



**Mission:** To provide sustainable, reliable utility services that enhance the quality of life in Chelan County.

**PUD PROFILE**

Chelan County PUD owns and operates one of the nation’s largest nonfederal, customer-owned hydroelectric generating systems.

Chelan PUD’s highest priority is keeping our core assets in top shape. Investing in our hydropower projects, distribution systems, facilities, and people ensures we continue to produce clean, renewable, carbon-free energy and create value for our customer-owners.

Chelan PUD’s three dams have demonstrated for decades the value of public power and local control. Together the dams can generate nearly 2,000 megawatts of power at their peak. In 2022, they produced 9.5 million megawatt hours of affordable, emission-free electricity.

**ADVANCED METER DEPLOYMENT**

In February 2023, the District launched the full deployment of its Advanced Metering Infrastructure (AMI) program. The two-way digital meters offer multiple customer benefits, including:

- Faster outage notification and restoration
- More accurate billing and fewer estimated bills
- Lays a foundation for expanded services in the future, such as account pre-payments, high-use alerts and web-based tools for energy savings
- Fewer vehicles on roadways, reducing carbon emissions
- Reduced operating costs, resulting in long-term savings for customer-owners

The county-wide rollout of advanced meters hit a milestone of 20,000 meters (40% of all electrical meters) in July and is expected to be completed in March 2024.

**CHELAN PUD ON TRACK TO ACHIEVE MILESTONE FOR BROADBAND ACCESS**

The District is on track to extend its wholesale broadband network to 85% of Chelan County by the end of 2026 – a strategic goal established by the District in 2015.

The District has committed \$27 million from the utility’s Public Power Benefit (PPB) Program to extend the broadband network to 9,256 additional homes and businesses by

2027. So far, the PPB fiber project has extended access to 5,531 premises, with 3,725 more scheduled to be connected over the next three years.

The Public Power Benefit Fund uses revenues from surplus energy sales to support community-minded projects, which means the fiber expansion project was funded with no additional cost to customer-owners.

Over the next six months, District staff will continue to develop a long-term plan for fiber expansion beyond 2026, including considering alternative ways to provide internet access for rural, hard-to-reach areas.

**WATER SUPPLY FORECASTS**

The final projection from the Northwest River Forecast Center estimates January-July water supply on the Columbia River to be 76 percent of average at Grand Coulee Dam. The District expects below average generation under the forecasted water conditions on the Columbia River. Due to the District’s risk management plans, hedging strategies, financial policies, and higher than budgeted wholesale prices, the District still expects to meet or exceed financial targets.

The final water supply forecast for the Lake Chelan drainage basin is 95 percent of average from April through July. Lake Chelan Hydro Project operations will continue to balance the operating objectives, which puts the District in a good position to meet all target elevations. Last year’s actual water supply from April 1 through July 31 was 108 percent of average.

**FINANCIAL HIGHLIGHTS**

For the six months ended June 30, 2023, Chelan County PUD recorded a change in net position of \$66.4 million, an increase in earnings of \$2.7 million from the same period in 2022. The increase is due to increased operating revenues resulting primarily from additional proceeds from a long-term power sales agreement and higher average market prices received on surplus sales of electricity. These increases in operating revenues were mostly offset by an increase in purchased power costs that resulted from higher wholesale energy prices and below average water conditions, combined with an increase in other operating expenses.

As of June 30, 2023, combined unrestricted cash and investments totaled \$344.0 million, comparable to the \$383.2 million reported for the same period in 2022. Strong operating results have allowed the District to maintain healthy unrestricted cash and investment balances while continuing to fund a portion of both debt repayments and capital spending

from unrestricted operating reserves. Current assets are down \$52.4 million compared to the prior year due primarily to decreases in cash and cash equivalents offset by increases in accounts receivable and material and supplies. The decrease in cash and cash equivalents is a result of continued spending for ongoing modernization and facility upgrades at Rocky Reach and Rock Island and progress towards the District’s new Service Center. Accounts receivable increased as a result of higher wholesale energy prices. Material and supply inventories are up \$4.7 million due to a combination of supply chain strategies and higher material prices. Utility plant balances increased \$118.5 million with investments in major projects including ongoing construction of the District’s new Service Center. The primary driver behind a \$50.4 million increase in Restricted Assets – Noncurrent was the issuance of internal loans from unrestricted cash operating reserves to Rocky Island and Rocky Reach hydroelectric systems for restricted use. The loaned funds are now held in the hydros and restricted for capital spending and debt reduction in accordance with long-term power sales agreements. Other assets decreased by \$18.9 million primarily due to a decrease in net pension asset. Deferred outflows of resources increased \$18.0 million. Both the decrease in net pension asset and the increase in deferred outflows of resources are due to a decline in the funded status of the Washington State Department of Retirement Systems’ PERS Plans 2 and 3 as a result of the 2022 actuarial valuation. While the plans are still overfunded, the valuation was negatively impacted by changes of assumptions and differences between projected and actual investment earnings.

Long-term debt decreased by \$40.7 million primarily due to regularly scheduled principal payments on existing debt. The District’s debt level continues to meet established debt leverage metrics while supporting the District’s financial policies, customer-owner priorities, strong credit rating and long-term financial stability. Deferred inflows of resources decreased by \$29.3 million primarily due to a decline in the funded status of the Washington State Department of Retirement Systems’ PERS Plans 2 and 3 as a result of the 2022 actuarial valuation.



*Kelly Boyd*  
**Kelly Boyd**  
 Chief Financial Officer/  
 Chief Risk Officer



## CONDENSED COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (Unaudited)

Six months ended June 30, 2023

(in thousands)

	Rocky Reach	Rock Island	Lake Chelan	Utility Services	Financing Facilities	Internal Services	Intra-District Transactions (1)	6 Months Ended 6/30/2023	6 Months Ended 6/30/2022
<b>OPERATING REVENUES</b>	\$ 47,384	\$ 71,189	\$ 6,184	\$ 235,234	\$ 2,916	\$ 14,391	\$ (122,898)	\$ 254,400	\$ 225,086
<b>OPERATING EXPENSES (2)</b>	38,754	39,327	5,148	216,697	-	14,445	(122,884)	191,487	161,796
<b>NET OPERATING INCOME (LOSS) (2)</b>	8,630	31,862	1,036	18,537	2,916	(54)	(14)	62,913	63,290
<b>OTHER INCOME (EXPENSE) (2) (3)</b>	(3,856)	(11,257)	(440)	7,797	6,701	858	14	(183)	(3,832)
<b>CAPITAL CONTRIBUTIONS</b>	-	860	-	2,839	-	-	-	3,699	4,254
<b>CHANGE IN NET POSITION (2)</b>	\$ 4,774	\$ 21,465	\$ 596	\$ 29,173	\$ 9,617	\$ 804	\$ -	\$ 66,429	\$ 63,712

## CONDENSED COMBINING STATEMENTS OF NET POSITION (Unaudited)

June 30, 2023

(in thousands)

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	Rocky Reach	Rock Island	Lake Chelan	Utility Services	Financing Facilities	Internal Services	Intra-District Transactions (1)	6/30/2023	6/30/2022
<b>TOTAL CURRENT ASSETS</b>	\$ 13,939	\$ 9,183	\$ 2,011	\$ 130,614	\$ 6,466	\$ 16,320	\$ -	\$ 178,533	\$ 230,951
<b>NET UTILITY PLANT (2)</b>	271,654	556,733	83,150	405,295	-	227,110	-	1,543,942	1,425,460
<b>RESTRICTED ASSETS - NONCURRENT</b>	31,489	88,392	-	26,778	12,586	7,970	-	167,215	116,844
<b>OTHER ASSETS</b>	14,356	30,714	6,425	251,375	18,610	36,201	(10,195)	347,486	366,347
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	7,943	8,600	996	10,461	374	459	-	28,833	10,827
<b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES (2)</b>	\$ 339,381	\$ 693,622	\$ 92,582	\$ 824,523	\$ 38,036	\$ 288,060	\$ (10,195)	\$ 2,266,009	\$ 2,150,429
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>									
<b>CURRENT LIABILITIES (2)</b>	\$ 5,915	\$ 33,604	\$ 944	\$ 28,925	\$ 14,486	\$ 33,083	\$ -	\$ 116,957	\$ 122,008
<b>INTERSYSTEM PAYABLE (RECEIVABLE) - CURRENT</b>	10,155	9,494	(570)	12,918	(23,327)	(8,670)	-	-	-
<b>LONG-TERM DEBT</b>	-	104,331	-	3,987	202,124	-	-	310,442	351,123
<b>INTERSYSTEM PAYABLE (RECEIVABLE) - NONCURRENT</b>	56,774	209,163	(11,028)	(139,063)	(348,557)	232,711	-	-	-
<b>UNEARNED REVENUES</b>	6,393	6,536	-	106,717	4,112	-	(10,195)	113,563	132,239
<b>OTHER LIABILITIES (2)</b>	13,921	16,296	9,965	12,850	-	7,483	-	60,515	51,928
<b>TOTAL LIABILITIES (2)</b>	93,158	379,424	(689)	26,334	(151,162)	264,607	(10,195)	601,477	657,298
<b>DEFERRED INFLOWS OF RESOURCES</b>	11,328	28,160	1,421	32,297	585	246	-	74,037	103,318
<b>TOTAL NET POSITION (2)</b>	234,895	286,038	91,850	765,892	188,613	23,207	-	1,590,495	1,389,813
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES &amp; NET POSITION (2)</b>	\$ 339,381	\$ 693,622	\$ 92,582	\$ 824,523	\$ 38,036	\$ 288,060	\$ (10,195)	\$ 2,266,009	\$ 2,150,429

### ELECTRIC

As of June 30	2023	2022
Number of Customers	51,005	50,192
Number of Residential Customers	41,570	40,842
YTD Average Residential Rate (Cents/kWh)	3.40	3.30

### POWER GENERATION (MWh) (000)

6 months ended June 30	2023	2022
Lake Chelan	136	231
Rocky Reach	2,574	3,390
Rock Island	1,142	1,506

### HYDRO PRODUCTION COST/MWH GENERATED (\$/MWh)

6 months ended June 30	2023	2022
Lake Chelan	\$ 37	\$ 19
Rocky Reach	16	12
Rock Island	43	30

### NOTES TO CONDENSED STATEMENTS

(1) Intra-District transactions are eliminated.

(2) Figures for 2022 restated resulting from the implementation of GASB 96 - Subscription-Based Information Technology Arrangements.

(3) Consists primarily of investment income and interest expense on long-term debt.

Public Utility District No. 1 of Chelan County (Chelan County PUD) has prepared condensed financial statements in accordance with generally accepted accounting principles. Condensed financial statements should be read in conjunction with the notes to the financial statements included in Chelan County PUD's Annual Report as of December 31, 2022. This information is provided for general information. Not all the information is intended for nor should it be relied upon for making investment decisions by current or prospective investors.