

The United Illuminating Company

Financial Statements

As of and for the Years Ended December 31, 2024 and 2023

The United Illuminating Company

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KPMG LLP
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Independent Auditors' Report

The Shareholder and Board of Directors
The United Illuminating Company:

Opinion

We have audited the financial statements of The United Illuminating Company (the Company), which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of income, comprehensive income, changes in common stock equity, and cash flows for the years then ended, and the related notes to the financial statements.

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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



In performing an audit in accordance with GAAS, we:

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

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

KPMG LLP

Boston, Massachusetts
April 11, 2025

The United Illuminating Company
Statements of Income

Years Ended December 31,	2024	2023
(Thousands)		
Operating Revenues	\$ 1,340,889	\$ 1,356,118
Operating Expenses		
Electricity purchased	437,888	545,523
Operations and maintenance	509,137	432,461
Depreciation and amortization	119,037	114,380
Taxes other than income taxes, net	121,127	110,495
Total Operating Expenses	1,187,189	1,202,859
Operating Income	153,700	153,259
Other income	32,069	23,960
Other deductions	(6,660)	(1,868)
Earnings from equity method investments	2,258	2,975
Interest expense, net of capitalization	(50,949)	(41,987)
Income Before Income Tax	130,418	136,339
Income tax expense	22,432	23,801
Net Income	\$ 107,986	\$ 112,538

The accompanying notes are an integral part of our financial statements.

The United Illuminating Company
Statements of Comprehensive Income

Years Ended December 31,	2024	2023
(Thousands)		
Net Income	\$ 107,986	\$ 112,538
Other Comprehensive Income (Loss)		
Amortization of pension cost for non-qualified plans and current year actuarial gain (loss), net of income tax expense of \$261 for 2024 and tax benefit of (\$95) for 2023, respectively	709	(258)
Other Comprehensive Income (Loss)	709	(258)
Comprehensive Income	\$ 108,695	\$ 112,280

The accompanying notes are an integral part of our financial statements.

The United Illuminating Company
Balance Sheets

As of December 31,	2024	2023
(Thousands)		
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,202	\$ 4,359
Accounts receivable and unbilled revenues, net	216,630	200,295
Accounts receivable from affiliates	306	4,471
Notes receivable from affiliates	23,000	—
Materials and supplies	16,011	12,046
Derivative assets	342	454
Prepayments and other current assets	15,487	10,387
Income tax receivable	6,544	2,544
Regulatory assets	142,288	132,434
Total Current Assets	421,810	366,990
Utility plant, at original cost	4,096,446	3,791,867
Less accumulated depreciation	(1,235,332)	(1,137,053)
Net Utility Plant in Service	2,861,114	2,654,814
Construction work in progress	284,497	372,242
Total Utility Plant	3,145,611	3,027,056
Operating lease right-of-use assets	11,307	11,790
Equity method investments	75,139	78,747
Other property and investments	20,285	16,740
Regulatory and Other Assets		
Regulatory assets	280,424	305,644
Derivative assets	121	445
Other	28,346	25,605
Total Regulatory and Other Assets	308,891	331,694
Total Assets	\$ 3,983,043	\$ 3,833,017

The accompanying notes are an integral part of our financial statements.

The United Illuminating Company
Balance Sheets

As of December 31,	2024	2023
(Thousands)		
Liabilities		
Current Liabilities		
Current portion of debt	\$ 99,538	\$ —
Notes payable to affiliates	—	24,400
Accounts payable and accrued liabilities	145,671	170,503
Accounts payable to affiliates	78,272	71,314
Interest accrued	12,095	10,841
Taxes accrued	18,433	16,636
Operating lease liabilities	623	703
Derivative liabilities	14,462	16,777
Other current liabilities	55,819	41,712
Regulatory liabilities	14,124	13,650
Total Current Liabilities	439,037	366,536
Regulatory and Other Liabilities		
Regulatory liabilities	331,753	333,670
Other Non-current Liabilities		
Deferred income taxes	465,592	446,803
Pension and other postretirement	87,242	119,176
Operating lease liabilities	15,201	15,474
Derivative liabilities	152	14,050
Environmental remediation costs	21,637	24,019
Other	31,871	31,417
Total Regulatory and Other Liabilities	953,448	984,609
Non-current debt	1,038,487	1,038,310
Total Liabilities	2,430,972	2,389,455
Commitments and Contingencies		
Common Stock Equity		
Common stock (no par value, 30,000,000 shares authorized and 100 shares outstanding at December 31, 2024 and December 31, 2023)	1	1
Additional paid-in capital	906,409	906,595
Retained earnings	652,641	544,655
Accumulated other comprehensive loss	(6,980)	(7,689)
Total Common Stock Equity	1,552,071	1,443,562
Total Liabilities and Equity	\$ 3,983,043	\$ 3,833,017

The accompanying notes are an integral part of our financial statements.

The United Illuminating Company
Statements of Cash Flows

Years Ended December 31,	2024	2023
(Thousands)		
Cash Flow from Operating Activities:		
Net income	\$ 107,986	\$ 112,538
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	119,037	114,380
Regulatory assets/liabilities amortization	30,910	(79,700)
Regulatory assets/liabilities carrying cost	(11,289)	(4,860)
Amortization of debt issuance costs	555	552
Deferred taxes	8,324	27,811
Pension cost	2,739	5,703
Stock-based compensation	62	55
Gain on disposal of assets	(35)	—
Earnings from equity method investments	(2,245)	(2,963)
Cash distribution from equity method investments	2,372	2,965
Other non-cash items	(14,772)	(12,394)
Changes in operating assets and liabilities:		
Accounts receivable, from affiliates, and unbilled revenues	(12,170)	(33,025)
Inventories	(3,965)	(3,666)
Accounts payable, to affiliates, and accrued liabilities	(5,835)	(18,446)
Taxes accrued	(2,202)	(4,623)
Other assets/liabilities	33,584	17,231
Regulatory assets/liabilities	(90,289)	(123,136)
Net Cash Provided by (Used in) Operating Activities	162,767	(1,578)
Cash Flow from Investing Activities:		
Capital expenditures	(231,549)	(218,212)
Contributions in aid of construction	9,375	4,829
Notes receivable from affiliates	(23,000)	82,600
Proceeds from sale of utility plant	573	397
Cash distribution from equity method investments	3,481	3,784
Net Cash Used in Investing Activities	(241,120)	(126,602)
Cash Flow from Financing Activities:		
Non-current debt issuance	99,596	188,138
Repayments of non-current debt	—	(75,000)
Notes payable to affiliates	(24,400)	24,400
Capital contribution	—	100,000
Dividends paid	—	(105,000)
Net Cash Provided by Financing Activities	75,196	132,538
Net (Decrease) Increase in Cash and Cash Equivalents	(3,157)	4,358
Cash and Cash Equivalents, Beginning of Period	4,359	1
Cash and Cash Equivalents, End of Period	\$ 1,202	\$ 4,359

The accompanying notes are an integral part of our financial statements.

The United Illuminating Company
Statements of Changes in Common Stock Equity

(Thousands, except per share amounts)	Number of Shares (*)	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Common Stock Equity
Balance, December 31, 2022	100 \$	1 \$	806,652 \$	537,117 \$	(7,431) \$	1,336,339
Net income	—	—	—	112,538	—	112,538
Other comprehensive loss, net of tax	—	—	—	—	(258)	(258)
Comprehensive income						112,280
Stock-based compensation	—	—	(57)	—	—	(57)
Capital contribution	—	—	100,000	—	—	100,000
Common stock dividends	—	—	—	(105,000)	—	(105,000)
Balance, December 31, 2023	100	1	906,595	544,655	(7,689)	1,443,562
Net income	—	—	—	107,986	—	107,986
Other comprehensive income, net of tax	—	—	—	—	709	709
Comprehensive income						108,695
Stock-based compensation	—	—	(186)	—	—	(186)
Balance, December 31, 2024	100 \$	1 \$	906,409 \$	652,641 \$	(6,980) \$	1,552,071

(*) No par value.

The accompanying notes are an integral part of our financial statements.

Note 1. Significant Accounting Policies

Background and nature of operations: The United Illuminating Company (UI, the company, we, our, us) is a regulated operating electric public utility engaged in the purchase, transmission, distribution, and sale of electricity for residential, commercial and industrial purposes. UI is regulated as an electric distribution company by the Connecticut Public Utilities Regulatory Authority (PURA) and is also subject to regulation by the Federal Energy Regulatory Commission (FERC). UI serves approximately 345,800 customers as of December 31, 2024 in its service territory of approximately 335 square miles in southwestern Connecticut.

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

Agreement and Plan of Merger: On May 17, 2024, AGR entered into an Agreement and Plan of Merger (the Merger Agreement) with Iberdrola and Arizona Merger Sub, Inc (Merger Sub). As a result of the consummation of the Merger on December 23, 2024 (closing date), Merger Sub merged with and into Avangrid (the Merger), with Avangrid continuing as the surviving corporation and a wholly-owned subsidiary of Iberdrola. On the closing date, each share of common stock issued and outstanding immediately prior to the closing date (other than common stock owned by the Merger, Merger Sub or any other direct or indirect wholly-owned Subsidiary of the Merger, and in each case not held on behalf of the third parties (collectively, the Excluded Shares)) was converted into a right to receive \$35.75 per share of common stock in cash, without interest.

On the closing date, (i) all shares of common stock ceased to be outstanding, were cancelled and ceased to exist and (ii) each Excluded Share ceased to be outstanding and was cancelled without payment of any consideration and ceased to exist. As a result of the consummation of the Merger on December 23, 2024, Iberdrola became the direct owner of 100 shares of common stock of Avangrid which represents the only outstanding capital of the Company. On the closing date, the New York Stock Exchange (NYSE) filed with the Securities and Exchange Commission (the SEC) a notification of removal from listing on Form 25 in order to delist the common stock from the NYSE and deregister the common stock under Section 12(b) of the Securities Exchange Act of 1934, as amended (the Exchange Act). Following the effectiveness of the Form 25, on January 2, 2025, Avangrid filed with the SEC a Form 15 requesting the termination of registration of the common stock under Section 12(g) of the Exchange Act and the suspension of reporting obligations under Section 13 and 15(d) of the Exchange Act with respect to the common stock.

Basis of presentation: The accompanying financial statements have been prepared in accordance with generally accepted accounting principles in the United States (U.S. GAAP).

Significant Accounting Policies: We consider the following policies to be the most significant in understanding the judgments that are involved in preparing our financial statements:

Revenue recognition: We recognize revenues when we transfer control of promised goods or services to our customers in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. Refer to Note 4 for further details.

Regulatory accounting: We account for our regulated operations in accordance with the authoritative guidance applicable to entities with regulated operations that meet the following criteria: (i) rates are established or approved by an independent, third-party regulator; (ii) rates are designed to recover the entity's specific costs of providing the regulated services or products and;

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(iii) there is a reasonable expectation that rates are set at levels that will recover the entity's costs and can be collected from customers. Regulatory assets primarily represent incurred costs that have been deferred because of their probable future recovery from customers through regulated rates. Regulatory liabilities represent: (i) the excess recovery of costs or accrued credits that have been deferred because it is probable such amounts will be returned to customers through future regulated rates; or (ii) billings in advance of expenditures for approved regulatory programs.

We amortize regulatory assets and liabilities and recognize the related expense or revenue in our statements of income consistent with the recovery or refund included in customer rates. We believe it is probable that our currently recorded regulatory assets and liabilities will be recovered or settled in future rates.

Equity method investments: We account for joint ventures and other equity investments that do not meet consolidation criteria using the equity method. We reflect earnings (losses) recognized under the equity method in the statements of income as "Earnings (losses) from equity method investments." We recognize dividends received from equity method investments as a reduction in the carrying amount of the investment and not as dividend income. We assess and record an impairment of our equity method investments in earnings for a decline in value that we determine to be other than temporary.

Utility plant: We account for utility plant at historical cost. In cases where we are required to dismantle installations or to recondition the site on which they are located, we record the estimated cost of removal or reconditioning as an asset retirement obligation (ARO) and add an equal amount to the carrying amount of the asset.

Development and construction of our various facilities are carried out in stages. We expense project costs during early stage development activities. Once we achieve certain development milestones and it is probable that we can obtain future economic benefits from a project, we capitalize salaries and wages for persons directly involved in the project, and engineering, permits, licenses, wind measurement and insurance costs. We periodically review development projects in construction for any indications of impairment.

We transfer assets from "Construction work in progress" to "Utility plant" when they are available for service.

We determine depreciation expense for utility plant in service using the straight-line method, based on the average service lives of groups of depreciable property, which include estimated cost of removal. Consistent with FERC accounting requirements, we charge the original cost of utility plant retired or otherwise disposed of to accumulated depreciation. Our composite rates for depreciation were 2.7% of average depreciable property for 2024 and 2.8% of average depreciable property for 2023. We amortize our capitalized software cost, which is included in other plant, using the straight line method, based on useful lives of 1-15 years. Capitalized software costs were approximately \$314.5 million as of December 31, 2024, and \$312.5 million as of December 31, 2023. Depreciation expense was \$100.5 million in 2024 and \$98.1 million in 2023. Amortization of capitalized software was \$18.6 million in 2024 and \$16.2 million in 2023.

We charge repairs and minor replacements to operating expenses, and capitalize renewals and betterments, including certain indirect costs.

Allowance for funds used during construction (AFUDC) is a non-cash item that represents the allowed cost of capital, including a return on equity (ROE), used to finance construction projects. We record the portion of AFUDC attributable to borrowed funds as a reduction of interest expense and record the remainder as other income.

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Our balances of major classes of utility plant and associated useful lives are shown below as of December 31:

Utility Plant (Thousands)	Estimated useful life range (years)	2024	2023
Distribution	5-75 \$	2,221,057 \$	2,165,258
Transmission	5-60	1,370,091	1,149,793
Other	1-58	505,298	476,816
Total Utility Plant in Service		4,096,446	3,791,867
Total accumulated depreciation		(1,235,332)	(1,137,053)
Total Net Utility Plant in Service		2,861,114	2,654,814
Construction work in progress		284,497	372,242
Total Utility Plant	\$	3,145,611 \$	3,027,056

Leases: We determine if an arrangement is a lease at inception. We classify a lease as a finance lease if it meets any one of specified criteria that in essence transfers ownership of the underlying asset to us by the end of the lease term. If a lease does not meet any of those criteria, we classify it as an operating lease. On our balance sheets, we include, for operating leases: "Operating lease right-of-use (ROU) assets" and "Operating lease liabilities (current and non-current)"; and for finance leases: finance lease ROU assets in "Other assets" and liabilities in "Other current liabilities" and "Other liabilities."

ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. We recognize lease ROU assets and liabilities at commencement of an arrangement based on the present value of lease payments over the lease term. We use the incremental borrowing rate based on information available at the lease commencement date to determine the present value of future payments, except when the rate implicit in the lease is determinable. A lease ROU asset also includes any lease payments made at or before commencement date, minus any lease incentives received, and includes initial direct costs incurred. We do not record leases with an initial term of 12 months or less on the balance sheet for all classes of underlying assets, and we recognize lease expense for those leases on a straight-line basis over the lease term. We include variable lease payments that depend on an index or a rate in the ROU asset and lease liability measurement based on the index or rate at the commencement date, or upon a modification. We do not include variable lease payments that do not depend on an index or a rate in the ROU asset and lease liability measurement. A lease term includes an option to extend or terminate the lease when it is reasonably certain that we will exercise that option. We recognize lease (rent) expense for operating lease payments on a straight-line basis over the lease term, or we recognize the amount eligible for recovery under our rate plan, such as actual amounts paid. We amortize finance lease ROU assets on a straight-line basis over the lease term and recognize interest expense based on the outstanding lease liability.

We have lease agreements with lease and non-lease components, and account for lease components and associated non-lease components together as a single lease component, for all classes of underlying assets.

Impairment of long-lived assets: We evaluate utility plant and other long-lived assets for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment evaluation is based on an undiscounted cash flow analysis at the lowest level to which cash flows of the long-lived assets or asset groups are largely independent of the cash flows of other assets and liabilities. We are required to recognize an impairment loss if

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the carrying amount of the asset exceeds the undiscounted future net cash flows associated with that asset.

The impairment loss to be recognized is the amount by which the carrying amount of the long-lived asset exceeds the asset's fair value. Depending on the asset, fair value may be determined by use of a discounted cash flow model, with assumptions consistent with a market participant's view of the exit price of the asset.

Fair value measurement: Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place in either the principal market for the asset or liability, or, in the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset according to its highest and best use, or by selling it to another market participant that would use the asset according to its highest and best use.

We use valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy based on the transparency of input to the valuation of an asset or liability as of the measurement date.

The three input levels of the fair value hierarchy are as follows:

- Level 1 - inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 - inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability either directly or indirectly, for substantially the full term of the contract.
- Level 3 - one or more inputs to the valuation methodology are unobservable or cannot be corroborated with market data.

Categorization within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Certain investments are not categorized within the fair value hierarchy. These investments are measured based on the fair value of the underlying investments but may not be readily redeemable at that fair value.

Derivatives and hedge accounting: Derivatives are recognized on our balance sheets at their fair value. To be a derivative under the accounting standards for derivatives and hedging, an agreement would need to have a notional and an underlying, require little or no initial net investment and could be net settled. We recognize changes in the fair value of a derivative contract in earnings unless specific hedge accounting criteria are met.

Derivatives that qualify and are designated for hedge accounting are classified as cash flow hedges. We report the gain or loss on the derivative instrument as a component of Other Comprehensive Income (OCI) and later reclassify amounts into earnings when the underlying

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transaction occurs, which we present in the same income statement line item as the earnings effect of the hedged item. For all designated and qualifying hedges, we maintain formal documentation of the hedge and effectiveness testing in accordance with the accounting standards for derivatives and hedging. If we determine that the derivative is no longer highly effective as a hedge, we will discontinue hedge accounting prospectively. For cash flow hedges of forecasted transactions, we estimate the future cash flows of the forecasted transactions and evaluate the probability of the occurrence and timing of such transactions. If we determine it is probable that the forecasted transaction will not occur, we immediately recognize in earnings hedge gains and losses previously recorded in OCI.

Changes in conditions or the occurrence of unforeseen events could require discontinuance of the hedge accounting or could affect the timing of the reclassification of gains or losses on cash flow hedges from OCI into earnings.

Cash and cash equivalents: Cash and cash equivalents include cash, bank accounts, and other highly liquid short-term investments. We consider all highly liquid investments with a maturity date of three months or less when acquired to be cash equivalents and include those investments in "Cash and cash equivalents." Restricted cash represents cash legally set aside for a specified purpose as part of an agreement with a third party. Restricted cash is included in "Other non-current assets" on our balance sheets. We classify book overdrafts representing outstanding checks in excess of funds on deposit as "Accounts payable and accrued liabilities" on our balance sheets. We report changes in book overdrafts in the operating activities section of the statements of cash flows.

Concentration of risk: We maintain our cash and cash equivalents in accounts with major financial institutions in the form of demand deposits and money market accounts. Deposits in these financial institutions may exceed the amount of federal deposit insurance provided on such deposits.

Statements of cash flows: Supplemental disclosure of cash flow information is as follows:

	2024	2023
(Thousands)		
Cash paid during the year ended December 31:		
Interest, net of amounts capitalized	\$ 45,563	\$ 32,600
Income taxes paid, net	\$ 20,057	\$ 7,362

Of the income taxes paid, substantially all was paid to AGR under the tax sharing agreement. Interest capitalized was \$7.7 million in 2024 and \$6.0 million in 2023. Accrued liabilities for utility plant additions were \$51.3 million as of December 31, 2024 and \$62.2 million as of December 31, 2023.

Trade receivables and unbilled revenues, net of allowance for credit losses: We record trade receivables at amounts billed to customers and we record unbilled revenues based on an estimate of energy delivered or services provided to customers. The estimates for unbilled revenues are determined based on various assumptions, including current month energy load requirements, billing rates by customer class and delivery loss factors. Changes in those assumptions could significantly affect the estimated amounts of unbilled revenues.

The allowance for credit losses is our best estimate of the amount of probable credit losses in our existing accounts receivable, determined based on experience. Each month we review our allowance for credit losses and past due accounts by age. When we believe that a receivable will not be recovered, we charge off the account balance against the allowance. Changes in

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assumptions about input factors and customer receivables, which are inherently uncertain and susceptible to change from period to period, could significantly affect the allowance for credit losses estimates.

Trade receivables at December 31 include unbilled revenues of \$72.4 million for 2024 and \$57.0 million for 2023, and are shown net of an allowance for credit losses at December 31 of \$14.2 million for 2024 and \$15.0 million for 2023. Trade receivables do not bear interest, although late fees may be assessed. Credit loss expense was \$64.1 million in 2024 and \$51.3 million in 2023.

We establish our allowance for credit losses, including for unbilled revenue (also referred to as contract assets), by using both historical average loss percentages to project future losses, and by establishing a specific allowance for known credit issues or for specific items not considered in the historical average calculation. We also consider whether we need to adjust historical loss rates to reflect the effects of current conditions and forecasted changes considering various economic indicators (e.g., Gross Domestic Product, Personal Income, Consumer Price Index, Unemployment Rate) over the contractual life of the trade receivables. We write off amounts when we have exhausted reasonable collection efforts.

Variable Interest Entities: We have identified GenConn as a variable interest entity (VIE), which is accounted for under the equity method. We are not the primary beneficiary of GenConn, as defined in ASC 810 "Consolidation," because it shares control of all significant activities of GenConn with its joint venture, Clearway Energy, Inc. As such, GenConn is not subject to consolidation. GenConn recovers its costs through Contracts for Differences (CfDs), which are cost of service-based and have been approved by PURA. As a result, with the achievement of commercial operation by GenConn Devon and GenConn Middletown, our exposure to loss is primarily related to the potential for unrecovered GenConn operating or capital costs in a regulatory proceeding, the effect of which would be reflected on our balance sheets in the carrying value of our 50% ownership position in GenConn and in our statements of income through "Earnings (losses) from equity method investments." Such exposure to loss cannot be determined at this time.

We have identified the selected capacity resources with which it has CfDs as VIEs and have concluded that we are not the primary beneficiary as we do not have the power to direct any of the significant activities of these capacity resources. As such, we have not consolidated the selected capacity resources. Our maximum exposure to loss through these agreements is limited to the settlement amount under the CfDs as described in Note 11. We have no requirement to absorb additional losses nor have we provided any financial or other support during the periods presented that were not previously contractually required.

We have identified the entities for which we are required to enter into long-term contracts to purchase Renewable Energy Credits (RECs) as VIEs. In assessing these contracts for VIE identification and reporting purposes, we have aggregated the contracts based on similar risk characteristics and significance to UI. We are not the primary beneficiary as we do not have the power to direct any of the significant activities of these entities. Our exposure to loss is primarily related to the purchase and resale of the RECs, but, any losses incurred are recoverable through electric rates.

Debentures, bonds and bank borrowings: We record bonds, debentures and bank borrowings as a liability equal to the proceeds of the borrowings. We treat the difference between the proceeds and the face amount of the issued liability as discount or premium and accrete the amounts as interest expense or income over the life of the instrument. We defer incremental costs associated with the issuance of the debt instruments and amortize them over the same period as

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debt discount or premium. We present bonds, debentures and bank borrowings net of unamortized discount, premium and debt issuance costs on our balance sheets.

Inventory: Inventory comprises materials and supplies that we use for construction of new facilities and repairs of existing facilities. These inventories are carried and withdrawn at the lower of cost and net realizable value and reported on the balance sheets within “Materials and supplies.”

Government grants: We record government grants as a reduction to the related utility plant to be recovered through rate base, in accordance with the prescribed FERC accounting.

In accounting for government grants related to operating and maintenance costs, we recognize amounts receivable as an offset to expenses in the statements of income in which we incur the expenses.

Accrued removal obligations: We meet the requirements concerning accounting for regulated operations and recognize a regulatory liability for the difference between removal costs collected in rates and actual costs incurred. We classify those amounts as accrued removal obligations.

Environmental remediation liability: In recording our liabilities for environmental remediation costs the amount of liability for a site is the best estimate, when determinable; otherwise it is based on the minimum liability or the lower end of the range when there is a range of estimated losses. We record our environmental liabilities on an undiscounted basis.

Post-employment and other employee benefits: We sponsor defined benefit pension plans that cover the majority of our employees. We also provide health care and life insurance benefits through various postretirement plans for eligible retirees.

We evaluate our actuarial assumptions on an annual basis and consider changes based on market conditions and other factors. All of our qualified defined benefit plans are funded in amounts calculated by independent actuaries, based on actuarial assumptions proposed by management.

We account for defined benefit pension or other postretirement plans, recognizing an asset or liability for the overfunded or underfunded plan status. For a pension plan, the asset or liability is the difference between the fair value of the plan’s assets and the projected benefit obligation (PBO). For any other postretirement benefit plan, the asset or liability is the difference between the fair value of the plan’s assets and the accumulated postretirement benefit obligation. We generally reflect all unrecognized prior service costs and credits and unrecognized actuarial gains and losses as regulatory assets rather than in OCI, as management believes it is probable that such items will be recoverable through the ratemaking process. Certain non-qualified plan expenses are not recoverable through the ratemaking process and we present the unrecognized prior service costs and credits and unrecognized actuarial gains and losses in accumulated other comprehensive loss. If a plan meets settlement or curtailment accounting criteria, we recognize a regulatory asset or liability if these costs are probable of recovery from ratepayers. We use a December 31st measurement date for our benefits plans.

We amortize prior service costs for both the pension and other postretirement benefits plans on a straight-line basis over the average remaining service period of employees active on the date of the amendment. Effective March 31, 2022, the amortization period for prior service cost changes for the UI Pension Plan was updated from average remaining service to future expected lifetime as the plan was frozen, or predominantly frozen, to future accruals. We amortize unrecognized

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actuarial gains and losses in excess of 5% of the greater of PBO or market-related value of assets (MRVA) related to the pension and other postretirement benefits plans on straight line basis over future working lifetime. Effective March 31, 2022, the amortization period for the UI Pension Plan was updated from future working lifetime to future expected lifetime as the plan was frozen, or predominantly frozen, to future accruals. Our policy is to calculate the expected return on plan assets using the market-related value of assets. We determine that value by recognizing the difference between actual returns and expected returns over a five-year period.

Income taxes: In August 2022, the Inflation Reduction Act of 2022 ("IRA") was signed into law in the United States. The IRA created a new corporate alternative minimum tax ("CAMT") of 15% on adjusted financial statement income and an excise tax of 1% on the value of certain stock repurchases. The CAMT and other various applicable provisions of the IRS are effective for the Company for periods beginning after December 31, 2022. The impact of CAMT will depend on our facts in each year, as well as on anticipated guidance from the U.S. Department of Treasury.

AGR, the parent company of Networks, files a consolidated federal income tax return and various state income tax returns, some of which are unitary as required or permitted, including all of the activities of its subsidiaries. Each subsidiary company is treated as a member of the consolidated group and determines its current and deferred taxes based on the separate return with benefits for loss method. As a member, UI settles its current tax liability or benefit each year directly with AGR pursuant to a tax allocation agreement between AGR and its members.

The aggregate amount of the related party income tax receivable balance due from AGR was \$6.5 million and \$2.5 million at December 31, 2024 and 2023, respectively.

We use the asset and liability method of accounting for income taxes. Deferred tax assets and liabilities reflect the expected future tax consequences, based on enacted tax laws, of temporary differences between the tax basis of assets and liabilities and their financial reporting amounts. In accordance with U.S. GAAP for regulated industries, we have established regulatory assets and liabilities for the net revenue requirements to be recovered from or refunded to customers for the related future tax expense or benefit associated with certain of these temporary differences. We defer investment tax credits when earned and amortize them over the estimated lives of the related assets. We also recognize the income tax consequences of intra-entity transfers of assets other than inventory when the transfer occurs.

Deferred tax assets and liabilities are measured at the expected tax rate for the period in which the asset or liability will be realized or settled, based on legislation enacted as of the balance sheet date. We charge or credit changes in deferred income tax assets and liabilities that are associated with components of OCI directly to OCI. Significant judgment is required in determining income tax provisions and evaluating tax positions. Our tax positions are evaluated under a more-likely-than-not recognition threshold before they are recognized for financial reporting purposes. We record valuation allowances to reduce deferred tax assets when it is more likely than not that we will not realize all or a portion of a tax benefit. We consider the effect of the alternative minimum tax system in determining the need for a valuation allowance for deferred taxes. Deferred tax assets and liabilities are netted and classified as non-current on our balance sheets.

We record the excess of state franchise tax computed as the higher of a tax based on income or a tax based on capital in "Taxes other than income taxes" and "Taxes accrued" in our financial statements.

Positions taken or expected to be taken on tax returns, including the decision to exclude certain income or transactions from a return, are recognized in the financial statements when it is more likely than not the tax position can be sustained based solely on the technical merits of the

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position. The amount of a tax return position that is not recognized in the financial statements is disclosed as an unrecognized tax benefit. Changes in assumptions on tax benefits may also impact interest expense or interest income and may result in the recognition of tax penalties. Interest and penalties related to unrecognized tax benefits are recorded within "Interest expense, net of capitalization" and "Other Income" and "Other Deductions" in our statements of income.

Uncertain tax positions are classified as non-current unless expected to be paid within one year. Our policy is to recognize interest and penalties on uncertain tax positions as a component of interest expense in the statements of income.

Our income tax expense, deferred tax assets and liabilities, and liabilities for unrecognized tax benefits reflect management's best assessment of estimated current and future taxes to be paid. Significant judgments and estimates are required in determining the income tax components of the financial statements.

Stock-based compensation: Stock-based compensation represents costs related to stock-based awards granted to employees. We account for stock-based payment transactions based on the estimated fair value of awards reflecting forfeitures when they occur. The recognition period for these costs begins at either the applicable service inception date or grant date and continues throughout the requisite service period, or until the employee becomes retirement eligible, if earlier.

Adoption of New Accounting Pronouncements

Although we are not a public business entity, we adopt new accounting standards based on public business entity guidance aside from the effective dates in certain situations where we may follow the effective dates for private entities.

There have been no new accounting pronouncements adopted as of and for the year ended December 31, 2024 that are expected to have a material impact on UI's financial statements.

Accounting Pronouncements Issued But Not Yet Adopted

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

(a) Improvements to Income Tax Disclosures

In December 2023, the FASB issued guidance to enhance income tax disclosures. The standard is required to be adopted by private entities for the annual periods beginning after December 15, 2025. Early adoption is permitted. The two primary enhancements relate to disaggregation of the annual effective tax rate reconciliation and income taxes paid disclosures. For the rate reconciliation, it requires additional disaggregation of information in a tabular format using both percentages and amounts broken out into specific categories (e.g., state and local income tax net of federal income tax effect, foreign tax effects, effect of changes in tax laws, tax credits, changes in valuation allowances, nontaxable or nondeductible items, and changes in unrecognized tax benefits). For income taxes paid, it requires disaggregation by jurisdiction (e.g., federal, state and foreign). We do not expect the new guidance to have a material impact on our results of operations, financial position and cash flows.

Use of estimates and assumptions: The preparation of our financial statements in conformity with U.S. GAAP requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the

financial statements, and the reported amounts of revenues and expenses during the reporting periods. Significant estimates and assumptions are used for, but not limited to: (1) allowance for credit losses and unbilled revenues; (2) asset impairments; (3) investments in equity instruments; (4) depreciable lives of assets; (5) income tax valuation allowances; (6) uncertain tax positions; (7) reserves for professional, workers' compensation, and comprehensive general insurance liability risks; (8) contingency and litigation reserves; (9) fair value measurements; (10) earnings sharing mechanism; (11) environmental remediation liabilities; and (12) pension and other postretirement employee benefits. Future events and their effects cannot be predicted with certainty; accordingly, our accounting estimates require the exercise of judgment. The accounting estimates used in the preparation of our financial statements will change as new events occur, as more experience is acquired, as additional information is obtained, and as our operating environment changes. We evaluate and update our assumptions and estimates on an ongoing basis and may employ outside specialists to assist in our evaluations, as considered necessary. Actual results could differ from those estimates.

Union collective bargaining agreements: Approximately 61% of our employees are covered by a collective bargaining agreement. All collective bargaining agreements will expire within the coming year.

Note 2. Industry Regulation

Rates

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

UI's previously approved three-year distribution rate schedules became effective January 1, 2017 through December 31, 2019, and included, among other things, annual tariff increases and an ROE of 9.10% based on a 50.00% equity ratio, continuation of UI's existing earnings sharing mechanism (ESM) pursuant to which UI and its customers share on a 50/50 basis all distribution earnings above the allowed ROE in a calendar year, continuation of the existing decoupling mechanism, and the continuation of a requested storm reserve. Any dollars due to customers from the ESM continue to be first applied against any storm regulatory asset balance (if one exists at that time) or refunded to customers through a bill credit if such storm regulatory asset balance does not exist. Given the expiration of the rate plan, UI had been operating under the 2019 approved rate schedules until September 1, 2023.

On September 9, 2022, UI filed a distribution revenue requirement case. UI's filing proposed a three-year rate plan commencing September 1, 2023 through August 31, 2026. In February and March, 2023, UI attended 15 days of evidentiary hearings in support of its application. PURA issued a Final Decision on August 25, 2023, which approved an annual revenue requirement of \$384.9 million and a 1-year rate plan commencing on September 1, 2023. This represents an increase of \$22.9 million to the Company's currently approved base distribution revenue requirement. PURA established an allowed return on equity of 9.10%, but reduced the allowed ROE by an aggregate 47 basis point reduction (i.e., to 8.63%), subject to certain conditions and timelines. The Final Decision established a capital structure consisting of 50% common equity and 50% debt. The Final Decision resulted in an average increase in base distribution rates of about 6.6% and an average increase in customer bills of about 2% compared to current levels. Given the expiration of the rate plan, UI had been operating under the 2023 approved rate schedules. On September 18, 2023, UI filed an appeal of the PURA's Final Decision in Connecticut Superior Court, because of actual and legal errors related to the treatment of deferred assets, plant in service, and operating expenses. A decision was issued by the Court on March 13, 2025, which

largely upheld PURA's Final Decision. The Company filed an appeal of the trial Court's decision on March 28, 2025. We cannot predict the outcome of this matter.

On November 12, 2024, UI filed an application to adjust its rates and charges which proposes to amend UI's existing rate schedules effective November 1, 2025, in order to address a significant deficiency in distribution-related operating revenues. More specifically, the UI application proposes a change in base distribution rates to be implemented in the rate year beginning November 1, 2025, with proposed rates designed to provide incremental operating revenues of approximately \$105 million. UI's application also includes several measures to moderate the impact of the proposed rate update for customers, including, a low-income discount rate to provide rate relief to UI's disadvantaged customers, as well as proposing to continue an economic development rate to support continued commercial growth in UI's service territory. We cannot predict the outcome of this matter.

Connecticut Energy Legislation

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

Power Supply Arrangements

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

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

At the conclusion of the period ended December 31, 2024, UI has wholesale power supply agreements in place for 100% of the first half of 2025, and 50% of the second half of 2025. Supplier of last resort service is procured on a quarterly basis and UI has a wholesale power supply agreement in place for the first quarter of 2025.

UI determined that its contracts for standard service and supplier of last resort service are derivatives under ASC 815 "Derivatives and Hedging" and elected the "normal purchase, normal sale" exception under ASC 815 "Derivatives and Hedging." UI regularly assesses the accounting treatment for its power supply contracts. These wholesale power supply agreements contain default provisions that include required performance assurance, including certain collateral obligations, in the event that UI's credit rating on senior debt were to fall below investment grade.

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If such an event had occurred as of December 31, 2024, UI would have had to post collateral of approximately \$31.3 million. We would have been and remain able to provide such collateral.

New Renewable Source Generation

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

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

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

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

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

Transmission

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

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

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

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

UI reserved for refunds for Complaints I, II and III consistent with the FERC's March 3, 2015 decision in Complaint I. Refunds were provided to customers for Complaint I. UI's total reserve associated with Complaints II and III is \$9.3 million as of December 31, 2024, which has not changed since December 31, 2023, except for the accrual of carrying costs. If adopted as final by the FERC, the impact of the initial decision by the FERC administrative law judge would be an additional aggregate reserve for Complaints II and III of \$4.2 million, which is based upon currently available information for these proceedings.

Following various intermediate hearings, orders and appellate decisions, on October 16, 2018, the FERC issued an order directing briefs and proposing a new methodology to calculate the NETOs ROE that is contained in NETOs' transmission formula rate on file at the FERC (the October 2018 Order). Pursuant to the October 2018 Order, the NETOs filed initial briefs on the proposed methodology in all four Complaints on January 11, 2019 and replied to the initial briefs on March 8, 2019.

On November 21, 2019, the FERC issued rulings on two complaints challenging the base return on equity for Midcontinent Independent System Operator, or MISO transmission owners. These rulings established a new zone of reasonableness based on equal weighting of the DCF and capital-asset pricing model for establishing the base return on equity. This resulted in a base return on equity of 9.88% as the midpoint of the zone of reasonableness. Various parties have requested rehearing on this decision, which was granted. On May 21, 2020, FERC issued a ruling, which, among other things, adjusted the methodology to determine the MISO transmission

owners' ROE, resulting in an increase in ROE from 9.88% to 10.02% by utilizing the risk premium model in addition to the DCF model and capital-asset pricing model under both prongs of Section 206 of the FPA, and calculated the zone of reasonableness into equal thirds rather than employing the quartile approach. On November 19, 2020, FERC issued an order addressing arguments raised on rehearing of its May 21, 2020 order making minor adjustments to certain typographical errors with regard to some of the case inputs it included in its Risk Premium model analysis. However, those minor adjustments did not affect the outcome of the case, leaving the 10.02% ROE established by the May 21, 2020 order in place. Parties to these orders affecting the MISO transmission owners' base ROE petitioned for their review at the D.C. Circuit Court of Appeals in January 2021. The NETO's submitted an amicus curiae brief in support of the MISO transmission owners' on March 17, 2021. On August 9, 2022, the D.C. Circuit Court vacated FERC's orders and remanded the matter back to FERC. The D.C. Circuit Court held that FERC failed to offer a reasoned explanation for its decision to reintroduce the RPM after initially, and forcefully, rejecting it and that because FERC adopted that significant portion of its model in an arbitrary and capricious fashion, the new ROE produced by that model cannot stand. On October 17, 2024, FERC issued its order on remand in the MISO ROE complaint proceedings. In this order, FERC reduced the MISO transmission owners' base ROE to 9.98% by eliminating the risk premium model from the ROE calculation, consistent with the DC Circuit's remand, and affirmed the refunds ordered in Opinion 569 (which were not addressed on appeal by the DC Circuit). On November 13, 2024, the NETOs submitted a supplemental brief into the NETO ROE case. The supplemental brief primarily addresses distinctions between the MISO transmission owners' and the NETOs' ROE cases. We cannot predict the potential impact that the MISO transmission owners' ROE proceeding may have in establishing a precedent for the NETO's pending four Complaints.

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

Equity Investment in Peaking Generation

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

GenConn filed its annual revenue requirements request with PURA on June 28, 2024, seeking approval of its 2025 revenue requirements for the period commencing January 1, 2025 for both the GenConn Devon and GenConn Middletown facilities. As required by PURA Order 1 in the 2023 Decision GenConn's calculation for revenue requirements totaled \$40.4 million. While the company was required to file its application consistent with PURA's order in the 2023 decision, GenConn has also presented a method that appropriately calculates revenue requirements of \$45.8 million and has reserved the right to update revenue requirements following outcomes of legal appeals of the last 3 decisions. A Final Decision was issued on December 18, 2024 approving revenue requirements of \$40.4 million. The company plans to appeal the 2025 revenue requirements decision. The company cannot predict the outcome of this matter.

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

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

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

GenConn filed its annual revenue requirements request with PURA on June 12, 2020, seeking approval of its 2021 revenue requirements for the period commencing January 1, 2021 for both the GenConn Devon and GenConn Middletown facilities. A final decision was received on December 23, 2020, approving 2021 revenue requirements of \$49.4 million for GenConn (\$22.0 million for GenConn Devon, and \$27.4 million for GenConn Middletown). Additionally, GenConn was granted a 9.85% Return on Equity (ROE) for 2021. PURA disallowed \$3.3 million from the original 2021 revenue requirements request which includes a disallowance of \$2.9 million of interest expense associated with GenConn's debt, and \$0.4 million related to a proposed expense project to paint Exhaust Stacks at GenConn Devon. On February 4, 2021, GenConn filed an appeal with the CT Superior Court, appealing PURA's disallowance of the \$2.9 million interest expense. The appeal was dismissed on January 28, 2022. On February 16, 2022, GenConn initiated an appeal at the Connecticut Appellate Court, which requested transfer to the Connecticut

Supreme Court. The high court agreed to hear the case. Oral arguments occurred on September 8, 2023. On February 27, 2024, the Supreme Court issued an opinion in favor of PURA.

Tax Cuts and Jobs Act

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

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

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

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

On May 6, 2021, in connection with its findings in the Tropical Storm Isaias docket, PURA issued a Notice of Violation to UI for allegedly failing to comply with standards of acceptable performance in emergency preparation or restoration of service in an emergency and with orders of the Authority, and for violations of accident reporting requirements. PURA assessed a civil penalty in the total amount of \$2 million. PURA held a hearing on this matter and, in an order dated July 14, 2021, reduced the civil penalty to approximately \$1 million. UI filed an appeal of PURA's decision with the Connecticut Superior Court. This appeal and the appeal of PURA's decision on the Tropical Storm Isaias docket have been consolidated. On October 17, 2022, the court denied UI's appeal and affirmed PURA's decisions in their entirety. UI filed a notice of appeal to Connecticut's Appellate court on November 7, 2022.

On October 29, 2024, the Supreme Court remanded the appeal to PURA with an order to vacate its ROE penalty and to recalculate its minor accident fine. The Court did not modify the Trial Court's decision to uphold the \$1 million fine for the emergency storm response performance. On December 11, 2024, PURA entered an order vacating the ROE penalty and reducing the minor accident fine from \$61,000 to \$2,500.

Minimum Equity Requirements for Regulated Subsidiaries

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

Note 3. Regulatory Assets and Liabilities

Pursuant to the requirements concerning accounting for regulated operations we capitalize, as regulatory assets, incurred and accrued costs that are probable of recovery in future electric rates. We base our assessment of whether recovery is probable on the existence of regulatory orders that allow for recovery of certain costs over a specific period, or allow for reconciliation or deferral of certain costs. When costs are not treated in a specific order we use regulatory precedent to determine if recovery is probable. We also record, as regulatory liabilities, obligations to refund previously collected revenue or to spend revenue collected from customers on future costs. Of the total regulatory assets net of regulatory liabilities, approximately \$203.6 million represents the offset of accrued liabilities for which funds have not been expended. The remainder is either included in rate base or accruing carrying costs.

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

Regulatory assets at December 31, 2024 and 2023 consisted of:

As of December 31,		2024	2023
(Thousands)			
Contracts for differences	\$	14,151	\$ 29,928
COVID-19 cost recovery		6,713	8,550
Deferred transmission expense		2,907	1,097
Environmental remediation costs		13,838	6,916
Excess generation service charge		47,346	52,401
Non-bypassable charges		24,545	14,421
Pension and other postretirement benefit plans		72,027	87,589
Pension and other postretirement benefits cost deferrals		18,983	21,026
Revenue decoupling mechanism		—	10,399
Storm costs		26,573	25,384
System benefit charge		44,741	29,165
Unamortized losses on reacquired debt		3,957	4,456
Unfunded future income taxes		129,968	124,727
Other		16,963	22,019
Total regulatory assets		422,712	438,078
Less: current portion		142,288	132,434
Total non-current regulatory assets	\$	280,424	\$ 305,644

Notes to Financial Statements

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

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

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

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

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

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

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

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

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

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

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

Notes to Financial Statements

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

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

Other includes items such as deferred loss on sale of non-utility property.

Regulatory liabilities at December 31, 2024 and 2023 consisted of:

As of December 31,		2024		2023
(Thousands)				
2017 Tax Act	\$	201,764	\$	206,288
Accrued removal obligations		79,809		80,709
Accumulated deferred investment tax credits		9,169		9,898
Conservation and load management		4,668		6,176
Middletown/Norwalk local transmission network service collections		15,096		15,669
Pension and other postretirement benefit plans		16,267		12,619
Pension and other postretirement benefits cost deferrals		1,423		1,974
Revenue decoupling mechanism		2,879		—
Rate refund - FERC ROE proceeding		9,254		8,507
Other		5,548		5,480
Total regulatory liabilities		345,877		347,320
Less: current portion		14,124		13,650
Total non-current regulatory liabilities	\$	331,753	\$	333,670

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

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

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

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

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

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

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

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

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

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

Note 4. Revenue

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

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

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

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

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

Notes to Financial Statements

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

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

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

Revenues disaggregated by major source for the years ended December 31, 2024 and 2023 are as follows:

Years Ended December 31,	2024	2023
(Thousands)		
Regulated operations – electricity	\$ 1,305,682	\$ 1,307,393
Other (a)	16,517	8,811
Revenue from contracts with customers	1,322,199	1,316,204
Leasing revenue	6,511	6,399
Alternative revenue programs	5,485	26,356
Other revenue	6,694	7,159
Total operating revenues	\$ 1,340,889	\$ 1,356,118

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

Note 5. Income Taxes

Current and deferred taxes charged to expense (benefit) for the years ended December 31, 2024 and 2023 consisted of:

Years Ended December 31,	2024	2023
(Thousands)		
Current		
Federal	\$ 14,757	\$ (2,926)
State	81	(354)
Current taxes charged to expense (benefit)	14,838	(3,280)
Deferred		
Federal	5,262	24,726
State	3,062	3,085
Deferred taxes charged to expense	8,324	27,811
Investment tax credits	(730)	(730)
Total Income Tax Expense	\$ 22,432	\$ 23,801

The differences between tax expense per the statements of income and tax expense at the 21% statutory federal tax rate for the years ended December 31, 2024 and 2023 consisted of:

Notes to Financial Statements

Years Ended December 31,	2024	2023
(Thousands)		
Tax expense at federal statutory rate	\$ 27,388	\$ 28,631
Depreciation/amortization and other plant differences not normalized	(2,595)	(1,538)
State taxes net of federal benefit	2,483	2,158
Investment tax credit amortization	(730)	(730)
Excess ADIT amortization	(3,306)	(4,731)
Other, net	(808)	11
Total Income Tax Expense	\$ 22,432	\$ 23,801

Income tax expense for the year ended December 31, 2024 was \$5 million lower than it would have been at the statutory federal income tax rate of 21% due predominately to Excess Accumulated Deferred Income Tax (ADIT) amortization, and depreciation/amortization and other plant differences not normalized, partially offset by state taxes. This resulted in an effective tax rate of 17.2%. Income tax expense for the year ended December 31, 2023 was \$4.8 million lower than it would have been at the statutory federal income tax rate of 21% due predominately to Excess ADIT amortization, and depreciation/amortization and other plant differences not normalized, partially offset by state taxes. This resulted in an effective tax rate of 17.5%.

Deferred tax assets and liabilities as of December 31, 2024 and 2023 consisted of:

December 31,	2024	2023
(Thousands)		
Non-current Deferred Income Tax Liabilities (Assets)		
Property related	\$ 467,938	\$ 442,597
Unfunded future income taxes	34,922	33,510
Federal and state tax credits	(16,313)	(4,051)
Investment in GenConn	31,492	31,564
Postretirement benefits	(7,790)	(10,693)
Regulatory liability due to "Tax Cuts and Jobs Act"	(54,325)	(55,543)
Other	9,668	9,419
Total Non-current Deferred Income Tax Liabilities	\$ 465,592	\$ 446,803
Deferred tax assets	\$ 78,428	\$ 70,287
Deferred tax liabilities	544,020	517,090
Net Accumulated Deferred Income Tax Liabilities	\$ 465,592	\$ 446,803

As of December 31, 2024, UI had \$16.3 million of state tax credit carry forwards with no valuation allowance offset. As of December 31, 2023, UI had \$4.1 million of gross state tax credit carry forwards with no valuation allowance offset. The state tax credit carry forwards will begin to expire in 2028.

Uncertain tax positions are classified as non-current unless expected to be paid within one year. We net our liability for uncertain tax positions against all same jurisdiction deferred tax assets, net operating losses and tax credit carryforwards. Our policy is to recognize interest and penalties on uncertain tax positions as a component of interest expense in the statements of income. As of December 31, 2024 and 2023, UI did not have any gross income tax reserves for uncertain tax positions.

Notes to Financial Statements

There were no additional accruals for interest and penalties on tax reserves as of December 31, 2024 and 2023.

Note 6. Non-current Debt

Long-term debt as of December 31, 2024 and 2023 consisted of:

As of December 31, (Thousands)		2024		2023	
	Maturity Dates	Balances	Interest Rates	Balances	Interest Rates
Senior unsecured notes	2025 - 2049	\$ 1,144,460	2.02% - 6.51%	\$ 1,044,460	2.02% - 6.51%
Unamortized debt issuance costs and discount		(6,435)		(6,150)	
Total Debt		1,138,025		1,038,310	
Less: debt due within one year, included in current liabilities		99,538		—	
Total Non-current Debt		\$ 1,038,487		\$ 1,038,310	

On August 15, 2024, UI issued \$100 million aggregate principal amount of unsecured notes maturing in 2039 at an interest rate of 5.67%.

On December 13, 2023, UI issued \$156 million aggregate principal amount of unsecured notes maturing in 2034 at an interest rate of 6.09% and \$34 million aggregate principal amount of unsecured notes maturing in 2038 at an interest rate of 6.29%.

On October 2, 2023, UI issued \$64 million aggregate principal amount of unsecured notes maturing in 2033 at an interest rate of 4.50%. The issuance was related to notes maturing on October 2, 2023, which were remarketed, resulting in a non-cash activity.

Long-term debt, including sinking fund obligations, due during the next five years consist of:

2025	2026	2027	2028	2029	Total
(Thousands)					
\$ 99,538	\$ —	\$ —	\$ 100,000	\$ —	\$ 199,538

We have no debt covenant requirements related to the maintenance of financial ratios in our long-term debt agreements at December 31, 2024 and 2023.

Note 7. Bank Loans and Other Borrowings

UI had no short-term debt outstanding at December 31, 2024 and \$24.4 million of short-term debt outstanding at December 31, 2023. UI funds short-term liquidity needs through an agreement among Avangrid's regulated utility subsidiaries (the Virtual Money Pool Agreement), a bi-lateral intercompany credit agreement with Avangrid (the Bi-Lateral Intercompany Facility), and a bank provided credit facility to which UI is a party (the AGR Credit Facility), each of which are described below.

The Virtual Money Pool Agreement is an agreement among the investment grade-rated, regulated utility subsidiaries of Avangrid under which the parties to this agreement may lend to or borrow from each other. This Agreement allows Avangrid to optimize cash resources within the regulated utility companies which are prohibited by regulation from lending to unregulated affiliates. The interest rate on transactions under this agreement is the A2/P2 non-financial 30-day commercial

Notes to Financial Statements

paper rate published by the Federal Reserve. UI has a lending/borrowing limit of \$100 million under this agreement. UI had no debt outstanding under this agreement at December 31, 2024 and December 31, 2023.

The Bi-Lateral Intercompany Facility provides for borrowing of up to \$500 million from Avangrid at the A2/P2 non-financial 30-day commercial paper rate published by the Federal Reserve. UI had no debt outstanding under this agreement at December 31, 2024 and \$24.4 million of debt outstanding under this agreement at December 31, 2023.

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

In the AGR Credit Facility we covenant not to permit, without the consent of the lender, our ratio of total indebtedness to total capitalization to exceed 0.65 to 1.00 at any time. For purposes of calculating the maximum ratio of indebtedness to total capitalization, the facility excludes from net worth the balance of accumulated other comprehensive loss as it appears on the balance sheet. The facility contains various other covenants, including a restriction on the amount of secured indebtedness we may maintain. Continued un-remedied failure to comply with those covenants for five business days after written notice of such failure from the lender constitutes an event of default and would result in acceleration of maturity. Our ratio of indebtedness to total capitalization pursuant to the revolving credit facility was 0.42 to 1.00 at December 31, 2024. We are not in default as of December 31, 2024.

Note 8. Preferred Stock

At December 31, 2024, UI had 1,119,612 shares of \$100 par value preferred stock, 2,400,000 shares of \$25 par value preferred stock, and 5,000,000 shares of \$25 par value preference stock authorized but unissued.

Note 9. Leases

We have operating leases for land, office buildings, facilities, and certain equipment. We do not have any finance leases. Certain of our lease agreements include rental payments adjusted periodically for inflation or are based on other periodic input measures. Our leases do not contain any material residual value guarantees or material restrictive covenants. Our leases have remaining lease terms of 1 year to 39 years, some of which may include options to extend the

Notes to Financial Statements

leases for up to 40 years, and some of which may include options to terminate the leases within one year. We consider extension or termination options in the lease term if it is reasonably certain we will exercise the option.

The components of lease cost and other information related to leases were as follows:

For the Years Ended December 31,	2024	2023
(Thousands)		
Lease cost		
Operating lease cost	\$ 3,917	\$ 3,415
Short-term lease cost	173	172
Variable lease cost	127	127
Total lease cost	\$ 4,217	\$ 3,714

Balance sheet and other information for the years ended December 31, 2024 and 2023 was as follows:

As of December 31,	2024	2023
(Thousands, except lease term and discount rate)		
Operating Leases		
Operating lease right-of-use assets	\$ 11,307	\$ 11,790
Operating lease liabilities, current	623	703
Operating lease liabilities, long-term	15,201	15,474
Total operating lease liabilities	\$ 15,824	\$ 16,177
Weighted-average Remaining Lease Term (years)		
Operating leases	19.61	20.49
Weighted-average Discount Rate		
Operating leases	3.76%	3.72%

For the years ended December 31, 2024 and 2023, supplemental cash flow information related to leases was as follows:

For the Years Ended December 31,	2024	2023
(Thousands)		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 1,098	\$ 1,184
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	\$ 250	\$ 115

As of December 31, 2024, maturities of lease liabilities were as follows:

	Operating Leases
(Thousands)	
Year ending December 31,	
2025	\$ 1,057
2026	1,139
2027	3,318
2028	853
2029	859
Thereafter	16,666
Total lease payments	23,892
Less: imputed interest	(8,068)
Total	\$ 15,824

Most of our leases do not provide an implicit rate in the lease; thus we use our incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments.

Note 10. Environmental Liability

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

English Station

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

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

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

On August 4, 2016, DEEP issued a partial consent order (the consent order), that, subject to its terms and conditions, requires UI to investigate and remediate certain environmental conditions

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

The amount reserved related to English Station was \$19.9 million and \$19.4 million as of December 31, 2024 and 2023, respectively. We cannot predict the outcome of this matter.

Other

In May 2019, UI obtained an updated remediation evaluation of the property adjacent to the New Haven Harbor Generating Station. As a result, UI recorded an additional \$6.0 million reserve in June 2019, the minimum of the range of remediation estimates. As of December 31, 2024 and December 31, 2023, the amount reserved for this property was \$14.6 million and \$8.0 million, respectively.

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

Our environmental liability accruals are recorded on an undiscounted basis and are expected to be paid through the year 2151.

Note 11. Accounting for Derivative Instruments and Hedging Activities

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

Derivatives not designated as hedging instruments

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

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PURA has determined that costs associated with these CfDs will be fully recoverable by UI and CL&P through electric rates, and in accordance with ASC 980 “Regulated Operations,” UI has deferred recognition of costs (a regulatory asset) or obligations (a regulatory liability). The CfDs are marked-to-market in accordance with ASC 815 “Derivatives and Hedging.” For those CfDs signed by CL&P, UI records its approximate 20% portion pursuant to the cost-sharing agreement noted above. As of December 31, 2024, UI has recorded a gross derivative asset of \$0.5 million (\$0 of which is related to UI’s portion of the CfD signed by CL&P), a regulatory asset of \$14.2 million, a gross derivative liability of \$14.6 million (\$14.0 million of which is related to UI’s portion of the CfD signed by CL&P), and a regulatory liability of \$0. As of December 31, 2023, UI had recorded a gross derivative asset of \$0.9 million (\$0 of which is related to UI’s portion of the CfD signed by CL&P), a regulatory asset of \$29.9 million, a gross derivative liability of \$30.8 million (\$29.7 million of which is related to UI’s portion of the CfD signed by CL&P), and a regulatory liability of \$0.

The unrealized gains and losses from fair value adjustments to these derivatives, which are recorded in regulatory assets, for the years ended December 31, 2024 and 2023, respectively, were as follows:

	Years Ended December 31,	
	2024	2023
(Thousands)		
Derivative assets	\$ (436)	\$ (447)
Derivative liabilities	\$ 16,213	\$ 15,121

Note 12. Fair Value of Financial Instruments and Fair Value Measurements

The estimated fair value of debt amounted to \$1,098 million as of December 31, 2024 and \$1,016 million as of December 31, 2023. The estimated fair value was determined, in most cases, by discounting the future cash flows at market interest rates. The interest rate curve used to make these calculations takes into account the risks associated with the electricity industry and the credit ratings of the borrowers in each case. The fair value hierarchy for the fair value of debt is considered as Level 2.

Assets and liabilities measured at fair value on a recurring basis

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

As of December 31, 2024	Level 1	Level 2	Level 3	Total
(Thousands)				
Derivative assets				
Contracts for differences	\$ —	\$ —	\$ 463	\$ 463
Equity investments with readily determinable fair values				
Supplemental retirement benefit trust life insurance policies	—	20,026	—	20,026
Total	\$ —	\$ 20,026	\$ 463	\$ 20,489
Derivative liabilities				
Contracts for differences	\$ —	\$ —	\$ (14,614)	\$ (14,614)
Total	\$ —	\$ —	\$ (14,614)	\$ (14,614)

Notes to Financial Statements

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

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

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

- UI enters into CfDs, which are marked-to-market based on a probability-based expected cash flow analysis that is discounted at risk-free interest rates and an adjustment for non-performance risk using credit default swap rates. We include the fair value measurement for these contracts in Level 3 (Refer to Note 11 for further discussion of CfDs).
- We measure the fair value of the supplemental retirement benefit life insurance trust based on quoted prices in the active markets for the various funds within which the assets are held and include the measurement in Level 2.

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

Unobservable Input	Range at December 31, 2024	Range at December 31, 2023
Risk of non-performance	0.46% - 0.48%	0.42% - 0.52%
Discount rate	4.16% - 4.25%	3.84% - 4.01%
Forward pricing (\$ per MW)	\$2.59 - \$2.61	\$2.00 - \$2.61

The reconciliation of changes in the fair value of financial instruments based on Level 3 inputs for the years ended December 31, 2024 and 2023, respectively, is as follows:

Years Ended December 31,		2024	2023
(Thousands)			
Beginning balance	\$	(29,928) \$	(44,602)
Unrealized gains, net		15,777	14,674
Ending balance	\$	(14,151) \$	(29,928)

Note 13. Postretirement and Similar Obligations

The UI pension plan provides benefits under a traditional defined benefit formula and was closed to newly-hired employees in 2005. The plan was amended, effective as of the close of business on December 31, 2020, to freeze benefit accruals for UI Collectively Bargained Group 1 participants and to permit in-service distributions to UI Collectively Bargained Group 1 participants who are at least age 60. The plan was remeasured as of December 9, 2020 as a result of this amendment. On March 31, 2022, the Board approved to freeze benefit accruals for the non-union participants of the UI pension plan, with an effective date of June 30, 2022.

UI employees are eligible to participate in the UIL Holdings Corporation 401(k) Employee Stock Ownership Plan. Employees may defer a portion of their compensation and invest in various investment alternatives. Matching contributions are made in the form of cash which is subsequently invested in various investment alternatives offered to employees. The matching expense totaled approximately \$9.4 million for 2024 and \$8.1 million for 2023.

We provide other postretirement benefits, consisting principally of health care and life insurance benefits, for retired employees and their dependents. The healthcare plans are contributory and participants' contributions are adjusted annually. For Medicare eligible non-union retirees, UI provides a subsidy through a Health Reimbursement Account (HRA) for retirees to purchase coverage on the individual market. Medicare eligible union retirees have the option of receiving a subsidy through an HRA or paying contributions and participating in company-sponsored retiree health plans.

Non-Qualified Retirement Benefit Plans

We sponsor various unfunded non-qualified pension plans for certain current employees, former employees, and former directors. The total liability for these plans, which is included in Other non-current liabilities on our balance sheets, was \$9.7 million and \$10.6 million at December 31, 2024 and 2023, respectively. On March 31, 2022, the Board approved to freeze benefit accruals for the non-union participants of the UI supplemental executive retirement plan, with an effective date of June 30, 2022.

Qualified Retirement Benefit Plans

Obligations and funded status as of December 31, 2024 and 2023 consisted of:

Notes to Financial Statements

As of December 31,	Pension Benefits		Postretirement Benefits	
	2024	2023	2024	2023
(Thousands)				
Change in benefit obligation				
Benefit obligation as of January 1,	\$ 400,738	\$ 390,971	\$ 47,850	\$ 40,885
Service cost	—	—	292	267
Interest cost	17,937	19,462	2,129	2,019
Actuarial loss (gain)	(21,352)	21,898	(1,780)	9,935
Benefits paid	(31,039)	(31,593)	(4,433)	(5,256)
Benefit obligation as of December 31,	\$ 366,284	\$ 400,738	\$ 44,058	\$ 47,850
Change in plan assets				
Fair value of plan assets at January 1,	\$ 295,039	\$ 279,538	\$ 34,373	\$ 30,885
Actual return on plan assets	9,407	36,864	5,098	5,202
Employer contributions	11,384	10,230	3,271	3,542
Benefits paid	(31,039)	(31,593)	(4,433)	(5,256)
Fair value of plan assets at December 31,	\$ 284,791	\$ 295,039	\$ 38,309	\$ 34,373
Funded status at December 31,	\$ (81,493)	\$ (105,699)	\$ (5,749)	\$ (13,477)

During 2024, the pension benefit obligation had an actuarial gain of \$21.4 million, primarily due to a \$25.9 million gain from increases in discount rates. During 2024, the postretirement benefit obligation had an actuarial gain of \$1.8 million, primarily due to a \$2.8 million gain from increases in discount rates.

During 2023, the pension benefit obligation had an actuarial loss of \$21.9 million, primarily due to a \$20.0 million loss from decreases in discount rates. During 2023, the postretirement benefit obligation had an actuarial loss of \$9.9 million, primarily due to a \$6.0 million loss from assumption changes in health care trend rates and \$2.2 million loss from decreases in discount rates.

Amounts recognized as of December 31, 2024 and 2023 consisted of:

As of December 31,	Pension Benefits		Postretirement Benefits	
	2024	2023	2024	2023
(Thousands)				
Non-current liabilities	\$ (81,493)	\$ (105,699)	\$ (5,749)	\$ (13,477)

We have determined that we are allowed to defer as regulatory assets or regulatory liabilities items that would otherwise be recorded in accumulated other comprehensive income pursuant to the accounting requirements concerning defined benefit pension and other postretirement plans.

Amounts recognized as regulatory assets or regulatory liabilities for the years ended December 31, 2024 and 2023 consisted of:

Years Ended December 31,	Pension Benefits		Postretirement Benefits	
	2024	2023	2024	2023
(Thousands)				
Net loss (gain)	\$ 68,979	\$ 83,353	\$ (10,670)	\$ (7,029)
Prior service cost	\$ 3,048	\$ 4,236	\$ —	\$ —

Notes to Financial Statements

Our accumulated benefit obligation (ABO) for all qualified defined benefit pension plans was \$366.3 million and \$400.7 million as of December 31, 2024 and 2023, respectively. Our postretirement benefits were partially funded at December 31, 2024 and 2023.

The PBO and ABO exceeded the fair value of pension plan assets for our qualified plans as of December 31, 2024 and 2023. The following table shows the aggregate projected and accumulated benefit obligations and the fair value of plan assets for the relevant periods.

As of December 31,	2024		2023	
(Thousands)				
Projected benefit obligation	\$	366,284	\$	400,738
Accumulated benefit obligation	\$	366,284	\$	400,738
Fair value of plan assets	\$	284,791	\$	295,039

As of December 31, 2024 and 2023, the accumulated postretirement benefits obligation for all the qualified plans exceeded the fair value of plan assets.

Components of net periodic benefit cost and other changes in plan assets and benefit obligations recognized in income and regulatory assets and liabilities for the years ended December 31, 2024 and 2023 consisted of:

For the years ended December 31,	Pension Benefits		Postretirement Benefits	
	2024	2023	2024	2023
(Thousands)				
Net Periodic Benefit Cost:				
Service cost	\$ —	\$ —	\$ 292	\$ 267
Interest cost	17,937	19,462	2,129	2,019
Expected return on plan assets	(20,159)	(18,645)	(2,234)	(2,162)
Amortization of prior service cost (credit)	1,188	1,188	—	(1,056)
Amortization of actuarial loss (gain)	3,773	3,698	(1,004)	(2,344)
Net Periodic Benefit Cost	\$ 2,739	\$ 5,703	\$ (817)	\$ (3,276)
Other changes in plan assets and benefit obligations recognized in regulatory assets and regulatory liabilities:				
Amortization of prior service (cost) benefit	\$ (1,188)	\$ (1,188)	\$ —	\$ 1,056
Current year actuarial loss (gain)	(10,600)	3,679	(4,645)	6,895
Amortization of actuarial (loss) gain	(3,773)	(3,698)	1,004	2,344
Total Other Changes	\$ (15,561)	\$ (1,207)	\$ (3,641)	\$ 10,295
Total Recognized	\$ (12,822)	\$ 4,496	\$ (4,458)	\$ 7,019

We include the net periodic benefit cost in other operating expenses for the service component and other deductions for the non-service component. The net periodic benefit cost for postretirement benefits represents the amount expensed for providing health care benefits to retirees and their eligible dependents.

The weighted-average assumptions used to determine benefit obligations as of December 31, 2024 and 2023 consisted of:

Notes to Financial Statements

As of December 31,	Pension Benefits		Postretirement Benefits	
	2024	2023	2024	2023
Discount rate	5.41%	4.69%	5.33%	4.65%
Rate of compensation increase	N/A	N/A	N/A	N/A
Interest crediting rate	N/A	N/A	N/A	N/A

The discount rate is the rate at which the benefit obligations could presently be effectively settled. We determined the discount rates by developing yield curves derived from a portfolio of high grade non-callable bonds with yields that closely match the duration of the expected cash flows of our benefit obligations.

The weighted-average assumptions used to determine net periodic benefit cost for the years ended December 31, 2024 and 2023 consisted of:

Years Ended December 31,	Pension Benefits		Postretirement Benefits	
	2024	2023	2024	2023
Discount rate	4.69%	5.21%	4.65%	5.17%
Expected long-term return on plan assets	7.50%	7.50%	6.50%	7.00%
Rate of compensation increase	N/A	N/A	N/A	N/A

We developed our expected long-term rate of return on plan assets assumption based on a review of long-term historical returns for the major asset classes, the target asset allocations, and the effect of rebalancing of plan assets discussed below. Our analysis considered current capital market conditions and projected conditions. Our policy is to calculate the expected return on plan assets using the market related value of assets. We amortize unrecognized actuarial gains and losses in excess of 5% of the greater of PBO or MRVA related to the pension and other postretirement benefits plans on straight line basis over future working lifetime. Effective March 31, 2022, the amortization period for the UI Pension Plan was updated from future working lifetime to future expected lifetime as the plan was frozen, or predominantly frozen, to future accruals.

Assumed health care cost trend rates used to determine benefit obligations as of December 31, 2024 and 2023 consisted of:

As of December 31,	2024	2023
Health care cost trend rate assumed for next year	8.90% / 6.20%	8.10% / 6.20%
Rate to which cost trend rate is assumed to decline (ultimate trend rate)	4.50%	4.50%
Year that the rate reaches the ultimate trend rate	2039/2032	2031/2028

Contributions

We make annual contributions in accordance with our funding policy of not less than the minimum amounts as required by applicable regulations. We expect to contribute \$8.9 million to our pension plan during 2025. We expect to contribute \$2.6 million to our other postretirement benefit plans during 2025.

Estimated future benefit payments

Expected benefit payments and Medicare Prescription Drug, Improvement and Modernization Act of 2003 (Medicare Act) subsidy receipts reflecting expected future service as of December 31, 2024 consisted of:

Notes to Financial Statements

(Thousands)	Pension Benefits		Postretirement Benefits	Medicare Act Subsidy Receipts
2025	\$	35,891	\$ 4,122	\$ —
2026	\$	33,173	\$ 4,041	\$ —
2027	\$	32,933	\$ 3,780	\$ —
2028	\$	31,855	\$ 3,729	\$ —
2029	\$	31,774	\$ 3,557	\$ —
2030 - 2034	\$	139,164	\$ 16,449	\$ —

Plan assets

Our pension benefits plan assets are held in a master trust providing for a single trustee/custodian, a uniform investment manager lineup, and an efficient, cost-effective means of allocating expenses and investment performance to each plan under the master trust. Our primary investment objective is to ensure that current and future benefit obligations are adequately funded and with volatility commensurate with our tolerance for risk. Preservation of capital and achievement of sufficient total return to fund accrued and future benefits obligations are of highest concern. Our primary means for achieving capital preservation is through diversification of the trust's investments while avoiding significant concentrations of risk in any one area of the securities markets. Within each asset group, further diversification is achieved through utilizing multiple asset managers and systematic allocation to various asset classes and providing broad exposure to different segments of the equity, fixed-income and alternative investment markets.

The asset allocation policy is the most important consideration in achieving our objective of superior investment returns while minimizing risk. We have established a target asset allocation policy within allowable ranges for our pension benefits plan assets within broad categories of asset classes made up of Return-Seeking and Liability-Hedging investments. We have targets of 15%-70% for Return-Seeking assets and 30%-85% for Liability-Hedging assets. Return-Seeking investments generally consist of domestic, international, global, and emerging market equities invested in companies across all market capitalization ranges. Return-Seeking assets also include investments in real estate, global asset allocation strategies and hedge funds. Liability-Hedging investments generally consist of long-term corporate bonds, annuity contracts, long-term treasury STRIPS, and opportunistic fixed income investments. Systematic rebalancing within the target ranges increases the probability that the annualized return on the investments will be enhanced, while realizing lower overall risk, should any asset categories drift outside their specified ranges.

The fair values of pension benefits plan assets, by asset category, as of December 31, 2024, consisted of:

Notes to Financial Statements

As of December 31, 2024		Fair Value Measurements			
(Thousands)	Total	Level 1	Level 2	Level 3	
Asset Category					
Cash and cash equivalents	\$ 11,875	\$ 562	\$ 11,313	\$ —	
U.S. government securities	38,860	38,860	—	—	
Common stocks	12,177	12,177	—	—	
Registered investment companies	23,037	23,037	—	—	
Corporate bonds	46,727	—	46,727	—	
Common collective trusts	93,633	—	93,633	—	
Other, principally annuity, fixed income	243	—	243	—	
	\$ 226,552	\$ 74,636	\$ 151,916	\$ —	
Other investments measured at net asset value	58,239				
Total	\$ 284,791				

The fair values of pension benefits plan assets, by asset category, as of December 31, 2023, consisted of:

As of December 31, 2023		Fair Value Measurements			
(Thousands)	Total	Level 1	Level 2	Level 3	
Asset Category					
Cash and cash equivalents	\$ 7,016	\$ 235	\$ 6,781	\$ —	
U.S. government securities	31,147	31,147	—	—	
Common stocks	14,498	14,498	—	—	
Registered investment companies	15,044	15,044	—	—	
Corporate bonds	76,790	—	76,790	—	
Common collective trusts	115,026	—	115,026	—	
Other, principally annuity, fixed income	(9,593)	(6)	(9,587)	—	
	\$ 249,928	\$ 60,918	\$ 189,010	\$ —	
Other investments measured at net asset value	45,111				
Total	\$ 295,039				

Valuation Techniques

We value our pension benefits plan assets as follows:

- Cash and cash equivalents - Level 1: at cost, plus accrued interest, which approximates fair value. Level 2: proprietary cash associated with other investments, based on yields currently available on comparable securities of issuers with similar credit ratings.
- U.S. government securities - at the closing price reported in the active market in which the security is traded.
- Common stock - at the closing price reported in the active market in which the security is traded.
- Corporate bonds - based on yields currently available on comparable securities of issuers with similar credit ratings.
- Preferred stocks - at the closing price reported in the active market in which the individual investment is traded.
- Registered investment companies - at the closing price reported in the active market in which the individual investment is traded.

Notes to Financial Statements

- Common collective trusts - the fair value is primarily derived from the quoted prices in active markets of the underlying securities. Because the fund shares are offered to a limited group of investors, they are not considered to be traded in an active market.
- Other investments, principally annuity and fixed income - based on yields currently available on comparable securities of issuers with similar credit ratings.
- Other investments measured at net asset value (NAV) - fund shares offered to a limited group of investors and alternative investments, such as private equity and real estate oriented investments, partnership/joint ventures and hedge funds are valued using the NAV as a practical expedient.

Our postretirement benefits plan assets are held with trustees in multiple voluntary employees' beneficiary association (VEBA) and 401(h) arrangements and are invested among and within various asset classes to achieve sufficient diversification in accordance with our risk tolerance. This is achieved for our postretirement benefits plan assets through the utilization of multiple institutional mutual and money market funds, providing exposure to different segments of the fixed income, equity and short-term cash markets. Our postretirement benefits plan assets are invested in a VEBA arrangement that is not subject to income taxes.

We have established a target asset allocation policy within allowable ranges for postretirement benefits plan assets of 49%-69% for equity securities and 31%-51% for fixed income. Equity investments are diversified across U.S. and non-U.S. stocks, investment styles, and market capitalization ranges. Fixed income investments are primarily invested in U.S. bonds and may also include some non-U.S. bonds. Other asset classes, including alternative investments, are used to enhance long-term returns while improving portfolio diversification. We primarily minimize the risk of large losses through diversification but also through monitoring and managing other aspects of risk through quarterly investment portfolio reviews. Systematic rebalancing within target ranges increases the probability that the annualized return on investments will be enhanced, while realizing lower overall risk, should any asset categories drift outside their specified ranges.

The fair values of other postretirement benefits plan assets, by asset category, as of December 31, 2024, consisted of:

As of December 31, 2024		Fair Value Measurements			
(Thousands)	Total	Level 1	Level 2	Level 3	
Asset Category					
Cash and cash equivalents	\$ 871	\$ —	\$ 871	\$ —	
Registered investment companies	37,438	37,438	—	—	
Total	\$ 38,309	\$ 37,438	\$ 871	\$ —	

The fair values of pension benefits plan assets, by asset category, as of December 31, 2023, consisted of:

As of December 31, 2023		Fair Value Measurements			
(Thousands)	Total	Level 1	Level 2	Level 3	
Asset Category					
Cash and cash equivalents	\$ 168	\$ —	\$ 168	\$ —	
Registered investment companies	34,205	34,205	—	—	
Total	\$ 34,373	\$ 34,205	\$ 168	\$ —	

Valuation techniques

Notes to Financial Statements

We value our postretirement benefits plan assets as follows:

- Cash and cash equivalents - Level 1: at cost, plus accrued interest, which approximates fair value. Level 2: proprietary cash associated with other investments, based on yields currently available on comparable securities of issuers with similar credit ratings.
- Registered investment companies - at the closing price reported in the active market in which the individual investment is traded.

Pension and postretirement plan equity securities did not include any Iberdrola common stock as of both December 31, 2024 and 2023.

Note 14. Equity Method Investments

UI is a party to a 50-50 joint venture with Clearway Energy, Inc. in GenConn, which operates two peaking generation plants in Connecticut. UI's investment in GenConn is being accounted for as an equity investment, the carrying value of which was \$75.1 million and \$78.7 million as of December 31, 2024 and December 31, 2023, respectively.

UI's pre-tax income from its equity investment in GenConn was \$2.3 million and \$3.0 million for the years ended December 31, 2024 and 2023, respectively.

Cash distributions from GenConn are reflected as either distributions of earnings or as returns of capital in the operating and investing sections of the statements of cash flows, respectively. UI received cash distributions from GenConn of \$5.9 million and \$6.7 million during the years ended December 31, 2024 and 2023, respectively.

The following represents summarized financial information of GenConn as of and for the years ended December 31, 2024 and 2023, respectively:

Years Ended December 31,	2024		2023	
(Thousands)				
Current assets	\$	42,984	\$	39,293
Non-current assets	\$	277,086	\$	294,235
Current liabilities	\$	16,124	\$	14,559
Non-current liabilities	\$	153,864	\$	161,672
Operating revenues	\$	46,968	\$	50,923
Income	\$	4,489	\$	5,926

Note 15. Other Income and Other Deductions

Other income and other deductions for the years ended December 31, 2024 and 2023, respectively, consisted of:

Notes to Financial Statements

Years Ended December 31,		2024	2023
(Thousands)			
Interest and dividends income	\$	5,022	\$ 6,299
Allowance for funds used during construction		12,973	12,911
Carrying costs on regulatory assets		13,982	4,677
Miscellaneous		92	73
Total other income	\$	32,069	\$ 23,960
Pension non-service components	\$	(2,131)	\$ 586
Miscellaneous		(4,529)	(2,454)
Total other deductions	\$	(6,660)	\$ (1,868)

Note 16. Related Party Transactions

Certain Networks subsidiaries, including UI, borrow from AGR, the parent of Networks, through intercompany revolving credit agreements. For UI, the intercompany revolving credit agreements provide access to supplemental liquidity. See Note 7 for further detail on the credit facility with AGR.

Avangrid Service Company provides administrative and management services to Networks operating utilities, including UI, pursuant to service agreements. The cost of those services is allocated in accordance with methodologies set forth in the service agreements. The cost allocation methodologies vary depending on the type of service provided. Management believes such allocations are reasonable. The charge for operating and capital services provided to UI by AGR and its affiliates was approximately \$89.3 million and \$81.4 million for the years ended December 31, 2024 and 2023, respectively. Cost for services includes amounts capitalized in utility plant, which was approximately \$8.8 million in 2024 and \$8.9 million in 2023, respectively. The remainder was primarily recorded as operations and maintenance expense. The charges for services provided by UI to AGR and its subsidiaries were approximately \$15.4 million in 2024 and \$10.9 million in 2023. All charges for services are at cost. All of the charges associated with services provided are recorded as revenues to offset other operating expenses on the financial statements.

The balance in accounts payable to affiliates of \$78.3 million at December 31, 2024 and \$71.3 million at December 31, 2023 is primarily due to UIL Holdings. The balance in accounts receivable from affiliates of \$0.3 million at December 31, 2024 is primarily receivable from various companies, and the balance of accounts receivable from affiliates of \$4.5 million at December 31, 2023 is primarily receivable from Avangrid Management Company.

The balance in notes receivable from affiliates of \$23.0 million at December 31, 2024 is receivable from CMP. There were no notes receivable from affiliates at December 31, 2023. Notes receivable from affiliates relate to the Virtual Money Pool Agreement as discussed in Note 7 of these financial statements.

Note 17. Subsequent Events

The company has performed a review of subsequent events through April 11, 2025, which is the date these financial statements were available to be issued.