

nationalgrid

New England Power Company

Financial Statements

For the years ended March 31, 2026, 2025, and 2024

NEW ENGLAND POWER COMPANY

TABLE OF CONTENTS

Independent Auditor’s Report.....	3
Statements of Operations Years Ended March 31, 2026, 2025, and 2024.....	5
Statements of Cash Flows Years Ended March 31, 2026, 2025, and 2024.....	6
Balance Sheets March 31, 2026 and 2025.....	7
Statements of Changes in Shareholders’ Equity Years Ended March 31, 2026, 2025, and 2024.....	9
Notes to the Financial Statements:	
1. Nature of Operations and Basis of Presentation.....	10
2. Summary of Significant Accounting Policies.....	10
3. Revenue.....	15
4. Allowance for Doubtful Accounts.....	16
5. Regulatory Assets and Liabilities.....	17
6. Rate Matters.....	18
7. Property, Plant and Equipment.....	19
8. Equity Method Investments.....	19
9. Employee Benefits.....	20
10. Capitalization.....	28
11. Income Taxes.....	29
12. Commitments and Contingencies.....	32
13. Related Party Transactions.....	33

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, 2026 and 2025, 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, 2026, 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, 2026 and 2025, and the results of its operations and its cash flows for each of the three years in the period ended March 31, 2026 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 17, 2026

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

	Years Ended March 31		
	2026	2025	2024
Operating revenues	\$515,265	\$ 608,673	\$ 569,641
Operating expenses:			
Purchased electricity	158	370	613
Operations and maintenance	146,442	113,076	116,571
Depreciation and amortization	165,931	145,729	135,156
Other taxes	72,186	68,798	61,152
Total operating expenses	384,717	327,973	313,492
Operating income	130,548	280,700	256,149
Other income and (deductions):			
Interest on long-term debt	(56,490)	(44,542)	(44,655)
Other interest, including affiliate interest, net	(81,593)	(9,136)	(3,754)
Other income, net	25,454	21,142	16,771
Total other deductions, net	(112,629)	(32,536)	(31,638)
Income before income taxes	17,919	248,164	224,511
Income tax expense	2	58,448	50,878
Net income	\$ 17,917	\$ 189,716	\$ 173,633

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,		
	2026	2025	2024
Operating Activities:			
Net income	\$ 17,917	\$ 189,716	\$ 173,633
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	165,931	145,729	135,156
Deferred income tax expense (benefit)	(23,707)	(12,053)	26,487
Allowance for equity funds used during construction	(9,115)	(6,704)	(12,610)
Pension and postretirement benefits expenses, net	(13,079)	(9,403)	(6,103)
Other non-cash items	(1,536)	(3,121)	7,701
Pension and postretirement benefits contributions, net	(175)	(4,260)	369
Changes in operating assets and liabilities:			
Accounts receivable and unbilled revenues, net	(420)	(4,386)	167
Accounts receivable from/payable to affiliates, net	222,922	(2,746)	(26,486)
Inventory	1,095	2,640	(4,940)
Regulatory assets and liabilities (current), net	-	583	1,006
Regulatory assets and liabilities (non-current), net	129,470	59,304	(18,002)
Prepaid and accrued taxes	(13,307)	48,557	12,128
Accounts payable and other liabilities	(33,031)	37,017	6,149
Other, net	(437)	(463)	(412)
Net cash provided by operating activities	<u>442,528</u>	<u>440,410</u>	<u>294,243</u>
Investing Activities:			
Capital expenditures	(528,687)	(475,687)	(408,737)
Cost of removal	(32,197)	(18,977)	(9,065)
Intercompany money pool	(127,365)	-	156,851
Other	(3)	(262)	-
Net cash used in investing activities	<u>(688,252)</u>	<u>(494,926)</u>	<u>(260,951)</u>
Financing Activities:			
Common stock dividends to Parent	-	(210,000)	(150,000)
Preferred stock dividends	(67)	(67)	(67)
Proceeds from long-term debt	350,000	-	-
Payment of debt issuance costs	(2,875)	-	-
Intercompany money pool	(381,377)	264,611	116,766
Equity infusion from Parent	280,000	-	-
Net cash provided by (used in) financing activities	<u>245,681</u>	<u>54,544</u>	<u>(33,301)</u>
Net (decrease) increase in cash and cash equivalents	<u>(43)</u>	<u>28</u>	<u>(9)</u>
Cash and cash equivalents, beginning of year	<u>51</u>	<u>23</u>	<u>32</u>
Cash and cash equivalents, end of year	<u>\$ 8</u>	<u>\$ 51</u>	<u>\$ 23</u>
Supplemental disclosures:			
Interest paid, net of amounts capitalized	\$ (57,541)	\$ (46,831)	\$ (41,688)
Income taxes paid	(42,445)	(24,508)	(11,209)
Significant non-cash items:			
Capital-related accruals included in accounts payable	27,917	16,041	43,589
Parent tax loss allocation	23,851	25,320	-
ROU assets obtained in exchange for new operating lease liabilities	1,224	153	2,143
Asset retirement obligation - revisions to present value	101	-	-

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

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

	March 31,	
	2026	2025
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 8	\$ 51
Accounts receivable, net	7,004	5,479
Accounts receivable from affiliates	115,076	103,233
Intercompany money pool asset	127,365	-
Unbilled revenues, net	8,450	8,675
Inventory	12,305	13,400
Other, net	1,017	1,849
Total current assets	271,225	132,687
Equity method investments	5,280	4,536
Property, plant and equipment, net	4,345,629	3,951,716
Non-current assets:		
Regulatory assets	56,525	80,056
Goodwill	337,614	337,614
Capital expenditure prepayments	128,822	72,319
Postretirement benefits	87,068	75,908
Other	21,273	19,682
Total non-current assets	631,302	585,579
Total assets	\$ 5,253,436	\$ 4,674,518

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

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

	March 31,	
	2026	2025
LIABILITIES AND CAPITALIZATION		
Current liabilities:		
Accounts payable and other	\$ 83,434	\$ 63,232
Accounts payable to affiliates	281,556	46,791
Intercompany money pool liability	-	381,377
Taxes accrued	10,915	48,270
Interest accrued	17,949	16,637
Distributed generation advances	13,595	22,893
Other	19,986	55,712
Total current liabilities	427,435	634,912
Non-current liabilities:		
Regulatory liabilities	484,788	353,063
Accrued Yankee nuclear plant costs	41,532	42,759
Deferred income tax liabilities, net	489,637	506,899
Environmental remediation costs	2,457	3,404
Other	13,215	8,656
Total non-current liabilities	1,031,629	914,781
Commitments and contingencies (Note 12)		
Capitalization:		
Shareholders' equity	2,356,638	2,034,928
Long-term debt	1,437,734	1,089,897
Total capitalization	3,794,372	3,124,825
Total liabilities and capitalization	\$ 5,253,436	\$ 4,674,518

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)						Retained Earnings	Total
	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)		
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	-	-	-	-	-	-	(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
Net income	-	-	-	-	-	-	17,917	17,917
Other comprehensive income:								
Change in pension and other postretirement obligations, net of \$3 tax expense	-	-	-	-	9	9	-	9
Total comprehensive income								17,926
Equity infusion from Parent	-	-	280,000	-	-	-	-	280,000
Parent tax loss allocation	-	-	23,851	-	-	-	-	23,851
Preferred stock dividends	-	-	-	-	-	-	(67)	(67)
Balance as of March 31 2026	\$ 72,398	\$ 1,112	\$ 2,094,568	\$ 322	\$ (186)	\$ 136	\$ 188,424	\$ 2,356,638

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, 2026, 2025, and 2024.

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 have been 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.

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 17, 2026, 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, 2026, 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. Under this approach, deferred tax assets and liabilities are recognized for temporary differences between the financial statement carrying amounts and the tax basis of existing assets and liabilities. Deferred tax assets and liabilities are measured using enacted statutory tax rates expected to be in effect when differences are expected to be reversed. 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 enough 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 benefit 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 that subsidiary 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).

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.

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

Materials and supplies are stated at weighted average cost and are expensed or capitalized as used. Inventory is written down to the lower of cost or net realizable value. There were no significant write-offs of obsolete inventory for the years ended March 31, 2026, 2025, and 2024.

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, 2026, 2025, and 2024.

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, 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 \$9.1 million, \$6.7 million, and \$12.6 million, and AFUDC related to debt of \$6.1 million, \$7.3 million, and \$3.3 million, for the years ended March 31, 2026, 2025, and 2024, respectively. The average AFUDC rates for the years ended March 31, 2026, 2025, and 2024 were 6.6%, 7.0%, and 7.8%, 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, 2026, 2025, and 2024, there were no impairment 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, 2026, 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, 2025, at which time the Company’s estimated fair value exceeded the carrying value. The Company did not recognize any goodwill impairment during the years ended March 31, 2026, 2025 or 2024.

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 have been 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 with an offsetting adjustment to accumulated other comprehensive income (“AOCI”) in shareholders’ equity. The cost of providing these plans is recovered through rates; therefore, the net funded status is offset by a regulatory asset or liability. The Company measures and records its pension and PBOP funded status at the 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

Income Taxes (Topic 740): 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 retrospectively adopted this standard for the annual period ended March 31, 2026. The adoption enhanced income taxes disclosures, which are included in Note 11, “*Income Taxes*”.

Accounting Guidance Not Yet Adopted

Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses

In July 2025, the FASB issued ASU 2025-05, “Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets”. The ASU provides a practical expedient for developing reasonable and supportable forecasts when estimating expected credit losses on accounts receivable and contract assets. If elected, entities may assume that current conditions as of the balance sheet date will remain unchanged over the remaining life of the asset.

The Company is required to adopt this standard for annual period beginning April 1, 2026. The Company has not yet determined whether it will elect the practical expedient for estimating credit losses and is currently assessing the application of the new guidance; however, it does not expect the adoption to have a material impact on its current allowance for expected credit losses.

Interim Reporting: Narrow-Scope Improvements (Topic 270)

In December 2025, the FASB issued ASU No. 2025-11, “Interim Reporting (Topic 270): Narrow-Scope Improvements”, which improves the navigability of the required interim disclosures and clarifies the related requirements and the applicability of Topic 270.

The Company is required to adopt this standard for interim reporting periods within annual reporting periods beginning April 1, 2029, with early adoption permitted. The guidance may be applied either on a prospective or retrospective basis. The Company is currently assessing the application of the new guidance but does not expect the adoption to have a material impact on the presentation, result of operations, cash flows, and financial position of the Company.

3. REVENUE

The following table presents, for the years ended March 31, 2026, 2025, and 2024, 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,		
	2026	2025	2024
		(in thousands of dollars)	
Revenue from contracts with customers:			
Electric transmission	\$ 566,942	\$ 653,191	\$ 543,106
Total revenue from contracts with customers	566,942	653,191	543,106
Revenue from alternative revenue programs	(58,559)	(50,865)	20,166
Other revenue	6,882	6,347	6,369
Total operating revenues	\$ 515,265	\$ 608,673	\$ 569,641

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 Operator New England (“ISO-NE”) 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 represent a single performance obligation. The price for the services provided is based on the underlying tariff rates established by FERC related to both the Company and ISO-NE. 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-NE, 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 company, 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, 2026, 2025, and 2024, the Company recognized revenue of \$660.4 million, \$591.5 million, and \$476.8 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 also has other ARPs related to other rate making mechanisms. 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 includes 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, 2026, 2025, and 2024, the Company recognized revenue for right of ways with affiliates of \$5.7 million, \$5.2 million, and \$5.2 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 benefit of \$(0.1) million, zero, and \$(0.8) million for the years ended March 31, 2026, 2025 and 2024, 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, 2026 and 2025 was as follows:

	Years Ended March 31,	
	2026	2025
	<i>(in thousands of dollars)</i>	
Allowance for credit losses		
Beginning balance	\$ 2,590	\$ 2,677
Credit loss expense (benefit)	(71)	(86)
Write-offs	-	(1)
Ending balance	<u>\$ 2,519</u>	<u>\$ 2,590</u>

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,	
	2026	2025
	<i>(in thousands of dollars)</i>	
Regulatory assets		
Over/Under rate adjustment	\$ -	\$ 21,992
Postretirement benefits asset	14,739	15,065
Yankee nuclear decommissioning costs	41,683	42,904
Other	103	95
Total	<u>\$ 56,525</u>	<u>\$ 80,056</u>
Regulatory liabilities		
Over/Under rate adjustment	\$ 98,126	\$ -
Cost of removal	155,509	124,783
CTC charges	18,300	19,298
Postretirement benefits liability	21,993	11,638
Regulatory tax liability	189,371	195,813
Other	1,489	1,531
Total	<u>\$ 484,788</u>	<u>\$ 353,063</u>

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. This liability is discharged as removal costs are incurred.

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: Company's Formula rate includes a fixed expense for post-retirement benefits other than pensions ("PBOPs"). The annual difference between the fixed and actual recorded PBOP expense, plus interest, is deferred for refund through a periodic mechanism.

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”.

New England Transmission Return on Equity (“ROE”)

As of March 2026, the FERC resolved long-standing complaints in Docket No. EL11-66, which originally began in 2011 to challenge the base ROE of New England Transmission Owners (“NETOs”). NEP has been earning revenues at the existing 10.57% base ROE for more than a decade while the complaints have been unresolved. On March 19, 2026, FERC issued an order lowering NEP and the NETOs’ base ROE from 10.57% to 9.57%. FERC also ordered refunds with interest for the fifteen-month period from filing of the first complaint in 2011 and for the period from October 2014 to the date of the order. On April 14, 2026, the FERC issued a notice to extend the deadline to complete the refund to May 20, 2027. NEP, along with other NETOs, sought rehearing of the March 19, 2026 order on April 20, 2026 with respect to issues related to the ROE methodology and the refund periods. The Company recorded total liabilities of \$281.2 million, of which \$253.1 million represents an intercompany payable to Massachusetts Electric Company MECO. This amount resulted in a \$196.2 million reduction to revenue and \$84.9 million of interest expense.

On April 30, 2026, the NETOs (including the Company) filed to increase the base ROE in the ISO-NE Open Access Transmission Tariff to 11.39%, using the methodology from the March 19th order with updated market data, effective June 30, 2026. A decision from the FERC is pending.

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,	
	2026	2025
	<i>(in thousands of dollars)</i>	
Plant and machinery	\$ 4,647,705	\$ 4,259,524
Assets in construction	582,690	494,151
Land and buildings	151,470	139,831
Motor vehicles and equipment	64	64
Software and other intangibles	2,540	2,545
Operating lease ROU assets	5,764	4,540
Total property, plant, and equipment	<u>5,390,233</u>	4,900,655
Accumulated depreciation and amortization	<u>(1,043,183)</u>	(947,873)
Accumulated amortization – Operating lease ROU assets	<u>(1,421)</u>	(1,066)
Property, plant and equipment, net	<u>\$ 4,345,629</u>	<u>\$ 3,951,716</u>

8. EQUITY METHOD INVESTMENTS

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

	March 31,	
	2026	2025
	<i>(in thousands of dollars)</i>	
Hydros	\$ 3,326	\$ 2,647
Yankees	<u>1,954</u>	<u>1,889</u>
Total equity method investments	<u>\$ 5,280</u>	<u>\$ 4,536</u>

Hydros

As of March 31, 2026 and 2025, 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 have been 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,		
	2026	2025	2024
		<i>(in thousands of dollars)</i>	
Operating revenue	\$ 452	\$ 659	\$ 645
Operating expenses	299	316	319
Other (income) deductions, net	(167)	79	78
Total expenses, net	132	395	397
Net income	\$ 320	\$ 264	\$ 248

	March 31,	
	2026	2025
	<i>(in thousands of dollars)</i>	
Assets		
Current assets	\$ 11,660	\$ 8,727
Property, plant and equipment	874	874
Non-current assets	685,383	690,051
Total assets	\$ 697,917	\$ 699,652
Liabilities and equity		
Current liabilities	\$ 1,895	\$ 3,216
Non-current liabilities	688,001	688,735
Equity	8,021	7,701
Total liabilities and equity	\$ 697,917	\$ 699,652

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.

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 and for eligible participants covers compensation levels in excess of the Internal Revenue Service ("IRS") limit. During the years ended March 31, 2026, 2025 and 2024, the Company made no contributions to the Qualified Pension Plans. The Company does not expect to contribute to the Qualified Pension Plans during the year ending March 31, 2027.

Benefit payments to Pension Plan participants for the years ended March 31, 2026, 2025, and 2024, were approximately \$7.1 million, \$7.0 million, and \$24.2 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, 2026, 2025 and 2024, the Company made contributions of zero, \$4.2 million 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, 2027.

Gross benefit payments to PBOP Plan participants for the years ended March 31, 2026, 2025 and 2024 were approximately \$1.7 million, \$1.9 million, and \$1.9 million, respectively.

Net Periodic Benefit Costs

The Company’s net periodic pension costs (benefits) for the years ended March 31, 2026, 2025 and 2024, were \$(1.7) million, \$(2.1) million and \$(2.4) million, respectively. This included non-service pension costs (benefits) for the year ended March 31, 2026, 2025 and 2024 of (\$1.8) million, (\$2.2) million and (\$2.5) million, respectively.

The Company’s net periodic PBOP costs (benefits) for the years ended March 31, 2026, 2025 and 2024, were \$(2.8) million, \$(1.5) million and \$(1.5) million, respectively. This included non-service PBOP costs (benefits) for the year ended March 31, 2026, 2025 and 2024 of (\$3.0) million, (\$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, 2026, 2025 and 2024:

	Pension Plans		
	2026	March 31, 2025	2024
		<i>(in thousands of dollars)</i>	
Net actuarial losses (gains)	\$ (323)	\$ 235	\$ (4,875)
Amortization of net actuarial losses	(16)	(22)	(26)
Total	<u>\$ (339)</u>	<u>\$ 213</u>	<u>\$ (4,901)</u>
Change in regulatory assets or liabilities	\$ (326)	\$ 41	\$ (4,606)
Change in AOCI	(13)	172	(295)
Total	<u>\$ (339)</u>	<u>\$ 213</u>	<u>\$ (4,901)</u>

	PBOP Plans		
	March 31,		
	2026	2025	2024
		<i>(in thousands of dollars)</i>	
Net actuarial gains	\$ (6,903)	\$ (2,079)	\$ (1,480)
Amortization of net actuarial losses	708	-	-
Amortization of prior service cost, net	(11)	(11)	(11)
Total	<u>\$ (6,206)</u>	<u>\$ (2,090)</u>	<u>\$ (1,491)</u>
Change in regulatory assets or liabilities	\$ (6,206)	\$ (2,090)	\$ (1,491)
Total	<u>\$ (6,206)</u>	<u>\$ (2,090)</u>	<u>\$ (1,491)</u>

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

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 as of March 31, 2026, 2025 and 2024:

	Pension Plans		
	March 31,		
	2026	2025	2024
		<i>(in thousands of dollars)</i>	
Net actuarial losses	\$ 14,997	\$ 15,336	\$ 15,123
Total	<u>\$ 14,997</u>	<u>\$ 15,336</u>	<u>\$ 15,123</u>
Included in regulatory assets	\$ 14,739	\$ 15,066	\$ 15,025
Included in AOCI	258	270	98
Total	<u>\$ 14,997</u>	<u>\$ 15,336</u>	<u>\$ 15,123</u>

	PBOP Plans		
	March 31,		
	2026	2025	2024
		<i>(in thousands of dollars)</i>	
Net actuarial gains	\$ (9,424)	\$ (3,229)	\$ (1,150)
Prior service cost	36	47	58
Total	<u>\$ (9,388)</u>	<u>\$ (3,182)</u>	<u>\$ (1,092)</u>
Included in regulatory liabilities	\$ (9,388)	\$ (3,182)	\$ (1,092)
Total	<u>\$ (9,388)</u>	<u>\$ (3,182)</u>	<u>\$ (1,092)</u>

Reconciliation of Funded Status to Amounts Recognized on the Balance Sheet

	Pension Plans		PBOP Plans	
	March 31,		March 31,	
	2026	2025	2026	2025
	<i>(in thousands of dollars)</i>			
Projected benefit obligation	\$ (72,449)	\$ (88,686)	\$ (11,476)	\$ (17,120)
Allocated fair value of assets	122,705	136,885	47,920	44,447
Funded status	\$ 50,256	\$ 48,199	\$ 36,444	\$ 27,327
Non-current assets	\$ 50,624	\$ 48,581	\$ 36,444	\$ 27,327
Non-current liabilities	(368)	(382)	-	-
Total	\$ 50,256	\$ 48,199	\$ 36,444	\$ 27,327

For the year ended March 31, 2026, the net actuarial loss for Pension was primarily driven by updated census data, partially offset by an increase in the discount rate. The net actuarial gain for PBOP was primarily driven by revisions to expected per capita claims cost, as part of the actuarial transition, as well as statutory updates to certain Medicare programs and actual investment returns higher than expected, partially offset by slight increases to trend rates.

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.

Expected Benefit Payments

Based on current assumptions, the Company expects to make the following benefit payments subsequent to March 31, 2026 (amounts for PBOP Plans are shown net of employer group waiver plan subsidies expected):

<i>(in thousands of dollars)</i>				
<u>Years ended March 31,</u>	<u>Pension Plans</u>		<u>PBOP Plans</u>	
2027	\$	8,332	\$	1,466
2028		8,691		1,424
2029		8,982		1,366
2030		9,278		1,299
2031		9,510		1,222
2032-2036		48,606		4,837
Total	\$	93,399	\$	11,614

Assumptions Used for Employee Benefits Accounting

	Pension Plans		
	Years Ended March 31,		
	2026	2025	2024
Benefit Obligations:			
Discount rate	5.60%	5.50%	5.15%
Rate of compensation increase (non-union)	4.30%	4.30%	4.30%
Rate of compensation increase (union)	4.25%	4.25%	4.25%
Weighted average cash balance interest crediting rate	5.60%	5.10%	4.47%
Net Periodic Benefit Costs:			
Discount rate	5.50%	5.15%	4.85%
Rate of compensation increase (non-union)	4.30%	4.30%	4.30%
Rate of compensation increase (union)	4.25%	4.25%	4.25%
Expected return on plan assets	6.75%	6.75%	6.50%
Weighted average cash balance interest crediting rate	5.10%	4.40%	4.40%
PBOP Plans			
Years Ended March 31,			
	2026	2025	2024
Benefit obligations:			
Discount rate	5.60%	5.50%	5.15%
Net periodic benefit costs:			
Discount rate	5.50%	5.15%	4.85%
Expected return on plan assets	6.50%	6.25%-6.50%	6.25%-6.75%

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,	
	2026	2025
Health care cost trend rate assumed for next year		
Pre-65	7.00%	6.00%
Post-65	4.90%	5.00%
Prescription	8.00%	9.00%
Rate to which the cost trend is assumed to decline (ultimate)	4.50%	4.50%
Year that rate reaches ultimate trend		
Pre-65	2037	2031
Post-65	2031	2031
Prescription	2033	2033

Plan Assets

The Pension Plan is a trustee 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, trustee, 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 2026 continues to reflect the results of asset liability analyses implemented in prior years. As a result of the most recent Pension Plans asset liability analysis conducted in fiscal year 2025, the asset mix was adjusted to further reduce investment risk given the increased funded status of the Plans and to better hedge the respective plan liabilities, and no changes were made in fiscal year 2026. The most recent Non-Union PBOP Plan asset liability study was conducted in fiscal year 2024, with related asset allocation changes approved by the RPC effective in fiscal year 2024. The last Union PBOP asset liability study was conducted in fiscal year 2023, and the related asset allocation remains in effect.

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, 2026 and 2025 are as follows:

	Pension Plans		Union PBOP Plans		Non-Union PBOP Plans	
	March 31,		March 31,		March 31,	
	2026	2025	2026	2025	2026	2025
Equity	5%	5%	15%	15%	70%	70%
Diversified alternatives	1%	2%	5%	5%	0%	0%
Fixed income securities	70%	70%	80%	80%	30%	30%
Private equity	13%	12%	0%	0%	0%	0%
Real estate	4%	5%	0%	0%	0%	0%
Infrastructure	7%	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, 2026			
	Level 1	Level 2	Not categorized	Total
	<i>(in thousands of dollars)</i>			
Pension assets:				
Corporate bonds	\$ -	\$ 583,841	\$ 142,103	\$ 725,944
Diversified alternatives	-	-	18,703	18,703
Equity	-	-	81,513	81,513
Government securities	3,172	365,388	207,121	575,681
Real estate	-	-	65,876	65,876
Private Equity	-	-	237,861	237,861
Infrastructure	-	-	120,551	120,551
Total assets	\$ 3,172	\$ 949,22	\$ 873,728	\$ 1,826,129
Pending transactions				(85,906)
Total net assets				\$ 1,740,223
PBOP assets:				
Corporate bonds	\$ -	\$ 1,620,366	\$ 151,442	\$ 1,771,808
Diversified alternatives	159,714	-	-	159,714
Equity	47,525	-	482,385	529,910
Government securities	45,396	587,519	447	633,362
Insurance contracts	-	-	48,879	48,879
Private Equity	-	-	1	1
Total assets	\$ 252,635	\$ 2,207,885	\$ 683,154	\$ 3,143,674
Pending transactions				(132,758)
Total net assets				\$ 3,010,916

March 31, 2025

	Level 1	Level 2	Not Categorized	Total
	<i>(in thousands of dollars)</i>			
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

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 include 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, 2026 and 2025 is as follows:

	March 31,	
	2026	2025
	<i>(in thousands of dollars)</i>	
Total shareholders' equity	\$ 2,356,638	\$ 2,034,928
Long-term debt:	<u>Interest Rate</u>	<u>Maturity Date</u>
Senior note	3.80%	December 5, 2047
Senior note	2.81%	October 6, 2050
Senior note	5.94%	November 25, 2052
Senior note	5.85%	September 8, 2055
Total debt	1,450,000	1,100,000
Unamortized debt discount	(2,228)	(2,292)
Unamortized debt issuance costs	(10,038)	(7,811)
Total long-term debt	1,437,734	1,089,897
Total capitalization	\$ 3,794,372	\$ 3,124,825

As of March 31, 2026, the Company has no long-term debt maturing within the next five years, and the total amount maturing thereafter is \$1.45 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, 2026 and 2025, 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, 2026 and 2025. Refer to the Intercompany Money Pool section in Note 13, “*Related Party Transactions*” for short-term debt outstanding with affiliated companies.

On April 17, 2025, the Company received approval from the Massachusetts Department of Public Utilities authorizing the Company to issue up to \$1.2 billion of long-term debt in one or more transactions through April 17, 2028. In addition, the Company received approval for its petition from Vermont Public Service Board effective March 3, 2028 and New Hampshire Public Utilities Commission effective May 5, 2028. On September 3, 2025, the Company issued \$350.0 million of unsecured long-term debt at 5.85% with a maturity date of September 8, 2055.

Dividend Restrictions

Pursuant to provisions in connection with prior mergers, payment of dividends on common stock is not permitted if, after giving effect to such payment of dividends, common equity becomes less than 30% of total capitalization. At March 31, 2026 and 2025, common equity was 62.1% and 65.2% of total capitalization. Under these provisions, none of the Company’s retained earnings at March 31, 2026 and 2025 were restricted as to common dividends.

For the years ended March 31, 2026 and 2025, the Company paid dividends on common stock of zero and \$210.0 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:

Series	Shares Outstanding		Amount	
	March 31,		March 31,	
	2026	2025	2026	2025
	<i>(in thousands of dollars, except per share and number of shares data)</i>			
\$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, 2026 and 2025. The annual dividend requirement for cumulative preferred stock was \$67 thousand as of March 31, 2026 and 2025.

11. INCOME TAXES

Components of Income Tax Expense (Benefit)

	Years Ended March 31,		
	2026	2025	2024
	<i>(in thousands of dollars)</i>		
Current tax expense:			
Federal	\$ 17,966	\$ 52,749	\$ 21,643
State	5,743	17,752	2,748
Total current tax expense	23,709	70,501	24,391
Deferred tax expense (benefit):			
Federal	(21,860)	(15,370)	10,105
State	(1,675)	3,489	16,554
Total deferred tax expense (benefit)	(23,535)	(11,881)	26,659
Amortized investment tax credits ⁽¹⁾	(172)	(172)	(172)
Total deferred tax expense (benefit)	(23,707)	(12,053)	26,487
Total income tax expense	\$ 2	\$ 58,448	\$ 50,878

⁽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, 2026, 2025, and 2024 was 0.0%, 23.6%, and 22.7%, 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,					
	2026		2025		2024	
	Amount	Rate	Amount	Rate	Amount	Rate
U.S. federal income tax	\$ 3,763	21.0%	\$ 52,113	21.0%	\$ 47,147	21.0%
State & local income tax, net of federal benefit ⁽²⁾	3,222	18.0%	16,726	6.7%	15,359	6.8%
Tax credits	(269)	-1.5%	(218)	-0.1%	(217)	-0.1%
Changes in unrecognized tax benefits	26	0.1%	72	0.0%	(73)	0.0%
Other adjustments						
Amortization of excess deferred income taxes	(6,760)	-37.7%	(6,887)	-2.8%	(7,319)	-3.3%
Allowance for equity funds used during construction	(175)	-1.0%	(3,327)	-1.3%	(4,041)	-1.8%
Other	195	1.1%	(31)	0.0%	22	0.0%
Effective income tax rate	\$ 2	0.0%	\$ 58,448	23.6%	\$ 50,878	22.7%

⁽²⁾ State taxes in Massachusetts made up the majority of the tax effect of this category

For each period presented, the Company's income (loss) from continuing operations before income tax expense (benefit) was entirely attributable to domestic (U.S.) operations.

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.

Tax Legislative Enactments

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.

On February 18, 2026, the US Treasury Department issued Notice 2026-07 (the "Notice"), which provides interim guidance on the application of CAMT. The Notice permits corporate taxpayers to deduct certain depreciable property in computing CAMT liability. National Grid analyzed the guidance and concluded that it is applicable to the Company in the fiscal year ended March 31, 2026, and applies retroactively to fiscal years 2024 and 2025. The Company intends to file amended returns for the US federal tax jurisdiction for the Corporate Alternative Minimum Tax liability, for years March 31, 2024 and March 31, 2025, due to the release of the Notice.

On July 4, 2025, the One Big Beautiful Bill Act ("OBBBA") was signed into law. OBBBA contains a number of tax provisions that extend and modify certain tax provisions enacted as part of the Tax Cuts and Jobs Act of 2017 and Inflation Reduction Act of

2022. The tax provisions of the OBBBA do not have a material impact on the results of operations, cash flows, or financial position of the Company.

Deferred Tax Components

	March 31,	
	2026	2025
	<i>(in thousands of dollars)</i>	
Deferred tax assets:		
Regulatory liabilities	\$ 90,147	\$ 74,019
Reserves not currently deducted	14,723	12,905
Corporate alternative minimum tax credit	577	5,596
Other items	2,568	2,030
Total deferred tax assets	108,015	94,550
Deferred tax liabilities:		
Property related differences	557,595	557,914
Regulatory assets	15,443	21,871
Postretirement benefits - asset	23,787	20,634
Other items	139	169
Total deferred tax liabilities	596,964	600,588
Net deferred income tax liabilities	488,949	506,038
Deferred investment tax credits	688	861
Deferred income tax liabilities, net	\$ 489,637	\$ 506,899

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, 2023
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, 2026 and 2025, the Company has accrued for interest related to unrecognized tax benefits of zero and \$0.2 million, respectively. No interest expense was recorded during the year ended March 31, 2026. During the years ended March 31, 2025 and 2024, the Company recorded interest income of \$0.1 million and interest expense of \$0.0 million, respectively. No tax penalties were recognized during the years ended March 31, 2026, 2025 and 2024.

Income Taxes Refunded (Paid), net

	<u>March 31,</u> <u>2026</u>
	<i>(in thousands of dollars)</i>
Federal	\$ (25,781)
Massachusetts	<u>(16,664)</u>
Total income tax refunded (paid), net	<u>\$ (42,445)</u>

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, 2026 are summarized in the table below:

<i>(in thousands of dollars)</i>	Capital
<u>Years Ending March 31,</u>	<u>Expenditures</u>
2027	\$ 122,321
2028	38,043
2029	71,149
2030	12,621
2031	3,302
Thereafter	9,082
Total	<u>\$ 256,518</u>

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.

Decommissioning Nuclear Units

The Company has non-controlling interests in Yankee Atomic (34.5%), Connecticut Yankee (19.5%), and Maine Yankee (24.0%) (collectively, the "Yankees"), which own nuclear generating facilities that have been permanently retired and decommissioned. Spent nuclear fuel remains at each site awaiting removal by the U.S. Department of Energy ("DOE") in accordance with its statutory obligation.

The Company's aggregate investment as of March 31, 2026 was \$2.0 million, with estimated future billings of approximately \$41.7 million related to decommissioning and ongoing site costs. Future billings are recovered through FERC-approved rate mechanisms and are based on cost estimates, including groundwater monitoring, security, insurance, and interim spent fuel storage.

As of March 31, 2026 and 2025, the Company has recorded deferred liabilities of \$41.7 million and \$42.9 million, respectively, fully offset by corresponding regulatory assets reflecting estimated future billings from the Yankees. Pursuant to FERC-approved settlements, excess proceeds from DOE-related litigation are credited to purchasers, including the Company, and are refunded to customers through a Customer Transition Charge. The Yankees have received damage awards from the U.S. Court of Federal Claims for the DOE's failure to remove spent fuel (Phases I-IV Litigations). A settlement of \$145.0 million

was approved in November 2024 as part of Phase V Litigation, and remains subject to appeal. It remains unpredictable when the DOE will fulfill its obligation to take possession of the Yankees' spent fuel, and Independent Spent Fuel Storage Installation ("ISFSI") operation, maintenance, and decommissioning costs may substantially exceed estimates.

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-NE, 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 with those revenue activities are reflected in accounts receivable from affiliates as of March 31, 2026 and 2025, and as discussed in Note 6, "Rate Matters", the balance related to the ROE refund is reflected in accounts payable to affiliates as of March 31, 2026.

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,	
	2026	2025	2026	2025
	<i>(in thousands of dollars)</i>			
NGUSA	\$ -	\$ 3	\$ 38	\$ 15,514
NGUSA Service Company	3,321	4,476	23,449	24,197
Massachusetts Electric Company	111,064	97,677	257,326	2,887
Nantucket Electric Company	595	604	-	3,800
Other	96	473	743	393
TOTAL	\$ 115,076	\$ 103,233	\$ 281,556	\$ 46,791

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 \$3.0 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 investments of \$127.4 million and intercompany money pool borrowings of \$381.4 million as of March 31, 2026 and 2025, respectively. The average interest rates for the intercompany money pool were 4.5%, 5.1%, and 5.2% for the years ended March 31, 2026, 2025, and 2024, respectively.

Additionally, NGUSA had committed revolving credit facilities of approximately \$6.8 billion. The facilities are due to mature beyond May 2027, with an annual extension option. Since March 31, 2026, the facilities have been extended and now expire beyond May 2028. As of March 31, 2026, 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 affiliated 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, 2026, 2025, and 2024, costs allocated to the Company were \$195.8 million, \$191.2 million, and \$168.0 million, respectively.