

New York State Electric & Gas Corporation
Consolidated Financial Statements
As of and for the Years Ended December 31, 2025 and 2024

New York State Electric & Gas Corporation

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KPMG LLP
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Independent Auditors' Report

Stockholder and The Board of Directors
New York State Electric & Gas Corporation:

Opinion

We have audited the consolidated financial statements of New York State Electric & Gas Corporation and its subsidiary (the Company), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the related consolidated statements of income, comprehensive income, changes in common stock equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated 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 Consolidated 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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 25, 2026

**New York State Electric & Gas Corporation
Consolidated Statements of Income**

Years Ended December 31,	2025	2024
(Thousands)		
Operating Revenues	\$ 2,893,103	\$ 2,373,591
Operating Expenses		
Electricity purchased	848,826	577,004
Natural gas purchased	142,633	88,061
Operations and maintenance	1,074,498	968,758
Depreciation and amortization	252,597	230,310
Taxes other than income taxes, net	198,926	178,996
Total Operating Expenses	2,517,480	2,043,129
Operating Income	375,623	330,462
Other income	75,019	77,651
Other income (deductions), net	25,911	7,283
Interest expense, net of capitalization	(168,370)	(109,774)
Income Before Income Tax	308,183	305,622
Income tax expense	60,039	61,560
Net Income	\$ 248,144	\$ 244,062

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

**New York State Electric & Gas Corporation
Consolidated Statements of Comprehensive Income**

Years Ended December 31,	2025	2024
(Thousands)		
Net Income	\$ 248,144	\$ 244,062
Other Comprehensive Loss, Net of Tax		
Amortization of pension cost for non-qualified plans and current year actuarial loss, net of income tax	(212)	(108)
Reclassification to net income of loss on settled cash flow treasury hedges, net of income tax	(10)	—
Total Other Comprehensive Loss, Net of Tax	(222)	(108)
Comprehensive Income	\$ 247,922	\$ 243,954

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

**New York State Electric & Gas Corporation
Consolidated Balance Sheets**

As of December 31,	2025	2024
(Thousands)		
Assets		
Current Assets		
Cash and cash equivalents	\$ 176,423	\$ 4,444
Accounts receivable and unbilled revenues, net	452,550	375,291
Accounts receivable from affiliates	2,770	2,409
Notes receivable from affiliates	141	41,300
Fuel and natural gas in storage	16,333	17,045
Materials and supplies	62,957	46,985
Derivative assets	19,834	10,621
Income tax receivable	7,618	—
Prepaid property taxes	45,055	41,500
Other current assets	64,894	28,483
Regulatory assets	275,739	269,166
Total Current Assets	1,124,314	837,244
Utility plant, at original cost	10,160,253	9,328,326
Less accumulated depreciation	(2,669,368)	(2,552,644)
Net Utility Plant in Service	7,490,885	6,775,682
Construction work in progress	1,004,523	903,915
Total Utility Plant	8,495,408	7,679,597
Operating lease right-of-use assets	7,100	7,305
Other property and investments	9,827	9,316
Regulatory and Other Assets		
Regulatory assets	1,257,009	1,314,623
Other	38,639	33,885
Total Regulatory and Other Assets	1,295,648	1,348,508
Total Assets	\$ 10,932,297	\$ 9,881,970

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

**New York State Electric & Gas Corporation
Consolidated Balance Sheets**

As of December 31,	2025	2024
(Thousands, except share information)		
Liabilities		
Current Liabilities		
Current portion of long-term debt	\$ 617,851	\$ —
Notes payable to affiliates	11	—
Accounts payable and accrued liabilities	697,063	635,943
Accounts payable to affiliates	20,119	54,229
Interest accrued	50,216	39,348
Taxes accrued	10,443	11,102
Operating lease liabilities	1,303	1,318
Environmental remediation costs	16,747	5,914
Customer deposits	13,233	11,342
Regulatory liabilities	51,363	64,233
Other	155,134	111,328
Total Current Liabilities	1,633,483	934,757
Regulatory and Other Liabilities		
Regulatory liabilities	833,673	872,039
Other Non-current Liabilities		
Deferred income taxes	1,084,666	975,293
Pension and other postretirement	68,668	73,144
Operating lease liabilities	7,096	7,167
Asset retirement obligation	10,412	10,767
Environmental remediation costs	50,442	51,108
Other	20,116	24,762
Total Regulatory and Other Liabilities	2,075,073	2,014,280
Non-current debt	3,741,352	3,398,466
Total Liabilities	7,449,908	6,347,503
Commitments and Contingencies		
Common Stock Equity		
Common stock (\$6.66 2/3 par value, 90,000,000 shares authorized and 64,508,477 shares outstanding at December 31, 2025 and 2024)	430,057	430,057
Additional paid-in capital	2,528,630	2,378,630
Retained earnings	524,601	726,457
Accumulated other comprehensive loss	(899)	(677)
Total Common Stock Equity	3,482,389	3,534,467
Total Liabilities and Equity	\$ 10,932,297	\$ 9,881,970

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

New York State Electric & Gas Corporation
Consolidated Statements of Cash Flows

Years Ended December 31,	2025	2024
(Thousands)		
Cash Flow from Operating Activities:		
Net income	\$ 248,144	\$ 244,062
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	252,597	230,310
Regulatory assets/liabilities amortization	102,807	64,274
Regulatory assets/liabilities carrying cost	(10,846)	(27,031)
Amortization of debt issuance costs	3,033	2,905
Deferred taxes	80,006	94,473
Pension cost	(22,981)	(7,474)
Stock-based compensation	—	547
Accretion expenses	565	582
Loss (gain) from disposal of property	636	(196)
Other non-cash items	(42,791)	(62,476)
Changes in assets and liabilities		
Accounts receivable, from affiliates, and unbilled revenues	(77,620)	(24,244)
Inventories	(15,260)	2,029
Accounts payable, to affiliates, and accrued liabilities	(57,593)	(17,752)
Taxes accrued	(8,277)	1,390
Other assets/liabilities	77,697	80,625
Regulatory assets/liabilities	(65,724)	(495,727)
Net Cash Provided by Operating Activities	464,393	86,297
Cash Flow from Investing Activities:		
Capital expenditures	(1,016,779)	(964,490)
Contributions in aid of construction	59,268	41,475
Proceeds from sale of property, plant and equipment	2,085	2,026
Notes receivable from affiliates	41,300	(41,300)
Net Cash Used in Investing Activities	(914,126)	(962,289)
Cash Flow from Financing Activities:		
Non-current debt issuance	1,002,340	519,859
Repayments of non-current debt	(41,752)	(12,000)
Payments of finance leases	(224)	(224)
Notes payable to affiliates	11	(83,300)
Capital contribution	150,000	450,000
Dividends paid	(450,000)	—
Net Cash Provided by Financing Activities	660,375	874,335
Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash	210,642	(1,657)
Cash, Cash Equivalents and Restricted Cash, Beginning of Year	4,444	6,101
Cash, Cash Equivalents and Restricted Cash, End of Year	\$ 215,086	\$ 4,444

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

New York State Electric & Gas Corporation
Consolidated Statements of Changes in Common Stock Equity

(Thousands, except per share amounts)	Number of Shares (*)	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Common Stock Equity
Balance, December 31, 2023	64,508,477	\$ 430,057	\$ 1,929,142	\$ 482,395	\$ (569)	\$ 2,841,025
Net income	—	—	—	244,062	—	244,062
Other comprehensive loss, net of tax	—	—	—	—	(108)	(108)
Comprehensive income						243,954
Stock-based compensation	—	—	(512)	—	—	(512)
Capital contribution	—	—	450,000	—	—	450,000
Balance, December 31, 2024	64,508,477	430,057	2,378,630	726,457	(677)	3,534,467
Net income	—	—	—	248,144	—	248,144
Other comprehensive loss, net of tax	—	—	—	—	(222)	(222)
Comprehensive income						247,922
Common stock dividends	—	—	—	(450,000)	—	(450,000)
Capital contribution	—	—	150,000	—	—	150,000
Balance, December 31, 2025	64,508,477	\$ 430,057	\$ 2,528,630	\$ 524,601	(899)	\$ 3,482,389

(*) Par value of share amounts is 6.66 2/3

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

Notes to Consolidated Financial Statements

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

Background and nature of operations: New York State Electric & Gas Corporation (NYSEG, the company, we, our, us) conducts regulated electricity transmission and distribution operations and regulated natural gas transportation, storage and distribution operations in upstate New York. It also generates electricity, primarily from its several hydroelectric stations. NYSEG serves approximately 924,000 electricity and 271,000 natural gas customers as of December 31, 2025, in its service territory of approximately 20,000 square miles, which is located in the central, eastern and western parts of the state of New York and has a population of approximately 2.5 million. The larger cities in which NYSEG serves electricity and natural gas customers are Binghamton, Elmira, Auburn, Geneva, Ithaca and Lockport. We operate under the authority of the New York State Public Service Commission (NYPSC) and are also subject to regulation by the Federal Energy Regulatory Commission (FERC).

NYSEG is a 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 consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States (U.S. GAAP) and are prepared on a consolidated basis, and therefore include the accounts of NYSEG and all NYSEG VIEs where NYSEG has identified that it is the primary beneficiary. All intercompany transactions and accounts have been eliminated in consolidation in all periods presented. The accounting records of NYSEG are also maintained in accordance with the uniform system of accounts prescribed by the Federal Energy Regulatory Commission (FERC).

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

Notes to Consolidated Financial Statements

Variable Interest Entity: NYSEG Storm Funding, LLC (NYSEGSF), is a bankruptcy remote, special purpose subsidiary wholly-owned and consolidated by NYSEG. NYSEGSF was formed in 2024 for the sole purpose of issuing storm recovery bonds to finance certain of NYSEG's unrecovered regulatory assets related to storm costs incurred in New York prior to July 1, 2024.

In February 2025, NYSEGSF issued \$711 million of storm cost recovery bonds at interest rates ranging from 4.71% to 5.16% and final maturity ranging from May 1, 2031 to May 1, 2037, and used the proceeds to acquire storm recovery property from NYSEG. The storm recovery property was created by state legislation and the NYPSC Storm Recovery Cost Financing Order for the purpose of financing legacy storm costs incurred prior to July 1, 2024.

The storm recovery property acquired includes the right to impose, bill, collect and adjust a non-bypassable charge from all NYSEG customers until the bonds are paid in full and all financing costs have been recovered. The storm recovery bonds are secured by the storm recovery property and cash collections from the storm recovery charges are the sole source of funds to satisfy the debt obligation. The bondholders have no recourse to NYSEG.

NYSEGSF is considered a variable interest entity (VIE) primarily because its equity capitalization is insufficient to support its operations. NYSEG has the power to direct the significant activities of the VIE as described above and therefore NYSEG is considered the primary beneficiary.

Principles of consolidation: We consolidate the entities in which we have a controlling financial interest, after the elimination of intercompany transactions. We account for investments in common stock where we have the ability to exercise significant influence, but not control, using the equity method of accounting.

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

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

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.

Notes to Consolidated Financial Statements

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

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

We determine depreciation expense for utility plant in service using the straight-line method, based on the average service lives of groups of depreciable property, which include estimated cost of removal. Consistent with FERC accounting requirements, we charge the original cost of utility plant retired or otherwise disposed of to accumulated depreciation. Our composite rate for depreciation was 2.4% of average depreciable property for both 2025 and 2024. We amortize our capitalized software cost which is included in common plant, using the straight line method, based on useful lives of 7 to 27 years. Capitalized software costs were approximately \$347.3 million as of December 31, 2025 and \$321.3 million as of December 31, 2024. Depreciation expense was \$234.0 million in 2025 and \$214.8 million in 2024. Amortization of capitalized software was \$18.6 million in 2025 and \$15.5 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)			
Electric	2-80 \$	7,274,122 \$	6,647,665
Natural Gas	2-75	1,534,169	1,444,527
Common	7-70	1,351,962	1,236,134
Total Utility Plant in Service		10,160,253	9,328,326
Total accumulated depreciation		(2,669,368)	(2,552,644)
Total Net Utility Plant in Service		7,490,885	6,775,682
Construction work in progress		1,004,523	903,915
Total Utility Plant		\$ 8,495,408 \$	7,679,597

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 consolidated balance sheets, we include, for operating leases: "Operating lease right-of-use (ROU) assets" and "Operating lease liabilities (current and non-

Notes to Consolidated Financial Statements

current)"; and for finance leases: finance lease ROU assets in "Other assets" and liabilities in "Other current liabilities" and "Other liabilities."

ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. We recognize lease ROU assets and liabilities at commencement of an arrangement based on the present value of lease payments over the lease term. We use the incremental borrowing rate based on information available at the lease commencement date to determine the present value of future payments, except when the rate implicit in the lease is determinable. A lease ROU asset also includes any lease payments made at or before commencement date, minus any lease incentives received, and includes initial direct costs incurred. We do not record leases with an initial term of 12 months or less on the consolidated 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.

Notes to Consolidated Financial Statements

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 consolidated financial statements are categorized within the fair value hierarchy based on the transparency of input to the valuation of an asset or liability as of the measurement date.

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

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

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

Derivatives and hedge accounting: Derivatives are recognized on our consolidated balance sheets at their fair value, except for certain electricity commodity purchases and sales contracts for both capacity and energy (physical contracts) that qualify for, and are elected under, the normal purchases and normal sales exception. To be a derivative under the accounting standards for derivatives and hedging, an agreement would need to have a notional and an underlying, require little or no initial net investment and could be net settled. We recognize changes in the fair value of a derivative contract in earnings unless specific hedge accounting criteria are met.

Derivatives that qualify and are designated for hedge accounting are classified as cash flow hedges. We report the gain or loss on the derivative instrument as a component of Other Comprehensive Income (OCI) and later reclassify amounts into earnings when the underlying transaction occurs, which we present in the same income statement line item as the earnings effect of the hedged item. If the amounts in OCI are probable of recovery in the ratemaking process, then the OCI is reclassified as a regulatory asset or liability. For all designated and qualifying hedges, we maintain formal documentation of the hedge and effectiveness testing in accordance with the accounting standards for derivatives and hedging. If we determine that the derivative is no longer highly effective as a hedge, we will discontinue hedge accounting prospectively. For cash flow hedges of forecasted transactions, we estimate the future cash flows of the forecasted transactions and evaluate the probability of the occurrence and timing of such transactions. If we determine it is probable that the forecasted transaction will not occur, we immediately recognize in earnings hedge gains and losses previously recorded in OCI.

Changes in conditions or the occurrence of unforeseen events could require discontinuance of the hedge accounting or could affect the timing of the reclassification of gains or losses on cash flow hedges from OCI into earnings. We record changes in the fair value of electric and natural gas hedge contracts to derivative assets or liabilities with an offset to regulatory assets or regulatory liabilities.

Notes to Consolidated Financial Statements

We offset fair value amounts recognized for derivative instruments and fair value amounts recognized for the right to reclaim cash collateral or the obligation to return cash collateral arising from derivative instruments executed with the same counterparty under a master netting arrangement.

Cash and cash equivalents: Cash and cash equivalents include cash, bank accounts, and other highly liquid short-term investments. We consider all highly liquid investments with a maturity date of three months or less when acquired to be cash equivalents and include those investments in “Cash and cash equivalents.” Restricted cash represents cash legally set aside for a specified purpose or as part of an agreement with a third party, including funds held in the storm recovery trust that are restricted and can only be used to satisfy obligations of the storm-recovery bonds. Restricted cash is included in “Other non-current assets” on our consolidated balance sheets. We classify book overdrafts representing outstanding checks in excess of funds on deposit as “Accounts payable and accrued liabilities” on our consolidated balance sheets. We report changes in book overdrafts in the operating activities section of the consolidated 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.

Consolidated statements of cash flows: Supplemental disclosure of cash flow information is as follows:

	2025	2024
<hr/>		
(Thousands)		
Cash paid (refunded) during the years ended December 31:		
Interest, net of amounts capitalized	\$ 146,750	\$ 96,949
Income taxes refunded, net	\$ (5,583)	\$ (27,329)

Of the income taxes refunded, substantially all was refunded by AGR under the tax sharing agreement. Interest capitalized was \$17.8 million in 2025 and \$20.5 million in 2024. Accrued liabilities for utility plant additions were \$273.3 million and \$179.5 million as of December 31, 2025 and 2024, respectively.

Broker margin accounts: We maintain accounts with clearing firms that require initial margin deposits upon the establishment of new positions, primarily related to natural gas and electricity derivatives, as well as maintenance margin deposits in the event of unfavorable movements in market valuation for those positions. We show the amount reflecting those activities as broker margin accounts on our consolidated balance sheets.

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

The allowance for credit losses is our best estimate of the amount of probable credit losses in our existing trade receivables, 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.

Notes to Consolidated Financial Statements

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 \$130.5 million for 2025 and \$115.4 million for 2024, and are shown net of an allowance for credit losses at December 31 of \$73.8 million for 2025 and \$68.6 million for 2024. Trade receivables do not bear interest, although late fees may be assessed. Credit loss expense was \$49.9 million in 2025, including \$0 million of arrears forgiveness balances. Credit loss expense was \$55.1 million in 2024, including \$0.8 million of arrears forgiveness balances. Arrears forgiveness balances are recovered through a tariff over a three year period that began August 1, 2022 for Phase 1 and a two and a half year-period that began on March 1, 2023 for Phase 2.

Trade receivables include amounts due under deferred payment arrangements (DPAs). When a residential customer becomes delinquent in making payments, the NYPS&C requires us to allow the customer to enter into a DPA to settle the account balance. A DPA allows the account balance to be paid in installments without interest over an extended period of time, which generally exceeds one year, by negotiating mutually acceptable payment terms. Generally, we must continue to serve a customer who cannot pay an account balance in full if the customer: (i) pays a reasonable portion of the balance; (ii) agrees to pay the balance in installments; and (iii) agrees to pay future bills within 30 days until the DPA is paid in full. Failure to make payments on a DPA results in the full amount of a receivable under a DPA being due. These accounts are part of the regular operating cycle and we classify them as short term.

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 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. The allowance for credit losses for DPAs at December 31 was \$38.9 million for 2025 and \$31.5 million for 2024. DPA receivable balances at December 31 were \$58.4 million for 2025 and \$52.3 million for 2024.

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 consolidated balance sheets.

Inventory: Inventory comprises fuel and natural gas in storage and materials and supplies. 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 consolidated balance sheets within "Fuel and natural gas in storage."

Notes to Consolidated Financial Statements

We also have materials and supplies inventories that 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 the consolidated balance sheets within "Materials and supplies." We combine inventory items for the consolidated statement of cash flows presentation purposes.

In addition, stand-alone renewable energy credits that are generated or purchased and held for sale are recorded at the lower of cost or net realizable value and are reported on our consolidated balance sheets within "Materials and supplies."

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

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

The changes in government grants recorded as a reduction to the related utility plant as of December 31, 2025 and 2024 consisted of:

(Thousands)	Government grants		Total
As of December 31, 2023	\$	10,492	\$ 10,492
Disposals		—	—
Recognized in income		(291)	(291)
As of December 31, 2024	\$	10,201	\$ 10,201
Disposals		—	—
Recognized in income		(290)	(290)
As of December 31, 2025	\$	9,911	\$ 9,911

We are required to comply with certain terms and conditions applicable to each grant and, if a disqualifying event should occur as specified in the grant's terms and conditions, we are required to repay the grant funds to the government. We believe we are in compliance with each grant's terms and conditions as of December 31, 2025 and 2024.

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

Asset retirement obligations: We record the fair value of the liability for an asset retirement obligation (ARO) and a conditional ARO in the period in which it is incurred, capitalizing the cost by increasing the carrying amount of the related long-lived asset. The ARO is associated with our long-lived assets and primarily consists of obligations related to removal or retirement of: asbestos, polychlorinated biphenyl-contaminated equipment, gas pipeline and cast iron gas mains. We adjust the liability periodically to reflect revisions to either the timing or amount of the original estimated undiscounted cash flows over time. We accrete the liability to its present value each period and depreciate the capitalized cost over the useful life of the related asset. Upon settlement we will either settle the obligation at its recorded amount or incur a gain or a loss. We defer any timing differences between rate recovery and depreciation expense and accretion as either a regulatory asset or a regulatory liability.

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The term conditional ARO refers to an entity's legal obligation to perform an asset retirement activity in which the timing or method of settlement are conditional on a future event that may or may not be within the entity's control. If an entity has sufficient information to reasonably estimate the fair value of the liability for a conditional ARO, it must recognize that liability at the time the liability is incurred.

The following table reconciles the beginning and ending aggregate carrying amount of the ARO for the years ended December 31, 2025 and 2024.

Years Ended December 31,		2025		2024
(Thousands)				
ARO, beginning of year	\$	10,767	\$	11,078
Liabilities settled during the year		(920)		(893)
Accretion expense		565		582
ARO, end of year	\$	10,412	\$	10,767

We have AROs for which we have not recognized a liability because the fair value cannot be reasonably estimated due to indeterminate settlement dates, including: the removal of hydroelectric dams due to structural inadequacy or for decommissioning; the removal of property upon termination of an easement, right-of-way or franchise; and costs for abandonment of certain types of gas mains.

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 eligible 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. 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. Certain nonqualified plan expenses are not recoverable through the

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ratemaking process and we present the unrecognized prior service costs and credits and unrecognized actuarial gains and losses in accumulated other comprehensive loss. 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 by assigning an equal amount to each future period of service of each employee active on the date of the amendment who is expected to receive benefits under the plan. Prior service cost changes resulting from union bargaining agreements are amortized on a straight-line basis over the period from first recognition to the end of the bargaining agreement. We amortize unrecognized actuarial gains and losses related to the pension and other postretirement benefits plans over 10 years from the time they are incurred as required by the NYPSC. Our policy is to calculate the expected return on plan assets using the market-related value of assets. We determine that value by recognizing the difference between actual returns and expected returns over a five-year period.

Income taxes: In August 2022, the Inflation Reduction Act of 2022 ("IRA") was signed into law in the United States. The IRA created a new corporate alternative minimum tax ("CAMT") of 15% on adjusted consolidated 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, NYSEG settles its current tax liability or benefit each year directly with AGR pursuant to a tax allocation agreement between AGR and its members.

The aggregate amount of the related party income tax receivable from AGR is \$7.6 million at December 31, 2025. The aggregate amount of the related party income tax payable to AGR is \$4.1 million at December 31, 2024.

We use the asset and liability method of accounting for income taxes. Deferred tax assets and liabilities reflect the expected future tax consequences, based on enacted tax laws, of temporary differences between the tax basis of assets and liabilities and their financial reporting amounts. In accordance with U.S. GAAP for regulated industries, we have established regulatory assets and liabilities for the net revenue requirements to be recovered from or refunded to customers for the related future tax expense or benefit associated with certain of these temporary differences. We defer investment tax credits when earned and amortize them over the estimated lives of the related assets. We also recognize the income tax consequences of intra-entity transfers of assets other than inventory when the transfer occurs. 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 consolidated balance sheet date. We charge or credit changes in deferred income tax assets and liabilities that are associated with components of OCI directly to OCI. Significant judgment is required in determining income tax provisions and evaluating tax positions. Our tax positions are evaluated under a more-likely-than-not recognition threshold before they are recognized for financial reporting purposes. We record valuation allowances to reduce deferred tax assets when it is more likely than not that we will not realize all or a portion of a tax benefit. We consider the effect of the alternative minimum tax system in determining the need for a valuation allowance for deferred

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taxes. Deferred tax assets and liabilities are netted and classified as non-current on our consolidated 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 consolidated 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 consolidated 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 consolidated financial statements is disclosed as an unrecognized tax benefit. Changes in assumptions on tax benefits may also impact interest expense or interest income and may result in the recognition of tax penalties. Interest and penalties related to unrecognized tax benefits are recorded within “Interest expense, net of capitalization” and “Other Income” and “Other Deductions” in our consolidated statements of income.

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 consolidated 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 consolidated financial statements.

Limited voting junior preferred stock: We have a class of preferred stock having one share and a par value of \$1, which is issued and outstanding and has voting authority only with respect to whether NYSEG may file a voluntary bankruptcy petition.

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 NYSEG’s consolidated 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 consolidated 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

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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 consolidated 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 consolidated results of operations, financial position and cash flows.

(c) Hedge accounting improvements

In November 2025, the FASB issued guidance, which provides refinements to hedge documentation and easing of certain operational requirements. The amendments primarily affect cash flow hedges, with targeted changes to fair value and net investment hedges. They (1) allow hedging a clearly related variable price component of a forecasted nonfinancial transaction, (2) permit grouping forecasted transactions with similar risk exposure, and (3) introduce a model for cash flow hedging “choose-your-rate” debt that lets borrowers change documented indexes or tenors without automatically ending hedge accounting. The amendment is effective for interim and annual reporting periods in fiscal years beginning after December 15, 2026, for public business entities, and after December 15, 2027, to all other entities. We are evaluating to determine the effect of this amendment on our hedge accounting programs and overall consolidated financial statements.

(d) 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

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guidance to have a material impact on our consolidated results of operations, financial position and cash flows.

Use of estimates and assumptions: The preparation of our consolidated consolidated 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 consolidated 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 consolidated 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 65% of our employees are covered by a collective bargaining agreement. We have no agreements that will expire during 2026.

Note 2. Industry Regulation

Electricity and Natural Gas Distribution

Our revenues are regulated, being based on tariffs established in accordance with administrative procedures set by the New York State Public Service Commission (NYPSC). Tariffs applied to regulated activities are approved by the NYPSC and are based on the cost of providing service. Our revenues are set to be sufficient to cover all of our operating costs, including energy costs, finance costs, and the costs of equity, the last of which reflect our capital ratio and a reasonable return on equity (ROE).

Energy costs that are set in the New York wholesale markets are passed on to consumers. The difference between energy costs that are budgeted and those that are actually incurred is offset by applying reconciliation procedures that result in either immediate or deferred tariff adjustments. Reconciliation procedures also apply to other costs, many of which are exceptional—such as those arising from extreme weather, environmental requirements, regulatory changes, accounting changes, and programs supporting vulnerable customers. Any revenues that exceed target returns, usually the result of better-than-expected cost efficiency, are generally shared with customers, resulting in future tariff reductions.

2023 NYSEG Rate Plan

On May 26, 2022, NYSEG made an initial filing to the NYPSC requesting increases to the delivery rates for its electric business of 31.2% and for its gas business of 20.7%. This initial filing started a lengthy process guided by NYPSC regulations. The Department of Public Service Staff and other parties to the rate cases submitted testimony on September 26, 2022. On October 18, 2022, the Company submitted rebuttal testimony responding to the testimony of Department of Public

Notes to Consolidated Financial Statements

Service Staff and other parties to the proceedings. On October 19, 2022, the Company filed a notice of impending settlement negotiations. A Joint Proposal for a three-year rate plan term for electric and gas service at NYSEG commencing May 1, 2023, and continuing through April 30, 2026, was filed on June 14, 2023. The NYPSC issued an Order on October 12, 2023, approving the Joint Proposal in its entirety with one modification to acknowledge that the “make whole” period would be effective from May 1, 2023, through November 1, 2023, rather than October 1, 2023, as originally proposed in the Joint Proposal. The effective date of new tariffs was November 1, 2023, with make-whole back to May 1, 2023. An Order was issued on April 18, 2024, approving the Companies filed tariff amendments on a permanent basis. The Joint Proposal bases delivery revenues on a 9.20% ROE and 48% equity ratio; however, for the proposed earnings sharing mechanism, the equity ratio is the lower of the actual equity ratio or 50%. The approved Joint Proposal was signed in whole or in part by eight parties, and includes levelized delivery rate increases as summarized below:

	May 1, 2023		May 1, 2024		May 1, 2025	
	Rate Increase (Millions)	Delivery Rate Increase* %	Rate Increase (Millions)	Delivery Rate Increase* %	Rate Increase (Millions)	Delivery Rate Increase* %
Electric	\$137.3	17.1%	\$160.7	17.1%	\$200.6	17.1%
Gas	\$11.7	5.6%	\$12.4	5.6%	\$12.9	5.6%

* Based on “net base delivery” revenues, which consist of gross base delivery revenue plus Bill Issuance Payment Process (BIPP), plus Gross Revenue Tax (GRT).

The approved Joint Proposal also reflects increased energy efficiency programs and distribution vegetation management, along with investments in aging infrastructure, resiliency, continued implementation of Advanced Metering Infrastructure (AMI), and increases in the Company’s workforce. The approved Joint Proposal reflects the continued recovery of deferred NYSEG Electric storm costs and continued reserve accounting for qualifying Major Storms (\$31.5 million in Rate Year 1, \$41.5M in Rate Year 2 and \$46.5M in Rate Year 3). Incremental maintenance costs incurred to restore service in qualifying divisions will be chargeable to the Major Storm Reserve provided they meet certain thresholds for each storm event.

The approved Joint Proposal continued part of the electric reliability performance measures (and associated potential negative revenue adjustments for failing to meet established performance levels) which include the system average interruption frequency index (SAIFI) and the customer average interruption duration index (CAIDI). The approved Joint Proposal modified the Tier II SAIFI targets to make them more achievable. The Proposal also maintains certain gas safety performance measures at the Company, including those relating to the replacement of leak prone main, leak backlog management, emergency response, and damage prevention. The approved Joint Proposal established threshold performance levels for designated aspects of customer service quality, with increases to potential negative revenue adjustments. The approved Joint Proposal continues bill reduction and arrears forgiveness Low Income Programs. Certain REV-related incremental costs and fees will be included in the revenue adjustment mechanism (RAM) to the extent cost recovery is not provided for elsewhere. Under the approved Joint Proposal, NYSEG continues the RAM, which is applicable to all customers, to return or collect RAM Eligible Deferrals and Costs, including: (1) property taxes; (2) Major Storm deferral balances; (3) gas leak prone pipe replacement; (4) REV costs and fees which are not covered by other recovery mechanisms; (5) costs associated with the implementation of any Commission-ordered EV program which are not covered by any other cost recovery mechanism; and (6) Covid-related uncollectibles (Rate Years 1 and 2 only).

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The Proposal provided for partial or full reconciliation of certain expenses including but not limited to: pension and other postretirement benefits; property taxes; variable rate debt and new fixed rate debt; gas research and development; environmental remediation costs; Major Storms; nuclear electric insurance limited credits; economic development; Low Income Programs, and Covid-related Uncollectible Expense. The Proposal also includes downward-only Net Plant, AMI, and Resiliency Program reconciliations. In addition, the Proposal included downward-only reconciliations for the costs of electric distribution and gas vegetation management; pipeline integrity; and other incremental maintenance programs. The Proposal provided that the Company continue the electric and gas revenue decoupling mechanisms (RDM) on a total revenue per class basis.

The Proposal provides that with few exceptions, the provisions for electric and gas service under the Proposal for Rate Year 3 (the twelve-month period ending April 30, 2026) shall continue unless and until such provisions and base delivery rates for electric or gas service are changed by subsequent order of the New York Public Service Commission. Thus, from May 1, 2026, until such time as new rates are approved by the Commission, the current rates, and terms for Rate Year 3 of the prior Proposal remain in effect.

2025 NYSEG Rate Case Filing

On June 30, 2025, New York State Electric & Gas Corporation filed rate cases with the New York Public Service Commission for its electric and gas delivery services. The electric filing (Docket No. 25-E-0375) requests an annual revenue increase of \$464.4 million, representing a 35.0% increase in base delivery revenues equivalent to 18.6% increase in total revenues, based on a proposed 10.0% return on equity. The average residential customer's monthly bill is estimated to increase by \$33.12. Concurrently, the gas rate case (Docket No. 25-G-0378) seeks \$93.0 million in additional annual revenues, representing a 39.4% increase in gas delivery revenues or a 22.1% increase in total revenues, also at a 10.0% return on equity. The average residential customer's monthly gas bill is estimated to increase by \$33.57. These revenue requests were updated on December 5, 2025, as follows: NYSEG Electric requests an annual revenue increase of \$486.8 million, representing a 37.2% increase in base delivery revenues or a 19.1% increase in total revenues, and NYSEG Gas requests \$84.7 million in additional annual revenues, representing a 35.8% increase in base delivery revenues or a 19.4% increase in total revenues. These requests reflect cost recovery for capital investment, major storm allowances, labor and benefits, and vegetation management in the electric case, as well as legacy cost deferrals and state policy-driven infrastructure investments.

NYSEG supplemented its one-year test-year filings with four additional data years and detailed forward-looking analyses to support a five-year rate plan settlement. This longer-term framework is designed to levelize costs over time, reduce volatility in customer bills, and enhance the Company's ability to plan and invest in future infrastructure needs. By extending the rate plan horizon, NYSEG can better address supply-chain constraints, manage long lead-time projects, and align with New York State's long-term energy and climate objectives.

The New York PSC has suspended the proposed effective dates for both filings through May 26, 2026. In July 2025 and October 2025, Administrative Law Judges issued rulings on party status and procedural schedules, followed by testimony, discovery, and evidentiary hearings between September and March 2026. A final PSC decision is anticipated on or before July 2026, with new rates potentially effective on or about June 1, 2026. We cannot predict the outcome of this matter.

Reforming the Energy Vision (REV)

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New York's Reforming the Energy Vision (REV) initiative is an ongoing effort by the Public Service Commission to modernize the state's energy system and regulatory framework. The initiative aims to improve energy efficiency, expand renewable resources, and increase the use of distributed energy technologies such as storage, microgrids, and on-site generation. As part of this effort, utilities serve as Distribution System Platform providers and are required to regularly update long-term plans for operating a more distributed and dynamic grid.

REV has also driven changes to utility incentives, rate design, and compensation structures for distributed energy resources. This includes Earnings Adjustment Mechanisms, evolving approaches to rooftop and community solar compensation, improvements to billing and crediting processes, and programs designed to make clean energy more accessible, particularly for low-income customers and disadvantaged communities. The state has continued refining these programs through various orders that expand customer participation options, streamline processes, and encourage broader adoption of renewable energy.

Several related initiatives support REV's broader goals, including development of an integrated statewide energy data platform, expanded electric vehicle infrastructure and rate reforms, energy storage deployment policies, and enhancements to demand management programs. New York is also advancing a comprehensive "Grid of the Future" effort to identify the flexible resources, capabilities, and infrastructure investments needed for a more resilient, affordable, and clean energy system.

Customer Arrearages Reduction Order

New York established a multi-phase program to reduce customer utility arrears accumulated during the COVID-19 pandemic. Phase 1 provided one-time bill credits to low-income customers, funded partly by the State and partly by a temporary surcharge on all customers that concluded in 2025. Phase 2 expanded relief to additional low-income, residential, and small business customers, offering up to about \$1,000 in credits for residential accounts and roughly \$1,250 for small businesses, totaling approximately \$18 million for NYSEG customers.

The State also provided separate funding through its 2023–2024 budget to deliver fast utility bill relief. Under this program, NYSEG distributed about \$8.7 million to electric customers and \$4.3 million to gas customers, resulting in modest one-time credits of about \$10 for electric customers and \$16 for gas customers.

Community Leadership and Climate Protection Act

Pursuant to the Community Leadership and Climate Protection Act of 2019 (CLCPA) and Accelerated Renewable Energy Growth and Community Benefit Act of 2020, the Commission has issued orders addressing investment in transmission by NYSEG to support the state achieving the CLCPA's goal of 70% renewable energy by 2030. First, on December 15, 2022, the Commission issued an Order authorizing NYSEG to continue the development of CLCPA "Phase 1" transmission projects with an estimated investment of approximately \$1.27 billion through 2030. CLCPA Phase 1 transmission projects are upgrades to the NYSEG local transmission system that are being developed to satisfy reliability needs, but that also create headroom on the transmission system for the interconnection and delivery of new generation sources.

Second, on February 16, 2023, the Commission issued an Order approving the investment of approximately \$2.05 billion by NYSEG through 2030 in CLCPA "Phase 2" transmission projects. Phase 2 transmission projects are upgrades to the NYSEG local transmission system that are

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being developed primarily to allow for the interconnection and delivery of renewable energy in the Southern Tier, an area that the Commission has designated as an “Area of Concern” for renewable energy development because there is substantial renewable energy development interest but inadequate transmission. Unlike other transmission owned by NYSEG, the cost of CLCPA Phase 2 transmission will be recovered pursuant to a formula rate under the jurisdiction of the Federal Energy Regulatory Commission so that costs can be allocated statewide. NYSEG and other transmission-owning utilities in New York negotiated a Cost Sharing and Recovery Agreement (CSRA), which was approved by the Commission on May 12, 2022, and by FERC on August 22, 2022. Under the terms of the CSRA the cost of CLCPA Phase 2 transmission projects approved by the Commission will be recovered through the New York Independent System Operator tariff, with ROE and capital structure determined by the Commission, subject to an ROE ceiling set by FERC. The CSRA requires utilities to obtain authorization from the Commission prior to seeking recovery of 100% construction work in progress (CWIP) incentive associated with CLCPA Phase 2 projects. In an April 19, 2024 Order, the Commission granted the Company’s request for authorization to seek a 100% CWIP incentive for its CLCPA Phase 2 projects. On July 5, 2024, FERC conditionally accepted NYSEG’s application for CWIP and the 100% Abandoned Plant incentive (Abandoned Plant), subject to further compliance, for projects that are subject to subsequent permitting approval by the NYPSC under Article VII of New York State’s Public Service Law, effective July 8, 2024, and denied the application for CWIP and Abandoned Plant for projects not subject to Article VII permitting approval. On August 2, 2024, NYSEG sought clarification, or in the alternative rehearing, of the July 5, 2024 Order. On October 1, 2024, FERC ruled on NYSEG’s request for clarification/rehearing. FERC confirmed that any projects that receive state siting approval orders that include the required reliability and/or congestion reduction determinations can qualify for incentives, not limited to the projects listed in the July order as Article VII projects. FERC denied clarification and rehearing to include CWIP in rate base prior to FERC’s acceptance of the state siting orders.

Proactive Planning Proceedings

In Docket 24-E-0364, the New York Public Service Commission launched a Proactive Planning Proceeding to ensure that the State’s electric grid could accommodate the rapid load growth driven by transportation and building electrification under the CLCPA, recognizing that critical capacity constraints could otherwise delay customer interconnections and derail climate goals. Pursuant to its August 15, 2024, Order Establishing Proactive Planning Proceeding, the PSC directed all Joint Utilities—including NYSEG—to identify and file “urgent upgrade projects” that must commence construction by mid-2026 to meet immediate capacity needs. On November 26, 2024, NYSEG petitioned for seven such projects, totaling \$468 million, encompassing substation expansions, feeder upgrades, and targeted circuit reinforcements across its service territory to unlock near-term electrification initiatives. In its June 12, 2025, Order Addressing Urgent Upgrade Filings, the Commission approved a subset of the filings for immediate development and cost recovery, most notably authorizing NYSEG’s North Country Capacity Expansion project—a \$37.1 million investment to add 30 MW of new capacity in the North Country region to support vehicle and industrial electrification—under the urgent project framework. On September 18, 2025, the Commission directed the Joint Utilities to develop two key components to support future proactive planning cycles including a Modified Proactive Planning Framework document filed on November 17, 2025, that identifies the data and sources to be considered and a Proactive Planning Study Report that assesses needs and proposes projects to be filed by September 2026. The Clean Energy Policy team is coordinating collaboration with the Joint Utilities to ensure alignment of Projects that NYSEG’s internal forecast team and the distribution planning team are working towards. Internally we expect to have some potential project proposals in the April/May timeframe.

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Management Audit

On May 19, 2025, the New York State Public Service Commission released the final report of its management and operations audit of NYSEG. The audit, conducted by a third party, covered the period from 2018 through 2023, and resulted in recommendations. In response, the Company submitted an implementation plan on June 18, 2025, outlining corrective actions and timelines to address each of the audit findings. Many of the recommendations have already been implemented. Implementation plans are currently under review and pending approval by the PSC for the remaining recommendations.

Compensation Audit

On February 13, 2025, the New York State Public Service Commission initiated a focused operations audit to examine management incentive compensation programs at major investor-owned electric, gas, and water utilities. On May 15, 2025, the Commission selected Overland Consulting as the independent auditor ordering all New York utilities including NYSEG to execute a contract with Overland. The target date for the draft report is August 2026, with the final report scheduled for September 2026.

Minimum Equity Requirements for Regulated Subsidiaries

NYSEG is subject to a minimum equity ratio requirement that is tied to the capital structure assumed in establishing revenue requirements. Pursuant to these requirements, NYSEG must maintain a minimum equity ratio equal to the ratio in its currently effective rate plan or decision measured using a trailing 13-month average. On a monthly basis, NYSEG must maintain a minimum equity ratio of no less than 300 basis points below the equity ratio used to set rates. The minimum equity ratio requirement has the effect of limiting the amount of dividends that may be paid and may, under certain circumstances, require that the parent contribute equity capital. NYSEG is prohibited by regulation from lending to unregulated affiliates. NYSEG has also agreed to minimum equity ratio requirements in certain borrowing agreements. These requirements are lower than the regulatory requirements.

Note 3. Regulatory Assets and Liabilities

Pursuant to the requirements concerning accounting for regulated operations we capitalize, as regulatory assets, incurred and accrued costs that are probable of recovery in future electric and 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 \$160.2 million represents the offset of accrued liabilities for which funds have not been expended. The remainder is either included in rate base or accruing carrying costs.

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

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related to a specific regulatory asset or regulatory liability are subject to automatic annual adjustment.

On October 12, 2023, the NYPSC approved the Proposal in connection with a three-year rate plan for electric and gas service at NYSEG effective May 1, 2023. Following the approval of the proposal most of these items related to NYSEG are amortized over a three-year period, except the portion of storm costs to be recovered over ten years, plant related tax items which are amortized over the life of associated plant, and unfunded deferred taxes which are amortized over forty three years. In accordance with the Schedule of Regulatory Amortizations included in the approved Joint Proposal, annual net amortization revenue for NYSEG is approximately \$16.3 million for the year ended December 31, 2025.

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

December 31,	2025	2024
(Thousands)		
Asset retirement obligation	\$ 10,679	\$ 11,014
Electric supply reconciliation	34,913	17,632
Environmental remediation costs	68,153	50,516
Energy efficiency programs	2,518	—
Federal tax depreciation normalization adjustment	68,075	71,851
Low income programs	41,629	21,298
Low income arrears forgiveness	—	9,748
Make-whole provision	9,533	37,059
Pension and other post-retirement benefits	100,646	76,952
Pension and other post-retirement benefits cost deferrals	—	12,595
Rate adjustment mechanism	15,911	17,175
Rate change levelization	26,514	72,723
Revenue decoupling mechanism	—	28,008
Sales and use tax audit deferral	5,885	7,651
Storm costs	70,757	808,286
Storm cost securitized balance	622,555	—
Unamortized loss on re-acquired debt	6,309	7,992
Uncollectible reserve	84,582	77,565
Unfunded future income taxes	41,657	28,669
Value distributed energy resource	74,575	35,553
Vegetation management	97,193	86,276
Other	150,664	105,226
Total regulatory assets	1,532,748	1,583,789
Less: current portion	275,739	269,166
Total non-current regulatory assets	\$ 1,257,009	\$ 1,314,623

Asset retirement obligations represent the differences in timing of the recognition of costs associated with our AROs and the collection of such amounts through rates. This amount is being amortized at the related depreciation and accretion amounts of the underlying liability.

Electric supply reconciliation represents over/under collection of costs related to electric supply in which NYSEG supplies electricity as the default service option for customers.

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

Energy efficiency represents the costs of energy efficiency programs deferred for future recovery to the extent they exceed the amount in rates. A portion of this balance is amortized through current rates, the remaining portion will be refunded in future periods through future rate cases. Federal tax depreciation normalization adjustment represents the revenue requirement impact of the difference in the deferred income tax expense required to be recorded under the IRS normalization rules and the amount of deferred income tax expense that was included in cost of service for rate years covering 2011 forward. The recovery period is being amortized over a twenty-year period starting in 2023.

Low income programs represent deferrals related to over/under spending on Low-Income customer assistance programs.

Low income arrears forgiveness represents deferred bill credits in the state of New York based on the order issued by PSC on June 16, 2022, approving deferral of bill credits for low-income customers (Phase 1), and additional deferred bill credits for other residential and small commercial customers who did not qualify for Phase 1 based on the order issued by PSC on January 19, 2023 (Phase 2). The Phase 1 regulatory asset are recovered from all customers over three years for NYSEG through a surcharge that began August 1, 2022. The Phase 2 regulatory asset are recovered from all customers over two and a half years for NYSEG through a surcharge that began March 1, 2023.

Make-whole provision represents the regulatory asset to recover revenues that would have been received by NYSEG had Rate Year 1 rates approved in the 22-E-0317 et al. joint proposal gone into effect on the effective date of May 1, 2023. The balance is being recovered through a separately stated make-whole rate, effective November 1, 2023, over 6-30 months.

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.

Pension and other postretirement benefits cost deferrals include the difference between actual expense for pension and other postretirement benefits and the amount provided for in rates. A portion of this balance is amortized through current rates, the remaining portion will be refunded in future periods through future rate cases.

Rate adjustment mechanism (RAM) represents a mechanism each business implements to return or collect the net balance of RAM eligible deferrals and costs. The primary driver of RAM collections is storm costs, but it also includes property taxes and REV costs and fees not covered in other recovery mechanisms.

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Rate change levelization adjusts the New York delivery rate increases across the three-year plan to avoid unnecessary spikes and offsetting dips in customer rates. A portion of this balance is amortized through current rates, the remaining portion will be refunded in future periods through future rate cases.

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

Sales and use tax audit deferral represents sales and use tax refunds allocated to operating expenses. This balance is being amortized in current rates over a six-year period beginning in 2023.

Storm costs for NYSEG are allowed in rates based on an estimate of the routine costs of service restoration. NYSEG is also allowed to defer unusually high levels of service restoration costs resulting from major storms when they meet certain criteria for severity and duration.

Storm cost securitized balance represents the regulatory asset being recovered through Storm Cost Recovery bonds issued pursuant to the Storm Recovery Cost Financing Order issued by the NYPSC. This balance is being amortized through current rates via a separate recovery surcharge over the life of the bonds, which have a final maturity ranging from May 1, 2031 through May 1, 2037.

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

Uncollectible reserve includes the anticipated future rate recovery of costs that are recorded as uncollectible since those will be recovered when incurred. Because no funds have yet been expended for the regulatory asset related to future uncollectible expense, it does not accrue carrying costs and is not included within rate base. It also includes the variance between actual uncollectible expense and uncollectible expense included in rates that is eligible for future recovery in customer rates. The amortization period will be established in future proceedings.

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.

Value distributed energy resource represents a mechanism to compensate energy created by distributed energy resources like solar.

Vegetation management represents a program to address danger trees outside of the distribution right-of-way, including but not limited to, ash trees.

Other includes items such as AMI accelerated depreciation, earnings adjustment mechanism, and electric vehicle deferrals.

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

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December 31, (Thousands)	2025	2024
Accrued removal obligation	\$ 345,406	\$ 392,255
Accumulated deferred investment tax credits	9,282	9,910
Debt rate reconciliation	—	5,430
Energy efficiency programs	—	561
Hedge gains	28,291	12,495
New York 2018 winter storm settlement	24	95
Non by-passable charges	13,191	3,163
Pension and other postretirement benefits	48,108	51,248
Pension and other postretirement benefits cost deferral	13,622	8,293
Property tax	—	5,137
Service quality performance mechanism	45,525	41,809
Tax Act remeasurement	323,925	340,018
Unfunded future income taxes	157	254
Other	57,505	65,604
Total regulatory liabilities	885,036	936,272
Less: current portion	51,363	64,233
Total non-current regulatory liabilities	\$ 833,673	\$ 872,039

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

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

Debt rate reconciliation represents the over/under collection of costs related to fixed and variable rate debt instruments identified in the rate case. Costs include interest, commissions and fees versus amounts included in rates. A portion of this balance is amortized through current rates, the remaining portion will be refunded in future periods through future rate cases. The amortization period in current rates is three years and began in 2023.

Energy efficiency represents the costs of energy efficiency programs deferred for future recovery to the extent they exceed the amount in rates. A portion of this balance is amortized through current rates, the remaining portion will be refunded in future periods through future rate cases.

Hedge gains regulatory liability represents deferred fair value gains on electric and gas hedge contracts.

New York 2018 winter storm settlement represents the settlement amount with the NYSPSC following the comprehensive investigation of New York's major utility companies' preparation and response to March 2018 storms. This balance is amortized through current rates over an amortization period of three years, beginning in 2023.

Non by-passable charges represent the non by-passable charge paid by all customers. An asset or liability is recognized resulting from differences between actual revenues and the underlying cost being recovered. This liability will be refunded to customers within the next year.

Notes to Consolidated Financial Statements

Pension and other postretirement benefits represent the actuarial gains on pension and other postretirement plans that will be reflected in customer rates when they are amortized and recognized in future expenses. Because no funds have yet been received for this a regulatory liability is not reflected within rate base.

Pension and other postretirement benefits cost deferrals include the difference between actual expense for pension and other postretirement benefits and the amount provided for in rates. A portion of this balance is amortized through current rates, the remaining portion will be refunded in future periods through future rate cases.

Property taxes represent the customer portion of the difference between actual expense for property taxes and the amount provided for in rates. The New York amount is being amortized over a five-year period following the approval of the proposal by the NYPSC.

Service quality performance mechanism represents negative revenue adjustments as well positive rate adjustments for exceeding and/or failing to meet targets for certain performance measures including the system average interruption frequency index (SAIFI) and the customer average interruption duration index (CAIDI), certain gas safety performance measures and for uncollectible/terminations/arrears measures. A portion of this balance is amortized through current rates, the remaining portion will be refunded in future periods through future rate cases.

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 various items subject to reconciliation including Clean Energy Fund (CEF), Net Plant Reconciliation, Methane Detection Program and Direct Current Fast Charging (DCFC).

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.

NYSEG derives its revenue primarily from tariff-based sales of electricity and natural gas service to customers in New York with no defined contractual term. For such revenues, we recognize

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revenues in an amount derived from the commodities delivered to customers. Other major sources of revenue are electricity transmission and wholesale sales of electricity and natural gas.

Tariff-based sales are subject to the corresponding state regulatory authorities, which determine prices and other terms of service through the ratemaking process. In New York, customers have the option to obtain the electricity or natural gas commodity directly from the utility or from another supplier. For customers that receive their commodity from another supplier, the utility acts as an agent and delivers the electricity or natural gas provided by that supplier. Revenue in those cases is only for providing the service of delivery of the commodity.

Transmission revenue results from others' use of the utility's transmission system to transmit electricity and is subject to FERC regulation, which establishes the prices and other terms of service. Long-term wholesale sales of electricity are based on individual bilateral contracts. Short-term wholesale sales of electricity are generally on a daily basis based on market prices and are administered by the New York Independent System Operator (NYISO) or PJM Interconnection, LLC (PJM), as applicable. Wholesale sales of natural gas are generally short-term based on market prices through contracts with the specific customer.

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

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

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

We have contract liabilities for revenue from transmission congestion contract (TCC) auctions, for which we receive payment at the beginning of an auction period, and amortize ratably each month into revenue over the applicable auction period. The auction periods range from six months to two years. TCC contract liabilities totaled \$24.2 million at December 31, 2025 and \$8.9 million at December 31, 2024, and are presented in "Other current liabilities" on our consolidated balance sheets. We recognized \$22.6 million and \$20.9 million as revenue during the years ended December 31, 2025 and 2024, respectively.

We apply a practical expedient to expense as incurred costs to obtain a contract when the amortization period is one year or less. We record costs incurred to obtain a contract within operating expenses, including amortization of capitalized costs.

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

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Years Ended December 31,	2025	2024
(Thousands)		
Regulated operations – electricity	\$ 2,438,440	\$ 1,966,855
Regulated operations – natural gas	384,018	318,753
Other(a)	30,519	34,999
Revenue from contracts with customers	2,852,977	2,320,607
Leasing revenue	939	1,009
Alternative revenue programs	18,589	35,336
Other revenue	20,598	16,639
Total operating revenues	\$ 2,893,103	\$ 2,373,591

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

Note 5. Income Taxes

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

Years Ended December 31,	2025	2024
(Thousands)		
Current		
Federal	\$ (18,616)	\$ (32,675)
State	(1,350)	(238)
Current taxes charged to benefit	(19,966)	(32,913)
Deferred		
Federal	60,117	74,933
State	20,385	20,050
Deferred taxes charged to expense	80,502	94,983
Investment tax credit adjustments	(497)	(510)
Total Income Tax Expense	\$ 60,039	\$ 61,560

The differences between tax expense per the consolidated 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 statutory rate	\$ 64,718	\$ 64,181
Equity AFUDC tax effects	(7,431)	(6,071)
Excess ADIT amortization	(11,995)	(11,872)
Investment tax credit amortization	(497)	(510)
State tax expense, net of federal benefit	15,038	15,651
Other, net	206	181
Total Income Tax Expense	\$ 60,039	\$ 61,560

Income tax expense for the year ended December 31, 2025 was \$4.7 million lower than it would have been at the statutory federal income tax rate of 21% due predominately to excess Accumulated Deferred Income Tax (ADIT) amortization and AFUDC Equity tax effects, partially

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offset by state taxes. This resulted in an effective tax rate of 19.5%. Income tax expense for the year ended December 31, 2024 was \$2.6 million lower than it would have been at the statutory federal income tax rate of 21% due predominately to excess ADIT amortization and AFUDC Equity tax effects, partially offset by state taxes. This resulted in an effective tax rate of 20.1%.

In 2020, NYSEG began refunding previously deferred protected and unprotected Excess ADIT, established as a result of the 2017 Tax Act as part of the 2020 Joint Proposal and as determined by the NYPSC and IRS normalization rules.

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

December 31,	2025	2024
(Thousands)		
Non-current Deferred Income Tax Liabilities (Assets)		
Property related	\$ 1,187,615	\$ 1,062,430
Storm costs	181,932	212,100
Pension and other post-retirement benefits	(5,347)	(8,688)
Power tax deferred income tax	17,866	18,854
Regulatory liability due to "Tax Cuts and Jobs Act"	(85,013)	(89,227)
Environmental	(17,633)	(14,963)
Federal and state NOL's	(308,593)	(308,191)
Other	113,839	102,978
Total Non-current Deferred Income Tax Liabilities	\$ 1,084,666	\$ 975,293
Deferred tax assets	\$ 416,586	\$ 421,069
Deferred tax liabilities	1,501,252	1,396,362
Net Accumulated Deferred Income Tax Liabilities	\$ 1,084,666	\$ 975,293

NYSEG has gross federal net operating losses of \$1,019.8 million and gross NY state net operating losses of \$1,828.5 million for the year ended December 31, 2025. NYSEG had gross federal net operating losses of \$1,051.8 million and gross NY state net operating losses of \$1,685.2 million for the year ended December 31, 2024.

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 consolidated statements of income.

The reconciliation of unrecognized income tax benefits for the years ended December 31, 2025 and 2024 consisted of:

Years Ended December 31,	2025	2024
(Thousands)		
Balance as of January 1	\$ 44,832	\$ 44,905
Reduction for tax positions related to prior years	(73)	(73)
Balance as of December 31	\$ 44,759	\$ 44,832

Unrecognized income tax benefits represent income tax positions taken on income tax returns but not yet recognized in the consolidated financial statements. The accounting guidance for uncertainty in income taxes provides that the financial effects of a tax position shall initially be recognized in the consolidated financial statements when it is more likely than not based on the

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technical merits that the position will be sustained upon examination, assuming the position will be audited and the taxing authority has full knowledge of all relevant information.

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

Note 6. Long-term Debt

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

As of December 31,	2025		2024		
(Thousands, except interest rates)	Maturity Dates	Balances	Interest Rates	Balances	Interest Rates
Senior unsecured debt	2026-2052	\$ 3,275,000	1.95%-5.85%	\$ 2,975,000	1.95%-5.85%
Storm recovery bonds	2031-2037	668,848	4.71%-5.16%	—	—
Unsecured pollution control notes – fixed	2026-2034	441,210	1.40% - 4.00%	441,210	1.40% - 4.00%
Unamortized debt issuance costs and discount		(25,855)		(17,744)	
Total Debt		\$4,359,203		\$3,398,466	
Less: debt due within one year, included in current liabilities		617,851		—	
Total Non-current Debt		\$ 3,741,352		\$ 3,398,466	

On August 6, 2024, NYSEG issued \$525 million aggregate principal amount of unsecured green public bond maturing in 2034 at an interest of 5.30%.

On February 11, 2025, NYSEG Storm Funding, LLC issued \$225 million aggregate principal amount of Storm Recovery bond maturing in 2031 at an interest of 4.71%.

On February 11, 2025, NYSEG Storm Funding, LLC issued \$225 million aggregate principal amount of Storm Recovery bond maturing in 2034 at an interest of 4.87%.

On February 11, 2025, NYSEG Storm Funding, LLC issued \$261 million aggregate principal amount of Storm Recovery bond maturing in 2037 at an interest of 5.16%.

On August 7, 2025, NYSEG issued \$300 million aggregate principal amount of unsecured green public bond maturing in 2035 at an interest of 5.05%.

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

(Thousands)	2026	2027	2028	2029	2030	Total
	\$617,851	\$34,000	\$417,210	\$175,000	\$200,000	\$1,444,061

Note 7. Bank Loans and Other Borrowings

NYSEG had \$0.01 million of notes payable outstanding at December 31, 2025 and no notes payable outstanding at December 31, 2024. NYSEG funds short-term liquidity needs through an agreement among Avangrid's regulated utility subsidiaries (the Virtual Money Pool Agreement), a

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bi-lateral intercompany credit agreement with Avangrid (the Bi-Lateral Intercompany Facility) and a bank provided credit facility to which NYSEG 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. NYSEG has a lending/borrowing limit of \$100 million under this agreement. NYSEG had \$0.01 million outstanding at December 31, 2025 and no debt outstanding under this agreement at December 31, 2024.

The Bi-Lateral Intercompany Facility provides for borrowing of up to \$500 million from Avangrid at the A2/P2 non-financial 30-day commercial paper rate published by the Federal Reserve. NYSEG had no debt outstanding under this agreement at 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. NYSEG had no outstanding balance as of December 31, 2025 and 2024.

In the AGR Credit Facility we covenant not to permit, without the consent of the lenders, 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 consolidated 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 beyond any applicable cure period, constitutes an event of default, and events of default could result in termination or reduction of lenders’ commitments or acceleration of amounts owed under the facility. Our ratio of indebtedness to total capitalization pursuant to the revolving credit facility was 0.52 to 1.00 at December 31, 2025. We are not in default as of December 31, 2025.

Note 8. Preferred Stock Redeemable Solely at the Option of the Company

At December 31, 2025 and 2024, NYSEG had 2,455,000 shares of \$100 par value preferred stock, 10,800,000 shares of \$25 par value preferred stock and 1,000,000 shares of \$100 par value preference stock authorized but unissued.

Notes to Consolidated Financial Statements

Note 9. Leases

We have operating leases for office buildings, facilities, vehicles and certain equipment. Our finance leases are primarily related to electric generation, distribution, transmission and other. Certain of our lease agreements include rental payments adjusted periodically for inflation or are based on other periodic input measures. Our leases do not contain any material residual value guarantees or material restrictive covenants. Our leases have remaining lease terms of 1 to 21 years, some of which may include options to extend the leases for up to 20 years, and some of which may include options to terminate the leases within one year. We consider extension or termination options in the lease term if it is reasonably certain we will exercise the option.

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

Years Ended December 31,	2025	2024
(Thousands)		
Lease cost		
Finance lease cost		
Amortization of right-of-use assets	\$ 3,252	\$ 3,265
Interest on lease liabilities	97	111
Total finance lease cost	3,349	3,376
Operating lease cost	1,530	1,225
Short-term lease cost	724	1,154
Variable lease cost	65	18
Intercompany	(20)	(73)
Total lease cost	\$ 5,648	\$ 5,700

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

Notes to Consolidated Financial Statements

As of December 31,	2025	2024
(Thousands, except lease term and discount rate)		
Operating Leases		
Operating lease right of use assets	\$ 7,100	\$ 7,305
Operating lease liabilities, current	1,303	1,318
Operating lease liabilities, long-term	7,096	7,167
Total operating lease liabilities	\$ 8,399	\$ 8,485
Finance Leases		
Other assets	\$ 21,718	\$ 24,971
Other current liabilities	323	244
Other non-current liabilities	1,156	1,458
Total finance lease liabilities	\$ 1,479	\$ 1,702
Weighted-average Remaining Lease Term (years):		
Finance leases	4.93	6.08
Operating leases	8.38	8.66
Weighted-average Discount Rate:		
Finance leases	5.23 %	5.33 %
Operating leases	3.89 %	3.56 %

Supplemental cash flows information related to leases was as follows:

Years Ended December 31,	2025	2024
(Thousands)		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 1,525	\$ 1,368
Operating cash flows from finance leases	\$ 97	\$ 110
Financing cash flows from finance leases	\$ 224	\$ 224
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	\$ 1,156	\$ 381

Maturities of lease liabilities were as follows:

Notes to Consolidated Financial Statements

	Finance	Operating
(Thousands)		
Years Ended December 31,		
2026	\$ 401	\$ 1,512
2027	401	1,179
2028	401	1,357
2029	401	1,026
2030	99	1,665
Thereafter	—	3,080
Total lease payments	1,703	9,819
Less: imputed interest	(224)	(1,420)
Total	\$ 1,479	\$ 8,399

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. Commitments and Contingencies

Purchase power and natural gas contracts, including nonutility generators

NYSEG is the provider of last resort for customers. As a result, the company buys physical energy and capacity from the NYISO. In accordance with the NYPSC's February 26, 2008 Order, NYSEG is required to hedge on behalf of non-demand billed customers. The physical electric capacity purchases we make from parties other than the NYISO are to comply with the hedge requirement for electric capacity. The company enters into financial swaps to comply with the hedge requirement for physical electric energy purchases. NYSEG also makes purchases from other independent power producers and New York Power Authority (NYPA) under existing contracts or long-term supply agreements in order to comply with the company's Public Utility Regulatory Policies Act (PURPA) purchase obligation.

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

The company purchases the majority of its natural gas supply at market prices under seasonal, monthly or mid-term supply contracts and the remainder is acquired on the spot market. The company 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. The company 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.

We recognized expenses of approximately \$102.8 million for Normal Purchase Normal Sale (NPNS) purchase power and natural gas contracts including non-utility generators in 2025 and \$96.2 million in 2024.

Notes to Consolidated Financial Statements

Note 11. Environmental Liability

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

Waste sites

The Environmental Protection Agency (EPA) and the New York State Department of Environmental Conservation (NYSDEC), as appropriate, have notified us that we are among the potentially responsible parties that may be liable for costs incurred to remediate certain hazardous substances at twelve waste sites, two of which currently have on-going costs. The twelve sites do not include sites where coal gas was manufactured in the past, which are discussed below. With respect to the twelve sites, nine sites are included in the New York State Registry of Inactive Hazardous Waste Disposal Sites with one site also included on the National Priorities list. Any liability may be joint and several for certain of those sites.

We have recorded a liability of \$5.2 million as of December 31, 2025, related to the twelve sites. We have paid remediation costs related to the twelve sites. We have recorded an estimated liability of \$0.6 million for two other sites where we believe it is probable that we may incur remediation costs and/or monitoring costs, although we have not been notified by an agency that we are among the potentially responsible parties. It is possible that the ultimate cost to remediate the sites may be significantly more than the accrued amount. Our estimate for costs to remediate these sites ranges from \$5.8 million to \$6.4 million as of December 31, 2025. Factors affecting the estimated remediation amount include the remedial action plan selected, the extent of site contamination and the portion attributed to us. It is anticipated that costs would be recovered in rates typical of historical Site Investigation and Remediation rate recovery.

Manufactured gas plants

We have a program to investigate and perform necessary remediation and/or monitoring at our 39 sites where coal gas was manufactured in the past. The Company has entered into orders on consent with the NYSDEC for 37 sites and into a Brownfield Cleanup Program for 1 site. Those orders require us to investigate and, where necessary, remediate 38 of our 39 sites, with the 39th site the responsibility of another potentially responsible party (PRP).

Our estimate for costs related to investigation, remediation and/or monitoring of the 38 sites ranges from \$58.0 million to \$135.1 million at December 31, 2025. The estimate could change materially based on facts and circumstances derived from site investigations, changes in required remedial action, changes in technology relating to remedial alternatives, changes due to property use and changes to current laws and regulations.

The liability to investigate and perform remediation and/or monitoring, as necessary, at the known inactive coal gas manufacturing sites was \$61.4 million at December 31, 2025 and \$51.4 million at December 31, 2024. We recorded a corresponding regulatory asset, net of insurance recoveries and the amount collected from FirstEnergy described below, because we expect to recover the net costs in rates.

Our environmental liability accruals are recorded on an undiscounted basis and are expected to be paid through the year 2057.

Notes to Consolidated Financial Statements

FirstEnergy

NYSEG sued FirstEnergy under the Comprehensive Environmental Response, Compensation, and Liability Act to recover environmental cleanup costs at sixteen former manufactured coal gas sites, which are included in the discussion above. In July 2011, the District Court issued a decision and order in NYSEG's favor. Based on past and future clean-up costs at the sixteen sites in dispute, FirstEnergy would be required to pay NYSEG approximately \$60 million if the decision were upheld on appeal. On September 9, 2011, FirstEnergy paid NYSEG \$30 million, representing their share of past costs of \$27 million and pre-judgment interest of \$3 million.

FirstEnergy appealed the decision to the Second Circuit Court of Appeals. On September 11, 2014, the Second Circuit Court of Appeals affirmed the District Court's decision in NYSEG's favor, but modified the decision for nine sites, reducing NYSEG's damages for incurred costs from \$27 million to \$22 million, excluding interest, and reducing FirstEnergy's allocable share of future costs at these sites. NYSEG refunded FirstEnergy the excess \$5 million in November 2014.

FirstEnergy remains liable for a share of clean up expenses at nine manufactured gas plant sites. Based on current projections, FirstEnergy's share is estimated at approximately \$7.2 million. This amount is being treated as a contingent asset and has not been recorded as either a receivable or a decrease to the environmental provision. Any recovery will be flowed through to NYSEG ratepayers.

Note 12. Accounting for Derivative Instruments and Hedging Activities

We are exposed to certain risks relating to our ongoing business operations. The primary risk we manage by using derivative instruments is commodity price risk. In accordance with the accounting requirements concerning derivative instruments and hedging activities, we recognize all derivative instruments as either assets or liabilities at fair value on our consolidated balance sheet.

The financial instruments we hold or issue are not for trading or speculative purposes.

Commodity price risk: Commodity price risk, due to volatility experienced in the wholesale energy markets, is a significant issue for the electric and natural gas utility industries. We manage this risk through a combination of regulatory mechanisms, such as the pass-through of the market price of electricity and natural gas to customers, and through comprehensive risk management processes. Those measures mitigate our commodity price exposure, but do not completely eliminate it. Owned electric generation and long-term supply contracts reduce our exposure to market fluctuations.

We have electricity commodity purchases and sales contracts for both capacity and energy (physical contracts) that have been designated and qualify for the normal purchases and normal sales exception in accordance with the accounting requirements concerning derivative instruments and hedging activities.

We currently have a non by-passable wires charge adjustment that allows us to pass through rates any changes in the market price of electricity. We use electricity contracts, both physical and financial, to manage fluctuations in electricity commodity prices in order to provide price stability to customers. We include the cost or benefit of those contracts in the amount expensed for electricity purchased when the related electricity is sold. We record changes in the fair value of electric hedge contracts to derivative assets and/or liabilities with an offset to regulatory assets and/or

Notes to Consolidated Financial Statements

regulatory liabilities in accordance with the requirements concerning accounting for regulated operations.

We have a purchased gas adjustment clause that allows us to recover through rates any changes in the market price of purchased natural gas, substantially eliminating our exposure to natural gas price risk. We use natural gas futures and forwards to manage fluctuations in natural gas commodity prices in order to provide price stability to customers. We include the cost or benefit of natural gas futures and forwards in the commodity cost that is passed on to customers when the related sales commitments are fulfilled. We record changes in the fair value of natural gas hedge contracts to derivative assets and/or liabilities with an offset to regulatory assets and/or regulatory liabilities in accordance with the requirements concerning accounting for regulated operations.

The amounts for electricity hedge contracts and natural gas hedge contracts recognized in regulatory liabilities and assets as of December 31, 2025 and 2024, respectively, and amounts reclassified from regulatory assets and liabilities into income for the years ended December 31, 2025 and 2024, respectively, are as follows:

As of	Loss or (Gain) Recognized in Regulatory Assets/ Liabilities		Location of Loss (Gain) Reclassified from Regulatory Assets/ Liabilities into Income	Loss (Gain) Reclassified From Regulatory Assets/ Liabilities Into Income	
	Electricity	Natural Gas	Years Ended December 31,	Electricity	Natural Gas
December 31, 2025			2025		
Regulatory assets	\$ —	\$ 1,458	Electricity and natural gas purchased	\$ (35,998)	\$ (92)
Regulatory liabilities	\$ (28,291)	\$ —			
December 31, 2024			2024		
Regulatory assets	\$ —	\$ 115	Electricity and natural gas purchased	\$ 29,300	\$ 3,730
Regulatory liabilities	\$ (12,359)	\$ (136)			

Our derivative volumes by commodity type that are expected to settle each year are:

Year to settle	Electricity Contracts	Natural Gas Contracts
	Mwhs	Dths
As of December 31, 2025		
2026	2,937,425	3,000,000
2027	1,232,875	470,000
As of December 31, 2024		
2025	3,308,950	2,730,000
2026	473,575	360,000

The offsetting of derivatives, location in the consolidated balance sheet and amounts of derivatives as of December 31, 2025 and 2024, respectively, consisted of:

Notes to Consolidated Financial Statements

December 31, 2025	Derivative Assets-current	Derivative Assets-Non- current	Derivative Liabilities- current	Derivative Liabilities-Non- current
(Thousands)				
Not designated as hedging instruments				
Derivative assets	\$ 32,224	\$ 12,666	\$ 12,390	\$ 4,209
Derivative liabilities	(12,390)	(4,209)	(13,751)	(4,306)
	19,834	8,457	(1,361)	(97)
Designated as hedging instruments				
Derivative assets	—	—	—	—
Derivative liabilities	—	—	—	—
	—	—	—	—
Total derivatives before offset of cash collateral	19,834	8,457	(1,361)	(97)
Cash collateral receivable	—	—	1,361	97
Total derivatives as presented in the balance sheet	\$ 19,834	\$ 8,457	\$ —	\$ —
December 31, 2024	Derivative Assets-current	Derivative Assets-Non- current	Derivative Liabilities- current	Derivative Liabilities-Non- current
(Thousands)				
Not designated as hedging instruments				
Derivative assets	\$ 24,554	\$ 3,498	\$ 13,933	\$ 1,624
Derivative liabilities	(13,933)	(1,624)	(14,048)	(1,624)
	10,621	1,874	(115)	—
Designated as hedging instruments				
Derivative assets	—	—	—	—
Derivative liabilities	—	—	—	—
	—	—	—	—
Total derivatives before offset of cash collateral	10,621	1,874	(115)	—
Cash collateral receivable	—	—	115	—
Total derivatives as presented in the balance sheet	\$ 10,621	\$ 1,874	\$ —	\$ —

As of December 31, 2025 and 2024, the derivative assets - non-current are presented within other non-current assets of the consolidated balance sheet. The derivative liabilities - non-current are presented within other non-current liabilities of the consolidated balance sheet.

We face risks related to counterparty performance on hedging contracts due to counterparty credit default. We have developed a matrix of unsecured credit thresholds that are dependent on a counterparty's or the counterparty guarantor's applicable credit rating (normally Moody's or Standard & Poor's). When our exposure to risk for counterparty exceeds the unsecured credit threshold, the counterparty is required to post additional collateral or we will no longer transact with the counterparty until the exposure drops below the unsecured credit threshold.

Notes to Consolidated Financial Statements

We have various master netting arrangements in the form of multiple contracts with various single counterparties that are subject to contractual agreements that provide for the net settlement of all contracts through a single payment. Those arrangements reduce our exposure to a counterparty in the event of default on or termination of any one contract. For consolidated financial statement presentation, we offset fair value amounts recognized for derivative instruments and fair value amounts recognized for the right to reclaim or the obligation to return cash collateral arising from derivative instruments executed with the same counterparty under a master netting arrangement.

Certain of our derivative instruments contain provisions that require us to maintain an investment grade credit rating on our debt from each of the major credit rating agencies. If our debt were to fall below investment grade, it would be in violation of those provisions, and the counterparties to the derivative instruments could request immediate payment or demand immediate and ongoing full overnight collateralization on derivative instruments in net liability positions. The aggregate fair value of all derivative instruments with credit-risk-related contingent features that are in a liability position on December 31, 2025 is \$1.5 million for which we have posted collateral.

Note 13. Fair Value of Financial Instruments and Fair Value Measurements

The estimated fair value of debt amounted to \$4,290 million and \$3,186 million as of December 31, 2025 and 2024, respectively. The estimated fair value was determined, in most cases, by discounting the future cash flows at market interest rates. The interest rate curve used to make these calculations takes into account the risks associated with the electricity industry and the credit ratings of the borrowers in each case. The fair value hierarchy for the fair value of debt is considered as Level 2.

Assets and liabilities measured at fair value on a recurring basis

The financial instruments measured at fair value as of December 31, 2025 and 2024 consisted of:

Notes to Consolidated Financial Statements

Description	(Level 1)	(Level 2)	(Level 3)	Netting	Total
(Thousands)					
As of December 31, 2025					
Assets					
Non-current investments available for sale, primarily money market funds	\$ 9,827	\$ —	\$ —	\$ —	9,827
Derivatives					
Commodity contracts:					
Electricity	44,831	—	—	(16,540)	28,291
Natural gas	59	—	—	(59)	—
Total	\$ 54,717	\$ —	\$ —	(16,599)	\$ 38,118
Liabilities					
Derivatives					
Commodity contracts:					
Electricity	\$ (16,540)	\$ —	\$ —	\$ 16,540	\$ —
Natural gas	(1,517)	—	—	1,517	—
Total	\$ (18,057)	\$ —	\$ —	18,057	\$ —
As of December 31, 2024					
Assets					
Non-current investments available for sale, primarily money market funds	\$ 9,316	\$ —	\$ —	\$ —	9,316
Derivatives					
Commodity contracts:					
Electricity	27,481	—	—	(15,122)	12,359
Natural gas	571	—	—	(435)	136
Total	\$ 37,368	\$ —	\$ —	(15,557)	\$ 21,811
Liabilities					
Derivatives					
Commodity contracts:					
Electricity	\$ (15,123)	\$ —	\$ —	\$ 15,123	\$ —
Natural gas	(549)	—	—	549	—
Total	\$ (15,672)	\$ —	\$ —	15,672	\$ —

We had no transfers to or from Level 1 and 2 during the years ended December 31, 2025 and 2024. 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.

We had restricted cash totaling \$38.7 million and \$0 as of December 31, 2025 and December 31, 2024, respectively, and is included in "Other Assets" on our consolidated balance sheets held in the storm recovery trust that is restricted to be used to satisfy obligations of the storm-recovery bonds.

Notes to Consolidated Financial Statements

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.

We determine the fair value of our derivative assets and liabilities utilizing market approach valuation techniques:

- We enter into electric energy derivative contracts to hedge the forecasted purchases required to serve their electric load obligations. We hedge our electric load obligations using derivative contracts that are settled based upon Locational Based Marginal Pricing published by the NYISO. We hedge approximately 70% of their electric load obligations using contracts for a NYISO location where an active market exists. The forward market prices used to value the companies' open electric energy derivative contracts are based on quoted prices in active markets for identical assets or liabilities with no adjustment required and therefore we include the fair value in Level 1.
- We enter into natural gas derivative contracts to hedge the forecasted purchases required to serve our natural gas load obligations. The forward market prices used to value our open natural gas derivative contracts are exchange-based prices for the identical derivative contracts traded actively on the New York Mercantile Exchange. Because we use prices quoted in an active market, we include those fair value measurements in Level 1.

Note 14. Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss for the years ended December 31, 2025 and 2024, consisted of:

	Balance, December 31, 2023	Change 2024	Balance, December 31, 2024	Change 2025	Balance, December 31, 2025
(Thousands)					
Amortization of pension cost for non-qualified plans and current year actuarial gain (loss), net of income tax benefit of (\$27) for 2024 and (\$79) for 2025	\$ (579)	\$ (108)	\$ (687)	\$ (212)	\$ (899)
Unrealized gain (loss) on derivatives qualified as hedges:					
Reclassification adjustment for loss on settled cash flow treasury hedges, net of income tax benefit of (\$0) for 2024 and (\$0) for 2025		—		(10)	
Net unrealized gain (loss) on derivatives qualified as hedges	10	—	10	(10)	—
Accumulated Other Comprehensive Loss	\$ (569)	\$ (108)	\$ (677)	\$ (222)	\$ (899)

Note 15. Post-retirement and Similar Obligations

We have funded non-contributory defined benefit pension plans that cover all eligible employees. For employees hired before 2002, the plans provide defined benefits based on years of service and final average salary. Employees hired in 2002 or later are covered under a cash balance plan or formula where their benefit accumulates based on a percentage of annual salary and credited interest. During 2013, we announced that we would stop the cash balance accruals for all non-

Notes to Consolidated Financial Statements

union employees covered under the cash balance plans effective December 31, 2013. NYSEG's unionized employees covered under the cash balance plans ceased to receive accruals as of December 31, 2015. Their earned balances would continue to accrue interest, but would no longer be increased by a percentage of earnings. In place of the pension benefit for those employees, they will receive a minimum contribution to their account under their respective company's defined contribution plan. During 2022, the Company decided to freeze pension benefit accruals and contribution credits for non-union employees and transition their retirement benefits to the 401(k) Plan. During 2024, the Company decided to freeze pension benefit accruals for union employees.

The company maintains a 401(k) Savings and Retirement Plan (the Plan) for all eligible employees as defined in the Plan agreement. Participants in the Plan may contribute a percentage of their compensation and the Company may match a predetermined percentage of the participant contributions. Expenses under the Plan for the Company totaled approximately \$30.9 million for 2025 and \$19.5 million for 2024.

We also have other postretirement health care benefit plans covering substantially all of our employees. The health care plans are contributory with participants' contributions adjusted annually.

Non-Qualified Retirement Benefit Plans

We also sponsor various unfunded non-qualified pension plans for certain current employees, former employees and former directors. The total liability for these plans, which is included in Other non-current liabilities on our consolidated balance sheets, was \$2.1 million and \$2.2 million at December 31, 2025 and 2024, respectively.

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	\$ 1,049,261	\$ 1,159,963	\$ 69,554	\$ 94,493
Service cost	—	3,112	234	298
Interest cost	53,330	50,161	3,027	3,739
Amendments	—	—	(10,217)	(14,593)
Actuarial loss (gain)	41,693	(55,754)	2,149	(1,600)
Curtailments	—	(13,169)	—	—
Benefits paid	(98,268)	(95,052)	(6,951)	(12,783)
Benefit obligation at December 31	\$ 1,046,016	\$ 1,049,261	\$ 57,796	\$ 69,554
Change in plan assets				
Fair value of plan assets at January 1	\$ 1,033,809	\$ 1,114,333	\$ 11,862	\$ 20,238
Actual return on plan assets	94,310	14,528	61	2,931
Employer & plan participants' contributions	—	—	321	1,476
Benefits paid	(98,268)	(95,052)	(6,951)	(12,783)
Fair value of plan assets at December 31	\$ 1,029,851	\$ 1,033,809	\$ 5,293	\$ 11,862
Funded status	\$ (16,165)	\$ (15,452)	\$ (52,503)	\$ (57,692)

Notes to Consolidated Financial Statements

During 2025, the pension benefit obligation had an actuarial loss of \$41.7 million. This loss was primarily driven by \$35.3 million loss from decrease in discount rates. During 2025, the postretirement benefit obligation had an actuarial loss of \$2.1 million. This loss was primarily driven by \$2.5 million loss from decrease in discount rates. During 2025, the postretirement benefit obligation had a reduction of \$10.2 million due to plan amendments. The amendments were driven by a Company decision to reduce postretirement benefit accruals for non-union employees.

During 2024, the pension benefit obligation had an actuarial gain of \$55.8 million. This gain was primarily driven by \$63.9 million gain from increase in discount rates. During 2024, the pension benefit obligation had a reduction of \$13.2 million from curtailments. The curtailments were driven by a Company decision to freeze pension benefit accruals for union employees. During 2024, the postretirement benefit obligations had an actuarial gain of \$1.6 million. This gain was primarily driven by \$3.2 million gain from increase in discount rates. During 2024, the postretirement benefit obligation had a reduction of \$14.6 million from plan amendments.

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

As of December 31,	Pension Benefits		Postretirement Benefits	
	2025	2024	2025	2024
(Thousands)				
Current liabilities	\$ —	\$ —	\$ (2,150)	\$ —
Noncurrent liabilities	(16,165)	(15,452)	(50,353)	(57,692)
Total	\$ (16,165)	\$ (15,452)	\$ (52,503)	\$ (57,692)

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:

As of December 31,	Pension Benefits		Postretirement Benefits	
	2025	2024	2025	2024
(Thousands)				
Net actuarial loss (gain)	\$ 100,646	\$ 76,952	\$ (29,122)	\$ (38,130)
Prior service credit	\$ —	\$ —	\$ (18,986)	\$ (13,118)

Our accumulated benefit obligation for all qualified defined benefit pension plans was \$1,046 million and \$1,049 million as of December 31, 2025 and 2024, respectively. NYSEG's postretirement benefits were partially funded as of December 31, 2025 and 2024.

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

Notes to Consolidated Financial Statements

As of December 31,	2025		2024	
(Thousands)				
Projected benefit obligation	\$	1,046,016	\$	1,049,261
Accumulated benefit obligation	\$	1,046,016	\$	1,049,261
Fair value of plan assets	\$	1,029,851	\$	1,033,809

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

Components of net periodic benefit cost and other amounts recognized in regulatory assets and regulatory liabilities for the years ended December 31, 2025 and 2024 consisted of:

Years Ended December 31,	Pension Benefits		Postretirement Benefits	
(Thousands)	2025	2024	2025	2024
Net periodic benefit cost				
Service cost	\$	—	\$	3,112
Interest cost		53,330		50,161
Expected return on plan assets		(68,709)		(84,615)
Amortization of prior service credit		—		(4,349)
Amortization of actuarial net (gain) loss		(7,602)		23,868
Net periodic benefit cost	\$	(22,981)	\$	(7,474)
Other changes in plan assets and benefit obligations recognized in regulatory assets and regulatory liabilities				
Current year actuarial net loss (gain)	\$	16,092	\$	14,333
Amortization of actuarial net gain (loss)		7,602		(23,868)
Amortization of prior service credit		—		4,349
Effect of curtailments on gain		—		(13,169)
Current year prior service cost (credit)	\$	—	\$	(10,217)
Total recognized in regulatory assets and regulatory liabilities	\$	23,694	\$	(22,704)
Total recognized in net periodic benefit cost and regulatory assets and regulatory liabilities	\$	713	\$	(30,178)
			\$	(4,867)
				(15,088)

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

The weighted-average assumptions used to determine benefit obligations as of December 31, 2025 and 2024 consisted of:

As of December 31,	Pension Benefits		Postretirement Benefits	
	2025	2024	2025	2024
Discount rate	4.92 %	5.33 %	4.65 %	5.26 %
Rate of compensation increase	N/A	N/A	N/A	N/A
Interest crediting rate	3.50 %	3.50 %	N/A	N/A

Notes to Consolidated Financial Statements

The discount rate is the rate at which the benefit obligations could presently be effectively settled. We determined the discount rate developing a yield curve derived from a portfolio of high grade non-callable bonds with 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:

Years Ended December 31,	Pension Benefits		Postretirement Benefits	
	2025	2024	2025	2024
Discount rate	5.33%	4.65% / 4.38%	5.26% / 4.88%	4.65% / 4.35%
Expected long-term return on plan assets	6.25%	7.25%	4.60 %	4.60 %
Rate of compensation increase	N/A	2.50% Union	N/A	N/A

We developed our expected long-term rate of return on plan assets assumption based on a review of long-term historical returns for the major asset classes, the target asset allocations and the effect of rebalancing of plan assets discussed below. 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 over 10 years from the time they are incurred.

Assumed health care cost trend rates to determine benefit obligations as of December 31, 2025 and 2024 consisted of:

As of December 31,	2025	2024
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%
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 do not expect to contribute to our pension in 2026. We expect to contribute \$1.9 million to our postretirement benefit plans in 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:

(Thousands)	Pension Benefits	Postretirement Benefits	Medicare Act Subsidy Receipts
2026	\$ 98,573	\$ 7,442	\$ —
2027	\$ 94,751	\$ 6,551	\$ —
2028	\$ 92,879	\$ 5,989	\$ —
2029	\$ 90,471	\$ 5,411	\$ —
2030	\$ 88,133	\$ 4,850	\$ —
2031-2035	\$ 393,006	\$ 19,888	\$ —

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

Notes to Consolidated Financial Statements

allocating expenses and investment performance to each plan under the master trust. Our primary investment objective is to have diversified asset allocation policy that mitigates risk and volatility while meeting or exceeding our projected expected return to ensure that current and future benefit obligations are adequately funded. Further diversification and risk mitigation is achieved within each asset class by avoiding significant concentrations in certain markets, utilizing a combination of passive and active investment managers with unique skills and expertise, a systematic allocation to various asset classes and providing broad exposure to different segments of the equity, fixed income and alternative investment markets.

The asset allocation policy is the most important consideration in achieving our objective of superior investment returns while minimizing risk. We have established a target asset allocation policy within allowable ranges for our pension benefits plan assets within broad categories of asset classes made up of Return-Seeking and Liability-Hedging investments. We have targets of 15%-70% for Return-Seeking assets and 30%-85% for Liability-Hedging assets. Return-Seeking investments generally consist of domestic, international and emerging equity, 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 as of December 31, 2025, by asset category, consisted of:

Asset Category	Total	Fair Value Measurements		
		(Level 1)	(Level 2)	(Level 3)
(Thousands)				
As of December 31, 2025				
Cash and cash equivalents	\$ 33,611	\$ —	\$ 33,611	\$ —
U.S. government securities	171,795	171,795	—	—
Common stocks	14,108	14,108	—	—
Registered investment companies	35,118	35,118	—	—
Corporate bonds	424,107	—	424,107	—
Common collective trusts	229,880	—	229,880	—
Other, principally annuity, fixed income	31,918	—	31,918	—
	\$ 940,537	\$ 221,021	\$ 719,516	\$ —
Other investments measured at net asset value	89,314			
Total	\$ 1,029,851			

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

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Asset Category	Total	Fair Value Measurements		
		(Level 1)	(Level 2)	(Level 3)
(Thousands)				
As of December 31, 2024				
Cash and cash equivalents	\$ 44,027	\$ 841	\$ 43,186	\$ —
U.S. government securities	165,058	165,058	—	—
Common stocks	15,455	15,455	—	—
Registered investment companies	24,510	24,510	—	—
Corporate bonds	424,497	—	424,497	—
Common collective trusts	237,795	—	237,795	—
Other, principally annuity, fixed income	24,825	—	24,825	—
	\$ 936,167	\$ 205,864	\$ 730,303	\$ —
Other investments measured at net asset value	97,642			
Total	\$ 1,033,809			

Valuation Techniques

We value our pension benefits plan assets as follows:

- Cash and cash equivalents - Level 1: at cost, plus accrued interest, which approximates fair value. Level 2: proprietary cash associated with other investments, based on yields currently available on comparable securities of issuers with similar credit ratings.
- U.S. government securities - at the closing price reported in the active market in which the security is traded.
- Common stock - at the closing price reported in the active market in which the individual investment is traded.
- Corporate bonds - based on yields currently available on comparable securities of issuers with similar credit ratings.
- Registered investment companies - at the closing price reported in the active market in which the individual investment is traded.
- Common collective trusts - the fair value is primarily derived from the quoted prices in active markets of the underlying securities. Because the fund shares are offered to a limited group of investors, they are not considered to be traded in an active market.
- Other investments, principally annuity and fixed income - based on yields currently available on comparable securities of issuers with similar credit ratings.
- Other investments measured at net asset value (NAV) - fund shares offered to a limited group of investors and alternative investments, such as private equity and real estate oriented investments, partnership/joint ventures and hedge funds are valued using the NAV as a practical expedient.

Our postretirement benefits plan assets are held with trustees in multiple voluntary employees' beneficiary association (VEBA) and 401(h) arrangements and are invested among and within various asset classes to achieve sufficient diversification in accordance with our risk tolerance. This is achieved for our postretirement benefits plan assets through the utilization of multiple institutional mutual and money market funds, providing exposure to different segments of the fixed income, equity and short-term cash markets. NYSEG's postretirement benefits plan assets are invested in a VEBA arrangement that is subject to income taxes.

We have established a target asset allocation policy within allowable ranges for postretirement benefits plan assets of 49% - 69% for equity securities and 31%- 51% for fixed income

Notes to Consolidated Financial Statements

investments. Equity investments are diversified across U.S. and non-U.S. stocks, investment styles, and market capitalization ranges. Fixed income investments are primarily invested in U.S. bonds and may also include some non-U.S. bonds. We primarily minimize the risk of large losses through diversification but also through monitoring and managing other aspects of risk through quarterly investment portfolio reviews. Systematic rebalancing within target ranges increases the probability that the annualized return on investments will be enhanced, while realizing lower overall risk, should any asset categories drift outside their specified ranges.

The fair value of other postretirement benefits plan assets, by asset category, as of December 31, 2025 consisted of:

Asset Category	Total	Fair Value Measurements		
		(Level 1)	(Level 2)	(Level 3)
(Thousands)				
As of December 31, 2025				
Cash and cash equivalents	\$ 106	\$ —	\$ 106	\$ —
Registered investment companies	5,187	5,187	—	—
Total	\$ 5,293	\$ 5,187	\$ 106	\$ —

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

Asset Category	Total	Fair Value Measurements		
		(Level 1)	(Level 2)	(Level 3)
(Thousands)				
As of December 31, 2024				
Cash and cash equivalents	\$ 1,786	\$ —	\$ 1,786	\$ —
Registered investment companies	10,076	10,076	—	—
Total	\$ 11,862	\$ 10,076	\$ 1,786	\$ —

Valuation Techniques

We value our postretirement benefits plan assets as follows:

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

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

Note 16. 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
<i>(Thousands)</i>		
Interest and dividend income	\$ 3,683	\$ 2,654
Allowance for funds used during construction	39,821	32,393
Carrying costs on regulatory assets	25,414	37,908
Miscellaneous	6,101	4,696
Total other income	\$ 75,019	\$ 77,651
Pension non-service components	\$ 28,403	\$ 9,155
Miscellaneous	(2,492)	(1,872)
Total other (deductions) income, net	\$ 25,911	\$ 7,283

Note 17. Related Party Transactions

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

Avangrid Service Company provides administrative and management services to Networks operating utilities, including NYSEG, pursuant to service agreements. The cost of those services is allocated in accordance with methodologies set forth in the service agreements. The cost allocation methodologies vary depending on the type of service provided. Management believes such allocations are reasonable. The charge for operating and capital services provided to NYSEG by AGR and its affiliates was approximately \$152.9 million for 2025 and \$155.8 million for 2024. Cost for services includes amounts capitalized in utility plant, which was approximately \$33.0 million in 2025 and \$26.7 million in 2024. The remainder was primarily recorded as operations and maintenance expense. The charges for services provided by NYSEG to AGR and its subsidiaries were approximately \$30.6 million for 2025 and \$24.6 million for 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 consolidated financial statements.

The balance in accounts payable to affiliates of \$20.1 million at December 31, 2025 and \$54.2 million at December 31, 2024 is mostly payable to Avangrid Service Company. The balance in accounts receivable from affiliates of \$2.8 million at December 31, 2025 and \$2.4 million at December 31, 2024 is from various companies.

The balance in notes receivable from affiliates of \$0.1 million at December 31, 2025 and \$41.3 million at December 31, 2024 is due from CMP. Notes receivable from affiliates relate to the Virtual Money Pool Agreement as discussed in Note 7 of these consolidated financial statements.

Networks holds an approximate 20% ownership interest in the regulated New York TransCo. Through New York TransCo, Networks has formed a partnership with Central Hudson Gas and Electric Corporation, Consolidated Edison, Inc., National Grid, plc and Orange and Rockland Utilities, Inc. to develop a portfolio of interconnected transmission lines and substations to fulfill the objectives of the New York energy highway initiative, which is a proposal to install up to 3,200 MW of new electric generation and transmission capacity in order to deliver more power generated from upstate New York power plants to downstate New York. In 2016 NYSEG received approximately \$67 million from New York TransCo in the form of \$43 million for assets constructed and transferred to the New York TransCo, \$22 million in contributions in aid of construction and approximately \$2 million in advanced lease payments for a 99 year lease of land and attachment

Notes to Consolidated Financial Statements

rights. We had no outstanding receivable from New York TransCo as of December 31, 2025 and 2024.

Note 18. Subsequent Events

The company has performed a review of subsequent events through March 25, 2026, which is the date these consolidated financial statements were available to be issued.