

The Berkshire Gas Company
Financial Statements
As of and for the Years Ended December 31, 2025 and 2024

The Berkshire Gas Company

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KPMG LLP
Two Manhattan West
375 9th Avenue, 17th Floor
New York, NY 10001

Independent Auditors' Report

The Stockholder and Board of Directors
The Berkshire Gas Company:

Opinion

We have audited the financial statements of The Berkshire Gas Company (the Company), which comprise the balance sheets as of December 31, 2025 and 2024, and the related statements of 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, 2025 and 2024, 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

New York, New York
March 27, 2026

**The Berkshire Gas Company
Statements of Income**

Years Ended December 31,	2025	2024
(Thousands)		
Operating Revenues	\$ 103,123	\$ 92,663
Operating Expenses		
Natural gas purchased	34,601	26,485
Operations and maintenance	37,703	43,382
Depreciation and amortization	10,829	10,173
Taxes other than income taxes, net	8,771	8,275
Total Operating Expenses	91,904	88,315
Operating Income	11,219	4,348
Other income	2,385	1,207
Other deductions	(483)	(621)
Interest expense, net of capitalization	(4,943)	(4,066)
Income Before Tax	8,178	868
Income tax expense	2,071	246
Net Income	\$ 6,107	\$ 622

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

**The Berkshire Gas Company
Balance Sheets**

As of December 31,	2025	2024
(Thousands)		
Assets		
Current Assets		
Cash and cash equivalents	\$ 232	\$ 3,493
Accounts receivable and unbilled revenues, net	18,827	18,214
Accounts receivable from affiliates	1,377	53
Notes receivable from affiliates	—	15,000
Fuel and gas in storage	2,795	3,403
Materials and supplies	2,697	2,858
Other current assets	2,319	2,125
Regulatory assets	14,552	17,787
Total Current Assets	42,799	62,933
Utility plant, at original cost	403,734	376,012
Less accumulated depreciation	(117,196)	(112,376)
Net Utility Plant in Service	286,538	263,636
Construction work in progress	8,711	5,973
Total Utility Plant	295,249	269,609
Operating lease right-of-use assets	85	92
Other property and investments	2,304	2,197
Regulatory and Other Assets		
Regulatory assets	16,060	16,645
Goodwill	51,932	51,932
Other	123	30
Total Regulatory and Other Assets	68,115	68,607
Total Assets	\$ 408,552	\$ 403,438

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

**The Berkshire Gas Company
Balance Sheets**

As of December 31,	2025	2024
(Thousands)		
Liabilities		
Current Liabilities		
Notes payable to affiliates	\$ 3,900	\$ —
Accounts payable and accrued liabilities	15,425	14,831
Accounts payable to affiliates	1,065	5,516
Interest accrued	1,030	1,019
Taxes accrued	2,943	3,998
Operating lease liabilities	8	7
Regulatory liabilities	2,291	2,306
Other	3,840	4,641
Total Current Liabilities	30,502	32,318
Regulatory and Other Liabilities		
Regulatory liabilities	51,700	52,145
Other Non-current Liabilities		
Deferred income taxes	35,850	33,784
Pension and other postretirement	8,877	9,584
Operating lease liabilities	78	85
Environmental remediation costs	1,001	1,427
Other	1,655	1,318
Total Regulatory and Other Liabilities	99,161	98,343
Non-current debt	104,382	104,377
Total Liabilities	234,045	235,038
Commitments and Contingencies		
Common Stock Equity		
Additional paid-in capital	141,438	141,438
Retained earnings	33,069	26,962
Total Common Stock Equity	174,507	168,400
Total Liabilities and Equity	\$ 408,552	\$ 403,438

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

The Berkshire Gas Company
Statements of Cash Flows

Years Ended December 31,	2025	2024
(Thousands)		
Cash Flow From Operating Activities:		
Net income	\$ 6,107	\$ 622
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	10,829	10,173
Regulatory assets/liabilities amortization	239	893
Regulatory assets/liabilities carrying cost	(827)	(704)
Amortization of debt issuance costs	9	51
Deferred taxes	1,767	813
Pension cost	358	315
Stock-based compensation	—	22
Loss on disposal of assets	42	—
Other non-cash items	(243)	91
Changes in operating assets and liabilities:		
Accounts receivable, from affiliates, and unbilled revenues	(1,937)	(1,450)
Inventories	769	621
Accounts payable, to affiliates, and accrued liabilities	(4,973)	1,278
Taxes accrued	(1,055)	2,252
Other assets/liabilities	(1,877)	945
Regulatory assets/liabilities	2,551	(6,585)
Net Cash Provided by Operating Activities	11,759	9,337
Cash Flow From Investing Activities:		
Capital expenditures	(35,699)	(34,088)
Contributions in aid of construction	1,602	270
Proceeds from sale of property, plant and equipment	177	34
Notes receivable from affiliates	15,000	(15,000)
Net Cash Used in Investing Activities	(18,920)	(48,784)
Cash Flow From Financing Activities:		
Non-current debt issuance	—	44,652
Notes payable to affiliates	3,900	(17,200)
Capital contributions	—	15,000
Net Cash Provided by Financing Activities	3,900	42,452
Net (Decrease) Increase in Cash and Cash Equivalents	(3,261)	3,005
Cash and Cash Equivalents, Beginning of Period	3,493	488
Cash and Cash Equivalents, End of Period	\$ 232	\$ 3,493

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

The Berkshire Gas Company
Statements of Changes in Common Stock Equity

(Thousands, except per share amounts)	Number of Shares (*)	Common Stock	Additional Paid-In Capital	Retained Earnings	Total Common Stock Equity
Balance, December 31, 2023	100	\$ —	\$ 126,504	\$ 26,340	\$ 152,844
Net income	—	—	—	622	622
Stock-based compensation	—	—	(66)	—	(66)
Capital contributions	—	—	15,000	—	15,000
Balance at December 31, 2024	100	—	141,438	26,962	168,400
Net income	—	—	—	6,107	6,107
Balance at December 31, 2025	100	\$ —	\$ 141,438	\$ 33,069	\$ 174,507

(*) Par value of share amounts is \$2.50

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

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies, New Accounting Pronouncements and Use of Estimates

Background and nature of operations: The Berkshire Gas Company (Berkshire, the company, we, our, us), engages in natural gas transportation, distribution and sales operations in Massachusetts serving approximately 40,600 customers in its service area totaling 738 square miles as of December 31, 2025. Berkshire is regulated by the Massachusetts Department of Public Utilities (DPU) as it relates to utility service.

Berkshire is the principal operating utility of Berkshire Energy Resources (BER), a wholly-owned subsidiary of UIL Holdings Corporation (UIL Holdings). BER is a holding company whose sole business is ownership of its operating regulated gas utility. 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. (AGR), which is a wholly-owned subsidiary of Iberdrola, S.A. (Iberdrola), a corporation organized under the laws 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) and are also maintained in accordance with the uniform system of accounts prescribed by the Federal Energy Regulatory Commission (FERC) and the DPU.

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.

Notes to Financial Statements

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; (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.

Goodwill: Goodwill represents future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the fair value of any noncontrolling interest and the acquisition date fair value of any previously held equity interest in the acquiree over the fair value of the net identifiable assets acquired and liabilities assumed.

Goodwill is not amortized, but is subject to an assessment for impairment performed in the fourth quarter or more frequently if events occur or circumstances change that would more likely than not reduce the fair value of the reporting unit to which goodwill is assigned below its carrying amount. A reporting unit is an operating segment or one level below an operating segment and is the level at which we test goodwill for impairment.

In assessing goodwill for impairment, we have the option to first perform a qualitative assessment to determine whether a quantitative assessment is necessary. If we determine, based on qualitative factors, that the fair value of the reporting unit is more likely than not greater than the carrying amount, no further testing is required. If we bypass the qualitative assessment, or perform the qualitative assessment but determine it is more likely than not that its fair value is less than its carrying amount, we perform a quantitative test to compare the fair value of the reporting unit to its carrying amount, including goodwill. If the carrying amount of the reporting unit exceeds its fair value, we record an impairment loss as a reduction to goodwill and a charge to operating expenses, but the loss recognized would not exceed the total amount of goodwill allocated to the reporting unit.

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.

Notes to Financial Statements

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 2.4% of average depreciable property for 2025 and 2.5% of average depreciable property for 2024. We amortize our capitalized software cost, using the straight-line method, based on useful lives of 6 to 12 years. Depreciation expense was \$9.4 million in 2025 and \$9.0 million in 2024. Amortization of capitalized software was \$1.4 million in 2025 and \$1.2 million in 2024.

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. AFUDC rates are determined in accordance with applicable FERC guidelines for each regulated utility using an annual rate that is compounded semiannually.

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

Utility Plant	Estimated useful life range (years)	2025	2024
(Thousands)			
Gas distribution plant	4-68	\$ 331,028	\$ 306,658
Software	6-12	16,529	15,367
Land		2,305	2,305
Buildings and improvements	50-55	36,380	34,223
Other plant	25-55	17,492	17,459
Utility plant at original cost		403,734	376,012
Less accumulated depreciation		(117,196)	(112,376)
Net Utility Plant in Service		286,538	263,636
Construction work in progress		8,711	5,973
Total Utility Plant		\$ 295,249	\$ 269,609

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

Notes to Financial Statements

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 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

Notes to Financial Statements

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.

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.” 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 our 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:

	2025	2024
(Thousands)		
Cash paid (refunded) during the years ended December 31:		
Interest, net of amounts capitalized	\$ 4,957	\$ 3,611
Income taxes paid (refunded), net	\$ 1,799	\$ (1,199)

Of the income taxes paid (refunded), substantially all were paid to (refunded by) AGR under the tax sharing agreement. Interest capitalized was \$0.2 million in 2025 and \$0.3 million in 2024, respectively. Accrued liabilities for utility plant additions were \$8.6 million at December 31, 2025 and \$7.5 million at December 31, 2024.

Trade receivables and unbilled revenue, 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.

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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 for each service region. 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 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 \$8.6 million for 2025 and \$8.7 million for 2024, and are shown net of an allowance for credit losses at December 31 of \$2.3 million for 2025 and \$2.4 million for 2024. Trade receivables do not bear interest, although late fees may be assessed. Credit loss expense was \$1.3 million in 2025 and \$1.4 million in 2024.

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.

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

Gas in storage: We own natural gas that is stored in third-party owned underground storage facilities, which we record as inventory. We price injections of inventory into storage at the market purchase cost at the time of injection, and price withdrawals of working gas from storage at the weighted-average cost in storage. We continuously monitor the weighted-average cost of gas value to ensure it remains at the lower of cost and net realizable value. We report inventories to support gas operations on our balance sheets within “Fuel and natural gas in storage.”

Materials and supplies: Materials and supplies inventories are used 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 our balance sheets within “Materials and supplies.” We combine inventory items for the statement of cash flow presentation purposes.

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 the period in which we incur the expenses.

There were no government grants recorded as of December 31, 2025 and 2024.

Notes to Financial Statements

Deferred income: Apart from government grants, we occasionally receive revenues from transactions in advance of the resulting performance obligations arising from the transaction. It is our policy to defer such revenues on our balance sheets and amortize them to earnings when revenue recognition criteria are met.

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. 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 Berkshire Non-Union 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 actuarial gains and losses in excess of 10% 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 Berkshire Non-Union 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.

Notes to Financial Statements

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 IRA 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, Berkshire 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 payable balance due to AGR is \$1.0 million and \$2.1 million at December 31, 2025 and 2024, 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 for the net revenue requirements to be recovered from customers for the related future tax expense associated with certain of these temporary differences. We defer the 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. We had no intra-entity transfers of assets other than inventory during the years ended December 31, 2025 and 2024.

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 not more likely than not that we will realize all or a portion of a tax benefit. Deferred tax assets and liabilities are netted and classified as non-current in 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 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 the statements of income.

Notes to Financial Statements

Uncertain tax positions have been 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 consolidated income tax components of the financial statements.

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, 2025 that are expected to have a material impact on Berkshire'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 our financial statements.

(a) Simplified credit loss guidance

In July 2025, FASB issued guidance to simplify applying ASC 326, Financial instruments – Credit losses, to current accounts receivable and contract assets arising from transactions accounted for under ASC 606, Revenue from contracts with customers, including those assets acquired in a business combination or recognized through the consolidation of a variable interest entity that is not a business if those assets arose from transactions that the acquiree or variable interest entity accounted for under ASC 606. The update introduces (1) a practical expedient allowing entities to assume current conditions remain unchanged over the remaining life of these assets, and (2) an accounting policy election for non-public entities, permitting consideration of post-balance sheet cash collections when estimating expected credit losses, provided the practical expedient is also elected. The amendment is effective for all entities in interim and annual periods for fiscal years beginning after December 15, 2025. We do not expect the new guidance to have a material impact on our results of operations, financial position and cash flows.

(b) Accounting for internal-use software costs

In September 2025 FASB issued guidance to modernize internal-use software guidance to eliminate the old stage-based capitalization model and to introduce a probable-to-complete threshold, requiring management authorization, funding commitment, and a probable expectation of completion before capitalization begins. It provides enhanced guidance and examples for applying this threshold, including factors for assessing significant development uncertainty such as novel features or ongoing revisions to performance requirements. Existing rules for external-use software, types of costs eligible for capitalization, and the point at which capitalization ceases remain unchanged. The amendment is effective for all entities in interim and annual periods for fiscal years beginning after December 15, 2027. We do not expect the new guidance to have a material impact on our results of operations, financial position and cash flows.

Notes to Financial Statements

(c) Accounting for government grants

In December 2025, FASB issued amendments to provide comprehensive guidance on recognizing, measuring, and presenting government grants under ASC 832, Accounting for government grants by business entities, which previously only addressed disclosures. The amendment responds to the lack of explicit U.S. GAAP guidance that led to diverse practices and reliance on other GAAP or International Financial Reporting Standards (IFRS) by analogy. It classifies grants into asset-related and income-related categories, offering two approaches for asset-related grants: the cost accumulation approach (reducing the asset's carrying amount) and the deferred income approach (recognizing income systematically over the asset's useful life). Income-related grants, such as operating expense reimbursements, are recognized over the period the related costs occur, while grants for past costs or immediate support are recognized when the probable threshold is met. The amendment also includes guidance for business combinations, specifying when deferred income should or should not be recognized by the acquirer. The amendment is effective for public entities in fiscal years beginning after December 15, 2028, and for others after December 15, 2029, with transition options including modified prospective, modified retrospective, or full retrospective approaches. 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) depreciable lives of assets; (4) income tax valuation allowances; (5) uncertain tax positions; (6) reserves for professional, workers' compensation, and comprehensive general insurance liability risks; (7) contingency and litigation reserves; (8) earnings sharing mechanism (ESM); (9) environmental remediation liabilities; (10) pension and other postretirement employee benefits (OPEB); (11) fair value measurements and (12) AROs. 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 73% of our employees are covered by collective bargaining agreements. We have 14% of the collective bargaining agreements expiring during 2026.

Note 2. Industry Regulation

Rates

Utilities are entitled by Massachusetts statute 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.

Notes to Financial Statements

On June 24, 2022, Berkshire filed a Settlement Agreement with the Massachusetts Attorney General's Office (AGO) for DPU approval. The Settlement Agreement was approved in its entirety by the DPU on October 27, 2022, and new rates went into effect January 1, 2023. Berkshire continues to charge the 2023 rates which include an approved 9.7% ROE and a 54% equity ratio. Berkshire has agreed not to request new distribution rates to be in effect prior to November 1, 2025.

On November 14, 2025, Berkshire filed a five-year Application for a Rate Amendment with the DPU in docket No. 25-170. In this case, the Company is requesting a revenue requirement of \$69.9 million, an increase of \$21.3 million over the currently authorized amount to recover costs already incurred but not in current distribution rates, and future plant additions and company expenditures over the multi-year rate plan, including; \$36.6 million in Gas System Enhancement Plan (GSEP) projects, more than \$55 million in distribution system projects, six full-time equivalent employees, a vacuum truck to support core operations across damage prevention, maintenance and regulation, and a technical training center to train and develop a world-class skilled labor organization. The Company is seeking an authorized Return on Equity (ROE) of 10.35% with a debt-to-equity ratio of 46% debt and 54% equity.

The current schedule for the case is still being decided by the DPU with input from the Company and the MA Office of the Attorney General, although statutorily the DPU has ten months to fully adjudicate an Application for Rate Amendment. The Company cannot predict the outcome of this matter.

Based on existing tracking mechanisms in place for gas and other costs, discussions with the DPU, and precedence set by other utility companies, Berkshire believes that regulatory assets are recoverable and regulatory liabilities are fairly stated. Additionally, Berkshire has a purchased gas adjustment clause approved by the DPU which enables the reasonably incurred cost of gas purchases to be passed through to customers. This clause allows Berkshire to recover changes in the market price of purchased natural gas, substantially eliminating exposure to natural gas price risk.

Gas Supply Arrangements

Berkshire satisfies its natural gas supply requirements through purchases from various producer/suppliers, withdrawals from natural gas storage capacity contracts and winter peaking supplies and resources. Berkshire operates diverse portfolios of gas supply, firm transportation, gas storage and peaking resources. Actual reasonable gas costs incurred by Berkshire are passed through to customers through state regulated purchased gas adjustment mechanisms subject to regulatory review.

Berkshire purchases the majority of the natural gas supply at market prices under seasonal, monthly or mid-term supply contracts and the remainder is acquired on the spot market. Berkshire diversifies its sources of supply by amount purchased and by location while primarily acquiring gas in the Appalachia region.

Berkshire acquires firm transportation capacity on interstate pipelines under long-term contracts and utilizes that capacity to transport both natural gas supply purchased and natural gas withdrawn from storage to the local distribution system. Tennessee Gas Pipeline interconnects with Berkshire's distribution system upstream of the city gates. The prices and terms and conditions of the firm transportation capacity long-term contracts are regulated by the FERC. The actual reasonable cost of such contracts is passed through to customers through state regulated purchased gas adjustment mechanisms.

Notes to Financial Statements

Berkshire acquires firm underground natural gas storage capacity using long-term contracts and fills the storage facilities with gas in the summer months for subsequent withdrawal in the winter months. The storage facilities are located in Pennsylvania, New York and West Virginia.

Winter peaking resources are primarily attached to the local distribution system and are owned by Berkshire. Berkshire owns or has rights to the natural gas stored in its Liquefied Natural Gas (LNG) facility that is directly attached to its distribution system. Berkshire also owns or has rights to the propane stored in its on-system propane facilities, which are also directly connected to its distribution system.

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 natural gas 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 \$13.6 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 regulatory assets and 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, 2025 and 2024 consisted of:

December 31,		2025	2024
(Thousands)			
Deferred purchased gas	\$	1,356	\$ 3,033
Energy efficiency programs		10,071	8,769
Environmental remediation costs		3,229	3,751
Pension and other postretirement benefits		12,305	12,440
Recoverable bad debt		920	930
Revenue decoupling mechanism		—	2,401
Unfunded future income taxes		398	340
Other		2,333	2,768
Total regulatory assets		30,612	34,432
Less: current portion		14,552	17,787
Total non-current regulatory assets	\$	16,060	\$ 16,645

Deferred purchase gas costs balances at the end of the rate year are normally recorded / returned in the next year.

Energy efficiency programs represent all expenditures for a twelve month period as contained in the Company's Energy Efficiency (EE) budgets as defined and approved by the Department,

Notes to Financial Statements

including, but not limited to, Energy Efficiency Program Costs, Reconciliation Adjustments, Energy Efficiency Lost Margins, Energy Efficiency Performance Incentives, Working Capital and Interest. At the end of each twelve-month period, the Company will include the Reconciliation Adjustment associated with over- or under-recoveries of allowable EE Expenditures billed over the prior twelve-month period. Pursuant to the Department's approved Energy Efficiency Guidelines, estimated lost margins and performance incentives approved in the Company's Plan may be collected during the term of the Plan and shall be reconciled at the end of the term in the Company's Term Report.

Environmental remediation costs include spending that has occurred and is eligible for future recovery in customer rates. Environmental costs are currently recovered over a seven-year period through an annual surcharge. 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.

Pension and other postretirement benefits 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. Because no funds have yet been expended for this regulatory asset, it does not accrue carrying costs and is not included within the rate base.

Recoverable bad debt represents the portion of uncollectible expense attributable to gas costs.

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

Unfunded future income taxes represent unrecovered federal and state income taxes primarily resulting from regulatory flow through accounting treatment. 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 gas system enhancement.

Regulatory liabilities at December 31, 2025 and 2024 consisted of:

December 31,		2025		2024
(Thousands)				
Asset removal obligations	\$	40,437	\$	40,484
Pension and other postretirement benefits		1,187		1,892
Revenue decoupling mechanism		825		—
Tax Act – remeasurement		10,706		10,879
Other		836		1,196
Total regulatory liabilities		53,991		54,451
Less: current portion		2,291		2,306
Total non-current regulatory liabilities	\$	51,700	\$	52,145

Asset 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.

Notes to Financial Statements

Tax Act - remeasurement 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 collected from utility customers for these deferred taxes to be refundable to such customers, generally through reductions in future rates.

Other includes items such as residential assistance programs.

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.

Berkshire derives revenue primarily from tariff-based sales of natural gas delivered to customers. For such revenues, Berkshire recognizes revenues in an amount derived from the commodities delivered to customers. Another major source of revenue is wholesale sales of natural gas.

Tariff-based sales are subject to DPU approval, which determines prices and other terms of service through the ratemaking process. Certain customers have the option to obtain the natural gas directly from Berkshire or from another supplier. For customers that receive their natural gas from another supplier, Berkshire acts as an agent and delivers the natural gas for that supplier. Revenue in those cases is only for providing the service of delivery of the natural gas. Berkshire calculates revenue earned but not yet billed based on the number of days not billed in the month, the estimated amount of energy delivered during those days and the estimated average price per customer class for that month. Differences between actual and estimated unbilled revenue are immaterial.

The performance obligation in all arrangements is satisfied over time because the customer simultaneously receives and consumes the benefits as Berkshire delivers or sells the natural gas. Berkshire records revenue for all of those sales based upon the regulatory-approved tariff and the volume delivered, which corresponds to the amount that Berkshire has a right to invoice. There are no material initial incremental costs of obtaining a contract in any of the arrangements. Berkshire does not adjust the promised consideration for the effects of a significant financing component if it expects, at contract inception, that the time between the delivery of promised goods or service and customer payment will be one year or less. Berkshire does not have any material significant payment terms because it receives payment at or shortly after the point of sale.

Notes to Financial Statements

Berkshire also records revenue from an Alternative Revenue Program (ARP), which is not ASC 606 revenue. Such programs represent contracts between the utilities and their regulators. Berkshire ARPs include revenue decoupling mechanisms, other ratemaking mechanisms, annual revenue requirement reconciliations, and other demand side management programs.

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

Revenues disaggregated by major source for the years ended December 31, 2025 and 2024 are as follows:

Years Ended December 31,	2025	2024
(Thousands)		
Regulated operations – natural gas	\$ 100,841	\$ 90,779
Other (a)	1,257	1,303
Revenue from contracts with customers	102,098	92,082
Alternative revenue programs	1,025	860
Other revenue	—	(279)
Total operating revenues	\$ 103,123	\$ 92,663

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

Note 5. Goodwill

We do not amortize goodwill, but perform our annual impairment assessment testing at least annually as described in Note 1, in the fourth quarter, as of October 1. Our qualitative assessment involves evaluating key events and circumstances that could affect the fair value of our company, as well as other factors. Events and circumstances evaluated include macroeconomic conditions, industry, regulatory and market considerations, cost factors and their effect on earnings and cash flows, overall financial performance as compared with projected results and actual results of relevant prior periods, other relevant entity-specific events, and events affecting Berkshire.

Our quantitative impairment testing includes various assumptions, primarily the discount rate, and forecasted cash flows. We use a discount rate that is developed using market participant assumptions, which consider the risk and nature of our cash flows and the rates of return market participants would require in order to invest their capital in Berkshire. We test the reasonableness of the conclusions of our quantitative impairment testing using a range of discount rates and a range of assumptions for long-term cash flows.

We had no impairment of goodwill in 2025 and 2024 as a result of our qualitative impairment testing. There were no events or circumstances subsequent to our annual impairment assessment for 2025 or 2024 that required us to update the assessment.

The carrying amount of goodwill, which resulted from the purchase of Berkshire by UIL Holdings in 2010, was \$51.9 million at both December 31, 2025 and 2024, with no accumulated impairment losses and no changes during 2025 and 2024.

Note 6. Income Taxes

Notes to Financial Statements

Current and deferred taxes charged to expense for the years ended December 31, 2025 and 2024 consisted of:

Years Ended December 31,	2025	2024
(Thousands)		
Current		
Federal	\$ (1,061)	\$ 1,322
State	1,366	(1,889)
Current taxes charged to expense (benefit)	305	(567)
Deferred		
Federal	2,444	(1,174)
State	(678)	1,987
Deferred taxes charged to expense	1,766	813
Total Income Tax Expense	\$ 2,071	\$ 246

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, 2025 and 2024, respectively, consisted of:

Years Ended December 31,	2025	2024
(Thousands)		
Tax expense at federal statutory rate	\$ 1,717	\$ 182
Excess ADIT amortization	(125)	(132)
State tax expense, net of federal benefit	544	77
Other, net	(65)	119
Total Income Tax Expense	\$ 2,071	\$ 246

Income tax expense for the year ended December 31, 2025 was \$0.4 million higher than it would have been at the statutory federal income tax rate of 21% due predominately to state income taxes, partially offset by excess Accumulated Deferred Income Tax (ADIT) amortization. This resulted in an effective tax rate of 25.3%. Income tax expense for the year ended December 31, 2024 was \$0.1 million higher than it would have been at the statutory federal income tax rate of 21% due predominately to state income taxes, partially offset by excess ADIT amortization. This resulted in an effective tax rate of 28.3%.

Deferred tax assets and liabilities as of December 31, 2025 and 2024 consisted of:

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December 31,	2025		2024	
(Thousands)				
Non-current Deferred Income Tax Liabilities (Assets)				
Property related	\$	42,652	\$	38,325
2017 Tax Act measurement		(2,925)		(2,972)
Federal and state tax credits		(2,151)		(2,151)
Federal and state net operating loss		(6,915)		(5,180)
Pension and other postretirement benefits		308		(84)
Gas supply charges		622		942
Other		4,259		4,904
Total Non-current Deferred Income Tax Liabilities	\$	35,850	\$	33,784
Deferred tax assets		11,991		10,387
Deferred tax liabilities		47,841		44,171
Net Accumulated Deferred Income Tax Liabilities	\$	35,850	\$	33,784

Berkshire has federal net operating losses of \$4.6 million and \$4.3 million for the years ended December 31, 2025 and 2024, respectively. Berkshire has net state net operating losses of \$2.3 million and \$0.9 million for the years ended December 31, 2025 and 2024, respectively.

There were no additional accruals for interest and penalties on tax reserves as of December 31, 2025 and 2024.

Note 7. Long-term Debt

Long-term debt as of December 31, 2025 and 2024 consisted of:

December 31,	Maturity Dates	2025		2024	
(Thousands)		Balances	Interest Rates	Balances	Interest Rates
Senior unsecured notes	2029-2050	\$ 105,000	3.68%-5.66%	\$ 105,000	3.68%-5.66%
Unamortized debt issuance cost and discount		(618)		(623)	
Total Debt		104,382		104,377	
Less: debt due within one year, included in current liabilities		—		—	
Total Non-current Debt		\$ 104,382		\$ 104,377	

On November 20, 2024, Berkshire issued \$45 million of unsecured notes maturing in 2035 at an interest rate of 5.66%.

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

(Thousands)	2026	2027	2028	2029	2030	Total
\$	—	\$	—	\$	20,000	\$
						—
						20,000

We have no financial debt covenant requirements related to our long-term debt at December 31, 2025 and 2024.

Note 8. Bank Loans and Other Borrowings

Notes to Financial Statements

Berkshire had \$3.9 million notes payable outstanding balance as of December 31, 2025 and no notes payable outstanding as of December 31, 2024, respectively. Berkshire 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 Berkshire 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 paper rate published by the Federal Reserve. Berkshire has a lending/borrowing limit of \$15 million under this agreement. Berkshire had \$3.9 million debt outstanding balance under this agreement as of December 31, 2025 and no debt outstanding as of December 31, 2024, respectively.

The Bi-Lateral Intercompany Facility provides for borrowing of up to \$50 million from Avangrid at the A2/P2 non-financial 30-day commercial paper rate published by the Federal Reserve. Berkshire had no outstanding balance under this agreement as of both of December 31, 2025 and 2024.

On December 22, 2025, the utilities (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 \$1,500 million and a termination date of December 23, 2030. Under the terms of the revolving 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 \$1,000 million, RG&E has \$500 million, CMP has \$375 million, UI has a maximum sublimit of \$150 million, SCG has a maximum sublimit of \$75 million, and CNG and BGC have maximum sublimits of \$50 million. The new facility has set minimum sublimits of \$600 million for NYSEG, \$250 million for RG&E, \$150 million for CMP, \$25 million for UI, CNG, SCG, and BGC. The facility fees range from 5 to 25 basis points. BGC had not borrowed under this agreement as of both December 31, 2025 and 2024.

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 0.38 to 1.00 at December 31, 2025. We are not in default as of December 31, 2025.

Note 9. Leases

We have operating leases for land rights. As of December 31, 2025 and 2024, we had no finance leases. Certain of our lease agreements include rental payments adjusted periodically

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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 12 years, 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,		2025		2024
(Thousands)				
Lease cost				
Operating lease cost	\$	10	\$	10
Short-term lease cost		3		42
Total lease cost	\$	13	\$	52

Balance sheet and other information for the years ended December 31, 2025 and 2024 was as follows:

As of December 31,		2025		2024
(Thousands, except lease term and discount rate)				
Operating Leases				
Operating lease right-of-use assets	\$	85	\$	92
Operating lease liabilities, current		8		7
Operating lease liabilities, long-term		78		85
Total operating lease liabilities	\$	86	\$	92
Weighted-average Remaining Lease Term (years):				
Operating leases		9.96		10.95
Weighted-average Discount Rate:				
Operating leases		2.96 %		2.95 %

Supplemental cash flows information related to leases was as follows:

For the Years Ended December 31,		2025		2024
(Thousands)				
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash flows from operating leases	\$	9	\$	9

As of December 31, 2025, maturities of lease liabilities were as follows:

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	Operating Leases
(Thousands)	
Years Ending December 31,	
2026	\$ 9
2027	10
2028	10
2029	10
2030	11
Thereafter	50
Total lease payments	100
Less: imputed interest	(14)
Total	\$ 86

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 natural gas service.

Manufactured gas plants

We own or have previously owned properties where Manufactured Gas Plants (MGPs) had historically operated. MGP operations have led to contamination of soil and groundwater which require investigation and/or remediation in accordance with state (Massachusetts Department of Environmental Protection) and/or federal environmental regulations. We have or had an ownership interest in one of such properties contaminated as a result of MGP-related activities. Under the existing regulations, the cleanup of such sites requires state and at times, federal, regulators' involvement and approval before cleanup can commence. In certain cases, such contamination has been evaluated, characterized and remediated. In other cases, the sites have been evaluated and characterized, but not yet fully remediated and have on-going monitoring. In the past, we have received approval for the recovery of MGP-related remediation expenses from customers through rates and will seek recovery in rates for ongoing MGP-related investigation, remediation and monitoring expenses for the MGP sites.

The current estimate for costs related to investigation, remediation and/or monitoring of one active site is approximately \$0.2 million for which the company recorded a liability and offsetting regulatory asset for such expenses as of December 31, 2025. Historically, we have received approval from the DPU for recovery of environmental expenses in its customer rates.

One property which the Company formerly owned on East Street (the East Street Site) in Pittsfield, Massachusetts, is a former MGP site. The East Street Site is part of a larger site known as the GE-Pittsfield/Housatonic River Site. The company sold the East Street Site to the General Electric Company (GE) in the 1970s and was named a potentially responsible party for the site by the EPA in 1990.

In December 2002, the company reached a settlement with GE which provides, among other things, a framework for us and GE to allocate various monitoring and remediation costs at the East Street Site. As of December 31, 2025, we have accrued approximately \$1.3 million and

Notes to Financial Statements

established a regulatory asset for these and future costs incurred by GE in responding to releases of hazardous substances at the East Street Site. Historically, we have received approval from the DPU for recovery of remediation expenses in its customer rates.

Our environmental liabilities are recorded on an undiscounted basis and are expected to be paid through the year 2029.

Note 11. Fair Value of Financial Instruments and Fair Value Measurements

The estimated fair value of debt amounted to \$101 million as December 31, 2025 and \$97 million as of December 31, 2024. 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 natural gas 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, 2025 and 2024 consisted of:

Description	Level 1	Level 2	Level 3	Total
(Thousands)				
2025				
Assets				
Non-current investments	\$ 2,304	\$ —	\$ —	\$ 2,304
Total	\$ 2,304	\$ —	\$ —	\$ 2,304
2024				
Assets				
Non-current investments	\$ 2,197	\$ —	\$ —	\$ 2,197
Total	\$ 2,197	\$ —	\$ —	\$ 2,197

We had no transfers to or from Level 1 and 2 during the year ended December 31, 2025. 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 measure the fair value of our non-current investments available for sale using quoted market prices in active markets for identical assets and include the measurements in Level 1. The investments which are Rabbi Trusts for deferred compensation plans primarily consist of money market funds.

Note 12. Post-retirement and Similar Obligations

We have multiple qualified pension plans covering eligible union and management employees and retirees. The union plans are all closed to new hires, and the non-union plans were closed as of December 31, 2017. The qualified pension plans are traditional defined benefit plans or cash balance plans for those hired on or after specified dates.

Berkshire non-union employees are eligible to participate in UIL Holdings Corporation 401(k) Employee Stock Ownership Plan, and union employees are eligible to participate in the

Notes to Financial Statements

Berkshire Gas Company Union 401(k) 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 \$1.4 million in 2025 and \$1.2 million in 2024.

We also have plans providing other postretirement benefits for eligible employees and retirees. The plans were closed to newly-hired Berkshire union employees by end of March 2011. These benefits consist primarily of health care, prescription drug and life insurance benefits for retired employees and their dependents. For Medicare eligible non-union retirees, we provide a subsidy through an 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 also sponsor various unfunded 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 \$1.0 million at both December 31, 2025 and 2024.

Qualified Retirement Benefit Plans

Obligations and funded status as of December 31, 2025 and 2024 consisted of:

As of December 31,	Pension Benefits		Postretirement Benefits	
	2025	2024	2025	2024
(Thousands)				
Change in benefit obligation				
Benefit obligation at January 1	\$ 33,446	\$ 37,435	\$ 2,061	\$ 2,195
Service cost	—	86	24	25
Interest cost	1,716	1,712	101	97
Curtailements	—	(407)	—	—
Actuarial loss (gain)	1,428	(2,114)	148	(140)
Benefits paid	(3,113)	(3,266)	(93)	(116)
Benefit obligation at December 31	\$ 33,477	\$ 33,446	\$ 2,241	\$ 2,061
Change in plan assets				
Fair value of plan assets at January 1	25,695	26,683	—	—
Actual return on plan assets	3,078	617	—	—
Employer contributions	961	1,661	93	116
Benefits paid	(3,113)	(3,266)	(93)	(116)
Fair value of plan assets at December 31	\$ 26,621	\$ 25,695	\$ —	\$ —
Funded status	\$ (6,856)	\$ (7,751)	\$ (2,241)	\$ (2,061)

During 2025, the pension benefit obligation had an actuarial loss of \$1.4 million primarily due to \$1.1 million loss from decreases in discount rates. There were no significant gains or losses relating to the postretirement benefit obligations in 2025.

During 2024, the pension benefit obligation had an actuarial gain of \$2.1 million primarily due to \$2.3 million gain from increases in discount rates. In 2024, the pension benefit obligation had a

Notes to Financial Statements

reduction of \$0.4 million from curtailments. There were no significant gains or losses relating to the postretirement benefit obligations in 2024.

Amounts recognized in the balance sheet as of December 31, 2025 and 2024 consisted of:

December 31,	Pension Benefits		Postretirement Benefits	
	2025	2024	2025	2024
(Thousands)				
Other current liabilities	\$ —	\$ —	\$ (220)	\$ (220)
Pension and other postretirement benefits	(6,856)	(7,751)	(2,021)	(1,841)
Total	\$ (6,856)	\$ (7,751)	\$ (2,241)	\$ (2,061)

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 consist of:

December 31,	Pension Benefits		Postretirement Benefits	
	2025	2024	2025	2024
(Thousands)				
Net loss (gain)	\$ 2,308	\$ 2,601	\$ (556)	\$ (782)

Our accumulated benefit obligation for all qualified defined benefit pension plans was \$33.5 million at December 31, 2025 and \$33.4 million at December 31, 2024.

The projected benefit obligation and the accumulated benefit obligation exceeded the fair value of pension plan assets for all of our qualified plans as of both December 31, 2025 and 2024. The following table shows the aggregate projected and accumulated benefit obligations and the fair value of plan assets of our plans as of December 31, 2025 and 2024.

December 31,	2025	2024
(Thousands)		
Projected benefit obligation	\$ 33,477	\$ 33,446
Accumulated benefit obligation	\$ 33,477	\$ 33,446
Fair value of plan assets	\$ 26,621	\$ 25,695

The postretirement benefits obligation for all qualified plans exceeded the fair value of plan assets as of December 31, 2025 and 2024.

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, 2025 and 2024 consisted of:

Notes to Financial Statements

Years Ended December 31,	Pension Benefits		Postretirement Benefits	
	2025	2024	2025	2024
(Thousands)				
Net periodic benefit cost				
Service cost	\$ —	\$ 86	\$ 24	\$ 25
Interest cost	1,716	1,712	101	97
Expected return on plan assets	(1,451)	(1,648)	—	—
Amortization of actuarial loss (gain)	93	165	(78)	(71)
Net periodic benefit cost	\$ 358	\$ 315	\$ 47	\$ 51
Other changes in plan assets and benefit obligations recognized in regulatory assets and regulatory liabilities				
Net (gain) loss	\$ (200)	\$ (1,082)	\$ 148	\$ (140)
Amortization of actuarial (loss) gain	(93)	(165)	78	71
Curtailement charge	—	(407)	—	—
Total recognized in regulatory assets and regulatory liabilities	(293)	(1,654)	226	(69)
Total recognized in net periodic benefit cost and regulatory assets and regulatory liabilities	\$ 65	\$ (1,339)	\$ 273	(18)

We include the service component of net periodic benefit cost in other operating expenses and the non-service component in other income and deductions. 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, 2025 and 2024 consisted of:

As of December 31,	Pension Benefits		Postretirement Benefits	
	2025	2024	2025	2024
Discount rate	5.05%	5.41%	4.78%	5.19%
Rate of compensation increase	N/A	N/A	N/A	N/A
Interest crediting rate	3.00%	3.00%	N/A	N/A

The discount rate is the rate at which the benefit obligations could presently be effectively settled. We determined the discount rate by developing a yield curve derived from a portfolio of high grade non-callable bonds with above median yields that closely matches 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, 2025 and 2024 consisted of:

As of December 31,	Pension Benefits		Postretirement Benefits	
	2025	2024	2025	2024
Discount rate	5.41%	4.69%/5.10%	5.19%	4.66%
Expected long-term return on plan assets	7.00%	7.50%/7.50%	N/A	N/A
Rate of compensation increase	N/A	2.50% for Union / N/A	N/A	N/A

Notes to Financial Statements

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. That 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 10% 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 Berkshire Non-Union 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, 2025 and 2024 consisted of:

<u>As of December 31,</u>	<u>2025</u>	<u>2024</u>
Health care cost trend rate (pre 65/post 65)	8.40% / 10.10%	8.90% / 10.60%
Rate to which cost trend rate is assumed to decline (the ultimate trend rate)	4.50% / 4.50%	4.50% / 4.50%
Year that the rate reaches the ultimate trend rate	2039 / 2039	2039 / 2039

Contributions: In accordance with our funding policy, we make annual contributions of not less than the minimum required by applicable regulations. We expect to contribute \$2.0 million to our pension and \$0.2 million to our other postretirement benefit plans during 2026.

Estimated future benefit payments: Our expected benefit payments and expected Medicare Prescription Drug, Improvement and Modernization Act of 2003 (Medicare Act) subsidy receipts, which reflect expected future service, as appropriate, are:

<u>(Thousands)</u>	<u>Pension Benefits</u>	<u>Postretirement Benefits</u>	<u>Medicare Act Subsidy Receipts</u>
2026	\$ 3,640	\$ 218	\$ —
2027	\$ 2,892	\$ 207	\$ —
2028	\$ 2,806	\$ 218	\$ —
2029	\$ 2,808	\$ 202	\$ —
2030	\$ 2,666	\$ 197	\$ —
2031 - 2035	\$ 12,368	\$ 918	\$ —

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; providing broad exposure to different segments of the equity, fixed-income and alternative investment markets.

Notes to Financial Statements

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, 2025, consisted of:

Asset Category	Fair Value Measurements at December 31, Using			
	Total	Level 1	Level 2	Level 3
(Thousands)				
2025				
Cash and cash equivalents	\$ 1,117	\$ —	\$ 1,117	\$ —
U.S. government securities	3,851	3,851	—	—
Common stocks	1,142	1,142	—	—
Registered investment companies	2,626	2,626	—	—
Corporate bonds	4,356	—	4,356	—
Common collective trusts	8,319	—	8,319	—
Other investments, principally annuity and fixed income	22	—	22	—
	\$ 21,433	\$ 7,619	\$ 13,814	\$ —
Other investments measured at net asset value	5,188			
Total	\$ 26,621			

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

Notes to Financial Statements

Asset Category	Fair Value Measurements at December 31, Using			
	Total	Level 1	Level 2	Level 3
(Thousands)				
2024				
Cash and cash equivalents	\$ 1,009	\$ 59	\$ 950	\$ —
U.S. government securities	2,560	2,560	—	—
Common stocks	1,296	1,296	—	—
Registered investment companies	2,354	2,354	—	—
Corporate bonds	3,551	—	3,551	—
Common collective trusts	9,347	—	9,347	—
Other investments, principally annuity and fixed income	19	—	19	—
	\$ 20,136	\$ 6,269	\$ 13,867	\$ —
Other investments measured at net asset value	5,559			
Total	\$ 25,695			

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, common stocks and registered investment companies - 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.
- Equity commingled funds – 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 - Level 1: at the closing price reported in the active market in which the individual investment is traded. Level 2: based on yields currently available on comparable securities of issuers with similar credit ratings. Level 3: when quoted prices are not available for identical or similar instruments, under a discounted cash flows approach that maximizes observable inputs such as current yields of similar instruments but includes adjustments for certain risks that may not be observable such as credit and liquidity risks.
- Other investments measured at net asset value (NAV) – 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.

Pension plan equity securities did not include Iberdrola common stock as of both December 31, 2025 and 2024.

Note 13. Other Income and Other Deductions

Other income and deductions for the years ended December 31, 2025 and 2024, consisted of:

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Years Ended December 31,		2025	2024
(Thousands)			
Allowance for funds used during construction	\$	352	\$ —
Carrying costs on regulatory assets		1,548	1,211
Interest and dividend income		496	30
Miscellaneous		(11)	(34)
Total other income	\$	2,385	\$ 1,207
Pension non-service components		(358)	(42)
Miscellaneous		(125)	(579)
Total other deductions	\$	(483)	\$ (621)

Note 14. Related Party Transactions

Certain Networks subsidiaries borrow from AGR, the parent of Networks, through intercompany revolving credit agreements, including Berkshire. For Berkshire the intercompany revolving credit agreements provide access to supplemental liquidity. See Note 8 for further detail on the credit facility with AGR.

Avangrid Service Company provides administrative and management services to Networks operating utilities, including Berkshire, 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 services provided to Berkshire by AGR and its affiliates was approximately \$5.8 million in 2025 and \$9.5 million in 2024. Cost for services includes amounts capitalized in utility plant, which was approximately \$1.4 million in 2025 and \$1.1 million in 2024. The remainder was primarily recorded as operations and maintenance expense. The charge for services provided by Berkshire to AGR and its affiliates was \$0.9 million in 2025 and \$0.5 million in 2024. 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 balances in accounts payable to affiliates of \$1.1 million at December 31, 2025 and \$5.5 million at December 31, 2024 are mostly payable to UIL Holdings and Avangrid Service Company. The balance in accounts receivable from affiliates of \$1.4 million at December 31, 2025 is mostly receivable from CNG and SCG. The balance in accounts receivable from affiliates of \$0.1 million at December 31, 2024 is mostly receivable from UIL Holdings and SCG.

There were no notes receivable from affiliates at December 31, 2025 and \$15.0 million notes receivable from SCG at December 31, 2024. Notes receivable from affiliates relate to the Virtual Money Pool Agreement as discussed in Note 8 of these financial statements.

Note 15. Subsequent Events

The company has performed a review of subsequent events through March 27, 2026, which is the date these financial statements were available to be issued.