New England Power Company

Financial Statements

For the years ended March 31, 2025, 2024, and 2023

NEW ENGLAND POWER COMPANY

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
New England Power Company

Opinion

We have audited the financial statements of New England Power Company (the "Company"), which comprise the balance sheets as of March 31, 2025 and 2024, and the related statements of operations, cash flows and changes in shareholders' equity for each of the three years in the period ended March 31, 2025, and the related notes to the financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended March 31, 2025 in accordance with accounting principles generally accepted in the United States of America.

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Deloitte & Touche LLP

June 20, 2025

NEW ENGLAND POWER COMPANY
STATEMENTS OF OPERATIONS
(in thousands of dollars)

	Years Ended March 31,		
	2025	2024	2023
Operating revenues	**$ 608,673**	$ 569,641	$ 484,178
Operating expenses:			
Purchased electricity	**370**	613	334
Operations and maintenance	**113,076**	116,571	94,316
Depreciation and amortization	**145,729**	135,156	125,142
Other taxes	**68,798**	61,152	60,945
Total operating expenses	**327,973**	313,492	280,737
Operating income	**280,700**	256,149	203,441
Other income and (deductions):			
Interest on long-term debt	**(44,542)**	(44,655)	(34,098)
Other interest, including affiliate interest, net	**(9,136)**	(3,754)	(4,593)
Other income, net	**21,142**	16,771	19,701
Total other deductions, net	**(32,536)**	(31,638)	(18,990)
Income before income taxes	**248,164**	224,511	184,451
Income tax expense	**58,448**	50,878	38,428
Net income	**$ 189,716**	$ 173,633	$ 146,023

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

NEW ENGLAND POWER COMPANY

STATEMENTS OF CASH FLOWS

(in thousands of dollars)

	Years Ended March 31,		
	2025	2024	2023
Operating Activities:			
Net income	**$ 189,716**	$ 173,633	$ 146,023
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	**145,729**	135,156	125,142
Deferred income tax expense (benefit)	**(12,053)**	26,487	16,312
Allowance for equity funds used during construction	**(6,704)**	(12,610)	(19,789)
Pension and postretirement benefits expenses, net	**(9,403)**	(6,103)	(5,009)
Other non-cash items	**(3,121)**	7,701	661
Pension and postretirement benefit contributions, net	**(4,260)**	369	(382)
Changes in operating assets and liabilities:			
Accounts receivable and unbilled revenues, net	**(4,386)**	167	(3,921)
Accounts receivable from/payable to affiliates, net	**(2,746)**	(26,486)	29,602
Inventory	**2,640**	(4,940)	(5,377)
Regulatory assets and liabilities (current), net	**583**	1,006	1,044
Regulatory assets and liabilities (non-current), net	**59,304**	(18,002)	(16,255)
Prepaid and accrued taxes	**48,557**	12,128	(8,147)
Accounts payable and other liabilities	**37,017**	6,149	22,852
Other, net	**(463)**	(412)	(5,379)
Net cash provided by operating activities	**440,410**	294,243	277,377
Investing Activities:			
Capital expenditures	**(475,687)**	(408,737)	(330,750)
Cost of removal	**(18,977)**	(9,065)	(7,813)
Intercompany money pool	**-**	156,851	(103,858)
Proceeds from sale of assets	**-**	-	13,429
Other	**(262)**	-	
Net cash used in investing activities	**(494,926)**	(260,951)	(428,992)
Financing Activities:			
Common stock dividends to Parent	**(210,000)**	(150,000)	(40,000)
Preferred stock dividends	**(67)**	(67)	(67)
Payments on long-term debt	**-**	-	(106,150)
Intercompany money pool	**264,611**	116,766	-
Proceeds from long-term debt	**-**	-	300,000
Payment on debt issuance costs	**-**	-	(2,250)
Net cash provided by (used in) financing activities	**54,544**	(33,301)	151,533
Net increase (decrease) in cash and cash equivalents	**28**	(9)	(82)
Cash and cash equivalents, beginning of year	**23**	32	114
Cash and cash equivalents, end of year	**$ 51**	$ 23	$ 32
Supplemental disclosures:			
Interest paid, net of amounts capitalized	**$ (46,831)**	$ (41,688)	$ (26,428)
Income taxes paid	**(24,508)**	(11,209)	(30,522)
Significant non-cash items:			
Capital-related accruals included in accounts payable	**16,041**	43,589	1,354
Parent tax loss allocation	**25,320**	-	4,840
ROU assets obtained in exchange for new operating lease liabilities	**153**	2,143	-

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

NEW ENGLAND POWER COMPANY
BALANCE SHEETS
(in thousands of dollars)

	March 31,	
	2025	2024
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 51**	$ 23
Accounts receivable, net	**5,479**	4,888
Accounts receivable from affiliates	**103,233**	90,758
Unbilled revenues, net	**8,675**	6,053
Inventory	**13,400**	16,040
Other, net	**1,849**	1,086
Total current assets	**132,687**	118,848
Equity method investments	**4,536**	4,063
Property, plant and equipment, net	**3,951,716**	3,650,410
Non-current assets:		
Regulatory assets	**80,056**	92,197
Goodwill	**337,614**	337,614
Capital expenditure prepayments	**72,319**	39,534
Postretirement benefits	**75,908**	66,039
Other	**19,682**	14,953
Total non-current assets	**585,579**	550,337
Total assets	**$ 4,674,518**	$ 4,323,658

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

NEW ENGLAND POWER COMPANY
BALANCE SHEETS
(in thousands of dollars)

	March 31,	
	2025	2024
LIABILITIES AND CAPITALIZATION		
Current liabilities:		
Accounts payable and other	**$ 63,232**	$ 87,591
Accounts payable to affiliates	**46,791**	37,062
Intercompany money pool liability	**381,377**	116,766
Taxes accrued	**48,270**	25,264
Interest accrued	**16,637**	16,734
Distributed generation advances	**22,893**	10,185
Other	**55,712**	49,277
Total current liabilities	**634,912**	342,879
Non-current liabilities:		
Regulatory liabilities	**353,063**	332,310
Accrued Yankee nuclear plant costs	**42,759**	7,706
Deferred income tax liabilities, net	**506,899**	506,364
Environmental remediation costs	**3,404**	3,541
Other	**8,656**	11,291
Total non-current liabilities	**914,781**	861,212
Commitments and contingencies (Note 12)		
Capitalization:		
Shareholders’ equity	**2,034,928**	2,030,082
Long-term debt	**1,089,897**	1,089,485
Total capitalization	**3,124,825**	3,119,567
Total liabilities and capitalization	**$ 4,674,518**	$ 4,323,658

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

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
NEW ENGLAND POWER COMPANY
(in thousands of dollars)

				Accumulated Other Comprehensive Income (Loss)				
	Common Stock	Cumulative Preferred Stock	Additional Paid-in Capital	Unrealized Gain (Loss) on Securities	Pension and Other Postretirement Benefits	Total Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
Balance as of March 31, 2022	**$ 72,398**	**$ 1,112**	**$1,760,557**	**$ 326**	**$ (512)**	**$ (186)**	**$62,160**	**$1,896,041**
Net income	-	-	-	-	-	-	146,023	146,023
Other comprehensive income:								
Change in pension and other postretirement obligations, net of $83 tax expense	-	-	-	-	220	220	-	220
Total comprehensive income								146,243
Benefit of Parent tax loss allocation	-	-	4,840	-	-	-	-	4,840
Common stock dividends to Parent	-	-	-	-	-	-	(40,000)	(40,000)
Preferred stock dividends	-	-	-	-	-	-	(67)	(67)
Balance as of March 31, 2023	**$ 72,398**	**$ 1,112**	**$1,765,397**	**$ 326**	**$ (292)**	**$ 34**	**$168,116**	**$2,007,057**
Net income	-	-	-	-	-	-	173,633	173,633
Other comprehensive income:								
Unrealized gain on securities, net of $4 tax benefit	-	-	-	(4)	-	(4)	-	(4)
Change in pension and other postretirement obligations, net of $75 tax expense	-	-	-	-	220	220	-	220
Total comprehensive income								173,849
Common stock dividends to Parent	-	-	-	-	-	-	(150,000)	(150,000)
Implementation of ASC 326, net of $285 tax benefit [1]	-	-	-	-	-	-	(757)	(757)
Preferred stock dividends	-	-	-	-	-	-	(67)	(67)
Balance as of March 31 2024	**$ 72,398**	**$ 1,112**	**$ 1,765,397**	**$ 322**	**$ (72)**	**$ 250**	**$ 190,925**	**$ 2,030,082**
Net income	-	-	-	-	-	-	189,716	189,716
Other comprehensive income:								
Change in pension and other postretirement obligations, net of $47 tax benefit	-	-	-	-	(123)	(123)	-	(123)
Total comprehensive income								189,593
Parent tax loss allocation	-	-	25,320	-	-	-	-	25,320
Common stock dividends to Parent	-	-	-	-	-	-	(210,000)	(210,000)
Preferred stock dividends	-	-	-	-	-	-	(67)	(67)
Balance as of March 31 2025	**$ 72,398**	**$ 1,112**	**$ 1,790,717**	**$ 322**	**$ (195)**	**$ 127**	**$ 170,574**	**$ 2,034,928**

The Company had 3,619,896 shares of common stock authorized, issued and outstanding, with a par value of $20 per share and 11,117 shares of preferred stock authorized, issued and outstanding, with a par value of $100 per share at March 31, 2025, 2024, and 2023.

[1] *See Note 4, "Allowance for Doubtful Accounts"* for additional information

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

NEW ENGLAND POWER COMPANY
NOTES TO THE FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION

New England Power Company ("the Company") operates electric transmission facilities in Massachusetts, New Hampshire, and Vermont, which includes facilities operated on behalf of associated company Massachusetts Electric Company ("MECO"), in accordance with the integrated facilities agreement.

The Company is a wholly owned subsidiary of National Grid USA ("NGUSA" or the "Parent"), a public utility holding company with regulated subsidiaries engaged in the generation of electricity and the transmission, distribution, and sale of both natural gas and electricity. NGUSA is a direct wholly owned subsidiary of National Grid North America Inc. ("NGNA") and an indirect wholly owned subsidiary of National Grid plc, a public limited company incorporated under the laws of England and Wales.

The Company also owns non-controlling interests in three companies which own nuclear generating facilities that are permanently retired and are being decommissioned (refer to Note 8, "*Equity Method Investments*", and the "*Decommissioning Nuclear Units*" section in Note 12, "*Commitments and Contingencies*"). In addition, the Company has equity shares in New England Hydro-Transmission Electric Company, Inc. and New England Hydro-Transmission Corporation, which are two of its affiliates. NGUSA and the Company have 50.4% and 3.3% ownership interest, respectively, in both New England Hydro-Transmission Electric Company, Inc. and New England Hydro-Transmission Corporation. The Company accounts for its ownership interests in the entities using the equity method of accounting for investments.

Until December 31, 2022, the Company operated electric transmission facilities in Rhode Island, on behalf of associated company Rhode Island Energy (formerly known as Narragansett Electric Company, or "RIE"). On May 25, 2022, NGUSA closed the sale of RIE to PPL Energy Holding, LLC ("PPL"), and as of that date, RIE ceased to be an affiliate of the Company. As of January 1, 2023, PPL operates the electric transmission facilities in Rhode Island on behalf of RIE.

The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), including the accounting principles for rate-regulated entities. The financial statements reflect the ratemaking practices of the applicable regulatory authorities.

The Company has evaluated subsequent events and transactions through June 20, 2025, the date of issuance of these financial statements, and concluded that there were no events or transactions that require adjustment to, or disclosure in, the financial statements as of and for the year ended March 31, 2025, with the exception of items otherwise disclosed in these financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

In preparing financial statements that conform to U.S. GAAP, the Company must make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses, and the disclosure of contingent assets and liabilities included in the financial statements. Such estimates and assumptions are reflected in the accompanying financial statements. Actual results could differ from those estimates.

Regulatory Accounting

The Federal Energy Regulatory Commission ("FERC") has jurisdiction over the rates the Company charges its customers and certain activities, including (i) regulating certain transactions among the Company's affiliates; (ii) governing the issuance acquisition and disposition of securities and assets; and (iii) approving certain utility mergers and acquisitions. The Company defers costs (as regulatory assets) or recognizes obligations (as regulatory liabilities) if it is probable that such amounts will be recovered from, or refunded to, customers through future rates. In accordance with Accounting Standards Codification

("ASC") 980, "*Regulated Operations*", regulatory assets and liabilities are reflected on the balance sheet consistent with the treatment of the related costs in the ratemaking process.

Revenue Recognition

The Company has two primary sources of revenue: transmission and stranded cost recovery. Transmission revenues are based on a formula rate that recovers the Company's actual costs plus a return on investment, which are recovered through regional network service ("RNS") rates and local network service ("LNS") rates. The Company has received authorization from the FERC to recover through contract termination charges ("CTC's") substantially all the costs associated with the divestiture of its electricity generation investments (nuclear and non-nuclear) and related contractual commitments that were not recovered through the sale of those investments (i.e. stranded costs). Stranded costs are recovered from the former wholesale customers of the Company. See Note 6, "*Rate Matters*", and Note 12, "*Commitments and Contingencies*", for further details on the stranded costs.

Income Taxes

Federal and state income taxes have been computed utilizing the asset and liability approach that requires the recognition of deferred tax assets and liabilities for the tax consequences of temporary differences by applying enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and the tax basis of existing assets and liabilities. Deferred income taxes also reflect the tax effect of net operating losses, capital losses, and general business credit carryforwards. The Company assesses the available positive and negative evidence to estimate whether sufficient future taxable income of the appropriate tax character will be generated to realize the benefits of existing deferred tax assets. When the evaluation of the evidence indicates that the Company will not be able to realize the benefits of existing deferred tax assets, a valuation allowance is recorded to reduce existing deferred tax assets to the net realizable amount.

The effects of tax positions are recognized in the financial statements when it is more likely than not that the position taken, or expected to be taken, in a tax return will be sustained upon examination by taxing authorities based on the technical merits of the position. The financial effect of changes in tax laws or rates is accounted for in the period of enactment. Deferred investment tax credits are amortized over the useful life of the underlying property.

NGNA files consolidated federal tax returns including all of the activities of its subsidiaries. Each subsidiary determines its tax provision based on the separate return method, modified by a benefits-for-loss allocation pursuant to a tax sharing agreement between NGNA and its subsidiaries. The benefits of consolidated tax losses and credits are allocated to the NGNA subsidiaries giving rise to such benefits in determining each subsidiary's tax expense in the year that the loss or credit arises. In a year that a consolidated loss or credit carryforward is utilized, the tax benefit utilized in consolidation is paid proportionately to the subsidiaries that gave rise to the benefit regardless of whether those subsidiaries would have utilized the benefit. The tax sharing agreement also requires NGNA to allocate its parent tax losses, excluding deductions from acquisition indebtedness to each subsidiary in the consolidated federal tax return with taxable income. The allocation of NGNA's parent tax losses to its subsidiaries is accounted for as a capital contribution and is performed in conjunction with the annual intercompany cash settlement process following the filing of the federal tax return. The Corporate Alternative Minimum Tax ("CAMT") is allocated based on the ratio of separate company CAMT to total consolidated NGNA CAMT.

Other Taxes

The Company collects taxes and fees from customers, such as sales taxes, other taxes, surcharges, and fees that are levied by state or local governments on the sale or distribution of electricity. The Company accounts for taxes that are imposed on customers (such as sales taxes) on a net basis (excluded from revenues).

The Company's policy is to accrue for property taxes on a calendar year basis.

Cash and Cash Equivalents

Cash equivalents consist of short-term, highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried at cost which approximates fair value.

Accounts Receivable and Allowance for Doubtful Accounts

The Company recognizes an allowance for doubtful accounts to reflect certain financial assets (including accounts receivable, unbilled accrued revenues, and other current assets) net of expected credit losses, at estimated net realizable value. Effective April 1, 2023, the current expected credit loss model was applied for purposes of calculating the allowance for doubtful accounts.

The allowance for doubtful accounts is determined based on a variety of factors, including, for each type of receivable, applying an estimated reserve percentage to each aging category, which takes into account historical collections, write-off experience, and management's assessment of collectability from customers, as appropriate. Management continuously assesses the collectability of receivables and adjusts estimates accordingly if circumstances change and such adjustments are reasonable and supportable based on actual experience, current conditions, and forward-looking information as well as future expectations. Receivable balances are written off against the allowance for doubtful accounts when the accounts are disconnected and/or terminated, and when such balances are deemed to be uncollectible.

Inventory

Inventory is composed of materials and supplies. Materials and supplies are stated at weighted average cost, which represents net realizable value, and are expensed or capitalized into property, plant, and equipment as used. There were no significant write-offs of obsolete inventory for the years ended March 31, 2025, 2024, and 2023.

Fair Value Measurements

The Company measures securities and pension and postretirement benefit other than pension (“PBOP”) plan assets at fair value. 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 at the measurement date. The following is the fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that a company has the ability to access as of the reporting date;
- Level 2: inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data;
- Level 3: unobservable inputs, such as internally-developed forward curves and pricing models for the asset or liability due to little or no market activity for the asset or liability with low correlation to observable market inputs; and
- Not categorized: Investments in funds that meet certain conditions of ASC 820 are not required to be categorized within the fair value hierarchy. These investments are typically in commingled funds or limited partnerships that are not publicly traded and have ongoing subscription and redemption activity. As a practical expedient, the fair value of these investments is the Net Asset Value (“NAV”) per fund share.

The asset or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The Company uses valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

Property, Plant, and Equipment

Property, plant and equipment is stated at original cost. The capitalized cost of additions to property, plant, and equipment includes costs such as direct material, labor and benefits, and an allowance for funds used during construction (“AFUDC”). The cost of repairs and maintenance is charged to expense, and the cost of renewals and betterments that extend the useful life of property, plant, and equipment is capitalized.

Depreciation is computed over the estimated useful life of the asset using the composite straight-line method. Depreciation studies are conducted periodically to update the composite rates and are approved by the FERC and state regulatory bodies. The average composite rate was 3.6% for the years ended March 31, 2025, 2024, and 2023.

Depreciation expense includes a component for the estimated cost of removal (“COR”), which is recovered through rates charged to customers. Any difference in cumulative costs recovered and costs incurred is recognized as a regulatory liability or regulatory asset, as appropriate. When property, plant, and equipment is retired, the original cost, less salvage, is charged to accumulated depreciation, and the related COR is removed from the associated regulatory liability.

Allowance for Funds Used During Construction

The Company records AFUDC, which represents the debt and equity costs of financing the construction of new property, plant, and equipment. The equity component of AFUDC is reported in the accompanying statements of operations as non-cash income in other income (deductions), net. The debt component of AFUDC is reported as a non-cash offset to other interest, including affiliate interest, net. After construction is completed, the Company is permitted to recover these costs through their inclusion in rate base. The Company recorded AFUDC related to equity of $6.7 million, $12.6 million, and $9.8 million, and AFUDC related to debt of $7.3 million, $3.3 million, and $1.8 million, for the years ended March 31, 2025, 2024, and 2023, respectively. The average AFUDC rates for the years ended March 31, 2025, 2024, and 2023 were 7.0%, 7.8%, and 8.0%, respectively.

Impairment of Long-Lived Assets

The Company tests long-lived assets for impairment when events or changes in circumstances indicate that the carrying amount of the asset (or asset group) may not be recoverable. If such an event is identified, the recoverability of an asset group is determined by comparing its carrying value to the estimated undiscounted cash flows the asset group is expected to generate. If the comparison indicates that the carrying value is not recoverable, an impairment loss is recognized for the excess of carrying value over the estimated fair value. The Company also considers whether there have been any abandonments or disallowances of recently completed plant, such that guidance provided by ASC 980 on regulated property, plant and equipment may apply. For the years ended March 31, 2025, 2024, and 2023, there were no impairments losses recognized for long-lived assets.

Goodwill

The Company tests goodwill for impairment annually on October 1, or more frequently if events occur or circumstances exist that indicate it is more likely than not that the fair value of the Company is below its carrying amount. The goodwill impairment test requires a recoverability test based on the comparison of the Company’s estimated fair value with its carrying value, including goodwill. If the estimated fair value exceeds the carrying value, goodwill is not considered impaired. If the carrying value exceeds the estimated fair value, the Company is required to recognize an impairment charge for such excess, limited to the carrying amount of goodwill.

The Company applies two valuation methodologies to estimate its fair value, discounted projected future net cash flows and market-based multiples, commonly referred to as the income approach and market approach, respectively. Key assumptions include, but are not limited to, estimated future cash flows, an appropriate discount rate, and multiples of earnings. In estimating future cash flows, the Company incorporates current market information and historical factors. The determination of fair value incorporates significant unobservable inputs, requiring the Company to make significant judgments, whereby actual results may differ from assumed and estimated amounts. For the year ended March 31, 2025, the Company applied a 50/50 weighting for each valuation methodology, as it believes that each approach provides equally valuable and reliable information regarding the Company's estimated fair value.

The Company performed its latest annual goodwill impairment test as of October 1, 2024, at which time the Company's estimated fair value significantly exceeded the carrying value. The Company did not recognize any goodwill impairment during the years ended March 31, 2025, 2024, and 2023.

Capital expenditure prepayments

Capital expenditure prepayments refer to upfront payments made to vendors for long-lived assets used in certain capital projects. These items are recorded as capital expenditure prepayments under Non-current assets on the balance sheets until final delivery and acceptance. Once the associated assets are received, the capital expenditure prepayments are recognized as part of Construction Work in Progress ("CWIP"). Corresponding cash outflows are reported when paid under capital expenditures within Investing Activities on the statements of cash flows.

Variable Interest Entities

A variable interest entity ("VIE") is an entity that does not have a sufficient equity method investment at risk to permit it to finance its activities without additional subordinated financial support, or whose equity investors lack the obligation to absorb losses, the right to receive residual returns or the right to make decisions about the entity's activities that most significantly impact the entity's economic performance. The primary beneficiary is the business enterprise that has the power to direct the activities of the VIE that most significantly impact the VIE's economic performance, and the obligation to absorb losses or right to receive benefits that could be significant to the VIE. The primary beneficiary holds a controlling financial interest in an entity and is required to consolidate the VIE.

The Company determines whether it is the primary beneficiary of a VIE by evaluating the purpose and design of the entity, the nature of the VIE's risks and the risks that the Company absorbs, who has the power to direct the activities of the VIE that most significantly impact the economic performance of the VIE, and who has the obligation to absorb losses or rights to receive benefits that could be significant to the VIE.

The Company has non-controlling interests in Yankee Atomic (34.5%), Connecticut Yankee (19.5%), and Maine Yankee (24.0%) (the "Yankees") which own nuclear generating facilities that are permanently retired and are being decommissioned. Also, the Company has non-controlling interest in New England Hydro-Transmission Electric Company, Inc. (3.3%), and New England Hydro-Transmission Corporation (3.3%) (the "Hydros"), which own and operate the Massachusetts portion of an international transmission interconnection between the electric systems of Hydro-Quebec and New England. As these investments do not meet the criteria outlined above, they are not considered a VIE. See Note 8, "Equity Method Investments" for additional details.

Employee Benefits

The Company participates with other NGUSA subsidiaries in defined benefit pension plans and PBOP plans for its employees, administered by NGUSA. The Company recognizes its portion of the pension and PBOP plans' funded status on the balance sheet as a net liability or asset. The cost of providing these plans is recovered through rates; therefore, the net funded status is partially offset by a regulatory asset or liability. The pension and PBOP plans' assets are commingled and allocated to measure and record pension and PBOP funded status at each year-end date. Pension and PBOP plan assets are measured at fair value, using the year-end market value of those assets.

New and Recent Accounting Guidance

Accounting Guidance Recently Adopted

Common Control Arrangements

In March 2023, the FASB issued ASU 2023-01, "*Leases (Topic 842): Common Control Arrangements*" which addresses two issues; under Issue 1, the ASU offers a practical expedient that gives an option of using the written terms and conditions of a common-control arrangement (instead of enforceable terms rights and obligations) when determining whether a lease exists and the subsequent accounting for the lease, including the lease's classification.

Further, under Issue 2, the ASU requires leasehold improvements in common control leases be amortized by the lessee over the useful life of the improvements with no consideration of the lease term as long as the lessee controls the use of the underlying asset. In addition, a lessee that no longer controls the use of the underlying asset will account for the transfer of the underlying asset as an adjustment to equity.

The Company adopted this standard for annual periods effective April 1, 2024. The adoption did not materially affect the Company's financial position, results of operations, or cash flows.

Accounting Guidance Not Yet Adopted

Income Tax Disclosures

In December 2023, the FASB issued ASU 2023-09, "*Income Taxes (Topic 740): Improvements to Income Tax Disclosures"* which improves the income tax disclosures by requiring disaggregated information about a reporting entity's effective tax rate reconciliation as well as information on income taxes paid. The Company will adopt this standard for annual periods effective April 1, 2025.

Reclassifications

Certain reclassifications have been made to the financial statements to conform the prior period's balances to the current period's presentation. These reclassifications had no effect on reported income, statements of cash flows, total assets, or shareholders' equity as previously reported.

3. REVENUE

The following table presents, for the years ended March 31, 2025, 2024, and 2023, revenue from contracts with customers, as well as additional revenue from sources other than contracts with customers, disaggregated by major source:

	Years Ended March 31,		
	2025	2024	2023
		(in thousands of dollars)	
Revenue from contracts with customers:			
Electric transmission	**$ 653,191**	$ 543,106	$ 478,076
Total revenue from contracts with customers	**653,191**	543,106	478,076
Revenue from alternative revenue programs	**(50,865)**	20,166	-
Other revenue	**6,347**	6,369	6,102
Total operating revenues	**$ 608,673**	$ 569,641	$ 484,178

Electric Transmission: Transmission systems generally include overhead lines, underground cables and substations, connecting generation and interconnectors to the distribution system. The Company owns, maintains, and operates an electric transmission system spanning Massachusetts, New Hampshire and Vermont. The Company's transmission services are provided under tariffs administered by the Regional Transmission Operators (i.e. Independent System Operators ("ISO")

New England or under grandfathered agreements), approved and regulated by the FERC in respect of interstate transmission. Electric transmission revenues arise under Transmission Congestion Contract auctions, Transmission Service Agreements and Local / Regional Network Services under tariff/rate agreements. The Company bills its transmission services typically monthly, in the month after service has been provided. The Company recognizes the revenue over time when the amounts are billed.

Transmission services are provided as demanded by customers and represents a single performance obligation. The price for the services provided are based on the underlying tariff rates established by FERC related to both the Company and ISO. The performance obligation is satisfied over time as the transmission services are provided by the Company. The Company records revenue related to transmission services based on the volumes delivered and the approved tariff rates, which corresponds with the amount the Company has the right to invoice, as the Company is entitled to compensation for the performance completed to date.

The Company is a participating transmission owner in ISO New England, which is a third party responsible for administering and collecting RNS transmission revenue from local distribution utilities, generators and municipalities, which includes revenues from affiliate companies MECO. The Company is also responsible for administering and collecting LNS transmission revenue from local distribution utilities, generators and municipalities, including affiliated MECO. For the years ended March 31, 2025, 2024, and 2023, the Company recognized revenue of $591.5 million, $476.8 million, and $418.8 million from affiliated companies.

Revenue from alternative revenue programs: The Company records revenues in accordance with accounting principles for rate-regulated operations for arrangements between the Company and the regulator, which are not accounted for as contracts with customers. These primarily include programs that qualify as Alternative Revenue Programs (“ARPs”). ARPs enable the Company to adjust rates in the future, in response to past activities or completed events. The Company’s electric transmission rates are cost-based formula rate tariff structures with a true-up provision allowing the Company to recover its CWIP included in rate base.

The Company recognizes revenue from ARPs with a corresponding offset to a regulatory asset or liability account when the regulatory specified events or conditions have been met, when the amounts are determinable, and are probable of recovery (or payment) through future rate adjustments within 24 months from the end of the annual reporting period.

Other revenue: Other revenue include proceeds from right of ways with affiliates New England Hydro-Transmission Electric Company, Inc., New England Hydro-Transmission Corporation, and New England Electric Transmission Corporation, revenue from transmission pole rentals and other transactions that are not considered to be revenues from contracts with customers. For the years ended March 31, 2025, 2024, and 2023, the Company recognized revenue for right of ways with affiliates of $5.2 million, $5.2 million, and $5.0 million, respectively.

4. ALLOWANCE FOR DOUBTFUL ACCOUNTS

Receivables are recorded at amortized cost, net of a credit loss allowance for doubtful accounts. The allowance primarily relates to trade receivables from utility customers (both billed and unbilled), as well as amounts receivable from various other counterparties such as governmental agencies, municipalities, and other utilities. The Company recorded bad debt expense of zero, $(0.8) million and $1.2 million for the years ended March 31, 2025, 2024 and 2023, respectively, within operations and maintenance expense in the accompanying statements of operations.

The activity in the allowance for doubtful accounts for the years ended March 31, 2025 and 2024 was as follows:

	Years Ended March 31,	
	2025	2024
	(in thousands of dollars)	
Allowance for credit losses		
Beginning balance	**$ 2,677**	$ 2,395
Impact of adoption of ASC Topic 326 on April 1, 2023	**-**	1,042
Credit loss expense (benefit)	**(86)**	(745)
Write-offs	**(1)**	(70)
Recoveries	**-**	55
Ending balance	**$ 2,590**	$ 2,677

5. REGULATORY ASSETS AND LIABILITIES

The Company records regulatory assets and liabilities that result from the ratemaking process. The following table presents the regulatory assets and regulatory liabilities recorded on the balance sheets:

	March 31,	
	2025	2024
	(in thousands of dollars)	
Regulatory assets		
Over/Under rate adjustment	**$ 21,992**	$ 70,435
Postretirement benefits asset	**15,065**	13,934
Yankee nuclear decommissioning costs	**42,904**	7,787
Other	**95**	41
Total	**$ 80,056**	$ 92,197
Regulatory liabilities		
Cost of removal	**$ 124,783**	$ 87,849
CTC charges	**19,298**	24,716
Postretirement benefits liability	**11,638**	6,381
Regulatory tax liability	**195,813**	208,448
Other	**1,531**	4,916
Total	**$ 353,063**	$ 332,310

Regulatory assets associated with future financial obligations that were deferred in accordance with Orders issued by the FERC do not earn a return until such time a cash outlay has been made.

The Company recovers carrying charges related to regulatory assets where there has been a cash outlay. These carrying charges include an interest component, recognized as a component of regulatory assets, associated with the portion of the regulatory assets deemed to be financed with debt.

Cost of removal: Represents cumulative removal amounts collected, but not yet spent, to dispose of property, plant, and equipment.

CTC charges: Stranded cost recovery revenues are collected through a CTC, which is billed to former wholesale customers of the Company in connection with the Company's divestiture of its electricity generation investments. CTC-related liabilities consist of obligations to customers that resulted from the sale of certain stranded assets or amounts collected from third parties that will be refunded to customers. These amounts are being refunded to customers as determined in rate filings.

Over/Under rate adjustment: As described in Note 2, "*Summary of Significant Accounting Policies*", the Company defers costs to be recovered from customers through future rates. The over/under rate adjustment is a result of differences between billed and allowed recoverable costs. This difference is recovered from, or refunded to, customers on a two-year lag.

Postretirement benefits asset: Represents the Company's unamortized non-cash accrual of net pension and PBOP actuarial gains and losses, which is partially offset by the excess amounts received in rates over actual costs of the Company's PBOP expense that will be recovered from customers in future periods. These regulatory assets do not earn a return and are excluded from the rate base.

Postretirement benefits liability: On July 31, 2023, NEP filed a revised fixed expense amount for transmission related PBOP expense as part of NEP's Annual Transmission Revenue Requirement filing. The Company was approved to refund the over recovery of PBOP to customers by December 31, 2025.

Regulatory tax liability: Represents over-recovered federal deferred taxes of the Company, primarily as a result of the Tax Cuts and Jobs Act of 2017 ("Tax Act").

Yankee nuclear decommissioning costs: The Yankees operated nuclear generating units which have been permanently decommissioned. Spent nuclear fuel remains on each site, awaiting fulfillment by the U.S. Department of Energy ("DOE") of its statutory obligation to remove it. In addition, groundwater monitoring is ongoing at each site. The Company has recorded a regulatory asset reflecting the estimated future decommissioning billings and the remaining asset retirement obligation from the Yankees. This regulatory asset does not earn a return and is excluded from the rate base.

6. RATE MATTERS

Stranded Cost Recovery

Under the settlement agreements approved by state commissions and the FERC, the Company is permitted to recover stranded costs, which are costs associated with its former generating investments (nuclear and non-nuclear) and related contractual commitments that were not recovered through the sale of those investments. The Company earns a return on equity ("ROE") related to stranded cost recovery consisting of nuclear-related investments. In Massachusetts, Rhode Island, and New Hampshire, the current ROEs are 9.20%, 10.46%, and 7.71%, respectively. The Company will recover its remaining non-nuclear stranded costs when decommissioning costs are complete; refer to "Decommissioning Nuclear Units" section in Note 12, "Commitments and Contingencies".

7. PROPERTY, PLANT, AND EQUIPMENT

The following table summarizes property, plant, and equipment at cost and operating leases right-of-use ("ROU") assets, along with accumulated depreciation and amortization:

	March 31,	
	2025	2024
	(in thousands of dollars)	
Plant and machinery	**$ 4,259,524**	$ 3,901,570
Assets in construction	**494,151**	476,025
Land and buildings	**139,831**	128,810
Motor vehicles and equipment	**64**	64
Software and other intangibles	**2,545**	2,545
Operating lease ROU assets	**4,540**	4,417
Total property, plant, and equipment	**4,900,655**	4,513,431
Accumulated depreciation and amortization	**(947,873)**	(862,105)
Accumulated amortization – Operating lease ROU assets	**(1,066)**	(916)
Property, plant and equipment, net	**$ 3,951,716**	$ 3,650,410

8. EQUITY METHOD INVESTMENTS

The following table presents the equity method investments recorded on the balance sheets:

	March 31, 2025	March 31, 2024
	(in thousands of dollars)	
Yankees	**$ 1,889**	$ 1,833
Hydros	**2,647**	2,230
Total equity method investments	**$ 4,536**	$ 4,063

Hydros

As of March 31, 2025 and 2024, the Company had ownership interest of 3.3% in each of New England Hydro-Transmission Electric Company, Inc., and New England Hydro-Transmission Corporation, which own and operate the Massachusetts portion of an international transmission interconnection between the electric systems of Hydro-Quebec and New England.

Yankees

The Company has non-controlling interests in Yankee Atomic (34.5%), Connecticut Yankee (19.5%), and Maine Yankee (24.0%), which own nuclear generating facilities that are permanently retired and are being decommissioned. Spent nuclear fuel remains on each site, awaiting fulfillment by the DOE of its statutory obligation to remove it. In addition, groundwater monitoring is ongoing at each site. Summarized consolidated statement of income and balance sheet data for the Yankees are as follows:

	For the Years Ended March 31, 2025	2024	2023
		(in thousands of dollars)	
Operating revenue	**$ 659**	$ 645	$ 566
Operating expenses	**316**	319	254
Other deductions, net	**79**	78	85
Total expenses	**395**	397	339
Net income	**$ 264**	$ 248	$ 227

	March 31, 2025	March 31, 2024
	(in thousands of dollars)	
Assets		
Current assets	**$ 8,727**	$ 11,341
Property, plant and equipment	**874**	874
Non-current assets	**690,051**	587,709
Total assets	**$ 699,652**	$ 599,924
Liabilities and equity		
Current liabilities	**$ 3,216**	$ 4,480
Non-current liabilities	**688,735**	588,006
Equity	**7,701**	7,438
Total liabilities and equity	**$ 699,652**	$ 599,924

9. EMPLOYEE BENEFITS

The Company participates with other NGUSA subsidiaries in qualified and non-qualified non-contributory defined benefit pension plans (the "Pension Plans") and PBOP plans (the "PBOP Plans," together with the Pension Plans, the "Plans"), covering substantially all employees. As of April 1, 2021, NGUSA became the sponsoring company of the nonqualified pension arrangements the Company participated in and all assets and liabilities associated with those nonqualified arrangements were transferred to NGUSA.

Plan assets are maintained for all of NGUSA and its subsidiaries in commingled trusts. In respect of cost determination, plan assets are allocated to the Company based on its proportionate share of the projected benefit obligations. The Plans' costs are first directly charged to the Company based on the Company's employees that participate in the Plans. Costs associated with affiliated service companies' employees are then allocated as part of the labor burden for work performed on the Company's behalf. The Company applies deferral accounting for PBOP expenses associated with its regulated electric operations. Any differences between actual costs and amounts used to establish rates are deferred and collected from, or refunded to, customers in subsequent periods. Pension and PBOP service costs are included within operations and maintenance expense, and non-service costs are included within other income (deductions), net in the accompanying statements of operations. Non-service costs contain components for interest cost, expected return on assets, amortization of actuarial gain/loss and settlement charges. Portions of the net periodic benefit costs disclosed below have been capitalized as a component of property, plant, and equipment, net.

Pension Plans

The Qualified Pension Plans are defined benefit plans which provide most union employees, as well as non-union employees hired before January 1, 2011, with a retirement benefit. Supplemental non-qualified, non-contributory executive retirement programs provide additional defined pension benefits for certain executives. During the years ended March 31, 2025, 2024 and 2023, the Company made contributions of zero, zero and $0.8 million, respectively, to the Qualified Pension Plans. The Company does not expect to contribute to the Qualified Pension Plans during the year ending March 31, 2026.

Benefit payments to Pension Plan participants for the years ended March 31, 2025, 2024, and 2023, were approximately $7.0 million, $24.2 million, and $10.2 million, respectively. Benefit payments for the year ended March 31, 2024 included payments for an annuity contract purchase.

PBOP Plans

The PBOP Plans provide health care and life insurance coverage to eligible retired employees. Eligibility is based on age and length of service requirements, and, in most cases, retirees must contribute to the cost of their coverage. During the years ended March 31, 2025, 2024 and 2023, the Company made contributions of $4.2 million, zero and zero, respectively, to the PBOP Plans. Company contributions for the year ended March 31, 2025 included a non-recurring contribution. The Company does not expect to contribute to the PBOP Plans during the year ending March 31, 2026.

Gross benefit payments to PBOP Plan participants for the years ended March 31, 2025, 2024 and 2023 were approximately $1.9 million, $1.9 million, and $1.9 million, respectively.

Net Periodic Benefit Costs

The Company's total pension costs (benefits) for the years ended March 31, 2025, 2024 and 2023, was $(2.1) million, $(2.4) million and $(1.3) million, respectively. This included non-service pension costs (benefits) for the year ended March 31, 2025 and 2024 of ($2.2) million and ($2.5) million, respectively.

The Company's total PBOP costs (benefits) for the years ended March 31, 2025, 2024 and 2023, was $(1.5) million, $(1.5) million and $(1.2) million, respectively. This included non-service PBOP costs (benefits) for the year ended March 31, 2025 and 2024 of ($2.2) million and ($1.5) million, respectively.

Amounts Recognized in Regulatory Assets/Liabilities and Accumulated Other Comprehensive Income

The following tables summarize the Company's changes in actuarial gains/losses and prior service costs recognized in regulatory assets/liabilities and accumulated other comprehensive income ("AOCI") as of March 31, 2025, 2024 and 2023:

	Pension Plans		
	Years Ended March 31,		
	2025	2024	2023
		(in thousands of dollars)	
Net actuarial losses (gains)	**$ 235**	$ (4,875)	$ 1,616
Amortization of net actuarial losses	**(22)**	(26)	(581)
Total	**$ 213**	$ (4,901)	$ 1,035
Change in regulatory assets or liabilities	**$ 41**	$ (4,606)	$ 1,337
Change in AOCI	**172**	(295)	(302)
Total	**$ 213**	$ (4,901)	$ 1,035

	PBOP Plans		
	Years Ended March 31,		
	2025	2024	2023
		(in thousands of dollars)	
Net actuarial gains	**$ (2,079)**	$ (1,480)	$ (1,239)
Amortization of net actuarial losses	**-**	-	-
Amortization of prior service cost, net	**(11)**	(11)	(11)
Total	**$ (2,090)**	$ (1,491)	$ (1,250)
Change in regulatory assets or liabilities	**$ (2,090)**	$ (1,491)	$ (1,250)
Total	**$ (2,090)**	$ (1,491)	$ (1,250)

Amounts Recognized in AOCI and Regulatory Assets – not yet recognized as components of net actuarial gains/losses

The following tables summarize the Company's amounts in regulatory assets and accumulated other comprehensive income on the balance sheet that have not yet been recognized as components of net actuarial gain/loss at March 31, 2025, 2024 and 2023:

	Pension Plans		
	Years Ended March 31,		
	2025	2024	2023
		(in thousands of dollars)	
Net actuarial losses	**$ 15,336**	$ 15,123	$ 20,024
Total	**$ 15,336**	$ 15,123	$ 20,024
Included in regulatory assets	**$ 15,066**	$ 15,025	$ 19,631
Included in AOCI	**270**	98	393
Total	**$ 15,336**	$ 15,123	$ 20,024

	PBOP Plans		
	Years Ended March 31,		
	2025	2024	2023
		(in thousands of dollars)	
Net actuarial (gains) losses	**$ (3,229)**	$ (1,150)	$ 330
Prior service cost	**47**	58	69
Total	**$ (3,182)**	$ (1,092)	$ 399
Included in regulatory assets or liabilities	**$ (3,182)**	$ (1,092)	$ 399
Total	**$ (3,182)**	$ (1,092)	$ 399

Reconciliation of Funded Status to Amount Recognized on the Balance Sheet

	Pension Plans		PBOP Plans	
	March 31,		March 31,	
	2025	2024	**2025**	2024
		(in thousands of dollars)		
Project benefit obligation	**$ (88,686)**	$ (94,030)	**$ (17,120)**	$ (21,044)
Allocated fair value of assets	**136,885**	140,285	**44,447**	40,577
Funded status	**$ 48,199**	$ 46,255	**$ 27,327**	$ 19,533
Non-current assets	**$ 48,581**	$ 46,460	**$ 27,327**	$ 19,579
Current liabilities	**-**	-	**-**	(46)
Non-current liabilities	**(382)**	(205)	**-**	-
Total	**$ 48,199**	$ 46,255	**$ 27,327**	$ 19,533

For the year ended March 31, 2025, the net actuarial loss for Pension was primarily driven by asset losses due to returns that were less than expected and demographic losses related to salaries higher than expected, partially offset by an increase in the discount rate. The net actuarial gains for the PBOP Plans were driven by an increase in the discount rate and favorable claims experience, partially offset by an increase in the prescription drug trend assumption and asset losses due to actual returns less than expected. For the year ended March 31, 2024, the net actuarial gain for Pension was primarily driven by an increase in discount rate and slight changes in the retirement assumption tables resulting from a recent experience study, partially offset by asset losses due to returns that were less than expected. The net actuarial gains for the PBOP Plans were driven by an increase in discount rate, savings recognized from a Pharmacy Benefit Manager market check completed for the Company's contract, as well as the updated Medicare Advantage contract to reflect actual enrollment. For the year ended March 31, 2023, the net actuarial losses for the Pension and PBOP Plans were primarily driven by asset losses due to returns that were less than expected. These losses were partially offset by the increase in the discount rate, slight changes to the withdrawal assumption resulting from the recent experience study, and savings resulting from a new Medicare Advantage contract for PBOP.

Expected Benefit Payments

Based on current assumptions, the Company expects to make the following benefit payments subsequent to March 31, 2025 (amounts for PBOP Plans are shown net of employer group waiver plan subsidies expected):

(in thousands of dollars) **Years ended March 31,**	**Pension Plans**	**PBOP Plans**
2026	$ 8,627	$ 2,021
2027	9,033	1,990
2028	9,409	1,955
2029	9,688	1,880
2030	9,957	1,796
2031-2035	51,420	7,327
Total	$ 98,134	$ 16,969

Assumptions Used for Employee Benefits Accounting

	Pension Plans		
	Years Ended March 31,		
	2025	2024	2023
Benefit Obligations:			
Discount rate	**5.50%**	5.15%	4.85%
Rate of compensation increase (nonunion)	**4.30%**	4.30%	4.30%
Rate of compensation increase (union)	**4.25%**	4.25%	4.25%
Weighted average cash balance interest crediting rate	**5.10%**	4.47%	4.40%
Net Periodic Benefit Costs:			
Discount rate	**5.15%**	4.85%	3.65%-4.30%
Rate of compensation increase (nonunion)	**4.30%**	4.30%	4.30%
Rate of compensation increase (union)	**4.25%**	4.25%	4.25%
Expected return on plan assets	**6.75%**	6.50%	5.25%-5.75%
Weighted average cash balance interest crediting rate	**4.40%**	4.40%	2.75%

	PBOP Plans		
	Years Ended March 31,		
	2025	2024	2023
Benefit obligations:			
Discount rate	**5.50%**	5.15%	4.85%
Net periodic benefit costs:			
Discount rate	**5.15%**	4.85%	3.65%-4.30%
Expected return on plan assets	**6.25%-6.50%**	6.25%-6.75%	5.00%-6.00%

The Company selects its discount rate assumption based upon rates of return on highly rated corporate bond yields in the marketplace as of each measurement date. The Company uses high quality corporate bond yields and the expected future cash flows from the Company retirement plans to determine the weighted average discount rate assumption.

The expected rate of return for various passive asset classes is based on both analysis of historical rates of return and forward-looking analysis of risk premiums and yields. Current market conditions, such as inflation and interest rates, are evaluated in connection with the setting of the long-term assumptions. A premium is added for active management of both equity and fixed income securities. The long-term rates of return for each asset class are then weighted in accordance with the actual asset allocation, resulting in an expected return on plan assets for each plan.

Assumed Health Cost Trend Rate

	March 31, 2025	March 31, 2024
Health care cost trend rate assumed for next year		
Pre 65	**6.00%**	6.20%
Post 65	**5.00%**	5.10%
Prescription	**9.00%**	8.00%
Rate to which the cost trend is assumed to decline (ultimate)	**4.50%**	4.50%
Year that rate reaches ultimate trend		
Pre 65	**2031**	2031
Post 65	**2031**	2031
Prescription	**2033**	2033

Plan Assets

The Pension Plan is a trusteed non-contributory defined benefit plan covering all eligible represented employees of the Company and eligible non-represented employees of the participating National Grid companies. The PBOP Plans are both a contributory and non-contributory, trusteed, employee life insurance and medical benefit plan sponsored by NGUSA. Life insurance and medical benefits are provided for eligible retirees, dependents, and surviving spouses of NGUSA.

NGUSA, as the Plans' sponsor, manages the benefit plan investments for the exclusive purpose of providing retirement benefits to participants and beneficiaries and paying plan expenses. The benefit plans' named fiduciary is the Retirement Plans Committee ("RPC"). The RPC seeks to minimize the long-term cost of operating the Plans, with a reasonable level of risk. The investment objectives of the Plans are to maintain a level and form of assets adequate to meet benefit obligations to participants, to achieve the expected long-term total return on the Plans' assets within a prudent level of risk and maintain a level of volatility that is not expected to have a material impact on the Company's expected contribution and expense or the Company's ability to meet plan obligations.

The RPC has established and reviews at least annually the Investment Policy Statement ("IPS"), which sets forth the guidelines for how plan assets are to be invested. The IPS contains a strategic asset allocation for each plan which is intended to meet the objectives of the Plans by diversifying its funds across asset classes, investment styles, and fund managers. An asset liability analysis typically is conducted periodically to determine whether the current strategic asset allocation continues to represent the appropriate balance of expected risk and reward for the plan to meet expected liabilities. Each study considers the investment risk of the asset allocation and determines the optimal mix of assets for the plan. The target asset allocation for fiscal year end 2025 reflects the results of such work implemented in fiscal year 2025. As a result of that asset liability analysis, the asset mix for the Pension Plans were changed to further reduce investment risk given the increased funded status of the Plans and to better hedge the respective plan liabilities. The Non-Union PBOP Plan asset liability study was conducted in fiscal year 2024. As a result of that study, the RPC approved changes to the Non-Union PBOP asset allocation effective in fiscal year 2024. The last Union PBOP study was conducted in fiscal year 2023.

Individual fund managers operate under written guidelines provided by the RPC, which cover such areas as investment objectives, performance measurement, permissible investments, investment restrictions, trading and execution, and communication and reporting requirements. National Grid management in conjunction with a third-party investment advisor, regularly monitors, and reviews asset class performance, total fund performance, and compliance with asset allocation guidelines. This information is reported to the RPC at quarterly meetings. The RPC changes fund managers and rebalances the portfolio as appropriate.

Equity investments are broadly diversified across U.S. and non-U.S. stocks, as well as across growth, value, and small and large capitalization stocks. Likewise, the fixed income portfolio is broadly diversified across market segments and is mainly invested in investment-grade securities. Where investments are made in non-investment grade assets the higher volatility is carefully judged and balanced against the expected higher returns. While the majority of plan assets are invested in equities and fixed income, other asset classes are utilized to further diversify the investments. These asset classes include private equity, infrastructure, real estate, and diversified alternatives. The objective of these other investments is enhancing long-term returns while improving portfolio diversification. For the PBOP Plans, since the earnings on a portion of the assets are taxable, those investments are managed to maximize after tax returns consistent with the broad asset class parameters established by the asset liability study. Investment risk and return are reviewed by the plan investment advisors, National Grid management and the RPC on a regular basis. The assets of the Plans have no significant concentration of risk in one country (other than the United States), industry or entity.

The target asset allocations for the benefit plans as of March 31, 2025 and 2024 are as follows:

	Pension Plans		**Union PBOP Plans**		**Non-Union PBOP Plans**	
	March 31,		**March 31,**		**March 31,**	
	2025	2024	**2025**	2024	**2025**	2024
Equity	**5%**	13%	**15%**	15%	**70%**	70%
Diversified alternatives	**2%**	4%	**5%**	5%	**0%**	0%
Fixed income securities	**70%**	60%	**80%**	80%	**30%**	30%
Private equity	**12%**	12%	**0%**	0%	**0%**	0%
Real estate	**5%**	5%	**0%**	0%	**0%**	0%
Infrastructure	**6%**	6%	**0%**	0%	**0%**	0%
Total	**100%**	100%	**100%**	100%	**100%**	100%

Fair Value Measurements

The following tables provide the fair value measurements amounts for the pension and PBOP assets at the trust level (includes all trusts applicable to Plans the Company participates in):

	March 31, 2025			
	Level 1	**Level 2**	**Not categorized**	**Total**
	(in thousands of dollars)			
Pension assets:				
Equity	$ 55	$ -	$ 82,069	$ 82,124
Diversified alternatives	-	-	26,404	26,404
Corporate bonds	-	621,384	151,356	772,740
Government securities	6,963	353,902	191,993	552,858
Private equity	-	-	226,816	226,816
Real estate	-	-	77,612	77,612
Infrastructure	-	-	118,098	118,098
Total assets	**$ 7,018**	**$ 975,286**	**$ 874,348**	**$ 1,856,652**
Pending transactions				(62,199)
Total net assets				**$ 1,794,453**
PBOP assets:				
Equity	$ 40,464	$ -	$ 454,531	$ 494,995
Diversified alternatives	133,413	-	-	133,413
Corporate bonds	-	1,747,400	-	1,747,400
Government securities	44,302	379,442	573	424,317
Private equity	-	-	15	15
Insurance contracts	-	-	42,043	42,043
Total assets	**$ 218,179**	**$ 2,126,842**	**$ 497,162**	**$ 2,842,183**
Pending transactions				28,878
Total net assets				**$ 2,871,061**

	March 31, 2024			
	Level 1	Level 2	Not Categorized	Total
	(in thousands of dollars)			
Pension assets:				
Equity	$ 33,748	$ -	$ 211,424	$ 245,172
Diversified alternatives	18,614	-	64,033	82,647
Corporate bonds	-	615,887	138,114	754,001
Government securities	2,056	166,919	179,406	348,381
Private equity	-	-	222,159	222,159
Real estate	-	-	91,543	91,543
Infrastructure	-	-	110,291	110,291
Total assets	**$ 54,418**	**$ 782,806**	**$ 1,016,970**	**$ 1,854,194**
Pending transactions				(44,661)
Total net assets				**$ 1,809,533**
PBOP assets:				
Equity	$ 45,180	$ -	$ 128,400	$ 173,580
Diversified alternatives	17,870	-	1,628	19,498
Corporate bonds	-	229,188	-	229,188
Government securities	10,416	92,491	631	103,538
Insurance contracts	-	-	41,699	41,699
Total assets	**$ 73,466**	**$ 321,679**	**$ 172,358**	**$ 567,503**
Pending transactions				5,152
Total net assets				**$ 572,655**

The methods used to fair value pension and PBOP assets are described below:

Equity: Equity includes both actively and passively managed assets, with investments in domestic equity index funds as well as international equities.

Diversified alternatives: Diversified alternatives consist of holdings of global tactical assets allocation funds that seek to invest opportunistically in a range of asset classes and sectors globally.

Corporate bonds: Corporate bonds consist of debt issued by various corporations and corporate money market funds. Corporate bonds also includes small investments in preferred securities, as these are used in the fixed income portfolios as yield-producing investments. In addition, certain fixed income derivatives are included in this category such as credit default swaps to assist in managing credit risk.

Government securities: Government securities include individual U.S. agency, treasury securities, state and local municipal bonds, as well as a U.S. Treasury exchange traded fund. The Plans also include a small amount of non-U.S. government debt which is also captured here. U.S. government money market funds are also included. In addition, interest rate futures and swaps are held as a tool to manage interest rate risk.

Private equity: Private equity consists of limited partnerships investments where all the underlying investments are privately held. This primarily consists of buy-out investments, with smaller allocations to venture capital.

Real estate: Real estate consists of limited partnership investments, primarily in U.S. core open-end real estate funds as well as some core-plus closed-end real estate funds.

Infrastructure: Infrastructure consists of limited partnerships investments that seek to invest in physical assets that are considered essential for a society to facilitate the orderly operation of its economy. Investments in infrastructure typically include transportation assets (such as airports and toll roads) and utility-type assets. Investments in infrastructure funds are utilized as a diversifier to other asset classes within the pension portfolio. Infrastructure investments are also typically income-producing assets.

Insurance contracts: Insurance contracts consist of Trust-Owned Life Insurance.

Not categorized: For investments in commingled funds that are not publicly traded and have ongoing subscription and redemption activity, the fair value of the investment is the NAV per fund share, derived from the underlying securities' quoted prices in active markets, and they are excluded from the fair value hierarchy. Investments in commingled funds with redemption restrictions and that use NAV are excluded from the fair value hierarchy.

Pending transactions: Accounts receivable and accounts payable are short-term cash transactions that are expected to settle within a few days of the measurement date.

10. CAPITALIZATION

Total capitalization for the Company at March 31, 2025 and 2024 is as follows:

			March 31,	
			2025	2024
			(in thousands of dollars)	
Total shareholders' equity			**$ 2,034,928**	$ 2,030,082
Long-term debt:	Interest Rate	Maturity Date		
Senior note	3.80%	December 5, 2047	**400,000**	400,000
Senior note	2.81%	October 6, 2050	**400,000**	400,000
Senior note	5.94%	November 25, 2052	**300,000**	300,000
Total debt			**1,100,000**	1,100,000
Unamortized debt discount			**(2,292)**	(2,180)
Unamortized debt issuance costs			**(7,811)**	(8,335)
Total long-term debt			**1,089,897**	1,089,485
Total capitalization			**$ 3,124,825**	$ 3,119,567

As of March 31, 2025, the Company has no long-term debt maturing within the next five years, and the total amount maturing thereafter is $1.1 billion.

The Company's debt agreements and banking facilities contain covenants, including those relating to the periodic and timely provision of financial information by the issuing entity, and financial covenants such as restrictions on the level of indebtedness.

Failure to comply with these covenants, or to obtain waivers of those requirements, could in some cases trigger a right, at the lender's discretion, to require repayment of some of the Company's debt, and may restrict the Company's ability to draw upon its facilities or access the capital markets. As of March 31, 2025 and 2024, the Company was in compliance with all such covenants.

Debt Authorizations

The Company has regulatory approval from the FERC to issue up to $1.5 billion of short-term debt. The authorization was renewed with an effective date of October 15, 2024 and expires on October 14, 2026. The Company had no external short-term debt as of March 31, 2025 and 2024. Refer to the Intercompany Money Pool section in Note 13, "*Related Party Transactions"* for short-term debt outstanding with affiliated companies.

On November 22, 2024, the Company filed a petition for authorization and approval of the issuance of long-term debt in an amount not to exceed $1.2 billion. The new debt will have a term exceeding one year not to exceed 30 years, with either an adjustable interest rate or a fixed interest rate. The Company is requesting an interest rate of up to 8%, which is the rate approved in recent financing petitions. On April 17, 2025, DPU issued the order approving this authorization for three years from the date of the issuance of the order.

Dividend Restrictions

Pursuant to provisions in connection with prior mergers, payment of dividends on common stock are not permitted if, after giving effect to such payment of dividends, common equity becomes less than 30% of total capitalization. At March 31, 2025 and 2024, common equity was 65.2% and 65.1% of total capitalization. Under these provisions, none of the Company's retained earnings at March 31, 2025 and 2024 were restricted as to common dividends.

For the years ended March 31, 2025 and 2024, the Company paid dividends on common stock of $210.0 million and $150.0 million, respectively.

Cumulative Preferred Stock

The Company has non-participating cumulative preferred stock outstanding, which can be redeemed at the option of the Company. There are no mandatory redemption provisions and no call options on the Company's cumulative preferred stock.

A summary of cumulative preferred stock is as follows:

	Shares Outstanding		**Amount**	
	March 31,		**March 31,**	
Series	**2025**	2024	**2025**	2024
	(in thousands of dollars, except per share and number of shares data)			
$100 par value - 6.00% Series	**11,117**	11,117	**$ 1,112**	$ 1,112

The Company did not redeem any preferred stock as of March 31, 2025 and 2024. The annual dividend requirement for cumulative preferred stock was $0.07 million as of March 31, 2025 and 2024.

11. INCOME TAXES

Components of Income Tax Expense

	Years Ended March 31,		
	2025	2024	2023
		(in thousands of dollars)	
Current tax expense:			
Federal	**$ 52,749**	$ 21,643	$ 15,515
State	**17,752**	2,748	6,601
Total current tax expense	**70,501**	24,391	22,116
Deferred tax expense (benefit):			
Federal	**(15,370)**	10,105	9,825
State	**3,489**	16,554	6,691
Total deferred tax expense (benefit)	**(11,881)**	26,659	16,516
Amortized investment tax credits [1]	**(172)**	(172)	(204)
Total deferred tax expense (benefit)	**(12,053)**	26,487	16,312
Total income tax expense	**$ 58,448**	$ 50,878	$ 38,428

[1] Investment tax credits ("ITC") are accounted for using the deferral and gross up method of accounting and amortized over the depreciable life of the property giving rise to the credits.

Statutory Rate Reconciliation

The Company's effective tax rates for the years ended March 31, 2025, 2024, and 2023 was 23.6%, 22.7%, and 20.8%, respectively. The following table presents a reconciliation of income tax expense at the federal statutory tax rate of 21% to the actual tax expense:

	Years Ended March 31,		
	2025	2024	2023
		(in thousands of dollars)	
Computed tax	**$ 52,113**	$ 47,147	$ 38,735
Change in computed taxes resulting from:			
State income tax, net of federal benefit	**16,780**	15,250	10,501
Amortization of regulatory tax liability, net	**(10,231)**	(11,580)	(10,329)
Investment tax credits	**(172)**	(172)	(204)
Other	**(42)**	233	(275)
Total changes	**6,335**	3,731	(307)
Total income tax expense	**$ 58,448**	$ 50,878	$ 38,428

The Company is included in the NGNA and subsidiaries consolidated federal income tax return and Massachusetts unitary state income tax return. The Company has joint and several liability for any potential assessments against the consolidated group.

Inflation Reduction Act

The Inflation Reduction Act ("IRA"), enacted in August of 2022, imposes a 15% CAMT on the "adjusted financial statement income" of certain large corporations that qualify as an “applicable corporation” for tax years beginning after December 31, 2022. Once a corporation qualifies as an applicable corporation, it remains one for all future taxable years. National Grid meets the qualifications of an applicable corporation and is therefore subject to CAMT beginning with the fiscal year ended March 31, 2024. Any CAMT amount paid will generate a CAMT credit carryforward that has no expiration period and can be claimed against regular income tax in the future.

Deferred Tax Components

	March 31,	
	2025	2024
	(in thousands of dollars)	
Deferred tax assets:		
Regulatory liabilities	**$ 74,019**	$ 74,387
Reserves not currently deducted	**12,905**	3,443
Corporate alternative minimum tax credit	**5,596**	5,224
Other items	**2,030**	2,308
Total deferred tax assets	**94,550**	85,362
Deferred tax liabilities:		
Property related differences	**557,914**	547,173
Regulatory assets	**21,871**	25,188
Other items	**20,803**	18,332
Total deferred tax liabilities	**600,588**	590,693
Net deferred income tax liabilities	**506,038**	505,331
Deferred investment tax credits	**861**	1,033
Deferred income tax liabilities, net	**$ 506,899**	$ 506,364

Status of Income Tax Examinations

The following table indicates the earliest tax year subject to examination for each major jurisdiction:

Jurisdiction	**Tax Year**
Federal	March 31, 2022
Massachusetts	March 31, 2013

Uncertain Tax Positions

The Company recognizes interest related to unrecognized tax benefits in other interest, including affiliate interest and related penalties, if applicable, in other income, net, in the accompanying statement of income. As of March 31, 2025 and 2024, the Company has accrued for interest related to unrecognized tax benefits of $0.2 million and $0.3 million, respectively. During the year ended March 31, 2025, the Company recorded interest income of $0.1 million, and interest expense of $0.0 million and $0.2 million, for the years ended March 31, 2024 and 2023, respectively. No tax penalties were recognized during the years ended March 31, 2025, 2024, and 2023.

It is reasonably possible that other events will occur during the next twelve months that would cause the total amount of unrecognized tax benefits to increase or decrease. However, the Company does not believe any such increases or decreases would be material to its results of operations, financial position, or cash flows.

12. COMMITMENTS AND CONTINGENCIES

Purchase Commitments

The Company has various capital commitments related to the construction of property, plant, and equipment. The Company's commitments for the years subsequent to March 31, 2025 are summarized in the table below:

(*in thousands of dollars*) **Years Ending March 31,**		**Capital Expenditures**
2026	$	135,378
2027		52,624
2028		22,096
2029		8,897
2030		3,927
Thereafter		-
Total	$	222,922

Legal Matters

The Company is subject to various legal proceedings arising out of the ordinary course of its business. The Company does not consider any of such proceedings to be material, individually or in the aggregate, to its business or likely to result in a material adverse effect on its results of operations, financial position, or cash flows.

Federal and Regulatory Investigations into Allegations of Fraud and Bribery

On June 17, 2021, five former employees of National Grid USA Service Company, Inc. in the downstate New York facilities department were arrested on federal charges alleging fraud and bribery. The five former employees subsequently pleaded guilty to the charges, pursuant to plea agreements. NGUSA was deemed a victim of the crimes. On June 23, 2021, based on the US Attorney's announcement, the New York Public Service Commission ("NY PSC") issued an order commencing a proceeding to examine the potential impacts of the employee misconduct on the capital and O&M expenditures of National Grid's downstate New York gas companies. National Grid fully cooperated with the NY PSC's investigation, which was resolved through a settlement that was approved in December 2024. The DPU has indicated that it will open an investigation into this matter after the conclusion of the NY PSC's investigation. However, the Company does not expect this matter to have a material adverse effect on its results of operations, financial position or cash flows.

FERC ROE Complaints

Four separate complaints have been filed at the FERC by combinations of New England state attorneys general, state regulatory commissions, consumer advocates, consumer groups, municipal parties, and other parties. In each of the first three complaints, filed on September 30, 2011, December 27, 2012, and July 31, 2014, respectively, the Complainants challenged the New England Transmission Owners' ("NETO"), of which the Company is one, base return on equity ("ROE") of 11.14% and sought an order to reduce it prospectively from the date of the final FERC order and for the separate 15-month compliance periods. In the fourth complaint, filed April 29, 2016, the Complainants challenged the NETOs' base ROE of 10.57% asserting that these ROEs were unjust and unreasonable. The Company recorded a liability of $41.6 million and $38.2 million, included in "Other current liabilities" on the accompanying balance sheet as of March 31, 2025 and 2024, respectively, for the potential refund as a result of reduction of the base ROE.

On October 17, 2024, FERC issued an order addressing the August 2022 remand and updating its methodology, reducing the MISO base ROE from 10.32% to 9.98%, and requiring refunds for the 15-month period after the first complaint and the period from September 28, 2016, the date of the initial order in the MISO ROE complaint proceeding, to October 17, 2024. Until FERC acts on the NETOs ROE dockets, there is significant uncertainty about the impacts of the October 2024 MISO order on the Company. The Company concluded that there is no reasonable basis for a change to the reserve or recognized ROEs for any of the complaint periods at this time. Further, the Company believes that the current reserve is the best estimate of the potential loss.

Decommissioning Nuclear Units

The Company is a minority equity owner of, and former purchaser of electricity from, the Yankees. The Yankees have been permanently shut down and physically decommissioned. Spent nuclear fuel remains on each site awaiting fulfillment by the DOE of its statutory and contractual obligation to remove it. Future estimated billings are as follows:

	The Company's Investment as of March 31, 2025			Future Estimated Billings to the Company
Unit	%	Amount *(in thousands of $)*	Date Retired	Amount *(in thousands of $)*
Yankee Atomic	34.5	$ 546	Feb 1992	$ 13,911
Connecticut Yankee	19.5	538	Dec 1996	11,604
Maine Yankee	24.0	806	Aug 1997	17,389

The Yankees are periodically required to file rate cases for FERC review, which represent the Yankees' estimated future decommissioning costs. The Yankees collect the approved costs from their purchasers, including the Company. Future estimated billings from the Yankees are based on cost estimates. These estimates include the projections of groundwater monitoring, security, liability and property insurance, and other costs. They also include costs for interim spent fuel storage facilities which the Yankees have constructed while they await removal of the fuel by the DOE as required by the Nuclear Waste Policy Act of 1982 and contracts between the DOE and each of the Yankees. As of March 31, 2025 and 2024, the Company has recorded a deferred liability of $42.9 million and $7.8 million, respectively, which is fully offset by a regulatory asset, reflecting the estimated future decommissioning billings from the Yankees.

In 2013, the FERC accepted settlements establishing rate mechanisms by which each of the Yankees maintains funding for operations and decommissioning, and credits to its purchasers, including the Company, any net proceeds in excess of costs received as part of the DOE litigation proceedings discussed below.

The Yankees have brought several litigations against the DOE for the failure to remove their respective nuclear fuel stores as required by the Nuclear Waste Policy Act and contracts. This includes spent fuel storage costs incurred for the periods through 2002 (the "Phase I Litigation"), through 2008 (the "Phase II Litigation"), through 2013 (the "Phase III Litigation") and through 2016 (the "Phase IV Litigation"). For the respective periods, the Yankees were awarded approximately $160.0 million, $235.4 million, $76.8 million, and $104.0 million from the U.S. Court of Claims. The Company received $25.6 million, $57.8 million, $4.5 million, and $7.0 million, respectively. The Company refunds its share to its customers through a Customer Transition Charge.

On March 25, 2021, the Yankees filed Phase V litigation against the DOE seeking damages aggregating more than $100.0 million for the period 2017-2020. On June 8, 2022, the damages claim was amended to include the period 2021. On February 7, 2024, the judge in the Phase V proceeding granted the Yankees' motion for partial summary judgment and denied DOE's cross-motion for summary judgment, ruling in essence that DOE could not use trust fund earnings to offset against damages. On November 19, 2024, the Court approved a settlement awarding the Yankees amounts aggregating $145.0 million and reserving DOE's right to appeal the offset issue. On January 27, 2025 the Federal Circuit Court of Appeals docketed the Government's appeal of the Phase V offset issue. The Government's opening brief is due on May 28, 2025, and the Yankees response brief will be due on July 7, 2025. The Government's reply will be due on July 28, 2025. This schedule assumes that the Government will not seek or be granted any extensions.

Despite insufficient funding and actions by the DOE to block its construction, the U.S. Court of Appeals for the DC Circuit directed the Nuclear Regulatory Commission ("NRC") to resume the Yucca Mountain nuclear waste storage licensing process. On November 18, 2013, the NRC ordered its staff to resume work on the Yucca Mountain safety report, but scarce funding hindered progress. The federal administration opposes disposal at Yucca Mountain. On January 26, 2012, a federal commission recommended prioritizing the removal of spent fuel from shutdown reactor sites. The Secretary of Energy has begun identifying a federal consent-based interim storage site. Private entities have proposed and submitted license applications to the NRC for interim storage facilities in Texas and New Mexico.

On September 13, 2021, the NRC approved the license for the Texas facility, but on August 25, 2023, a U.S. Court of Appeals vacated the license. A Texas statute prohibits storage of nuclear waste except at existing sites. On May 9, 2023, the NRC approved the New Mexico facility, but on March 27, 2024, the Court vacated the license. A New Mexico statute prohibits shipment of nuclear waste into New Mexico. Other necessary approvals have not been obtained, and the Governors of Texas and New Mexico oppose the facilities. In June 2024, the NRC filed petitions for U.S. Supreme Court review of the decisions to vacate the licenses. The Supreme Court has agreed to review NRC's authority to license privately owned interim storage facilities in the case of *NRC v. Texas*. A decision is expected by the summer of 2025. It is not possible to predict when the DOE will fulfill its obligation to take possession of the Yankees' spent fuel. The ISFSI operation, maintenance, and decommissioning costs incurred by the Yankees may substantially exceed estimated amounts.

13. RELATED PARTY TRANSACTIONS

Accounts Receivable from and Accounts Payable to Affiliates

NGUSA and its affiliates provide various services to the Company, including executive and administrative, customer services, financial (including accounting, auditing, risk management, tax, and treasury/finance), human resources, information technology, legal, and strategic planning, that are charged between the companies and charged to each company.

The Company records short-term receivables for any deposits held by affiliates that are due to the Company, and payables for any deposits held by the Company that are due to affiliates, in the ordinary course of business. The amounts receivable from, and payable to, its affiliates do not bear interest and are settled through the intercompany money pool.

The Company is a participating transmission owner in ISO New England, which is a third party responsible for administering and collecting RNS transmission revenue from local distribution utilities, generators and municipalities, which include affiliate company MECO. For purposes of these financial statements, the outstanding balances associated to those revenue activities are reflected in accounts receivable from affiliates as of March 31, 2025 and 2024.

A summary of outstanding accounts receivable from affiliates and accounts payable to affiliates is as follows:

	Accounts Receivable from Affiliates		**Accounts Payable to Affiliates**	
	March 31,		**March 31,**	
	2025	2024	**2025**	2024
	(in thousands of dollars)			
NGUSA	**$ 3**	$ 23	**$ 15,514**	$ 4,457
NGUSA Service Company	**4,476**	3,462	**24,197**	24,518
Massachusetts Electric Company	**97,677**	86,802	**2,887**	7,407
Nantucket Electric Company	**604**	424	**3,800**	7
Other	**473**	47	**393**	673
TOTAL	**$ 103,233**	$ 90,758	**$ 46,791**	$ 37,062

Intercompany Money Pool

The settlement of the Company's various transactions with NGUSA and certain affiliates generally occurs via the intercompany money pool in which it participates. The Company is a participant in the regulated money pool and can both borrow and invest funds. Borrowings from the regulated money pool bear interest in accordance with the terms of the regulated money pool agreement. As the Company fully participates in the regulated money pool rather than settling intercompany charges with cash, all changes in the intercompany money pool balance are reflected as investing or financing activities in the accompanying statements of cash flows. For the purpose of presentation in the statements of cash flows, it is assumed all amounts settled through the intercompany money pool are constructive cash receipts and payments, and therefore are presented as such.

The regulated money pool is funded by operating funds from participants. NGUSA has the ability to borrow up to $5.0 billion from National Grid plc for working capital needs, including funding of the regulated money pool, if necessary. The Company had short-term intercompany money pool borrowings of $381.4 million and $116.8 million as of March 31, 2025 and 2024, respectively. The average interest rates for the intercompany money pool were 5.1%, 5.2%, and 2.9% for the years ended March 31, 2025, 2024, and 2023, respectively.

Additionally, NGUSA had committed revolving credit facilities of approximately $6.8 billion, all of which have expiry dates beyond May 2027, with an annual extension option potentially taking this to June 2028. As of March 31, 2025, these facilities have not been drawn against and can be used to fund the money pool.

Service Company Charges

The affiliated service companies of NGUSA provide certain services to the Company at cost, without a mark-up. The service company costs are generally allocated to associated companies through a tiered approach. First and foremost, costs are directly charged to the benefited company whenever practicable. Secondly, in cases where direct charging cannot be readily determined, costs are allocated using cost/causation principles linked to the relationship of that type of service, such as number of employees, number of customers/meters, capital expenditures, value of property owned, and total transmission and distribution expenditures. Lastly, all other costs are allocated based on a general allocator determined using a 3-point formula based on net margin, net property, plant, and equipment, and operations and maintenance expense.

Charges from the service companies of NGUSA to the Company are mostly related to traditional administrative support functions. For the years ended March 31, 2025, 2024, and 2023, costs allocated to the Company were $191.2 million, $168.0 million, and $138.5 million, respectively.