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ANNUAL FINANCIAL REPORT

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

YEAR ENDED DECEMBER 31, 2024
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INDEPENDENT AUDITOR'S REPORT

To the Shareholder and Board of Directors of CH Energy Group, Inc.

Opinion

We have audited the consolidated financial statements of CH Energy Group Inc. and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the related consolidated statements of income, comprehensive income, equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that

includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Information Included in the Annual Financial Report

Management is responsible for the other information included in the annual financial report. The other information comprises the information included in the annual financial report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Deloitte & Touche LLP

Hartford, Connecticut
February 13, 2025



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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholder and Board of Directors of Central Hudson Gas & Electric Corporation

Opinion on the Financial Statements

We have audited the accompanying balance sheets of Central Hudson Gas & Electric Corporation (the "Company") as of December 31, 2024 and 2023, the related statements of income, comprehensive income, equity, and cash flows, for each of the two years in the period ended December 31, 2024, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 13, 2025, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Impact of Rate-Regulation—Refer to Notes 1 and 4 to the financial statements

Critical Audit Matter Description

The Company is a regulated electric and natural gas transmission and distribution utility in the state of New York and is subject to regulation by the New York Public Service Commission (“Commission”). The Company defers 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 the Company, these deferred regulatory assets and liabilities are recovered from or reimbursed to customers either by offset as directed by the Commission, through an approved surcharge mechanism or through incorporation in the determination of the revenue requirement used to set new rates. Management has determined it meets the requirements under accounting principles generally accepted in the United States of America to prepare its financial statements applying the specialized rules to account for the effects of cost-based rate regulation.

Rates are generally designed for but do not guarantee the recovery of the Company’s cost of service, including a return on equity. Regulatory decisions can have an impact on the recovery of costs, refunds to customers, the rate of return earned on investment, and the timing and amount of assets to be recovered or liabilities to be refunded through rates. Future recovery of costs and refunds that may be required are dependent upon factors, such as changes in the applicable regulatory and political environments, the ability to recover costs through regulated rates, recent rate orders to the Company and other regulated entities, and the status of any pending or potential deregulation legislation. While the Company has indicated it expects to recover costs from customers through regulated rates, there is a risk that the Commission will not approve full recovery of such costs or approve recovery on a timely basis in future regulatory decisions. The Commission can reach different conclusions about the recovery of costs, which can have a material impact on the Company’s financial statements.

We identified the impact of rate regulation as a critical audit matter due to the significant judgments made by management to support its assertions about impacted account balances and disclosures and the high degree of subjectivity involved in assessing the potential impact of future regulatory orders on the financial statements. Management judgments include assessing the likelihood of (1) recovery of regulatory assets through future rates, and (2) whether a regulatory liability is due to customers. Given that management’s accounting judgments are based on assumptions about the outcome of future decisions by the Commission, auditing these judgments requires specialized knowledge of accounting for rate regulation and the rate setting process due to its inherent complexities.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures to evaluate the accounting for the effects of cost-based rate regulation, including the probable recovery or refund of regulatory assets and liabilities, included the following, among others:

- We tested the effectiveness of internal controls over the initial recognition of amounts as regulatory assets and liabilities, the monitoring and evaluation of regulatory developments that may affect the likelihood of recovering costs in future rates or of a future reduction in rates, and the related disclosures in the notes to the financial statements.
- We obtained and evaluated an analysis from management describing the orders and filings that support management's assertions regarding the probability of recovery for certain regulatory assets or refund or future reduction in rates for certain regulatory liabilities to assess management's assertion that amounts are probable of recovery or a future reduction in rates.
- We read and evaluated relevant regulatory orders, including the 2024 Rate Order, issued by the Commission for the Company, regulatory statutes, interpretations, procedural memorandums, filings made by intervenors, and other publicly available information to assess whether this information was properly considered by management in concluding upon the financial statement impacts of rate regulation.
- For regulatory matters in process, we inspected associated documents and testimony filed with the Commission for any evidence that might contradict management's assertions.
- We read and evaluated the minutes of the Board of Directors of the Company for discussions of changes in legal, regulatory, or business factors which could impact management's conclusions with respect to the impact of rate regulation.
- We evaluated the Company's disclosures related to the impacts of rate regulation, including regulatory developments.

Deloitte & Touche LLP

Hartford, Connecticut

February 13, 2025

We have served as the Company's auditor since 2017.



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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholder and Board of Directors of Central Hudson Gas & Electric Corporation

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Central Hudson Gas & Electric Corporation (the “Company”) as of December 31, 2024, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB) and in accordance with auditing standards generally accepted in the United States of America, the financial statements as of and for the year ended December 31, 2024, of the Company and our report dated February 13, 2025, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Report of Management on Internal Control over Financial Reporting – Central Hudson. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the

maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Deloitte & Touche LLP

Hartford, Connecticut
February 13, 2025

REPORT OF MANAGEMENT ON INTERNAL CONTROL OVER FINANCIAL REPORTING - CENTRAL HUDSON

The management of Central Hudson Gas & Electric Corporation ("management") is responsible for establishing and maintaining adequate internal control over financial reporting for Central Hudson Gas & Electric Corporation (the "Corporation") as defined in Rules 13a- 15(f) and 15d- 15(f) under the Securities Exchange Act of 1934. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. Internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Corporation;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America and that receipts and expenditures of the Corporation are being made only in accordance with authorization of management and directors of the Corporation; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on the consolidated financial statements.

Internal control over financial reporting includes the controls themselves, monitoring (including internal auditing practices), and actions taken to correct deficiencies as identified.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Corporation's internal control over financial reporting as of December 31, 2024. Management based this assessment on criteria for effective internal control over financial reporting described in "Internal Control - Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management determined that, as of December 31, 2024, the Corporation maintained effective internal control over financial reporting.

The effectiveness of the Corporation's internal control over financial reporting as of December 31, 2024, has been audited by Deloitte and Touche LLP, an independent registered public accounting firm, as stated in their report which appears herein.



Stephanie Raymond
President and Chief Executive Officer



Lora Gescheidle
Chief Financial Officer and Treasurer

February 13, 2025

GLOSSARY

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

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

NYS: New York State

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

NYSDEC: New York State Department of Environmental Conservation

ASC: Accounting Standards Codification

NYSERDA: New York State Energy Research and Development Agency

ASU: Accounting Standards Update

NOL: net operating losses

Central Hudson or Company: Central Hudson Gas & Electric Corporation

OCI: other comprehensive income

CHEC: Central Hudson Enterprises Corporation

OPEB: other post-employment benefits

CHET: Central Hudson Electric Transmission

PBO: projected benefit obligation

CHGT: Central Hudson Gas Transmission LLC

Pension: Retirement Income Plan and Supplemental Executive Retirement Plan

DPS: Department of Public Service

PSC or Commission: New York State Public Service Commission

EE: energy efficiency

RDM: Revenue Decoupling Mechanism

EV: electric vehicle

ROE: return on equity

FASB: Financial Accounting Standards Board

SERP: Supplemental Executive Retirement Plan

FERC: Federal Energy Regulatory Commission

SIR: site investigation and remediation

Fortis: Fortis Inc.

Staff: Department of Public Service Staff

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

Transco: New York Transco, LLC

HDD: Heating Degree Days

VEBA: voluntary employee's beneficiary association

LIBOR: London Interbank Offered Rate

NYISO: New York Independent System Operator

CH ENERGY GROUP
CONSOLIDATED STATEMENTS OF INCOME

(In Thousands)

	Year Ended December 31,	
	2024	2023
Operating Revenues		
Electric	\$ 796,859	\$ 786,749
Natural gas	204,046	220,990
Total Operating Revenues	1,000,905	1,007,739
Operating Expenses		
Operation:		
Purchased electricity	244,011	294,642
Purchased natural gas	43,533	75,566
Other expenses of operation - regulated activities	395,249	359,499
Other expenses of operation - non-regulated	464	342
Depreciation and amortization	97,694	83,502
Taxes, other than income tax	85,440	85,563
Total Operating Expenses	866,391	899,114
Operating Income	134,514	108,625
Other Income and Deductions		
Income from unconsolidated affiliates	4,312	3,910
Interest on regulatory assets and other interest income	6,449	6,631
Regulatory adjustments for interest income	759	1,567
Non-service cost components of pension and OPEB	28,745	26,280
Other - net	2,202	1,564
Total Other Income	42,467	39,952
Interest Charges		
Interest on long-term debt	57,248	50,647
Interest on regulatory liabilities and other interest costs (income)	176	(1,304)
Total Interest Charges	57,424	49,343
Income Before Income Taxes	119,557	99,234
Income Tax Expense	26,673	21,456
Net Income	\$ 92,884	\$ 77,778

CH ENERGY GROUP
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands)

	Year Ended December 31,	
	2024	2023
Net Income	\$ 92,884	\$ 77,778
OCI:		
Employee future benefits (expenses), net of tax	33	(1)
Comprehensive Income	\$ 92,917	\$ 77,777

The Notes to Financial Statements are an integral part hereof

CH ENERGY GROUP

CONSOLIDATED STATEMENTS OF CASH FLOW

(In Thousands)

	Year Ended December 31,	
	2024	2023
Operating Activities:		
Net income	\$ 92,884	\$ 77,778
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	79,559	66,538
Amortization	18,135	16,964
Deferred income taxes	26,629	21,376
Uncollectible expense	9,392	8,040
(Undistributed) distributed equity in earnings of unconsolidated affiliates	(525)	293
Pension credit	(12,951)	(8,140)
OPEB credit	(6,642)	(6,564)
Regulatory liability - rate moderation	(25,075)	(18,150)
Regulatory asset - RDM recorded	(11,110)	(14,919)
Regulatory liability - customer benefit fund ("CBF")	4,000	—
Changes in operating assets and liabilities - net:		
Accounts receivable, unbilled revenues, and other receivables	(36,390)	(23,427)
Fuel, materials, and supplies	(5,135)	(4,948)
Special deposits and prepayments	(738)	6,189
Income and other taxes	(287)	51
Accounts payable	4,097	(18,670)
Accrued interest	1,504	2,289
Customer advances	520	1,201
Other advances	3,555	(1,777)
Pension plan contribution	(1,806)	(1,655)
OPEB contribution	(629)	(22)
Regulatory asset - RDM collected	18,092	7,806
Regulatory asset - major storm	(8,495)	(17,590)
Regulatory asset - SIR	4,669	8,526
Regulatory asset - Arrears Management Program ("AMP")	3,964	(18,894)
Regulatory asset - uncollectible write-offs	(22,615)	(9,138)
Regulatory liability - EE programs including Clean Energy Fund ("CEF")	7,416	(8,038)
Regulatory asset - Rate Adjustment Mechanism ("RAM")	12,887	12,219
Regulatory asset - deferred natural gas and electric costs	19,801	26,855
Other - net	1,342	10,267
Net cash provided by operating activities	176,048	114,460
Investing Activities:		
Additions to utility plant	(314,152)	(252,995)
Other - net	(4,584)	6,715
Net cash used in investing activities	(318,736)	(246,280)
Financing Activities:		
Redemption of long-term debt	(65,946)	(2,100)
Proceeds from issuance of long-term debt	164,000	150,000
Net change in short-term borrowings	49,000	(84,000)
Capital contribution	4,450	73,500
Dividends paid on Common Stock	—	(5,400)
Other - net	(746)	(870)
Net cash provided by financing activities	150,758	131,130
Net Change in Cash, Cash Equivalents, and Restricted Cash	8,070	(690)
Cash, Cash Equivalents, and Restricted Cash at Beginning of Period	4,320	5,010
Cash, Cash Equivalents, and Restricted Cash at End of Period	\$ 12,390	\$ 4,320
Supplemental Disclosure of Cash Flow Information:		
Interest paid, net of amounts capitalized	\$ 54,252	\$ 47,154
Federal and state income taxes paid, net	\$ 2,909	\$ 2,796
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:		
Operating cash flows used in operating leases	\$ (554)	\$ (564)
Non-Cash Investing Activities:		
Accrued capital expenditures	\$ 26,388	\$ 25,058

The Notes to Financial Statements are an integral part hereof

CH ENERGY GROUP
CONSOLIDATED BALANCE SHEETS

(In Thousands)

	December 31, 2024	December 31, 2023
ASSETS		
Utility Plant, Net (Note 3)	\$ 2,849,293	\$ 2,631,833
Non-Utility Property & Plant, Net	524	524
Current Assets		
Cash and cash equivalents (Note 1)	11,694	3,624
Accounts receivable from customers - net of allowance for uncollectible accounts of \$11.7 million and \$11.1 million, respectively (Note 2)	238,162	239,862
Accounts receivable - affiliates (Note 16)	12	158
Accrued unbilled utility revenues - net of allowance for uncollectible accounts of \$0.2 million and \$0.1 million, respectively (Note 2)	35,890	28,615
Other receivables	21,004	18,326
Fuel, materials, and supplies (Note 1)	41,321	36,186
Regulatory assets (Note 4)	90,766	110,621
Income tax receivable	729	442
Fair value of derivative instruments (Note 14)	6,621	161
Special deposits and prepayments	37,255	36,517
Total Current Assets	483,454	474,512
Deferred Charges and Other Assets		
Regulatory assets - other (Note 4)	217,166	254,079
Prefunded pension costs (Note 10)	204,836	113,229
Prefunded OPEB costs (Note 10)	64,157	46,185
Investments in unconsolidated affiliates (Note 6)	35,928	29,711
Other investments (Note 15)	50,057	46,001
Other	35,043	8,505
Total Deferred Charges and Other Assets	607,187	497,710
Total Assets	<u>\$ 3,940,458</u>	<u>\$ 3,604,579</u>

The Notes to Financial Statements are an integral part hereof

CH ENERGY GROUP
CONSOLIDATED BALANCE SHEETS (CONT'D)

(Dollars in Thousands)

	December 31, 2024	December 31, 2023
CAPITALIZATION AND LIABILITIES		
Capitalization (Note 8)		
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
Paid-in capital	566,052	561,602
Retained earnings	749,696	656,812
Accumulated OCI	198	165
Total Equity	1,316,106	1,218,739
Long-term debt (Note 9)		
Principal amount	1,349,700	1,241,801
Unamortized debt issuance costs	(6,251)	(6,143)
Net long-term debt	1,343,449	1,235,658
Total Capitalization	2,659,555	2,454,397
Current Liabilities		
Current maturities of long-term debt (Note 9)	22,400	32,245
Short-term borrowings (Note 7)	70,000	21,000
Accounts payable	72,858	72,122
Accounts payable - affiliates (Note 16)	19	199
Accrued interest	14,478	12,974
Accrued vacation and payroll	12,021	10,780
Customer advances	18,674	18,154
Customer deposits	5,366	6,686
Regulatory liabilities (Note 4)	76,690	62,647
Fair value of derivative instruments (Note 14)	37	12,499
Accrued environmental remediation costs (Note 12)	3,072	1,066
Other advances	13,658	10,103
Other current liabilities	25,464	21,187
Total Current Liabilities	334,737	281,662
Deferred Credits and Other Liabilities		
Regulatory liabilities - deferred pension costs (Note 4)	153,138	121,166
Regulatory liabilities - deferred OPEB costs (Note 4)	39,203	32,633
Regulatory liabilities - other (Note 4)	253,876	271,792
Operating reserves	2,990	3,495
Accrued environmental remediation costs (Note 12)	70,206	71,236
Other liabilities	68,158	37,506
Total Deferred Credits and Other Liabilities	587,571	537,828
Accumulated Deferred Income Tax (Note 5)	358,595	330,692
Commitments and Contingencies		
Total Capitalization and Liabilities	\$ 3,940,458	\$ 3,604,579

The Notes to Financial Statements are an integral part hereof

CH ENERGY GROUP
CONSOLIDATED STATEMENTS OF EQUITY

(Dollars in Thousands)

	CH Energy Group Common Shareholders					
	Common Stock Shares Issued	Common Stock 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				77,778		77,778
Capital contribution			73,500			73,500
Dividends declared on common stock				(5,400)		(5,400)
Employee future expenses, net of tax					(1)	(1)
Balance at December 31, 2023	15,961,400	\$ 160	\$ 561,602	\$ 656,812	\$ 165	\$1,218,739
Net income				92,884		92,884
Capital contribution			4,450			4,450
Employee future benefits, net of tax					33	33
Balance at December 31, 2024	15,961,400	\$ 160	\$ 566,052	\$ 749,696	\$ 198	\$1,316,106

The Notes to Financial Statements are an integral part hereof

CENTRAL HUDSON
STATEMENTS OF INCOME

(In Thousands)

	Year Ended December 31,	
	2024	2023
Operating Revenues		
Electric	\$ 796,859	\$ 786,749
Natural gas	204,046	220,990
Total Operating Revenues	1,000,905	1,007,739
Operating Expenses		
Operation		
Purchased electricity	244,011	294,642
Purchased natural gas	43,533	75,566
Other expenses of operation	395,249	359,499
Depreciation and amortization	97,694	83,502
Taxes, other than income tax	85,264	85,180
Total Operating Expenses	865,751	898,389
Operating Income	135,154	109,350
Other Income and Deductions		
Interest on regulatory assets and other interest income	6,449	6,631
Regulatory adjustments for interest income	759	1,567
Non-service cost components of pension and OPEB	28,769	26,300
Other - net	2,267	1,489
Total Other Income	38,244	35,987
Interest Charges		
Interest on long-term debt	56,986	50,229
Interest on regulatory liabilities and other interest costs (income)	176	(1,304)
Total Interest Charges	57,162	48,925
Income Before Income Taxes	116,236	96,412
Income Tax Expense	25,689	20,664
Net Income	\$ 90,547	\$ 75,748

CENTRAL HUDSON
STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands)

	Year Ended December 31,	
	2024	2023
Net Income	\$ 90,547	\$ 75,748
OCI:		
Employee future benefits (expenses), net of tax	33	(1)
Comprehensive Income	\$ 90,580	\$ 75,747

The Notes to Financial Statements are an integral part hereof

CENTRAL HUDSON

STATEMENTS OF CASH FLOW

(In Thousands)

	Year Ended December 31,	
	2024	2023
Operating Activities:		
Net income	\$ 90,547	\$ 75,748
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	79,559	66,538
Amortization	18,135	16,964
Deferred income taxes	25,690	20,678
Uncollectible expense	9,392	8,040
Pension credit	(12,951)	(8,140)
OPEB credit	(6,642)	(6,564)
Regulatory liability - CBF	4,000	—
Regulatory liability - rate moderation	(25,075)	(18,150)
Regulatory asset - RDM recorded	(11,110)	(14,919)
Changes in operating assets and liabilities - net:		
Accounts receivable, unbilled revenues, and other receivables	(36,465)	(23,703)
Fuel, materials, and supplies	(5,135)	(4,948)
Special deposits and prepayments	(890)	6,332
Income and other taxes	(647)	647
Accounts payable	4,183	(18,166)
Accrued interest	1,520	2,295
Customer advances	520	1,201
Other advances	3,555	(1,777)
Pension plan contribution	(1,806)	(1,655)
OPEB contribution	(629)	(22)
Regulatory asset - RDM collected	18,092	7,806
Regulatory asset - major storm	(8,495)	(17,590)
Regulatory asset - SIR	4,669	8,526
Regulatory asset - AMP	3,964	(18,894)
Regulatory asset - uncollectible write-offs	(22,615)	(9,138)
Regulatory liability - EE programs including CEF	7,416	(8,038)
Regulatory asset - RAM	12,887	12,219
Regulatory asset - deferred natural gas and electric costs	19,801	26,855
Other - net	1,090	11,317
Net cash provided by operating activities	172,560	113,462
Investing Activities:		
Additions to utility plant	(314,152)	(252,995)
Other - net	1,275	13,250
Net cash used in investing activities	(312,877)	(239,745)
Financing Activities:		
Repayment of long-term debt	(63,700)	—
Proceeds from issuance of long-term debt	164,000	150,000
Net change in short-term borrowings	49,000	(84,000)
Capital contribution	—	60,000
Other - net	(746)	(870)
Net cash provided by financing activities	148,554	125,130
Net Change in Cash, Cash Equivalents, and Restricted Cash	8,237	(1,153)
Cash, Cash Equivalents, and Restricted Cash at Beginning of Period	2,218	3,371
Cash, Cash Equivalents, and Restricted Cash at End of Period	\$ 10,455	\$ 2,218
Supplemental Disclosure of Cash Flow Information:		
Interest paid, net of amounts capitalized	\$ 53,974	\$ 46,730
Federal and state income taxes paid, net	\$ 3,377	\$ 1,879
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:		
Operating cash flows used in operating leases	(554)	(564)
Non-Cash Investing Activities:		
Accrued capital expenditures	\$ 26,388	\$ 25,058

The Notes to Financial Statements are an integral part hereof

**CENTRAL HUDSON
BALANCE SHEETS**

(In Thousands)

	December 31, 2024	December 31, 2023
ASSETS		
Utility Plant, Net (Note 3)	\$ 2,849,293	\$ 2,631,833
Non-Utility Property & Plant, Net	524	524
Current Assets		
Cash and cash equivalents (Note 1)	9,759	1,522
Accounts receivable from customers - net of allowance for uncollectible accounts of \$11.7 million and \$11.1 million, respectively (Note 2)	238,162	239,862
Accrued unbilled utility revenues - net of allowance for uncollectible accounts of \$0.2 million and \$0.1 million, respectively (Note 2)	35,890	28,615
Other receivables	21,110	18,503
Fuel, materials, and supplies (Note 1)	41,321	36,186
Regulatory assets (Note 4)	90,766	110,621
Fair value of derivative instruments (Note 14)	6,621	161
Special deposits and prepayments	37,255	36,365
Total Current Assets	480,884	471,835
Deferred Charges and Other Assets		
Regulatory assets - other (Note 4)	217,166	254,079
Prefunded pension costs (Note 10)	204,991	113,404
Prefunded OPEB costs (Note 10)	64,157	46,185
Other investments (Note 15)	48,941	45,053
Other	35,076	8,502
Total Deferred Charges and Other Assets	570,331	467,223
Total Assets	<u>\$ 3,901,032</u>	<u>\$ 3,571,415</u>

The Notes to Financial Statements are an integral part hereof

CENTRAL HUDSON
BALANCE SHEETS (CONT'D)

(Dollars in Thousands)

	December 31, 2024	December 31, 2023
CAPITALIZATION AND LIABILITIES		
Capitalization (Note 8)		
Common Stock (30,000,000 shares authorized: \$5 par value; 16,862,087 shares issued and outstanding)	\$ 84,311	\$ 84,311
Paid-in capital	386,452	386,452
Accumulated OCI	198	165
Retained earnings	816,408	725,861
Capital stock expense	(4,633)	(4,633)
Total Equity	1,282,736	1,192,156
Long-term debt (Note 9)		
Principal amount	1,349,700	1,239,400
Unamortized debt issuance costs	(6,242)	(6,124)
Net long-term debt	1,343,458	1,233,276
Total Capitalization	2,626,194	2,425,432
Current Liabilities		
Current maturities of long-term debt (Note 9)	20,000	30,000
Short-term borrowings (Note 7)	70,000	21,000
Accounts payable	74,020	73,378
Accrued interest	14,481	12,961
Accrued vacation and payroll	12,021	10,780
Customer advances	18,674	18,154
Customer deposits	5,366	6,686
Regulatory liabilities (Note 4)	76,690	62,647
Fair value of derivative instruments (Note 14)	37	12,499
Accrued environmental remediation costs (Note 12)	3,072	1,066
Accrued income and other taxes	—	614
Other advances	13,658	10,103
Other current liabilities	25,190	21,168
Total Current Liabilities	333,209	281,056
Deferred Credits and Other Liabilities		
Regulatory liabilities - deferred pension costs (Note 4)	153,138	121,166
Regulatory liabilities - deferred OPEB costs (Note 4)	39,203	32,633
Regulatory liabilities - other (Note 4)	253,876	271,792
Operating reserves	2,990	3,495
Accrued environmental remediation costs (Note 12)	70,206	71,236
Other liabilities	67,034	36,359
Total Deferred Credits and Other Liabilities	586,447	536,681
Accumulated Deferred Income Tax (Note 5)	355,182	328,246
Commitments and Contingencies		
Total Capitalization and Liabilities	\$ 3,901,032	\$ 3,571,415

**CENTRAL HUDSON
STATEMENTS OF EQUITY**

(Dollars in Thousands)

	Central Hudson Common Shareholders						
	Common Stock Shares Issued	Common Stock 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					75,748		75,748
Capital contributions			60,000				60,000
Employee future expenses, net of tax						(1)	(1)
Balance at December 31, 2023	16,862,087	\$ 84,311	\$386,452	\$ (4,633)	\$ 725,861	\$ 165	\$1,192,156
Net income					90,547		90,547
Employee future benefits, net of tax						33	33
Balance at December 31, 2024	16,862,087	\$ 84,311	\$386,452	\$ (4,633)	\$ 816,408	\$ 198	\$1,282,736

The Notes to Financial Statements are an integral part hereof

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, which was created to develop, own, and operate electric transmission projects in NYS. At December 31, 2024, the CHEC investments had a cost basis of \$0 and there has been no activity in CHGT.

Basis of Presentation

This Annual Financial Report is a combined report of CH Energy Group and Central Hudson. The Notes to the Consolidated Financial Statements apply to both CH Energy Group and Central Hudson. CH Energy Group's Consolidated Financial Statements include the accounts of CH Energy Group and its wholly owned subsidiaries, which include Central Hudson, CHET, CHEC, and CHGT. All intercompany balances and transactions have been eliminated in consolidation. CHEC's investments in limited partnerships and limited liability companies and CHET's investment in Transco are accounted for under the equity method.

The Financial Statements have been prepared in accordance with GAAP, which for regulated utilities includes specific accounting guidance for regulated operations. 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 year ended December 31, 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, which could affect the allowance for uncollectible accounts.

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 12 – "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 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 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 Rate Orders in effect for the applicable periods. 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.

Rates, Revenues, and Adjustment Mechanisms

Central Hudson's electric and natural gas retail rates are regulated by the PSC. Wholesale transmission rates, facilities charges, and rates for electricity sold for resale in interstate commerce are regulated by the FERC.

Central Hudson's tariffs for retail electric and natural gas service include purchased electricity and purchased natural gas cost adjustment mechanisms, by which electric and natural gas rates are set to recover the actual purchased electricity and purchased natural gas costs, including hedging costs, incurred in providing these services. In addition, the tariffs include adjustment mechanisms to recover from or refund to customers certain revenues and costs that have been deferred such as RDMs and certain accumulated deferred balances recovered via the RAM, as defined in the Rate Orders. RDMs provide the ability to record revenue equal to revenue targets authorized by the PSC and used for the development of rates for most of Central Hudson's customers. See Note 4 – "Regulatory Matters" for further information.

Revenue Recognition

Revenue from Contracts with Customers

Central Hudson records revenue as electric 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. Customers simultaneously receive and consume the benefits provided by Central Hudson. Revenue consists of a fixed customer charge and a charge per kilowatt hour or 100 cubic feet that is fixed at the time of delivery. Additionally, certain non-residential electric service customers pay a per kilowatt demand charge, which is also fixed at the time of delivery. All performance obligations are satisfied for tariff sales at the time of delivery. Amounts billed to customers are due within 20 days from the date the bill was rendered, and any payment not received by the due date is considered delinquent and can incur a finance charge. Central Hudson temporarily suspended finance charges for a period of time beginning April 1, 2020 to help mitigate the impacts of COVID-19 on our customers. The 2021 Rate Order authorized the deferral of any over or under collection of finance charges, including retroactive recovery of the amounts from 2020. On September 1, 2024, Central Hudson began the roll out of customer disconnects and finance charges; deployment to all customers is expected by the first quarter of 2025. See Note 4 – "Regulatory Matters" for further information.

Central Hudson records an estimate of unbilled revenue for service rendered to customers after their billing date and through the end of the month. Unbilled revenues are dependent on several factors that require management's judgment, including estimates of retail sales and customer usage patterns.

Central Hudson receives payments from certain customers based on a predetermined budget billing schedule. Budget billing does not represent a contract asset or liability, but rather just a receivable or liability because there are no further performance obligations required to be satisfied before the Company has the right to collect or

refund the customer's consideration. Consideration is due when control of the energy is transferred to the customer and is satisfied with the passage of time. Budget billing liability balances are recorded within the "Customer advances" line item in the Balance Sheet.

Central Hudson provides discounts through certain customer assistance programs intended to help low to moderate income families manage their energy burden as prescribed in the 2021 and 2024 Rate Orders with a full deferral mechanism. Discounts available under these programs are determined at the time the performance obligation is satisfied and are recorded as an expense to match revenue collected in rates for the benefit of eligible customers.

Alternative Revenues

In accordance with ASC 980 and as authorized by the PSC, Central Hudson records alternative revenues in response to past activities or completed events, if certain criteria are met. Central Hudson has identified alternative revenue programs in both its electric and natural gas revenues. Alternative revenues are generally intended to compensate a regulated utility for fluctuations in revenue due to weather abnormalities, external factors, and demand side initiatives promoted by the regulator, as well as incentive awards if the utility achieves certain objectives such as reaching specified milestones associated with EE programs. Central Hudson recognizes alternative revenues when the criteria defined in ASC 980 have been met and not when billed to customers.

Other Revenues

Other revenues, which are not contract revenues, consist of pole attachment rents, miscellaneous fees, and other revenue adjustments. Included in other revenue adjustments is the reversal of previously recognized deferrals as they are billed (collected or refunded to customers) pursuant to PSC Orders.

Restricted Cash

Restricted cash as of December 31, 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 Flow.

CH Energy Group:

(In Thousands)

	December 31, 2024	December 31, 2023
Cash and cash equivalents	\$ 11,694	\$ 3,624
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	<u>\$ 12,390</u>	<u>\$ 4,320</u>

Central Hudson:

(In Thousands)

	December 31, 2024	December 31, 2023
Cash and cash equivalents	\$ 9,759	\$ 1,522
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	<u>\$ 10,455</u>	<u>\$ 2,218</u>

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.

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 December 31, 2024 and 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 and Central Hudson’s inventory of Fuel, Materials, and Supplies valued using the average cost method (In Thousands):

	December 31,	
	2024	2023
Fuel used in electric generation	\$ 229	\$ 521
Renewable energy credits	418	—
Materials and supplies	40,674	35,665
Total	<u>\$ 41,321</u>	<u>\$ 36,186</u>

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.

Utility Plant - Central Hudson

The regulated assets of Central Hudson include electric, natural gas, and common assets, which are listed under the heading “Utility Plant” on CH Energy Group’s Consolidated Balance Sheet and Central Hudson’s Balance Sheet. The accumulated depreciation associated with these regulated assets are also reported on the Balance Sheets.

The cost of additions to the utility plant and the replacements of retired units of property are capitalized at original cost. Capitalized costs include labor, including service cost components of pension and other employee benefits, materials and supplies, indirect charges for items such as transportation, certain administrative costs, certain taxes, and allowances for funds used during construction (“AFUDC”), less contributions in aid of construction (“CIAC”).

AFUDC is defined as the net cost of borrowed funds used for construction purposes and a reasonable rate on other funds when so used. The concurrent credit for the amount so capitalized is reported in the Consolidated Statement of Income as follows: the portion applicable to borrowed funds is reported as a reduction of interest charges, while the portion applicable to other funds (the equity component) is reported as other income. AFUDC rates are determined in accordance with FERC and PSC regulations. The AFUDC rates were approximately 6.6% in 2024 and 6.2% in 2023.

The replacement of minor items of property is included in operating expenses. The original cost of property, together with removal cost less salvage, is charged to accumulated depreciation at the time the property is retired and removed from service as required by the PSC. For additional information see Note 3 – “Utility Plant”.

Depreciation and Amortization

Central Hudson’s depreciation and amortization provisions are computed on the straight-line method using PSC-approved rates. The anticipated costs of removing assets upon retirement are generally provided for over the life of those assets as a component of depreciation expense and, for regulatory reporting purposes, are reflected in accumulated depreciation until the costs are incurred, which is consistent with industry practice. Current accounting guidance related to asset retirement precludes the recognition of expected future retirement obligations as a component of depreciation expense or accumulated depreciation. Central Hudson, however, is required to use depreciation methods and rates approved by the PSC under regulatory accounting. Central Hudson reclassifies the

amount of COR recovered in excess of amounts incurred to date from accumulated depreciation to regulatory liabilities for presentation in its Balance Sheet in accordance with GAAP.

Central Hudson performs depreciation studies periodically and, upon approval by the PSC, adjusts the depreciation rates of its various classes of depreciable property. Central Hudson's composite rates for depreciation, inclusive of intangible amortization, were 3.19% in 2024 and 2.95% in 2023 of the original average cost of depreciable property.

Asset Retirement Obligations (“AROs”)

Central Hudson records AROs for the incremental removal costs, resulting from legal and environmental obligations associated with the retirement of certain utility plant assets, as a liability at fair value with a corresponding increase to utility capital assets, in the period in which the costs are known and estimable. The fair value of AROs are based on an estimate of the present value of expected future cash outlays, discounted at a credit-adjusted risk-free interest rate. AROs are adjusted at the end of each reporting period to accrete the liability for the passage of time and record any changes in the estimated future cash flows of the incremental obligation. Actual costs incurred reduce the liability. Accretion and depreciation expenses associated with AROs are recorded as regulatory assets, which are recovered through the accumulated depreciation reserve upon the retirement of the asset.

Impairment of Long-Lived Assets

Asset-impairment testing at regulated utilities is conducted at the enterprise level at least annually, or more frequently if an indicator is present, to determine if assets are impaired. The recovery of regulated assets' carrying value, including a fair rate of return, is provided through customer electricity and natural gas delivery rates approved by the PSC. The net cash flows for regulated entities are not asset-specific but are pooled for the entire regulated utility.

Debt Issuance Costs

Expenses incurred in connection with CH Energy Group's or Central Hudson's debt issuance and any discount or premium on debt are deferred and amortized over the lives of the related issues. When long-term debt is reacquired or redeemed, regulatory accounting permits the deferral of related unamortized debt expense and reacquisition costs to be amortized over the remaining original life of the debt retired. The amortization of debt costs for reacquired debt is incorporated in the revenue requirement for delivery rates as authorized by the PSC. See Note 9 – “Capitalization – Long-Term Debt” for further information.

Income Tax

CH Energy Group and its subsidiaries file consolidated federal income tax returns with FortisUS Inc. depending on the state, either standalone or consolidated state income tax returns. Income taxes are deferred for all temporary differences between the financial statement and the tax basis of assets and liabilities, under the asset and liability method in accordance with current accounting guidance for income taxes. Certain deferred income taxes are recorded with offsetting regulatory assets or liabilities by Central Hudson to recognize that income taxes will be recovered or refunded through future rates. For federal and state income tax purposes, CH Energy Group and its subsidiaries use an accelerated method of depreciation and generally use the shortest life permitted for each class of assets. Central Hudson follows the normalization method of accounting, which spreads the tax benefits associated with utility assets over the same time period that the costs of those assets are recovered from customers. Normalization is required as a prerequisite for utilities claiming accelerated depreciation and certain tax credits. Deferred investment tax credits are amortized over the estimated life of the properties giving rise to the credits. For state income tax purposes, Central Hudson uses book depreciation for property placed in service

in 1999 or earlier in accordance with transition property rules under Article 9-A of the New York State Tax Law. See Note 5 – “Income Tax” for additional information regarding income taxes and the Tax Cuts and Jobs Act.

Post-Employment and Other Benefits

Central Hudson sponsors a noncontributory Retirement Plan for all management, professional, and supervisory employees hired before January 1, 2008, and for all Union employees hired before May 1, 2008. Benefits are based on years of service and compensation. Additionally, Central Hudson maintains a SERP for certain members of management. Central Hudson also provides OPEB plans, which include certain health care and life insurance benefits for retirees hired within the same time periods as stated above.

Central Hudson recognizes the funded status of the Pension and OPEB defined benefit plans on its balance sheet. The funded status is measured as the difference between the fair value of qualified plans’ assets and the PBO for the plans. The Pension funded status includes the SERP PBO although it does not take into consideration the SERP trust assets. The SERP is a non-qualified plan under the Employee Retirement Income Security Act guidelines and therefore, although funded annually to achieve 110% of the plan’s accumulated benefit obligation, the trust assets of this plan are not included in the calculation of the funded status for accounting purposes. Central Hudson recognizes a regulatory liability or asset for the portion of the over or underfunded amount that is probable of return to or recovery from customers in future rates. The amounts reported as a component of OCI, net of tax, relate to a former Central Hudson officer who transferred to an affiliated company. The related amounts are charged to and reimbursed by the affiliated company.

Pension and OPEB benefit expenses are determined by actuarial valuations based on assumptions that Central Hudson evaluates annually. Central Hudson capitalizes a portion of the service cost component. The PSC has authorized deferral accounting treatment for any variations between actual Pension and OPEB expenses and the amount included in the current delivery rate structure.

Any unamortized balances related to net actuarial gains and losses, past service costs, and transitional obligations, which are recoverable from Central Hudson customers and would otherwise be recognized in accumulated OCI, are subject to deferral accounting treatment.

Central Hudson also sponsors two contributory retirement plans for its employees. The 401(k) retirement plan provides for employee tax-deferred salary deductions for participating employees as well as employer contributions. The other contributory plan provides additional retirement savings to eligible employees who do not qualify for Central Hudson’s Retirement Income Plan. For more information see Note 10 – “Post-Employment Benefits”.

Additionally, Central Hudson sponsors a contributory Deferred Compensation Plan for certain members of management and members of the Central Hudson Board of Directors. Although the Deferred Compensation Plan is a non-qualified plan, Central Hudson has established a trust for funding the associated liability to participants. For more information, see Note 15 – “Other Fair Value Measurements”.

Equity-Based Compensation

Officers of CH Energy Group and Central Hudson were granted Share Unit Plan shares (“SUPs”) under various plans as part of the officers’ long-term incentives. Compensation expense and the related liability associated with the SUPs are recorded based on the fair value at each reporting date until settlement, reflecting expected future payout and time elapsed within the terms of the award, typically at the end of the three-year vesting period. The fair value of the SUPs’ liability is based on Fortis’ common share 5 day volume weighted average trading price at the end of each reporting period. CH Energy Group and Central Hudson have elected to recognize forfeitures

when they occur due to the limited number of participants in the equity-based compensation plans. For more information, see Note 11 – “Equity-Based Compensation”.

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. See Note 8 – “Capitalization – Common and Preferred Stock” for additional information. CH Energy Group’s other subsidiaries do not have express restrictions on their ability to pay dividends.

Derivatives

From time to time, Central Hudson enters into derivative contracts in conjunction with the Company’s enterprise risk management program to hedge certain risk exposures related to its business operations. Central Hudson uses derivative contracts to reduce the impact of volatility in the supply prices of natural gas and electricity and to hedge exposure to volatility in interest rates for its variable rate long-term debt. Central Hudson records all derivatives at fair value with certain exceptions including those derivatives that qualify for the normal purchase exception. The fair value of derivative instruments are estimates of the amounts that Central Hudson would receive or have to pay to terminate the outstanding contracts at the balance sheet dates. Unrealized gains and losses on Central Hudson’s derivative contracts have no impact on earnings since the energy contracts are subject to regulatory deferral.

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 and all associated costs are reported as part of purchased natural gas and purchased electricity 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. See Note 14 – “Accounting for Derivative Instruments and Hedging Activities” for further details.

Normal Purchases and Normal Sales

Central Hudson enters into forward energy purchase contracts, including options, with counterparties that have generating capacity to support current load forecasts or counterparties that can meet Central Hudson’s load serving obligations. Central Hudson has elected the normal purchase exception for these contracts, which are not required to be measured at fair value and are accounted for on an accrual basis. See Note 12 – “Commitments and Contingencies” for further details.

Reclassification

Certain amounts shown in Note 4 – “Regulatory Matters” and Note 5 - “Income Tax” 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.

Income Statement—Reporting

ASU 2024-03, Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures, was issued in November 2024 and it requires disaggregated disclosure of income statement expenses, purchases of inventory, employee compensation, total selling expenses, depreciation and intangible asset amortization. The ASU also requires qualitative description of amounts that are not separately disaggregated on the face of the financial statements. Amendments are effective for annual reporting periods beginning after December 15, 2026 and interim reporting periods beginning after December 15, 2027. This ASU is not expected to materially impact CH Energy Group or Central Hudson's disclosures.

Income Taxes

ASU No. 2023-09, *Improvements to Income Tax Disclosures*, requires entities to disclose additional categories of information about federal and state income taxes in their rate reconciliation table and to provide more details about certain reconciling items that meet a quantitative threshold. Entities would also 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 jurisdiction based on a quantitative threshold. 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. This ASU is not expected to materially impact CH Energy Group or Central Hudson's disclosures.

Recently Adopted Accounting Pronouncements

Segment Reporting

ASU No. 2023-06, *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 became effective January 1, 2024 and did not materially impact CH Energy Group or Central Hudson's disclosures. See Note 13 – “Segments and Related Information” for further details.

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 charge revenue, Gas Merchant Function Charge lost revenue, and revenue requirement effects for certain incremental capital projects. In addition, Central Hudson records alternative revenues for positive revenue adjustments 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 and Central Hudson's operating revenues disaggregated by segment and revenue source (In Thousands):

	Year Ended December 31,	
	2024	2023
Electric		
Revenues from contracts with customers (ASC 606)	\$ 799,744	\$ 772,987
Alternative revenues (Non ASC 606)	12,673	15,434
Other revenue adjustments (Non ASC 606)	(15,558)	(1,672)
Total Operating Revenues Electric	<u>\$ 796,859</u>	<u>\$ 786,749</u>
Natural Gas		
Revenues from contracts with customers (ASC 606)	\$ 197,027	\$ 211,752
Alternative revenues (Non ASC 606)	14,213	15,001
Other revenue adjustments (Non ASC 606)	(7,194)	(5,763)
Total Operating Revenues Natural Gas	<u>\$ 204,046</u>	<u>\$ 220,990</u>

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):

	Year Ended December 31,	
	2024	2023
Balance at Beginning of Period	\$ (11,200)	\$ (11,200)
Uncollectible expense	(9,392)	(8,040)
Uncollectible expense deferred ⁽¹⁾	(22,615)	(9,138)
Write-offs - net	31,307	17,178
Balance at End of Period	<u>\$ (11,900)</u>	<u>\$ (11,200)</u>

⁽¹⁾ Under the terms of the 2021 and 2024 Rate Orders, Central Hudson is authorized to defer any over or under recovery of bad debt write-offs for future return to or collection from customers.

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 2 relief program during 2023, which will be recovered over a seven-year period via a surcharge. Central Hudson does not anticipate any further credits will be provided under the 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. Manual collection efforts expanded in 2023 and 2024, including issuing final termination notices and locking service for non-payment for certain commercial customers. The manual residential termination activities that began in April 2024 have continued to show some progress with payments or payment arrangements from customers. On September 1, 2024, a phased roll out of automated collections, including customer disconnects and finance charges, began. The Company expects that automated collections will be fully deployed to all customers by the end of the first quarter of 2025. 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 yet an overall decrease to residential amounts in arrears as the Company has just begun rolling out termination efforts for these customers. The reduction in arrears for customers who enter into payment arrangements will occur over the term of their agreements. As of December 31, 2024, approximately \$18.6 million of receivables related to these payment arrangements were outstanding for more than one year. These amounts are recorded as other long-term assets on the Balance Sheets for CH Energy Group and Central Hudson. The Company has also established an arrears reduction and prevention program to optimize collection efforts. As termination efforts continue to expand, 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.

Management conducted quantitative and qualitative assessments of the allowance for uncollectible accounts as of December 31, 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 the increase in the reserve to \$11.9 million is reflective of the expected credit losses as of December 31, 2024.

NOTE 3 – Utility Plant

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

	Estimated Depreciable Life in Years	Utility Plant	
		December 31,	
		2024	2023
Electric:			
Production	25-95	\$ 54,263	\$ 54,996
Transmission	30-85	562,340	508,937
Distribution	8-80	1,403,485	1,313,501
Other	45	7,153	7,079
Total		\$ 2,027,241	\$ 1,884,513
Natural Gas:			
Transmission	22-80	\$ 75,175	\$ 71,250
Distribution	24-83	828,487	773,957
Other	N/A	442	442
Total		\$ 904,104	\$ 845,649
Common:			
Land and structures	40-60	\$ 176,983	\$ 117,533
Office and other equipment, radios, and tools	8-25	112,606	93,295
Transportation equipment	12-13	93,668	87,965
Other	3-15	131,922	177,951
Total		\$ 515,179	\$ 476,744
Gross Utility Plant		\$ 3,446,524	\$ 3,206,906
Less: Accumulated depreciation/amortization		\$ 743,695	\$ 758,277
Construction work in process		146,464	183,204
Net Utility Plant		\$ 2,849,293	\$ 2,631,833

The borrowed component of funds used during construction and recorded as a reduction of interest expense was \$4.3 million and \$3.8 million for the years ended December 31, 2024 and 2023, respectively. The equity component of funds used during construction and recorded as a reduction of other income was \$4.0 million and \$3.3 million for the years ended December 31, 2024 and 2023, respectively.

Included in the Net Utility Plant balance of \$2.8 billion and \$2.6 billion at December 31, 2024 and 2023 was \$172.7 million and \$215.5 million of intangible utility plant assets, comprised primarily of computer software costs, land, transmission, water, and other rights and the related accumulated amortization of \$65.9 million and \$111.2 million, respectively. Amortization expense for the years 2025-2029 is estimated to be \$14.7 million, \$12.5 million, \$8.9 million, \$8.5 million, and \$5.9 million, respectively.

As of December 31, 2024 and 2023, Central Hudson has reclassified \$53.5 million and \$50.8 million, respectively, of removal costs recovered through delivery rates in excess of amounts incurred to date from accumulated depreciation to a regulatory liability.

AROs for Central Hudson were approximately \$6.2 million and \$5.9 million as of December 31, 2024 and 2023, respectively. These amounts have been classified in the above chart under “Electric - Other” and “Common - Other” based on the nature of the ARO and are reflected as “Other - long-term liabilities” in the CH Energy Group and Central Hudson 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):

	December 31, 2024	December 31, 2023
Regulatory Assets:		
Deferred purchased electric and natural gas costs (Note 1)	\$ 13,757	\$ 33,558
Deferred unrealized losses on derivatives - electric and natural gas (Note 14)	37	12,499
RAM and carrying charges - electric and natural gas	8,176	20,866
RDM and carrying charges - electric and natural gas	7,461	13,358
EE programs and carrying charges	33,957	35,772
EV make ready program and carrying charges	8,398	4,676
Deferred and accrued SIR costs and carrying charges (Note 12)	57,162	61,340
Deferred storm costs and carrying charges	66,034	59,253
Deferred vacation pay accrual	9,098	8,760
Income taxes recoverable through future rates	33,559	37,807
Tax reform - unprotected impacts (Note 5)	22,618	23,733
AMP and carrying charges	18,310	21,842
Other	29,365 ⁽¹⁾	31,236 ⁽¹⁾⁽²⁾
Total Regulatory Assets	\$ 307,932	\$ 364,700
Less: Current Portion of Regulatory Assets	\$ 90,766	\$ 110,621
Total Long-term Regulatory Assets	\$ 217,166	\$ 254,079
Regulatory Liabilities:		
Rate moderator and carrying charges - electric and natural gas	\$ 42,582	\$ 37,531
Deferred unrealized losses on derivatives - electric and natural gas (Note 14)	6,621	161
CEF and carrying charges	56,181	49,664
Tax reform - protected deferred tax liability (Note 5)	139,276	145,859
Deferred removal costs (Note 3)	53,540	50,826
Deferred pension costs (Note 10)	153,138	121,166
Income taxes refundable through future rates	9,912	11,887
Deferred OPEB costs (Note 10)	39,203	32,633
Other	22,454 ⁽¹⁾	38,511 ⁽¹⁾⁽²⁾
Total Regulatory Liabilities	\$ 522,907	\$ 488,238
Less: Current Portion of Regulatory Liabilities	\$ 76,690	\$ 62,647
Total Long-term Regulatory Liabilities	\$ 446,217	\$ 425,591
Net Regulatory Liabilities	\$ (214,975)	\$ (123,538)

⁽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 December 31, 2024 presentation.

The significant regulatory assets and liabilities include:

RAM: Mechanism prescribed in the 2021 Rate Order to recover from or refund to customers certain previously deferred balances up to annual threshold amounts prescribed during the term of the Rate Order. Deferred balances that may be recovered through the RAM include major storms costs, EE programs, environmental SIR costs in

excess of the three-year cumulative rate allowance, incentives earned, unencumbered NRAs, deferred property taxes, uncollectible accounts, finance charges, and accrued carrying charges.

RDM and carrying charges: Mechanism prescribed in the 2024 Rate Order to recover from or refund to customers the difference between actual revenues and revenue targets prescribed in the Rate Order.

EE Programs: This regulatory asset represents amounts spent on Central Hudson’s internally administered programs in excess of amounts collected in rates.

EV Make Ready Program: This regulatory asset represents amounts spent to support the infrastructure and equipment necessary to accommodate the deployment of EVs, as prescribed in Case 18-E-0138.

Deferred Storm Costs: Central Hudson’s rates include a collection of funds for major storm reserves. Incremental costs incurred in excess of the reserve funds are deferred for future recovery through subsequent rate proceedings.

Deferred Vacation Pay Accrual: In accordance with Rate Order 84-2 a regulatory asset has been established to offset the accrued vacation liability since the accrued compensation is included in future allowable costs on an as paid basis and there is reasonable assurance of recovery.

Income Taxes Recoverable: This regulatory asset has been established to offset certain deferred tax liabilities because Central Hudson believes it is probable that they will be recoverable from customers.

AMP and carrying charges: This regulatory asset represents the deferral of amounts credited to customers, net of funding from NYS, which is being collected through a surcharge effective August 1, 2022, as approved in Case 20-M-0479.

Rate Moderator – Electric and Natural Gas: This regulatory liability balance represents the net balance after offset under the terms of the 2021 and 2024 Rate Orders, which were and will be used for future customer rate moderation, as well as deferred Danskammer Generating Station delivery revenues for future natural gas rate moderation.

CEF: This regulatory liability represents amounts collected from customers under the CEF, in excess of amounts remitted to NYSEDA to fund its EE programs.

Income Taxes Refundable: This regulatory liability was established to offset certain deferred tax assets that Central Hudson believes are probable for future refunds to customers.

In terms of the expected timing for recovery, regulatory asset balances reflect the following amounts (In Thousands):

	December 31, 2024	December 31, 2023
Balances with offsetting accrued liability balances recoverable when future costs are actually incurred:		
Income taxes recoverable through future rates	\$ 33,559	\$ 37,807
Deferred unrealized losses on derivatives - electric and natural gas	37	12,499
Accrued SIR costs	57,647	61,340
Deferred ARO	1,597	1,077
Deferred vacation pay accrual	9,098	8,760
	\$ 101,938	\$ 121,483
Balances earning a return via inclusion in rates and/or the application of carrying charges:		
AMP	\$ 13,534	\$ 17,401
EE programs	32,885	35,772

Uncollectible write-offs	7,954	948
Deferred storm costs	63,948	59,253
EV make ready program	7,673	4,314
Tax reform - unprotected impacts	22,618	23,733
Other	14,567	17,806
	<u>\$ 163,179</u>	<u>\$ 159,227</u>
Subject to current recovery:		
Deferred purchased electric and natural gas costs	\$ 13,757	\$ 33,558
RAM - electric and natural gas	7,930	20,865
EAMs - electric and natural gas	693	8,312
RDM - electric and natural gas	7,177	13,358
Other	10,811	10,127 ⁽¹⁾
	<u>\$ 40,368</u>	<u>\$ 86,220</u>
Accumulated carrying charges:		
Carrying charges balancing	\$ 2,447	(2,230)
	<u>\$ 2,447</u>	<u>\$ (2,230)</u>
Total Regulatory Assets	<u><u>\$ 307,932</u></u>	<u><u>\$ 364,700</u></u>

⁽¹⁾ Certain amounts related to prior periods, have been reclassified to conform to the December 31, 2024 presentation.

PSC Proceedings

2021 Rate Order / 2024 Rate Order

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 Rate Year (“RY”) 1 through RY3 defined as the twelve months ending June 30, 2022, June 30, 2023, and June 30, 2024, respectively.

On July 18, 2024, the Commission issued the 2024 Rate Order, 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.

A summary of the key terms of the 2021 and 2024 Rate Orders are as follows (Dollars in Millions):

Description	2021 Rate Order			2024 Rate Order
	RY1	RY2	RY3	RY
Electric delivery rate increase	\$(3.1)	\$19.5	\$20.7	\$74.4
Natural gas delivery rate increases	\$4.7	\$6.3	\$6.4	\$27.3
ROE	9.00%	9.00%	9.00%	9.50%
Earnings sharing	Yes ⁽¹⁾	Yes ⁽¹⁾	Yes ⁽¹⁾	No
Capital structure – common equity	50%	49%	48%	48%
Bill credits - electric	\$(2.0)	\$9.5	\$21.5	\$16.4
Bill credits - natural gas	\$0.8	\$3.2	\$5.6	\$6.1
RDMs – electric and natural gas	Yes	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 2024 Rate Order utilizes existing regulatory balances to reduce bill impacts for customers during the term of the agreement. The total electric revenue increase, after bill credits, is 5.5% and the total natural gas revenue increase, after bill credits, is 7.3%.

2024 Rate Case Filing

On August 1, 2024, Central Hudson filed an electric and natural gas rate case (Cases 24-E-0461 and 24-G-0462) with the PSC requesting an increase in electric and natural gas delivery revenue of \$47.2 million and \$15.3 million, respectively, to be effective July 1, 2025. The main drivers of the rate filing include (1) replacement of aging or obsolete infrastructure; (2) personnel compensation to maintain a skilled and knowledgeable workforce in addition to incremental hiring needs to meet increasing cybersecurity demands; and (3) recovery of uncollectible expenses. Settlement negotiations began on December 20, 2024. Proceedings are ongoing and the Company anticipates resolution in 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 COVID-19 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 March 1, 2024 the final SAP billing investigation report was issued, which 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 customer information 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 the establishment of a \$4.0 million CBF to be applied at the discretion of the Commission. As of December 31, 2024, substantially all of the settlement associated costs have been recorded by the Company.

Wappingers Falls Proceeding

On October 16, 2024, the PSC Office of Investigations and Enforcement submitted an Investigation Report to the PSC and the PSC issued an Order to Show Cause under Case 24-G-0483 directing Central Hudson to show cause as to why the PSC should not commence a civil penalty enforcement proceeding related to 15 alleged rule violations. On November 15, 2024, Central Hudson submitted its response to the Order to Show Cause, stating that it is in compliance or substantial compliance with each of the rules referenced in the Order to Show Cause. See Note 12 – "Commitments and Contingencies" for further detail.

NOTE 5 – Income Tax

Uncertain Tax Positions

On April 14, 2023, the Internal Revenue Service issued Revenue Procedure (“Rev. Proc.”) 2023-15. The Company assessed its methodology related to certain repair deductions taken for income tax purposes and as a result of this, filed a change in accounting method with the filing of its 2023 federal income tax return. The Company reassessed the deduction taken for the 2012-2023 tax year 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 in 2023.

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

	Year Ended December 31,	
	2024	2023
Unrecognized tax benefits balance, beginning of the period	\$ —	\$ 10,538
Additions related to the current year	—	1,228
Decreases related to the prior year	—	(3,492)
Unrecognized tax benefits balance, end of the period	—	8,274
Adoption of Rev. Proc. 2023-15 ⁽¹⁾	—	(8,274)
Tax reserve balance, end of the period	<u>\$ —</u>	<u>\$ —</u>

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

Income Tax Examinations:

Jurisdiction	Tax Years Open for Audit
Federal	2021 – 2023
New York State	2021 – 2023

Components of Tax Reform Regulatory Balances

As a result of the Tax Cuts and Jobs Act, the Company was required to revalue its deferred tax assets and liabilities at the federal corporate income tax rate of 21%. Central Hudson recorded a regulatory liability due to the revaluation of plant related deferred tax liabilities, which are protected under tax normalization rules. The regulatory liability is adjusted monthly to reflect the amortization of the balance to the income statement under the tax normalization rules. The Company also recorded a regulatory asset due to the revaluation of all other deferred tax balances, which are not protected by the normalization rules.

The following is a summary of Central Hudson's activity in its regulatory liability balance related to the protected deferred tax liability (In Thousands):

	Year Ended	
	December 31,	
	2024	2023
Protected Regulatory Liability, beginning of the period	\$ 145,859	\$ 176,075
Amortization of protected tax liability	(2,896)	(533)
Adoption of Rev. Proc. 2023-15	\$ —	1,483
Balance Sheet reclassification of unprotected liability ⁽¹⁾	\$ (3,687)	(31,166)
Protected Regulatory Liability, end of the period	<u>\$ 139,276</u>	<u>\$ 145,859</u>

⁽¹⁾ The 2024 and 2023 balances include \$3.5 million and \$31.2 million reclassification of non-depreciation, plant-related deferred taxes to the rate moderator per the 2024 and 2021 Rate Orders, respectively.

The unprotected regulatory tax asset consisted of an excess deferred tax asset balance, which was partially offset by a regulatory liability resulting from the over-collection of tax from the effective date of the Tax Cuts and Jobs Act and the date delivery rates were reset. The excess deferred tax balance of \$23.7 million on December 31, 2023, is being amortized in accordance with the 2024 Rate Order.

NYS 2024 Budget Bill

The NYS fiscal year 2024 budget bill, which was enacted on May 3, 2023, extended both the 7.25% corporate tax rate for businesses with taxable income over \$5 million through tax year ending on or before January 1, 2027, and the phase out of the capital base tax for tax year beginning on and after January 1, 2027. CH Energy Group and Central Hudson had state NOLs that reduced taxable income below the \$5 million threshold for the tax years ended December 31, 2024 and 2023. The state NOLs are expected to reduce the taxable income below the \$5 million threshold for the duration of the increased tax rate period and, therefore, that tax increase is not expected to have an impact on the Company's earnings or cash flows. Both CH Energy Group and Central Hudson expect to be subject to the capital base tax during this period. For the years ended December 31, 2024 and 2023, Central Hudson recorded \$1.1 million and \$2.1 million of capital base tax, respectively. Capital base tax is included in "Taxes, other than income tax" in the CH Energy Group and Central Hudson Statements of Income. The increase in capital base tax is included in the tax calculation used to set rates in the 2021 and 2024 Rate Order.

Reconciliations

The following are reconciliations between the amount of federal income tax computed on income before taxes at the statutory rate and the amount reported in CH Energy Group's Consolidated Statement of Income and Central Hudson's Statement of Income (In Thousands):

CH Energy Group

	Year Ended	
	December 31,	
	2024	2023
Net income	\$ 92,884	\$ 77,778
Current federal income tax expense	128	57
Current state income tax (benefit) expense	(83)	23
Deferred federal income tax expense	19,263	15,611
Deferred state income tax expense	7,366	5,765
Income Before Income Taxes	<u>\$ 119,558</u>	<u>\$ 99,234</u>
Computed federal tax at 21%	\$ 25,107	\$ 20,839
State income tax net of federal tax benefit	5,754	4,572
Amortization of protected deferred tax liability ⁽¹⁾	(2,309)	(2,159)
Depreciation flow-through	(100)	(13)
Removal costs	(410)	(1,549)
Other	(1,369)	(234)
Total Income Tax Expense	<u>\$ 26,673</u>	<u>\$ 21,456</u>
Effective tax rate - federal	16.2 %	15.8 %
Effective tax rate - state	6.1 %	5.8 %
Effective Tax Rate - Combined	<u>22.3 %</u>	<u>21.6 %</u>

⁽¹⁾ Under normalization rules, plant-related deferred taxes reverse at the same rate as the original deferral.

Central Hudson

	Year Ended	
	December 31,	
	2024	2023
Net income	\$ 90,547	\$ 75,748
Current federal income tax benefit	—	(14)
Deferred federal income tax expense	18,506	14,911
Deferred state income tax expense	7,184	5,767
Income Before Income Taxes	<u>\$ 116,237</u>	<u>\$ 96,412</u>
Computed federal tax at 21%	\$ 24,410	\$ 20,246
State income tax net of federal tax benefit	5,675	4,556
Amortization of protected deferred tax liability ⁽¹⁾	(2,309)	(2,159)
Depreciation flow-through	(100)	(13)
Removal costs	(410)	(1,549)
Other	(1,577)	(417)
Total Income Tax Expense	<u>\$ 25,689</u>	<u>\$ 20,664</u>
Effective tax rate - federal	15.9 %	15.4 %
Effective tax rate - state	6.2 %	6.0 %
Effective Tax Rate - Combined	<u>22.1 %</u>	<u>21.4 %</u>

⁽¹⁾ Under normalization rules, plant-related deferred taxes reverse at the same rate as the original deferral.

For the years ended December 31, 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 same drivers impact the year over year increase in the effective tax rate from 2023 to 2024.

The following is a summary of the components of deferred taxes as reported in CH Energy Group's Consolidated Balance Sheets (In Thousands):

	Year Ended December 31,	
	2024	2023
Accumulated Deferred Income Tax Asset:		
Unbilled revenues	\$ 2,614	\$ 1,794
Federal Research and Development ("R&D") credit carryforward	1,805	1,421
Tax reform - protected deferred tax liability	36,509	38,366
Income taxes refundable through future rates	9,912	11,887
Federal NOL carryforwards	69,299	66,723
NYS NOL carryforwards, net of federal benefit	25,702	23,990
CEF	5,989	3,534
Rate moderator	11,129	9,809
CIAC	11,534	9,941
Directors and officers deferred compensation	14,962	13,664
Removal costs	9,546	8,598
R&D costs	2,251	1,584
SIR costs and recovery	4,085	2,865
Other	5,539	10,158 ⁽¹⁾
Accumulated Deferred Income Tax Asset	\$ 210,876	\$ 204,334
Accumulated Deferred Income Tax Liability:		
Depreciation	\$ 279,262	\$ 283,093
Repair allowance	3,322	3,518
Pension costs	10,984	2,318
Repair deduction	202,585	165,395
OPEB	6,801	3,835
Income taxes recoverable through future rates	17,531	19,122
Tax reform - unprotected deferred tax asset	5,911	6,203
AMP	4,743	5,682
RDM	1,829	3,680
Purchased electric costs	3,171	8,617
Storm costs	16,713	15,486
RAM	2,110	5,453
Transco investment	2,519	2,033
Other	11,990	10,591 ⁽¹⁾
Accumulated Deferred Income Tax Liability	\$ 569,471	\$ 535,026
Net Deferred Income Tax Liability	\$ 358,595	\$ 330,692

⁽¹⁾ Certain amounts included in Other related to prior periods, have been reclassified to conform to the December 31, 2024 presentation.

The following is a summary of the components of deferred taxes as reported in Central Hudson's Balance Sheet (In Thousands):

	Year Ended December 31,	
	2024	2023
Accumulated Deferred Income Tax Asset:		
Unbilled revenues	\$ 2,614	\$ 1,794
Federal R&D credit carryforward	1,805	1,421
Tax reform - protected deferred tax liability	37,170	38,917
Income taxes refundable through future rates	9,912	11,887
Federal NOL carryforwards	70,185	67,248
NYS NOL carryforwards, net of federal benefit	25,945	24,148
CEF	5,989	3,534
Rate moderator	11,129	9,809
SIR cost and recovery	4,085	2,865
CIAC	11,534	9,941
Directors and officers deferred compensation	14,962	13,664
Removal costs	9,546	8,598
R&D costs	2,251	1,584
Other	4,464	9,085 ⁽¹⁾
Accumulated Deferred Income Tax Asset	\$ 211,591	\$ 204,495
Accumulated Deferred Income Tax Liability:		
Depreciation	\$ 279,057	\$ 282,846
Repair allowance	3,322	3,518
Pension costs	10,984	2,318
Repair deduction	202,585	165,395
OPEB	6,801	3,835
Income taxes recoverable through future rates	17,531	19,122
Tax reform - unprotected deferred tax asset	5,911	6,203
AMP	4,743	5,682
RDM	1,829	3,680
Purchased electric costs	3,171	8,617
Storm costs	16,713	15,486
RAM	2,110	5,453
Other	12,016	10,586 ⁽¹⁾
Accumulated Deferred Income Tax Liability	\$ 566,773	\$ 532,741
Net Deferred Income Tax Liability	\$ 355,182	\$ 328,246

⁽¹⁾ Certain amounts included in Other related to prior periods, have been reclassified to conform to the December 31, 2024 presentation.

NOTE 6 – Investments in Unconsolidated Affiliates

At December 31, 2024 and 2023, CHET's total investment in Transco was approximately \$35.9 million and \$29.7 million, respectively. CHET's ownership interest varies for different projects at Transco.

CHET holds a 6.1% interest in Transco's assets related to the Transmission Owner Transmission Solutions ("TOTS") projects awarded under the Indian Point Retirement Order and the New York Energy Solutions project (Segment B) and associated system upgrade projects known as the Dover Station project and the RTS project,

(“AC Project”), awarded under the Alternating Current Transmission Public Policy through the NYISO. The projects improve the flow of power from upstate renewable resources to meet downstate demand, enhancing reliability and resilience of the grid and are mostly in service. Transco’s approved FERC rate reflects a 53% equity component within its capital structure and an authorized ROE on both projects of 9.50% and 9.65%, respectively, with up to an additional 1% available for incentives. As of December 31, 2024, CHET had made capital contributions of \$24.3 million as a 6.1% owner of the AC Projects in Transco.

CHET holds a 10% interest in Transco’s project, in partnership with the New York Power Authority, which was selected 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 Project (“Propel”) reflects 53% equity component within its capital structure and an ROE of 10.3%, with up to an additional 1.0% available for incentives. As of December 31, 2024, CHET had made a capital contribution of \$4.4 million to Transco to fund a portion of Propel.

NOTE 7 – Short-Term Borrowing Arrangements

Committed Credit Facilities

On October 31, 2024, Central Hudson renewed its committed credit agreement with five commercial banks for an aggregate total commitment of \$250 million. The credit agreement has a five-year term maturing in October 2029. 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 \$20 million from four 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 Standard and Poor’s Financial Services LLC or Moody’s Investors Service, Inc. rating on the average daily unused portion of the credit facility. At December 31, 2024, Central Hudson was in compliance with all financial debt covenants in the credit agreement.

Uncommitted Credit

At December 31, 2024, CH Energy Group and Central Hudson had \$150 million and \$60 million respectively, in uncommitted short-term credit arrangements. Proceeds from these credit arrangements are used to diversify cash sources and, for Central Hudson, provide competitive options to minimize Central Hudson’s cost of short-term debt.

At December 31, 2023, CH Energy Group and Central Hudson had \$160 million and \$60 million respectively, in uncommitted short-term credit arrangements. On November 2, 2024, CH Energy Group’s \$10 million short term uncommitted credit agreement with a commercial bank expired.

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

	December 31,	
	2024	2023
Committed Credit	\$ 45,000	15,000
Uncommitted credit	25,000	6,000
Total	\$ 70,000	\$ 21,000
Weighted Average Interest Rate	5.51 %	6.33 %

NOTE 8 – Capitalization – Common and Preferred Stock

During 2024, CH Energy Group received a capital contribution of \$4.5 million from FortisUS Inc. Central Hudson did not receive any capital contributions during 2024. Additionally, during 2024, CHET received capital contributions of \$2.6 million from its parent CH Energy Group to fund capital expenditures related to Transco Projects.

During 2023, CH Energy Group received a capital contribution of \$73.5 million from FortisUS Inc. and Central Hudson received a capital contribution of \$60.0 million from its parent CH Energy Group. Additionally, during 2023, CHET received capital contributions of \$3.2 million from its parent CH Energy Group to fund capital expenditures related to Transco’s AC Project.

These contributions were recorded as paid in capital, see CH Energy Group’s Consolidated Statement of Equity and Central Hudson’s Statement of Equity.

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 dividend of \$83.1 million and \$77.0 million to CH Energy Group for the periods ended December 31, 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’s 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.

During 2024, CH Energy Group did not pay any dividends to FortisUS Inc. During 2023, CH Energy Group declared and paid dividends of \$5.4 million to FortisUS Inc.

Central Hudson, CHET, and CHEC did not pay any dividends to its parent CH Energy Group during 2024 and 2023.

Preferred Stock

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

NOTE 9 – Capitalization – Long-Term Debt

The majority of the long-term debt 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.

A summary of CH Energy Group’s and Central Hudson’s long-term debt is as follows (In Thousands):

Series	Maturity Date	December 31, 2024		December 31, 2023	
		Principal	Unamortized Debt Issuance Costs	Principal	Unamortized Debt Issuance Costs
Central Hudson:					
Promissory Notes:					
2006 Series E (5.76%) ⁽⁴⁾	Nov. 17, 2031	\$ 27,000	\$ 119	\$ 27,000	\$ 136
1999 Series B ⁽¹⁾⁽²⁾	Jul. 01, 2034	—	—	33,700	181
2005 Series E (5.84%) ⁽⁴⁾	Dec. 05, 2035	24,000	109	24,000	119
2007 Series F (5.804%) ⁽⁵⁾	Mar. 23, 2037	33,000	169	33,000	183
2009 Series F (5.80%) ⁽⁵⁾	Nov. 01, 2039	24,000	161	24,000	172
2010 Series B (5.64%) ⁽⁶⁾	Sep. 21, 2040	24,000	79	24,000	84
2010 Series G (5.716%) ⁽⁶⁾	Apr. 01, 2041	30,000	168	30,000	178
2011 Series G (4.707%) ⁽⁶⁾	Apr. 01, 2042	10,000	75	10,000	79
2012 Series G (4.776%) ⁽⁶⁾	Apr. 01, 2042	48,000	365	48,000	386
2012 Series G (4.065%) ⁽⁶⁾	Oct. 01, 2042	24,000	221	24,000	234
2013 Series D (4.09%) ⁽⁷⁾	Dec. 2, 2028	16,700	41	16,700	51
2014 Series E ⁽⁷⁾⁽¹¹⁾⁽¹²⁾	Mar. 26, 2024	—	—	30,000	8
2015 Series F (2.98%) ⁽⁷⁾	Mar. 31, 2025	20,000	4	20,000	19
2016 Series H (2.56%) ⁽⁸⁾	Oct. 28, 2026	10,000	16	10,000	25
2016 Series I (3.63%) ⁽⁸⁾	Oct. 28, 2046	20,000	102	20,000	108
2017 Series J (4.05%) ⁽⁸⁾	Aug. 31, 2047	30,000	145	30,000	151
2017 Series K (4.20%) ⁽⁸⁾	Aug. 31, 2057	30,000	156	30,000	161
2018 Series L (4.27%) ⁽⁸⁾	Jun. 15, 2048	25,000	150	25,000	156
2018 Series M (3.99%) ⁽⁸⁾	Oct. 28, 2026	40,000	55	40,000	86
2018 Series N (4.21%) ⁽⁸⁾	Oct. 28, 2033	40,000	146	40,000	162
2019 Series O (3.89%) ⁽⁹⁾	Oct. 28, 2049	50,000	231	50,000	241
2019 Series P (3.99%) ⁽⁹⁾	Oct. 28, 2059	50,000	243	50,000	250
2020 Series Q (3.42%) ⁽⁹⁾	May 14 2050	30,000	149	30,000	154
2020 Series R (3.62%) ⁽⁹⁾	Jul. 14, 2060	30,000	156	30,000	161
2020 Series S (2.03%) ⁽⁹⁾	Sep. 28, 2030	40,000	125	40,000	147
2020 Series T (2.03%) ⁽⁹⁾	Nov. 17, 2030	30,000	104	30,000	122
2021 Series U (3.29%) ⁽⁹⁾	Mar. 16, 2051	75,000	364	75,000	378
2021 Series V (3.22%) ⁽⁹⁾	Oct. 30, 2051	55,000	274	55,000	284
2022 Series W (2.37%) ⁽¹⁰⁾	Jan. 27, 2027	50,000	107	50,000	161
2022 Series X (2.59%) ⁽¹⁰⁾	Jan. 27, 2029	60,000	182	60,000	227
2022 Series Y (5.07%) ⁽¹⁰⁾	Sept. 28, 2032	100,000	399	100,000	452
2022 Series Z (5.42%) ⁽¹⁰⁾	Sept. 28, 2052	10,000	62	10,000	64
2023 Series AA (5.68%) ⁽¹⁰⁾	Mar. 28, 2033	40,000	171	40,000	193
2023 Series BB (5.78%) ⁽¹⁰⁾	Mar. 28, 2035	15,000	70	15,000	77
2023 Series CC (5.88%) ⁽¹⁰⁾	Mar. 28, 2038	35,000	177	35,000	189
2023 Series DD (6.17%) ⁽¹⁰⁾	Nov. 7, 2028	60,000	273	60,000	345
2024 Series EE (5.59%) ⁽¹¹⁾	Apr. 9, 2031	25,000	129	—	—
2024 Series FF (5.69%) ⁽¹¹⁾	Apr. 9, 2034	35,000	186	—	—
2024 Series GG (4.88%) ⁽¹¹⁾	Oct. 16, 2029	25,000	133	—	—
2024 Series HH (5.30%) ⁽¹¹⁾	Oct. 16, 2034	44,000	237	—	—
2024 Series II (5.40%) ⁽¹¹⁾	Oct. 16, 2036	35,000	189	—	—
Total Central Hudson		\$ 1,369,700	\$ 6,242	\$ 1,269,400	\$ 6,124

Less: current portion of long-term debt	(20,000)	(30,000)
Central Hudson Net Long-term Debt	<u>\$ 1,349,700</u>	<u>\$ 1,239,400</u>
CH Energy Group:		
Promissory Notes:		
2009 Series B (6.80%) ⁽³⁾	Dec. 15, 2025	\$ 2,400 \$ 9 \$ 4,646 \$ 19
Less: current portion of long-term debt	(2,400)	(2,245)
CH Energy Group Net Long-term Debt	<u>\$ 1,349,700</u>	<u>\$ 6,251</u> <u>\$ 1,241,801</u> <u>\$ 6,143</u>

⁽¹⁾ Promissory Notes issued in connection with the sale by NYSERDA of tax-exempt pollution control revenue bonds, redeemed on October 9, 2024.

⁽²⁾ Variable (auction) rate notes.

⁽³⁾ The maturity date represents the final repayment date, principal repayments are due semi-annually.

⁽⁴⁾ Issued pursuant to a 2004 PSC Order approving the issuance by Central Hudson prior to December 31, 2006, of up to \$85 million of unsecured medium-term notes.

⁽⁵⁾ Issued pursuant to a 2006 PSC Order approving the issuance by Central Hudson prior to December 31, 2009, of up to \$120 million of unsecured medium-term notes.

⁽⁶⁾ Issued pursuant to a 2009 PSC Order approving the issuance by Central Hudson prior to December 31, 2012, of up to \$250 million of unsecured medium-term notes or other forms of long-term indebtedness.

⁽⁷⁾ Issued pursuant to a 2012 PSC Order approving the issuance by Central Hudson prior to December 31, 2015, of up to \$250 million of unsecured medium-term notes or other forms of long-term indebtedness.

⁽⁸⁾ Issued pursuant to a 2015 PSC Order approving the issuance by Central Hudson prior to December 31, 2018, of up to \$350 million of unsecured medium-term notes or other forms of long-term indebtedness.

⁽⁹⁾ Issued pursuant to a 2018 PSC Order approving the issuance by Central Hudson prior to December 31, 2021, of up to \$425 million of unsecured medium-term notes or other forms of long-term indebtedness.

⁽¹⁰⁾ Issued pursuant to a 2021 PSC Order approving the issuance by Central Hudson prior to December 31, 2024, of up to \$412 million of unsecured medium-term notes or other forms of long-term indebtedness.

⁽¹¹⁾ Issued pursuant to a 2023 PSC Order approving the issuance by Central Hudson prior to December 31, 2025, of up to \$380 million of unsecured medium-term notes or other forms of long-term indebtedness.

⁽¹²⁾ Variable rate notes.

During 2024 and 2023, the proceeds from the sale of the Senior Notes were used for general corporate purposes, including funding capital expenditures and repayment of short-term borrowings and maturing debt.

Long-Term Debt Maturities

See Note 15 – “Other Fair Value Measurements” for a schedule of long-term debt maturing or to be redeemed during the next five years and thereafter.

Financing Orders

Central Hudson 2021 Financing Order

On November 18, 2021, the PSC approved the Company's request in Case 21-M-0365 authorizing Central Hudson to enter into multi-year credit agreements in an aggregate amount not to exceed \$250 million; and approval to issue and sell new long-term debt from time to time through December 31, 2024, in an aggregate amount not to exceed \$445.7 million, including \$412 million for traditional utility purposes and up to \$33.7 million to refinance its variable interest debt.

Central Hudson 2023 Financing Order

On November 21, 2023, the PSC approved the Company's request in Case 23-M-0286 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 from January 1, 2024 through December 31, 2026, in an aggregate amount not to exceed \$380 million, including \$346.3 million for traditional utility purposes and \$33.7 million to refinance its variable interest debt; and to enter into or continue derivative transactions to

hedge interest rate risk associated with its variable rate debt obligation. This Order replaces the authorization granted in the 2021 Financing Order in Case 21-M-0365.

Debt Covenants

Central Hudson, under the terms of the various note purchase agreements, is subject to similar financial covenants and restrictions to those of CH Energy Group, including restrictions with respect to Central Hudson's indebtedness and assets. As of December 31, 2024, CH Energy Group and Central Hudson were in compliance with all covenants.

NOTE 10 – Post-Employment Benefits

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.

Pension Benefits

Central Hudson has a non-contributory Retirement Income Plan covering substantially all of its employees hired before January 1, 2008 and a non-qualified SERP for certain executives. The Retirement Income Plan is a defined benefit plan, which provides pension benefits based on an employee's compensation and years of service. As of December 31, 2024, 21% of all active employees were eligible to participate in the Retirement Income Plan. The Retirement Income Plan's assets are held in a trust fund. Central Hudson has provided periodic updates to the benefit formulas stated in the Retirement Income Plan.

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

	December 31, 2024	December 31, 2023
Accrued pension costs prior to funding status adjustment	\$ 18,435	\$ 2,663
Funding status adjustment required	157,336	108,740
Prefunded Pension Costs ⁽¹⁾⁽²⁾	<u>\$ 175,771</u>	<u>\$ 111,403</u>
Offset to Funding Status Adjustment - Regulatory Liability - Pension Plan	<u>\$ (157,074)</u>	<u>\$ (108,523)</u>
Offset to Funding Status Adjustment - Accumulated OCI, Net of Tax of (\$73) and (\$61), respectively	<u>\$ (190)</u>	<u>\$ (157)</u>

⁽¹⁾ Includes approximately \$0.2 million at December 31, 2024 and December 31, 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 \$2.1 million at December 31, 2024 and \$1.8 million December 31, 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 increase in Central Hudson's prefunded status of approximately \$64.4 million was the result of a decrease of \$38.4 million in PBO liabilities resulting from an increase in the discount rate as well as an increase in the plan assets of approximately \$26.0 million that was driven by investment gains.

The funded status of the non-contributory Retirement Income Plan includes the difference between the PBO for the Retirement Income Plan and the market value of the pension assets. The non-qualified SERP funded status does not reflect approximately \$30.6 million and \$29.9 million of SERP trust assets at December 31, 2024 and 2023.

The employer contributions at December 31, 2024 and 2023 were in excess of the cumulative amount of net periodic benefit cost by \$18.4 million and \$2.7 million, respectively. This does not include any cumulative contributions to the SERP as it is a non-qualified plan. The difference between these amounts and the prefunded assets, totaling \$157.1 million at December 31, 2024 and \$108.5 million at December 31, 2023, represents the required funded status adjustment and will be recognized in Central Hudson's future expense. 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. Therefore, these funded status adjustments have been recorded as a regulatory asset for the portion recoverable from Central Hudson customers in accordance with the 1993 PSC Policy and as OCI for the portion, relates 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.

Decisions to fund Central Hudson's Retirement Income 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 Pension Protection Act of 2006. Based on the funding requirements of the Pension Protection Act of 2006, 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.

In accordance with the terms of the trust agreement for the SERP, following the acquisition of CH Energy Group, Inc. 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 SERP on an annual basis. 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 excess funds above the required funding level in the first quarter of 2023. The funds were used for general corporate purposes, including repayment of short-term borrowings.

Contributions to Central Hudson's pension plans are as follows (In Thousands):

	Year Ended December 31,	
	2024	2023
Retirement Income Plan	\$ —	\$ —
SERP	\$ 1,704	\$ —

Pension Plan Discount Rate

The valuation of the current and prior year PBO was determined using discount rates of 5.58% and 4.98% for December 31, 2024 and 2023, respectively, as determined from the Mercer Pension Discount Yield Curve reflecting projected pension cash flows. A 1.0% increase in the discount rate would decrease the projection of the pension PBO by approximately \$53.4 million. Central Hudson accounts for pension activity in accordance with PSC-prescribed provisions, which among other things, requires a ten-year amortization of actuarial gains and losses.

The 2021 and 2024 Rate Orders include rate allowances for pension and OPEB expense, which approximate the recent actuarial cost associated with these benefits. Authorization remains in effect for the deferral of any differences between rate allowances and actual costs under the 1993 PSC Policy to counteract the volatility of these costs.

Retirement Income Plan Expected Long-Term Rates of Return

The expected long-term rate of return on the Retirement Income Plan assets utilized in the calculation of the net periodic benefit cost, net of investment expense for December 31, 2024 and 2023 is 6.33% and 6.19%, respectively. In determining the expected long-term rate of return on plan assets, Central Hudson considered forward-looking estimated returns evaluated in light of current economic conditions and based on internally consistent economic models. The expected long-term rate of return is a weighted average based on each plan's investment mix and the forward-looking estimated returns for each investment class. Central Hudson monitors actual performance against target asset allocations and adjusts actual allocations and targets in accordance with the Retirement Income Plan strategy. A 1.0% decrease in the expected long-term rate of return would have increased the 2024 net periodic benefit cost by approximately \$7.0 million.

Retirement Income Plan Investment Policy and Strategy

Central Hudson's Retirement Income Plan investment policy seeks to reduce the plan's funded status volatility while targeting a rate of growth equivalent to that of the liability within reasonable risk tolerance levels. In addition to traditional risk and return measures, the policy reflects liability-based considerations, including the Retirement Income Plan's funded status, contribution requirements, and financial statement items. Due to market fluctuations, Retirement Income Plan assets require rebalancing from time to time to maintain the asset allocation within target ranges.

Asset allocation targets in effect as of December 31, 2024 and 2023 expressed as a percentage of the market value of Retirement Income Plan assets, are summarized in the table below:

Asset Class	Minimum	Target Average	Maximum	December 31, 2024	December 31, 2023
Equity Securities	45%	50%	55%	53.0%	53.4%
Debt Securities	45%	50%	55%	44.3%	44.9%
Other ⁽¹⁾	—%	—%	10%	2.7%	1.7%

⁽¹⁾ Consists of temporary cash investments, as well as receivables for investments sold and interest and payables for investments purchased, which have not settled as of that date.

Management uses outside consultants and outside investment managers to aid in the determination of the Retirement Income Plan's asset allocation and to provide the management of actual plan assets, respectively.

Retirement Income Plan Investment Valuation

The Retirement Income Plan assets consist primarily of investment funds which are valued using net asset value, which is not considered fair value. For those assets that are valued under the current fair value framework, the inputs or methodology used are not necessarily an indication of the risk associated with investing in those securities. See Note 14 – "Accounting for Derivative Instruments and Hedging Activities" for further discussion regarding the definition and levels of fair value hierarchy established by accounting guidance.

Below is a listing of the major categories of plan assets held as of December 31, 2024 and 2023, that are reported at net asset value or fair value, as indicated (Dollars in Thousands):

Investment Type	Value at December 31, 2024	% of Total	Value at December 31, 2023	% of Total
At Net Asset Value:				
Investment funds - equities	\$ 397,499	53.0%	\$ 386,443	53.4%
Investment funds - fixed income	117,156	15.6	108,541	15.0
At Fair Value:				
Level 2:				
Cash equivalents	17,587	2.3	9,994	1.4
Investment funds - fixed income	214,963	28.7	216,547	29.9
Other investments	2,653	0.4	2,393	0.3
	<u>\$ 749,858</u>	<u>100.0%</u>	<u>\$ 723,918</u>	<u>100.0%</u>

OPEB

Central Hudson also provides certain health care and life insurance benefits for certain retired employees through its post-retirement benefit plans. Substantially all of Central Hudson’s unionized employees and managerial, professional, and supervisory employees (“non-union”) employees hired prior to January 1, 2008, may become eligible for these benefits if they reach retirement age while employed by Central Hudson. Benefits for retirees and active employees are provided through insurance companies whose premiums are based on the benefits paid during the year.

The significant assumptions used to account for these benefits are the discount rate, expected long-term rate of return on plan assets, and health care cost trend rate. Central Hudson currently selects the discount rate using the Mercer Pension Discount Yield Curve reflecting projected cash flows. The expected long-term rates of return and the investment policy and strategy for these plan assets are similar to those used for pension benefits previously discussed in this Note. The estimates of health care cost trend rates are based on a review of actual recent trends and projected future trends.

Central Hudson fully recovers its net periodic post-retirement benefit costs in accordance with the 1993 PSC Policy. Under these guidelines, the difference between the amounts of post-retirement benefits recoverable in rates and the amounts of post-retirement benefits determined by an actuarial consultant in accordance with current accounting guidance related to OPEB is deferred as either a regulatory asset or a regulatory liability, as appropriate.

Central Hudson’s prefunded asset for OPEB was \$64.2 million and \$46.2 million at December 31, 2024 and 2023, respectively. The increase in the over-funded status of approximately \$18.0 million resulted from an increase in plan assets of \$9.3 million driven by investment gains coupled with a decrease in plan liabilities of approximately \$8.7 million resulting from an increase in the discount rate.

The cumulative amount of net periodic benefit cost in excess of employer contributions at December 31, 2024 and 2023 was \$24.9 million and \$17.6 million, respectively. The difference between these amounts and the over-funded asset balance, totaling \$39.3 million at December 31, 2024 and \$28.6 million at December 31, 2023, will be recognized as a credit in Central Hudson’s future expense and has been recorded as a regulatory liability in accordance with the 1993 PSC Policy.

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.

Contributions to the Central Hudson OPEB Plans were as follows (In Thousands):

	Year Ended December 31,	
	2024	2023
OPEB Plans	\$ 629	\$ 22

OPEB Healthcare Cost Trend Rate

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plan. A 1.0% change in assumed health care cost trend rates would have the following effects (In Thousands):

	One Percentage Point	
	Increase	Decrease
Effect on total of service and interest cost components for 2024	\$ 612	\$ (506)
Effect on year-end 2024 post-retirement benefit obligation	\$ 7,867	\$ (6,628)

OPEB Discount Rate

The PBO for Central Hudson's obligation for OPEB costs was determined using a discount rate of 5.56% and 4.97% for December 31, 2024 and 2023, respectively. This rate was determined using the Mercer Pension Discount Yield Curve reflecting projected cash flows. A 1.0% increase in the discount rate for 2024 would have decreased the projection of the OPEB obligation by approximately \$9.3 million.

OPEB Expected Long-Term Rates of Return

The expected long-term rate of return on OPEB assets utilized in the calculation of the net periodic benefit cost, net of investment expense for December 31, 2024 and 2023 is 6.30% and 6.26%, respectively. In determining the expected long-term rate of return on plan assets, Central Hudson considered forward-looking estimated returns for each asset class evaluated in light of current economic conditions. The expected long-term rate of return is a weighted average based on each plan's investment mix and the forward-looking estimated returns for each investment class. Central Hudson monitors actual performance against target asset allocations and adjusts actual allocations and targets, as deemed appropriate, in accordance with the OPEB plan's strategy. A 1.0% decrease in the expected long-term rate of return would have increased the 2024 net periodic benefit cost by \$1.5 million.

OPEB Investment Policy and Strategy

Central Hudson currently funds its union OPEB obligations through a VEBA and funds its management OPEB liabilities through a 401(h) plan. The VEBA and 401(h) plan are both a form of trust fund. Central Hudson's VEBA investment policy seeks to achieve a rate of return for the VEBA over the long term that contributes to meeting the VEBA's current and future obligations, including interest and benefit payment obligations. The policy also seeks to earn long-term returns from capital appreciation and current income that at least keep pace with inflation over the long term. Central Hudson's 401(h) plan is invested with the previously mentioned Retirement Income Plan's investments. However, there are no assurances that the OPEB plan's return objectives will be achieved.

The asset allocation strategy employed in the VEBA reflects Central Hudson's return objectives and what management believes is an acceptable level of short-term volatility in the market value of the VEBA's assets in exchange for potentially higher long-term returns. The mix of assets are broadly diversified by asset class and

investment styles within asset classes, based on the following asset allocation targets, expressed as a percentage of the market value of the VEBA’s assets, summarized in the table below:

Asset Class	Minimum	Target Average	Maximum	December 31, 2024	December 31, 2023
Equity Securities	55%	65%	75%	68.5%	67.8%
Debt Securities	25%	35%	45%	30.1%	32.2%
Other	—%	—%	—%	1.4%	—%

Due to market value fluctuations, the OPEB plan’s assets require periodic rebalancing from time to time to maintain the asset allocation within target ranges.

Management uses outside consultants and outside investment managers to aid in the determination of the OPEB plan’s asset allocation and to provide the management of actual plan assets, respectively.

OPEB Investment Valuation

The OPEB plan’s assets consist primarily of investment funds that are valued using net asset value, which is not considered fair value. For those assets that are valued under the current fair value framework, the inputs or methodology used are not necessarily an indication of the risk associated with investing in those securities. See Note 14 – “Accounting for Derivative Instruments and Hedging Activities” for further discussion regarding the definition and levels of fair value hierarchy established by guidance.

Below is a listing of the major categories of plan assets held as of December 31, 2024 and 2023, that are reported at net asset value or fair value, as indicated (Dollars in Thousands):

401(h) Plan Assets

Investment Type	Value at December 31, 2024	% of Total	Value at December 31, 2023	% of Total
At Net Asset Value:				
Investment funds - equities	\$ 14,954	53.0%	\$ 14,468	53.4%
Investment funds - fixed income	4,408	15.6	4,063	15.0
At Fair Value:				
Level 2:				
Cash equivalents	664	2.4	383	1.4
Investment funds - fixed income	8,087	28.7	8,107	29.9
Other investments	108	0.3	80	0.3
	<u>\$ 28,221</u>	<u>100.0%</u>	<u>\$ 27,101</u>	<u>100.0%</u>

Union VEBA Plan Assets

Investment Type	Value at December 31, 2024	% of Total	Value at December 31, 2023	% of Total
At Fair Value:				
Level 1:				
Cash equivalents	\$ 1,972	1.4%	\$ —	—%
Investment funds - equities	94,749	68.5	88,208	67.8
Investment funds - fixed income	41,595	30.1	41,984	32.2
	<u>\$ 138,316</u>	<u>100.0%</u>	<u>\$ 130,192</u>	<u>100.0%</u>

Detail of the change in Central Hudson's Pension and OPEB benefit obligations, fair value of plan assets, and funded status as of and for the periods ended December 31, 2024 and 2023 are as follows (In Thousands):

	Pension Benefits ⁽¹⁾		Other Post Retirement Benefits	
	2024	2023	2024	2023
Change in Benefit Obligation:				
Benefit Obligation at beginning of year	\$ 612,515	\$ 597,864	\$ 111,108	\$ 110,205
Service cost	7,043	7,333	1,019	1,044
Interest cost	29,755	30,403	5,325	5,542
Participant contributions	—	—	1,800	1,705
Plan amendments	—	—	—	—
Benefits paid	(39,192)	(38,483)	(10,562)	(9,084)
Actuarial (gain) loss	(36,034)	15,398	(6,310)	1,696
Benefit Obligation at end of year	<u>\$ 574,087</u>	<u>\$ 612,515</u>	<u>\$ 102,380</u>	<u>\$ 111,108</u>
Change in Value of Plan Assets:				
Fair Value of Plan Assets at beginning of year	\$ 723,918	\$ 655,633	\$ 157,293	\$ 141,667
Actual return on plan assets	65,171	106,929	17,473	23,072
Employer contributions	1,826	1,677	629	22
Participant contributions	—	—	1,800	1,705
Benefits paid	(39,192)	(38,483)	(10,562)	(9,084)
Other	(1,865)	(1,838)	(96)	(89)
Fair Value of Plan Assets at end of year	<u>\$ 749,858</u>	<u>\$ 723,918</u>	<u>\$ 166,537</u>	<u>\$ 157,293</u>
Funded Status at end of year	<u>\$ 175,771</u>	<u>\$ 111,403</u>	<u>\$ 64,157</u>	<u>\$ 46,185</u>

⁽¹⁾ The plan assets as presented in this chart do not include approximately \$30.6 million and \$29.9 million of SERP trust assets at December 31, 2024 and 2023.

The following table summarizes the employee future benefit assets and liabilities and their classifications on the Consolidated Balance Sheets and Statements of Comprehensive Income at December 31 (In Thousands):

	Pension Benefits ⁽¹⁾		Other Post Retirement Benefits	
	2024	2023	2024	2023
Amounts Recognized on Balance Sheet:				
Noncurrent assets	\$ 204,836	\$ 113,229	\$ 64,157	\$ 46,185
Current liabilities	(2,158)	(1,826)	—	—
Funded Status at End of Year	<u>\$ 202,678</u>	<u>\$ 111,403</u>	<u>\$ 64,157</u>	<u>\$ 46,185</u>
Regulatory Liability:				
Net actuarial gain	\$ (157,429)	\$ (109,344)	\$ (39,551)	\$ (28,509)
Prior service (credit) costs	\$ 93	\$ 604	\$ 295	\$ (112)
Other Comprehensive Income:				
Net actuarial gain, net of tax	\$ (190)	\$ (157)	\$ (8)	\$ (6)
Prior service credit, net of tax	\$ —	\$ (2)	\$ —	\$ —

⁽¹⁾ The funded status in this chart does not reflect approximately \$30.6 million and \$29.9 million of SERP trust assets at December 31, 2024 and 2023.

Central Hudson's net periodic benefit costs for its Pension and OPEB plans for the periods ended December 31, 2024 and 2023 are as follows (In Thousands):

	Pension Benefits		Other Post Retirement Benefits	
	2024	2023	2024	2023
Components of Net Periodic (Benefit) Cost:				
Service cost	\$ 7,043	\$ 7,333	\$ 1,019	\$ 1,044
Interest cost	29,755	30,403	5,325	5,542
Expected return on plan assets	(43,509)	(38,297)	(9,591)	(8,525)
Amortization of prior service cost (credit)	511	521	(406)	(406)
Amortization of recognized actuarial net gain	(7,746)	(10,505)	(3,051)	(4,979)
Net Periodic Cost (Benefit)	\$ (13,946)	\$ (10,545)	\$ (6,704)	\$ (7,324)

The following table provides the components recognized in net periodic benefit cost and as regulatory assets, which otherwise would have been recognized in comprehensive income, as well as the weighted average assumptions used in the periods (Dollars In Thousands):

	Pension Benefits ⁽¹⁾		Other Post Retirement Benefits	
	2024	2023	2024	2023
Other Changes in Plan Assets and Benefit Obligation Recognized in Regulatory Assets:				
Net gain	\$ (55,831)	\$ (51,398)	\$ (14,092)	\$ (12,264)
Amortization of actuarial net gain	7,746	10,505	3,050	4,979
Plan amendments	—	—	—	—
Amortization of prior service (cost) credit	(511)	(521)	406	406
Total Recognized in Regulatory Asset	\$ (48,596)	\$ (41,414)	\$ (10,636)	\$ (6,879)
Total Recognized in Net Periodic Benefit and Regulatory Asset	\$ (62,542)	\$ (51,959)	\$ (17,340)	\$ (14,203)
Weighted-Average Assumptions Used to Determine Benefit Obligations:				
Discount rate	5.58%	4.98%	5.56%	4.97%
Rate of compensation increase (average)	3.90%	3.90%	3.90%	3.90%
Measurement date	12/31/24	12/31/23	12/31/24	12/31/23
Weighted-Average Assumptions Used to Determine Net Periodic Benefit Cost for Years Ended December 31:				
Discount rate	4.98%	5.21%	4.97%	5.21%
Expected long-term rate of return on plan assets	6.33%	6.19%	6.30%	6.26%
Rate of compensation increase (average)	3.90%	3.90%	3.90%	3.90%
Assumed Health Care Cost Trend Rates at December 31:				
Health care cost trend rate assumed for next year	N/A	N/A	8.47%	6.48%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	N/A	N/A	4.00%	4.00%
Year that the rate reaches the ultimate trend rate	N/A	N/A	2049	2047
Accumulated Benefit Obligation	\$ 552,702	\$ 586,528	N/A	N/A

⁽¹⁾ The fair value of plan assets presented in this chart does not include approximately \$30.6 million and \$29.9 million of SERP trust assets at December 31, 2024 and 2023.

Estimated net loss of \$20.0 million and prior service cost of \$0.1 million for the defined benefit pension plans will be amortized from regulatory asset and OCI respectively, into net periodic benefit cost over the next fiscal year. Estimated net gain of \$5.6 million and prior service credit of \$0.4 million for the other defined benefit post-retirement plans will be amortized from regulatory asset and OCI respectively, into net periodic benefit cost over

the next fiscal year. The remaining amount of transitional obligation, which will be fully amortized from regulatory asset and OCI during 2024, is not material.

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service as appropriate, are expected to be paid (In Thousands):

Year	Pension Benefits - Gross	Other Benefits - Gross	Other Benefits - Net ⁽¹⁾
2025	\$ 41,620	\$ 8,864	8,371
2026	42,087	9,110	8,607
2027	42,655	8,625	8,105
2028	42,877	8,501	7,965
2029	42,749	8,434	7,883
Next five years	\$ 210,299	\$ 40,387	37,424

⁽¹⁾ Estimated benefit payments reduced by estimated gross amount of Medicare Act of 2003 subsidy receipts expected.

Other Retirement Savings Plans

Central Hudson sponsors a 401(k) retirement plan for its employees. The 401(k) retirement 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 years ended December 31, 2024 and 2023 were \$7.2 million and \$6.5 million, respectively. Central Hudson also provides an additional contribution of 4% to the 401(k) retirement plan of annualized base salary for eligible employees who do not qualify for Central Hudson's Retirement Income Plan. The additional non-discretionary contribution was approximately \$4.2 million and \$3.8 million for 2024 and 2023, 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 includes 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 years ended December 31, 2024 and 2023 contributions were \$1.3 million and \$1.2 million, respectively.

NOTE 11 – Equity-Based Compensation

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. RSUs granted under the Plan are time-based, vesting at the end of a three-year period without regard to performance. 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, RSUs and 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 for accounting purposes. An election to settle in shares cannot be made later than 30 days prior to vesting.

In addition, officers of Central Hudson were granted Units under two long term incentive plans, the Share Unit Plan ("SUP") and the Fortis 2020 Restricted Share Unit Plan ("RSUP"), as amended from time to time. 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 declared by the Board of Directors of Fortis Inc. on Fortis Inc. common stock. The foreign exchange rate utilized for the payout is the US dollar equivalent for each plan that corresponds to the exchange rate on the business day prior to the date of the grant of each Unit. The Units issued under the SUPs are performance based and vest at the end of the three-year performance period upon achievement of specified cumulative performance goals, with any earned and vested Units settling in cash. Units issued under the RSUP are time-based, vesting at the end of the three-year period without regard to performance. At the election of participants, Units issued, earned and vested, can settle in either cash or shares of Fortis common stock; provided, however, that for any participant who has not satisfied the participant's share ownership requirements, the vested Units are to settle at least 50% in shares of Fortis common stock. The settlement in shares by a participant will result in the modification from a liability award to an equity award and an election to settle in shares cannot be made later than 30 days prior to the Units vesting.

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

The following is a summary of CH Energy Group and Central Hudson's units granted and outstanding:

	Grant Date	Grant Date Fair Value	Time Based		Performance Based	
			Granted	Outstanding ⁽⁴⁾	Granted	Outstanding ⁽⁴⁾
2024 RSU ⁽⁵⁾	January 1, 2024	\$ 40.91	24,215	25,128	—	—
2024 PSU ⁽⁵⁾	January 1, 2024	\$ 40.91	—	—	48,431	50,427
2023 RSUP	January 1, 2023	\$ 40.35	21,664	23,470	—	—
2023 SUP	January 1, 2023	\$ 40.35	—	—	43,327	47,086
2022 RSUP ^{(2),(3)}	January 1, 2022	\$ 48.18	12,781	7,185	—	—
2022 SUP	January 1, 2022	\$ 48.18	—	—	25,562	28,827
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, 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 of 2021 RSUP and 870 units of 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 shares at approximately \$0.6 million.

⁽⁴⁾ Includes notional dividends accrued as of December 31, 2024.

⁽⁵⁾ In the second quarter of 2024, 11,277 PSUs and 5,638 RSUs under the Plan were granted to a new officer.

Compensation Expense

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

	Year Ended December 31,	
	2024	2023
CH Energy Group	\$ 2,849	\$ 2,161
Central Hudson	\$ 2,721	\$ 2,147

The liabilities associated with units granted either under the Plan or under similar plans in place during 2022 and 2023 (collectively 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 2 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 12 – Commitments and Contingencies

Electricity Purchase Commitments

Central Hudson meets its capacity and electricity obligations through contracts with capacity and energy providers, purchases from the NYISO energy and capacity markets, and its own generating capacity.

Energy Credit Purchase Obligations

PSC Order 15-E-0302 outlines Load Serving Entity environmental obligation requirements for renewable energy credits and zero-emissions credits. Currently, Tier 3 zero-emissions credits 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. Tier 1 renewable energy credits are procured through self-supply, including Quarterly renewable energy credit Sales, Alternative Compliance Payments, or Value Stack offset, and are reconciled annually. Effective January 1, 2025, Tier 1 renewable energy credits will be transitioning to the same “pay-as-you-go” approach of Tier 3 zero-emissions credits. At December 31, 2024, the forward Tier 1 obligations for Central Hudson full-service customers are estimated to be approximately \$4.5 million through December 31, 2025. Central Hudson’s estimated accrued Tier 3 zero-emissions credits obligation through March 31, 2025, is approximately \$2.8 million. These estimated costs are recoverable from full-service customers through the electric cost adjustment mechanism and, therefore, do not impact earnings.

On June 27, 2024 Central Hudson entered into an agreement to sell 20,000 New York Value Stack Tier 1 renewable energy credits Vintage Year 2023 to another NYS Load Serving Entity at Central Hudson’s applicable tariff rate, which totaled approximately \$0.6 million. Proceeds from the sale of renewable energy credits to other utilities are recorded as a regulatory liability for future refund to customers.

Commitments

The following is a summary of commitments for CH Energy Group and its affiliates as of December 31, 2024 (In Thousands):

	Projected Payments Due By Period						Total
	Year Ending 2025	Year Ending 2026	Year Ending 2027	Year Ending 2028	Year Ending 2029	Thereafter	
Recorded Contractual Obligations:							
Operating leases	\$ 529	\$ 484	\$ 478	\$ 487	\$ 436	\$ 472	\$ 2,886
Repayments of long-term debt	22,400	50,000	50,000	76,700	85,000	1,088,000	1,372,100
Current installments of credit facilities	70,000	—	—	—	—	—	70,000
Stock-based compensation obligations	742	2,383	3,329	—	—	—	6,454
Unrecorded Contractual Obligations:							
Purchased electric contracts ⁽¹⁾	16,938	2,581	119	110	—	—	19,748
Renewable energy credit purchase agreements	7,277	—	—	—	—	—	7,277
Purchased natural gas contracts ⁽¹⁾	30,361	16,293	12,134	11,408	9,161	5,444	84,801
Interest obligations on long-term debt	59,774	59,352	56,908	56,315	51,153	558,838	842,340
Total	\$208,021	\$131,093	\$122,968	\$145,020	\$145,750	\$1,652,754	\$2,405,606

⁽¹⁾ Purchased electric and purchased natural gas costs for Central Hudson are fully recovered via their respective regulatory cost adjustment mechanisms.

The following is a summary of commitments for Central Hudson as of December 31, 2024 (In Thousands):

	Projected Payments Due By Period						Total
	Year Ending 2025	Year Ending 2026	Year Ending 2027	Year Ending 2028	Year Ending 2029	Thereafter	
Recorded Contractual Obligations:							
Operating leases	\$ 529	\$ 484	\$ 478	\$ 487	\$ 436	\$ 472	\$ 2,886
Repayments of long-term debt	20,000	50,000	50,000	76,700	85,000	1,088,000	1,369,700
Current installments of credit facilities	70,000	—	—	—	—	—	70,000
Stock-based compensation obligations	742	2,383	3,329	—	—	—	6,454
Unrecorded Contractual Obligations:							
Purchased electric contracts ⁽¹⁾	16,938	2,581	119	110	—	—	19,748
Renewable energy credit purchase agreements	7,277	—	—	—	—	—	7,277
Purchased natural gas contracts ⁽¹⁾	30,361	16,293	12,134	11,408	9,161	5,444	84,801
Interest obligations on long-term debt	59,650	59,352	56,908	56,315	51,153	558,838	842,216
Total	\$205,497	\$131,093	\$122,968	\$145,020	\$145,750	\$1,652,754	\$2,403,082

⁽¹⁾ Purchased electric and purchased natural gas costs for Central Hudson are fully recovered via their respective regulatory cost adjustment mechanisms.

Other Commitments

Capital Expenditures

Central Hudson is a regulated utility and, as such, is obligated to provide service to customers within its service territory. Central Hudson's capital expenditures are largely driven by the need to ensure the continued and enhanced reliability and safety of the electric and natural gas systems for the long-term benefit of customers.

Parental Guarantee

As of December 31, 2024, CH Energy Group's parental guarantee to Transco was \$10.1 million based on CHET's maximum commitment associated with the AC Project. CH Energy Group is currently not aware of any existing condition that would require any payments under this guarantee to Transco.

Contingencies

Environmental Matters

Central Hudson

- SIR Program

Central Hudson has been notified by the NYSDEC that it believes Central Hudson or its predecessors, at one time, owned and/or operated manufactured gas plants ("MGP") to serve their customers' heating and lighting needs, at seven sites in Central Hudson's franchise territory. The NYSDEC has further requested that Central Hudson investigate and, if necessary, remediate these sites. In addition, Central Hudson is also performing environmental SIR at two non-MGP sites within its service territory, Little Britain Road, and Eltings Corners.

Central Hudson accrues for remediation costs based on the amounts that can be reasonably estimated at a point in time. At December 31, 2024, Central Hudson has accrued \$73.3 million with respect to all SIR activities, including operation, maintenance, and monitoring costs, of which \$3.1 million is anticipated to be spent in the next twelve months.

SIR can be divided into various stages of completion based on the milestones of activities completed and reports reviewed. The types of costs accrued during the various stages include:

1. *Investigation* – Begins with preliminary investigations and is completed upon filing and approval by NYSDEC of a Remedial Investigation ("RI") Report. Central Hudson accrues for estimated investigation costs.
2. *Remedial Alternatives Analysis ("RAA")* – Engineering analysis of alternatives for remediation based on the RI is compiled into a RAA Report. Management accrues for an estimate of remediation costs developed and quantified in the RAA based on NYSDEC approved methods, as well as an estimate of post-remediation operation, maintenance, and monitoring costs. These amounts represent a significant portion of the total costs to remediate and are subject to change. Prior to the completion of the RAA, management cannot reasonably estimate what cost will be incurred for remediation or post-remediation activities.
3. *Remedial Design ("RD")* – Upon approval of the RAA and final decision of remediation approach based on alternatives presented, a RD and work plan is developed and filed with the NYSDEC for approval.
4. *Remediation* – Completion of the work plan as defined in the approved RD, final reports are filed with the NYSDEC for approval.

5. *Post-Remediation Monitoring* – Entails the operation, maintenance, and monitoring costs as directed by the NYSDEC based on the approved final report of remediation. The activities are typically defined in a Site Management Plan, which is approved by the NYSDEC. The extent of activities during this phase may increase or decrease based on the results of ongoing monitoring being performed and future potential usage of the property.

6. *No Action Required* – No further investigation or remedial action is currently required. No further costs are expected, and no amounts are accrued related to this site.

Stage	Sites	Total Accrued Cost at December 31, 2024	Estimated Spend in the Next Twelve Months
Investigation	Little Britain Road	\$ 2.1	\$ 0.1
Remedial alternatives analysis	North Water Street	67.2	2.8
Post-remediation monitoring	Newburgh Areas A, B & C, Laurel Street, Catskill, Kingston, and Eltings Corners	4.0	0.2
Total		<u>\$ 73.3</u>	<u>\$ 3.1</u>

There were no significant updates during the year ended December 31, 2024 or changes in the nature and amounts of Central Hudson’s contingencies related to environmental matters except as noted below.

Investigation - Little Britain Road

- Central Hudson has been conducting a remedial site investigation of the extent of any subsurface groundwater contamination at its Newburgh Customer Service Office in accordance with an agreement with NYSDEC. Central Hudson is continuing to perform groundwater monitoring at the site and has agreed to develop and submit a field reconnaissance work plan.

Remedial Alternatives Analysis – North Water Street

- Central Hudson has been investigating with NYSDEC remedial alternatives for the North Water Street site; however, no remedial alternative has yet been selected.
- The total accrual for remediation as of December 31, 2024 for this site of \$67.2 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 Focused RAA and other associated fees. The potential alternatives for remediation being analyzed have costs estimated as high as \$95 million. The accrual will be updated as the alternative remedial approaches are considered and a remediation plan is agreed upon by all required parties.
- The estimated spending as of December 31, 2024 for the next 12 months of approximately \$2.8 million is primarily based on anticipated efforts to complete analysis regarding alternative remedial approaches with the NYSDEC.

Future remediation activities, including operation, maintenance, and monitoring costs 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 2024 Rate Order, Central Hudson maintained previously granted deferral authority and future recovery for the differences between actual environmental SIR costs, including both 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 2024 Rate Order includes cash recovery of approximately \$1.0 million during the rate plan period ending June 30, 2025, of which \$0.5 million has been recovered as of December 31, 2024. The 2021 Rate Order included cash recovery of approximately \$24.2 million during the three-year rate plan period ending June 30, 2024, all of which has been recovered.

Central Hudson has put its insurers on notice and intends to seek reimbursement from its insurers for its costs. Certain insurers have denied coverage. Insurance recoveries for years ended December 31, 2024 and 2023 were immaterial. 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 December 31, 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 and 164 cases have been settled. Central Hudson is 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 Wappingers Falls, New York, while a contractor was performing work on Central Hudson's natural gas infrastructure adjacent to the residence. On October 16, 2024, the PSC issued an Order to Show Cause under Case 24-G-0483 directing Central Hudson to show cause as to why the PSC should not commence a civil penalty enforcement proceeding related to 15 alleged violations and commenced an inquiry into certain procedures of Central Hudson to determine if any modifications are warranted. The investigation remains open, and the Order to Show Cause specifies that it does not constitute final factual findings or legal conclusions. On November 15, 2024, Central Hudson submitted its response to the Order to Show Cause, stating that it is in compliance or substantial compliance with each of the rules referenced in the Order to Show Cause. There has been no update on the Order to Show Cause matter since Central Hudson filed its response. In connection with this incident, a number of lawsuits have been commenced against Central Hudson, the contractor, and others on behalf of certain parties who seek monetary damages for bodily injuries and/or property damage alleged to result from the incident. At this time, Central Hudson cannot predict the outcome of this matter and whether or to what extent, any fines or penalties will be imposed.

Central Hudson is 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 Central Hudson's financial positions, results of operations, or cash flows. Central Hudson expense legal costs as incurred.

NOTE 13 – 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 and 2024 Rate Orders, is 80% for electric and 20% for natural gas.

Central Hudson's rates are separately established for electric and natural gas, including authorized returns on equity invested in the business. Achievement of authorized returns is monitored quarterly. The chief operating decision maker is the President and Chief Executive Officer and uses net income as a measure of performance. The allocation of resources to the operating segments is based on several factors, including the level of resources provided to run the business through regulatory proceedings, the corporate priorities identified in the company's strategic plan with a focus on providing safe and reliable service at a reasonable cost, and achieving authorized returns on equity.

CH Energy Group Segment Disclosure

(In Thousands)

	Year Ended December 31, 2024			
	Segments		Eliminations	Total
	Central Hudson			
	Electric	Natural Gas		
Revenues from external customers	\$ 796,859	\$ 204,046	\$ —	\$ 1,000,905
Intersegment revenues	55	305	(360)	—
Total operating revenues	\$ 796,914	\$ 204,351	\$ (360)	\$ 1,000,905
Energy supply costs	244,066	43,838	(360)	287,544
Other operating expenses	383,992	96,521	—	480,513
Depreciation and amortization	72,988	24,706	—	97,694
Other income, net	31,115	7,129	—	38,244
Interest charges	40,520	16,642	—	57,162
Income tax expense	19,270	6,419	—	25,689
Segment Net Income	\$ 67,193	\$ 23,354	\$ —	\$ 90,547
Other business and investments income, net				\$ 4,223
Other business and investments expenses				(640)
Other business and investments interest charges				(262)
Other business and investments tax expense				(984)
Consolidated Net Income				\$ 92,884
Segment Assets at December 31, 2024	\$ 2,805,984	\$ 1,068,141		\$ 3,874,125
Capital Expenditures	\$ 218,261	\$ 95,891	\$ —	\$ 314,152

CH Energy Group Segment Disclosure

(In Thousands)

	Year Ended December 31, 2023			
	Segments			Total
	Central Hudson		Eliminations	
	Electric	Natural Gas		
Revenues from external customers	\$ 786,749	\$ 220,990	\$ —	\$ 1,007,739
Intersegment revenues	54	416	(470)	—
Total operating revenues	\$ 786,803	\$ 221,406	\$ (470)	\$ 1,007,739
Energy supply costs	294,697	75,981	(470)	370,208
Other operating expenses	357,211	87,468	—	444,679
Depreciation and amortization	63,054	20,448	—	83,502
Other income, net	28,947	7,040	—	35,987
Interest charges	34,317	14,608	—	48,925
Income tax expense	13,461	7,203	—	20,664
Net Income	\$ 53,010	\$ 22,738	\$ —	\$ 75,748
Other business and investments income, net				\$ 3,965
Other business and investments expenses				(725)
Other business and investments interest charges				(418)
Other business and investments tax expense				(792)
Consolidated Net Income				\$ 77,778
Segment Assets at December 31, 2023	\$ 2,591,062	\$ 980,353		\$ 3,571,415
Capital Expenditures	\$ 175,301	\$ 77,694	\$ —	\$ 252,995

NOTE 14 – 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 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. Derivative transactions are not used for speculative purposes. Central Hudson's derivative activities consist of the following:

- Natural gas futures are used to mitigate commodity price volatility for natural gas purchases. A natural gas futures contract is a standardized contract to buy or sell a specified commodity (natural gas) of standardized quantity at a certain date in the future, at a market determined price (the futures price). Central Hudson's reason for purchasing these contracts is to moderate price fluctuations for natural gas and the impact of volatility in the commodity markets on its customers.
- Electricity swaps are used to mitigate commodity price volatility for electricity purchases for Central Hudson's full service customers. A swap contract or a contract for differences is the exchange of two payment streams between two counterparties where the cash flows are dependent on the price of the underlying commodity. In an effort to moderate commodity price volatility, Central Hudson enters into contracts to pay a fixed price and receive a market price for a defined commodity and volume. These contracts are aligned with Central Hudson's actual commodity purchases at market price, resulting in a net fixed price payment.
- Weather derivative contracts are used to hedge the effect of significant variances in weather conditions from normal patterns on purchased electricity and natural gas costs, and on the related revenues. HDD are used to measure winter temperature risk, HDD values are accumulated over the seasonal period of

December 1st to March 31st where a strike price is triggered to protect the Company from price volatility. These values are accumulated daily and any payouts earned will continue to be netted with costs on a monthly basis over the term of the contract. The payouts for the periods ending December 31, 2024 and 2023 were immaterial.

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 December 31, 2024 are as follows:

Central Hudson	% of Requirement Hedged ⁽¹⁾
Electric Derivative Contracts:	0.8 million MWh
January 2025 - October 2025	31.4%
Natural Gas Derivative Contracts:	0.7 million dekatherm
January 2025 - March 2025	15.8%

⁽¹⁾ Projected coverage as of December 31, 2024.

In 2024, OTC derivative contracts covered approximately 41.1% of Central Hudson's total electricity supply requirements as compared to 34.3% in 2023.

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 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 December 31, 2024, three open contracts with credit risk contingent features were in a liability position. The aggregate fair value of the open derivative contracts that contain contingent features and the amount that would be required to settle these instruments on December 31, 2024, if the contingent features were triggered, are described below.

Contingent Contracts:*(Dollars In Thousands)*

Triggering Event	As of December 31, 2024		
	# of Contracts in a Liability Position Containing the Triggering Feature	Gross Fair Value of Contract	Cost to Settle if Contingent Feature is Triggered (net of collateral)
Central Hudson:			
Credit Rating Downgrade	2	\$ (15)	\$ (15)
Adequate Assurance	1	\$ (3)	\$ (3)
Total Central Hudson	3	\$ (18)	\$ (18)

Derivative Contracts

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

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

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	Gross Amounts Not Offset in the Statement of Financial Position		
				Financial Instruments	Cash Collateral Received	Net Amount
As of December 31, 2024						
Derivative Contracts:						
Total CH Energy Group and Central Hudson Assets	\$ 6,621	\$ —	\$ 6,621	\$ 7	\$ —	\$ 6,614
As of December 31, 2023						
Derivative Contracts:						
Total CH Energy Group and Central Hudson Assets	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
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	Gross Amounts Not Offset in the Statement of Financial Position		
				Financial Instruments	Cash Collateral Received	Net Amount
As of December 31, 2024						
Derivative Contracts:						
Total CH Energy Group and Central Hudson Liabilities	\$ 37	\$ —	\$ 37	\$ 7	\$ —	\$ 30
As of December 31, 2023						
Derivative Contracts:						
Total CH Energy Group and Central Hudson Liabilities	\$ 12,499	\$ —	\$ 12,499	\$ —	\$ —	\$ 12,499

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 December 31, 2024 and 2023 CH Energy Group and Central Hudson's derivative assets and liabilities by category and hierarchy level are as follows (In Thousands):

Description	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 December 31, 2024				
Assets:				
Derivative Contracts:				
Central Hudson - electric	\$ 6,610	\$ —	\$ 6,610	\$ —
Central Hudson - natural gas	11	11	—	—
Total CH Energy Group and Central Hudson Assets	<u>\$ 6,621</u>	<u>\$ 11</u>	<u>\$ 6,610</u>	<u>\$ —</u>
Liabilities:				
Derivative Contracts:				
Central Hudson - electric	\$ 3	\$ —	\$ 3	\$ —
Central Hudson - natural gas	34	34	—	—
Total CH Energy Group and Central Hudson Liabilities	<u>\$ 37</u>	<u>\$ 34</u>	<u>\$ 3</u>	<u>\$ —</u>
As of December 31, 2023				
Assets:				
Derivative Contracts:				
Central Hudson - electric	\$ —	\$ —	\$ —	\$ —
Central Hudson - natural gas	—	—	—	—
Total CH Energy Group and Central Hudson Assets	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Liabilities:				
Derivative Contracts:				
Central Hudson - electric	\$ 12,092	\$ —	\$ 12,092	\$ —
Central Hudson - natural gas	407	407	—	—
Total CH Energy Group and Central Hudson Liabilities	<u>\$ 12,499</u>	<u>\$ 407</u>	<u>\$ 12,092</u>	<u>\$ —</u>

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 years ended December 31, 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 and Central Hudson’s derivatives on the Statements of Income (In Thousands):

	Amount of (Loss) Gain Recognized as (Decrease) Increase in the Statement of Income		Location of (Loss) Gain
	Year Ended		
	December 31,		
	2024	2023	
Central Hudson:			
Electricity swap contracts	\$ (24,210)	\$ 73,261	Deferred purchased electric costs ⁽¹⁾
Natural gas swap contracts	(716)	1,079	Deferred purchased natural gas costs ⁽¹⁾
Total CH Energy Group and Central Hudson	<u>\$ (24,926)</u>	<u>\$ 74,340</u>	

⁽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.

NOTE 15 – Other Fair Value Measurements

Other Assets Recorded at Fair Value

In addition to the derivatives reported at fair value discussed in Note 14 – “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 December 31, 2024:				
Other Investments	\$ 11,122	\$ 11,122	\$ —	\$ —
As of December 31, 2023:				
Other Investments	\$ 10,724	\$ 10,724	\$ —	\$ —

As of December 31, 2024 and 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 and Central Hudson Balance Sheets represents 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 December 31, 2024 and 2023, the total cash surrender value of trust-owned life insurance held by these trusts was approximately \$38.9 million and \$35.3 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 tables summarize the long-term debt maturing or to be redeemed during the next five years and thereafter, as well as the estimated fair value of both CH Energy Group and Central Hudson's long-term debt, including the current maturities (Dollars in Thousands):

Expected Maturity Date	Fixed Rate		Variable Rate		Total Debt Outstanding	
	Amount	Estimated Effective Interest Rate	Amount	Estimated Effective Interest Rate	Amount	Estimated Effective Interest Rate
As of December 31, 2024:						
2025	\$ 22,400 ⁽¹⁾	3.47 % ⁽¹⁾	\$ —	— %		
2026	50,000	3.73 %	—	— %		
2027	50,000	2.60 %	—	— %		
2028	76,700	5.75 %	—	— %		
2029	85,000	3.12 %	—	— %		
Thereafter	1,088,000	4.55 %	—	— %		
Total	<u>\$ 1,372,100</u>	4.41 %	<u>\$ —</u>	— %	\$ 1,372,100	4.41 %
Fair Value	\$ 1,192,901		\$ —		\$ 1,192,901	
As of December 31, 2023:						
2024	\$ 2,245 ⁽¹⁾	7.09 % ⁽¹⁾	\$ 30,000	6.63 %		
2025	22,400 ⁽¹⁾	3.44 % ⁽¹⁾	—	— %		
2026	50,000	3.73 %	—	— %		
2027	50,000	2.60 %	—	— %		
2028	76,700	5.75 %	—	— %		
Thereafter	1,009,001	4.29 %	33,700	2.86 %		
Total	<u>\$ 1,210,346</u>	4.28 %	<u>\$ 63,700</u>	4.64 %	\$ 1,274,046	4.30 %
Fair Value	\$ 1,068,514		\$ 63,700		\$ 1,132,214	

⁽¹⁾ CH Energy Group's Series B maturities of \$2.4 million and \$2.2 million for 2025 and 2024 had an estimated effective rate of 7.38% and 7.09%, respectively.

NOTE 16 – 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):

	Year Ended December 31,	
	December 31, 2024	December 31, 2023
CH Energy Group	\$ 2,692	\$ 2,654
Central Hudson	\$ 2,677	\$ 2,634

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 December 31, 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 for CH Energy Group are immaterial for the periods presented. Related party transactions included in accounts receivable and accounts payable for Central Hudson are as follows (In Thousands):

	December 31, 2024			December 31, 2023		
	CH Energy Group	Fortis	Other Affiliates	CH Energy Group	Fortis	Other Affiliates
Central Hudson ⁽¹⁾⁽²⁾⁽³⁾						
Accounts Payable	\$ 1,325	\$ —	\$ —	\$ 1,430	\$ —	\$ —

⁽¹⁾ Fortis amounts include Fortis and all Fortis subsidiaries.

⁽²⁾ Other Affiliates amounts include CHEC, CHET, and Transco.

⁽³⁾ Accounts receivable is immaterial for the periods presented.

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

	December 31, 2024		December 31, 2023	
	CH Energy Group	Fortis ⁽¹⁾	CH Energy Group	Fortis ⁽¹⁾
CH Energy Group	\$ —	\$ 6,528	\$ —	\$ 5,662
Central Hudson	\$ 7,078	\$ —	\$ 6,212	\$ —

⁽¹⁾ Fortis amounts include Fortis and all Fortis subsidiaries.

NOTE 17 – Subsequent Events

An evaluation of subsequent events was completed through February 13, 2025, the date these Consolidated Financial Statements were available to be issued, to determine whether circumstances warranted recognition and disclosure of events or transactions in the Consolidated Financial Statements as of December 31, 2024.

MANAGEMENT'S DISCUSSION and ANALYSIS of FINANCIAL CONDITION and RESULTS of OPERATIONS

For the Year Ended December 31, 2024

This Management Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the 2024 Financial Statements and the notes thereto.

CH Energy Group Strategy Execution

CH Energy Group's strategy is to:

- invest primarily in electric and natural gas transmission and distribution; and
- maintain a financial profile that supports Central Hudson's objective of a credit rating in the "A" category.

Management continues to focus on investment in Central Hudson's electric and natural gas infrastructure as the core of its strategy. Central Hudson invested approximately \$314 million in 2024, and its five-year forecast includes an average of approximately \$365 million of capital expenditures per year. The long-term capital program provides for continued strengthening of existing electric and natural gas infrastructure, resiliency and automation of distribution systems, new common facilities, and investments in cybersecurity, and information and distribution system technologies that are expected to improve reliability and customer satisfaction and facilitate greater penetration of distributed energy resources ("DER"). In addition to the investments at Central Hudson, CH Energy Group invests in electric transmission and distribution projects of Transco through CHET.

Central Hudson

Purpose and Strategy Execution

Central Hudson's Purpose Statement is "**Together We Power Endless Possibilities,**" which is supported by the following Core Values:

- *We Never Compromise on Safety*
- *We Value Our People*
- *We Put the Customer First*
- *We Aim for Excellence Every Day*
- *We Put Energy into Our Communities*

Central Hudson's strategy is to provide exceptional value to its stakeholders by:

- modernizing and transforming our business through electric and natural gas system investments and process improvements;
- continuously improving our performance while maintaining cost effective, efficient, and secure operations;
- advocating on behalf of customers and other stakeholders; and
- investing in programs and employee development to position the organization for continued success in the future.

Central Hudson has developed a range of strategic objectives that, once achieved, will address the technology and policy changes faced by New York utilities; meet or exceed the increasing expectations of our customers and provide creative solutions in anticipation of evolving customer need in the mid-Hudson Valley; influence the regulatory and political landscape in a manner that provides value to our key stakeholders; and position the Company for continued success with a flexible, diverse, talented, and engaged workforce.

Central Hudson is subject to regulation by the PSC. Central Hudson's earnings are derived predominately from the revenue it generates from delivering energy to approximately 315,000 electric and 90,000 natural gas customers, with earnings growth coming primarily from increases in net utility plant. Central Hudson's delivery

rates are designed to recover the cost of providing safe and reliable service while affording the opportunity to earn a fair and reasonable return on its capital.

Central Hudson is committed to continuing the transition to a low carbon and sustainable future for our customers and the communities we serve. Sustainability and strong social responsibility are at the core of Central Hudson's plans and actions and are integrated throughout all facets of the business. Central Hudson appreciates the need to continuously improve and is taking the actions needed to ensure a successful future: fortifying and protecting its delivery systems, embracing new technologies, managing aggressive energy policy goals, and actively supporting evolving customer needs. The Company remains dedicated to the safety, health, and well-being of every employee and contractor, as well as the community and customers we serve.

Central Hudson is actively pursuing a cleaner energy future by supporting NYS's energy policies and goals, while continuing to provide reliable, resilient, and affordable power. At Central Hudson, the Company continues to make investments in infrastructure, technologies, and programs that cost-effectively reduce carbon emissions by:

- upgrading electric transmission and distribution lines, including support for statewide transmission upgrades to deliver renewable energy sources to areas of high electric demand including the Hudson Valley and metropolitan area, and investments in the regional electric distribution system to facilitate greater levels of locally sited renewable generators;
- pursuing the low-cost approach to emission reductions by examining current incentives to determine which offer the highest value in lowering emissions;
- integrating natural gas benefits, utilized for fast-start electric generation, to enable intermittent renewable resources and used as a low-carbon alternative to petroleum-derived fuels used in heating and manufacturing to reduce overall carbon emissions;
- expanding EE programs, utilizing the most cost-effective methods to reduce emissions; and
- advancing environmentally beneficial electrification, including promoting EVs and heat pumps, to lower emissions from the transportation and building heating sectors.

Central Hudson has continued its journey to transform the customer experience. Having navigated the challenges and difficulties of replacing a decades-old customer billing system and implementing a new state-of-the-art system, we have reached a stabilized state and look forward to the benefits the new system will provide our customers. We aim to satisfy our customers by being proactive, responsive, dependable, and timely when they need service. We want to reach each customer on a variety of service channels and provide them the level of support they need, including self-service options. We are committed to the reliability that customers expect, even when more frequent severe weather events impact our service territory. We have taken a proactive approach to harden our electric and natural gas systems accordingly and participated in a climate assessment to evaluate the resilience of our business in different potential climate-related futures. At Central Hudson, we value our customers and our employees, and we strive to support a sustainable environment for all.

Human Capital Resources

Central Hudson recognizes the critical importance of its employees and dedicates substantial resources and efforts toward attracting, retaining, and developing individuals who exemplify the values that are the cornerstone of our Company. In our Purpose Statement we make it clear that our people are absolutely essential to our success. As of December 31, 2024, we had 1,245 employees, with approximately 56% covered by union agreements. In addition, we work with many outside firms to obtain additional resources to supplement our internal forces to address fluctuations in certain aspects of the Company's operations, including contact center overflow, storm restoration, capital construction, tree trimming, and other field operations. We strive to maintain good relationships with both our union and suppliers of contracted services.

Safety is of the utmost importance for our employees and is a priority for our Company. We value continuous improvement in everything we do, including safety, and we have devoted additional resources, including external

consultation services and collaboration with our union on a grass roots effort to improve our safety performance and culture.

We believe that our compensation and benefit programs are appropriately designed to attract and retain first-class talent. We provide our employees competitive compensation, a comprehensive benefits package, and extensive training and professional development opportunities.

We strive to provide a safe, inclusive and diverse environment for all. We want our employees to know that their individual input and contribution is valued and to feel that they can be their authentic selves at work. We believe that by recognizing and valuing each employee for who they are, we make our shared goals possible. We also place great focus on veteran recruiting. Veterans currently comprise approximately 5% of our current workforce and contribute to the organization as some of our most skilled and productive employees. In addition to our internal commitments to inclusion and diversity, we also have a supplier diversity program that is committed to developing an inclusive supplier base through the selection of businesses owned by minorities, women, and veterans when all other considerations are equal.

CH Energy Group - Regulated Operations - Central Hudson Financial Highlights
Period Ended December 31

	Year to Date		
	2024	2023	Change
Electricity Sales (gigawatt hours)	5,060	4,921	139
Natural Gas Sales (petajoules)	24.7	24.4	0.3
<i>(In Millions)</i>			
Revenues	\$ 1,000.9	\$ 1,007.7	\$ (6.8)
Energy supply costs - matched to revenues	287.5	370.2	(82.7)
Operating expenses - matched to revenues	117.1	103.2	13.9
Operating expenses - other	363.4	341.5	21.9
Depreciation and amortization	97.7	83.5	14.2
Other income, net	38.2	36.0	2.2
Interest charges	57.2	48.9	8.3
Income taxes	25.7	20.7	5.0
Net Income	<u>\$ 90.5</u>	<u>\$ 75.7</u>	<u>\$ 14.8</u>

Earnings: Central Hudson's earnings increased year over year primarily due to approved increases in delivery rates, which provided cost recovery that better aligns with our on-going operating costs and earnings on rate base. The year over year results were also impacted by a true-up of EAMs recorded in 2023 related to 2022 targets and a one-time expense recorded in 2024 for the contribution to the 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 higher year over year due to an increase in residential and commercial sales driven by warmer weather and higher non-weather related increases for non-residential customers.

Natural Gas Sales: Natural gas sales were higher year over year as a result of an increase in interruptible sales to electric generators driven by warmer weather.

Depreciation and Amortization: The increase in depreciation and amortization is the result of higher investments in Central Hudson's electric and natural gas infrastructure, information technology, 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 increase in income taxes is primarily attributable to an increase in pre-tax earnings.

Central Hudson Revenues - Electric

Period Ended December 31

(In Millions)

	Year to Date		
	2024	2023	Change
Revenues with Matching Expense Offsets:⁽¹⁾			
Recovery of commodity purchases	\$ 234.8	\$ 280.2	\$ (45.4)
Sales to others for resale	9.2	14.4	(5.2)
Other revenues with matching offsets	84.7	72.9	11.8
<i>Subtotal</i>	328.7	367.5	(38.8)
Revenues Impacting Earnings:			
Customer sales	451.4	402.1	49.3
RDMs and other regulatory mechanisms	8.4	11.5	(3.1)
Incentives earned	0.1	6.4	(6.3)
Net plant and depreciation targets	(1.5)	(2.4)	0.9
Customer Credits	(2.3)	(5.5)	3.2
NRA's	(3.2)	(4.0)	0.8
Other revenues	15.4	11.1	4.3
<i>Subtotal</i>	468.3	419.2	49.1
Total Electric Revenues	<u>\$ 797.0</u>	<u>\$ 786.7</u>	<u>\$ 10.3</u>

Central Hudson Revenues - Natural Gas

Period Ended December 31

(In Millions)

	Year to Date		
	2024	2023	Change
Revenues with Matching Expense Offsets:⁽¹⁾			
Recovery of commodity purchases	\$ 36.1	\$ 65.0	\$ (28.9)
Sales to others for resale	7.6	11.0	(3.4)
Other revenues with matching offsets	3.7	3.6	0.1
<i>Subtotal</i>	47.4	79.6	(32.2)
Revenues Impacting Earnings:			
Customer sales	134.8	120.4	14.4
RDM and other regulatory mechanisms	17.7	16.3	1.4
Other revenues	4.1	4.7	(0.6)
<i>Subtotal</i>	156.6	141.4	15.2
Total Natural Gas Revenues	<u>\$ 204.0</u>	<u>\$ 221.0</u>	<u>\$ (17.0)</u>

⁽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.

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 year over year increase in electric revenues was primarily driven by higher customer delivery rates approved by the PSC and lower bill credits provided to customers in 2024. Partially offsetting the year over year increase was a true-up of EAMs recorded in 2023 related to 2022 targets.

Natural Gas Revenues:

The year over year decrease in natural gas revenues was primarily driven by lower recovery of natural gas commodity costs partially offset by higher customer delivery rates approved by the PSC.

Central Hudson Operating Expenses

Period Ended December 31

(In Millions)

	Year to Date		
	2024	2023	Change
Expenses Currently Matched to Revenues:⁽¹⁾			
Purchased electricity	\$ 244.1	\$ 294.6	\$ (50.5)
Purchased natural gas	43.5	75.9	(32.4)
Pension & OPEB	9.0	11.4	(2.4)
NYS EE programs	58.2	41.9	16.3
Major storm reserve	14.9	15.7	(0.8)
EAP	13.5	10.6	2.9
Other matched expenses	21.3	23.3	(2.0)
<i>Subtotal</i>	404.5	473.4	(68.9)
Other Operating Expenses:			
Depreciation and amortization	97.7	83.5	14.2
Property and school taxes ⁽²⁾	71.9	71.7	0.2
Weather related service restoration	5.9	4.8	1.1
Regulatory Debit - CBF	4.0	—	4.0
Information technology	14.0	18.8	(4.8)
Uncollectible Expense	9.4	8.0	1.4
Distribution and transmission maintenance	8.1	5.2	2.9
Labor and related benefits	119.5	113.0	6.5
Other expenses	130.7	120.0	10.7
<i>Subtotal</i>	461.2	425.0	36.2
Total Operating Expenses	\$ 865.7	\$ 898.4	\$ (32.7)

⁽¹⁾ Includes expenses that, in accordance with the 2021 and 2024 Rate Orders, 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 through June 30, 2024. 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 year over year decrease in operating expenses was primarily driven by decreases in purchased electricity purchased and natural gas costs, which do not have a direct impact on earnings. These decreases were partially offset by increases in other operating expenses, including depreciation and property taxes resulting from infrastructure investments, as well as increased labor, maintenance and weather-related service restoration cost recovery which are in line with the amounts provided for in current rates. Central Hudson also expended incremental amounts in information technology in 2023 during the stabilization of its billing system and incremental labor above amounts provided for in rates during the first half of 2024. Current delivery rates effective July 1, 2024, provide cost recovery that is better aligned with our on-going operating costs going forward. The 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

Central Hudson Operating Expenses

Significant Changes in the Balance Sheets

For the twelve months ended December 31, 2024

(In Millions)

Balance Sheet Account	Increase (Decrease)	Explanation
Regulatory assets - current	(19.9)	Decrease is primarily driven by higher recovery of previously deferred electric commodity costs.
Regulatory assets - long term	(36.9)	Decrease is primarily driven by higher recovery of balances authorized in the 2024 Rate Order.
Prefunded pension costs	64.7	Increase is primarily due to a decrease in the projected benefit obligation resulting from an increase in the discount rate and significant gains on the pension plan assets.
Other assets - long term	26.6	Increase is mainly attributed to payment agreements with customers resulting from the expansion of collection efforts.
Prefunded OPEB costs	18.0	Increase is primarily due to a decrease in the projected benefit obligation due to an increase in the discount rate.
Long term debt, including current maturities	100.3	Increase is due to issuances of long-term debt in 2024, net of the repayments of matured debt.
Short-term borrowings	49.0	Net increase is related to additional short-term borrowings in 2024.
Regulatory liabilities - long term	(17.9)	Decrease is primarily due to the offset of certain authorized regulatory liability balances for rate moderation as prescribed in the 2024 Rate Order and the continued amortization of the deferral related to the federal income tax rate change in accordance with tax normalization rules.
Regulatory liabilities- related to pension and OPEB costs	38.5	Increase is primarily due to a decrease in the projected benefit obligation as discussed above.
Accumulated deferred income taxes	26.9	Increase is primarily due to recognition of deferred taxes for the difference between tax and book basis of assets and liabilities for future return to or recovery from customers.

Liquidity and Capital Resources

CH Energy Group - Regulated, Non-regulated and Holding Company Summary of Cash Flow

Period Ended December 31

(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	181.7	154.0
Working capital	(5.8)	(39.5)
Operating Activities	175.9	114.5
Investing Activities	(318.7)	(246.3)
Financing Activities	150.8	131.1
Cash, Cash Equivalents, and Restricted Cash - End of Period	<u>\$ 12.3</u>	<u>\$ 4.3</u>

Operating Activities: The increase in cash from operations pre-working capital in 2024 as compared to 2023 was primarily attributable to the increase in delivery rates which provides earnings on rate base growth. The increase in cash flow related to working capital in 2024 was primarily attributable to lower commodity costs and higher amounts billed for volumetric surcharge mechanisms resulting from higher sales.

Investing Activities: Central Hudson's capital expenditures during 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. 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 increase in cash proceeds from financing activities was primarily used to support the increased investments at Central Hudson. Central Hudson’s financing activities maintain its capitalization in line with its delivery rate structure.

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 capital investments and either 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 and funds obtained from equity infusions from Fortis, as well as its financing program. Central Hudson intends to fund growth in its long-lived assets in a manner that maintains an equity ratio aligned with its delivery rates. 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.

CH Energy Group believes cash generated from operations, equity infusions from Fortis, as well as its financing program, will be sufficient to meet working capital needs, fund Central Hudson’s capital program and CHET’s investment obligations in Transco, and meet Central Hudson’s public service obligations and growth objectives.

Central Hudson's Bond Ratings

	December 31, 2024		December 31, 2023	
	Rating⁽¹⁾	Outlook	Rating⁽¹⁾	Outlook
Standard and Poor’s Financial Services LLC	BBB+	Negative	BBB+	Negative
Moody's Investors Service, Inc.	Baa1	Stable	Baa1	Stable
Fitch Ratings	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.

Central Hudson believes it will be able to meet its short-term and long-term cash requirements, based on the improved cash recovery through delivery rates provided under the 2024 Rate Order, including a ROE of 9.5%. Central Hudson is currently managing its financing to maintain a common equity ratio aligned with the 48% level approved in its delivery rates since July 2023.

Changes in Internal Controls over Financial Reporting

There have been no changes in internal controls over financial reporting for CH Energy Group or Central Hudson during the twelve months ended December 31, 2024, that have materially affected, or are reasonably likely to materially affect, internal controls over financial reporting.

Regulatory Proceedings

The below matters are ongoing regulatory proceedings. 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.

Agway Energy Services LLC Petition (“Agway”)

On February 25, 2022, Agway filed a Petition for Declaratory Ruling and Corrective Action Plan Concerning Failure of Central Hudson Gas and Electric Corporation to provide accurate Electronic Data Interchange information or provide accurate client bills (“Petition”). Agway is a licensed Energy Service Company (“ESCO”) that supplies energy for approximately 1,035 customers in Central Hudson’s service territory. The Petition alleges impacts to Agway’s business related to Central Hudson’s billing system transition and alleges violations of the Uniform Billing Practices (“UBP”) and that Central Hudson breached the Billing Services Agreement (“BSA”). Central Hudson has filed a Verified Motion to Dismiss and Opposition to the Petition of Agway for a Declaratory Ruling (“Motion”) and has been participating in mediation discussions with Agway. On March 21, 2023, Agway filed a Motion of Agway Energy Services, LLC for an Initial Decision and Request to Supplement the Record. Central Hudson filed its response on March 29, 2023. On September 19, 2023, Central Hudson and Agway agreed to change the cadence of the mediation meetings to monthly. Agway ended the meetings with Central Hudson during September 2023. On August 30, 2024, Agway filed suit against Central Hudson in the NYS Supreme Court in Onondaga County. Central Hudson filed a Motion to Dismiss on November 1, 2024. Agway is scheduled to respond to Central Hudson’s motion to dismiss on January 31, 2025.

NYS Clean Energy Standard

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.

On July 1, 2024, DPS Staff released a draft Clean Energy Standard 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. The Joint Utilities filed comments on September 23, 2024 that advocated for utility ownership of large scale renewables and support of proposals emphasizing non-price factors of project proposals.

New York 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 goals 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 and the Company’s demand side management programs. A comprehensive plan is expected by the end of 2025.

Proactive Planning for Upgraded Electric Grid Infrastructure

On August 15, 2024, the PSC issued an order in Case 24-E-0364 opening a proactive planning proceeding to establish a statewide framework for electric grid planning focused on the transportation and building sectors. The Order directed the utilities to develop two filings: (1) a framework to proactively plan for EV and BE, including process evaluation and cost allocation; and (2) a filing to propose urgent projects that may require deployment before completion of the overall planning process. The utilities filed a Long-Term Proactive Planning Framework proposal on December 13, 2024.

EVs

On December 31, 2021, the Governor signed a bill into law, that required utilities to propose alternative non-demand based commercial EV charging tariffs or other potential operating cost relief mechanisms.

During 2023, the PSC issued an Order adopting a suite of operating cost relief solutions for commercial EV charging customers and approved Central Hudson's Demand Charge Rebate implementation plan. Additionally, the PSC issued its EV Make-Ready Program Midpoint Review Order, which adopted updated statewide budgets and targets through 2025 significantly increasing the Direct Current Fast Charging plug targets and decreasing Level 2 plug targets. The PSC initiated a new proceeding to address the electrification of the State's medium and heavy-duty EV sector, prioritizing EV infrastructure investments to benefit disadvantaged communities. During 2024, the PSC issued its Order Establishing Load Management Technology Incentive Programs and its Order approving EV Phase-In Rates for commercial customers. The PSC will address the Company's load management technology, Commercial Managed Charging Program, and EV Phase-In Rate proposals at a later date.

Utility Thermal Energy Network ("UTEN")

On February 20, 2024, DPS Staff proposed several high-level conceptual rules pertaining to UTEN. One of the key elements of the proposal is that thermal energy resources, such as bore fields and waste-heat sources, should not be limited to only those owned and operated by a utility.

On October 1, 2024, under Case 22-M-0429, the PSC approved the Company's Final Utility Energy Network Pilot Project Proposal for a utility-owned thermal energy network that would serve several facilities in the City of Poughkeepsie, New York. The next stage of the project focuses on engineering and design plans.

Transmission Planning Order

FERC released Order 1920 on May 13, 2024 calling 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. The Order 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.

Federal Power Act - Option to Fund

On September 3, 2021, FERC rejected a Federal Power Act section 205 application to amend the NYISO OATT allowing New York Transmission Operator ("NYTO") funding for certain transmission system upgrades caused by generator interconnections and to earn a return on and of the costs. The NYTOs 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 took place on 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 NYTO initial funding options under each of the applicable OATTs is unjust and unreasonable and requiring a response within 90 days.

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. The NYISO submitted its compliance filing on May 1, 2024 and the NYTOs filed comments in support on June 12, 2024.

Gas Planning Proceeding

On May 12, 2022, the PSC issued two orders in the Gas Planning Proceeding: Order Adopting Gas System Planning Process and Order Adopting Management Procedures. During 2022, the Company made several filings to address proposed non-pipes alternative, including screening and suitability criteria, incentive mechanisms, and cost recovery procedures; filed a report on the costs of the 100-foot rule; and filed a Moratorium Communications Plan. On February 6, 2024, Central Hudson filed a long-term gas plan in compliance with the Order, with updates in June 2024 focusing on gas supply, non-pipes alternative, CLCPA goals, safety, and decarbonization. The final plan was filed by Central Hudson on November 20, 2024, with a PSC decision expected in early 2025.

FERC Notice of Pending Jurisdictional Inquiry

On February 6, 2025, the FERC issued an Order Finding Licensing of Hydroelectric Projects Required with regards to the Central Hudson's Sturgeon Pool and Dashville hydroelectric projects. The order requires the Company to file a license or exemption application for the continued operation of the projects, provide a schedule demonstrating compliance with dam safety regulations of the FERC, or a request for rehearing. Central Hudson is reviewing the Order and will determine the next appropriate steps of action in response.

FORWARD-LOOKING STATEMENTS

Statements included in this Annual 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. CH Energy Group undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events, or otherwise.