or credits that arise during the period, but that are not recognized as components of net periodic pension cost, would typically be recognized as a component of OCI, net of tax. However, Central Hudson has PSC approval to record regulatory assets or liabilities, rather than adjusting comprehensive income, to offset the funding status adjustment for amounts recoverable from customers in future rates. The amounts reported as OCI, net of tax, relate to a former Central Hudson officer, who transferred to an affiliated company. These amounts reported as OCI are charged to and reimbursed by the affiliated company.

Contributions to the CH Energy Group’s and Central Hudson’s Retirement, OPEB, and SERP Plans are as follows (In Thousands):

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Retirement Plan	$ -	$ -	$ -	$ -
OPEB	$ -	$ -	$ 629	$ 22
SERP	$ -	$ -	$ 1,704	$ -

Decisions to fund Central Hudson’s Retirement Plan are based on several factors, including, but not limited to, the funded status, corporate resources, projected investment returns, actual investment returns, inflation, regulatory considerations, interest rate assumptions, and the requirements of the PPA of 2006. Based on the funding requirements of the PPA, Central Hudson plans to make contributions that maintain the target funded percentage at 80% or higher. Actual contributions could vary significantly based upon a range of factors that Central Hudson considers in its funding decisions.

Contribution levels to the OPEB Plans are determined by various factors including the discount rate, expected return on plan assets, medical claims assumptions used, mortality assumptions used, benefit changes, corporate resources, and regulatory considerations.

In accordance with the terms of the Trust agreement for the SERP, following the acquisition of CH Energy Group by Fortis on June 27, 2013, Central Hudson is required to maintain a funding level for the SERP at 110% of the present value of the accrued benefits payable under the Plan on an annual basis. During the first half of 2024, Central Hudson made a $1.7 million contribution to the SERP. The Trust agreement also allows for a return of funding levels that exceed the 110% requirement; Central Hudson elected to withdraw $9.5 million of the excess funds above the required funding level in the first quarter of 2023.

Other Retirement Savings Plans

Central Hudson sponsors a 401(k) plan for its employees. The 401(k) plan provides for employee tax-deferred salary deductions for participating employees and employer matches. The matching benefit varies by employee group. Central Hudson's matching contributions for the three months ended June 30, 2024 and 2023 were $2.0 million and $1.7 million, respectively. For the six months ended June 30, 2024 and 2023, matching contributions were $3.6 million and $3.2 million, respectively. Central Hudson also provides an additional contribution of 4% to the 401(k) plan of annualized base salary for eligible employees who do not qualify for Central Hudson's Retirement Plan. The additional non-discretionary contributions were approximately $1.0 million and $0.9 million for the three months ended June 30, 2024 and 2023, respectively. For the six months ended June 30, 2024 and 2023, non-discretionary contributions were $2.0 million and $1.8 million, respectively.

Effective May 1, 2022, Central Hudson began offering a new Plan to provide additional retirement savings to eligible employees who do not qualify for Central Hudson's Retirement Income Plan. The Plan included a one-time contribution of 1% of annualized base salary for the eligible employees for the year 2022 and 1.25% every year thereafter. For the three months ended June 30, 2024 and 2023 contributions were $0.3 million and $0.4 million, respectively. For the six months ended June 30, 2024 and 2023 contributions were $0.6 million and $1.4 million, respectively.

NOTE 12 – Equity-Based Compensation

Share Unit Plan Units

Effective January 1, 2024, officers of Central Hudson were granted 55,731 Units under the 2024 Fortis Omnibus Equity Plan (the "Plan"), which became effective January 1, 2024. The Plan provides for both Restricted Share Unit ("RSU") and Performance Share Unit ("PSU") grants for employees of Fortis and its subsidiaries for the period from January 1, 2024 through December 31, 2026. Each granted Unit has an underlying value equivalent to the value of one share of Fortis common stock, and each Unit accrues notional dividend equivalents based on the dividends declared by the Board of Directors on Fortis' common stock.

The 18,577 RSUs granted under the Plan are time-based, vesting at the end of a three-year period without regard to performance. At the election of the holder, RSUs granted in 2024, which are earned and vested, will settle in either cash or shares of Fortis common stock. The settlement in shares by a participant will result in the modification of an award from a liability award to an equity award. An election to settle in shares cannot be made later than 30 days prior to the RSUs vesting.

The 37,154 PSUs granted under the Plan are performance based and vest at the end of a three-year performance period upon achievement of specified cumulative performance goals. At the election of the holder, PSUs granted in 2024, which are earned and vested, will settle in either cash or shares of Fortis common stock. The settlement in shares by a participant will result in the modification of an award from a liability award to an equity award. An election to settle in shares cannot be made later than 30 days prior to the RSUs vesting.

On May 14, 2024, the Central Hudson Board approved and ratified the grant of an additional 11,277 Units under the 2024 PSU Plan and 5,638 Units under the 2024 RSU Plan, effective January 1, 2024, to a new officer.

Awards granted in 2021 to Central Hudson officers under the Central Hudson 2021 Share Unit Plan ("SUP") and the 2021 Fortis Restricted Share Unit Plan ("RSUP") vested on December 31, 2023 and were paid out in either cash or shares of Fortis common stock during the first quarter of 2024.

Central Hudson:	Grant Date	Grant Date Fair Value	Time Based Granted	Time Based Outstanding[4]	Performance Based Granted	Performance Based Outstanding[4]
2024 RSU[5]	January 1, 2024	$ 40.91	24,215	24,718		
2024 PSU[5]	January 1, 2024	$ 40.91			48,431	49,394
2023 RSUP	January 1, 2023	$ 40.35	21,664	23,084	-	-
2023 SUP	January 1, 2023	$ 40.35	-	-	43,327	46,168
2022 RSUP[2],[3]	January 1, 2022	$ 48.18	12,781	7,075	-	-
2022 SUP	January 1, 2022	$ 48.18	-	-	25,562	28,265
2021 RSUP[1],[2],[3]	January 1, 2021	$ 41.12	14,249	-	-	-
2021 SUP[1]	January 1, 2021	$ 41.12	-	-	28,497	-

[1]In the first quarter of 2024, 32,013 Units under the 2021 SUP and 8,041 Units under the 2021 RSUP vested and were paid out for a total of approximately $1.0 million.

[2]In the fourth quarter of 2022, as a result of a separation of employment, 968 Units granted under the 2021 RSUP and 870 Units granted under the 2022 RSUP were forfeited.

[3]In the fourth quarter of 2023, per the 2021 and 2022 RSUP agreements, time-based units were paid out related to an officer retirement at 6,728 and 5,804 Units, respectively, with an aggregate value of approximately $0.6 million.

[4]Includes notional dividends accrued as of June 30, 2024.

[5]In the second quarter of 2024, 11,277 PSU Units and 5,638 RSU Units under the Plan were granted to a new officer.

The following table summarizes compensation expense for the Plans as follows (In Thousands):

Compensation Expense

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
CH Energy Group	$ 234	$ 91	$ 2,405	$ 2,211
Central Hudson	$ 225	$ 62	$ 2,375	$ 2,182

The liabilities associated with Units granted either under the Plan or under similar plans in place during 2022, 2023, and 2024 (the “Plans”) are recorded at fair value at each reporting date until settlement, recognizing compensation expense over the vesting period on a straight-line basis. The fair value of the respective liabilities is based on the Fortis common stock five-day volume weighted average trading price at the end of each reporting period and the expected payout based on management’s best estimate in accordance with the defined metrics of each grant.

Under the Plans, the amount of any outstanding awards payable to an employee who retires during the three-year term of a grant and who has 15 years of service and provides at least six months prior notice of retirement under the terms of the Plans (ninety days prior notice with respect to awards issued under any plan during 2022, 2023, and 2024) is determined as if the employee continued to be an employee through the end of the performance period (except that Units issued under a Fortis RSUP in 2022, would vest and be redeemed on the retirement date subject to proper notice and time of service). In accordance with ASU 2014-12, in this situation, compensation expense for that individual is recognized over the requisite service period, instead of the performance period. In all periods presented, additional expense was recognized in accordance with ASU 2014-12 for Central Hudson officers who are retirement eligible under the terms of the Plans because they have attained the required retirement age and met the required 15 years of service. The compensation expense for the plans will be recognized over a weighted average period of approximately 1.8 years. Fluctuations in compensation expense in the comparative periods can result from changes in the Fortis common stock share price and the projected performance payout percentages.

NOTE 13 – Commitments and Contingencies

There were no significant changes in the nature and amounts of Central Hudson's commitments from those disclosed in the 2023 Annual Financial Report, except as noted below.

Energy Credit Purchase Obligations

In August 2016, the PSC issued Order 15-E-0302 adopting a CES that outlined a LSE obligation for RECs and ZECs requirements to meet NYS clean energy goals. This Order charged NYSERDA to work with Staff to develop an Implementation Plan for each CES Program for approval by the PSC. Currently, Tier 3 ZECs are applicable to Central Hudson and are "pay-as-you-go" based on Central Hudson's monthly full-service customer load volume as defined by NYISO billing data and a load modifier adjustment factor. Tier 1 RECs are procured through self-supply, including Quarterly REC Sales, Alternative Compliance Payment, or Value Stack offset, and are reconciled annually. Effective January 1, 2025, Tier 1 RECs will be transitioning to the same "pay-as-you-go" approach of Tier 3 ZECs. Central Hudson satisfied Tier 1 REC obligations from Value Stack offset through December 2023. At June 30, 2024, the forward Tier 1 obligations for Central Hudson full-service customers are estimated to be approximately $3.9 million through December 31, 2024. On December 31, 2023, Central Hudson's Tier 2 Competitive REC obligations ended. Central Hudson's estimated accrued Tier 3 ZEC obligation through March 31, 2025, is approximately $8.3 million. These estimated costs are recoverable from full-service customers through electric cost adjustment mechanism and, therefore, do not impact earnings.

On June 27, 2024 Central Hudson entered into an agreement to sell 20,000 NY Value Stack Tier 1 REC Vintage Year 2023 to another NYS LSE at Central Hudson's applicable tariff rate, which totaled approximately $0.6 million.

Other Commitments

Pension Benefit and OPEB Funding Contributions

Central Hudson is subject to certain contractual benefit payment obligations. Decisions about how to fund the Retirement and OPEB Plans to meet these obligations are made annually and are primarily affected by the discount rate used to determine benefit obligations, current asset values, corporate resources, and the projection of Retirement and OPEB Plan assets. Based on the funding requirements of the PPA, Central Hudson plans to make contributions that maintain the target funded percentage for the Retirement Plan at 80% or higher. Actual contributions could vary significantly based upon economic growth, projected investment returns, inflation, and interest rate assumptions. In January 2024, Central Hudson made a $0.6 million contribution to the 401(h) Plan to fund the management OPEB liabilities, in accordance with Central Hudson's OPEB policy and strategy. Actual funded status could vary significantly based on asset returns and changes in the discount rate used to estimate the present value of future obligations. See Note 11 – "Post-Employment Benefits" for additional information regarding contributions.

SERP

As a result of the acquisition of CH Energy Group by Fortis on June 27, 2013, and in accordance with the terms of the Trust agreement for the SERP, Central Hudson is required to maintain a funding level at 110% of the present value of the accrued benefits payable under the Plan on an annual basis. The Trust agreement also allows for a return of funding levels that exceed the 110% requirement. Annual contributions to the SERP could vary based on investment returns, discount rates, and participant demographics. In March 2024, Central Hudson made a $1.7 million contribution to the SERP Trust, resulting in a funding status that achieves the requirements of the Trust agreement. During the first half of 2023, Central Hudson elected to withdraw $9.5 million of the excess funding for general corporate purposes, including the repayment of short-term borrowings. See Note 11 – “Post-Employment Benefits” for additional information regarding contributions.

Parental Guarantee

CHET was established to be an investor in Transco, which was created to develop, own, and operate electric transmission projects in NYS. On July 16, 2020, CH Energy Group’s parental guarantee to Transco was adjusted from $182.0 million to $73.7 million. The Transco Board of Managers approved the reduction based on CHET’s maximum commitment associated with the AC Project, the only project remaining under Transco’s original FERC application and the initial guarantee. As of June 30, 2024, the amount of the outstanding parental guarantee for the AC Project is $9.6 million. The parental guarantee for Propel has not been finalized. CH Energy Group is currently not aware of any existing condition that would require any payments under its parental guarantee to Transco.

Contingencies

Environmental Matters

Central Hudson accrues for remediation costs based on the amounts that can be reasonably estimated at a point in time. At June 30, 2024, Central Hudson has accrued $72.7 million with respect to all SIR activities, including OM&M, of which $1.5 million is anticipated to be spent in the next twelve months. There was $0.1 million of spending related to site investigation and remediation for the three and six months ended June 30, 2024 and no spending for the comparable periods in 2023.

Central Hudson currently has nine sites within its service territory that are in various stages of environmental SIR. SIR can be divided into various stages of completion based on the milestones of activities completed and reports reviewed. These stages, the costs accrued and the sites currently in each stage include (In Millions):

Stage	Sites	Total Accrued Cost at June 30, 2024	Estimated spend in the next twelve months
Investigation	Little Britain Road	$ 2.2	$ 0.1
Remedial alternatives analysis		-	-
Remedial design		-	-
Remediation	North Water Street	66.4	1.3
Post-remediation monitoring	Newburgh Areas A, B & C, Laurel Street, Catskill, Kingston, and Eltings Corners	4.1	0.1
No action required	Beacon and Bayeaux Street	-	-
Total		$ 72.7	$ 1.5

There were no significant updates during the six months ended June 30, 2024, or changes in the nature and amounts of Central Hudson’s contingencies related to environmental matters, except as noted below.

- **Investigation**
  - The Newburgh Customer Service Office owned by Central Hudson is undergoing remedial site investigation activities in accordance with a voluntary Brownfield Cleanup Agreement with NYSDEC. This investigation is being performed to establish the extent of subsurface groundwater contamination, which has been attributed to the industrial operations conducted on the site by the property’s previous owners prior to acquisition by Central

Hudson in 1977. In coordination with the NYSDEC, Central Hudson developed a Soil Vapor Investigation Work Plan, pursuant to which it had conducted testing on the site property and within two adjacent buildings during March 2023. Based on testing conducted, there is no additional soil vapor sampling to be performed at this time. The ongoing ground water monitoring activities will continue to be performed on a quarterly basis.

- As requested by the NYSDEC, a desktop review of the available comprehensive geophysical data was completed and an updated bedrock conceptual site model memo was developed and subsequently submitted to the NYSDEC on October 30, 2023. The memo concluded that reconnaissance of stream reaches-of-interest should be conducted to identify potential tracer-monitoring sites in support of developing a work plan. The NYSDEC agreed with the conclusions and recommendations included in the memo and, on March 20, 2024, approved a work plan for the area. It is anticipated that field reconnaissance will be completed in 2024 pending coordination and property access, as required.

➢ **Remediation in Progress – Site – North Water Street**

- NYSDEC has communicated that removal of source material is the best long-term remedy for the site and directed Central Hudson to examine possible methods, including a mix of alternative approaches taking into consideration the extent of removal that may be feasible. Central Hudson worked with the project's engineer of record to evaluate remedial alternative approaches that still fit within the framework of the NYSDEC approved work plan and achieved the established regulatory clean-up objectives within a reasonable time period, as well as other approaches that considered capping or monitoring-only activities.
- A Focused Remedial Alternatives Analysis ("FRAA") report presenting the evaluation of alternative approaches was submitted to the NYSDEC in November 2021. A Remedial Design and/or work plan that will be developed once concurrence is received on an acceptable alternative approach. Central Hudson and the NYSDEC conducted a conference call on December 7, 2023, to discuss the potential extents of impacted sediment removal. Based on this discussion, a memo that included a justification for reducing the sediment removal area to a focused area of highly impacted material was submitted to the NYSDEC on February 9, 2024. A conference call was conducted on June 25, 2024 with the NYSDEC and NYS Department of Health to discuss their comments on the memo and a proposed pre-design investigation scope of work. Confirmation was received from NYSDEC on July 16, 2024, agreeing on the concept of the scope of work. A pre-design investigation work plan will be finalized and submitted for review and approval.
- Management believes that the alternatives included in the FRAA, which provides for a level of sediment removal, continues to be the best potential remedial option going forward and, as such, continues to accrue for the cost at the low end of the range. Management concluded the recent communications with the NYSDEC did not provide evidence that an adjustment is required to the low end of the range currently accrued. The most recent communication does not impact management's method of estimating the range and liability recorded as of June 30, 2024.
- The total accrual for remediation as of June 30, 2024, for this site of $66.4 million reflects management's estimate of the low end of a predictive cost estimate range of potential alternatives and for continued work of the engineer of record on the development of design and analysis of the FRAA and other associated fees. The FRAA included potential alternatives for remediation with costs estimated as high as $95 million. The accrual will be updated as the alternative remedial approaches are discussed, and a path forward is agreed upon by all involved parties.
- The estimated spending as of June 30, 2024, for the next 12 months of approximately $1.3 million is primarily based on anticipated efforts to complete analysis regarding alternative remedial approaches with the NYSDEC.

Future remediation activities, including OM&M and related costs may vary significantly from the assumptions used in Central Hudson's current cost estimates. These costs could have a material adverse effect (the extent of which cannot be reasonably determined) on the financial condition, results of operations, and cash flows of CH Energy Group and Central Hudson if Central Hudson were unable to recover all or a substantial portion of these costs via collection in rates from customers and/or through insurance.

Central Hudson expects to recover its remediation costs from its customers. The current components of this recovery include:

- As part of the 2021 Rate Order, Central Hudson maintained previously granted deferral authority and future recovery for the differences between actual environmental SIR costs, including both manufactured gas plants (“MGP”) and non-MGP, and the associated rate allowances, with carrying charges to be accrued on the deferred balances at the authorized pre-tax rate of return.
- The 2021 Rate Order includes cash recovery of approximately $24.2 million during the three-year rate plan period ending June 30, 2024, all of which has been recovered.
- The regulatory asset balance as of June 30, 2024, December 31, 2023, and June 30, 2023 was $57.1 million, $61.3 million, and $65.7 million, respectively, which represents the cumulative difference between amounts spent or currently accrued as a liability and the amounts recovered to date through rates or insurance recoveries.

Central Hudson has put its insurers on notice and intends to seek reimbursement from its insurers for its costs. Certain insurers have denied coverage. There were no insurance recoveries during the six months ended June 30, 2024 and 2023. We do not expect insurance recoveries to offset a meaningful portion of total costs.

Litigation

Asbestos Litigation

Central Hudson is involved in various asbestos lawsuits.

As of June 30, 2024, of the 3,389 asbestos cases brought against Central Hudson, 1,165 remain pending. Of the cases no longer pending against Central Hudson, 2,060 have been dismissed or discontinued without payment by Central Hudson and Central Hudson has settled 164 cases. Central Hudson is presently unable to assess the validity of the remaining asbestos lawsuits; however, based on information known to Central Hudson at this time, including Central Hudson’s experience in settling asbestos cases and in obtaining dismissals of asbestos cases, Central Hudson believes that the costs, which may be incurred in connection with the remaining lawsuits, will not have a material adverse effect on the financial position, results of operations, or cash flows of either CH Energy Group or Central Hudson.

Other Litigation

On November 2, 2023, an explosion and fire occurred at a residence located in Wappinger Falls, New York, while a contractor of Central Hudson was performing work on Central Hudson’s natural gas infrastructure adjacent to the residence. The cause of the incident is still under investigation. A number of lawsuits have been commenced against Central Hudson, the contractor, and others on behalf of certain parties who allege to have been affected by the incident. CH Energy Group and Central Hudson are also involved in various other legal and administrative proceedings incidental to their businesses, which are in various stages. While these matters collectively could involve substantial amounts, based on the facts currently known, management is not able to estimate the potential loss, but believes their ultimate resolution will not have a material adverse effect on either CH Energy Group or Central Hudson's financial positions, results of operations, or cash flows. CH Energy Group and Central Hudson expense legal costs as incurred.

NOTE 14 – Segments and Related Information

CH Energy Group's reportable operating segments are the regulated electric utility business and regulated natural gas utility business of Central Hudson. Other activities of CH Energy Group, which do not constitute a business segment, include CHEC's former investment in a limited partnership, CHET's investment in Transco (a regulated entity), CHGT which has no current activity, and the holding company's activities, which consist primarily of financing its subsidiaries, and are reported under the heading "Other Businesses and Investments."

General corporate expenses and Central Hudson's property common to both electric and natural gas segments have been allocated in accordance with practices established for regulatory purposes. The common allocation, per the terms of the 2021 Rate Order, is 80% for electric and 20% for natural gas.

CH Energy Group Segment Disclosure
(In Thousands)

	Three Months Ended June 30, 2024				
	Segments		Other Businesses and Investments	Eliminations	Total
	Central Hudson				
	Electric	Natural Gas			
Revenues from external customers	$ 182,152	$ 39,098	$ -	$ -	$ 221,250
Intersegment revenues	12	79	-	(91)	-
Total operating revenues	182,164	39,177	-	(91)	221,250
Income (loss) before income taxes	3,775	(296)	763	-	4,242
Net Income (Loss)	$ 2,889	$ (210)	$ 534	$ -	$ 3,213
Segment Assets at June 30, 2024	$ 2,635,744	$ 997,260	$ 38,889	$ (1,717)	$ 3,670,176
Segment Assets at December 31, 2023	$ 2,591,062	$ 980,353	$ 34,439	$ (1,275)	$ 3,604,579

CH Energy Group Segment Disclosure
(In Thousands)

	Three Months Ended June 30, 2023				
	Segments		Other Businesses and Investments	Eliminations	Total
	Central Hudson				
	Electric	Natural Gas			
Revenues from external customers	$ 193,205	$ 42,970	$ -	$ -	$ 236,175
Intersegment revenues	12	76	-	(88)	-
Total operating revenues	193,217	43,046	-	(88)	236,175
Income before income taxes	13,145	2,372	769	-	16,286
Net Income	$ 10,180	$ 1,873	$ 510	$ -	$ 12,563
Segment Assets at June 30, 2023	$ 2,445,391	$ 925,237	$ 34,961	$ (1,301)	$ 3,404,288
Segment Assets at December 31, 2022	$ 2,399,549	$ 907,893	$ 27,371	$ (779)	$ 3,334,034

CH Energy Group Segment Disclosure
(In Thousands)

	Six Months Ended June 30, 2024				
	Segments		Other Businesses and Investments	Eliminations	Total
	Central Hudson				
	Electric	Natural Gas			
Revenues from external customers	$ 380,041	$ 119,776	$ -	$ -	$ 499,817
Intersegment revenues	27	210	-	(237)	-
Total operating revenues	380,068	119,986	-	(237)	499,817
Income before income taxes	19,199	19,675	1,496	-	40,370
Net Income	$ 15,128	$ 14,653	$ 1,071	$ -	$ 30,852
Segment Assets at June 30, 2024	$ 2,635,744	$ 997,260	$ 38,889	$ (1,717)	$ 3,670,176
Segment Assets at December 31, 2023	$ 2,591,062	$ 980,353	$ 34,439	$ (1,275)	$ 3,604,579

CH Energy Group Segment Disclosure
(In Thousands)

	Six Months Ended June 30, 2023				
	Segments		Other Businesses and Investments	Eliminations	Total
	Central Hudson				
	Electric	Natural Gas			
Revenues from external customers	$ 421,799	$ 141,744	$ -	$ -	$ 563,543
Intersegment revenues	26	334	-	(360)	-
Total operating revenues	421,825	142,078	-	(360)	563,543
Income before income taxes	23,276	21,722	1,562	-	46,560
Net Income	$ 18,693	$ 16,325	$ 1,100	$ -	$ 36,118
Segment Assets at June 30, 2023	$ 2,445,391	$ 925,237	$ 34,961	$ (1,301)	$ 3,404,288
Segment Assets at December 31, 2022	$ 2,399,549	$ 907,893	$ 27,371	$ (779)	$ 3,334,034

NOTE 15 – Accounting for Derivative Instruments and Hedging Activities

Purpose of Derivatives

Central Hudson enters into derivative contracts in conjunction with the Company's energy risk management program to hedge certain risk exposure related to its business operations. The derivative contracts are typically either exchange-traded or over-the-counter instruments. The primary risks the Company seeks to manage by using derivative instruments are interest rate risk, commodity price risk, and adverse or unexpected weather conditions. Central Hudson uses derivative contracts to reduce the impact of volatility in the prices of electricity and natural gas and to hedge exposure to volatility in interest rates for its variable rate long-term debt. Derivative transactions are not used for speculative purposes.

Energy Contracts Subject to Regulatory Deferral

Central Hudson has been authorized to fully recover certain risk management costs through its electricity and natural gas cost adjustment mechanisms. Risk management costs are defined by the

PSC as costs associated with transactions that are intended to reduce price volatility or reduce overall costs to customers. These costs include transaction costs and gains and losses associated with risk management instruments. The related gains and losses associated with Central Hudson's derivatives are included as part of Central Hudson's commodity cost and/or price-reconciled in its electricity and natural gas cost adjustment charge mechanisms and are not designated as hedges.

The percentage of Central Hudson's electric and natural gas requirements covered with fixed price forward purchases at June 30, 2024 are as follows:

Central Hudson	% of Requirement Hedged [(1)]
Electric Derivative Contracts:	0.8 million MWh
July 2024 – December 2024	18.6%
January 2025 – October 2025	14.3%
Natural Gas Derivative Contracts:	1.1 million Dth
November 2024 – December 2024	20.4%
January 2025 – March 2025	15.8%

[(1)] Projected coverage as of June 30, 2024.

Cash Flow Hedges

Central Hudson has been authorized to fully recover the interest costs associated with its $33.7 million Series B NYSERDA Bonds and its $30.0 million of variable rate debt, which includes costs and gains or losses associated with its interest rate cap contracts.

Derivative Risks

The basic types of risks associated with derivatives are market risk (that the value of the derivative will be adversely impacted by changes in the market, primarily the change in commodity prices, and interest rates) and credit risk (that the counterparty will not perform according to the terms of the contract). The market risk of the derivatives generally offset the market risk associated with the hedged commodity.

The majority of Central Hudson's derivative instruments contain provisions that require Central Hudson to maintain specified issuer credit ratings and financial strength ratings. Should Central Hudson's ratings fall below these specified levels, it would be in violation of the provisions and the derivatives' counterparties could terminate the contracts and request immediate payment.

To help limit the credit exposure of derivatives, Central Hudson enters into master netting agreements with counterparties whereby contracts in a gain position can be offset against contracts in a loss position. Of the 25 total agreements held by Central Hudson, 11 agreements contain credit risk contingent features. As of June 30, 2024, there were four open contracts with credit risk contingent features in a liability position and, if the contingent features were triggered, $3.1 million would be required to settle these instruments.

Derivative Contracts

CH Energy Group and Central Hudson have elected gross presentation for their derivative contracts under master netting agreements and collateral positions. On June 30, 2024, December 31, 2023, and June 30, 2023, Central Hudson did not have collateral posted against the fair value amount of derivatives.

The net presentation CH Energy Group’s and Central Hudson's derivative assets and liabilities are as follows (In Thousands):

				Gross Amounts Not Offset in the Statement of Financial Position		
Description	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Statement of Financial Position	Net Amount of Assets Presented in the Statement of Financial Position	Financial Instruments	Cash Collateral Received	Net Amount
As of June 30, 2024[1]						
Derivative Contracts:						
Central Hudson - electric	$ 1,996	$ -	$ 1,996	$ 688	$ -	$ 1,308
Central Hudson - natural gas	186	-	186	-	-	186
Total CH Energy Group and Central Hudson Assets	$ 2,182	$ -	$ 2,182	$ 688	$ -	$ 1,494
As of December 31, 2023[1]						
Derivative Contracts:						
Central Hudson - electric	$ -	$ -	$ -	$ -	$ -	$ -
Central Hudson - natural gas	-	-	-	-	-	-
Total CH Energy Group and Central Hudson Assets	$ -	$ -	$ -	$ -	$ -	$ -
As of June 30, 2023[1]						
Derivative Contracts:						
Central Hudson - electric	$ -	$ -	$ -	$ -	$ -	$ -
Central Hudson - natural gas	20	-	20	11	-	9
Total CH Energy Group and Central Hudson Assets	$ 20	$ -	$ 20	$ 11	$ -	$ 9

(1) Interest rate cap agreements are not shown in the above chart. As of June 30, 2024, December 31, 2023, and June 30, 2023, the fair value was $0, $0.2 million, and $0.5 million, respectively.

				Gross Amounts Not Offset in the Statement of Financial Position		
Description	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Statement of Financial Position	Net Amount of Liabilities Presented in the Statement of Financial Position	Financial Instruments	Cash Collateral Received	Net Amount
As of June 30, 2024[1]						
Derivative Contracts:						
Central Hudson - electric	$ 3,815	$	$ 3,815	$ 688	$ -	$ 3,127
Central Hudson - natural gas	-	-	-	-	-	-
Total CH Energy Group and Central Hudson Liabilities	$ 3,815	$ -	$ 3,815	$ 688	$ -	$ 3,127
As of December 31, 2023[1]						
Derivative Contracts:						
Central Hudson - electric	$ 12,092	$ -	$ 12,092	$ -	$ -	$ 12,092
Central Hudson - natural gas	407	-	407	-	-	407
Total CH Energy Group and Central Hudson Liabilities	$ 12,499	$ -	$ 12,499	$ -	$ -	$ 12,499
As of June 30, 2023[1]						
Derivative Contracts:						
Central Hudson - electric	$ 8,925	$ -	$ 8,925	$ -	$ -	$ 8,925
Central Hudson - natural gas	19	-	19	11	-	8
Total CH Energy Group and Central Hudson Liabilities	$ 8,944	$ -	$ 8,944	$ 11	$ -	$ 8,933

(1) Interest rate cap agreements are not shown in the above chart. As of June 30, 2024, December 31, 2023, and June 30, 2023, the fair value was not material.

Gross Fair Value of Derivative Instruments

Current accounting guidance related to fair value measurements establishes a fair value hierarchy to prioritize the inputs used in valuation techniques based on observable and unobservable data, but not the valuation techniques themselves. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing an asset or a liability. Classification of inputs is determined based on the lowest level input that is significant to the overall valuation. The fair value hierarchy prioritizes the inputs to valuation techniques into the three categories described below:

Level 1 Inputs: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Inputs: Directly or indirectly observable (market-based) information. This includes quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.

Level 3 Inputs: Unobservable inputs for the asset or liability for which there is either no market data, or for which asset and liability values are not correlated with market value.

Derivative contracts are measured at fair value on a recurring basis. As of June 30, 2024, December 31, 2023, and June 30, 2023 CH Energy Group's and Central Hudson's derivative assets and liabilities by category and hierarchy level are as follows (In Thousands):

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
As of June 30, 2024[(1)]				
Assets:				
Derivative Contracts:				
Central Hudson - electric	$ 1,996	$ -	$ 1,996	$ -
Central Hudson - natural gas	186	186	-	-
Total CH Energy Group and Central Hudson Assets	$ 2,182	$ 186	$ 1,996	$ -
Liabilities:				
Derivative Contracts:				
Central Hudson - electric	$ 3,815	$ -	$ 3,815	$ -
Central Hudson - natural gas	-	-	-	-
Total CH Energy Group and Central Hudson Liabilities	$ 3,815	$ -	$ 3,815	$ -
As of December 31, 2023[(1)]				
Assets:				
Derivative Contracts:				
Central Hudson - electric	$ -	$ -	$ -	$ -
Central Hudson - natural gas	-	-	-	-
Total CH Energy Group and Central Hudson Assets	$ -	$ -	$ -	$ -
Liabilities:				
Derivative Contracts:				
Central Hudson - electric	$ 12,092	$ -	$ 12,092	$ -
Central Hudson - natural gas	407	407	-	-
Total CH Energy Group and Central Hudson Liabilities	$ 12,499	$ 407	$ 12,092	$ -

As of June 30, 2023[1]				
Assets:				
Derivative Contracts:				
Central Hudson - electric	$ -	$ -	$ -	$ -
Central Hudson - natural gas	20	20	-	-
Total CH Energy Group and Central Hudson Assets	$ 20	$ 20	$ -	$ -
Liabilities:				
Derivative Contracts:				
Central Hudson - electric	$ 8,925	$ -	$ 8,925	$ -
Central Hudson - natural gas	19	19	-	-
Total CH Energy Group and Central Hudson Liabilities	$ 8,944	$ 19	$ 8,925	$ -

(1) Interest rate cap agreements are not shown in the above chart. These are classified as Level 2 in the fair value hierarchy using SIFMA Municipal Swap Curves and 3-month US Dollar LIBOR rate forward curves. As of June 30, 2024, December 31, 2023, and June 30, 2023, the fair values were $0, $0.2 million, and $0.5 million, respectively.

The Effect of Derivative Instruments on the Statements of Income

Realized gains and losses on Central Hudson's derivative instruments are returned to or recovered from customers through PSC authorized deferral accounting mechanisms, with no material impact on cash flows, results of operations, or liquidity. Realized gains and losses on Central Hudson's energy derivative instruments are reported as part of purchased electricity, purchased natural gas, and fuel used in electric generation in CH Energy Group's and Central Hudson's Statements of Income as the corresponding amounts are either recovered from or returned to customers through fuel cost adjustment mechanisms in revenues. Additionally, unrealized gains and losses on Central Hudson's derivative contracts have no impact on earnings since the energy contracts are subject to regulatory deferral.

For the three and six months ended June 30, 2024 and 2023, neither CH Energy Group nor Central Hudson had derivatives designated as hedging instruments. The following table summarizes the effects of CH Energy Group's and Central Hudson's derivatives on the Statements of Income (In Thousands):

	Amount of Gain/(Loss) Recognized as Increase/(Decrease) in the Statement of Income				
	Three Months Ended June 30,		Six Months Ended June 30,		
	2024	2023	2024	2023	Location of Gain (Loss)
Central Hudson:					
Electricity swap contracts	$ (4,637)	$ (7,697)	$ (17,889)	$ (51,009)	Deferred purchased electric costs[1]
Natural gas swap contracts	-	-	(514)	(933)	Deferred purchased natural gas costs[1]
Total CH Energy Group and Central Hudson	$ (4,637)	$ (7,697)	$ (18,403)	$ (51,942)	

(1) Realized gains and losses on Central Hudson's derivative instruments are returned to or recovered from customers through PSC authorized deferral accounting mechanisms with no net impact on results of operations.

Other Hedging Activities

Central Hudson – Electric

In October 2023, Central Hudson entered into a HDD costless collar weather option for the period December 1, 2023 through March 31, 2024, to hedge the effect of significant variances in weather conditions on electricity costs. The aggregate limit on the contract is $5 million. No premium was paid for the HDD costless collar weather option and there was a $0.2 million payout during the quarter ended March 31, 2024. Central Hudson recorded $0.8 million of expense to purchased electric cost during the quarter ended March 31, 2024.

In October 2022, Central Hudson entered into a HDD costless collar weather option for the period December 1, 2022 through March 31, 2023, with an aggregate limit of $5 million. There was a $0.1 million net payout at the end of the contract. Central Hudson recorded an immaterial amount of expense incurred as an increase to purchased electric cost.

Central Hudson – Natural Gas

In November 2023, Central Hudson entered into a HDD costless collar weather option for the period December 1, 2023 through March 31, 2024, to hedge the effect of significant variances in weather conditions on natural gas costs. The aggregate limit on the contract was $5 million. No premium was paid for the HDD costless collar weather option and there was a $0.2 million net payout during the quarter ended March 31, 2024. Central Hudson recorded $0.8 million of expense to purchased natural gas cost during the quarter ended March 31, 2024.

In October 2022, Central Hudson entered into a HDD costless collar weather option for the period December 1, 2022 through March 31, 2023, with an aggregate limit of $5 million. There was a $0.1 million net payout at the end of the contract. Central Hudson recorded an immaterial amount of expense incurred as an increase to natural gas cost.

NOTE 16 – Other Fair Value Measurements

Other Assets Recorded at Fair Value

In addition to the derivatives reported at fair value discussed in Note 15 – "Accounting for Derivative Instruments and Hedging Activities," CH Energy Group and Central Hudson report certain other assets at fair value on the Balance Sheets. The following table summarizes the amounts reported at fair value related to these assets (In Thousands):

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
As of June 30, 2024:				
Other Investments	$ 10,835	$ 10,835	$ -	$ -
As of December 31, 2023:				
Other Investments	$ 10,724	$ 10,724	$ -	$ -
As of June 30, 2023:				
Other Investments	$ 10,820	$ 10,820	$ -	$ -

As of June 30, 2024, December 31, 2023, and June 30, 2023, a portion of the trust assets for the funding of the SERP and Deferred Compensation Plan were invested in mutual funds and money market accounts, which are measured at fair value on a recurring basis. These investments are valued at quoted market prices in active markets and, as such, are Level 1 investments as defined in the fair value hierarchy. These amounts are included in "Other investments" within the Deferred Charges and Other Assets section of the CH Energy Group's and Central Hudson's Balance Sheets.

The remaining amount reported in "Other investments" within the Deferred Charges and Other Assets section of the CH Energy Group's and Central Hudson's Balance Sheets represent trust assets for the funding of the SERP and Deferred Compensation Plan held in trust-owned life insurance policies, which are recorded at cash surrender value. As of June 30, 2024, December 31, 2023, and June 30, 2023, the total cash surrender value of trust-owned life insurance held by these trusts was approximately

$39.1 million, $35.3 million, and $34.2 million, respectively. The change in the cash surrender value is reported in “Other – net” income in the CH Energy Group’s and Central Hudson’s Income Statements.

Other Fair Value Disclosure

Financial instruments are recorded at carrying value in the financial statements; however, the fair value of these instruments are disclosed below in accordance with current accounting guidance related to financial instruments.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and Cash Equivalents : Carrying amount.

Short-Term Borrowings : Carrying amount.

Due to the short-term nature of these borrowings, the carrying value is equivalent to the current fair market value.

Long-term Debt : Quoted market prices for the same or similar issues (Level 2).

Valuations were obtained for each issue using the observed Treasury market in conjunction with secondary market trading levels and recent new issuances of comparable companies.

The following table discloses the estimated fair value of both CH Energy Group’s and Central Hudson's long-term debt, including the current maturities (Dollars in Thousands):

CH Energy Group

	June 30, 2024		December 31, 2023		June 30, 2023	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
Fixed rate debt	$ 1,269,242	$ 1,083,640	$ 1,210,346	$ 1,068,514	$ 1,151,413	$ 993,378
Variable rate debt	33,700	33,700	63,700	63,700	63,700	63,700
Total	$ 1,302,942	$ 1,117,340	$ 1,274,046	$ 1,132,214	$ 1,215,113	$ 1,057,078
Estimated effective interest rate		4.42%		4.30%		4.32%

Central Hudson

	June 30, 2024		December 31, 2023		June 30, 2023	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
Fixed rate debt	$ 1,265,700	$ 1,080,108	$ 1,205,700	$ 1,063,860	$ 1,145,700	$ 987,704
Variable rate debt	33,700	33,700	63,700	63,700	63,700	63,700
Total	$ 1,299,400	$ 1,113,808	$ 1,269,400	$ 1,127,560	$ 1,209,400	$ 1,051,404
Estimated effective interest rate		4.42%		4.29%		4.31%

NOTE 17 – Related Party Transactions

Thompson Hine LLP serves as outside counsel to CH Energy Group and Central Hudson. One partner in that firm serves as each corporation’s General Counsel and Corporate Secretary.

The following are fees paid by CH Energy Group and Central Hudson to Thompson Hine LLP as follows (In Thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
CH Energy Group	$ 578	$ 643	$ 1,321	$ 1,329
Central Hudson	$ 577	$ 640	$ 1,320	$ 1,320

CH Energy Group and Central Hudson may provide general and administrative services to and receive services from each other, Fortis, and other subsidiaries of Fortis. The costs of these services are reimbursed by the beneficiary company through accounts receivable and accounts payable, as necessary. CH Energy Group and Central Hudson may also incur charges from Fortis or each other for the recovery of general corporate expenses incurred by one another, Fortis, or other affiliates. In addition, CH Energy Group and Central Hudson may also incur charges from Fortis for federal income taxes under their tax sharing agreement. These transactions are in the normal course of business and are recorded at the United States dollar amounts. On December 13, 2023, CH Energy Group entered into a $150 million, short-term uncommitted intercompany credit agreement with FortisUS Inc to provide liquidity for general corporate purposes, raising the Company's short term credit availability. At June 30, 2024, there were no amounts outstanding under this credit agreement.

Furthermore, Central Hudson performs work and incurs expenses on behalf of Transco, a company in which CHET has an equity interest. Central Hudson bills Transco for such work and expenses in accordance with established policies, which are reported under “Other Affiliates” in the chart below.

Related party transactions included in accounts receivable and accounts payable for CH Energy Group and Central Hudson are as follows (In Thousands):

	June 30, 2024	December 31, 2023	June 30, 2023
CH Energy Group[1]	Fortis	Fortis	Fortis
Accounts Receivable	$ 12	$ 158	$ 15
Accounts Payable	$ 117	$ 199	$ -

[1] Fortis amounts include Fortis and all Fortis subsidiaries.

	June 30, 2024			December 31, 2023			June 30, 2023		
Central Hudson[1][2]	CH Energy Group	Fortis	Other Affiliates	CH Energy Group	Fortis	Other Affiliates	CH Energy Group	Fortis	Other Affiliates
Accounts Receivable	$ 3	$ 11	$ 235	$ 4	$ 155	$ 167	$ 12	$ 14	$ 3
Accounts Payable	$ 1,657	$ -	$ -	$ 1,430	$ -	$ -	$ 1,264	$ -	$ -

[1] Fortis amounts include Fortis and all Fortis subsidiaries.

[2] Other Affiliates amounts include CHEC, CHET, and Transco.

Related party transactions in operating expenses for CH Energy Group and Central Hudson are as follows (In Thousands):

	Three Months Ended June 30, 2024		Three Months Ended June 30, 2023	
	CH Energy Group	Fortis[1]	CH Energy Group	Fortis[1]
CH Energy Group	$ -	$ 2,410	$ -	$ 1,772
Central Hudson	$ 2,580	$ -	$ 1,879	$ -

[1] Fortis amounts include Fortis and all Fortis subsidiaries.

	Six Months Ended June 30, 2024		Six Months Ended June 30, 2023	
	CH Energy Group	Fortis[1]	CH Energy Group	Fortis[1]
CH Energy Group	$ -	$ 4,000	$ -	$ 3,338
Central Hudson	$ 4,358	$ -	$ 3,565	$ -

[1] Fortis amounts include Fortis and all Fortis subsidiaries.

NOTE 18 – Subsequent Events

An evaluation of subsequent events was completed through July 31, 2024, the date these Condensed Consolidated Financial Statements were available to be issued, to determine whether circumstances warranted recognition and disclosure of events or transactions in the Condensed Consolidated Financial Statements as of June 30, 2024.

On July 18, 2024, the Commission issued the 2024 Rate Order, adopting the recommendations in the RD, with certain modifications. The Order provided delivery rate increases of $74.4 million for electric and $27.3 million for natural gas delivery revenues and included a 48% common equity ratio and an ROE of 9.5%. The 2024 Rate Order is effective for one year with rates going into effect August 1, 2024 and contains a make-whole provision that provided new rates effective retroactive to July 1, 2024.

MANAGEMENT'S DISCUSSION and ANALYSIS of FINANCIAL CONDITION and RESULTS of OPERATIONS
For the Six Months Ended June 30, 2024

This information should be read in conjunction with the Quarterly Condensed Financial Statements and the notes contained herein, and the audited 2023 Annual Financial Report's financial statements and notes, and Management's Discussion and Analysis of Financial Condition and Results of Operations.

Business Outlook

There have been no material changes to CH Energy Group's or Central Hudson's mission and strategy since its 2023 Annual Financial Report.

Risk Factors

There have been no material changes to CH Energy Group's or Central Hudson's risk factors, as set forth in its 2023 Annual Financial Report.

Summary of Changes in Accounting Policies

Regulation: There were no material changes to Central Hudson's regulatory accounting policies during the six months ended June 30, 2024.

Critical Accounting Estimates: There were no material changes to CH Energy Group's or Central Hudson's critical accounting estimates during the six months ended June 30, 2024.

GAAP Accounting Policies: There were no changes to CH Energy Group's or Central Hudson's accounting policies during the six months ended June 30, 2024.

Changes in Internal Controls over Financial Reporting

There were no material changes in CH Energy Group's or Central Hudson's internal controls over financial reporting during the six months ended June 30, 2024.

CH Energy Group - Regulated Operations - Central Hudson
Financial Highlights
Period Ended June 30

	Quarter			Year to Date		
	2024	2023	Change	2024	2023	Change
Electricity Sales (GWh)	1,170	1,143	27	2,471	2,410	61
Natural Gas Sales (PJ)	4.5	4.6	(0.1)	13.4	13.2	0.2
(In Millions)						
Revenues	$ 221.3	$ 236.2	$ (14.9)	$ 499.8	$ 563.5	$ (63.7)
Energy supply costs - matched to revenues	70.5	89.6	(19.1)	160.7	243.2	(82.5)
Operating expenses - matched to revenues	25.9	25.8	0.1	57.4	52.1	5.3
Operating expenses - other	96.2	81.6	14.6	191.4	174.9	16.5
Depreciation and amortization	22.7	21.0	1.7	45.2	41.8	3.4
Other income, net	10.6	8.8	1.8	19.9	17.8	2.1
Interest charges	13.1	11.4	1.7	26.2	24.4	1.8
Income taxes	0.8	3.5	(2.7)	9.1	10.0	(0.9)
Net Income	$ 2.7	$ 12.1	$ (9.4)	$ 29.8	$ 35.0	$ (5.2)

Earnings: Central Hudson's earnings decreased quarter over quarter and year over year primarily due to operating costs above amounts provided in rates, which offset the earnings on rate base growth. Certain expenses are aligned with delivery rates over the term of the current three-year rate agreement. However, due to seasonality differences between when revenues are billed and when certain expenses are incurred, earnings may be impacted within certain reporting periods. Additionally, Central Hudson has made incremental investments in labor and Customer Service operations above amounts provided for in current rates to support the needs of the business. On July 18, 2024, the Commission approved delivery rate increases for Central Hudson, including a make-whole provision for rates to be effective July 1, 2024, which provides cost recovery that is better aligned with our on-going operating costs going forward. The quarter over quarter was also impacted by a true-up of Earnings Adjustment Mechanisms ("EAMs") recorded in 2023 related to 2022 targets and a one-time expense recorded in 2024 for the contribution to the customer benefit fund ("CBF") in accordance with the terms of the settlement agreement in Case 22-M-0645.

Electric and natural gas energy supply costs fluctuate; however, these fluctuations do not impact earnings due to the full deferral of commodity costs. Central Hudson is authorized to bill customers volumetric factors for the recovery of bad debt and working capital costs related to commodity purchases and fluctuations in volume and price may impact the revenues collected through these factors.

Electricity Sales: Electricity sales were slightly higher quarter over quarter and year over year due to an increase in commercial sales driven by warmer weather as well as higher sales for resale.

Natural Gas Sales: Natural gas sales were consistent with the prior year for both the quarter and on a year-to-date basis.

Depreciation and Amortization: The increase in depreciation and amortization is the result of higher investments in Central Hudson's electric and natural gas infrastructure, IT, and common facilities in accordance with its capital expenditure program.

Other Income, net: The increase in other income for both periods is primarily attributable to decrease in the non-service component of pension expense when compared to 2023.
Interest Charges: The increase in interest charges is primarily due to higher long-term debt balances at higher interest rates.

Income Taxes: The higher effective tax rate for the quarter and year to date in 2024 when compared to 2023, is primarily attributed to required tax adjustments in accordance with GAAP.

Central Hudson Revenues - Electric

Period Ended June 30

(In Millions)	Quarter			Year to Date		
	2024	**2023**	**Change**	**2024**	**2023**	**Change**
Revenues with Matching Expense Offsets:[1]						
Recovery of commodity purchases	$ 60.5	$ 70.9	$ (10.4)	$ 124.2	$ 175.9	$ (51.7)
Sales to others for resale	2.3	5.6	(3.3)	4.1	7.9	(3.8)
Other revenues with matching offsets	17.6	18.8	(1.2)	39.9	37.1	2.8
Subtotal	80.4	95.3	(14.9)	168.2	220.9	(52.7)
Revenues Impacting Earnings:						
Customer sales	96.5	93.2	3.3	205.3	194.6	10.7
RDMs and other regulatory mechanisms	3.6	1.6	2.0	5.3	4.3	1.0
Incentives earned	0.5	3.4	(2.9)	0.5	3.6	(3.1)
Net plant and depreciation targets	(1.0)	-	(1.0)	(2.6)	-	(2.6)
Customer credits	(0.7)	(2.3)	1.6	(1.0)	(3.6)	2.6
Other revenues	2.9	2.1	0.8	4.3	2.0	2.3
Subtotal	101.8	98.0	3.8	211.8	200.9	10.9
Total Electric Revenues	$ 182.2	$ 193.3	$ (11.1)	$ 380.0	$ 421.8	$ (41.8)

(1) Revenues with matching offsets do not affect earnings since they offset related costs, the most significant being energy cost adjustment revenues, which provide for the recovery of purchased electricity costs. Other related costs include certain authorized business expenses recovered through rates and the cost of special programs authorized by the PSC and funded with certain available credits. Changes in revenues from electric sales to other entities for resale also do not affect earnings since any related profits or losses are returned or charged, respectively, to customers.

Central Hudson Revenues - Natural Gas

Period Ended June 30

(In Millions)	Quarter			Year to Date		
	2024	**2023**	**Change**	**2024**	**2023**	**Change**
Revenues with Matching Expense Offsets:[1]						
Recovery of commodity purchases	$ 7.8	$ 12.8	$ (5.0)	$ 27.0	$ 50.6	$ (23.6)
Sales to others for resale	0.1	0.2	(0.1)	5.4	8.8	(3.4)
Other revenues with matching offsets	1.1	0.4	0.7	2.9	1.7	1.2
Subtotal	9.0	13.4	(4.4)	35.3	61.1	(25.8)
Revenues Impacting Earnings:						
Customer sales	21.6	21.2	0.4	72.1	67.5	4.6
RDMs and other regulatory mechanisms	7.6	5.8	1.8	12.1	10.1	2.0
Incentives earned	0.2	0.4	(0.2)	0.2	0.5	(0.3)
Net plant and depreciation targets	(0.4)	-	(0.4)	(0.9)	(0.3) [2]	(0.6)
Other revenues	1.1	2.2	(1.1)	1.0	2.8 [2]	(1.8)
Subtotal	30.1	29.6	0.5	84.5	80.6	3.9
Total Natural Gas Revenues	$ 39.1	$ 43.0	$ (3.9)	$ 119.8	$ 141.7	$ (21.9)

(1) Revenues with matching offsets do not affect earnings since they offset related costs, the most significant being energy cost adjustment revenues, which provide for the recovery of purchased natural gas costs. Other related costs include certain authorized business expenses recovered through rates and the cost of special programs authorized by the PSC and funded with certain available credits. For natural gas sales to other entities for resale, 85% of such profits are returned to customers.

(2) Certain amounts reported under Other Revenues for the period ended June 30, 2023 have been reclassified to conform with the current period presentation.

Central Hudson's revenues consist of two major categories: those that offset specific expenses in the current period (matching revenues) and those that impact earnings. Matching revenues represent amounts billed in the current period to recover costs for particular expenses (most notably, purchased electricity and purchased natural gas, major storm, pensions and OPEBs, and NYS EE programs). Any difference between these revenues and the actual expenses incurred is deferred for future recovery from or refund to customers, and therefore, does not impact earnings.

Electric Revenues:

The decline in electric revenues quarter over quarter and year over year can be attributed primarily to reduced purchased electric commodity costs and the deferral of net plant and depreciation targets due to the postponement of an IT capital project approved in rates. Additionally, 2023 revenues included a true-up to EAM revenues based on the final assessment of 2022 targets. Partially offsetting these decreases were higher customer delivery rates approved by the PSC, effective from July 1, 2023, as well as lower bill credits provided to customers in 2024.

Natural Gas Revenues:

The quarter over quarter and year over year decrease in natural gas revenues was driven by lower recovery of natural gas commodity costs and the deferral of net plant and depreciation targets due to the postponement of an IT capital project approved in rates. Partially offsetting these decreases was higher customer delivery rates effective July 1, 2023.

Central Hudson Operating Expenses
Period Ended June 30

(In Millions)	Quarter			Year to Date		
	2024	**2023**	**Change**	**2024**	**2023**	**Change**
Expenses Currently Matched to Revenues:[1]						
Purchased electricity	$ 62.8	$ 76.5	$ (13.7)	$ 128.4	$ 183.8	$ (55.4)
Purchased natural gas	7.7	13.1	(5.4)	32.5	59.5	(27.0)
Pension & OPEB	4.3	2.6	1.7	7.7	4.2	3.5
NYS EE programs	12.2	10.1	2.1	25.7	21.8	3.9
Major storm reserve	3.1	4.2	(1.1)	6.7	9.0	(2.3)
EAP	2.8	2.5	0.3	6.0	5.6	0.4
Other matched expenses	3.5	6.4	(2.9)	11.1	11.4	(0.3)
Subtotal	96.4	115.4	(19.0)	218.1	295.3	(77.2)
Other Operating Expenses:						
Depreciation and amortization	22.7	21.0	1.7	45.2	41.8	3.4
Property and school taxes[2]	18.7	16.8	1.9	41.0	37.5	3.5
Uncollectible expense	2.7	1.7	1.0	5.1	4.5	0.6
Tree trimming	7.9	6.5	1.4	14.8	14.4	0.4
Weather related service restoration	1.6	0.3	1.3	2.8	1.9	0.9
Regulatory Debit - CBF	4.0	-	4.0	4.0	-	4.0
Customer service expense	2.5	2.0	0.5	4.6	4.0	0.6
IT	4.8	4.4	0.4	9.3	10.5	(1.2)
Labor and related benefits	27.4	24.9	2.5	57.1	54.6	2.5

Other expenses	26.5	25.0	1.5	52.7	47.5	5.2
Subtotal	118.8	102.6	16.2	236.6	216.7	19.9
Total Operating Expenses	$ 215.2	$ 218.0	$ (2.8)	$ 454.7	$ 512.0	$ (57.3)

(1) Includes expenses that, in accordance with the PSC Order Approving Rate Plan in the 2021 Rate Order, are adjusted in the current period to equal the revenues billed for the applicable expenses and the differences are deferred.
(2) In accordance with the 2021 Rate Order, Central Hudson is authorized to continue to defer for the benefit of or recovery from customers 90% of any difference between actual property tax expense and the amounts provided in rates for each RY. Central Hudson's portion is limited to 5 basis points, with a maximum of approximately $0.6 million, pre-tax per RY.

Operating Expenses:

The decrease in operating expenses was primarily driven by decreases in purchased electricity and natural gas costs which do not have a direct impact on earnings due to Central Hudson’s regulatory mechanism for the full deferral of these expenses. These decreases were partially offset by increases in other operating expenses. Several expenses, including depreciation and property taxes resulting from infrastructure investments, as well as uncollectible expense, tree trimming, and weather-related service restoration costs have been aligned with amounts provided for in rates over the term of the current three-year rate agreement. Central Hudson has made investments in Customer Services and labor above amounts provided for in current rates. 2024 operating expenses also reflect a one-time contribution to the CBF in accordance with the terms of the settlement agreement in Case 22-M-0645.

Financial Position

CH Energy Group – Regulated – Central Hudson
Significant Changes in the Balance Sheets
For the six months ended June 30, 2024

(In Millions)

Balance Sheet Account	**Increase (Decrease)**	**Explanation**
Accounts receivable, net of allowance for uncollectible accounts	6.2	Increase is primarily due to the suspension of collection efforts, which began in March 2020 and impacted customer payment behavior, partially offset by funds received from NYS for certain arrears relief. Collection efforts commenced in 2023 and continued to be expanded in 2024, for certain customers with large arrears balances, including termination notices as well as locking service for non-payment.
Accrued unbilled utility revenues, net of allowance for uncollectible accounts	(8.1)	Decrease reflects the seasonality of the business.
Fuel, materials, and supplies	5.3	Increase is due to both rising costs as well as an increase in purchases of materials and supplies in an effort to minimize the impacts of potential supply chain interruptions.
Regulatory assets - current	(37.6)	Decrease is primarily driven by higher recovery of previously deferred electric commodity costs when compared to costs incurred in the current period, lower unrealized mark-to-market losses related to open electric derivative contracts, and collections related to electric EAM incentives earned.
Special deposits and prepayments	(12.8)	Decrease is primarily due to the amortization of school taxes and other prepaids coupled with lower prepayments of natural gas storage driven by lower commodity prices. The decreases were partially offset by property tax payments in the first half of 2024.
Regulatory assets - long term	15.9	Increase is primarily related to the deferral for uncollectible write-offs and major storm restoration costs incurred in 2024 in excess of the rate allowance. These increases were partially offset by lower deferred taxes recoverable through future rates attributable to plant and amounts collected in rates in excess of costs related to environmental remediation.

Long term debt, including current maturities	30.0	Increase is due to issuances of long-term debt in 2024, partially offset by repayments of matured debt.
Accounts payable	(7.7)	Decrease is primarily related to purchased electric and natural gas commodity invoices outstanding.
Fair value of derivative instruments - current liabilities	(9.6)	Decrease in liabilities is due to lower unrealized mark-to-market losses related to open electric and natural gas derivative contracts.
Regulatory liabilities - long term	17.2	Increase is primarily due to amounts collected in rates in excess of property tax expenses incurred, higher NRAs related to customer service metrics below the prescribed targets, and the establishment of the CBF under the terms of the settlement agreement in Case 22-M-0645. Partially offsetting these increases was a decrease in deferred taxes related to the change in derivatives fair market value.

Liquidity and Capital Resources

CH Energy Group - Regulated, Non-regulated and Holding Company Summary of Cash Flow Period Ended June 30

(In Millions)

	Year to Date	
	2024	**2023**
Cash, Cash Equivalents and Restricted Cash - Beginning of Period	$ 4.3	$ 5.0
Cash from operations pre-working capital	69.3	49.3
Working capital	42.5	18.6
Operating activities	111.8	67.9
Investing activities	(140.0)	(109.8)
Financing activities	30.2	56.9
Cash, Cash Equivalents and Restricted Cash - End of Period	$ 6.3	$ 20.0

Operating Activities: The increase in cash from operations pre-working capital in the first half of 2024 as compared to 2023 was primarily attributable to Arrears Management Program credits issued in 2023, which reduced accounts receivable, but will be collected over a seven-year period. The increase in cash flow related to working capital in the first half of 2024 was primarily attributable to lower commodity costs.

Investing Activities: Central Hudson's capital expenditures during the first half of 2024 reflect its growing capital program which includes investments in strengthening of existing electrical and natural gas infrastructure, increased resiliency and automation of distribution systems, additional cybersecurity, and new common facilities. Projected capital spending is estimated to be approximately $300 million for the year ending December 31, 2024, compared to the actual spending of $253 million for 2023. In 2024, other investing activities included a SERP contribution, as compared to 2023 that included a withdrawal of excess funding above the required 110% level for the SERP.

Financing Activities: The net decrease in cash proceeds from financing activities as compared to the prior year is due to lower capital contributions and issuances of long-term debt coupled with higher repayments of long-term debt, partially offset by lower repayments of short-term borrowings.

Anticipated Sources and Uses of Cash

CH Energy Group's cash flow is primarily generated by the operations of its utility subsidiary, Central Hudson. Generally, Central Hudson does not accumulate significant amounts of cash, but rather re-invests its earnings into future capital investments and distributes excess cash to CH Energy Group in the form of dividends or receives capital contributions from CH Energy Group to meet equity financing needs.

Central Hudson expects to fund capital expenditures with cash from operations, a combination of short-term and long-term borrowings, and equity infusions. Central Hudson may alter its plan for capital expenditures as its business needs require. Central Hudson intends to fund growth in its long-lived assets in a manner that maintains an equity ratio aligned with its delivery rates.

Delays in collections of accounts receivable from customers, have caused strain on the Company's working capital in recent years when compared to prior years. Central Hudson has begun collection efforts for certain customers with large arrears balances. Continuation and expansion of collection efforts are expected to provide visibility into the timing and resolution of the arrears issue. At this time, it is uncertain what level of arrears will be paid by customers through collection efforts, what portion of customers will enter into deferred payment arrangements, and what portion may be determined to be uncollectible and recorded as a regulatory asset under the terms of our current rate agreement. The time period associated with the collection of the regulatory assets or deferred payment arrangements will be factored into our future financing plans.

At this time, CH Energy Group believes cash generated from operations and funds obtained from equity infusions from Fortis, as well as its financing program, will be sufficient for the foreseeable future to meet working capital needs, fund Central Hudson's capital program and CHET's current investment obligations in Transco, and meet Central Hudson's public service obligations and growth objectives.

Central Hudson's 2021 Rate Order was effective July 1, 2021 and management took initiatives to mitigate the impact of new rates on customers during that difficult economic environment, as illustrated by the rate decrease in the first year of the 2021 Rate Order for electric delivery revenues. On July 18, 2024, the Commission issued the 2024 Rate Order adopting the RD, with certain modifications. The Order provided for delivery rate increases for Central Hudson, which provides cost recovery that is better aligned with our on-going operating costs going forward.

Central Hudson meets its need for long-term debt financing through privately placed debt. As a regulated electric and natural gas utility company, Central Hudson is required to obtain authorization from the PSC to issue debt securities with maturities greater than 12 months.

The PSC issued a Financing Order, effective November 21, 2023, authorizing Central Hudson to enter into multi-year credit agreements in an aggregate amount not to exceed $350 million; and approval to issue and sell new long-term debt from time to time through December 31, 2026, in an aggregate amount not to exceed $380 million, including up to $346.3 million for general corporate purposes and $33.7 million to refinance its variable rate debt.

Prior to November 21, 2023, Central Hudson operated under the PSC Financing Order issued on November 22, 2021, which authorized Central Hudson to enter into multi-year credit agreements in an aggregate amount not to exceed $250 million; and provided approval to issue and sell new long-term debt through December 2024 in an aggregate amount not to exceed $445.7 million, including up to $412 million for general corporate purposes and $33.7 million to refinance its variable rate debt.

Long-term Debt

Central Hudson has not experienced any issues with accessing capital markets, having successfully secured new financing, including its most recent issuance of Senior Long-Term Notes on April 9, 2024, and believes capital markets will be accessible for the foreseeable future.

On April 9, 2024, Central Hudson issued $25 million of Series EE, seven-year Senior Notes with an interest rate of 5.59% per annum, and $35 million of Series FF, 10-year Senior Notes with an interest rate of 5.69% per annum. The proceeds from the sale of the Senior Notes will be used for general corporate purposes, including the repayment of short-term borrowings.

On March 30, 2024, Central Hudson had $30 million of 2014 Series E 10-year notes with a floating interest rate based on SOFR plus 1.261%, reached their maturity. Due to the maturity date falling on a weekend, the debt was not paid until the following business day, April 1, 2024

Short-term Debt

Central Hudson utilizes short-term debt available under its credit facilities and uncommitted credit lines to fund seasonal and temporary variations in working capital requirements.

Committed Credit Facilities
Central Hudson maintains credit facilities that include large commercial banks in both the United States and Canada and a few regional banks. Central Hudson targets maintaining relationships with a diverse group of banks to support its access to capital and strong liquidity profile. Central Hudson's ability to use its credit facilities is contingent upon maintaining compliance with certain financial covenants. Central Hudson does not anticipate that those covenants will restrict its access to funds in 2024 or the foreseeable future.

On April 4, 2022, Central Hudson entered into a first amendment to the March 2020 Central Hudson credit agreement with five commercial banks. The amendment replaced LIBOR with a benchmark replacement interest rate and increased the aggregate commitment by the lenders by $50 million, making the aggregate total commitments $250 million. The credit agreement, as amended, has a five-year term maturing in March 2025. Borrowings under the revolving credit agreement are used for working capital needs and for general corporate purposes. Letters of credit up to $15 million are available from three participating banks. The credit facility is subject to certain covenants and certain restrictions and conditions, as well as Central Hudson is required to pay a commitment fee calculated at a rate based on the applicable S&P's or Moody's rating on the average daily unused portion of the credit facility.

At June 30, 2024 and December 31, 2023, there were $5 million and $15 million in borrowings outstanding under Central Hudson's committed credit agreement, respectively.

Uncommitted Credit
At June 30, 2024 and December 31, 2023, CH Energy Group and Central Hudson had $160 million and $60 million, respectively, in uncommitted short-term credit arrangements totaling $220 million, of which $70 million is with third party financial institutions and $150 million is through an intercompany credit agreement with FortisUS Inc. Amounts borrowed under these credit arrangements are used to diversify cash sources, provide competitive options to optimize overall cost of short-term debt while providing liquidity for general corporate purposes.

There were no outstanding borrowings under CH Energy Group's uncommitted credit agreement or short-term uncommitted intercompany credit agreement at June 30, 2024 and December 31, 2023.

At June 30, 2024 and December 31, 2023, Central Hudson had $14 million and $6 million, respectively, in outstanding borrowings under its uncommitted short-term credit agreements.

Central Hudson's Bond Ratings

	June 30, 2024		December 31, 2023	
	Rating(1)	**Outlook**	**Rating(1)**	**Outlook**
S&P	BBB+	Negative	BBB+	Negative
Moody's	Baa1	Stable	Baa1	Stable
Fitch	BBB+	Stable	A-	Negative

(1) These senior unsecured debt ratings reflect only the views of the rating agency issuing the rating, are not recommendations to buy, sell, or hold securities of Central Hudson and may be subject to revision or withdrawal at any time by the rating agency issuing the rating. Each rating should be evaluated independently of any other rating.

On July 12, 2024, Moody's affirmed Central Hudson's senior unsecured credit rating of Baa1 with a stable outlook.

On February 27, 2024, Fitch downgraded Central Hudson's senior unsecured debt rating from A- to BBB+ and revised its outlook from negative to stable. Fitch indicated the rating reflects Fitch's view of limited visibility from Central Hudson's current rate case proceeding, pressured financial metrics, and an elevated accounts receivable balance that will take time to resolve.

On February 22, 2024, S&P affirmed Central Hudson's rating at BBB+/negative. The negative outlook was issued in November 2023, on Fortis and its subsidiaries, which included Central Hudson. S&P indicated that the negative outlook reflects the rising business risk due to climate change across Fortis service territories. While Central Hudson's service territory was not included in this risk, Central Hudson could be downgraded to reflect its current standalone rating assessment if Fortis were downgraded. Central Hudson's investment-grade credit ratings help facilitate access to long-term debt; however, management can make no assurance that future financing will be available or economically reasonable.

CH Energy Group's and Central Hudson's capital structure is as follows *(*Dollars in Millions*):*

CH Energy Group

	June 30, 2024		December 31, 2023	
		%		**%**
Long-term debt(1)	$ 1,302.9	50.6	$ 1,274.0	50.7
Short-term debt	19.0	0.7	21.0	0.8
Common equity	1,253.2	48.7	1,218.7	48.5
Total	$ 2,575.1	100.0	$ 2,513.7	100.0

(1) Includes current maturities of long-term debt.

Central Hudson

	June 30, 2024		December 31, 2023	
		%		**%**
Long-term Debt(1)	$ 1,299.4	51.2	$ 1,269.4	51.1
Short-term Debt	19.0	0.7	21.0	0.9
Common Equity	1,221.9	48.1	1,192.2	48.0
Total	$ 2,540.3	100.0	$ 2,482.6	100.0

(1) Includes current maturities of long-term debt.

In accordance with the 2021 Rate Order, Central Hudson's customer rates are premised on a capital structure, excluding short-term debt, with a common equity ratio of 50%, 49%, and 48% for the rate years beginning July 1, 2021, July 1, 2022, and July 1, 2023, respectively. The 2024 Order, which provides for customer rates effective July 1, 2024, maintains a 48% common equity ratio and provides an ROE to 9.5%. Central Hudson is currently managing its financing to maintain a common equity ratio at 48% aligned with the regulatory approved level for the current period.

CH Energy Group and Central Hudson believe they will be able to meet their short-term and long-term cash requirements, given the flexibility provided under the 2024 Rate Order, including a ROE of 9.5%.

Regulatory Proceedings

Order Adopting Terms of Settlement Agreement

On July 27, 2023, the Company entered into an Interim Agreement with the DPS Staff. The Interim Agreement reflected Central Hudson's planned acceleration of the roll out of monthly meter reading and outlined mutually agreed upon terms of an independent third-party review and verification of the accuracy of the data and billings issued from the new CIS. As an initial step in the agreed upon process, the third-party monitor completed its review and provided a report to Staff. The final investigation report concluded that Central Hudson had resolved its critical billing issues and reached a stable state. The report also recommended several strategic changes and personnel enhancements designed to address risks associated with future transformation projects.

On June 20, 2024, the Commission issued its Order, Adopting Terms of Settlement Agreement, concluding Staff's investigation of Central Hudson's CIS system implementation. The settlement agreement required the Company forego cost recovery of $35.3 million incurred for remediation costs, $6.3 million of incremental costs for the deployment of monthly meter reading through June 30, 2025, $8.8 million of NRAs for failure to meet certain service quality metrics, $8.0 million of back billing credits, and to establish a $4.0 million CBF to be applied at the discretion of the Commission. Approximately $58.3 million of these costs have been recorded by the Company through June 30, 2024, including the $4.0 million contribution to the CBF, which was recorded upon the issuance of the Order in June 2024. Incremental costs not yet incurred for monthly meter readings are estimated to be approximately $4.1 million through June 30, 2025.

2023 Rate Case Filing

On July 31, 2023, Central Hudson filed electric and natural gas rate Cases 23-E-0418 and 23-G-0419 with the PSC requesting increases in electric and natural gas delivery rates with a 9.8% ROE and 50% common equity capital structure to be effective July 1, 2024. The main drivers of the rate filing include (1) replacement of aging or obsolete infrastructure; (2) workforce expansion; (3) capitalization costs; (4) major storm restoration costs; and (5) program costs in support of New York's clean energy goals and bill affordability.

On March 14, 2024, the Company indicated its willingness to accept a 31-day extension of the Suspension Date, through and including July 31, 2024, subject to a make-whole provision. A Recommended Decision by the Administrative Law Judges assigned to the proceeding was issued May 1, 2024. This RD includes wage increases, maintains the Company's position on productivity imputations, and restores certain deferrals including uncollectible expenses. It also recommends the Commission make no modifications to the existing customer service metrics, targets, and number of basis points at risk. Additionally, it is recommended the Commission does not adopt Staff's proposed bill credits.

On July 18, 2024, the Commission issued the 2024 Rate Order, adopting the RD, with certain modifications. The Order provided delivery rate increases of $74.4 million for electric and $27.3 million for natural gas and included a 48% common equity ratio and a ROE of 9.5%. The 2024 Rate Order is effective for one year with rates going into effect August 1, 2024 and contains a make-whole provision that provided new rates effective retroactive to July 1, 2024.

There have been no other material changes to regulatory proceedings disclosed in the 2023 Annual Financial Report; however, activity related to on-going and new proceedings in 2024 are noted below.

We cannot predict the ultimate outcome or whether these proceedings would potentially impact Central Hudson in the future. Should it become reasonably possible or probable in the future that a loss will be sustained from any of the below proceedings, disclosure that it is reasonably possible or an accrual of the probable amount of loss will be made consistent with our accounting policies.

Grid of the Future Plan

In April 2024, the PSC initiated a proceeding to develop a New York Grid of the Future Plan. The Plan is intended to identify targets and supporting actions for the continued deployment of flexible energy resources at the bulk and distribution levels of the electric system. This new proceeding refines the state's energy policies arising out of the New York Reforming the Energy Vision initiative. The proceeding has the potential to impact various existing work streams, including the Distributed System Implementation Plans.

Clean Energy Standard ("CES") / Clean Energy Fund ("CEF")

On May 18, 2023, the PSC issued an Order on Process Regarding Zero Emissions Target under Case 15-E-0302, to initiate a process to (1) identify technologies that can close the gap between the capabilities of existing renewable energy technologies and future system reliability needs, and (2) more broadly identify the actions needed to pursue attainment of the State's Zero Emission Target by 2040. The PSC received comments in two phases, August 16, 2023 and February 20, 2024, and technical conferences were held on December 11 and 12, 2023.

On July 1, 2024, DPS Staff released a draft CES Biennial report which concludes that the state will not meet the 70% renewables target by 2030. With current project contracts and base case load assumptions, the state will be 37% short of the target in 2030 and would need an additional three years of solicitations to catch up. Additionally, Staff reintroduced the possibility of allowing utilities to develop renewable generation.

Energy Affordability & COVID-19 Proceeding

On June 11, 2020, the PSC established a proceeding, Case 20-M-0266, to identify and address the effects of the COVID-19 pandemic on utility service in NYS. The proceeding included, but was not limited to, impacts on rate-setting, rate design, utility financial strength, low-income programs, collections, and termination of service.

The 2024 State budget signed by the Governor on May 3, 2023, included the appropriation of $200 million for affordability assistance to utility customers. On February 15, 2024, the PSC issued an order appropriating the funds to utilities based on each utility's share of the State's total 2022 EAP spending. The utilities are required to distribute the funds to all customers that contribute to EAPs as a flat, one-time bill credit, with separate amounts for electric and natural gas customers. In 2024, Central Hudson's customers were provided $6.3 million in arrears relief in accordance with the Order.

Utility Thermal Energy Network ("UTEN")

On February 20, 2024, DPS Staff proposed several high-level conceptual rules pertaining to UTEN, to inform the PSC's issuance of new rules and regulations by July 5, 2024, as required by the UTEN Jobs Act. A key element of DPS Staff's proposal is thermal energy resources, such as bore fields and waste-heat sources, should not be limited to only those owned and operated by a utility.

Under PSC Case 22-M-0429, Proceeding to Implement the UTEN and Jobs Act, the Company has completed five filings. The Final Utility Energy Network Pilot Project Proposals were submitted on June 28, 2024. The Company has proposed to build a utility-owned thermal energy network that would serve several facilities in the City of Poughkeepsie, New York. These proposals are presently under review by the PSC.

Community Distributed Generation

On January 16, 2024, DPS Staff issued a formal proposal for billing performance metrics and NRAs, which was published for public comment on February 14, 2024.

On May 16, 2024, the PSC issued an Order approving multiple savings rates for Community Distributed Generation subscribers. The PSC also issued an Order that approved a Statewide Solar for All Program. Through the program, each utility will aggregate a portion of the compensation generated by participating in distributed generation projects and distribute the value as flat monthly bill credits to eligible low-income customers. The Order directed the utilities to begin distribution of credits in December 2025. The PSC is also considering a proposal by the New York Power Authority to implement a similar program as required by the 2023-2024 State Budget, called the Renewable Energy Access and Community Help program.

Energy Storage

On June 20, 2024, the PSC issued an Order Establishing an Updated Energy Storage Goal and Deployment Policy. The Order adopts an updated statewide deployment goal of 6 GW of energy storage resources by 2030, with an interim goal of 1.5 GW by 2025. The PSC adopted many of the recommendations from the Energy Storage Roadmap 2.0, initially issued by DPS and NYSERDA in December 2022.

In addition to other requirements, the utilities were directed to continue bulk storage dispatch rights requests for proposals and study the non-market transmission and distribution services that energy storage can provide, and file a report with the PSC by October 18, 2024.

Climate Leadership and Community Protection Act ("CLCPA")

In June 2019, the CLCPA was passed by the NYS Senate and the NYS Assembly. The CLCPA includes renewable energy and emission reduction targets for NYS, which are the most aggressive in the nation. The CLCPA defines targets for 70% renewable electricity by 2030 and 100% carbon-free electricity by 2040. It requires the PSC to establish a program to require all LSEs to together procure 6,000 MWs of solar energy by 2025, 3,000 MWs of energy storage by 2030 and 9,000 MWs of offshore wind energy by 2035. The CLCPA also requires NYS to cut greenhouse gas emissions 40% (from 1990 baseline levels) by 2030 and 85% by 2050 and to achieve net-zero carbon emissions by 2050. The remaining 15% of emissions needed to achieve net-zero are to be offset or captured via the use of carbon capture and sequestration technology and expansion of natural carbon sinks through planting trees and wetlands restoration. On May 12, 2022, the PSC issued an Order on Implementation of the CLCPA, under Case 22-M-0149, to initiate the proceeding to track compliance and develop provisions of the CLCPA. The bill also established a Climate Action Council to develop a Scoping Plan that serves as a framework for how NYS will achieve the CLCPA goals. That Scoping Plan was finalized in December 2022 and included a wide range of programmatic and legislative recommendations. On July 1, 2024, the DPS issued a draft CES Biennial report.

On December 20, 2023, the NYSDEC and NYSERDA released a capital and investment pre-proposal outline and climate affordability study. A series of three stakeholder meetings were held to present summaries of the preliminary studies that have been conducted and comments from stakeholders were accepted through March 1, 2024.

Gas Planning Proceeding

On May 12, 2022, the PSC issued two orders in the Gas Planning Proceeding: Order Adopting Gas System Planning Process ("Planning Process Order") and Order Adopting Management Procedures.

On August 10, 2022, the Company and the Joint Utility made several filings to address proposed NPA screening and suitability criteria, proposed NPA incentive mechanism, proposed NPA cost recovery procedures and filed a report on the costs of the 100-foot rule. The Company filed a Moratorium Communications Plan on December 27, 2022.

On February 6, 2024, Central Hudson filed a long-term gas plan in compliance with the Planning Process Order. This plan is being reviewed and assessed by a consultant for the DPS and a second draft was filed on June 25, 2024 which included plans for gas supply, NPA, and progress toward contributing to the state-wide CLCPA goals as well as safety, reliability, and resiliency while supporting affordable approaches to decarbonization efforts in the gas sector. A decision by the PSC is currently expected in early 2025.

New Efficiency New York Proceeding
The New Efficiency New York proceeding addresses the statewide customer EE and building electrification ("BE") program portfolios.

On July 20, 2023, the Commission issued its Order Directing EE and BE Proposals which established a strategic framework and provided other policy guidance and administrative modifications to guide the development and implementation of the program administrators' post-2025 EE and BE portfolios and to better align with the State's climate policy objectives.

On November 1, 2023, the Program Administrators, including Central Hudson, filed their EE and BE portfolio proposals. Central Hudson's filing places an emphasis on electrification and electrification-readiness, with a substantial ramp-up for the Clean Heat program and funding for weatherization and efficient products, including Do-It-Yourself weatherization products. Central Hudson proposed surcharge recovery of EE and BE costs, rather than the current base rates cost recovery. The utilities filed supplemental information on January 12, 2024 and technical conferences were held in early 2024 to review the program administrators' proposed program portfolios. The stakeholders filed responsive comments in May 2024.

Columbia Energy Notice
Columbia Energy filed notice with the PSC that it intended to return its approximately 25,000 customers to Central Hudson's commodity supply service. Certain municipalities and the municipalities' Community Choice Aggregation administrator were granted a temporary restraining order by the New York Supreme Court in Albany, alleging Columbia Energy breached its contractual obligations to provide commodity service to these customers. Columbia Energy subsequently defaulted on its obligations to the NYISO, who ordered the return of Columbia Energy's customers to Central Hudson's commodity supply service as of July 19, 2022. As of November 2022, Central Hudson processed the return of the customers to our commodity supply service.

The parties to the case have filed a motion alleging that Columbia Energy's default on its obligations to NYISO was a breach of the temporary restraining order previously granted by the Supreme Court. That litigation is ongoing and Central Hudson is not a party. On December 4, 2023, Columbia filed a Motion to Show Cause against non-party Central Hudson. Central Hudson responded to Columbia's Motion to Show Cause on January 8, 2024. Columbia filed a reply on January 12, 2024. Shortly thereafter, the Supreme Court Judge asked Central Hudson to enter mediation with the parties. Central Hudson agreed to participate in the mediation, which remains ongoing.

Central Hudson Management and Operations Audit
On December 16, 2021, the PSC instituted a proceeding for a Central Hudson audit in its Order Initiating a Management & Operations Audit. The audit was conducted by an independent auditor selected by Staff, as announced at the March 2022 PSC session. The Final Audit Report of the independent auditor was released under an Order approved by the Commission at its April 20, 2023

session. On May 22, 2023, Central Hudson submitted its IP addressing the implementation of the 37 actionable recommendations contained in the Final Audit Report. Following subsequent work with DPS Staff, Central Hudson filed an updated IP on January 31, 2024. On March 15, 2024, the Commission issued an Order approving the updated IP with two modifications and directing the filing of completed deliverables pursuant to the timeline in the updated IP and quarterly status reports beginning September 30, 2024.

FERC SDU Proceeding

On December 31, 2019, Central Hudson submitted to FERC a new rate schedule pursuant to Rate Schedule 12 of the OATT to establish a Facilities Charge for SDUs being installed on Central Hudson's transmission facilities, which are required to provide four large generating facility developers with capacity resource interconnection service. The FERC formula rate was updated and filed on May 15, 2024 and is now effective for the period June 2024 through May 2025.

FERC Interconnection Reform

On July 28, 2023, FERC issued Order 2023 overhauling the interconnection process in an effort to streamline the process given the growth in queues of those looking to interconnect to the transmission system across the nation. On August 28, 2023, the NYISO, the NYTOs, and several other parties submitted requests for rehearing, challenging, among other things, the penalties and elimination of the reasonable efforts' standard. On September 28, 2023, FERC provided notice of denial of rehearing by operation of law. Subsequently, the NYTOs filed a petition for review with the D.C. Circuit Court. This appeal has been consolidated with the other cases before the D.C. Circuit Court; the combined appeals are currently held in abeyance by the court. An unopposed motion to establish briefing procedures and schedule was filed by the Petitioners on July 2, 2024.

On November 3, 2023, the NYISO filed a partial compliance filing to establish limited, interim rules to provide for the transition of certain Interconnection Studies.

On March 21, 2024, FERC released Order 2023-A which addresses and clarifies some issues. The NYISO submitted its compliance filing on May 1, 2024 and the NYTOs filed comments in support on June 12, 2024, with a desire to have the compliance filing accepted as filed. Emphasis was added in support of independent entity variations to reflect considerations unique to NYS.

Transmission Planning Order

FERC released Order 1920 on May 13, 2024. This Order calls for regular updating of 20-year plans with multiple scenarios, consideration of multiple benefits, promotion of advanced technologies, and consideration of local transmission planning impacts on bulk system planning. Additionally, it allows for a federal right of first refusal for incumbents and maintains construction work in progress. Compliance filings are due in May 2025, with an additional filing required in July 2025 for the interregional transmission coordination requirements.

Option to Fund

On September 3, 2021, FERC rejected a Federal Power Act section 205 application to amend the NYISO OATT to allow NYTOs to provide initial funding for certain transmission system upgrades caused by generator interconnections and to earn a return on and of the costs. The TOs filed Petitions for Review with the D.C. Circuit Court on December 8, 2021. The case was held in abeyance until April 2023, when a briefing schedule was set. Final briefs were filed February 20, 2024 and oral arguments are set for September 20, 2024.

On June 13, 2024, FERC issued a Show-Cause Order to several Regional Transmission Organizations/Independent System Operators preliminarily finding that existing TO initial funding options under each of the applicable OATTs is unjust and unreasonable and requires a response within 90 days.

Roadway Excavation Prevailing Wage

On August 16, 2023, the Governor signed legislation into law enacting the Roadway Excavation Quality Assurance Act, which amends the labor law to protect construction workers performing certain utility work on roadways. This legislation mandates that utility company contractors and subcontractors pay the prevailing wage to employees on projects where a permit to use, excavate, or open a street is required to be issued. The prevailing wages are determined by the Commissioner of Labor and published annually on a county-by-county basis for each work classification. The Bureau of Public Work is responsible for the administration of Article 8 of the NYS Labor Law, which is commonly known as the prevailing wage law for construction, reconstruction, maintenance, and repair of public property and facilities let by NYS and all its political subdivisions.

Central Hudson continues to evaluate the scope and impact this will have on its capital plan and operations while awaiting further guidance from the NYS Department of Labor. Central Hudson expects to obtain cost recovery for any material impact this change in law has on its operating costs.

FORWARD-LOOKING STATEMENTS

Statements included in this Quarterly Financial Report, which are not historical in nature, are intended to be "forward-looking statements." Forward-looking statements may be identified by words such as "anticipate(s)," "intend(s)," "estimate(s)," "believe(s)," "project(s)," "expect(s)," "plan(s)," "assume(s)," "seek(s)," and other similar words and expressions. CH Energy Group is subject to risks and uncertainties that could cause actual results to differ materially from those indicated in the forward-looking statements. The risks and uncertainties may include, but are not limited to, deviations from normal seasonal temperatures and storm activity, changes in energy and commodity prices, availability of energy supplies, a cyber-attack, changes in interest rates, poor operating performance, legislative, tax, and regulatory developments, the outcome of litigations, and the resolution of current and future environmental and economic issues. Additional information concerning risks and uncertainties may be found in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of CH Energy Group's Quarterly and Annual Financial Reports. These reports are available in the Financial Information section of the website of CH Energy Group, at www.CHEnergyGroup.com. CH Energy Group undertakes no obligation to update publicly any forward-looking statements, whether as a-result of new information, future events, or otherwise.