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QUARTERLY FINANCIAL REPORT

CENTRAL HUDSON GAS & ELECTRIC CORPORATION

QUARTER ENDED MARCH 31, 2025
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GLOSSARY

Certain terms used in this 2025 Quarterly 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

OCI: other comprehensive income

Central Hudson or Company: Central Hudson Gas & Electric Corporation

OPEB: other post-employment benefits

CH Energy Group: CH Energy Group, Inc.

PSC or Commission: New York State Public Service Commission

DPS: Department of Public Service

RDM: Revenue Decoupling Mechanism

EE: energy efficiency

ROE: return on equity

FERC: Federal Energy Regulatory Commission

SERP: Supplemental Executive Retirement Plan

Fortis: Fortis Inc.

SIR: site investigation and remediation

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

Staff: Department of Public Service Staff

CENTRAL HUDSON
CONDENSED STATEMENTS OF INCOME (UNAUDITED)

(In Thousands)

	Three Months Ended March 31,	
	2025	2024
Operating Revenues		
Electric	\$ 230,218	\$ 197,889
Natural gas	99,550	80,678
Total Operating Revenues	\$ 329,768	\$ 278,567
Operating Expenses		
Operation		
Purchased electricity	77,878	65,575
Purchased natural gas	31,863	24,683
Other expenses of operation	108,868	100,575
Depreciation and amortization	27,711	22,525
Taxes, other than income tax	20,071	26,088
Total Operating Expenses	\$ 266,391	\$ 239,446
Operating Income	\$ 63,377	\$ 39,121
Other Income and Deductions		
Interest on regulatory assets and other interest income	1,603	1,574
Non-service cost components of pension and OPEB	10,126	7,192
Other, net	725	581
Total Other Income	\$ 12,454	\$ 9,347
Interest Charges		
Interest on long-term debt	14,988	13,695
Interest on regulatory liabilities and other interest costs (income)	1,898	(622)
Total Interest Charges	\$ 16,886	\$ 13,073
Income Before Income Taxes	58,945	35,395
Income Tax Expense	13,846	8,293
Net Income	\$ 45,099	\$ 27,102

CENTRAL HUDSON
CONDENSED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

(In Thousands)

	Three Months Ended March 31,	
	2025	2024
Net Income	\$ 45,099	\$ 27,102
OCI:		
Employee future benefits, net of tax	—	2
Comprehensive Income	\$ 45,099	\$ 27,104

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

CENTRAL HUDSON
CONDENSED STATEMENTS OF CASH FLOW (UNAUDITED)

(In Thousands)

	Three Months Ended March 31,	
	2025	2024
Operating Activities:		
Net income	\$ 45,099	\$ 27,102
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	23,576	18,049
Amortization	4,135	4,476
Deferred income taxes	14,158	8,375
Uncollectible expense	2,572	2,367
Pension credit	(6,270)	(1,997)
OPEB credit	(2,446)	(1,694)
Regulatory liability - rate moderation	(8,201)	(8,482)
Regulatory asset - RDM recorded	6,040	243
Changes in operating assets and liabilities, net:		
Accounts receivable, unbilled revenues, and other receivables	(23,232)	(16,863)
Fuel, materials, and supplies	3,017	(2,872)
Special deposits and prepayments	(4,529)	(2,715)
Income and other taxes	(567)	(1,010)
Accounts payable	(1,819)	(2,072)
Accrued interest	2,537	592
Customer advances	(6,650)	(3,568)
Other advances	(764)	875
Pension plan contribution	(542)	(452)
OPEB contribution	(126)	(629)
Regulatory asset - RDM collected	4,126	6,401
Regulatory asset - major storm	3,249	(5,171)
Regulatory asset - SIR	246	2,311
Regulatory asset - Arrears Management Program	1,352	900
Regulatory asset - uncollectible write-offs	(3,732)	(7,924)
Regulatory liability - EE programs including Clean Energy Fund	5,967	1,685
Regulatory asset - Rate Adjustment Mechanism ("RAM")	4,787	3,703
Regulatory asset - deferred electric and natural gas costs	(23,162)	6,145
Other, net	8,557	10,298
Net cash provided by operating activities	\$ 47,378	\$ 38,073
Investing Activities:		
Additions to utility plant	(69,278)	(66,008)
Other, net	728	(1,021)
Net cash used in investing activities	\$ (68,550)	\$ (67,029)
Financing Activities:		
Repayment of long-term debt	(20,000)	—
Net change in short-term borrowings	47,000	39,000
Net cash provided by financing activities	\$ 27,000	\$ 39,000
Net Change in Cash, Cash Equivalents, and Restricted Cash	5,828	10,044
Cash, Cash Equivalents, and Restricted Cash at Beginning of Period	10,455	2,218
Cash, Cash Equivalents, and Restricted Cash at End of Period	<u>\$ 16,283</u>	<u>\$ 12,262</u>
Supplemental Disclosure of Cash Flow Information:		
Interest paid, net of amounts capitalized	\$ 13,276	\$ 12,825
Federal and state income taxes paid, net	\$ 1,014	\$ 1,617
Non-Cash Investing Activities:		
Accrued capital expenditures	\$ 17,122	\$ 14,154

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

CENTRAL HUDSON
CONDENSED BALANCE SHEETS (UNAUDITED)

(In Thousands)

	March 31, 2025	December 31, 2024
ASSETS		
Utility Plant, Net (Note 3)	\$ 2,883,221	\$ 2,849,293
Non-Utility Property & Plant, Net	\$ 524	\$ 524
Current Assets		
Cash and cash equivalents (Note 1)	15,587	9,759
Accounts receivable from customers, net	258,136	238,162
Accrued unbilled utility revenues, net	26,024	35,890
Other receivables	20,998	21,110
Fuel, materials, and supplies (Note 1)	38,304	41,321
Regulatory assets (Note 4)	110,327	90,766
Income tax receivable	600	—
Fair value of derivative instruments (Note 12)	113	6,621
Special deposits and prepayments	41,784	37,255
Total Current Assets	\$ 511,873	\$ 480,884
Deferred Charges and Other Assets		
Regulatory assets - other (Note 4)	198,353	217,166
Prefunded pension costs (Note 9)	204,153	204,991
Prefunded OPEB costs (Note 9)	65,259	64,157
Other investments (Note 13)	46,195	48,941
Other	43,623	35,076
Total Deferred Charges and Other Assets	\$ 557,583	\$ 570,331
Total Assets	<u>\$ 3,953,201</u>	<u>\$ 3,901,032</u>

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

CENTRAL HUDSON
CONDENSED BALANCE SHEETS (CONT'D) (UNAUDITED)

(Dollars in Thousands)

	March 31, 2025	December 31, 2024
CAPITALIZATION AND LIABILITIES		
Capitalization (Note 7)		
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	198
Retained earnings	861,507	816,408
Capital stock expense	(4,633)	(4,633)
Total Equity	\$ 1,327,835	\$ 1,282,736
Long-term debt (Note 8)		
Principal amount	1,349,700	1,349,700
Unamortized debt issuance costs	(6,072)	(6,242)
Net long-term debt	\$ 1,343,628	\$ 1,343,458
Total Capitalization	\$ 2,671,463	\$ 2,626,194
Current Liabilities		
Current maturities of long-term debt (Note 8)	—	20,000
Short-term borrowings (Note 6)	117,000	70,000
Accounts payable	63,280	74,020
Accrued interest	17,018	14,481
Accrued vacation and payroll	15,443	12,021
Customer advances	12,024	18,674
Customer deposits	5,225	5,366
Regulatory liabilities (Note 4)	70,362	76,690
Fair value of derivative instruments (Note 12)	2,595	37
Accrued environmental remediation costs (Note 11)	3,313	3,072
Other advances	12,894	13,658
Other current liabilities	18,597	25,190
Total Current Liabilities	\$ 337,751	\$ 333,209
Deferred Credits and Other Liabilities		
Regulatory liabilities - deferred pension costs (Note 4)	148,487	153,138
Regulatory liabilities - deferred OPEB costs (Note 4)	37,836	39,203
Regulatory liabilities - other (Note 4)	261,103	253,876
Operating reserves	3,090	2,990
Accrued environmental remediation costs (Note 11)	70,567	70,206
Other liabilities	63,541	67,034
Total Deferred Credits and Other Liabilities	\$ 584,624	\$ 586,447
Accumulated Deferred Income Tax (Note 5)	359,363	355,182
Commitments and Contingencies		
Total Capitalization and Liabilities	\$ 3,953,201	\$ 3,901,032

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

CENTRAL HUDSON
CONDENSED STATEMENTS OF EQUITY (UNAUDITED)

(Dollars in Thousands)

Three Months Ended March 31, 2025							
<u>Common Stock</u>							
	Shares Issued	Amount	Paid-In Capital	Capital Stock Expense	Retained Earnings	Accumulated OCI	Total Equity
Balance at December 31, 2024	16,862,087	\$ 84,311	\$386,452	\$ (4,633)	\$ 816,408	\$ 198	\$1,282,736
Net income					45,099		45,099
Balance at March 31, 2025	<u>16,862,087</u>	<u>\$ 84,311</u>	<u>\$386,452</u>	<u>\$ (4,633)</u>	<u>\$ 861,507</u>	<u>\$ 198</u>	<u>\$1,327,835</u>

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

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

NOTE 1 – Summary of Significant Accounting Policies**Corporate Structure**

Central Hudson is a NYS regulated electric and natural gas transmission and distribution utility. Central Hudson is a subsidiary of CH Energy Group and indirect wholly-owned subsidiary of Fortis, which is a leader in the North American regulated electric and natural gas utility market.

Basis of Presentation

The accompanying unaudited condensed financial statements for the interim periods presented have been prepared in accordance with GAAP. The interim condensed financial statements do not contain all the information and note disclosures required in the annual financial statements and should be read in conjunction with the December 31, 2024 audited financial statements.

In the opinion of management, the accompanying condensed financial statements contain all the adjustments necessary to present fairly our condensed financial statements for the interim periods described herein. All such adjustments are of normal and recurring nature, except as otherwise disclosed. Financial results for interim periods are not necessarily indicative of annual results due to the impacts of seasonal weather conditions on customer demand.

Restricted Cash

Restricted cash as of March 31, 2025 and March 31, 2024 primarily consisted of cash held in escrow as security deposits from companies attaching other utilities to Central Hudson-owned poles.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported on the Condensed Balance Sheets that sum to the total of the same such amounts shown in the corresponding Condensed Statements of Cash Flow (In Thousands):

	March 31, 2025	March 31, 2024
Cash and Cash Equivalents	\$ 15,587	\$ 11,566
Restricted cash included in other long-term assets	696	696
Total Cash, Cash Equivalents, and Restricted Cash as shown in the Condensed Statements of Cash Flow	<u>\$ 16,283</u>	<u>\$ 12,262</u>

Fuel, Materials, and Supplies

Fuel, materials, and supplies consist of fuel used in electric generation, renewable energy credits, and inventory, which are valued using the average cost method.

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 the Condensed Balance Sheets.

NOTE 2 – Revenues and Receivables

Central Hudson disaggregates revenue by segment and revenue type.

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.

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 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 negative revenue adjustments pursuant to PSC orders.

The following summary represents operating revenues disaggregated by segment and revenue source (In Thousands):

	Three Months Ended March 31,	
	2025	2024
Electric		
Revenues from contracts with customers (ASC 606)	\$ 237,652	\$ 199,040
Alternative revenues (Non ASC 606)	(7,548)	1,062
Other revenue adjustments (Non ASC 606)	114	(2,213)
Total Operating Revenues Electric	<u>\$ 230,218</u>	<u>\$ 197,889</u>
Natural Gas		
Revenues from contracts with customers (ASC 606)	\$ 102,988	\$ 85,130
Alternative revenues (Non ASC 606)	(340)	694
Other revenue adjustments (Non ASC 606)	(3,098)	(5,146)
Total Operating Revenues Natural Gas	<u>\$ 99,550</u>	<u>\$ 80,678</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):

	Three Months Ended March 31,	
	2025	2024
Balance at Beginning of Period	\$ (11,900)	\$ (11,200)
Uncollectible expense	(2,572)	(2,367)
Uncollectible expense deferred ⁽¹⁾	(3,732)	(7,924)
Write-offs, net	6,304	10,291
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.

On September 1, 2024, a phased roll out of automated collections, including customer disconnects and finance charges, began. The rollout was completed for most customers according to plan at the end of February 2025. Termination efforts have resulted in a leveling off of customers in arrears older than 90 days and has increased the amount in deferred payment arrangements. 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.

Management conducted quantitative and qualitative assessments of the allowance for uncollectible accounts as of March 31, 2025, including consideration of the differences in the current customers with arrears compared to past history, differences in payment behaviors of customers, including past economic factors impacting payment behavior compared to the current economic environment and the success of collection efforts to date. Based on its analysis and taking all qualitative factors into consideration, the Company concluded that the reserve of \$11.9 million is reflective of the expected credit losses and should be maintained at this level as of March 31, 2025.

NOTE 3 – Utility Plant

The following summarizes the type and amount of assets included in the electric, natural gas, and common categories of utility plant balances (In Thousands):

	March 31, 2025 ⁽¹⁾	December 31, 2024
Electric	\$ 2,113,759	\$ 2,027,241
Gas	\$ 928,408	\$ 904,104
Common	\$ 452,970	\$ 515,179
Total Gross Utility Plant	\$ 3,495,137	\$ 3,446,524
Less: Accumulated depreciation and amortization	\$ 759,882	\$ 743,695
Construction work in process	147,966	146,464
Net Utility Plant	<u>\$ 2,883,221</u>	<u>\$ 2,849,293</u>

⁽¹⁾ As a result of FERC Order 898 implementation, certain amounts included in “Common” at December 31, 2024 have been reclassified to Electric and Natural Gas “Other” categories as prescribed by the FERC Order.

For the three months ended March 31, 2025 and 2024, the borrowed component of funds used during construction and recorded as a reduction of interest expense was \$0.6 million and \$1.1 million and the equity component reported as other income was \$0.5 million and \$0.9 million, respectively.

Notes to Quarterly Condensed Financial Statements (UNAUDITED)

Included in the Net Utility Plant balance at March 31, 2025 and December 31, 2024 was \$178.8 million and \$172.7 million of intangible utility plant assets, comprised primarily of computer software costs, land, transmission, water, and other rights and the related accumulated amortization of \$70.1 million and \$65.9 million, respectively.

As of March 31, 2025 and December 31, 2024, Central Hudson reclassified from utility plant assets \$56.6 million and \$53.5 million, respectively, of cost of removal recovered through the rate-making process in excess of amounts incurred to date as a regulatory liability.

Asset Retirement Obligations for Central Hudson were approximately \$6.3 million and \$6.2 million as of March 31, 2025 and December 31, 2024, respectively. These amounts have been classified in the above chart under Electric “Other” and Common “Other” categories based on the nature of the Asset Retirement Obligation and are reflected as “Other – long-term liabilities” in the Condensed 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):

	March 31, 2025	December 31, 2024
Regulatory Assets:		
Deferred purchased electric and natural gas costs	\$ 36,919	\$ 13,757
Deferred unrealized losses on derivatives - electric and natural gas (Note 12)	2,595	37
RAM and carrying charges - electric and natural gas	3,437	8,176
RDM and carrying charges - natural gas	3,051	7,461
EE programs and carrying charges	29,367	33,957
Electric vehicle make ready program and carrying charges	10,259	8,398
Deferred and accrued SIR costs and carrying charges (Note 11)	57,269	57,162
Deferred storm costs and carrying charges	63,766	66,034
Deferred vacation pay accrual	12,914	9,098
Income taxes recoverable through future rates	21,691	33,559
Tax reform - unprotected impacts (Note 5)	21,915	22,618
Arrears Management Program and carrying charges	16,937	18,310
Other ⁽¹⁾	28,560	29,365
Total Regulatory Assets	\$ 308,680	\$ 307,932
Less: Current Portion of Regulatory Assets	\$ 110,327	\$ 90,766
Total Long-term Regulatory Assets	\$ 198,353	\$ 217,166
Regulatory Liabilities:		
Rate moderator and carrying charges - electric and natural gas	\$ 35,002	\$ 42,582
Deferred unrealized losses on derivatives - electric and natural gas (Note 12)	113	6,621
Clean energy fund and carrying charges	56,414	56,181
Tax reform - protected deferred tax liability (Note 5)	138,719	139,276
Deferred removal costs (Note 3)	56,554	53,540
Deferred pension costs (Note 9)	148,487	153,138
Income taxes refundable through future rates	8,590	9,912
Deferred OPEB costs (Note 9)	37,836	39,203

Notes to Quarterly Condensed Financial Statements (UNAUDITED)

Other ⁽¹⁾	36,073	22,454
Total Regulatory Liabilities	\$ 517,788	\$ 522,907
Less: Current Portion of Regulatory Liabilities	\$ 70,362	\$ 76,690
Total Long-term Regulatory Liabilities	\$ 447,426	\$ 446,217
Net Regulatory Liabilities	\$ (209,108)	\$ (214,975)

⁽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.

PSC Proceedings

2024 Rate Order

On July 18, 2024, the Commission issued the 2024 Rate Order. The 2024 Rate Order is effective for one year with rates going into effect August 1, 2024 and contains a make-whole provision that provided new rates effective retroactive to July 1, 2024.

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

	2024 Rate Order
Electric delivery rate increase	\$74.4
Natural gas delivery rate increase	\$27.3
ROE	9.50%
Earnings sharing	No
Capital structure – common equity	48%
Bill credits - electric	\$16.4
Bill credits - natural gas	\$6.1
RDMs – electric and natural gas	Yes

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 and are ongoing. The Company anticipates resolution to these proceedings in 2025.

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. See Note 11 – “Commitments and Contingencies” for further detail.

NOTE 5 – Income Tax

The combined effective tax rate is comparable for the three months ended March 31, 2025 and 2024, and both periods are lower than the statutory rate due to tax normalization rules and the timing of flow through tax items related to capital expenditures. The following is a summary of Central Hudson’s effective tax rates:

	March 31,	
	2025	2024
Effective tax rate - federal	17.9 %	17.5 %
Effective tax rate - state	5.6 %	5.9 %
Effective Tax Rate - Combined	<u>23.5 %</u>	<u>23.4 %</u>

NOTE 6 – Short-Term Borrowing Arrangements**Committed Credit Facilities**

Central Hudson has a committed credit agreement with five commercial banks for an aggregate total commitment of \$250 million 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 credit agreement includes a covenant that Central Hudson’s 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 March 31, 2025, Central Hudson was in compliance with all financial debt covenants in the credit agreement.

Uncommitted Credit

At March 31, 2025 and December 31, 2024, Central Hudson had \$60 million in uncommitted short-term credit arrangements. These credit arrangements diversify sources of cash and provide competitive options to minimize the cost of short-term debt.

Balances outstanding under the various credit arrangements are as follows (Dollars in Thousands):

	March 31, 2025	December 31, 2024
Committed Credit	\$ 117,000	\$ 45,000
Uncommitted credit	—	25,000
Total	<u>\$ 117,000</u>	<u>\$ 70,000</u>
Weighted Average Interest Rate	5.42 %	5.51 %

NOTE 7 – Capitalization – Common and Preferred Stock**Common Stock Dividends**

The Federal Power Act limits the payment of annual dividends by Central Hudson to its retained earnings. More restrictive is the PSC’s limit on the dividends Central Hudson may pay to CH Energy Group, which is 100% of

the average annual income available for common stock, calculated on a two-year rolling average basis. Based on this calculation, Central Hudson was restricted to a maximum annual payment of \$94.2 million and \$77.8 million in dividends to CH Energy Group for the periods ended March 31, 2025 and 2024, 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 CH Energy Group or any of Central Hudson's other 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. Central Hudson did not pay any dividends to its parent CH Energy Group for the periods ended March 31, 2025 and 2024.

Preferred Stock

Other than one share of Junior Preferred Stock, Central Hudson had no outstanding preferred stock as of March 31, 2025 and December 31, 2024.

NOTE 8 – Capitalization – Long-Term Debt

As of March 31, 2025, Central Hudson was in compliance with all covenants under its long-term debt instruments. Most of these instruments are redeemable at the discretion of Central Hudson, at any time, at the greater of par or a specified price, as defined in the respective long-term debt agreements, together with accrued and unpaid interest.

On March 31, 2025, Central Hudson settled \$20 million of matured Senior Notes with a rate of 2.98% per annum. During 2024, Central Hudson issued \$164 million and redeemed \$63.7 million in unsecured Senior Notes, with various interest rates and maturities. Central Hudson used the proceeds from the sale of the Senior Notes for general corporate purposes, including the repayment of short-term borrowings.

NOTE 9 – Post-Employment Benefits

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

In its orders, the PSC has authorized deferral accounting treatment for any variations between actual Pension and OPEB expense and the amount included in the current delivery rate structure. As a result, variations in expenses for post-employment benefit plans do not have any impact on earnings. The amounts reported as OCI, net of tax, relate to a former Central Hudson officer who transferred to an affiliated company. These amounts reported as OCI are charged to and reimbursed by the affiliated company.

The funded status includes the difference between the projected benefit obligation for the Retirement Plan and the market value of the pension assets. The SERP obligation of \$26.5 million at March 31, 2025 and \$26.9 million at December 31, 2024 is reported under "Other liabilities" on the Condensed Balance Sheets. In addition, approximately \$2.1 million at March 31, 2025 and December 31, 2024 are reflected in the Condensed Balance Sheets under "Other current liabilities" for pension payments expected to be made over the next twelve months. The funded status does not reflect approximately \$30.4 million of SERP trust assets at March 31, 2025 and \$30.6 million at December 31, 2024.

Notes to Quarterly Condensed Financial Statements (UNAUDITED)

	Pension		OPEB	
	Three Months Ended March 31,		Three Months Ended March 31,	
	2025	2024	2025	2024
Components of Net Periodic Benefit:				
Service cost	\$ 1,438	\$ 1,761	\$ 223	\$ 255
Interest cost	7,771	7,438	1,365	1,331
Expected return on plan assets	(10,328)	(10,877)	(2,455)	(2,398)
Amortization of prior service cost (credit)	25	128	(102)	(102)
Amortization of recognized actuarial net gain	(4,989)	(1,937)	(1,404)	(763)
Net Periodic Benefit	\$ (6,083)	\$ (3,487)	\$ (2,373)	\$ (1,677)

Other Retirement Savings Plans

Central Hudson sponsors a 401(k) retirement plan (“401(k) plan”) for its employees. The 401(k) plan provides for employee tax-deferred salary deductions for participating employees and employer matches. The matching benefit varies by employee group. Central Hudson also provides an additional contribution of 4% to the 401(k) plan of annualized base salary for eligible employees who do not qualify for the Retirement Plan. Central Hudson’s contributions for the three months ended March 31, 2025 and 2024 were \$2.9 million and \$2.6 million, respectively.

NOTE 10 – Equity-Based Compensation

Effective January 1, 2025, officers of Central Hudson were granted 51,078 units under the 2025 Fortis Omnibus Equity Plan (the “Plan”), which became effective January 1, 2025. The Plan provided for both 17,026 Restricted Share Unit (“RSU”) and 34,052 Performance Share Unit (“PSU”) grants for employees of Fortis and its subsidiaries for the period from January 1, 2025 through December 31, 2027. 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. At the election of the holder, RSUs and PSUs granted in 2025 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 the RSUs vesting.

The following is a summary of the units granted under the Plan to Central Hudson employees and outstanding as of March 31, 2025:

	Grant Date	Grant Date Fair Value	Time Based		Performance Based	
			Granted	Outstanding ⁽¹⁾	Granted	Outstanding ⁽¹⁾
2025 RSU	January 1, 2025	\$ 41.71	17,026	17,191	—	—
2025 PSU	January 1, 2025	\$ 41.71	—	—	34,052	34,383
2024 RSU ⁽²⁾	January 1, 2024	\$ 40.91	24,215	25,287	—	—
2024 PSU ⁽²⁾	January 1, 2024	\$ 40.91	—	—	48,431	50,855
2023 RSUP	January 1, 2023	\$ 40.35	21,664	23,636	—	—
2023 SUP	January 1, 2023	\$ 40.35	—	—	43,327	48,061

⁽¹⁾ Includes notional dividends accrued as of March 31, 2025.

⁽²⁾ In the second quarter of 2024, 11,277 PSUs and 5,638 RSUs under the Plan were granted to a new officer.

Compensation expense for the three months ended March 31, 2025 and 2024 was \$1.3 million and \$2.2 million, respectively. In the first quarter of 2025, 28,827 units under the 2022 Fortis Share Unit Plan (“SUP”) and 7,185

units under the 2022 Fortis Restricted Share Unit Plan (“RSUP”) vested and were paid out for a total of approximately \$0.7 million.

The liabilities associated with units granted 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 the required years of service and provides the required notice of retirement under the terms of the plans is determined as if the employee continued to be an employee through the end of the performance period. In accordance with accounting guidance, 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 for officers who are retirement eligible under the terms of the plans, have attained retirement age, and met the required 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 11 – Commitments and Contingencies

There were no significant changes in the nature and amounts of Central Hudson’s commitments from those disclosed in the 2024 Annual Financial Report, except as noted below.

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 the monthly full-service customer load volume, as defined by the New York Independent System Operator. 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 transitioned to the same “pay-as-you-go” approach of Tier 3 zero-emissions credits. At March 31, 2025, the forward Tier 1 obligations for full-service customers are estimated to be approximately \$3.2 million through December 31, 2025. Central Hudson’s estimated accrued Tier 3 zero-emissions credits obligation through March 31, 2025, is approximately \$8.8 million. These estimated costs are recoverable from full-service customers through the electric cost adjustment mechanism and, therefore, do not impact earnings.

Contingencies

Environmental Matters

Central Hudson accrues for remediation costs based on the amounts that can be reasonably estimated at a point in time. There are currently nine sites within Central Hudson's service territory that are in various stages of environmental SIR. SIR can be divided into various stages of completion based on the milestones of activities completed and reports reviewed. These stages, sites, and the costs accrued include (In Millions):

Stage	Sites	Total Accrued Cost at March 31, 2025	Estimated Spend in the Next Twelve Months
Investigation	Little Britain Road	\$ 2.2	\$ 0.1
Remedial alternatives analysis	North Water Street	67.0	3.1
Post-remediation monitoring	Newburgh Areas A, B & C, Laurel Street, Catskill, Kingston, and Eltings Corners	4.7	0.1
Total		<u>\$ 73.9</u>	<u>\$ 3.3</u>

The spending related to SIR for the three months ended March 31, 2025 and 2024 was immaterial. There were no significant updates for contingencies related to environmental matters.

Future remediation activities, including operation, maintenance, monitoring, and related costs may vary significantly from the assumptions used in 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 flow 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, which include previously granted deferral authority and future recovery for the differences between actual environmental SIR costs, including both manufactured gas plants ("MGP"), non-MGP, and the associated rate allowances, with carrying charges at the authorized pre-tax rate of return.

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 three months ended March 31, 2025 and 2024 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 March 31, 2025, of the 3,389 asbestos cases brought against Central Hudson, 1,165 remain pending. Of the cases no longer pending, 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 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 flow.

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. Several 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. On March 21, 2025, the Commission issued an Order to Assign Administrative Law Judge and Commence Evidentiary Hearing. The Order sets a schedule for the enforcement proceeding and does not preclude participation in settlement negotiations. 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 the financial position, results of operations, or cash flow. Central Hudson expenses legal costs as incurred.

NOTE 12 – 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 and are entered into to manage commodity price risk and adverse or unexpected weather conditions, reducing the impact of volatility in the prices of electricity and natural gas. Derivative transactions are not used for speculative purposes.

Energy Contracts Subject to Regulatory Deferral

Central Hudson has been authorized to fully recover certain risk management costs through its electricity and natural gas cost adjustment mechanisms. Gains and losses associated with risk management instruments 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 electric and natural gas requirements covered with fixed price forward purchases at March 31, 2025 are as follows:

	% of Requirement Hedged ⁽¹⁾
Electric Derivative Contracts:	0.3 million MWh
April 2025 - October 2025	17.9%
Natural Gas Derivative Contracts:	0.9 million dekatherm
November 2025 - December 2025	13.8%
January 2026 - March 2026	11.9%

⁽¹⁾ Projected coverage as of March 31, 2025.

Derivative Risks

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 March 31, 2025, there were three open contracts with credit risk contingent features in a liability position and, if the contingent features were triggered, \$1.9 million would be required to settle these instruments.

Derivative Contracts

Central Hudson has elected gross presentation for its derivative contracts under master netting agreements and collateral positions. On March 31, 2025 and December 31, 2024, Central Hudson did not have collateral posted against the fair value amount of derivatives.

The net presentation of derivative assets and liabilities are as follows (In Thousands):

	Gross Amounts Recognized	Gross Amounts Offset in the Statement of Financial Position	Net Amount 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 March 31, 2025:						
Total Derivative Contracts Assets	\$ 113	\$ —	\$ 113	\$ 52	\$ —	\$ 61
Total Derivative Contracts Liabilities	\$ 2,595	\$ —	\$ 2,595	\$ 52	\$ —	\$ 2,543
As of December 31, 2024:						
Total Derivative Contracts Assets	\$ 6,621	\$ —	\$ 6,621	\$ 7	\$ —	\$ 6,614
Total Derivative Contracts Liabilities	\$ 37	\$ —	\$ 37	\$ 7	\$ —	\$ 30

Derivative contracts are measured at fair value on a recurring basis based on the fair value hierarchy, as prescribed by accounting guidance. Derivative assets and liabilities by category and hierarchy level are as follows (In Thousands):

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
As of March 31, 2025:				
Total Derivative Contracts Assets	\$ 113	\$ 113	\$ —	\$ —
Total Derivative Contracts Liabilities	\$ 2,595	\$ 52	\$ 2,543	\$ —
As of December 31, 2024:				
Total Derivative Contracts Assets	\$ 6,621	\$ 11	\$ 6,610	\$ —
Total Derivative Contracts Liabilities	\$ 37	\$ 34	\$ 3	\$ —

The Effect of Derivative Instruments on the Condensed 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 the financial position, results of operations, or cash flow.

Notes to Quarterly Condensed Financial Statements (UNAUDITED)

The following table summarizes the effects of derivatives on the Condensed Statements of Income (In Thousands):

	Amount of Gain (Loss) Recognized as an Increase (Decrease) in the Condensed Statements of Income		Location of Gain (Loss)
	Three Months Ended March 31,		
	2025	2024	
Electricity Swap Contracts	\$ 18,397	\$ (13,252)	Deferred purchased electric costs
Natural gas swap contracts	139	(514)	Deferred purchased natural gas costs
Total	\$ 18,536	\$ (13,766)	

NOTE 13 – Other Fair Value Measurements

Other Assets Recorded at Fair Value

In addition to the derivatives reported at fair value discussed in Note 12 – “Accounting for Derivative Instruments and Hedging Activities,” Central Hudson reports certain other assets at fair value on the Condensed 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 March 31, 2025:				
Other Investments	\$ 11,512	\$ 11,512	\$ —	\$ —
As of December 31, 2024:				
Other Investments	\$ 11,122	\$ 11,122	\$ —	\$ —

As of March 31, 2025 and December 31, 2024, 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 Condensed Balance Sheets.

The remaining amount reported in “Other investments” within the Deferred Charges and Other Assets section of the Condensed Balance Sheets represent trust assets for the funding of the SERP and Deferred Compensation Plan held in trust-owned life insurance policies, which are recorded at cash surrender value. As of March 31, 2025 and December 31, 2024, the total cash surrender value of trust-owned life insurance held by these trusts was approximately \$34.7 million and \$37.8 million, respectively. The change in the cash surrender value is reported in “Other, net” within the Other Income and Deductions section of the Condensed Statements of Income.

The following table discloses the estimated fair value of long-term debt, including the current maturities (Dollars in Thousands):

	March 31, 2025		December 31, 2024	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Fixed Rate Debt	\$ 1,349,700	\$ 1,194,074	\$ 1,369,700	\$ 1,190,488
Total	\$ 1,349,700	\$ 1,194,074	\$ 1,369,700	\$ 1,190,488
Estimated Effective Interest Rate		4.43 %		4.41 %

NOTE 14 – Related Party Transactions

Thompson Hine LLP serves as outside counsel to Central Hudson. One partner in that firm serves as General Counsel and Corporate Secretary. Central Hudson paid approximately \$0.7 million in fees to Thompson Hine LLP for the three months ended March 31, 2025 and 2024, respectively.

Central Hudson may provide general and administrative services to and receive services from affiliates, including 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. In addition, 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.

Furthermore, Central Hudson performs work and incurs expenses on behalf of New York Transco, LLC, a company in which Central Hudson's parent corporation, CH Energy Group, has an equity interest through Central Hudson Electric Transmission. Central Hudson bills for such work and expenses in accordance with established policies. As of March 31, 2025 and 2024, intercompany receivables and payables were immaterial.

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

	Three Months Ended March 31,	
	2025	2024
CH Energy Group	\$ 1,940	\$ 1,778

NOTE 15 – Subsequent Events

An evaluation of subsequent events was completed through May 6, 2025, the date these Condensed Financial Statements were available to be issued, to determine whether circumstances warranted recognition and disclosure of events or transactions in the Condensed Financial Statements as of March 31, 2025.

On April 16, 2025, Central Hudson issued \$20 million of 10-year Senior Notes with an interest rate of 5.61% per annum, \$30 million of 15-year Senior Notes with an interest rate of 5.81% per annum, and \$20 million of 20-year Senior Notes with an interest rate of 6.01% per annum. The proceeds from the sale of the Senior Notes were used for general corporate purposes, including the repayment of short-term borrowings.

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

For the Three Months Ended March 31, 2025

This information should be read in conjunction with the Quarterly Condensed Financial Statements and the notes contained herein, and the audited 2024 Annual Financial Report's financial statements, notes, and Management's Discussion and Analysis of Financial Condition and Results of Operations.

There have been no material changes to Central Hudson's mission and strategy, risk factors, summary of changes in accounting policies, and internal controls over financial reporting as set forth in its 2024 Annual Financial Report.

Financial Highlights

Period Ended March 31

	Year to Date		
	2025	2024	Change
Electricity Sales (gigawatt hours)	1,375	1,301	74
Natural Gas Sales (petajoules)	9.1	8.8	0.3
(In Millions)			
Revenues	\$ 329.8	\$ 278.6	\$ 51.2
Energy supply costs - matched to revenues	109.7	90.3	19.4
Operating expenses - matched to revenues	31.7	31.5	0.2
Operating expenses - other	97.3	95.1	2.2
Depreciation and amortization	27.7	22.5	5.2
Other income, net	12.4	9.3	3.1
Interest charges	16.9	13.1	3.8
Income taxes	13.8	8.3	5.5
Net Income	<u>\$ 45.1</u>	<u>\$ 27.1</u>	<u>\$ 18.0</u>

Earnings: The increase in earnings for the first quarter compared to the prior year is primarily attributable to the approved increase in delivery rates, which provides return on capital invested in the business, including a ROE of 9.5%, a 48% equity ratio and updated financing costs, as well as a better alignment of operating cost recovery. The approved delivery rates also included a shift in revenue between the second and third quarter of the calendar year to the first and fourth quarter. This further contributed to the year over year increase in earnings in the first quarter.

Electricity and Natural Gas Sales: Electricity and natural gas sales were higher quarter over quarter due to colder weather when compared to prior year. These fluctuations do not impact earnings due to the RDM, which requires actual revenues billed above or below amounts approved in rates to be deferred for future return to or recovery from customers.

Revenues: The increase in revenues is primarily due to higher customer delivery rates, as prescribed in the 2024 Rate Order, as well as higher recovery of electric and natural gas commodity costs.

Energy Supply Cost: Electric and natural gas supply costs increased year over year due to higher volume and price driven by colder weather. Energy supply costs fluctuate; however, these fluctuations do not impact earnings due to the full deferral of commodity costs.

Operating Expenses - Other: The increase in operating expenses is primarily driven by increased labor and related costs, which were provided for in the increased delivery rates.

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, which were provided for in the increased delivery rates.

Other Income, Net: The increase in other income is primarily attributable to a decrease in the non-service cost component of pension expense when compared to 2024, which does not impact earnings due to the full deferral of pension costs.

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.

Financial Position

Significant Changes in the Condensed Balance Sheets

For the three months ended March 31, 2025

(In Millions)

	Increase (Decrease)	Explanation
Accounts receivable, net	\$20.0	Increase is primarily driven by higher electric and natural gas consumption at higher rates and winter rules preventing terminations and locking for non-payment. Collection efforts have continued and locking for non-payment can resume April 15 th when winter rules conclude.
Regulatory assets - current	19.6	Increase is primarily driven by higher electric and natural gas costs in excess of collections.
Regulatory assets - long term	(18.8)	Decrease is primarily driven by lower deferred taxes recoverable through future rates attributable to plant and higher recovery of previously deferred balances.
Long term debt, including current maturities	(20.0)	Decrease is due to repayments of matured debt.
Short-term borrowings	47.0	Net increase is related to additional short-term borrowings to date in 2025.

Liquidity and Capital Resources

Summary of Condensed Cash Flow

Period Ended March 31

(In Millions)

	Year to Date	
	2025	2024
Cash, Cash Equivalents, and Restricted Cash - Beginning of Period	\$ 10.5	\$ 2.2
Operating activities	47.4	38.1
Investing activities	(68.6)	(67.0)
Financing activities	27.0	39.0
Cash, Cash Equivalents, and Restricted Cash - End of Period	<u>\$ 16.3</u>	<u>\$ 12.3</u>

Operating Activities: The increase in cash from operations in the first quarter of 2025 as compared to 2024 was primarily attributable to the increase in delivery rates, which provides earnings on rate base growth and improved cost recovery, as well as lower storm activity. These increases were partially offset by higher working capital needs.

Investing Activities: Cash used in investing activities during the first quarter of 2025 were higher than 2024 due to Central Hudson’s continued growth in its capital program, which includes investments in strengthening of existing electrical and natural gas infrastructure, increased resiliency and automation of distribution systems, additional cybersecurity, and new common facilities. Projected capital spending is estimated to be approximately \$355 million for the year ending December 31, 2025 as compared to the actual spending of \$314 million for 2024.

Financing Activities: The net decrease in cash proceeds from financing activities is due to repayments of long-term debt in the current year, partially offset by higher proceeds from short-term borrowings. Subsequent to the end of the first quarter, Central Hudson issued \$70 million of Senior Notes and used the proceeds for general corporate purposes.

Anticipated Sources and Uses of Cash

Central Hudson does not accumulate significant amounts of cash, but rather re-invests its earnings into capital investments. Additionally, Central Hudson will either receive capital contributions from CH Energy Group or distribute excess cash to CH Energy Group in the form of dividends to meet equity financing needs. Central Hudson is currently managing its financing to maintain a common equity ratio at the 48% level as approved in its delivery rates.

Central Hudson expects to continue 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.

Bond Ratings

	March 31, 2025		December 31, 2024	
	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	BBB+	Stable

⁽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 agency issuing the rating. Each rating should be evaluated independently of any other rating.

Central Hudson believes cash from operations, funds obtained through its financing program and equity support from its parent, will be sufficient for the foreseeable future to meet its working capital needs, fund its capital program and meet its public service obligations and growth objectives.

Regulatory Proceedings

There have been no material changes to regulatory proceedings disclosed in the 2024 Annual Financial Report; however, significant activity related to on-going and new proceedings in 2025 are noted below.

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

Energy Affordability

The 2024 State budget signed by the Governor on May 3, 2023, required the DPS to propose a bill discount program for residential customers who do not currently qualify for existing Energy Affordability Programs and

have incomes below the NYS's median income. On March 18, 2025, DPS Staff issued a proposed implementation framework for the Expanded Energy Affordability Program. The proposal recommends expansion of the current low-income bill credit program to include additional tiers for moderate-income customers, defined as income below 100% of NYS's median income. Income verification would be handled by a third-party contracted by the utility. DPS Staff proposes increasing the funding caps from 2% to 3% of the utility's annual revenue to fund the program expansion.

FERC Notice of Pending Jurisdictional Inquiry

On February 6, 2025, the FERC issued an Order Finding Licensing of Hydroelectric Projects Required with regards to 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. On March 8, 2025, Central Hudson filed its Application for Rehearing at FERC.

FORWARD-LOOKING STATEMENTS

Statements included in this Quarterly Condensed 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. Central Hudson 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, storm activity, a cyber-attack, poor operating performance, legislative, tax and regulatory developments, the outcome of litigations, and the resolution of current and future environmental and economic issues. Central Hudson undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events, or otherwise.