

**Connecticut Transmission Municipal
Electric Energy Cooperative
DBA Transco**

**(A Blended Component Unit of Connecticut Municipal
Electric Energy Cooperative)**

Financial Statements

December 31, 2025 and 2024

Connecticut Transmission Municipal Electric Energy Cooperative

DBA Transco

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December 31, 2025 and 2024

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Independent Auditors' Report

To the Board of Directors and Members of
Connecticut Transmission Municipal Electric Energy Cooperative

Opinion

We have audited the accompanying financial statements of Connecticut Transmission Municipal Electric Energy Cooperative (Transco), a component unit of Connecticut Municipal Electric Energy Cooperative, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise Transco's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Transco as of December 31, 2025, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Other Matters

The financial statements of Transco as of and for the year ended December 31, 2024, were audited by other auditors whose report dated April 4, 2025, expressed an unmodified opinion on those statements.

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 Transco's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Transco'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 Transco'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.

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Baker Tilly US, LLP

Madison, Wisconsin
March 26, 2026

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Statements of Net Position
December 31, 2025 and 2024
(In Thousands)

	<u>2025</u>	<u>2024</u>
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and cash equivalents	\$ 4,852	\$ 4,001
Short-term investments	1,911	1,634
Deposit for current debt service - restricted	1,144	1,164
Accounts receivable	24	22
Accounts receivable from related parties	1,603	1,386
Other current assets	376	450
	<u>9,910</u>	<u>8,657</u>
Total current assets		
Noncurrent Assets		
Restricted assets:		
Debt service reserve funds	923	924
Costs to be recovered from future billings	10,808	11,534
Capital assets:		
Plant in service	52,943	52,943
Less accumulated depreciation and amortization	(23,739)	(22,390)
	<u>40,935</u>	<u>43,011</u>
Total noncurrent assets		
Total assets	<u>50,845</u>	<u>51,668</u>
Deferred Outflows of Resources		
Deferred charge on refunding	222	236
	<u>222</u>	<u>236</u>
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	1,237	1,023
Accrued liabilities	388	367
Current liabilities payable from restricted assets:		
Current portion of long-term debt	795	795
Accrued interest on long-term debt	349	369
	<u>2,769</u>	<u>2,554</u>
Total current liabilities		
Long-Term Liabilities		
Long-term debt, net of current portion	15,026	16,037
	<u>15,026</u>	<u>16,037</u>
Deferred Inflows of Resources		
Regulatory credits	639	680
	<u>639</u>	<u>680</u>
Net Position		
Net investment in capital assets	14,528	14,881
Restricted for:		
Debt service	795	795
Unrestricted	17,310	16,957
	<u>17,310</u>	<u>16,957</u>
Total net position	<u>\$ 32,633</u>	<u>\$ 32,633</u>

See notes to basic financial statements

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Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2025 and 2024
(In Thousands)

	<u>2025</u>	<u>2024</u>
Operating Revenues		
Electric transmission revenues	\$ 41,663	\$ 32,355
Operating Expenses		
Transmission costs	39,029	29,551
Administrative and general	1,282	1,337
Depreciation and amortization	1,349	1,349
Total operating expenses	41,660	32,237
Net operating income	3	118
Nonoperating Income (Expense)		
Interest and investment income	107	29
Interest expense	(418)	(458)
Changes in bond expenses to be recovered from future billings to members	308	311
Net nonoperating expense	(3)	(118)
Change in net position	-	-
Net Position, Beginning	32,633	32,633
Net Position, Ending	<u>\$ 32,633</u>	<u>\$ 32,633</u>

See notes to basic financial statements

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Statements of Cash Flows

Years Ended December 31, 2025 and 2024

(In Thousands)

	<u>2025</u>	<u>2024</u>
Cash Flows From Operating Activities		
Cash received from customers and users	\$ 41,444	\$ 33,554
Cash paid to suppliers	<u>(39,276)</u>	<u>(30,988)</u>
Net cash flows from operating activities	<u>2,168</u>	<u>2,566</u>
Cash Flows From Capital and Related Financing Activities		
Principal payments on long-term debt	(795)	(795)
Interest paid	<u>(373)</u>	<u>(693)</u>
Net cash flows from capital and related financing activities	<u>(1,168)</u>	<u>(1,488)</u>
Cash Flows From Investing Activities		
Contributions (to) from special funds	-	(48)
Investment income	107	-
Net sales or (purchase) of short-term investments	<u>(256)</u>	<u>(43)</u>
Net cash flows from investing activities	<u>(149)</u>	<u>(91)</u>
Net change in cash and cash equivalents	851	987
Cash and Cash Equivalents, Beginning	<u>4,001</u>	<u>3,014</u>
Cash and Cash Equivalents, Ending	<u><u>\$ 4,852</u></u>	<u><u>\$ 4,001</u></u>

See notes to basic financial statements

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Statements of Cash Flows

Years Ended December 31, 2025 and 2024

(In Thousands)

	<u>2025</u>	<u>2024</u>
Reconciliation of Operating Income to Net Cash		
From Operating Activities		
Operating income	\$ 3	\$ 118
Adjustments to reconcile operating income to net cash		
from operating activities:		
Depreciation and amortization	1,349	1,349
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	(219)	124
(Increase) decrease in other current assets	74	(51)
(Increase) decrease in costs to be recovered		
from future billings to members	726	1,126
Increase (decrease) in accounts payable and		
accrued liabilities	<u>235</u>	<u>(100)</u>
Total adjustments	<u>2,165</u>	<u>2,448</u>
Net cash flows from operating activities	<u><u>\$ 2,168</u></u>	<u><u>\$ 2,566</u></u>
Supplemental Disclosure of Cash Flow Information		
Noncash investing, capital and financing transactions:		
Amortization of debt discount and premium	\$ 243	\$ 229
Change in bond expenses to be recovered through		
future billings	<u>308</u>	<u>311</u>
Net noncash investing, capital and financing transactions	<u><u>\$ 551</u></u>	<u><u>\$ 540</u></u>

See notes to basic financial statements

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Notes to Basic Financial Statements
December 31, 2025 and 2024
(In Thousands)

1. Nature of Operations

Organization

Connecticut Transmission Municipal Electric Energy Cooperative (Transco) was organized in 2009 as a public corporation under Connecticut Public Act 75-634, subsequently codified as Title 7-233, Chapter 101a of the General Statutes of Connecticut, as amended. It is empowered to undertake the transmission of electric power and energy for its member utilities (the Members) and others. The Members of Connecticut Municipal Electric Energy Cooperative (CMEEC) are Members of Transco.

Transco and CMEEC entered into a Comprehensive Management Service Agreement, which obligates CMEEC to pay all costs of Transco to provide transmission services for its transmission purchasers, and Transco to pay CMEEC the costs for comprehensive management services to prudently manage Transco and to achieve the provision of transmission services for the transmission purchasers. See Note 8 for further information on this arrangement.

2. Summary of Significant Accounting Policies

The financial statements of Transco have been prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The significant accounting principles and policies utilized by Transco are described below.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Transco's accounting records generally follow the Uniform System of Accounts for Public Utilities and Licensees prescribed by the Federal Energy Regulatory Commission (FERC).

Presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The accounting policies of Transco conform to GAAP applicable to rate-regulated enterprises and reflect the effects of the ratemaking process in accordance with GAAP. Assuming a cost-of-service based regulatory structure, regulators may permit incurred costs, normally treated as expenses, to be deferred and recovered through future rates. Through their actions, regulators may also reduce or eliminate the value of an asset or create a liability. If any portion of Transco's operations were no longer subject to the provisions under GAAP as a result of a change in the cost-of-service based regulatory structure, Transco would be required to write off related regulatory assets and liabilities. Based on current regulation, Transco believes that its use of regulatory accounting remains appropriate.

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December 31, 2025 and 2024
(In Thousands)

Cash and Cash Equivalents

Cash equivalents are bank account cash balances available for immediate use. Transco maintains their cash in bank deposit accounts that, at times, may exceed federally insured limits. Transco has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash. From time to time, Transco may hold cash equivalents that consist of short-term highly liquid investments that are readily convertible to known amounts of cash and have original maturities of three months or less. These amounts are stated at cost and are adjusted for amortization of premium or accretion of discount, which approximates market value.

Investments

Generally, all investments are carried at their fair value. Fair values are based on methods and inputs as outlined in Note 3. Fair values may have changed significantly after year-end.

Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified.

Member Receivable

Member receivables are recorded at net realizable value. Provision for credit losses on customer accounts is made in amounts required to maintain an adequate allowance to cover anticipated losses. No allowance was recorded as of December 31, 2025 and 2024.

Capital Assets

Transco plant and property is stated at cost or the estimated acquisition value at the time of contribution to Transco plus FERC allowable transaction costs and tax gross up and is defined as assets with an initial cost of more than \$25,000 and an estimated life of more than a year.

Depreciation of transmission plant in service is computed on the straight-line method over the FERC approved lives of the assets ranging from 38 to 42 years. Costs related to plant not placed into service are classified as construction-in-process. Depreciation does not commence until the item is placed in service.

Costs to be Recovered From Future Billings and Regulatory Credits

Rates are designed to recover Transco's allowable service costs. Certain expenses are not included as costs in the current period and are recognized in future periods when such expenses will be recovered through rates charged to the Members and are included as costs to be recovered from future billings in the accompanying statements of net position. These items represent regulatory assets and primarily result from rates that are designed to recover the principal component of debt service. The difference between charges associated with specific assets and the principal payments of debt associated with those assets and currently recovered in rates is shown as a regulatory item and amortized over the life of the related debt. These consist of depreciation and amortization and funded interest costs after in-service date.

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Additionally, certain circumstances result in a benefit that is not recognized in the period in which it occurs, but instead is passed through to the Members through the rate setting process at a future date in a manner as approved by the board of directors. These are considered regulatory credits and are included as deferred inflows of resources in the accompanying statement of net position. Regulatory credits are primarily comprised of debt related amounts due to differences in the reacquisition price over the net carrying amount of refunded bonds as discussed above and the timing of the recovery through rates.

Deferred Outflows of Resources

A deferred outflow of resources represents consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until that future time.

Long-Term Debt

Long-term debt and other obligations are reported as liabilities. Bond premiums and discounts are amortized over the life of the bonds using the effective interest rate method. Gains or losses on prior refundings are amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter. The balance at year-end for premiums and discounts is shown as an increase or decrease in the liability section of the statements of net position. The balances at year-end for the gains and losses on refunding are shown as either a deferred outflow of resources or deferred inflow of resources in the statements of net position.

Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

Net Position

GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, requires the classification of net position into three components - net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net Investment in Capital Assets - This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted - this component of net position consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted - This component of net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets".

When both restricted and unrestricted resources are available for use, it is Transco's policy to use restricted resources first, then unrestricted resources as they are needed.

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Revenues and Expenses

Operating revenues and expenses are distinguished from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with Transco's principal ongoing operations. The principal operating revenues are charges to customers for services, and Regional and Local Network Transmission revenues. Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Comparative Data

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Effect of New Accounting Standards on Current Period Financial Statements

GASB has approved GASB Statement No. 103, *Financial Reporting Model Improvements*, Statement No. 104, *Disclosure of Certain Capital Assets*, and Statement No. 105, *Subsequent Events*. When they become effective, application of these standards may restate portions of these financial statements.

3. Cash, Cash Equivalents and Investments

Deposits

Deposit Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, Transco's deposit will not be returned. CMEEC does not have a deposit policy for custodial credit risk.

As of December 31, 2025, \$4,602 of Transco's bank balance of \$4,852 was uninsured and uncollateralized. As of December 31, 2024, \$3,544 of Transco's bank balance of \$3,794 was uninsured and uncollateralized.

Investments

Special funds and deposits for current debt service consist of U.S. Government securities, municipal bonds, federal agency obligation and bank certificates of deposit in accordance with the provisions of bond resolutions, less any amounts considered to be cash or cash equivalents.

Management determines the proper classifications of investments in obligations with fixed maturities and marketable equity securities at the time of purchase and reevaluates such designations at year end.

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Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, Transco will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Transco's investments are not exposed to custodial credit risk at December 31, 2025. Furthermore, Transco, as an issuer of tax-exempt obligations, must not engage in any arbitrage practice prohibited by the arbitrage regulations promulgated under Section 103(c) of the Internal Revenue Code. In no event should funds be invested in a manner that will violate the provision of Section 103(c). Transco's investment policy addresses custodial credit risk by defining the allowable investment terms, investments and maximum allocation to each asset class.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Transco's investment policy addresses interest rate risk by defining the allowable investment terms, investments and maximum allocation to each asset class.

As of December 31, 2025, Transco's investments consisted of the following:

	Fair Value	Maturity in Years		
		Less Than 1	1 to 10	More Than 10
Interest-bearing investments:				
U.S. government securities	\$ 2,533	\$ 522	\$ 2,031	\$ -
Other investments:				
Mutual funds – bond funds	209			
Mutual funds	1,243			
Total investments	\$ 3,985			

As of December 31, 2024, Transco's investments consisted of the following:

	Fair Value	Maturity in Years		
		Less Than 1	1 to 10	More Than 10
Interest-bearing investments:				
U.S. government securities	\$ 2,454	\$ 434	\$ 2,020	\$ -
Other investments:				
Mutual funds	1,268			
Total investments	\$ 3,722			

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Transco's investment policy addresses credit risk by defining the allowable investments and maximum allocation to each asset class.

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Presented below is the rating of investments for each debt instrument type at fair value as of December 31, 2025:

	U.S. Government Securities	Mutual Funds – Bond Funds
AAA	\$ -	\$ 209
Aa1	2,553	-
Total	<u>\$ 2,553</u>	<u>\$ 209</u>

Presented below is the rating of investments for each debt instrument type at fair value as of December 31, 2024:

Average Rating	U.S. Government Securities
AAA	\$ 1,454
Not Rated	1,000
Total	<u>\$ 2,454</u>

Concentrations of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of investment with a single issuer. Transco's investment policy places limits on the percentage of investments that may be held with any one issuer and varies by investment type. As of December 31, 2025 and 2024, Transco's investment portfolio did not have any investments that comprised of more than 5% of their portfolio.

Fair Value of Financial Instruments

Transco categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements).

The valuation methods for recurring fair value measurements include the following:

- U.S. Treasury bills, notes and bonds are valued at the closing price reported in the active market in which the individual securities are traded. Other government and agency securities are valued based on yields currently available on comparable securities of issuers with similar durations and credit ratings.
- Money market and mutual funds are valued at the quoted price of shares held by Transco at year-end.

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Presented below are the recurring fair value measurements for each investment type as of December 31, 2025:

	December 31, 2025	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by fair value level:				
Debt securities:				
U.S. government securities	\$ 2,553	\$ 2,553	\$ -	\$ -
Equity securities:				
Mutual funds	1,243	1,243	-	-
Tota investments by fair value level	\$ 3,796	\$ 3,796	\$ -	\$ -

Presented below are the recurring fair value measurements for each investment type as of December 31, 2024:

	December 31, 2024	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by fair value level:				
Debt securities:				
U.S. government securities	\$ 2,454	\$ 2,454	\$ -	\$ -
Equity securities:				
Mutual funds	1,268	1,268	-	-
Tota investments by fair value level	\$ 3,722	\$ 3,722	\$ -	\$ -

4. Restricted Assets

Certain proceeds of Transco's debt, as well as certain resources set aside for their repayment, are classified as restricted assets on the statements of net position because their use is limited. The following accounts are reported as restricted assets:

	2025	2024
Restricted accounts:		
Deposits for current debt service	\$ 1,144	\$ 1,164
Debt service reserve funds	923	924
Total restricted accounts	\$ 2,067	\$ 2,088

Debt Related Accounts

Deposits for current debt service - Used to segregate resources accumulated for debt service payments over the next 12 months.

Debt service reserve funds - Used to report resources set aside to make up potential future deficiencies in the debt service funds account.

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5. Capital Assets

Utility plant and property activity for the year ended December 31, 2025, consisted of the following:

	2025				
	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Utility plant and property:					
Transmission plant	\$ 52,943	\$ -	\$ -	\$ -	\$ 52,943
Less accumulated depreciation	22,390	1,349	-	-	23,739
Utility plant and property, net	<u>\$ 30,553</u>	<u>\$ (1,349)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,204</u>

Utility plant and property activity for the year ended December 31, 2024, consisted of the following:

	2024				
	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Utility plant and property:					
Transmission plant	\$ 52,943	\$ -	\$ -	\$ -	\$ 52,943
Less accumulated depreciation	21,041	1,349	-	-	22,390
Utility plant and property, net	<u>\$ 31,902</u>	<u>\$ (1,349)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,553</u>

6. Debt and Long-Term Liabilities

Change in Long-Term Liabilities

The following is a summary of changes in debt and long-term liabilities for the year ended December 31, 2025:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Bonds payable:					
Bonds payable, direct placement	\$ 14,760	\$ -	\$ 795	\$ 13,965	\$ 795
Bond premium	2,072	-	216	1,856	-
Total long-term liabilities	<u>\$ 16,832</u>	<u>\$ -</u>	<u>\$ 1,011</u>	<u>\$ 15,821</u>	<u>\$ 795</u>

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Notes to Basic Financial Statements
December 31, 2025 and 2024
(In Thousands)

The following is a summary of changes in debt and long-term liabilities for the year ended December 31, 2024:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Bonds payable:					
Bonds payable, direct placement	\$ 15,555	\$ -	\$ 795	\$ 14,760	\$ 795
Bond premium	2,301	-	229	2,072	-
Total long-term liabilities	<u>\$ 17,856</u>	<u>\$ -</u>	<u>\$ 1,024</u>	<u>\$ 16,832</u>	<u>\$ 795</u>

Bonds Payable

A schedule of bonds outstanding at December 31, 2025, is presented below:

Description	Date of Issue	Date of Maturity	Interest Rate (%)	Amount of Original Issue	Balance Outstanding December 31	
					2025	2024
Transmission System Revenue Bonds (2021 Series A)	10/05/21	01/01/42	5.0 %	\$ 16,360	<u>\$ 13,965</u>	<u>\$ 14,760</u>

The debt service requirements for Transco's nontaxable debt outstanding as of December 31, 2025, are as follows:

<u>Years Ending December 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 795	\$ 698	\$ 1,493
2027	785	659	1,444
2028	775	619	1,394
2029	765	581	1,346
2030	760	542	1,302
2031-2035	3,675	2,149	5,824
2036-2040	3,995	1,256	5,251
2041-2042	2,415	181	2,596
Total	<u>\$ 13,965</u>	<u>\$ 6,685</u>	<u>\$ 20,650</u>

CMEEC is obligated by the Comprehensive Management Service Agreement to pay all costs of Transco in providing such transmission services, including the nontaxable debt service on the 2021 Series A Bonds.

The Transmission System Bond Resolution contains various restrictive covenants that require, among other things, that Transco establish rates each year sufficient to recover all operating costs, to recover 100% of debt service and to maintain required amounts in the special funds.

Connecticut Transmission Municipal Electric Energy Cooperative DBA Transco

Notes to Basic Financial Statements
December 31, 2025 and 2024
(In Thousands)

7. Related-Party Transactions

Related parties consist of CMEEC and the Member municipal utility departments that have representation on the Board of Directors of Transco and CMEEC.

Transco and CMEEC entered into a Comprehensive Management Service Agreement, which obligates CMEEC to pay all costs of Transco to provide transmission services for its transmission purchasers, and Transco to pay CMEEC the costs for comprehensive management services to prudently manage Transco and to achieve the provision of transmission services for the transmission purchasers.

8. Commitments and Contingencies

Legal Proceedings

Transco is subject to other claims that arise in the normal course of business. In the opinion of management, no such matters are expected to have a materially adverse effect on the Company's financial position or results of operations.

9. Risk Management

Transco is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. These risks are covered through the purchase of commercial insurance. Settled claims have not exceeded insurance coverage in each of the past three years.