



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

**QUARTERLY FINANCIAL REPORT**

**for the period ended**

**SEPTEMBER 30, 2024**

**QUARTER ENDED SEPTEMBER 30, 2024**  
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## GLOSSARY

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

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

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

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

**ASC:** Accounting Standards Codification

**ASU:** Accounting Standards Update

**CAIDI:** Customer Average Interruption Duration Index

**Central Hudson or Company:** Central Hudson Gas & Electric Corporation

**CHEC:** Central Hudson Enterprises Corporation

**CHET:** Central Hudson Electric Transmission

**CHGT:** Central Hudson Gas Transmission LLC

**CIS:** customer information system

**COR:** cost of removal

**COVID-19:** Coronavirus pandemic

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

**DPS:** Department of Public Service

**Dth:** dekatherm

**EAP:** Energy Affordability Program

**EE:** energy efficiency

**EV:** electric vehicle

**FASB:** Financial Accounting Standards Board

**FERC:** Federal Energy Regulatory Commission

**Fortis:** Fortis Inc.

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

**GW:** gigawatt

**GWh:** gigawatt hour

**HDD:** Heating Degree Days

**IP:** Implementation Plan

**IT:** information technology

**LIBOR:** London Interbank Offered Rate

**LPP:** leak prone pipe

**LSE:** Load Serving Entity

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

**MW:** megawatt

**MWh:** megawatt hour

**NPA:** non-pipes alternative

**NRA:** negative revenue adjustment

**NYISO:** New York Independent System Operator

**NYPA:** New York Power Authority

**NYS:** New York State

**NYSDEC:** New York State Department of Environmental Conservation

**NYSERDA:** New York State Energy Research and Development Agency

**NYTO:** New York Transmission Operator

**O&M:** operations and maintenance

**OATT:** Open Access Transmission Tariff

**OM&M:** operation, maintenance, and monitoring costs

**OCI:** other comprehensive income

**OPEB:** other post-employment benefits

**Pension:** Retirement Income Plan and Supplemental Executive Retirement Plan

**PJ:** petajoule

**PPA:** Pension Protection Act

**PRA:** positive revenue adjustment

**PSC or Commission:** New York State Public Service Commission

**R&D:** research and development

**RAM:** Rate Adjustment Mechanism

**RD:** Recommended Decision

**RDM:** Revenue Decoupling Mechanism

**REC:** Renewable Energy Credit

**Retirement Plan:** Retirement Income Plan

**Rev. Proc.:** Revenue Procedure

**ROE:** return on equity

**RY:** Rate Year

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

**SAIFI:** System Average Interruption Frequency Index

**SERP:** Supplemental Executive Retirement Plan

**SDU:** System Deliverability Upgrade

**SIFMA:** Securities Industry and Financial Markets Association

**SIR:** site investigation and remediation

**SOFR:** Secured Overnight Financing Rate

**Staff:** Department of Public Service Staff

**Transco:** New York Transco, LLC

**ZEC:** Zero-Emissions Credits

**CH ENERGY GROUP**  
**CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)**

(In Thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Operating Revenues				
Electric	\$ 224,235	\$ 191,333	\$ 604,276	\$ 613,132
Natural gas	23,372	24,532	143,148	166,276
Total Operating Revenues	247,607	215,865	747,424	779,408
Operating Expenses				
Operation:				
Purchased electricity	74,750	61,468	203,138	245,252
Purchased natural gas	2,495	3,743	34,853	63,124
Other expenses of operation - regulated activities	101,574	88,282	302,854	271,087
Other expenses of operation - non-regulated	129	169	266	253
Depreciation and amortization	25,374	20,906	70,557	62,732
Taxes, other than income tax	19,283	20,181	66,919	64,466
Total Operating Expenses	223,605	194,749	678,587	706,914
Operating Income	24,002	21,116	68,837	72,494
Other Income and Deductions				
Income from unconsolidated affiliates	1,077	974	3,186	3,001
Interest on regulatory assets and other interest income	1,405	1,433	4,817	5,129
Regulatory adjustments for interest (costs) income	(22)	424	763	1,243
Non-service cost components of pension and OPEB	7,186	6,570	21,559	19,709
Other - net	1,068	254	2,254	396
Total Other Income	10,714	9,655	32,579	29,478
Interest Charges				
Interest on long-term debt	14,333	12,888	42,358	37,317
Interest on regulatory liabilities and other interest costs (income)	829	(1,166)	(866)	(954)
Total Interest Charges	15,162	11,722	41,492	36,363
Income Before Income Taxes	19,554	19,049	59,924	65,609
Income Tax Expense	4,610	4,260	14,128	14,702
Net Income	<u>\$ 14,944</u>	<u>\$ 14,789</u>	<u>\$ 45,796</u>	<u>\$ 50,907</u>

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

(In Thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net income	\$ 14,944	\$ 14,789	\$ 45,796	\$ 50,907
OCI:				
Employee future benefits, net of tax expense	1	2	5	5
Comprehensive Income	<u>\$ 14,945</u>	<u>\$ 14,791</u>	<u>\$ 45,801</u>	<u>\$ 50,912</u>

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

# CH ENERGY GROUP

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

(In Thousands)

	Nine Months Ended September 30,	
	2024	2023
<b>Operating Activities:</b>		
Net income	\$ 45,796	\$ 50,907
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>		
Depreciation	56,943	50,099
Amortization	13,614	12,633
Deferred income taxes - net	12,109	14,488
Uncollectible expense	7,095	6,222
(Undistributed) distributed equity in earnings of unconsolidated affiliates	(1,139)	30
Pension credit	(7,751)	(6,564)
OPEB credit	(2,522)	(5,227)
Regulatory liability - rate moderation	(19,940)	(11,510)
Regulatory asset - RDM recorded	3,731	(11,298)
Regulatory liability - customer benefit fund ("CBF")	4,000	—
<b>Changes in operating assets and liabilities - net:</b>		
Accounts receivable, unbilled revenues, and other receivables	(24,150)	(12,954)
Fuel, materials, and supplies	(3,873)	(3,188)
Special deposits and prepayments	(6,114)	(1,486)
Income and other taxes	1,997	206
Accounts payable	(370)	(21,172)
Accrued interest	1,441	738
Customer advances	(1,925)	(280)
Other advances	3,798	(1,614)
Corporate Alternative Minimum Tax	—	(5,400)
Pension plan contribution	(1,355)	(1,080)
OPEB contribution	(629)	(22)
Regulatory asset - RDM collected	14,523	5,130
Regulatory asset - major storm	(11,868)	(19,257)
Regulatory asset - SIR	4,349	6,360
Regulatory asset - Arrears Management Program ("AMP")	3,005	(19,599)
Regulatory asset - uncollectible write-offs	(19,160)	(6,857)
Regulatory liability - EE programs including Clean Energy Fund ("CEF")	8,186	(258)
Regulatory asset - RAM	9,750	9,303
Regulatory asset - deferred natural gas and electric costs	40,018	38,176
Other - net	10,123	8,669
<b>Net cash provided by operating activities</b>	<b>139,682</b>	<b>75,195</b>
<b>Investing Activities:</b>		
Additions to utility plant	(216,127)	(184,427)
Other - net	(3,973)	6,077
<b>Net cash used in investing activities</b>	<b>(220,100)</b>	<b>(178,350)</b>
<b>Financing Activities:</b>		
Redemption of long-term debt	(31,103)	(1,033)
Proceeds from issuance of long-term debt	60,000	90,000
Net change in short-term borrowings	59,000	(60,000)
Capital contribution	3,600	73,500
Other - net	(343)	(520)
<b>Net cash provided by financing activities</b>	<b>91,154</b>	<b>101,947</b>
<b>Net Change in Cash, Cash Equivalents, and Restricted Cash</b>	<b>10,736</b>	<b>(1,208)</b>
<b>Cash, Cash Equivalents, and Restricted Cash at Beginning of Period</b>	<b>4,320</b>	<b>5,010</b>
<b>Cash, Cash Equivalents, and Restricted Cash at End of Period</b>	<b>\$ 15,056</b>	<b>\$ 3,802</b>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Interest paid, net of amounts capitalized	\$ 40,798	\$ 35,439
Federal and state income taxes paid, net	\$ 2,324	\$ 7,497
<b>Non-Cash Investing Activities:</b>		
Accrued capital expenditures	\$ 14,904	\$ 15,264

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

**CH ENERGY GROUP**  
**CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)**

(In Thousands)

	September 30, 2024	December 31, 2023	September 30, 2023
<b>ASSETS</b>			
Utility Plant (Note 3)			
Electric	\$ 1,984,665	\$ 1,884,513	\$ 1,848,435
Natural gas	890,447	845,649	819,602
Common	512,520	476,744	467,841
Gross Utility Plant	3,387,632	3,206,906	3,135,878
Less: Accumulated depreciation	794,601	758,277	747,954
Net	2,593,031	2,448,629	2,387,924
Construction work in progress	172,674	183,204	183,879
Net Utility Plant	2,765,705	2,631,833	2,571,803
Non-utility property & plant	524	524	524
Net Non-Utility Property & Plant	524	524	524
Current Assets			
Cash and cash equivalents (Note 1)	14,360	3,624	3,106
Accounts receivable from customers - net of allowance for uncollectible accounts of \$11.1 million, respectively (Note 2)	259,367	239,862	234,928
Accounts receivable - affiliates (Note 17)	10	158	247
Accrued unbilled utility revenues - net of allowance for uncollectible accounts of \$0.1 million, respectively (Note 2)	22,306	28,615	19,508
Other receivables	21,848	18,326	23,836
Fuel, materials, and supplies (Note 1)	40,059	36,186	34,426
Regulatory assets (Note 4)	86,717	110,621	85,578
Income tax receivable	—	442	333
Fair value of derivative instruments (Note 15)	1,464	161	2,268
Special deposits and prepayments	42,631	36,517	44,192
Total Current Assets	488,762	474,512	448,422
Deferred Charges and Other Assets			
Regulatory assets - other (Note 4)	212,196	254,079	269,865
Prefunded pension costs (Note 11)	119,849	113,229	61,235
Prefunded OPEB costs (Note 11)	49,345	46,185	33,820
Investments in unconsolidated affiliates (Note 6)	35,229	29,711	29,974
Other investments (Note 16)	48,730	46,001	45,573
Other	6,804	8,505	8,388
Total Deferred Charges and Other Assets	472,153	497,710	448,855
Total Assets	\$ 3,727,144	\$ 3,604,579	\$ 3,469,604

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

**CH ENERGY GROUP**  
**CONDENSED CONSOLIDATED BALANCE SHEET (CONT'D) (UNAUDITED)**

(Dollars in Thousands)

	September 30, 2024	December 31, 2023	September 30, 2023
<b>CAPITALIZATION AND LIABILITIES</b>			
Capitalization (Note 9)			
CH Energy Group Common Shareholders' Equity			
Common Stock (30,000,000 shares authorized: \$0.01 par value; 15,961,400 shares issued and outstanding)	\$ 160	\$ 160	\$ 160
Paid-in capital	565,202	561,602	561,602
Retained earnings	702,608	656,812	635,341
Accumulated OCI	170	165	171
Total Equity	1,268,140	1,218,739	1,197,274
Long-term debt (Note 10)			
Principal amount	1,280,621	1,241,801	1,182,942
Unamortized debt issuance costs	(6,014)	(6,143)	(5,944)
Net long-term debt	1,274,607	1,235,658	1,176,998
Total Capitalization	2,542,747	2,454,397	2,374,272
Current Liabilities			
Current maturities of long-term debt (Note 10)	22,322	32,245	32,171
Short-term borrowings (Note 8)	80,000	21,000	45,000
Accounts payable	62,212	72,122	60,050
Accounts payable - affiliates (Note 17)	31	199	—
Accrued interest	14,415	12,974	11,423
Accrued vacation and payroll	12,120	10,780	11,263
Customer advances	16,229	18,154	16,673
Customer deposits	5,325	6,686	6,714
Regulatory liabilities (Note 4)	94,650	62,647	83,289
Fair value of derivative instruments (Note 15)	4,743	12,499	4,734
Accrued environmental remediation costs (Note 13)	2,755	1,066	1,308
Accrued income and other taxes	1,534	—	—
Other advances	13,901	10,103	10,266
Other current liabilities	22,706	21,187	22,206
Total Current Liabilities	352,943	281,662	305,097
Deferred Credits and Other Liabilities			
Regulatory liabilities - deferred pension costs (Note 4)	100,180	121,166	70,595
Regulatory liabilities - deferred OPEB costs (Note 4)	26,354	32,633	21,375
Regulatory liabilities - other (Note 4)	252,582	271,792	264,435
Operating reserves	4,365	3,495	4,002
Accrued environmental remediation costs (Note 13)	70,552	71,236	71,234
Other liabilities	39,859	37,506	34,277
Total Deferred Credits and Other Liabilities	493,892	537,828	465,918
Accumulated Deferred Income Tax (Note 5)	337,562	330,692	324,317
Commitments and Contingencies			
Total Capitalization and Liabilities	\$ 3,727,144	\$ 3,604,579	\$ 3,469,604

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



**CH ENERGY GROUP****CONDENSED CONSOLIDATED STATEMENT OF EQUITY (UNAUDITED)**

(Dollars in Thousands)

Nine Months Ended September 30, 2024						
	Common Stock		Paid-In Capital	Retained Earnings	Accumulated OCI	Total Equity
	Shares Issued	Amount				
Balance at December 31, 2023	15,961,400	\$ 160	\$ 561,602	\$ 656,812	\$ 165	\$1,218,739
Net income				27,639		27,639
Employee future benefits, net of tax					2	2
Balance at March 31, 2024	15,961,400	\$ 160	\$ 561,602	\$ 684,451	\$ 167	\$1,246,380
Net income				3,213		3,213
Capital contribution			3,600			3,600
Employee future benefits, net of tax					2	2
Balance at June 30, 2024	15,961,400	\$ 160	\$ 565,202	\$ 687,664	\$ 169	\$1,253,195
Net income				14,944		14,944
Employee future benefits, net of tax					1	1
Balance at September 30, 2024	15,961,400	\$ 160	\$ 565,202	\$ 702,608	\$ 170	\$1,268,140

Nine Months Ended September 30, 2023						
	Common Stock		Paid-In Capital	Retained Earnings	Accumulated OCI	Total Equity
	Shares Issued	Amount				
Balance at December 31, 2022	15,961,400	\$ 160	\$ 488,102	\$ 584,434	\$ 166	\$1,072,862
Net income				23,519		23,519
Capital contributions			67,500			67,500
Employee future benefits, net of tax					2	2
Balance at March 31, 2023	15,961,400	\$ 160	\$ 555,602	\$ 607,953	\$ 168	\$1,163,883
Net income				12,599		12,599
Capital contributions			6,000			6,000
Employee future benefits, net of tax					1	1
Balance at June 30, 2023	15,961,400	\$ 160	\$ 561,602	\$ 620,552	\$ 169	\$1,182,483
Net income				14,789		14,789
Employee future benefits, net of tax					2	2
Balance at September 30, 2023	15,961,400	\$ 160	\$ 561,602	\$ 635,341	\$ 171	\$1,197,274

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

**CENTRAL HUDSON**  
**CONDENSED STATEMENT OF INCOME (UNAUDITED)**

(In Thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
<b>Operating Revenues</b>				
Electric	\$ 224,235	\$ 191,333	\$ 604,276	\$ 613,132
Natural gas	23,372	24,532	143,148	166,276
Total Operating Revenues	247,607	215,865	747,424	779,408
<b>Operating Expenses</b>				
Operation				
Purchased electricity	74,750	61,468	203,138	245,252
Purchased natural gas	2,495	3,743	34,853	63,124
Other expenses of operation	101,574	88,282	302,854	271,087
Depreciation and amortization	25,374	20,906	70,557	62,732
Taxes, other than income tax	19,198	20,064	66,670	64,241
Total Operating Expenses	223,391	194,463	678,072	706,436
Operating Income	24,216	21,402	69,352	72,972
<b>Other Income and Deductions</b>				
Interest on regulatory assets and other interest income	1,405	1,433	4,817	5,129
Regulatory adjustments for interest (costs) income	(22)	424	763	1,243
Non-service cost components of pension and OPEB	7,192	6,575	21,577	19,725
Other - net	956	164	2,301	342
Total Other Income	9,531	8,596	29,458	26,439
<b>Interest Charges</b>				
Interest on long-term debt	14,260	12,791	42,144	36,994
Interest on regulatory liabilities and other interest costs (income)	829	(1,166)	(866)	(954)
Total Interest Charges	15,089	11,625	41,278	36,040
Income Before Income Taxes	18,658	18,373	57,532	63,371
Income Tax Expense	4,357	4,062	13,450	14,042
Net Income	<u>\$ 14,301</u>	<u>\$ 14,311</u>	<u>\$ 44,082</u>	<u>\$ 49,329</u>

**CENTRAL HUDSON**  
**CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**

(In Thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net Income	\$ 14,301	\$ 14,311	\$ 44,082	\$ 49,329
OCI:				
Employee future benefits, net of tax expense	1	2	5	5
Comprehensive Income	<u>\$ 14,302</u>	<u>\$ 14,313</u>	<u>\$ 44,087</u>	<u>\$ 49,334</u>

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

**CENTRAL HUDSON**  
**CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)**

(In Thousands)

	Nine Months Ended September 30,	
	2024	2023
<b>Operating Activities:</b>		
Net income	\$ 44,082	\$ 49,329
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	56,943	50,099
Amortization	13,614	12,633
Deferred income taxes - net	11,427	13,827
Uncollectible expense	7,095	6,222
Pension credit	(7,751)	(6,564)
OPEB credit	(2,522)	(5,227)
Regulatory liability - CBF	4,000	—
Regulatory liability - rate moderation	(19,940)	(11,510)
Regulatory asset - RDM recorded	3,731	(11,298)
Changes in operating assets and liabilities - net:		
Accounts receivable, unbilled revenues, and other receivables	(24,181)	(13,090)
Fuel, materials, and supplies	(3,873)	(3,188)
Special deposits and prepayments	(6,266)	(1,400)
Income and other taxes	1,389	212
Accounts payable	(452)	(20,727)
Accrued interest	1,385	644
Customer advances	(1,925)	(280)
Other advances	3,798	(1,614)
Pension plan contribution	(1,355)	(1,080)
OPEB contribution	(629)	(22)
Regulatory asset - RDM collected	14,523	5,130
Regulatory asset - major storm	(11,868)	(19,257)
Regulatory asset - SIR	4,349	6,360
Regulatory asset - AMP	3,005	(19,599)
Regulatory asset - uncollectible write-offs	(19,160)	(6,857)
Regulatory liability - EE programs including CEF	8,186	(258)
Regulatory asset - RAM	9,750	9,303
Regulatory asset - deferred natural gas and electric costs	40,018	38,176
Other - net	9,953	9,719
Net cash provided by operating activities	137,326	79,683
<b>Investing Activities:</b>		
Additions to utility plant	(216,127)	(184,427)
Other - net	541	12,604
Net cash used in investing activities	(215,586)	(171,823)
<b>Financing Activities:</b>		
Repayment of long-term debt	(30,000)	—
Proceeds from issuance of long-term debt	60,000	90,000
Net change in short-term borrowings	59,000	(60,000)
Capital contribution	—	60,000
Other - net	(343)	(520)
Net cash provided by financing activities	88,657	89,480
Net Change in Cash, Cash Equivalents, and Restricted Cash	10,397	(2,660)
Cash, Cash Equivalents, and Restricted Cash at Beginning of Period	2,218	3,371
Cash, Cash Equivalents, and Restricted Cash at End of Period	<u>\$ 12,615</u>	<u>\$ 711</u>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Interest paid, net of amounts capitalized	\$ 39,695	\$ 35,210
Federal and state income taxes paid, net	\$ 2,687	\$ 1,879
<b>Non-Cash Investing Activities:</b>		
Accrued capital expenditures	\$ 14,904	\$ 15,264

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

**CENTRAL HUDSON**  
**CONDENSED BALANCE SHEET (UNAUDITED)**

(In Thousands)

	September 30, 2024	December 31, 2023	September 30, 2023
<b>ASSETS</b>			
Utility Plant (Note 3)			
Electric	\$ 1,984,665	\$ 1,884,513	\$ 1,848,435
Natural gas	890,447	845,649	819,602
Common	512,520	476,744	467,841
Gross Utility Plant	3,387,632	3,206,906	3,135,878
Less: Accumulated depreciation	794,601	758,277	747,954
Net	2,593,031	2,448,629	2,387,924
Construction work in progress	172,674	183,204	183,879
Net Utility Plant	2,765,705	2,631,833	2,571,803
Non-utility property & plant	524	524	524
Net Non-Utility Property & Plant	524	524	524
Current Assets			
Cash and cash equivalents (Note 1)	11,919	1,522	15
Accounts receivable from customers - net of allowance for uncollectible accounts of \$11.1 million, respectively (Note 2)	259,367	239,862	234,928
Accrued unbilled utility revenues - net of allowance for uncollectible accounts of \$0.1 million, respectively (Note 2)	22,306	28,615	19,508
Other receivables	21,908	18,503	23,959
Fuel, materials, and supplies (Note 1)	40,059	36,186	34,426
Regulatory assets (Note 4)	86,717	110,621	85,578
Fair value of derivative instruments (Note 15)	1,464	161	2,268
Special deposits and prepayments	42,631	36,365	44,097
Total Current Assets	486,371	471,835	444,779
Deferred Charges and Other Assets			
Regulatory assets - other (Note 4)	212,196	254,079	269,865
Prefunded pension costs (Note 11)	120,010	113,404	61,414
Prefunded OPEB costs (Note 11)	49,345	46,185	33,820
Other investments (Note 16)	47,647	45,053	44,633
Other	6,801	8,502	8,393
Total Deferred Charges and Other Assets	435,999	467,223	418,125
Total Assets	<u>\$ 3,688,599</u>	<u>\$ 3,571,415</u>	<u>\$ 3,435,231</u>

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

**CENTRAL HUDSON**  
**CONDENSED BALANCE SHEET (CONT'D) (UNAUDITED)**

(Dollars in Thousands)

	September 30, 2024	December 31, 2023	September 30, 2023
<b>CAPITALIZATION AND LIABILITIES</b>			
<b>Capitalization (Note 9)</b>			
Common Stock (30,000,000 shares authorized: \$5 par value; 16,862,087 shares issued and outstanding)	\$ 84,311	\$ 84,311	\$ 84,311
Paid-in capital	386,452	386,452	386,452
Accumulated OCI	170	165	171
Retained earnings	769,943	725,861	699,442
Capital stock expense	(4,633)	(4,633)	(4,633)
<b>Total Equity</b>	<b>1,236,243</b>	<b>1,192,156</b>	<b>1,165,743</b>
<b>Long-term debt (Note 10)</b>			
Principal amount	1,279,400	1,239,400	1,179,400
Unamortized debt issuance costs	(6,002)	(6,124)	(5,923)
<b>Net long-term debt</b>	<b>1,273,398</b>	<b>1,233,276</b>	<b>1,173,477</b>
<b>Total Capitalization</b>	<b>2,509,641</b>	<b>2,425,432</b>	<b>2,339,220</b>
<b>Current Liabilities</b>			
Current maturities of long-term debt (Note 10)	20,000	30,000	30,000
Short-term borrowings (Note 8)	80,000	21,000	45,000
Accounts payable	63,219	73,378	61,049
Accrued interest	14,345	12,961	11,310
Accrued vacation and payroll	12,120	10,780	11,263
Customer advances	16,229	18,154	16,673
Customer deposits	5,325	6,686	6,714
Regulatory liabilities (Note 4)	94,650	62,647	83,289
Fair value of derivative instruments (Note 15)	4,743	12,499	4,734
Accrued environmental remediation costs (Note 13)	2,755	1,066	1,308
Accrued income and other taxes	2,003	614	179
Other advances	13,901	10,103	10,266
Other current liabilities	22,686	21,168	22,187
<b>Total Current Liabilities</b>	<b>351,976</b>	<b>281,056</b>	<b>303,972</b>
<b>Deferred Credits and Other Liabilities</b>			
Regulatory liabilities - deferred pension costs (Note 4)	100,180	121,166	70,595
Regulatory liabilities - deferred OPEB costs (Note 4)	26,354	32,633	21,375
Regulatory liabilities - other (Note 4)	252,582	271,792	264,435
Operating reserves	4,365	3,495	4,002
Accrued environmental remediation costs (Note 13)	70,552	71,236	71,234
Other liabilities	38,536	36,359	33,140
<b>Total Deferred Credits and Other Liabilities</b>	<b>492,569</b>	<b>536,681</b>	<b>464,781</b>
Accumulated Deferred Income Tax (Note 5)	334,413	328,246	327,258
<b>Commitments and Contingencies</b>			
<b>Total Capitalization and Liabilities</b>	<b>\$ 3,688,599</b>	<b>\$ 3,571,415</b>	<b>\$ 3,435,231</b>

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

**CENTRAL HUDSON**  
**CONDENSED STATEMENT OF EQUITY (UNAUDITED)**

(Dollars in Thousands)

Nine Months Ended September 30, 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>
Net income					2,679		2,679
Employee future benefits, net of tax						2	2
Balance at June 30, 2024	<u>16,862,087</u>	<u>\$84,311</u>	<u>\$386,452</u>	<u>\$ (4,633)</u>	<u>\$ 755,642</u>	<u>\$ 169</u>	<u>\$1,221,941</u>
Net income					14,301		14,301
Employee future benefits, net of tax						1	1
Balance at September 30, 2024	<u>16,862,087</u>	<u>\$84,311</u>	<u>\$386,452</u>	<u>\$ (4,633)</u>	<u>\$ 769,943</u>	<u>\$ 170</u>	<u>\$1,236,243</u>
Nine Months Ended September 30, 2023							
<u>Common Stock</u>							
	Shares Issued	Amount	Paid-In Capital	Capital Stock Expense	Retained Earnings	Accumulated OCI	Total Equity
Balance at December 31, 2022	16,862,087	\$84,311	\$326,452	\$ (4,633)	\$ 650,113	\$ 166	\$1,056,409
Net income					22,965		22,965
Capital contributions			60,000				60,000
Employee future benefits, net of tax						2	2
Balance at March 31, 2023	<u>16,862,087</u>	<u>\$84,311</u>	<u>\$386,452</u>	<u>\$ (4,633)</u>	<u>\$ 673,078</u>	<u>\$ 168</u>	<u>\$1,139,376</u>
Net income					12,053		12,053
Employee future benefits, net of tax						1	1
Balance at June 30, 2023	<u>16,862,087</u>	<u>\$84,311</u>	<u>\$386,452</u>	<u>\$ (4,633)</u>	<u>\$ 685,131</u>	<u>\$ 169</u>	<u>\$1,151,430</u>
Net income					14,311		14,311
Employee future benefits, net of tax						2	2
Balance at September 30, 2023	<u>16,862,087</u>	<u>\$84,311</u>	<u>\$386,452</u>	<u>\$ (4,633)</u>	<u>\$ 699,442</u>	<u>\$ 171</u>	<u>\$1,165,743</u>

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

## ***NOTE 1 – Summary of Significant Accounting Policies***

### **Corporate Structure**

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

### **Basis of Presentation**

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

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

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

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

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

### **Regulatory Accounting Policies**

Central Hudson is subject to cost-based rate regulation. As a result, the effects of regulatory actions are required to be reflected in the financial statements. Regulatory accounting guidance results in differences in the application

of GAAP between regulated and non-regulated businesses and requires the recording of regulatory assets and liabilities for certain transactions that would have been treated as expense or revenue in non-regulated businesses. Regulated utilities, such as Central Hudson, defer costs and revenues on the balance sheet as regulatory assets and liabilities when it is probable that those costs and revenues will be recoverable from or refundable to customers through the rate-making process in a period different from when they otherwise would have been reflected in income. For Central Hudson, these deferred regulatory assets and liabilities, and the related deferred taxes, are recovered from or reimbursed to customers either by offset as directed by the PSC, through an approved surcharge mechanism or through incorporation in the determination of the revenue requirement used to set new rates. Changes in regulatory assets and liabilities are reflected in the Condensed Consolidated Statement of Income either in the period in which the amounts are recovered through a surcharge, are reflected in rates, or when criteria for recording the revenues are met. Current accounting practices reflect the regulatory accounting authorized in Central Hudson's most recent Rate Orders. On November 18, 2021, the PSC issued the 2021 Rate Order for the period of July 1, 2021 to June 30, 2024 and on July 18, 2024, the PSC issued the 2024 Rate Order for the period of July 1, 2024 to June 30, 2025. FERC approved Facilities Charge for SDUs under Rate Schedule 12 of the NYISO to be collected via the OATT. See Note 4 – "Regulatory Matters" for additional information regarding regulatory accounting.

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

### **Seasonality**

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



**Restricted Cash**

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

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

**CH Energy Group:**

(In Thousands)

	September 30, 2024	September 30, 2023
Cash and cash equivalents	\$ 14,360	\$ 3,106
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>\$ 15,056</u>	<u>\$ 3,802</u>

**Central Hudson:**

(In Thousands)

	September 30, 2024	September 30, 2023
Cash and cash equivalents	\$ 11,919	\$ 15
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>\$ 12,615</u>	<u>\$ 711</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. Finance charges can be charged on accounts receivable balances that have been outstanding for more than 20 days, see Note 2 – "Revenues and Receivables" for further details.

**Financial Instruments**

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

**Fuel, Materials, and Supplies**

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

	September 30, 2024	December 31, 2023	September 30, 2023
Fuel used in electric generation	\$ 240	\$ 521	\$ 534
RECs	418	—	—
Materials and supplies	39,401	35,665	33,892
Total	<u>\$ 40,059</u>	<u>\$ 36,186</u>	<u>\$ 34,426</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.

**Reclassification**

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

**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 PRAs and Earnings Adjustment Mechanisms ("EAMS") related to NYS clean energy goals, when prescribed targets are met.

**Other Revenues**

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

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2024	2023	2024	2023
<b>Electric</b>				
Revenues from contracts with customers (ASC 606)	\$ 233,847	\$ 187,604	\$ 615,712	\$ 601,237
Alternative revenues (Non ASC 606)	(2,626)	4,480	2,194	10,232
Other revenue adjustments (Non ASC 606)	(6,986)	(751)	(13,630)	1,663
Total Operating Revenues Electric	<u>\$ 224,235</u>	<u>\$ 191,333</u>	<u>\$ 604,276</u>	<u>\$ 613,132</u>
<b>Natural Gas</b>				
Revenues from contracts with customers (ASC 606)	\$ 21,359	\$ 21,213	\$ 140,526	\$ 160,670
Alternative revenues (Non ASC 606)	2,369	3,255	9,636	10,784
Other revenue adjustments (Non ASC 606)	(356)	64	(7,014)	(5,178)
Total Operating Revenues Natural Gas	<u>\$ 23,372</u>	<u>\$ 24,532</u>	<u>\$ 143,148</u>	<u>\$ 166,276</u>

The quarter over quarter and year over year increase in electric revenues from contracts with customers was primarily driven by higher billed purchased commodity as well as approved increases in delivery rates effective July 1, 2024. The decrease in natural gas revenue from contracts with customers year over year is due to lower billed purchased commodity costs partially offset by delivery rate increases effective July 1, 2024.

The decrease in electric alternative revenue programs quarter over quarter and year over year is due to additional RDM deferrals for actual billed revenues in excess of revenue targets resulting from warmer weather. Further impacting year over year electric alternative revenue programs were EAM true ups recorded in second quarter of 2023 related to 2022 EE targets. The decrease in natural gas alternative revenue programs quarter over quarter and year over year is due to lower deferral in current periods for billed revenue below prescribed targets when compared to prior periods.

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

**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 September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Balance at Beginning of Period	\$ (11,200)	\$ (11,200)	\$ (11,200)	\$ (11,200)
Uncollectible expense	(1,985)	(1,758)	(7,095)	(6,222)
Uncollectible write-off deferral	(4,553)	(3,998)	(19,160)	(6,857)
Uncollectible write-offs - net	6,538	5,756	26,255	13,079
Balance at End of Period	<u>\$ (11,200)</u>	<u>\$ (11,200)</u>	<u>\$ (11,200)</u>	<u>\$ (11,200)</u>

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 Company has also established an arrears reduction and prevention program to optimize collection efforts. As termination efforts continue to expand in 2024 and beyond, 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 September 30, 2024, including consideration of the differences in the current customers with arrears compared to past history, differences in payment behaviors of customers, including past economic factors impacting payment behavior compared to the current economic environment and the success of collection efforts to date. Based on its analysis and taking all qualitative factors into consideration, the Company concluded that the reserve of \$11.2 million is reflective of the expected credit losses and should be maintained at this level as of September 30, 2024.

Under the terms of the 2021 and 2024 Rate Orders, Central Hudson is authorized to defer bad debt write-offs. As of September 30, 2024, Central Hudson has deferred approximately \$32.5 million in uncollectible write-offs, of which \$4.5 million remains deferred for future collection.

### **NOTE 3 – Utility Plant – Central Hudson**

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

	Estimated Depreciable Life in Years	Utility Plant		
		September 30, 2024	December 31, 2023	September 30, 2023
Electric:				
Production	25-95	\$ 53,492	\$ 54,996	\$ 48,657
Transmission	30-85	556,722	508,937	499,630
Distribution	8-80	1,367,270	1,313,501	1,293,074
Other	45	7,181	7,079	7,074
Total		\$ 1,984,665	\$ 1,884,513	\$ 1,848,435
Natural Gas:				
Transmission	22-80	\$ 74,398	\$ 71,250	\$ 67,048
Distribution	24-83	815,607	773,957	752,112
Other	N/A	442	442	442
Total		\$ 890,447	\$ 845,649	\$ 819,602
Common:				
Land and structures	40-60	\$ 132,567	\$ 117,533	\$ 115,914
Office and other equipment, radios, and tools	8-25	100,168	93,295	94,409
Transportation equipment	12-13	86,846	87,965	84,688
Other	3-15	192,939	177,951	172,830
Total		\$ 512,520	\$ 476,744	\$ 467,841
Gross Utility Plant		\$ 3,387,632	\$ 3,206,906	\$ 3,135,878

For the three months ended September 30, 2024 and 2023, the borrowed component of funds used during construction and recorded as a reduction of interest expense was \$0.9 million and \$1.2 million and the equity component reported as other income was \$1.1 million and \$0.6 million, respectively. For the nine months ended September 30, 2024 and 2023, the borrowed component of funds used during construction and recorded as a reduction of interest expense was \$3.1 million and \$1.7 million, respectively, and the equity component reported as other income was \$3.3 million and \$3.2 million, respectively.

Included in the Net Utility Plant balance of \$2.8 billion at September 30, 2024 and \$2.6 billion at December 31, 2023 and September 30, 2023, is \$230.0 million, \$215.5 million, and \$208.5 million of intangible utility plant assets, comprised primarily of computer software costs, land, transmission, water, and other rights and the related accumulated amortization of \$124.9 million, \$111.2 million, and \$107.0 million, respectively.

As of September 30, 2024, December 31, 2023, and September 30, 2023, Central Hudson has reclassified from utility plant assets \$51.3 million, \$50.8 million, and \$48.4 million, respectively, of COR recovered through the rate-making process in excess of amounts incurred to date as a regulatory liability.

Asset Retirement Obligations for Central Hudson were approximately \$6.1 million, \$5.9 million, and \$3.1 million as of September 30, 2024, December 31, 2023, and September 30, 2023. These amounts have been classified in the above chart under “Electric – Other” and “Common – Other” based on the nature of the Asset Retirement

Obligation and are reflected as “Other – long-term liabilities” in the CH Energy Group’s and Central Hudson’s Balance Sheets.

#### **NOTE 4 – Regulatory Matters**

##### **Summary of Regulatory Assets and Liabilities**

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

	September 30, 2024	December 31, 2023	September 30, 2023
<b>Regulatory Assets:</b>			
Deferred purchased electric and natural gas costs	\$ —	\$ 33,558	\$ 23,655
Deferred unrealized losses on derivatives - electric and natural gas (Note 15)	5,031	12,499	4,734
RAM and carrying charges - electric and natural gas	11,208	20,866	9,827
RDM and carrying charges - electric and natural gas	6,721	13,358	12,095
EE programs and carrying charges	35,325	35,772	33,582
EV make ready program and carrying charges	7,369	4,676	3,982
Deferred and accrued SIR costs and carrying charges (Note 13)	57,755	61,340	63,506
Deferred storm costs and carrying charges	68,379	59,253	63,436
Deferred vacation pay accrual	9,691	8,760	9,338
Income taxes recoverable through future rates	27,527	37,807	40,469
Tax reform - unprotected impacts (Note 5)	23,203	23,733	23,733
AMP and carrying charges	19,191	21,842	22,382
Other	27,513 <sup>(1)</sup>	31,236 <sup>(1)</sup>	44,704 <sup>(1)</sup>
<b>Total Regulatory Assets</b>	<b>\$ 298,913</b>	<b>\$ 364,700</b>	<b>\$ 355,443</b>
Less: Current Portion of Regulatory Assets	\$ 86,717	\$ 110,621	\$ 85,578
<b>Total Long-term Regulatory Assets</b>	<b>\$ 212,196</b>	<b>\$ 254,079</b>	<b>\$ 269,865</b>
<b>Regulatory Liabilities:</b>			
Rate moderator and carrying charges - electric and natural gas	\$ 46,976	\$ 37,531	\$ 45,626
Deferred purchased electric and natural gas costs	6,460	—	1,418
CEF and carrying charges	58,308	49,664	53,536
Tax reform - protected deferred tax liability (Note 5)	140,577	145,859	146,873
Deferred COR (Note 3)	51,257	50,826	48,364
Deferred pension costs (Note 11)	100,180	121,166	70,595
Income taxes refundable through future rates	9,091	11,887	7,704
Deferred OPEB costs (Note 11)	26,354	32,633	21,375
Other	34,563 <sup>(1)</sup>	38,672 <sup>(1)</sup>	44,203 <sup>(1)</sup>
<b>Total Regulatory Liabilities</b>	<b>\$ 473,766</b>	<b>\$ 488,238</b>	<b>\$ 439,694</b>
Less: Current Portion of Regulatory Liabilities	\$ 94,650	\$ 62,647	\$ 83,289
<b>Total Long-term Regulatory Liabilities</b>	<b>\$ 379,116</b>	<b>\$ 425,591</b>	<b>\$ 356,405</b>
<b>Net Regulatory Liabilities</b>	<b>\$ (174,853)</b>	<b>\$ (123,538)</b>	<b>\$ (84,251)</b>

<sup>(1)</sup> 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***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 RY1 through 3 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. 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 2021 and 2024 Rate Orders are as follows:

Description	2021 Rate Order (Dollars in Millions)			2024 Rate Order (Dollars in Millions)
	RY1	RY2	RY3	RY
Electric delivery rate increase (decrease)	\$(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 <sup>(1)</sup>	Yes <sup>(1)</sup>	Yes <sup>(1)</sup>	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

<sup>(1)</sup> 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.

*FERC SDU Proceeding*

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

*Energy Affordability & COVID-19 Proceeding*

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

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

*Order Adopting Terms of Settlement Agreement*

On 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 CIS system implementation. The settlement agreement required that the Company forego recovery from customers of \$35.3 million incurred for remediation costs, \$6.3 million of incremental costs for the deployment of monthly meter reading through June 30, 2025, \$8.8 million of NRAs for failure to meet certain service quality metrics, \$8.0 million of back billing credits, and the establishment of a \$4.0 million CBF to be applied at the discretion of the Commission. As of the date of the Order, approximately \$58.3 million of these costs have been recorded by the Company. The Company will continue to incur incremental costs for monthly meter readings through June 30, 2025.

*Wappingers Falls Proceeding*

On November 2, 2023, an explosion and fire occurred at a residence located in Wappingers Falls, New York, while a contractor of Central Hudson was performing work on Central Hudson's natural gas infrastructure adjacent to the residence. The cause of the incident is still under investigation. On October 16, 2024, the PSC Office of Investigations and Enforcement submitted an Investigation Report to the PSC, asserting that there was sufficient information indicating 15 separate alleged violations of Public Service Law. In response to that report, the PSC issued an Order to Show Cause under Case 24-G-0483 directing Central Hudson to respond in 30 days and show cause as to why the PSC should not commence a civil penalty enforcement proceeding related to the 15 alleged violations and/or commence an inquiry into certain procedures of Central Hudson to determine if any modifications are warranted. The Office of Investigations and Enforcement noted that the investigation remains on-going and active, and the Order to Show Cause specifies that it does not constitute final factual findings or legal conclusions. Central Hudson is reviewing the Investigation Report and preparing its response to the Order to Show Cause and the alleged violations. The outcome of this matter cannot be predicted at this time.

**NOTE 5 – Income Tax**

**Uncertain Tax Positions**

On April 14, 2023, the Internal Revenue Service issued Rev. Proc. 2023-15, providing a safe harbor method for determining whether certain expenditures to maintain, repair, replace, or improve natural gas distribution facilities must be capitalized for tax purposes. The Company has assessed its methodology related to certain repair deductions taken for income tax purposes. As a result of this, the Company filed a change in accounting method



with the filing of its 2023 federal income tax return. The Company re-assessed the deduction taken for the 2012-2023 tax years under the new methodology, recording an increase to the net operating loss deferred tax asset, with an offsetting increase to the repair deferred tax liability of \$27.3 million.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024 <sup>(1)</sup>	2023 <sup>(2)</sup>	2024 <sup>(1)</sup>	2023 <sup>(2)</sup>
Unrecognized tax balance beginning of the period	\$ —	\$ 8,896	\$ —	\$ 10,538
Additions related to the current year	—	311	—	912
Decreases related to the prior year	—	(1,091)	—	(3,335)
Unrecognized tax balance end of the period	\$ —	\$ 8,116	\$ —	\$ 8,116
Offset per ASU No. 2013-11	—	(8,116)	—	(8,116)
Tax Reserve Balance End of the Period	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

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

<sup>(2)</sup> Amounts are classified as a deferred tax asset per ASU No. 2013-11, Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists.

#### CH Energy Group

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Effective tax rate - federal	17.6 %	16.3 %	17.7 %	16.6 %
Effective tax rate - state	6.0 %	6.1 %	5.9 %	5.8 %
Effective Tax Rate - Combined	<u>23.6 %</u>	<u>22.4 %</u>	<u>23.6 %</u>	<u>22.4 %</u>

#### Central Hudson

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Effective tax rate - federal	17.4 %	16.0 %	17.5 %	16.3 %
Effective tax rate - state	6.0 %	6.1 %	5.9 %	5.9 %
Effective Tax Rate - Combined	<u>23.4 %</u>	<u>22.1 %</u>	<u>23.4 %</u>	<u>22.2 %</u>

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

#### NOTE 6 – Investments in Unconsolidated Affiliates

At September 30, 2024, December 31, 2023, and September 30, 2023, CHET's total investment in Transco was approximately \$35.2 million, \$29.7 million, and \$30.0 million, respectively. CHET's ownership interest varies for different projects at Transco.

CHET holds a 6.1% interest in Transco assets that are mostly in service related to the Segment B portion awarded under the Alternating Current Transmission Order with NYISO for a transmission project that will improve the flow of power from upstate renewable resources to meet downstate demand and enhance the reliability and resilience of the grid ("AC Project"). Transco is authorized to earn a ROE invested in the project, up to 53% of

the project cost, of 9.65%, with up to an additional 1% available for incentives. As of September 30, 2024, CHET had made capital contributions of \$24.0 million as a 6.1% owner of the AC Projects in Transco.

On June 20, 2023, a proposal by Transco, in partnership with the NYPA was selected as the most cost-efficient project by the NYISO for the Long Island Offshore Wind Export Public Policy Transmission Need to provide transfer capability of at least 3,000 MWs from the Long Island transmission district to the Consolidated Edison transmission infrastructure. Transco's approved FERC rate for Propel NY Energy Project ("Propel") reflects a ROE of 10.7%, with up to an additional 1.25% available for incentives. CHET's contribution is 10% of Transco's 53% equity investment in the project. As of September 30, 2024, CHET had made a capital contribution of \$3.4 million to Transco to fund a portion of Propel.

#### ***NOTE 7 – R&D***

Central Hudson's R&D expenditures for the three months ended September 30, 2024 and 2023 were \$0.9 million and \$0.7 million, respectively. For the nine months ended September 30, 2024 and 2023 were \$3.7 million and \$2.5 million, respectively. These expenditures were for internal research programs and for contributions to research administered by NYSERDA.

#### ***NOTE 8 – Short-Term Borrowing Arrangements***

##### **Committed Credit Facilities**

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

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

##### **Uncommitted Credit**

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

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

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

## Notes to Quarterly Condensed Financial Statements (UNAUDITED)

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

	September 30, 2024	December 31, 2023	September 30, 2023
Committed credit	\$ 50,000	\$ 15,000	\$ 45,000
Uncommitted credit	30,000	6,000	—
Total	<u>\$ 80,000</u>	<u>\$ 21,000</u>	<u>\$ 45,000</u>
Weighted Average Interest Rate	<u>5.99 %</u>	<u>6.33 %</u>	<u>6.29 %</u>

### ***NOTE 9 – Capitalization – Common and Preferred Stock***

#### **Common Stock Dividends**

CH Energy Group's ability to pay dividends is affected by the ability of its subsidiaries to pay dividends. The Federal Power Act limits the payment of annual dividends by Central Hudson to its retained earnings. More restrictive is the PSC's limit on the dividends Central Hudson may pay to CH Energy Group, which is 100% of the average annual income available for common stock, calculated on a two-year rolling average basis. Based on this calculation, Central Hudson was restricted to a maximum annual payment of \$73.6 million and \$79.3 million in dividends to CH Energy Group for the periods ended September 30, 2024 and 2023, respectively. Central Hudson's ability to pay dividends would be reduced to 75% of its average annual income in the event of a downgrade of its senior debt rating below BBB+ by more than one rating agency, if the stated reason for the downgrade is related to any of CH Energy Group or Central Hudson's affiliates. Further restrictions are imposed for rating downgrades below this level. In addition, Central Hudson would not be allowed to pay dividends if its average common equity ratio for the 13 months prior to a proposed dividend was more than 200 basis points below the ratio used in setting rates. CH Energy Group's other subsidiaries do not have express restrictions on their ability to pay dividends.

#### **Preferred Stock**

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

### ***NOTE 10 – Capitalization – Long-Term Debt***

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

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

On March 30, 2024, Central Hudson had \$30 million of 2014 Series E 10-year notes with a floating interest rate based on SOFR plus 1.261%, reach their maturity.

The principal amount of Central Hudson's outstanding 1999 Series B NYSERDA Bonds totaled \$33.7 million at September 30, 2024. These are tax-exempt multi-modal bonds that are currently in a variable rate mode. To mitigate the potential cash flow impact from unexpected increases in short-term interest rates on Series B NYSERDA Bonds, Central Hudson entered into an agreement on March 28, 2024 to purchase a one-year interest rate cap with an effective date of April 1, 2024. The rate cap has a notional amount equal to the outstanding principal amount of the Series B bonds and expires on April 1, 2025. The cap is based on the monthly weighted average of the SIFMA index, multiplied by 175%. Central Hudson receives a payout if the adjusted index exceeds 7% for a given month. This interest rate cap replaced a similar interest rate cap that expired on April 1, 2024. Central Hudson received no payouts during the nine months ended September 30, 2024 and an immaterial payout for the nine months ended September 30, 2023. See Note 15 – "Accounting for Derivative Instruments and Hedging Activities" for fair value disclosures related to these interest rate cap agreements.

### **NOTE 11 – Post-Employment Benefits**

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

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

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

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

	Pension		OPEB	
	Nine Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2024	2023	2024	2023
<b>Components of Net Periodic (Benefit) Cost:</b>				
Service cost	\$ 5,283	\$ 5,499	\$ 765	\$ 783
Interest cost	22,314	22,800	3,993	4,158
Expected return on plan assets	(32,631)	(28,722)	(7,194)	(6,393)
Amortization of prior service cost (credit)	384	390	(306)	(306)
Amortization of recognized actuarial net gain	(5,811)	(7,878)	(2,289)	(3,735)
<b>Net Periodic Benefit</b>	<b>\$ (10,461)</b>	<b>\$ (7,911)</b>	<b>\$ (5,031)</b>	<b>\$ (5,493)</b>

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

	September 30, 2024	December 31, 2023	September 30, 2023
Prefunded Pension Costs <sup>(1)(2)</sup>	\$ 118,165	\$ 111,403	\$ 59,684

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

<sup>(2)</sup> Includes approximately \$2.0 million at September 30, 2024, \$1.8 million at December 31, 2023, and \$1.9 million at September 30, 2023 that are reflected in the Balance Sheets under other current liabilities for pension payments expected to be made over the next twelve months.

The funded status includes the difference between the projected benefit obligation for the Retirement Plan and the market value of the pension assets, net of any liability for the non-qualified SERP. The funded status does not reflect approximately \$29.9 million of SERP trust assets at September 30, 2024 and December 31, 2023, and \$29.6 million at September 30, 2023.

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

	September 30, 2024	December 31, 2023	September 30, 2023
Accrued pension costs prior to funding status adjustment	\$ 14,851	\$ 2,663	\$ (155)
Funding status adjustment required	103,314	108,740	59,839
Prefunded Pension Costs <sup>(1)(2)</sup>	\$ 118,165	\$ 111,403	\$ 59,684
Offset to Funding Status Adjustment - Regulatory Liability - Pension Plan	\$ (103,088)	\$ (108,523)	\$ (59,615)
Offset to Funding Status Adjustment - Accumulated OCI, Net of Tax of (\$64), (\$61) and (\$62), respectively	\$ (162)	\$ (157)	\$ (162)

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

<sup>(2)</sup> Includes approximately \$2.0 million at September 30, 2024, \$1.8 million at December 31, 2023, and \$1.9 million at September 30, 2023 that are reflected in the Balance Sheets under other current liabilities for pension payments expected to be made over the next twelve months.

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

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

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

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

### **Other Retirement Savings Plans**

Central Hudson sponsors a 401(k) plan for its employees. The 401(k) plan provides for employee tax-deferred salary deductions for participating employees and employer matches. The matching benefit varies by employee group. Central Hudson's matching contributions for the three months ended September 30, 2024 and 2023 were \$1.9 million and \$1.7 million, respectively. For the nine months ended September 30, 2024 and 2023, matching contributions were \$5.5 million and \$4.4 million, respectively. Central Hudson also provides an additional contribution of 4% to the 401(k) plan of annualized base salary for eligible employees who do not qualify for Central Hudson's Retirement Plan. The additional non-discretionary contributions were approximately \$1.0 million and \$0.9 million for the three months ended September 30, 2024 and 2023, respectively. For the nine months ended September 30, 2024 and 2023, non-discretionary contributions were \$3.0 million and \$2.7 million, respectively.

Effective May 1, 2022, Central Hudson began offering a new Plan to provide additional retirement savings to eligible employees who do not qualify for Central Hudson's Retirement Income Plan. The Plan 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 three months ended September 30, 2024 and 2023, contributions were \$0.3 million. For the nine months ended September 30, 2024 and 2023 contributions were \$0.9 million and \$1.7 million, respectively.

### ***NOTE 12 – Equity-Based Compensation***

#### **Share Unit Plan Units**

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

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

The 37,154 PSUs granted under the Plan are performance based and vest at the end of a three-year performance period upon achievement of specified cumulative performance goals. At the election of the holder, PSUs granted

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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 the PSUs 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.

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

Central Hudson	Grant Date	Grant Date Fair Value	Time Based		Performance Based	
			Granted	Outstanding <sup>(4)</sup>	Granted	Outstanding <sup>(4)</sup>
2024 RSU <sup>(5)</sup>	January 1, 2024	\$ 40.91	24,215	24,944	—	—
2024 PSU <sup>(5)</sup>	January 1, 2024	\$ 40.91	—	—	48,431	49,887
2023 RSUP	January 1, 2023	\$ 40.35	21,664	23,315	—	—
2023 SUP	January 1, 2023	\$ 40.35	—	—	43,327	46,629
2022 RSUP <sup>(2),(3)</sup>	January 1, 2022	\$ 48.18	12,781	7,146	—	—
2022 SUP	January 1, 2022	\$ 48.18	—	—	25,562	28,548
2021 RSUP <sup>(1),(2),(3)</sup>	January 1, 2021	\$ 41.12	14,249	—	—	—
2021 SUP <sup>(1)</sup>	January 1, 2021	\$ 41.12	—	—	28,497	—

<sup>(1)</sup> 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.

<sup>(2)</sup> 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.

<sup>(3)</sup> 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.

<sup>(4)</sup> Includes notional dividends accrued as of September 30, 2024.

<sup>(5)</sup> 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):

	Three Months Ended		Nine Months Ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
CH Energy Group	\$ 638	\$ (350)	\$ 3,043	\$ 1,861
Central Hudson	\$ 616	\$ (334)	\$ 2,991	\$ 1,848

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 1.8 years. Fluctuations in compensation expense in the comparative periods can result from changes in the Fortis common stock share price and the projected performance payout percentages.

### ***NOTE 13 – Commitments and Contingencies***

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

#### **Energy Credit Purchase Obligations**

NYS clean energy goals outline LSE environmental obligation requirements for RECs and ZECs. Currently, Tier 3 ZECs are applicable to Central Hudson and are “pay-as-you-go” based on Central Hudson’s monthly full-service customer load volume as defined by NYISO. Tier 1 RECs are procured through self-supply, including Quarterly REC Sales, Alternative Compliance Payments, or Value Stack offset, and are reconciled annually. Effective January 1, 2025, Tier 1 RECs will be transitioning to the same “pay-as-you-go” approach of Tier 3 ZECs. At September 30, 2024, the forward Tier 1 obligations for Central Hudson full-service customers are estimated to be approximately \$1.9 million through December 31, 2024. Central Hudson’s estimated accrued Tier 3 ZEC obligation through March 31, 2025, is approximately \$5.5 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 REC Vintage Year 2023 to another NYS LSE at Central Hudson’s applicable tariff rate, which totaled approximately \$0.6 million. Proceeds from the sale of RECs to other utilities are recorded as a regulatory liability for future refund to customers.

#### **Other Commitments**

##### *Parental Guarantee*

As of September 30, 2024, CH Energy Group’s parental guarantee to Transco was \$10.7 million based on CHET’s maximum commitment associated with the AC Project. The parental guarantee for Propel has not been finalized. CH Energy Group is currently not aware of any existing condition that would require any payments under this guarantee to Transco.

#### **Contingencies**

##### **Environmental Matters**

Central Hudson accrues for remediation costs based on the amounts that can be reasonably estimated at a point in time. At September 30, 2024, Central Hudson has accrued \$73.3 million with respect to all SIR activities, including OM&M, of which \$2.8 million is anticipated to be spent in the next twelve months. There was \$0.1



million of spending related to site investigation and remediation for the three and nine months ended September 30, 2024 and no spending for the comparable periods in 2023.

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

Stage	Sites	Total Accrued Cost at September 30, 2024	Estimated Spend in the Next Twelve Months
Investigation	Little Britain Road	\$ 2.1	\$ 0.1
Remedial alternatives analysis		—	—
Remedial design		—	—
Remediation	North Water Street	67.2	2.5
Post-remediation monitoring	Newburgh Areas A, B & C, Laurel Street, Catskill, Kingston, and Eltings Corners	4.0	0.2
No action required	Beacon and Bayeaux Street	—	—
Total		<u>\$ 73.3</u>	<u>\$ 2.8</u>

There were no significant updates during the nine months ended September 30, 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

- The Newburgh Office, located on Little Britain Road and owned by Central Hudson, is undergoing remedial site investigation activities in accordance with a voluntary Brownfield Cleanup Agreement with NYSDEC. This investigation is being performed to establish the extent of subsurface groundwater contamination, which has been attributed to the industrial operations conducted on the site by the property's previous owners prior to acquisition by Central Hudson in 1977. In coordination with the NYSDEC, Central Hudson developed a Soil Vapor Investigation Work Plan, pursuant to which it had conducted testing on the site property and within two adjacent buildings during March 2023. Based on testing conducted, there is no additional soil vapor sampling to be performed at this time. The ongoing ground water monitoring activities will continue to be performed on a quarterly basis.
- On March 20, 2024, the NYSDEC approved a work plan for the area to perform reconnaissance of stream reaches-of-interest to identify potential tracer-monitoring sites, which is anticipated to be completed in early 2025.

#### Remediation – North Water Street

- NYSDEC has communicated that removal of source material is the best long-term remedy for the site and directed Central Hudson to examine possible methods, including a mix of alternative approaches taking into consideration the extent of removal that may be feasible. Central Hudson worked with the project's engineer of record to evaluate remedial alternative approaches that still fit within the framework of the NYSDEC approved work plan and achieved the established regulatory clean-up objectives within a reasonable time period, as well as other approaches that considered capping or monitoring-only activities.
- A Focused Remedial Alternatives Analysis ("FRAA") report presenting the evaluation of alternative approaches was submitted to the NYSDEC in November 2021. A Remedial Design and/or work plan that will be developed once concurrence is received on an acceptable alternative approach. Several conference calls were held in 2023 and 2024 to discuss removal alternatives.

On July 16, 2024, NYSDEC on July 16, 2024 agreed on the concept of the scope of work reducing the sediment removal area to a focused area of highly impacted material. A pre-design investigation work plan submitted to the NYSDEC on September 10, 2024 and is under review.

- Management believes that the alternatives included in the FRAA, which provides for a level of sediment removal, continues to be the best potential remedial option going forward and, as such, continues to accrue for the cost at the low end of the range. Management concluded the recent communications with the NYSDEC do not provide evidence that an adjustment is required to the low end of the range currently accrued. The most recent communication does not impact management's method of estimating the range and liability recorded as of September 30, 2024.
- The total accrual for remediation as of September 30, 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 FRAA and other associated fees. The FRAA included potential alternatives for remediation with costs estimated as high as \$95 million. The accrual will be updated as the alternative remedial approaches are discussed and a path forward is agreed upon by all involved parties.
- The estimated spending as of September 30, 2024 for the next 12 months of approximately \$2.5 million is primarily based on anticipated efforts to complete analysis regarding alternative remedial approaches with the NYSDEC.

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

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

- As part of the 2024 Rate Order, Central Hudson maintained previously granted deferral authority and future recovery for the differences between actual environmental SIR costs, including both manufactured gas plants ("MGP") and non-MGP and the associated rate allowances, with carrying charges to be accrued on the deferred balances at the authorized pre-tax rate of return.
- The 2024 Rate Order includes cash recovery of approximately \$1.0 million during the rate plan period ending June 30, 2025, of which \$0.2 million has been recovered as of September 30, 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.
- The regulatory asset balance as of September 30, 2024, December 31, 2023, and September 30, 2023, was \$57.8 million, \$61.3 million, and \$63.5 million, respectively, which represents the cumulative difference between amounts spent or currently accrued as a liability and the amounts recovered to date through rates or insurance recoveries.

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

## **Litigation**

### *Asbestos Litigation*

Central Hudson is involved in various asbestos lawsuits.

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

### *Other Litigation*

In connection with the explosion and fire that occurred in Wappingers Falls, New York, on November 2, 2023, a number of lawsuits have been commenced against Central Hudson, the contractor, and others on behalf of certain parties who allege to have been affected by the incident. The cause of the incident is still under investigation. 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 14 – Segments and Related Information***

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

General corporate expenses and Central Hudson's property common to both electric and natural gas segments have been allocated in accordance with practices established for regulatory purposes. The common allocation, per the terms of the 2021 and 2024 Rate Orders, is 80% for electric and 20% for natural gas.

Notes to Quarterly Condensed Financial Statements (UNAUDITED)

**CH Energy Group Segment Disclosure:**

(In Thousands)

(In Thousands)	Three Months Ended September 30, 2024				
	Segments		Other		Total
	Central Hudson		Businesses		
	Electric	Natural Gas	and Investments		
				Eliminations	
Revenues from external customers	\$ 224,235	\$ 23,372	\$ —	\$ —	\$ 247,607
Intersegment revenues	15	46	—	(61)	—
Total operating revenues	224,250	23,418	—	(61)	247,607
Income (loss) before income taxes	29,673	(11,015)	896	—	19,554
Net Income (Loss)	\$ 22,272	\$ (7,971)	\$ 643	\$ —	\$ 14,944
Segment Assets at September 30, 2024	\$ 2,676,079	\$ 1,012,520	\$ 39,842	\$ (1,297)	\$ 3,727,144
Segment Assets at December 31, 2023	\$ 2,591,062	\$ 980,353	\$ 34,439	\$ (1,275)	\$ 3,604,579

**CH Energy Group Segment Disclosure:**

(In Thousands)

(In Thousands)	Three Months Ended September 30, 2023				
	Segments		Other		Total
	Central Hudson	Natural	Investments	Businesses and Eliminations	
	Electric				
Revenues from external customers	\$ 191,333	\$ 24,532	\$ —	\$ —	\$ 215,865
Intersegment revenues	16	20	—	(36)	—
Total operating revenues	191,349	24,552	—	(36)	215,865
Income (loss) before income taxes	22,987	(4,614)	676	—	19,049
Net Income (Loss)	<u>\$ 17,577</u>	<u>\$ (3,266)</u>	<u>\$ 478</u>	<u>\$ —</u>	<u>\$ 14,789</u>
Segment Assets at September 30, 2023	\$ 2,492,260	\$ 942,971	\$ 35,604	\$ (1,231)	\$ 3,469,604
Segment Assets at December 31, 2022	\$ 2,399,549	\$ 907,893	\$ 27,371	\$ (779)	\$ 3,334,034

**CH Energy Group Segment Disclosure:**

(In Thousands)

Nine Months Ended September 30, 2024

	Segments		Other		
	Central Hudson		Businesses		
		Natural	and		
	Electric	Gas	Investments	Eliminations	Total
Revenues from external customers	\$ 604,276	\$ 143,148	\$ —	\$ —	\$ 747,424
Intersegment revenues	42	255	—	(297)	—
Total operating revenues	604,318	143,403	—	(297)	747,424
Income before income taxes	48,872	8,660	2,392	—	59,924
Net Income	\$ 37,400	\$ 6,682	\$ 1,714	\$ —	\$ 45,796
Segment Assets at September 30, 2024	\$ 2,676,079	\$ 1,012,520	\$ 39,842	\$ (1,297)	\$ 3,727,144
Segment Assets at December 31, 2023	\$ 2,591,062	\$ 980,353	\$ 34,439	\$ (1,275)	\$ 3,604,579

**CH Energy Group Segment Disclosure:**

(In Thousands)

Nine Months Ended September 30, 2023

	Segments		Other		
	Central Hudson		Businesses and		
	Electric	Natural Gas	Investments	Eliminations	Total
Revenues from external customers	\$ 613,132	\$ 166,276	\$ —	\$ —	\$ 779,408
Intersegment revenues	42	354	—	(396)	—
Total operating revenues	613,174	166,630	—	(396)	779,408
Income before income taxes	46,263	17,108	2,238	—	65,609
Net Income	<u>\$ 36,270</u>	<u>\$ 13,059</u>	<u>\$ 1,578</u>	<u>\$ —</u>	<u>\$ 50,907</u>
Segment Assets at September 30, 2023	\$ 2,492,260	\$ 942,971	\$ 35,604	\$ (1,231)	\$ 3,469,604
Segment Assets at December 31, 2022	\$ 2,399,549	\$ 907,893	\$ 27,371	\$ (779)	\$ 3,334,034

**NOTE 15 – Accounting for Derivative Instruments and Hedging Activities****Purpose of Derivatives**

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

**Energy Contracts Subject to Regulatory Deferral**

Central Hudson has been authorized to fully recover certain risk management costs through its electricity and natural gas cost adjustment mechanisms. Risk management costs are defined by the PSC as costs associated with transactions that are intended to reduce price volatility or reduce overall costs to customers. These costs include transaction costs and gains and losses associated with risk management instruments. The related gains and losses

associated with Central Hudson's derivatives are included as part of Central Hudson's commodity cost and/or price-reconciled in its electricity and natural gas cost adjustment charge mechanisms and are not designated as hedges.

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

Central Hudson	% of Requirement Hedged <sup>(1)</sup>
Electric Derivative Contracts:	0.8 million MWh
October 2024 - December 2024	18.2%
January 2025 - October 2025	21.5%
Natural Gas Derivative Contracts:	1.1 million Dth
November 2024 - December 2024	19.9%
January 2025 - March 2025	15.8%

<sup>(1)</sup> Projected coverage as of September 30, 2024.

### Cash Flow Hedges Subject to Regulatory Deferral

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

### Derivative Risks

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 September 30, 2024, there were four open contracts with credit risk contingent features in a liability position and, if the contingent features were triggered, \$4.4 million would be required to settle these instruments.

### Derivative Contracts

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

## Notes to Quarterly Condensed Financial Statements (UNAUDITED)

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

	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		
Description				Financial Instruments	Cash Collateral Received	Net Amount
As of September 30, 2024 <sup>(1)</sup>						
Derivative Contracts:						
Total CH Energy Group and Central Hudson Assets	\$ 1,464	\$ —	\$ 1,464	\$ 460	\$ —	\$ 1,004
As of December 31, 2023 <sup>(1)</sup>						
Derivative Contracts:						
Total CH Energy Group and Central Hudson Assets	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
As of September 30, 2023 <sup>(1)</sup>						
Derivative Contracts:						
Total CH Energy Group and Central Hudson Assets	\$ 1,935	\$ —	\$ 1,935	\$ 697	\$ —	\$ 1,238

  

	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		
Description				Financial Instruments	Cash Collateral Received	Net Amount
As of September 30, 2024 <sup>(1)</sup>						
Derivative Contracts:						
Total CH Energy Group and Central Hudson Liabilities	\$ 5,031	\$ —	\$ 5,031	\$ 460	\$ —	\$ 4,571
As of December 31, 2023 <sup>(1)</sup>						
Derivative Contracts:						
Total CH Energy Group and Central Hudson Liabilities	\$ 12,499	\$ —	\$ 12,499	\$ —	\$ —	\$ 12,499
As of September 30, 2023 <sup>(1)</sup>						
Derivative Contracts:						
Total CH Energy Group and Central Hudson Liabilities	\$ 4,734	\$ —	\$ 4,734	\$ 697	\$ —	\$ 4,037

<sup>(1)</sup> Interest rate cap agreements are not shown in the above charts. As of September 30, 2024, December 31, 2023, and September 30, 2023 the fair value was not material.

### Gross Fair Value of Derivative Instruments

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

Notes to Quarterly Condensed Financial Statements (UNAUDITED)

*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 September 30, 2024, December 31, 2023, and September 30, 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 September 30, 2024 <sup>(1)</sup>				
Assets:				
Derivative Contracts:				
Central Hudson - electric	\$ 1,464	\$ —	\$ 1,464	\$ —
Central Hudson - natural gas	—	—	—	—
Total CH Energy Group and Central Hudson Assets	<u>\$ 1,464</u>	<u>\$ —</u>	<u>\$ 1,464</u>	<u>\$ —</u>
Liabilities:				
Derivative Contracts:				
Central Hudson - electric	\$ 4,743	\$ —	\$ 4,743	\$ —
Central Hudson - natural gas	288	288	—	—
Total CH Energy Group and Central Hudson Liabilities	<u>\$ 5,031</u>	<u>\$ 288</u>	<u>\$ 4,743</u>	<u>\$ —</u>
As of December 31, 2023 <sup>(1)</sup>				
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>
As of September 30, 2023 <sup>(1)</sup>				
Assets:				
Derivative Contracts:				
Central Hudson - electric	\$ 1,935	\$ —	\$ 1,935	\$ —
Central Hudson - natural gas	—	—	—	—
Total CH Energy Group and Central Hudson Assets	<u>\$ 1,935</u>	<u>\$ —</u>	<u>\$ 1,935</u>	<u>\$ —</u>



## Notes to Quarterly Condensed Financial Statements (UNAUDITED)

<b>Liabilities:</b>				
<b>Derivative Contracts:</b>				
Central Hudson - electric	\$ 4,586	\$ —	\$ 4,586	\$ —
Central Hudson - natural gas	148	148	—	—
<b>Total CH Energy Group and Central Hudson Liabilities</b>	<b>\$ 4,734</b>	<b>\$ 148</b>	<b>\$ 4,586</b>	<b>\$ —</b>

<sup>(1)</sup> Interest rate cap agreements are not shown in the above chart. These are classified as Level 2 in the fair value hierarchy using SIFMA Municipal Swap Curves and 3-month US Dollar LIBOR rate forward curves. As of September 30, 2024, December 31, 2023, and September 30, 2023 the fair values were \$0, \$0.2 million, and \$0.3 million, respectively.

### The Effect of Derivative Instruments on the Statements of Income

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

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

	Amount of Loss Recognized as Decrease in the Statement of Income				Location of Loss
	Three Months Ended		Nine Months Ended		
	September 30,		September 30,		
	2024	2023	2024	2023	
Central Hudson:					
Electricity swap contracts	\$ (5,286)	\$ (12,902)	\$ (23,175)	\$ (63,670)	Deferred purchased electric costs <sup>(1)</sup>
Natural gas swap contracts	—	—	(514)	(933)	Deferred purchased natural gas costs <sup>(1)</sup>
Total CH Energy Group and Central Hudson	\$ (5,286)	\$ (12,902)	\$ (23,689)	\$ (64,603)	

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

### Other Hedging Activities

#### *Central Hudson – Electric*

In October 2023, Central Hudson entered into a HDD costless collar weather option for the period December 1, 2023 through March 31, 2024, to hedge the effect of significant variances in weather conditions on electricity costs. The aggregate limit on the contract is \$5 million. No premium was paid for the HDD costless collar weather

option and there was an immaterial payout and amount recorded to purchased electric expense during the quarter ended March 31, 2024.

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

#### *Central Hudson – Natural Gas*

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

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

### **NOTE 16 – Other Fair Value Measurements**

#### **Other Assets Recorded at Fair Value**

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

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
As of September 30, 2024:				
Other Investments	\$ 10,521	\$ 10,521	\$ —	\$ —
As of December 31, 2023:				
Other Investments	\$ 10,724	\$ 10,724	\$ —	\$ —
As of September 30, 2023:				
Other Investments	\$ 10,587	\$ 10,587	\$ —	\$ —

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

The remaining amount reported in “Other investments” within the Deferred Charges and Other Assets section of the CH Energy Group’s and Central Hudson’s Balance Sheets represent trust assets for the funding of the SERP and Deferred Compensation Plan held in trust-owned life insurance policies, which are recorded at cash surrender value. As of September 30, 2024, December 31, 2023, and September 30, 2023, the total cash surrender value of trust-owned life insurance held by these trusts was approximately \$38.2 million, \$35.3 million, and \$35.0 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 discloses the estimated fair value of both CH Energy Group’s and Central Hudson’s long-term debt, including the current maturities (Dollars in Thousands):

#### CH Energy Group

	September 30, 2024		December 31, 2023		September 30, 2023	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
Fixed rate debt	\$ 1,269,243	\$ 1,166,492	\$ 1,210,346	\$ 1,068,514	\$ 1,151,413	\$ 924,863
Variable rate debt	33,700	33,700	63,700	63,700	63,700	63,700
Total	<u>\$ 1,302,943</u>	<u>\$ 1,200,192</u>	<u>\$ 1,274,046</u>	<u>\$ 1,132,214</u>	<u>\$ 1,215,113</u>	<u>\$ 988,563</u>
Estimated effective interest rate	4.42 %		4.30 %		4.34 %	

#### Central Hudson

	September 30, 2024		December 31, 2023		September 30, 2023	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
Fixed rate debt	\$ 1,265,700	\$ 1,162,937	\$ 1,205,700	\$ 1,063,860	\$ 1,145,700	\$ 919,172
Variable rate debt	33,700	33,700	63,700	63,700	63,700	63,700
Total	<u>\$ 1,299,400</u>	<u>\$ 1,196,637</u>	<u>\$ 1,269,400</u>	<u>\$ 1,127,560</u>	<u>\$ 1,209,400</u>	<u>\$ 982,872</u>
Estimated effective interest rate	4.41 %		4.29 %		4.33 %	

### NOTE 17 – Related Party Transactions

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

# Notes to Quarterly Condensed Financial Statements (UNAUDITED)

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2024	2023	2024	2023
CH Energy Group	\$ 628	\$ 735	\$ 1,949	\$ 2,064
Central Hudson	\$ 619	\$ 726	\$ 1,939	\$ 2,046

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 to provide liquidity for general corporate purposes, raising the Company's short term credit availability. At September 30, 2024, there were no amounts outstanding under this credit agreement.

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

Related party transactions 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):

	September 30,			December 31,			September 30,		
	2024			2023			2023		
Central Hudson <sup>(1)(2)(3)</sup>	CH Energy Group	Fortis	Other Affiliates	CH Energy Group	Fortis	Other Affiliates	CH Energy Group	Fortis	Other Affiliates
Accounts Payable	\$ 1,192	\$ —	\$ —	\$ 1,430	\$ —	\$ —	\$ 1,188	\$ —	\$ —

<sup>(1)</sup> Fortis amounts include Fortis and all Fortis subsidiaries.

<sup>(2)</sup> Other Affiliates amounts include CHEC, CHET, and Transco.

<sup>(3)</sup> Accounts receivable is immaterial for the periods presented.

Notes to Quarterly Condensed Financial Statements (UNAUDITED)

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

	Three Months Ended September 30, 2024		Three Months Ended September 30, 2023	
	CH Energy Group	Fortis <sup>(1)</sup>	CH Energy Group	Fortis <sup>(1)</sup>
CH Energy Group	\$ —	\$ 1,305	\$ —	\$ 1,223
Central Hudson	\$ 1,392	\$ —	\$ 1,415	\$ —

  

	Nine Months Ended September 30, 2024		Nine Months Ended September 30, 2023	
	CH Energy Group	Fortis <sup>(1)</sup>	CH Energy Group	Fortis <sup>(1)</sup>
CH Energy Group	\$ —	\$ 5,305	\$ —	\$ 4,561
Central Hudson	\$ 5,750	\$ —	\$ 4,980	\$ —

<sup>(1)</sup> Fortis amounts include Fortis and all Fortis subsidiaries.

**NOTE 18 – Subsequent Events**

An evaluation of subsequent events was completed through November 4, 2024, the date these Condensed Consolidated Financial Statements were available to be issued, to determine whether circumstances warranted recognition and disclosure of events or transactions in the Condensed Consolidated Financial Statements as of September 30, 2024.

On October 9, 2024, Central Hudson redeemed \$33.7 million of NYSERDA 1999 Series B variable rate bonds and terminated the associated interest rate hedge.

On October 16, 2024 Central Hudson issued \$25 million of Series GG Senior Notes with an interest rate of 4.88% per annum and a maturity date of October 16, 2029, \$44 million of Series HH Senior Notes with an interest rate of 5.30% per annum and a maturity date of October 16, 2034, and \$35 million of Series II Senior Notes with an interest rate of 5.40% per annum and a maturity date of October 16, 2036. Proceeds will be used for general corporate purposes and to fund the redemption of the NYSERDA floating rate debt.

On October 31, 2024, Central Hudson amended and restated its credit agreement and extended the term until October 31, 2029. The amendment has an aggregate commitment by the lenders continuing at \$250 million and the letter of credit commitment increasing by \$5 million making the aggregate amount \$20 million.

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

### **For the Nine Months Ended September 30, 2024**

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

#### **Business Outlook**

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

#### **Risk Factors**

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

#### **Summary of Changes in Accounting Policies**

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

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

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

#### **Changes in Internal Controls over Financial Reporting**

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

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

	Quarter			Year to Date		
	2024	2023	Change	2024	2023	Change
Electricity Sales (GWh) <sup>(1)</sup>	1,402	1,316	86	3,873	3,725	148
Natural Gas Sales (PJ) <sup>(2)</sup>	5.1	4.4	0.7	18.6	17.6	1.0
<i>(In Millions)</i>						
Revenues	\$ 247.6	\$ 215.9	\$ 31.7	\$ 747.4	\$ 779.4	\$ (32.0)
Energy supply costs - matched to revenues	77.3	65.2	12.1	238.0	308.4	(70.4)
Operating expenses - matched to revenues	31.1	25.5	5.6	88.5	77.6	10.9
Operating expenses - other	89.5	82.9	6.6	281.0	257.7	23.3
Depreciation and amortization	25.4	20.9	4.5	70.6	62.7	7.9
Other income, net	9.5	8.6	0.9	29.5	26.4	3.1
Interest charges	15.1	11.6	3.5	41.3	36.0	5.3
Income taxes	4.4	4.1	0.3	13.4	14.0	(0.6)
Net Income	<u>\$ 14.3</u>	<u>\$ 14.3</u>	<u>\$ —</u>	<u>\$ 44.1</u>	<u>\$ 49.3</u>	<u>\$ (5.3)</u>

*Earnings:* Central Hudson's earnings decreased year over year primarily due to operating costs above amounts provided in rates, which offset the earnings on rate base growth. Central Hudson expended incremental amounts for labor and Customer Service operations above amounts provided for in delivery rates in the first half of 2024 to support the needs of the business. On July 18, 2024, the Commission approved delivery rate increases for Central Hudson, including a make-whole provision for rates to be effective July 1, 2024, which provides cost recovery that is better aligned with our on-going operating costs going forward. However, due to seasonality differences between when revenues are billed and when certain expenses are incurred, earnings may be impacted within certain reporting periods. In the third quarter, operating costs exceeded seasonal revenues and offset additional earnings on rate base, but this is not expected to impact the full year. 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 quarter over quarter and year over year due to an increase in residential and commercial sales driven by warmer weather.

*Natural Gas Sales:* Natural gas sales were higher quarter over quarter and 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, IT, and common facilities in accordance with its capital expenditure program. In addition, 2024 depreciation expense is also impacted by the depreciation under-recovery approved in delivery rates effective July 1, 2024.

*Other Income, net:* The increase in other income for both periods is primarily attributable to decrease in the non-service component of pension expense when compared to 2023.

*Interest Charges:* The increase in interest charges is primarily due to higher long-term debt balances at higher interest rates.

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

### Central Hudson Revenues - Electric

#### Period Ended September 30

(In Millions)

	Quarter			Year to Date		
	2024	2023	Change	2024	2023	Change
<b>Revenues with Matching Expense Offsets:<sup>(1)</sup></b>						
Recovery of commodity purchases	\$ 74.8	\$ 60.1	\$ 14.7	\$ 199.0	\$ 236.0	\$ (37.0)
Sales to others for resale	1.5	1.3	0.2	5.7	9.2	(3.5)
Other revenues with matching offsets	23.6	18.1	5.5	63.5	55.2	8.3
<i>Subtotal</i>	99.9	79.5	20.4	268.2	300.4	(32.2)
<b>Revenues Impacting Earnings:</b>						
Customer sales	132.7	106.4	26.3	338.0	301.0	37.0
RDMs and other regulatory mechanisms	(9.7)	4.7	(14.4)	(4.3)	9.0	(13.3)
Incentives earned	—	0.1	(0.1)	0.5	3.7	(3.2)
Net plant and depreciation targets	—	(1.0)	1.0	(2.6)	(1.0)	(1.6)
Customer Credits	(1.0)	(1.6)	0.6	(2.0)	(5.2)	3.2
Other revenues	2.3	3.2	(0.9)	6.5	5.2	1.3
<i>Subtotal</i>	124.3	111.8	12.5	336.1	312.7	23.4
<b>Total Electric Revenues</b>	<u>\$ 224.2</u>	<u>\$ 191.3</u>	<u>\$ 32.9</u>	<u>\$ 604.3</u>	<u>\$ 613.1</u>	<u>\$ (8.8)</u>

### Central Hudson Revenues - Natural Gas

#### Period Ended September 30

(In Millions)

	Quarter			Year to Date		
	2024	2023	Change	2024	2023	Change
<b>Revenues with Matching Expense Offsets:<sup>(1)</sup></b>						
Recovery of commodity purchases	\$ 2.5	\$ 3.9	\$ (1.4)	\$ 29.5	\$ 54.5	\$ (25.0)
Sales to others for resale	—	0.1	(0.1)	5.4	8.8	(3.4)
Other revenues with matching offsets	0.6	0.6	—	3.5	2.3	1.2
<i>Subtotal</i>	3.1	4.6	(1.5)	38.4	65.6	(27.2)
<b>Revenues Impacting Earnings:</b>						
Customer sales	17.4	15.9	1.5	89.5	83.4	6.1
RDM and other regulatory mechanisms	1.2	2.8	(1.6)	13.3	12.9	0.4
Other revenues	1.7	1.2	0.5	1.9	4.4	(2.5)
<i>Subtotal</i>	20.3	19.9	0.4	104.7	100.7	4.0
<b>Total Natural Gas Revenues</b>	<u>\$ 23.4</u>	<u>\$ 24.5</u>	<u>\$ (1.1)</u>	<u>\$ 143.1</u>	<u>\$ 166.3</u>	<u>\$ (23.2)</u>

<sup>(1)</sup> 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 quarter over quarter increase in electric revenues was primarily driven by higher customer delivery rates approved by the PSC and higher recovery of commodity cost. The year over year decrease in electric revenues can be attributed primarily to reduced electric commodity costs and a one-time true-up in 2023 to EAM revenues based on the final assessment of 2022 targets. Partially offsetting these decreases were higher customer delivery rates approved by the PSC, net of the deferral for Net Plant to return revenues associated with the postponement of an IT capital project approved in rates, as well as lower bill credits provided to customers in 2024.

*Natural Gas Revenues:*

The quarter over quarter and year over year decrease in natural gas revenues was primarily driven by lower recovery of natural gas commodity costs. Partially offsetting these decreases was higher customer delivery rates approved by the PSC.

**Central Hudson Operating Expenses**

**Period Ended September 30**

*(In Millions)*

	Quarter			Year to Date		
	2024	2023	Change	2024	2023	Change
<b>Expenses Currently Matched to Revenues:<sup>(1)</sup></b>						
Purchased electricity	\$ 74.8	\$ 61.5	\$ 13.3	\$ 203.2	\$ 245.3	\$ (42.1)
Purchased natural gas	2.5	4.0	(1.5)	34.9	63.5	(28.6)
Pension & OPEB	1.3	3.7	(2.4)	9.0	7.8	1.2
NYS EE programs	17.2	10.4	6.8	42.9	32.2	10.7
Major storm reserve	4.1	3.6	0.5	10.8	12.5	(1.7)
EAP	3.5	2.4	1.1	9.5	8.0	1.5
Other matched expenses	5.1	5.1	—	16.2	16.7	(0.5)
<i>Subtotal</i>	108.5	90.7	17.8	326.5	386.0	(59.5)
<b>Other Operating Expenses:</b>						
Depreciation and amortization	25.4	20.9	4.5	70.6	62.7	7.9
Property and school taxes <sup>(2)</sup>	15.4	16.6	(1.2)	56.4	54.1	2.3
Weather related service restoration	3.1	2.0	1.1	5.9	3.9	2.0
Regulatory Debit - CBF	—	—	—	4.0	—	4.0
Customer service expense	2.3	1.9	0.4	6.9	5.9	1.0
Labor and related benefits	31.6	29.0	2.6	88.7	83.6	5.1
Other expenses	37.1	33.4	3.7	119.1	110.2	8.9
<i>Subtotal</i>	114.9	103.8	11.1	351.6	320.4	31.2
<b>Total Operating Expenses</b>	<u>\$ 223.4</u>	<u>\$ 194.5</u>	<u>\$ 28.9</u>	<u>\$ 678.1</u>	<u>\$ 706.4</u>	<u>\$ (28.3)</u>

<sup>(1)</sup> 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.

<sup>(2)</sup> 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 quarter over quarter increase in operating expenses was primarily driven by higher electric commodity costs, as well as higher recovery of previously deferred revenue matched costs as approved in the 2024 Rate Order, which do not have a direct impact on earnings due to Central Hudson's regulatory mechanism for the full deferral of these expenses. Further impacting the quarter were higher depreciation and labor expenses in 2024, which are in line with amounts provided for in current delivery rates. The year over year decrease in operating expenses was primarily driven by decreases in purchased electricity and natural gas costs which do not have a direct impact on earnings. These decreases were partially offset by increases in other operating expenses including depreciation and property taxes resulting from infrastructure investments and the recovery of previously deferred cost as provided for in rates. Central Hudson has also expended incremental amounts in Customer Service and 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. 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 nine months ended September 30, 2024

(In Millions)

Balance Sheet Account	Increase (Decrease)	Explanation
Accounts receivable, net of allowance for uncollectible accounts	\$19.5	Increase is primarily due to the suspension of collection efforts which began in 2020 and impacted customer payment behavior. Arrears relief programs and collection efforts have expanded and included automated collections, termination notices, and locking for non-payment. Additional residential collection efforts continue to show progress with payments or payment arrangements from customers.
Regulatory assets - current	(23.9)	Decrease is primarily driven by higher recovery of previously deferred electric commodity costs partially offset by higher cost recovery and the delayed delivery rate increase authorized in the 2024 Rate Order.
Regulatory assets - long term	(41.9)	Decrease is primarily driven by the recovery of balances authorized in the 2024 Rate Order.
Long term debt, including current maturities	30.0	Increase is due to issuances of long-term debt in 2024, net of the repayments of matured debt.
Short-term borrowings	59.0	Net increase is related to additional short-term borrowings due to the timing of long term debt issuance in 2024.
Regulatory liabilities - current	32.0	Increase is primarily due to higher electric RDMs as a result of revenues above prescribed targets and higher collection of electric and natural gas costs due to warmer summer weather, as well as lower payments to NYSERDA compared to amounts collected for CEF in 2024.
Regulatory liabilities - long term	(19.2)	Decrease is primarily due to the offset of certain authorized regulatory asset and 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	(27.3)	Decrease is primarily due to the offset of pension and OPEB related deferrals as prescribed in the 2024 Rate Order.

## ***Liquidity and Capital Resources***

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

**Period Ended September 30**

*(In Millions)*

	<b>Year to Date</b>	
	<b>2024</b>	<b>2023</b>
<b>Cash, Cash Equivalents, and Restricted Cash - Beginning of Period</b>	<b>\$ 4.3</b>	<b>\$ 5.0</b>
Cash from operations pre-working capital	113.8	73.1
Working capital	25.9	2.2
Operating Activities	139.7	75.3
Investing Activities	(220.1)	(178.4)
Financing Activities	91.2	101.9
<b>Cash, Cash Equivalents, and Restricted Cash - End of Period</b>	<b>\$ 15.1</b>	<b>\$ 3.8</b>

*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 the first nine months of 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. Projected capital spending is estimated to be approximately \$300 million for the year ending December 31, 2024, compared to the actual spending of \$253 million for 2023. In 2024, other investing activities included a SERP contribution, as compared to 2023 that included a withdrawal of excess funding above the required 110% level for the SERP.

*Financing Activities:* The net decrease in cash proceeds from financing activities as compared to the prior year is due to higher cash from operating activities, which reduced financing needs in 2024. 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 future capital investments and distributes excess cash to CH Energy Group in the form of dividends or receives capital contributions from CH Energy Group to meet equity financing needs.

Central Hudson expects to fund capital expenditures with cash from operations 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 and funds obtained from equity infusions from Fortis, as well as its financing program, will be sufficient for the foreseeable future to meet working capital needs, fund Central Hudson's capital program and CHET's current investment obligations in Transco, and meet Central Hudson's public service obligations and growth objectives.

## Central Hudson's Bond Ratings

	September 30, 2024		December 31, 2023	
	Rating <sup>(1)</sup>	Outlook	Rating <sup>(1)</sup>	Outlook
S&P	BBB+	Negative	BBB+	Negative
Moody's	Baa1	Stable	Baa1	Stable
Fitch	BBB+	Stable	A-	Negative

<sup>(1)</sup> 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%.

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

### CH Energy Group

	September 30, 2024		December 31, 2023	
	%		%	
Long-term debt <sup>(1)</sup>	\$ 1,302.9	49.1	\$ 1,274.0	50.7
Short-term debt	80.0	3.1	21.0	0.8
Common equity	1,268.1	47.8	1,218.7	48.5
Total	<u>\$ 2,651.0</u>	<u>100.0</u>	<u>\$ 2,513.7</u>	<u>100.0</u>

<sup>(1)</sup> Includes current maturities of long-term debt.

### Central Hudson

	September 30, 2024		December 31, 2023	
	%		%	
Long-term debt <sup>(1)</sup>	\$ 1,299.4	49.7	\$ 1,269.4	51.1
Short-term debt	80.0	3.0	21.0	0.9
Common equity	1,236.2	47.3	1,192.2	48.0
Total	<u>\$ 2,615.6</u>	<u>100.0</u>	<u>\$ 2,482.6</u>	<u>100.0</u>

<sup>(1)</sup> Includes current maturities of long-term debt.

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

## Regulatory Proceedings

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

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

### **Grid of the Future Plan**

In April 2024, the PSC initiated a proceeding to develop a New York Grid of the Future Plan. The Plan is intended to identify targets and supporting actions for the continued deployment of flexible energy resources at the bulk and distribution levels of the electric system. This new proceeding refines the state's energy policies arising out of the New York Reforming the Energy Vision initiative. The proceeding has the potential to impact various existing work streams, including the Distributed System Implementation Plans and the Company's demand side management programs. A comprehensive plan is expected by the end of 2025.

### **Clean Energy Standard ("CES")/ CEF**

On May 18, 2023, the PSC issued an Order on Process Regarding Zero Emissions Target under Case 15-E-0302, to initiate a process to (1) identify technologies that can close the gap between the capabilities of existing renewable energy technologies and future system reliability needs, and (2) more broadly identify the actions needed to pursue attainment of the State's Zero Emission Target by 2040.

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

### **Utility Thermal Energy Network ("UTEN")**

On February 20, 2024, DPS Staff proposed several high-level conceptual rules pertaining to UTEN, to notify of the new rules and regulations by July 5, 2024, as required by the UTEN Jobs Act. 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 June 28, 2024, under PSC Case 22-M-0429, the Company filed its Final Utility Energy Network Pilot Project Proposals recommending that the PSC staff approve a utility-owned thermal energy network that would serve several facilities in the City of Poughkeepsie, New York. The Company's UTEN proposal was approved on October 1, 2024. The next stage of the project focuses on engineering and design plans.

### **Community Distributed Generation**

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

### **Energy Storage**

On June 20, 2024, the PSC issued an Order Establishing an Updated Energy Storage Goal and Deployment Policy. The Order adopts an updated statewide deployment goal of 6 GW of energy storage resources by 2030,

with an interim goal of 1.5 GW by 2025. The PSC adopted many of the recommendations from the Energy Storage Roadmap 2.0, initially issued by DPS and NYSERDA in December 2022.

In addition to other requirements, the utilities were directed to continue bulk storage dispatch right requests for proposals and study the non-market transmission and distribution services that energy storage can provide. A report was filed with the PSC on October 29, 2024.

### **Proactive Planning for Upgraded Electric Grid Infrastructure**

On August 15, 2024, the PSC issued Order 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 directs the utilities to develop two filings (1) a framework to proactively plan for EV and BE, including process evaluation and cost allocation, due December 13, 2024 and (2) a filing to propose urgent projects that may require deployment before completion of the overall planning process, due November 13, 2024.

### **Climate Leadership and Community Protection Act (“CLCPA”)**

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

On December 20, 2023, the NYSDEC and NYSERDA released a capital and investment pre-proposal outline and climate affordability study. A series of three stakeholder meetings were held to present summaries of the preliminary studies that have been conducted and comments from stakeholders were accepted through March 1, 2024. Framework and Climate Justice guidelines for the proposed Climate Investment Account were addressed during meetings held August 15, 2024 and September 19, 2024. The stakeholders are currently awaiting directives and next steps.

NYS held an Energy Summit on September 5, 2024 to discuss the difficulties in reaching CLCPA goals with existing technologies. During the summit, a framework for NYS to enable development of new nuclear plants was discussed as a potential solution to support accomplishing the goals. In response, NYSERDA has released its Draft Blueprint for Consideration of Advanced Nuclear Technologies with comments due November 8, 2024.

### **Columbia Energy Notice**

On July 19, 2022, Columbia Energy’s default on its obligations to the NYISO resulted in the return of their customers to Central Hudson’s commodity supply service. Certain municipalities allege Columbia Energy breached its contractual obligations to provide commodity service to Community Choice Aggregation customers. Litigation is ongoing and Central Hudson is not a party. On December 4, 2023, Columbia filed a Motion to Show Cause against non-party Central Hudson. Central Hudson responded to Columbia Energy’s Motion to Show

Cause on January 8, 2024. Columbia Energy filed a reply on January 12, 2024. Shortly thereafter, the Supreme Court Judge asked Central Hudson to enter mediation with the parties. Central Hudson agreed to participate in the mediation, which remains ongoing.

### **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.

### **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 NYTOs 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.

### **Roadway Excavation Prevailing Wage**

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

The 2024 Rate Order authorizes the Company to defer incremental labor costs in the rate year ended June 30, 2025, for the impacts of this legislation. Central Hudson continues to evaluate the scope and effect this will have on its capital plan and operations while awaiting further guidance from the NYS Department of Labor. Central Hudson expects to maintain its authority to recover any material impact this change in law has on its operating costs in future Rate Orders.

## FORWARD-LOOKING STATEMENTS

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