Quarterly Financial Review

for the quarter ended September 30, 2025

November 3, 2025

Mark Mullins

What We Will Cover Today

- Financial highlights
- Third quarter results
- Five-year look ahead
- Investment report
- Key messages

Update only, no action required

Appendix: Additional detailed information not covered today

Q3 2025 Key Highlights

Bottom-line results through Q3: Better than budget

- Lower operating costs more than offset lower revenues due to low streamflow conditions

Forecasted bottom-line results for the year: Better than budget

- Revenues are expected to be below budget for the year
- Operating Expenses forecasted below budget and include significant project work for 2025
- Schedule delays and inflation are driving long-term project costs higher

Financial metrics for the 5-year forecast: meeting targets

- District financial metrics are being met for the 5-year planning horizon
- Low debt leverage and high debt service coverage provides financial flexibility

Stay the long-term course

Q3 Overview

Revenue

Service Revenue $1M below budget YTD
- ↓ Residential sales lower due to mild weather

Net Market Based Revenue $21M below budget YTD
- ↓ Lower energy production due to lower streamflow
- ↓ Market prices lower
- ↓ Higher volume of market purchases

Hydro Contract Revenue $2M above budget YTD
- ↑ Retained surplus proceeds on cost-based contract
- ↓ Hydro O&M costs lower for cost-based revenues

Other Operating Revenue $10M above budget YTD
- ↑ Climate Commitment Act auctions
- ↑ Variable portion of real-time agreement

Total Revenues forecast to be $10M below budget for the year

Expense

Operating Expenses $17M below budget YTD
- ↓ O&M lower at the hydros due to project schedules

Non-Operating Activity–Inc/(Exp) $4M better than budget YTD
- ↑ Unallocated PPB spending
- ↓ Lower contributions from new services

Total Net Expenses forecasted to be $19M below budget for the year

Bottom Line

Bottom Line $133M YTD: $11M better than budget
- ↑ Lower expenses and higher LT hydro contract revenues partially offset by lower net market-based revenue

Bottom Line forecast of $167M for the year
- ↑ $9M better than budget

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Q3 Overview

Capital

Capital expenditures of $99M YTD

↓ $44M below budget YTD

Capital forecast adjustments due to project schedule revisions

↑ RI PH1 Modernization
↑ Wenatchee Bridge St. Substation
↓ RI PH2 Rehab
↓ RI Spillway Parapet Wall
↓ RI PH1 Intake Gantry
↓ Bavarian Substation & interconnection

Total capital forecast of $143M

↓ $64M below budget for the year

Cash

Q3 Cash and investments balance of $535M

↓ Decreased by $32M from year-end
- ↓ Scheduled debt payments
- ↓ Decreased collateral on power contracts
- ↓ Decreased deposits
- ↓ Capital spending YTD below budget

Cash balance being utilized for capital spending and debt principal payments

Year-end cash balance forecast of $566M

↑ $72M better than budget

Debt

Q3 Debt balance of $241M

↓ $44M of net scheduled payments

Year-end $242M debt forecast

↓ $43M of net scheduled payments
↑ Eliminating $16M of accelerated 2026 payments

2025 Bottom Line Forecast

(in 000s)	2025 Current Forecast	2025 Budget	% of budget
Service Revenue	93,605	93,089	*101%*
Net Market Based Revenue	172,005	194,098	*89%*
Hydro LT Contract Rev/Other PP	189,156	187,039	*101%*
Other Operating Revenue	37,980	28,100	*135%*
Total Revenue	**492,746**	**502,326**	*98%*
Operating Expense	(259,530)	(268,836)	*97%*
Depreciation & Tax Expense	(81,043)	(82,460)	*98%*
Operating Income/(Loss)	**152,172**	**151,030**	***101%***
Non-Operating Activity	14,885	6,689	*223%*
Bottom Line	**167,057**	**157,719**	***106%***

New version includes Off-System in Net Market Based Revenue

2025 Business Line Bottom Line Forecast

(in 000s)	2025 Current Forecast	2025 Budget	% of budget
Integrated Electric	170,340	162,031	*105%*
Fiber & Telecom	(3,122)	(3,884)	*80%*
Water	531	334	*159%*
Wastewater	(692)	(762)	*91%*
Combined Bottom Line	**167,057**	**157,719**	***106%***

- Integrated Electric (IE) includes $2.7M in other revenue for make-ready work
- Fiber & Telecom includes $2.7M in operating expense for make-ready work

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Capital Expenditures

(in 000s)	2025 YTD Actuals	2025 YTD Budget	% of budget	2025 Current Forecast	2025 Current Budget	% of budget
Electric Distribution	31,838	36,272	*88%*	44,010	52,158	*84%*
Network Transmission	10,173	9,450	*108%*	13,276	12,930	*103%*
Rocky Reach	5,464	9,091	*60%*	7,654	14,562	*53%*
Rock Island	40,042	69,579	*58%*	60,895	101,086	*60%*
Lake Chelan	1,320	2,623	*50%*	3,229	3,922	*82%*
Internal Services	3,120	8,018	*39%*	4,662	11,192	*42%*
Fiber & Telecom	4,539	4,644	*98%*	6,019	7,534	*80%*
Water	2,185	2,669	*82%*	3,596	4,225	*85%*
Wastewater	9	16	*53%*	10	27	*37%*
Total Expenditures	**98,689**	**142,363**	***69%***	**143,350**	**207,635**	***69%***
Contributions	(4,835)	(5,389)	*90%*	(6,601)	(7,186)	*92%*
Capital net of CIAC	**93,854**	**136,973**	***69%***	**136,750**	**200,450**	***68%***

2025 Cash Flow Year-To-Date

	$ Million
Bottom line result (YTD-2025)	$ 133
Add back non-cash expense items (deprec./amort.)	$ 49
Subtract non-cash revenue items	($ 11)
Estimated earned funds from operations	**$ 172**
Capital project expenditures	($ 99)
Net debt activity (principal payments net of capitalized interest)	($ 44)
Other misc. impacts (change in A/R, A/P, inventory, debt, etc.)	($ 60)
Estimated use of funds	**($ 203)**
Added to / (Use of) cash reserves	**($ 32)**

Cash and investments, beginning of year	$ 566
Added to (Use of) cash reserves	($ 32)
Cash and investments, Q3 of 2025	**$ 535**

Cash & Investments Balance

($ Millions)	9/30/25	12/31/24
Unrestricted Funds	**$314**	**$279**
Restricted funds for hydro capital/debt	122	155
Total Liquidity (policy minimum $257M calculated)	**$437**	**$434**
Restricted – bond reserve funds	41	47
Restricted – customer deposit substation - Microsoft	27	40
Restricted – power contract deposits	19	33
Restricted – self insurance and other funds	11	12
Total Cash and Investments	**$535**	**$566**

Quarterly Reporting Requirement - Financial Policies

District Combined	2025	2026	2027	2028	2029
Liquidity (Greater calculated min $225M-$244M, Expected)	$467M	$454M	$368M	$309M	$329M
Liquidity (Greater calculated min $225M-$244M, Unusual)		$433M	$323M	$248M*	$245M*
Debt Ratio (Expected case <35%)	10.9%	8.7%	7.3%	5.9%	4.0%
Debt Ratio (Unusual case <35%)		8.8%	7.5%	7.0%	6.1%
Days Cash on Hand (Expected case >150)	325	316	327	272	282
Days Cash on Hand (Unusual case > 150)		298	287	218	209
Combined Debt Cover (Expected case > 2.00x)	4.23	3.80	6.23	6.76	28.29
Combined Debt Cover (Unusual case >1.25x)		3.43	5.54	5.42	14.35
Bottom Line Results (Expected case)	*$167M*	*$128M*	*$132M*	*$148M*	*$125M*
Bottom Line Results (Unusual case)		*$109M*	*$109M*	*$110M*	*$73M*
Debt Outstanding (Expected case)	*$242M*	*$201M*	*$177M*	*$151M*	*$105M*
Debt Outstanding (Unusual case)		*$201M*	*$177M*	*$173M*	*$155M*

* - Financial Policy Metrics within 10% of target which requires Board communication per resolution 24-14911. Action plan is to consider issuance of external debt to fund a portion of the capital spending program and balance maintaining our financial targets.

Prior quarter

The information in this schedule contains forward-looking information and projections. Such projections are necessarily subject to various risks and uncertainties. Actual results could, and likely will, differ materially from those projected, in part as a result of differences between assumptions utilized in making such projections and actual outcomes and certain other risks.

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Quarterly Investment Report

In compliance with District Banking and Investment Policy #22-14648

	Q4 2024	Q1 2025	Q2 2025	Q3 2025	YTD 2025	WAM
Average Invested Book Value ($M)	$552	$575	$549	$528	$551	
District Yield	3.30%	3.28%	3.27%	3.33%	3.29%	811
Benchmarks:						
3 Month T-Bill	4.44%	4.26%	4.28%	4.14%	4.23%	92
S&P US Treasury 1-3 Year Index	4.57%	4.53%	4.47%	4.32%	4.44%	692

- Q3 2025 yield increased slightly to 3.33%
- Our longer duration portfolio is lagging more responsive short-term rates
- Federal Open Market Committee will continue to monitor related information and expectations
- Laddered investment structure continues to be our strategy to support safety of principal and liquidity and mitigate interest rate volatility

Policy Objectives
- ✚ Safety
- ✚ Liquidity
- ✚ Maturity
- ■ Return on Investment

Compliance
- ✚ Diversification
- ✚ Duration
- ✚ Internal Controls

Full report in Appendix

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Q3 Key Messages

- Year-end 2025 forecasts are better than budget
- Long-term financial metrics remain strong
- Stay the long-term course

Appendix

The information in the appendix contains forward-looking information and projections necessarily subject to various risks and uncertainties. Actual results could, and likely will, differ materially from those projected, in part as a result of differences between assumptions utilized in making such projections and actual outcomes and certain other risks.

Quarterly Reporting Requirement
Individual Business Line Financial Policies

Business Lines	Water	Waste water	Fiber
	Forecast for 2029		
Operating Cover Percentage (2029 target)	*>102.3%*	*>83.8%*	*>90.0%*
Operating Cover Percentage (Q3 Forecast)	**94.7%**	**51.4%**	**88.3%**
Cash Reserves – Unrestricted (2029 target)	*>$1.25M*	*>$200K*	*>$2.0M*
Cash Reserves – Unrestricted (Q3 Forecast)	**($15.7M)**	**($2.0M)**	**$1.7M**
Debt Service as a % of Rev (2029 target)	*<10.0%*	*<10.0%*	*<10.0%*
Debt Service as a % of Rev (Q3 Forecast)	**2.3%**	**15.8%**	**---**

NOTE: Board resolution 20-14438 requires quarterly reporting to the board for business line financial targets, with "by 2029" as the current target to meet.

Financial Policy not met. Action plan is to address in the Strategic Planning and consider internal loaning to improve cash position to help meet capital needs.

Financial Policy Metric within 10% of target which requires Board communication per resolution. Action plan is to monitor ongoing forecasts.

Financial Highlights - Revenue

Net Market Based Revenue:

↓ YTD result $21 million below budget ($130M vs. $151M)

↓ Annual forecast $22 million below budget ($172M vs. $194M)

Drivers:

↓ Low water - Generation 84% of budget
↓ Higher purchases
↓ Lower market prices

Hydro Long-Term Contract Revenue:

↑ YTD result $1.5 million above budget ($142.2M vs. $140.7M)

↑ Annual forecast $2 million above budget ($189M vs. $187M)

Drivers:

↑ Retained surplus proceeds
↓ YTD Combined hydro operating expenses below budget

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Financial Highlights - Revenue

Service Revenue:

↓ YTD result $1.0M below budget
($67.9M vs. $68.9M)

↓ Forecast result $1M above budget
($94M vs. $93M)

Drivers:

↓ Residential Electric lower due to mild Q1 weather -$1.0M

Other Operating Revenue:

↑ YTD results $10.2M above budget
($31.1M vs. $20.9M)

↑ Forecast results $9.9M above budget
($38.0M vs. $28.1M)

Drivers:

↑ Real-Time Agreement variable portion better than budget +$2.5M

↑ Climate Commitment Act sales better than budget +$6.7M

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Financial Highlights - Expenses

Operating Expense:

↓ YTD result $17M below budget ($247M vs. $264M)

↓ Forecast result $10M below budget ($341M vs. $351M)

Drivers:

↓ Hydro operations and maintenance at 79% of budget

↓ Electric Transmission at 83% of budget

↑ Electric Distribution at 106% of budget

↑ Misc. Power Supply at 122% of budget

Non-Operating Activity–Inc/(Exp) :

↓ YTD result $4.0M better than budget ($9.1M vs. $5.1M)

↓ Forecast results $8.2M better than budget ($14.9M vs. $6.7M)

Drivers:

↑ Unallocated PPB budget

↓ Lower Contributions from new electric services

Financial Highlights – Balance Sheet

Capital Expenditures lower than budget		
	• 2025 YTD Q3 $99 million vs. budget of $142 million • *2025 Forecast $143 million vs. budget of $207 million*	
Selected individual project adjustments:		
↑	RI PH1 Modernization	$6.6M moved forward
	Wenatchee Bridge St. Substation	$3.9M new project
↓	RI PH2 Rehab	$32.0M shifted out to 2027+
	RI Spillway Parapet Wall	$10.5M reduced cost forecast
	RI PH1 Intake Gantry	$4.0M shifted to 2026
	Bavarian Substation & Interconnect	$3.8M shifted to 2026
	Jumpoff Ridge	$3.4M reduced cost forecast
Cash remains strong, with continued debt reduction		
	•Cash balance decreased $32 million to fund capital and debt service and remains strong at $535M. •Debt balance decreased $44 million to $241M due to $49M principal payment offset by $5M of capitalized interest	

Financial Highlights

Detailed Cash Balances ($ Millions)	9/30/2025	12/31/2024
Unrestricted funds	259	238
Climate Commitment Act (CCA) Funds*	24	17
Unallocated Public Power Benefit (PPB) Funds*	8	2
Electric Rate Support Fund *	23	23
Total Unrestricted Funds	**314**	**279**
Restricted funds for hydro capital/debt	122	155
Total Liquidity	**437**	**434**
Restricted – bond reserve funds	41	47
Restricted – customer deposits	27	40
Restricted – power contract deposits	19	33
Restricted – self insurance and other funds	11	12
Total Restricted Funds	**98**	**132**
Total Cash and Investments	**535**	**566**

*** Board Designated CCA, PPB and Electric Rate Support Funds qualify as unrestricted for liquidity and external reporting purposes**

Service Revenue

(in 000s)	2025 Actuals YTD	2025 Budget YTD	% of budget	Variance
Residential Electric	25,220	26,232	*96%*	Milder weather
Commercial Electric	13,738	13,960	*98%*	In line with budget
Industrial Electric	3,925	3,943	*100%*	In line with budget
High Density Load	8,435	7,894	*107%*	Increased usage
EV Charging Stations	239	245	*97%*	Small $ variance
Other Electric	1,776	1,734	*102%*	In line with budget
Electric Service	**53,332**	**54,008**	***99%***	
Water Service	**6,929**	**6,949**	***100%***	In line with budget
Wastewater Service	**659**	**713**	***92%***	Lower Industrial usage
Fiber & Telecom	**6,962**	**7,244**	***96%***	Service adjustments
Service Revenue	**67,882**	**68,915**	***99%***	

Note: Excludes internal intersystem revenues

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Net Surplus Energy Revenue

(in 000s)	Actuals YTD 2025	Budget YTD 2025	% of budget	Variance
Slice Contracts	106,890	107,338	*100%*	In line with budget
Net Block Trades & Other	23,500	43,661	*54%*	Lower streamflow and higher market purchases
Net Market Based Revenue	**130,390**	**150,999**	*86%*	
LT Hydro Contracts	142,831	141,310	*101%*	Retained surplus revenues; offset by lower revenues from lower hydro operating expenses
Other Purchased Power	(582)	(579)	*101%*	In line with budget
Hydro LT Contract Rev/ Other PP	**142,248**	**140,731**	***101%***	
Surplus Energy Revenue	**272,638**	**291,730**	***93%***	

Operating Expense

(in 000s)	2025 Actuals YTD	2025 Budget YTD	% of budget	Variance
Hydro Operations & Maintenance	46,696	59,309	*79%*	Project delays
Hydro Fish & Wildlife	15,558	15,754	*99%*	In line with budget
Hydro Parks & Recreation	8,110	8,599	*94%*	Seasonal timing
Electric Distribution	18,670	17,559	*106%*	Materials cost timing
Electric Transmission	12,151	14,588	*83%*	Open positions; contract spend
Misc. Power Supply Expenses	5,530	4,518	*122%*	Higher contract spending
Water & Wastewater	3,741	3,397	*110%*	Higher source water; main repair
Fiber Network	4,130	3,919	*105%*	Contract timing
Customer Accounts & Service	3,811	4,807	*79%*	Open positions; lower contract spend
Conservation & Customer Assist	4,457	5,882	*76%*	Open positions; lower contract spend
Insurance & FERC Fees	13,561	13,204	*103%*	Higher FERC fees
Admin & General	50,809	50,975	*100%*	In line with budget
Total	**187,224**	**202,511**	***92%***	

Non-Operating Activity

(in 000s)	2025 Actuals YTD	2025 Budget YTD	% of budget	Variance
Interest Earnings	13,448	13,321	*101%*	In line with budget
Capital Contributions	5,776	7,100	*81%*	Lower electric new service contributions
Interest Expense	(9,613)	(9,818)	*98%*	In line with budget
Other Inc/(Exp)	(549)	(5,510)	*10%*	Unallocated PPB spend
Non-Operating Activity	**9,061**	**5,094**	***178%***	

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Integrated Electric

(in 000s)	2025 Actuals YTD	2025 Budget YTD	% of budget	Variance
Service Revenue	53,433	54,093	*99%*	In line with budget
Net Market Based Revenue	130,390	150,999	*86%*	Lower streamflow and higher market purchases
Hydro LT Contact Rev/ Other PP	142,248	140,731	*101%*	Retained surplus revenues; offset by lower revenues from lower hydro operating expenses
Other Operating Revenue	34,527	24,340	*142%*	CCA auction sales, variable portion of real-time agreement
Operating Expense	(178,964)	(193,339)	*93%*	Lower Hydro O&M
Depreciation & Taxes	(53,628)	(55,267)	*97%*	In line with budget
Operating Income/(Loss)	**128,006**	**121,556**	***105%***	
Non-Operating Activity	7,618	3,781	*201%*	Unallocated PPB budget
Bottom Line	**135,624**	**125,337**	***108%***	

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Fiber & Telecom

(in 000s)	2025 Actuals YTD	2025 Budget YTD	% of budget	Variance
Service Revenue	9,378	9,525	*98%*	In line with budget
Other Operating Revenue	122	4	---	Small $ variance
Operating Expense	(8,812)	(9,498)	*93%*	Lower Make-Ready work
Depreciation and Taxes	(3,732)	(3,655)	102%	In line with budget
Operating Income/(Loss)	**(3,043)**	**(3,625)**	*84%*	
Non-Operating Activity	367	731	*50%*	Lower capital contributions
Bottom Line	**(2,677)**	**(2,894)**	***92%***	

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Water

(in 000s)	2025 Actuals YTD	2025 Budget YTD	% of budget	Variance
Service Revenue	7,210	7,146	*101%*	In line with budget
Other Operating Revenue	51	48	*107%*	Small $ variance
Operating Expense	(4,955)	(4,814)	*103%*	In line with budget
Depreciation and Taxes	(2,448)	(2,427)	*101%*	In line with budget
Operating Income/(Loss)	**(141)**	**(47)**	***299%***	
Non-Operating Activity	874	461	*190%*	Higher capital contributions
Bottom Line	**733**	**414**	***177%***	

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Wastewater

(in 000s)	2025 Actuals YTD	2025 Budget YTD	% of budget	Variance
Service Revenue	659	713	*92%*	Lower Industrial usage
Other Operating Revenue	3	1	*196%*	Small $ variance
Operating Expense	(916)	(957)	*96%*	Contract timing and lower labor
Depreciation and Taxes	(475)	(479)	*99%*	In line with budget
Operating Income/(Loss)	**(729)**	**(721)**	***101%***	
Non-Operating Activity	202	121	*168%*	Higher contributions
Bottom Line	**(526)**	**(600)**	***88%***	

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Actual Cash Balance Comparison to Budget

(millions)	2025
Total Cash – Budgeted year-end balance	**$ 494**
Key changes in cash results:	
Decrease / (Increase) in capital projects	$ 64
Increase / (Decrease) in operating activity	$ 9
Other changes in A/R, A/P, inventory, etc.	($ 1)
Total Cash – Current forecast year-end balance	**$ 566**
Prior quarter – 2025 Q2 forecasted year-end balance for 2025	$ **508**

Five-year outlook

Key modeling assumptions:

- Past water history and current forward price curve
- Rate increases (Annually on 6/1 through 2026) Electric – 3%, Water & Wastewater 4%, Fiber – 0%
- Avista Long-term Power Sales Contract beginning in 2026
- Planned expenditures from 5-year business plans
- Debt reduction plan based on 2025 plan of finance
- Hydro contract terms set at maximum rates
  - Debt Reduction Charge (DRC) - 3%
  - Capital Recovery Charge (CRC) - 50%
- Investment earnings rate
  - (2025-29: 3.61%, 3.70%, 3.95%, 4.18%, 4.35%)

Combined Five-Year Forecast

(in 000s)	Forecast 2025	Forecast 2026	Forecast 2027	Forecast 2028	Forecast 2029
Service Revenue	93,605	96,760	99,091	100,157	101,339
Net Market Based Revenue	172,005	129,978	149,791	188,476	184,491
Hydro LT Contract Rev/Other PP	189,156	214,602	213,583	205,259	198,159
Other Operating Revenue	37,980	42,210	28,499	27,214	28,101
Total Revenue	**492,746**	**483,551**	**490,964**	**521,106**	**512,090**
Operating Expense	(259,530)	(293,238)	(286,640)	(292,167)	(301,321)
Depreciation & Tax Expense	(81,043)	(82,041)	(86,653)	(95,660)	(102,935)
Operating Income/(Loss)	**152,172**	**108,272**	**117,671**	**133,280**	**107,834**
Non-Operating Activity	14,885	19,649	14,409	14,231	16,803
Bottom Line	**167,057**	**127,920**	**132,080**	**147,511**	**124,637**

Prior Quarter Reported Forecast	***158,206***	***128,147***	***143,833***	***163,645***	***140,777***
Forecast at 2025 Budget	***157,707***	***123,449***	***146,912***	***170,713***	***152,890***

Capital Projects

(in 000s)	Forecast 2025	Forecast 2026	Forecast 2027	Forecast 2028	Forecast 2029
Electric Distribution	44,010	53,449	53,369	68,031	35,753
Network Transmission	13,276	9,453	22,235	17,338	19,669
Rocky Reach	7,654	14,697	13,265	18,244	26,452
Rock Island	60,895	57,832	98,904	109,895	56,965
Lake Chelan	3,229	6,071	2,881	2,141	1,127
Internal Services	4,662	3,131	35,894	34,695	34,122
Fiber & Telecom	6,019	7,723	8,061	2,967	3,184
Water	3,596	4,678	5,825	6,924	4,540
Wastewater	10	73	511	447	89
Total Expenditures	**143,350**	**157,106**	**240,945**	**260,682**	**181,900**

Prior Quarter Reported Forecast	***166,921***	***238,377***	***204,863***	***183,917***	***154,237***

Forecast at 2025 Budget	***206,928***	***234,036***	***176,950***	***165,785***	***153,497***

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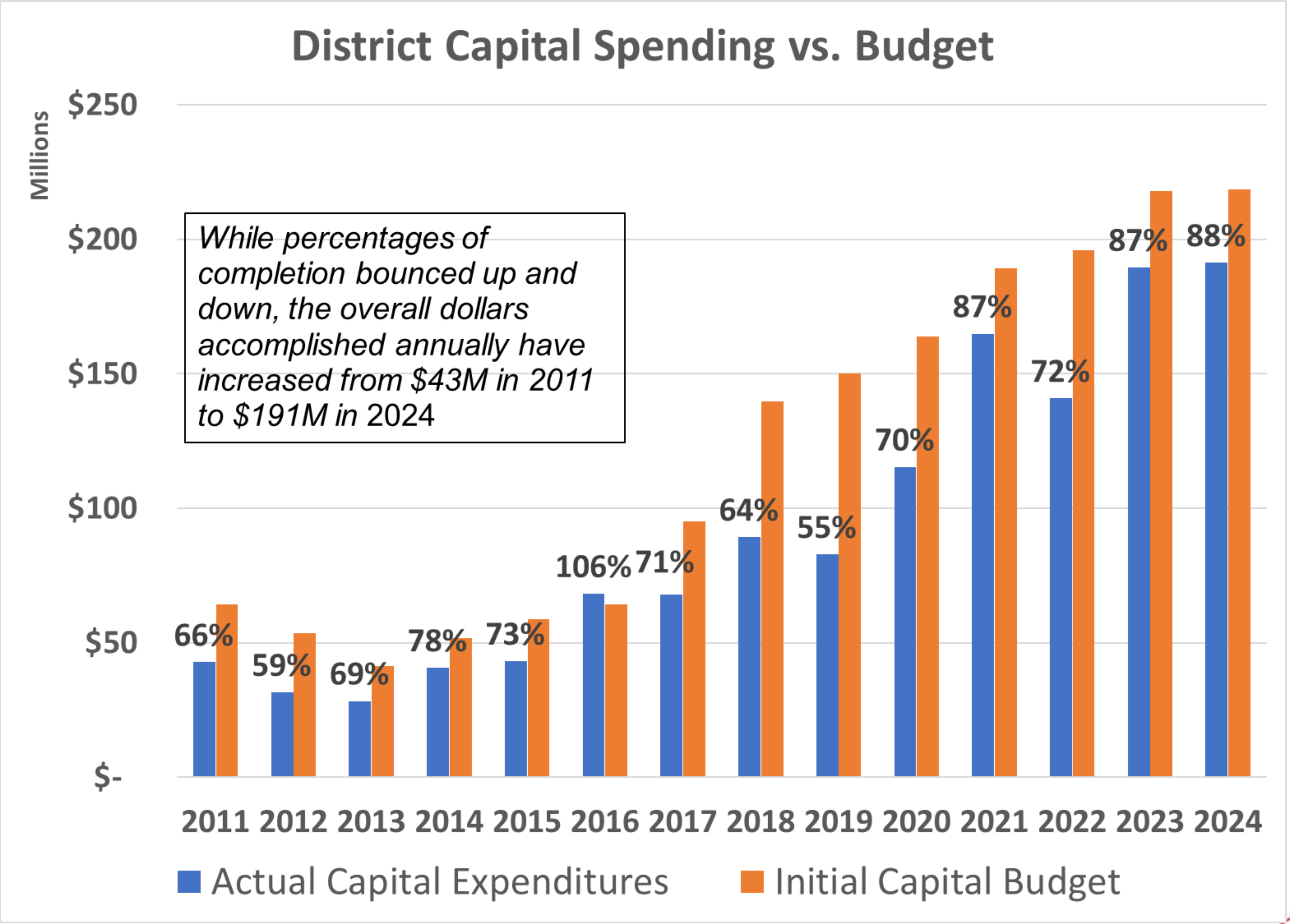

District Capital Spending vs. Budget
Millions
$250
$200
$150
$100
$50
$-
While percentages of completion bounced up and down, the overall dollars accomplished annually have increased from $43M in 2011 to $191M in 2024
66%
59%
69%
78%
73%
106%
71%
64%
55%
70%
87%
72%
87%
88%
2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024
Actual Capital Expenditures
Initial Capital Budget

Quarterly Investment Report

for the quarter ending September 30, 2025

All $ values are shown in '000s

Prepared in accordance with District Banking and Investment Policy #22-14648

Portfolio Summary

	Q4 2024	Q1 2025	Q2 2025	Q3 2025	YTD 2025	WAM
Average Invested Book Value	**$552 M**	**$575 M**	**$549 M**	**$528 M**	**$551 M**	
Interest Earned	**$4.6 M**	**$4.7 M**	**$4.5 M**	**$4.4 M**	**$13.6 M**	
District Yield	**3.30%**	**3.28%**	**3.27%**	**3.33%**	**3.29%**	**811**
Benchmarks:						
3 Month T-Bill	4.44%	4.26%	4.28%	4.14%	4.23%	92
S&P US Treasury 1-3 Year Index	4.57%	4.53%	4.47%	4.32%	4.44%	692
LGIP (State Pool)	4.75%	4.43%	4.38%	4.35%	4.39%	33
Fed Funds Effective	5.33%	4.33%	4.33%	4.30%	4.32%	1

Policy Objectives & Compliance
- ✚ Safety
- ✚ Liquidity
- ✚ Maturity Length
- ■ Return on Investment
- ✚ Diversification

Policy Objectives and Compliance:

The District continues to focus on meeting investment policy objectives and compliance limits. Safety of principal is the foremost objective of the District. Diversification limits mitigate credit risk and support the preservation of capital in the overall portfolio. The laddered investment structure continues to be our strategy to support liquidity and maturity objectives and mitigate interest rate volatility over time. However, the laddered structure can result in the District's yield lagging the shorter term 3 month T-Bill benchmark in both declining and rising interest rate conditions. Bank demand deposits and US Treasuries continue to be held in addition to other investments with higher yields such as bank CDs, US Agencies, and Municipal Bonds. For Q3 2025, the District's yield increased slightly to 3.33% (2025 budgeted rate is 3.25%) on an average invested book value of $528 million due to reinvestment of longer term maturing funds in higher yielding accounts and securities. The multi-year laddered investment strategy continues to maintain healthy overall average investment durations near 2 years. All investments continue to be matched to specific cash flows or mature within 5 years as specified in the investment policy.

General Commentary:

The Federal Open Market Committee's September 17, 2025 meeting reported recent indicators suggest that economic activity moderated in the first half of the year. Inflation has moved up and remains somewhat elevated while job gains have slowed, and the unemployment rate has edged up but remains low. The Committee seeks to achieve maximum employment and inflation at a rate of 2 percent over the long term. The Committee is attentive to the risks to both sides of its dual mandate and judges that downside risks to employment have risen as uncertainty around the economic outlook remains elevated. In support of its goals and in light of the shift in the balance of risks, during Q3 2025 the Committee decided to lower the target range for the federal funds rate by 1/4 percentage point to 4 to 4-1/4 percent. In considering the extent and timing of additional adjustments to the target range for the federal funds rate, the Committee will carefully assess incoming data, the evolving outlook, and the balance of risks. The Committee is strongly committed to returning inflation to its 2 percent objective. In assessing the appropriate stance of monetary policy, the Committee will continue to monitor the implications of incoming information for the economic outlook, including readings on labor market conditions, inflation pressures and inflation expectations, and financial and international developments. The District anticipates gradual future declines in 2025 and 2026. Global and national events can influence financial markets, which may impact the District.

Quarterly Investment Report

for the quarter ending September 30, 2025

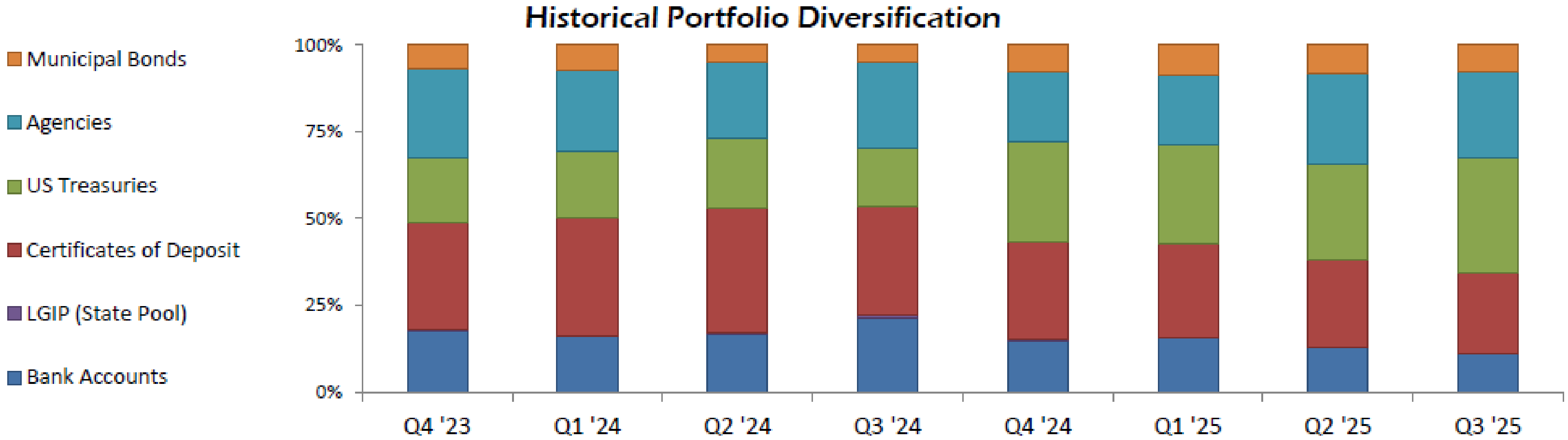
All $ values are shown in '000s

Prepared in accordance with District Banking and Investment Policy #22-14648

Investments by Type - as of September 30, 2025

	Par Value	GASB 31 Reported Value	Book Value	Book Value as % of Portfolio	Policy % Limit	WAM
Bank Accounts	$ 58,965	$ 58,965	$ 58,965	11.0%	75%	1
Certificates of Deposit	$ 127,015	$ 127,015	$ 127,015	23.6%	40%	931
US Treasuries	$ 186,290	$ 176,052	$ 177,329	33.0%	100%	856
LGIP (State Pool)	$ 25	$ 25	$ 25	0.0%	25%	1
US Agencies	$ 138,526	$ 131,283	$ 131,914	24.5%	75%	869
Municipal Bonds	$ 43,540	$ 41,842	$ 42,549	7.9%	30%	1,212
Total:	**$ 554,361**	**$ 535,181**	**$ 537,797**			**811**

Numbers may not foot due to rounding



Quarterly Investment Report
for the quarter ending September 30, 2025

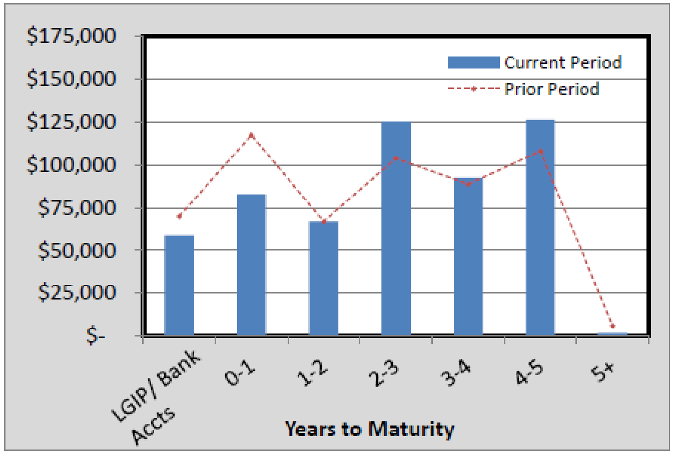
All $ values are shown in '000s

Prepared in accordance with District Banking and Investment Policy #22-14648

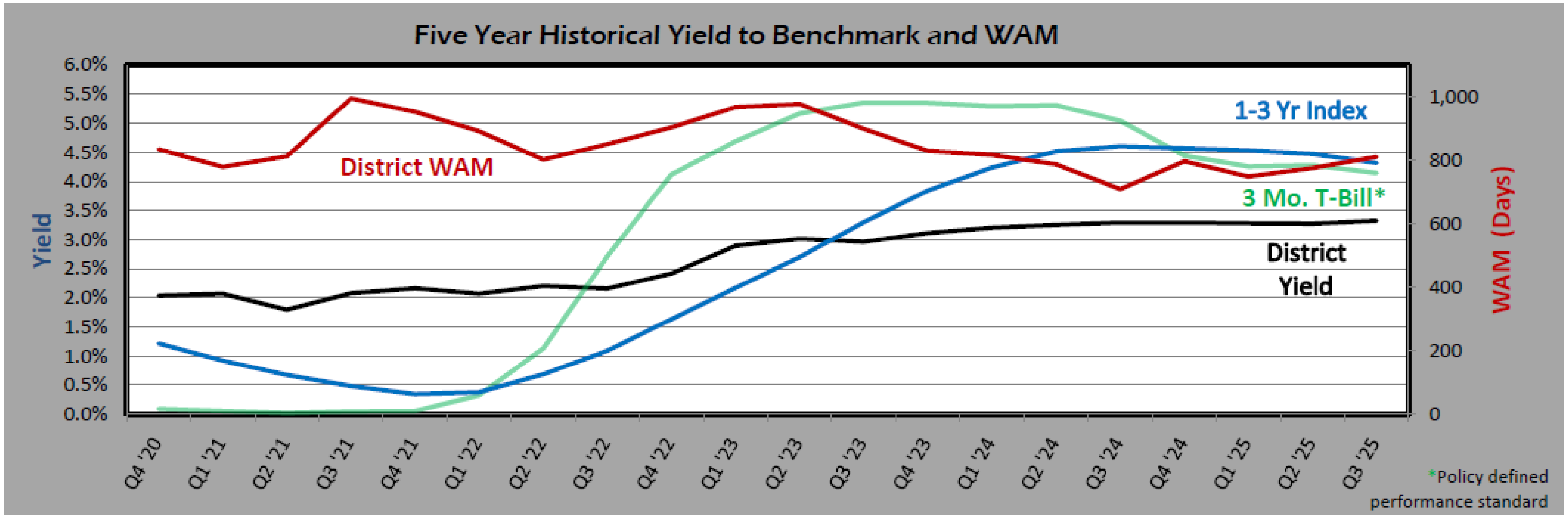
Maturity Distribution - as of September 30, 2025

Maturity		Par Value	% of Portfolio	Cumulative % of Portfolio
LGIP	$	25	0.0%	0.0%
Bank Accounts	$	58,965	10.6%	10.6%
1-90 Days	$	45,107	8.1%	18.8%
91-180 Days	$	6,710	1.2%	20.0%
181-365 Days	$	30,923	5.6%	25.6%
1-2 Yrs	$	66,977	12.1%	37.6%
2-3 Yrs	$	125,246	22.6%	60.2%
3-4 Yrs	$	92,382	16.7%	76.9%
4-5 Yrs	$	126,225	22.8%	99.7%
5+ Yrs	$	1,800	0.3%	100.0%
Total:	**$**	**554,361**	**100%**	

Numbers may not foot due to rounding



Historical Yields/Weighted Average Maturity(WAM), by Quarter



Quarterly Investment Report

for the quarter ending September 30, 2025

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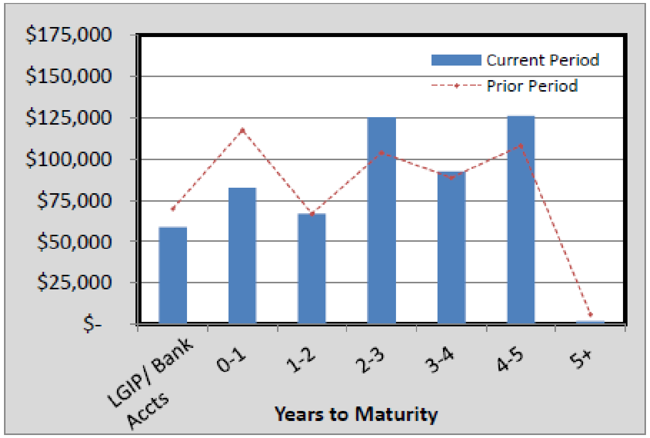
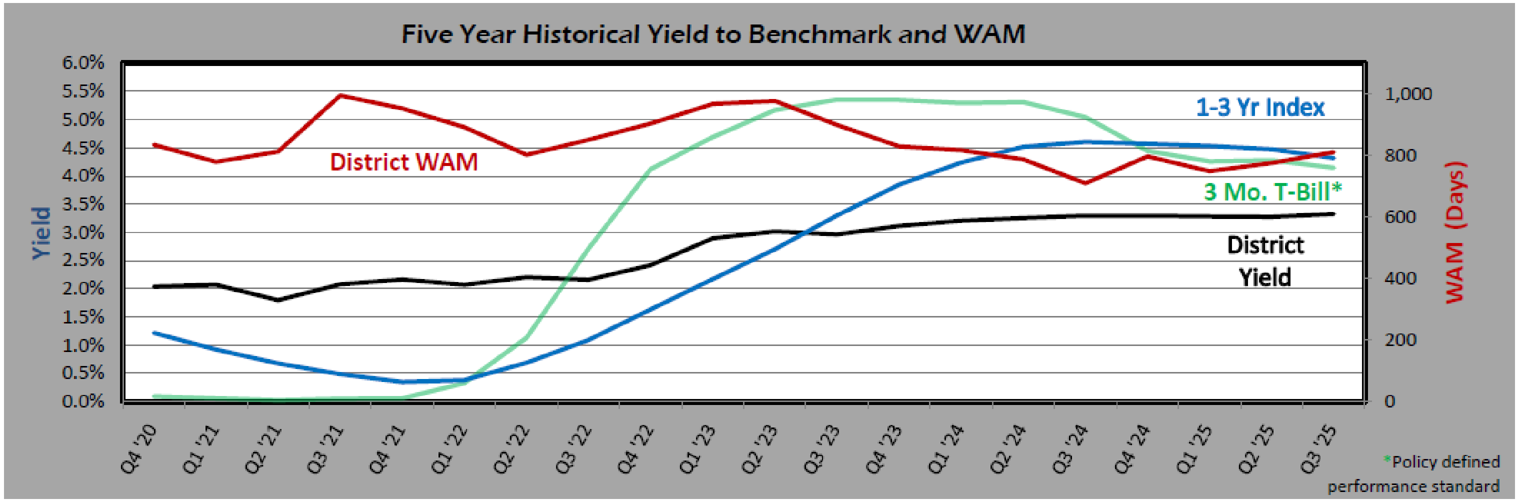


Historical Yields/Weighted Average Maturity(WAM), by Quarter



Definitions

All investment types listed below are authorized by the State Investment Board, RCWs, and District Policy

Average Rate of Return- the amount earned on investments, expressed as an annualized percent of average book value.

Bank Accounts- a savings account, checking account or similar account at qualified public depositories. Demand deposit accounts, negotiable order of withdrawal (NOW) accounts, and automatic transfer service (ATS) accounts are examples of bank accounts.

Book Value- original cost of a bond less amortization.

Commercial Paper (CP) - short term unsecured money market obligation, issued by prime rated commercial firms and financial companies, with maturities from 2 to 270 days, that is a promissory note of the issuer used to finance current obligations.

Federal Agency Securities (Agency) - interest bearing debt securities of U.S. departments and agencies which include the 12 Federal Home Loan Banks, the Federal National Mortgage Association, and the Federal Housing Authority. (e.g.: Fannie Mae (FNMA, FNDN), Freddie Mac (FHLMC, FMCDN), Federal Home Loan Bank (FHLB, FHDN) and Federal Farm Credit Bank Notes (FFCB)).

Forward Purchase and Sale Agreement (FPSA) - contract that provides for the delivery of specific types of securities on specified future dates at fixed yields.

GASB 31 Market Value- the securities' reported value, according to Government Accounting Standards Board Rule 31. If a security has a maturity of greater than one year at the time of purchase, it is reported at market value. If it has a maturity of less than one year at the time of purchase, it is reported at its book value.

Local Government Investment Pool (LGIP) - funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment. These funds are completely liquid, there is no required holding period or fixed maturity date.

Municipal Bonds - Debt (bonds, notes, warrants, etc.) issued by a state or local government or municipality as authorized by RCW 39.59.020.

Par Value- the stated or face value of a bond.

Treasury Bills (T-Bill) - short-term U.S. Treasury security with maturities of 13, 26, or 52 weeks.

Treasury Notes (T-Note) - intermediate-term, coupon bearing U.S. Treasury securities having initial maturities of less than 10 years and paying interest semiannually.

Unamortized Book Value - remaining premium/discount on a fixed income security, equal to the difference between par and book value.

Weighted Average Maturity (WAM)- average amount of time for securities to mature, weighted by each security's book value.