



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 2020, they produced 8.8 million megawatt hours of affordable, emission-free electricity.

SERVICE CENTER CONSTRUCTION EMBLEMATIC OF LARGER INVESTMENTS

Cranes and crews are raising the steel frame of Chelan PUD’s new Service Center this spring. The highly visible project is emblematic of major investments the utility is making to ensure long-term value, including hydropower modernization, fiber internet expansion and hardening the electrical grid for wildfire resiliency.

Chelan PUD commissioners unanimously approved three resolutions authorizing the next phase of construction for the Service Center. With more than three-fourths of contracts awarded, the project is on track to stay within the budgeted cost of \$139.5 million. The grand opening is tentatively scheduled for early 2023.

The PUD plans to award about \$26.7 million in construction bids to local contractors and suppliers – including electrical, asphalt paving, landscaping, and concrete supply. The Service Center project will also provide about \$2.5 million in fees and taxes to the City of Wenatchee, Chelan County, and other junior taxing districts.

The Service Center is an important investment for several reasons:

- Building new is more cost-effective than remodeling the PUD’s scattered, aging facilities
- A consolidated service center provides one-stop convenience for customer-owners
- The location is closer to the center of the PUD’s service territory
- Easier access means faster response times from utility crews

In addition, Chelan PUD’s 2021 capital investments support other initiatives outlined in the 2020-2024 strategic plan, including:

- Expansion of fiber internet
- Modernization of aging hydropower turbines
- Hardening the electrical grid for wildfire resiliency
- Construction of several substations to meet local demand

CHELAN PUD AND AVISTA PARTNER ON CLEAN, HYDROPOWER ENERGY CONTRACT

Chelan County PUD and Avista have finalized a contract for renewable hydropower from the District’s two hydro projects on the Columbia River. The contract increases Avista’s carbon-free resources in its energy portfolio, helping achieve the company’s clean electricity goals and supporting Washington State’s Clean Energy Transformation Act goals as well.

The partnership supports Chelan PUD’s long term power marketing strategy toward longer 10-year contracts, bringing value to its customer-owners.

The “slice” contract provides Avista with 5% of the output from the PUD’s Rock Island and Rocky Reach hydropower projects from 2024 through 2033. This contract complements an existing contract between Avista and the PUD, and it will mean 10% of the renewable hydropower output from the two PUD projects will supply Avista customers.

COVID-19 IMPACTS ON 2021 FINANCES REMAIN MODEST

Chelan PUD’s strong finances continue to help it weather the modest impacts to revenues and costs as a result of the COVID-19 pandemic. Financial results for the first three months of 2021 and our forecasts for the remainder of the year show that the pandemic isn’t expected to have significant impacts on year-end results. Proactive measures remain in place to protect PUD staff and customers, including closed lobbies, non-emergency employees working from home, and required safety measures for on-site essential staff.

The District’s finances remain strong, and all metrics are being met. Chelan PUD’s ability to meet predicted impacts show the resilience gained with prudent financial policies, a strong cash position, robust risk management and hedging policies, as well as business continuity plans and actions.

The PUD also continues to support actions that make an impactful and meaningful difference to community members in need, including waiving late fees, suspending disconnects for failure to pay, and partnering with local service providers to create Wi-Fi access points across the county to provide free internet access to help the community and students in need of Wi-Fi access. The District has also provided support for vaccination efforts that include use of parks, snow removal, security, radios, fuel, and power generation.

In January, Chelan PUD commissioners voted to double the donations customer-owners have given since March 2020 to Helping Hands, a fund that helps low-income people cover their utility bills, bringing the total of available aid to more than \$128,000. As of January, 257 residential customers owed a collective \$113,000 in past due balances.

WATER SUPPLY FORECASTS

The late April forecast from the Northwest River Forecast Center forecasts January-July water supply on the Columbia River to be

90 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 expects to meet or exceed financial targets despite stream flow volatility.

The April 1st water supply forecast for the Lake Chelan drainage basin is 112 percent of average from April through July. Lake Chelan Hydro Project operations will continue to follow the dry-to-average year target curve, which puts the District in a good position to meet all lake level targets for the year. Last year’s actual water supply from April 1 through July 31 was 92 percent of average.

FINANCIAL HIGHLIGHTS

For the three months ended March 31, 2021, Chelan County PUD recorded a change in net position of \$21.0 million, an increase in earnings of \$3.3 million from the same period in 2020. The improvement in earnings 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. The increased revenue was partially offset by higher maintenance costs at the District’s Rock Island hydroelectric project due to repair work on various hydro assets.

As of March 31, 2021, combined unrestricted cash and investments totaled \$380.9 million, compared to \$414.4 million from the same period in 2020. Current assets and other assets declined \$14.4 million and \$20.2 million, respectively, primarily as a result of funding a portion of both the debt repayments and capital spending from unrestricted operating reserves. Restricted noncurrent assets increased by \$71.9 million due to bond proceeds received from the District’s issuance of revenue bonds in May 2020. Utility plant balances increased with investments in major projects including ongoing modernization work at Rock Island hydro, construction of new substations and progress towards the District’s new Service Center.

Long-term debt increased by \$57.7 million due to the District’s \$133.8 million issuance of the 2020ABC bonds in May 2020, net of related refunded and retired balances and 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.



Kelly Boyd
Kelly Boyd
 Chief Financial Officer/
 Chief Risk Officer



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

Three months ended March 31, 2021

(in thousands)

	Rocky Reach	Rock Island	Lake Chelan	Utility Services	Financing Facilities	Internal Services	Intra-District Transactions (1)	3 Months Ended 3/31/2021	3 Months Ended 3/31/2020
OPERATING REVENUES	\$ 20,125	\$ 32,024	\$ 6,062	\$ 84,144	\$ 1,794	\$ 6,094	\$ (55,929)	\$ 94,314	\$ 86,144
OPERATING EXPENSES	16,230	17,908	2,210	85,743	-	5,973	(55,929)	72,135	66,767
NET OPERATING INCOME (LOSS)	3,895	14,116	3,852	(1,599)	1,794	121	-	22,179	19,377
OTHER INCOME (EXPENSE) (2)	(1,840)	(5,266)	(287)	2,405	2,480	181	-	(2,327)	(2,684)
CAPITAL CONTRIBUTIONS	-	132	-	1,016	-	-	-	1,148	998
CHANGE IN NET POSITION	\$ 2,055	\$ 8,982	\$ 3,565	\$ 1,822	\$ 4,274	\$ 302	\$ -	\$ 21,000	\$ 17,691

CONDENSED COMBINING STATEMENTS OF NET POSITION (Unaudited)

March 31, 2021

(in thousands)

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	Rocky Reach	Rock Island	Lake Chelan	Utility Services	Financing Facilities	Internal Services	Intra-District Transactions (1)	3/31/2021	3/31/2020
TOTAL CURRENT ASSETS	\$ 13,218	\$ 17,526	\$ 2,684	\$ 122,335	\$ 3,778	\$ 31,879	\$ -	\$ 191,420	\$ 205,813
NET UTILITY PLANT	283,886	457,645	85,684	348,385	-	83,174	-	1,258,774	1,184,014
RESTRICTED ASSETS - NONCURRENT	38,490	126,750	-	502	88,852	6,466	-	261,060	189,186
OTHER ASSETS	5,752	16,405	5,196	213,897	11,461	57,393	(10,746)	299,358	319,511
DEFERRED OUTFLOWS OF RESOURCES	2,483	4,241	313	3,769	1,398	135	-	12,339	12,062
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ 343,829	\$ 622,567	\$ 93,877	\$ 688,888	\$ 105,489	\$ 179,047	\$ (10,746)	\$ 2,022,951	\$ 1,910,586
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION									
CURRENT LIABILITIES	\$ 4,684	\$ 31,857	\$ 637	\$ 24,542	\$ 16,600	\$ 27,611	\$ -	\$ 105,931	\$ 102,979
INTERSYSTEM PAYABLE (RECEIVABLE) - CURRENT	10,260	7,860	1,430	11,612	(23,105)	(8,057)	-	-	-
LONG-TERM DEBT	-	151,995	-	6,129	341,148	-	-	499,272	441,581
INTERSYSTEM PAYABLE (RECEIVABLE) - NONCURRENT	97,864	191,272	(4,133)	(41,689)	(379,268)	135,954	-	-	-
UNEARNED REVENUES	6,593	6,787	-	98,500	5,546	-	(10,746)	106,680	120,630
OTHER LIABILITIES	16,763	17,771	10,165	11,422	-	-	-	56,121	56,338
TOTAL LIABILITIES	136,164	407,542	8,099	110,516	(39,079)	155,508	(10,746)	768,004	721,528
DEFERRED INFLOWS OF RESOURCES	2,836	27,741	377	10,300	2,233	1,482	-	44,969	58,955
TOTAL NET POSITION	204,829	187,284	85,401	568,072	142,335	22,057	-	1,209,978	1,130,103
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION	\$ 343,829	\$ 622,567	\$ 93,877	\$ 688,888	\$ 105,489	\$ 179,047	\$ (10,746)	\$ 2,022,951	\$ 1,910,586

ELECTRIC

As of March 31	2021	2020
Number of Customers	53,113	52,212
Number of Residential Customers	40,433	39,523
YTD Average Residential Rate (Cents/kWh)	3.12	3.08

POWER GENERATION (MWh) (000)

3 months ended March 31	2021	2020
Lake Chelan	116	93
Rocky Reach	1,398	1,338
Rock Island	660	701

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

3 months ended March 31	2021	2020
Lake Chelan	\$ 20	\$ 24
Rocky Reach	13	13
Rock Island	35	28

NOTES TO CONDENSED STATEMENTS

(1) Intra-District transactions are eliminated.

(2) 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, 2020. 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.