READY FOR THE JOURNEY

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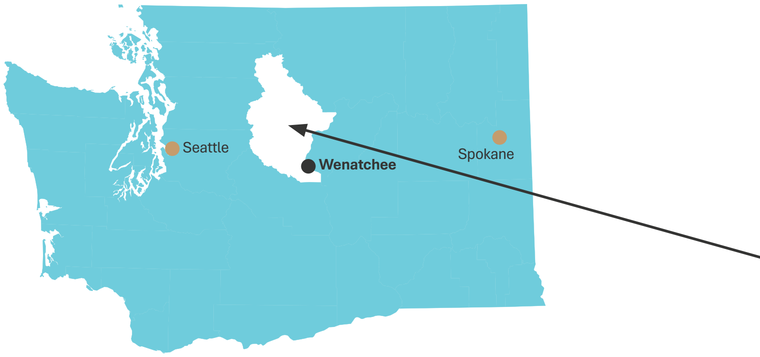
CHELAN COUNTY PUD

ANNUAL REPORT 2024

P.U.D.
CHELAN COUNTY

About Us



ROCKY REACH DAM

4.9 million megawatt hours generated

11 generators

1,349 megawatt capacity

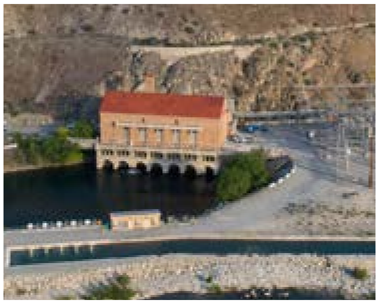
ROCK ISLAND DAM

2.0 million megawatt hours generated

2 powerhouses

18 generators (plus 1,000 kW house unit)

629 megawatt capacity



LAKE CHELAN DAM

0.3 million megawatt hours generated

2 generators

59 megawatt capacity

Public Utility District No. 1 of Chelan County (Chelan PUD or the PUD) was created by a vote of the people in 1936 and delivered its first power in 1947. The PUD is governed by a locally elected five-member Board of Commissioners. The general manager uses the policies and guiding principles set by the commission to generate and deliver electricity from our three dams to utilities that serve customers across the Pacific Northwest, as well as to more than 51,000 retail customers in the county. Chelan PUD also provides water, wastewater and wholesale telecommunications services.

ABOUT THIS REPORT

The financial report is designed to provide a general overview of Chelan PUD's finances and to demonstrate the PUD's accountability for the money it receives. Questions concerning any of the information provided in this report should be directed to Chelan PUD at P.O. Box 1231, Wenatchee, WA 98807 or via email to *ContactUs@chelanpud.org*.

Note: The statements and information on pages 1-13 of the 2024 annual report are provided for general information only. They are not intended, and should not be relied upon, for making investment decisions by current or prospective investors. Official statements can be found at *chelanpud.org*.

P.U.D. CHELAN COUNTY

MISSION

To enhance the quality of life in Chelan County by providing sustainable, reliable utility services.

VISION | CHALLENGE

In a rapidly changing utility environment, we will provide the best value for the most people for the longest time.

OUR VALUES

SAFETY
Protect public and employee health and safety

STEWARDSHIP
Acting on behalf of customer-owners, protecting public resources entrusted to us

TRUSTWORTHINESS
Competence, integrity, respect, collaboration

OPERATIONAL EXCELLENCE
High-quality, innovative work execution through support of personal accountability

2024 FAST FACTS

PUD created...........................1936
First service...........................1947
Total distribution miles 1,904

Average residential electric rate
(Cents/kWh) ....3.67¢

Number of retail customers*
Electric 51,735
Water/wastewater 7,420
Fiber end-users 22,704

District peak demand and date
580 MW................... Jan. 13, 2024

Number of employees
Dec. 31, 2024..........................832

Power generation (MWh)
Rocky Reach ....4.9 million
Rock Island ....2.0 million
Lake Chelan ....0.3 million

Generating units
Rocky Reach 11
Rock Island 18
Lake Chelan 2

Generator nameplate capacity
Rocky Reach .... 1,349 MW
Rock Island .... 629 MW
Lake Chelan .... 59 MW

District operating revenue
Total..........................$576 million

Bond ratings*
Fitch Ratings........................... AA+
S&P Global Ratings .... AA+
Moody's Investors Service Aa2

**Dec. 31, 2024*

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In the face of change, we're ready

Kirk Hudson
General Manager

I want to invite you on a journey with Chelan PUD. The next 50 years will look much different than the past, but rest assured, we're beginning this journey from a solid foundation.

Nearly 90 years ago, our community leaders took a leap of faith, forming Chelan PUD with the vision of public power serving generations to come. They made courageous, forward-thinking decisions – decisions that weren't easy, but necessary.

They didn't just react to change; they had the courage to act upon it, ensuring that Chelan County would have reliable, affordable power for decades.

Today, we stand at a similar crossroads. The demand for carbon-free energy is increasing locally and statewide, which presents both challenges and opportunities. While our foundation is strong, the exponentially increasing volume and velocity of change calls us to transform.

our mission is to enhance the quality of life in Chelan County

Chelan PUD ended the year $25 million better than budget. Revenues from long-term, cost-based energy contracts helped mitigate the impacts of a historically low water year.

With a strong commitment to stewardship, Chelan PUD achieved the lowest debt balance since 1956. We continue to invest in our assets using cash financing, which allows us to maintain flexibility and resiliency for future opportunities.

As a public power utility, our mission is to enhance the quality of life in Chelan County. The results of the 2024 customer satisfaction survey reflect that commitment. About 90% of respondents said they were satisfied with Chelan PUD's performance, especially with regard to reliable service and affordability.

When we look back at 2024, it will be remembered as the year when Chelan PUD took stock of where we've been, where we're going, and what we will need to be successful in a much different future. We invited customers, community leaders and staff to join us on a long-term visioning process called Imagine 2075.

Looking 50 years ahead, we asked:

» What do we need to do today to be good ancestors for future generations?

» How do we create a legacy of bold, enduring value that empowers the community?

From that discussion, we identified nine big goals to guide the path forward. Those goals are outlined in our Imagine 2075 plan, available at chelanpud.org/imagine2075.

The decisions we make today will define our legacy for the next generation. In this annual report, you'll read more about investments we've made into hydropower generation, clean energy exploration and grid resiliency, to name a few.

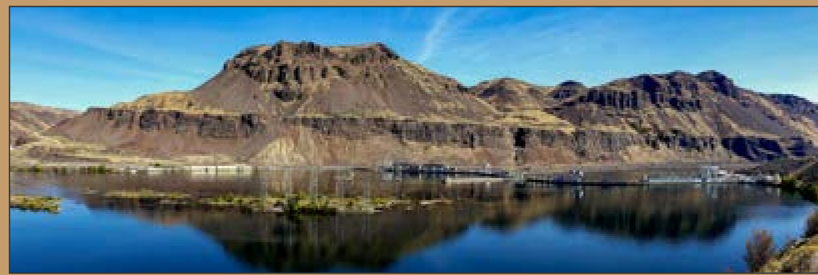
It is with excitement and a solid foundation, we look forward to the future.

From left:
Randy Smith,
Steve McKenna,
Kelly Allen,
Garry Arseneault
and Carnan Bergren.

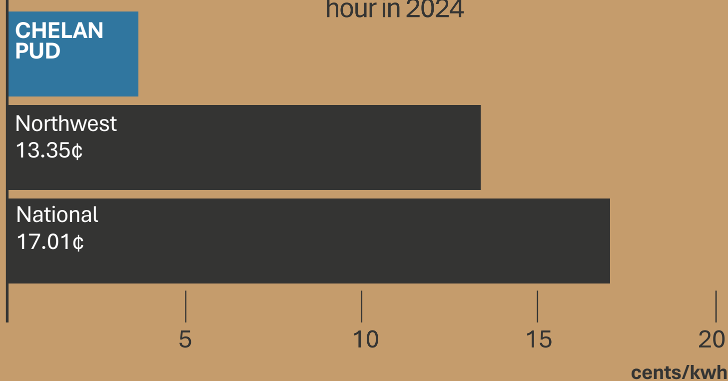
Looking to the future, together

Chelan PUD is owned by the people we serve. As publicly elected commissioners, we are committed to protecting the public resources entrusted to us. In 2024, we were proud to work with customer-owners, stakeholders and staff in a long-term visioning process that will guide our utility for the next 50 years. We look forward to continuing that work in 2025. We welcome ideas and comments from customer-owners anytime at **contactus@chelanpud.org**. We also encourage participation at board meetings, which are generally held on the first and third Monday of the month.

At a glance

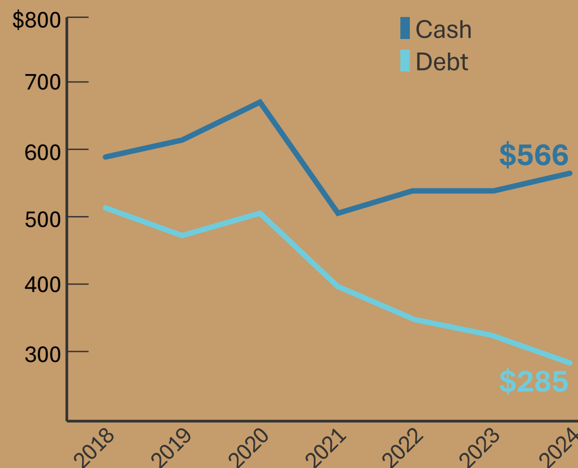


3.67¢ Chelan PUD average residential rate per kilowatt hour in 2024



Cash & Debt Balances

(amounts in millions)



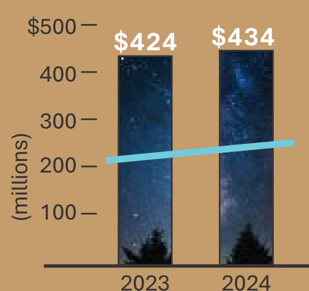
Exceeding targets

The PUD's key financial targets were met for 2024 and are on track for the five-year forecast.

Financial liquidity

Target: Calculated

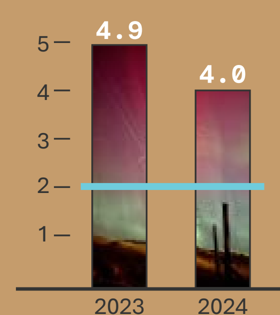
Represents cash reserves to cover risks and provide additional financial stability



Debt service coverage

Target: Greater than 2.0

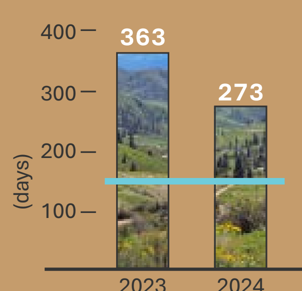
Demonstrates the ability to meet debt obligations even under unusual conditions



Days cash on hand

Target: Greater than 150 days

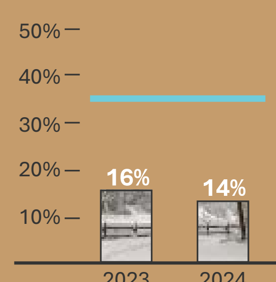
Reflects the days of unrestricted cash relative to expenses and demonstrates financial flexibility



Debt ratio

Target: Less than 35%

Reflects the percentage of utility assets financed by debt



Target

Safety

Tumwater Dam maintenance completed

Crews have successfully completed critical reinforcement work at the historic Tumwater Dam. The downstream apron was strengthened with new concrete while maintaining essential fish passage protections.

This project marks a milestone in our maintenance plan

This project marks a milestone in our maintenance plan, following the 2020 fishway improvements and ensuring continued compliance with state safety requirements.

Tumwater Dam remains an important location for regional salmon and steelhead monitoring, supporting research and conservation efforts by Chelan PUD and our partners, including Yakama Nation Fisheries and the Washington Department of Fish and Wildlife.

This proactive approach positions Chelan PUD as a regional leader in wildfire risk reduction.

Wildfire mitigation plan

OUR VALUES

Chelan PUD's expanded wildfire prevention strategy demonstrates exceptional environmental stewardship and commitment to community safety. By extending its public safety power shutoff program county-wide, the utility builds upon years of comprehensive wildfire mitigation efforts, including vegetation management and infrastructure hardening. This proactive approach positions Chelan PUD as a regional leader in wildfire risk reduction.

The utility's careful monitoring of weather conditions and commitment to equipment upgrades and maintenance reflects its dedication to balancing service reliability with public safety. While public safety power shutoffs remain a measure of last resort, Chelan PUD is committed to protecting both community assets and the natural environment that makes our region unique.

Stewardship

STRATEGIC VISIONING:

Imagine it's 2075. With hydropower as the foundation, Chelan PUD generates electricity pioneered from a variety of clean energy sources, and provides other essential services that allows communities to thrive. The electrical grid easily withstands severe storms and other threats. How do we get there? Innovation. Collaboration. Bold decisions.

A year in the making, Chelan PUD now has a vision to work toward that future.

Developed through extensive engagement with staff, community partners, and customer-owners, the plan outlines nine long-range goals focusing on sustainable resources, grid resilience, and collaboration. The PUD will begin developing a strategic implementation plan in 2025. The Imagine 2075 guidebook, which includes the nine goals, is available at **chelanpud.org/imagine2075**.

20th year of Habitat Conservation Plans

Twenty years ago, Chelan PUD embarked on a groundbreaking partnership that continues to shape our region's environmental landscape. Working alongside state and federal fisheries agencies, tribal partners, and Douglas PUD, we pioneered the first Habitat Conservation Plans (HCPs) for hydropower projects on the Columbia River. These landmark agreements for our Rocky Reach and Rock Island facilities demonstrate our commitment to protecting salmon and steelhead while providing clean, renewable energy.

We remain dedicated to our promise

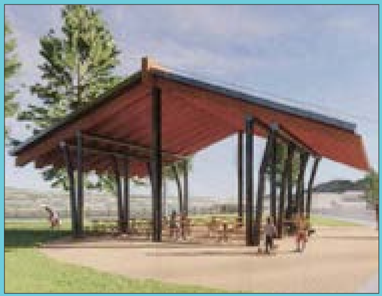
The HCPs represent more than just environmental compliance – they showcase the power of collaboration and long-term vision. Through innovative fish bypass systems and habitat restoration, we're ensuring our operations maintain the balance between power generation and species protection. As we celebrate this milestone, we remain dedicated to our promise.

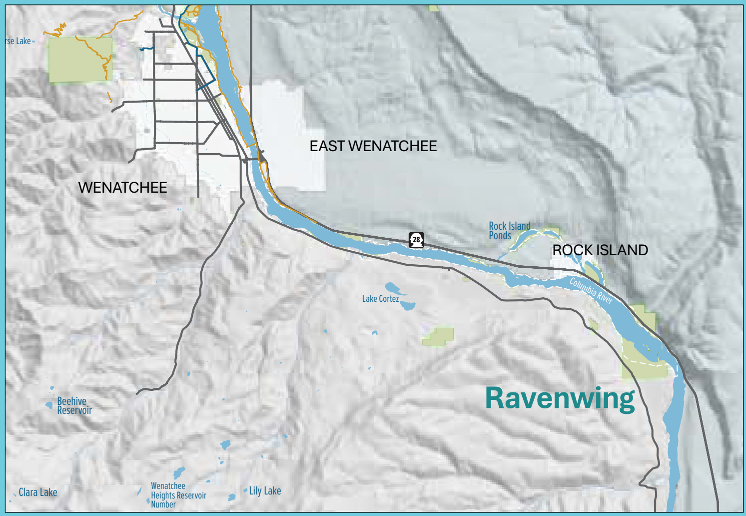
Apple-themed playground

Steamship-themed splash pad

Parks improvements

Chelan PUD is embarking on a comprehensive enhancement of our cherished waterfront parks. In 2025/26, we'll make improvements to the Apple Capital Loop Trail, featuring trail widening, a Columbia River-themed splash pad, and an apple-themed playground. At Walla Walla Point Park, we're investing in community recreation with a new tournament-ready basketball court, improved parking facilities, and enhanced accessibility.





RAVENWING PURCHASE

Looking ahead to future community needs, Chelan PUD has secured almost 5,000 acres of undeveloped foothills land above Malaga that could potentially host new energy generation facilities or storage solutions. The $5.4 million strategic investment, purchased from Ravenwing Ranch, LLC, positions the utility to respond to the region's evolving energy demands.

The purchase aligns with Chelan PUD's ongoing 50-year visioning process and tradition of local governance. While specific plans for the property remain under development, commissioners emphasized how this acquisition continues the utility's legacy of forward-thinking investments that ensure local control over critical resources and infrastructure for future generations.

Peshastin residents now benefit from improved water emergency response

Peshastin Water System

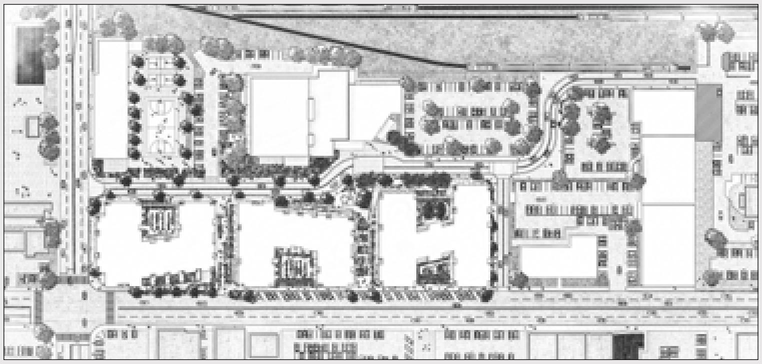
The 2024 transition of Peshastin Water System to Chelan PUD ownership brings enhanced service reliability while keeping monthly costs consistent for local residents.

As part of Chelan PUD's regional water system serving over 6,800 customers, Peshastin residents now benefit from improved emergency response, expanded payment options, and inclusive customer assistance programs.

Trustworthiness

OUR VALUES

Artist renditions



Fifth Street redevelopment

The transformation of Chelan PUD's former Fifth Street campus is gaining momentum. Three key developments are shaping the property's evolution: the YMCA's completion of demolition work ahead of its planned facility, progress on the new Electric Avenue connector road, and the pending transfer of the Fish & Wildlife building to Music Theatre of Wenatchee.

> The transformation of Chelan PUD's former Fifth Street campus is gaining momentum

Looking ahead, staff has recommended a $3.5 million allocation in the 2025 budget to remove the original office building, creating a versatile development site aligned with the community's vision. This strategic approach, developed in partnership with local organizations, supports mixed-use development that will enhance downtown vitality while serving broader community needs.

CUSTOMER SATISFACTION SURVEY

Chelan PUD's commitment to serving customers well is reflected in the results of the 2024 satisfaction survey, where 90% of respondents rated themselves "somewhat satisfied" or "very satisfied" with the utility. This feedback highlights focused efforts on what matters most to the community—reliable service and low rates.

The biennial survey, which gathered insights from a representative cross section of over 800 customer-owners also revealed opportunities to enhance customer service tools. These valuable perspectives will guide ongoing improvements as we develop programs that truly serve community needs.

90% of respondents rated themselves "somewhat satisfied" or "very satisfied" with the utility.

Large load framework

Chelan PUD developed guiding principals to shape discussion between the utility and power-intensive industries that want to locate here.

Customers shared valuable input, highlighting reliability and rate affordability as top priorities. The guiding principals also prioritize local control, consistency, and preserving the PUD's wholesale energy marketing strategy.

Building from the guiding principles, Chelan PUD recommended a framework that allows Chelan PUD to serve large-load customers while also recovering the cost of power and delivery. By offering flexible options for large-load customers, we're positioning ourselves to meet increasing demand while protecting our existing customers.

Customers shared valuable input, highlighting reliability and rate affordability as top priorities.

Operational Excellence

OUR VALUES

North Shore substation

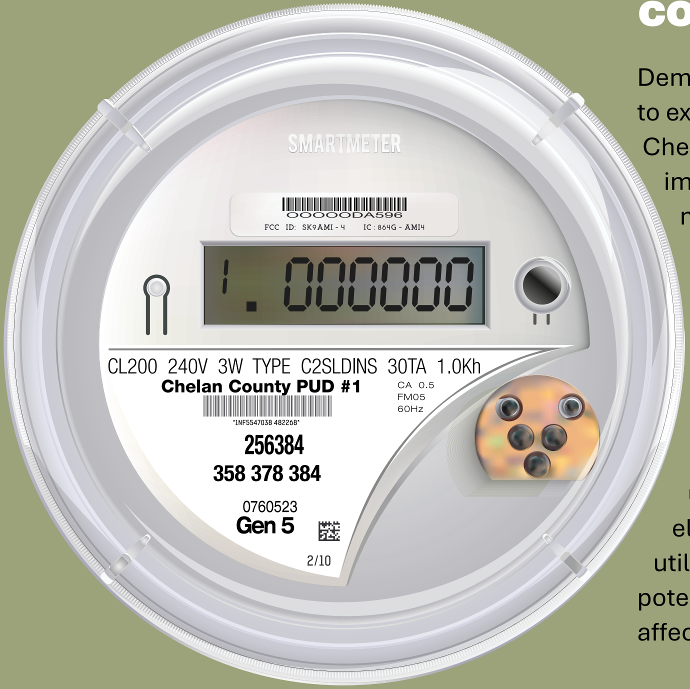
Chelan PUD's new North Shore substation is now serving the thriving communities of Chelan and Manson, a $10.3 million investment that strengthens reliability across the region. The project, thoughtfully developed with community input since 2017, features native landscaping and design elements that reflect the utility's commitment to being responsible members of the community it has served for generations.

The North Shore substation marks an important step in Chelan PUD's long-term vision for meeting the community's evolving needs.

The substation provides power for about 1,500 homes.

As one of 34 distribution substations in the network, it provides power for about 1,500 homes and sets the foundation for future growth. This facility is just the beginning – the utility is planning additional substations near Manson, Wenatchee and Leavenworth to ensure continued reliable service.

Advanced metering infrastructure conversion completed

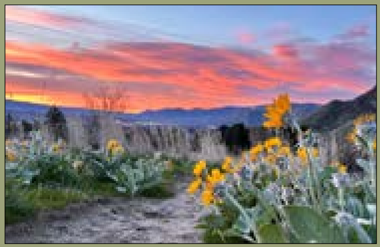


Demonstrating its commitment to exceptional customer care, Chelan PUD's successful implementation of advanced metering infrastructure (AMI) has already prevented multiple service disruptions and improved system reliability for its customers. The completion of this $14.1 million project, which upgraded more than 50,000 electric meters, enables the utility to detect and resolve potential issues before they affect service delivery.

The new two-way digital meters have proven their worth through several real-world challenges, including averting a 10-hour outage near Lake Chelan and preventing wastewater system issues in Lake Wenatchee. This technology modernization represents a significant advance in operational efficiency, with plans to integrate AMI into outage management and engineering data systems for faster response times and improved system planning. In the future, customers will also have access to an online portal providing near real-time visibility of their electrical use.

New peak load

Unprecedented demand peaks tested the electrical system in 2024. When temperatures plunged to -10°F at Pangborn Airport on Jan. 13, we managed a record winter peak of 580 MW. Similarly, during July's heatwave, we handled a summer peak of 284 MW on July 9 without disruption.



January 13
-10°F

July 9
104°F

Ensuring steady, reliable production of carbon-free hydropower for decades to come.

Rocky Reach generator

Rock Island Dam

OUR VALUES

DAM MODERNIZATION

Our ongoing commitment to responsible infrastructure stewardship is reflected in significant investments at both Rock Island and Rocky Reach dams. The comprehensive modernization program at Rock Island Dam enhances our hydropower capabilities, while Rocky Reach Dam advances with an innovative conversion from oil- to water-lubricated turbine hubs. This environmentally conscious technology reduces the risk of oil leaks while lowering operating and maintenance costs and minimizing outage times—all aimed at ensuring steady, reliable production of carbon-free hydropower for decades to come.

At Rock Island Dam, the modernization program encompasses upgrades to multiple generating units at both powerhouses, with Powerhouse 2 transitioning to an air-filled turbine hub design. This work demonstrates our commitment to innovative, efficient solutions that will help maintain our region's legacy of clean, dependable power production for future generations.

Report of Independent Auditors

To the Board of Commissioners of Public Utility District No. 1 of Chelan County, Washington

Opinions

We have audited the accompanying financial statements of the Public Utility District No. 1 of Chelan County, Washington (the "District") which comprise the statements of net position and the related statements of revenues, expenses and changes in net position and of cash flows for the years ended December 31, 2024, and December 31, 2023, including the related notes, which collectively comprise the District's basic financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the Public Utility District No. 1 of Chelan County, Washington as of December 31, 2024, and December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the District 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 opinions.

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 District'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 opinions. 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 US GAAS and *Government Auditing Standards*, 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.

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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 US GAAS and *Government Auditing Standards*, 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 District'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 District'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 Supplemental Information

Accounting principles generally accepted in the United States of America require that the accompanying management's discussion and analysis on pages 17 through 25 and 59 through 61 be presented to supplement the basic financial statements. Such information is the responsibility of management, 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. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining schedule of revenues, expenses and changes in net position, of assets and deferred outflows of resources and liabilities, deferred inflows of resources and net position, and of cash flows on page 62 through 66 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements

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themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information referred to above is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises Combining Financial Statements, Community Report, Bondholder-Fiduciaries, Continuing Disclosure, and Description of Major Power Purchasers, but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 16, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

PricewaterhouseCoopers LLP

April 16, 2025

PricewaterhouseCoopers LLP, 488 Almaden Boulevard, Suite 1800, San Jose, CA 95110
T: (408) 817 3700, www.pwc.com/us

The following discussion provides an overview and analysis of the financial activities of Public Utility District No. 1 of Chelan County (the District) for the years ended December 31, 2024 and 2023. This discussion and analysis is designed to be used in conjunction with the financial statements, notes and other supplementary information, which follow this section.

FINANCIAL HIGHLIGHTS

- The District produced a positive change in net position of $150 million during 2024, $25 million more than budget for the year and $12 million more than the prior year's results of $138 million. The District continued to achieve strong operating results while meeting strategic priorities to invest in utility assets and employees, sustain excellent financial resiliency and continue Public Power Benefit projects. The District's better than anticipated bottomline was the result of long-term contract proceeds in excess of budgeted amounts, combined with the unbudgeted sale of no-cost allowances received under Washington State's Climate Commitment Act (CCA) that were in excess of the CCA compliance obligation. The increase from the prior year is due primarily to a combination of additional wholesale sales resulting from increased revenues recognized under long-term power sales agreements and slice contracts, monetization of previously unsold renewable hydropower attributes, and lower purchased power costs. The improvement in earnings resulting from these factors was partially offset by increased depreciation expense resulting from recent large asset additions, including the District's new operations and service center, and higher operating expenses. The District invested $191 million in capital projects in 2024. Investments included the modernization of Rock Island Powerhouses 1 and 2, completion of the new Service Center, substation and switchyard construction for meeting future growth and development, purchase of a parcel of land for future use, fiber network expansion and a new wastewater treatment plant. Overall, the District's financial standing remains strong, and its debt ratio remained well below the 35% target consistent with the District's Board-approved financial policies.

INVESTING IN UTILITY ASSETS:

- **New Service Center:** Construction on the final phase of the Service Center was completed in March 2024, allowing the remaining operations groups to relocate from the previous Headquarters and Hawley Street locations. This move enabled all non-hydro operations to begin working from one location, promoting better coordination among internal departments, and facilitating better access to serve our customers.
- **Modernization of Rock Island Dam Powerhouse 1 – Large Units:** Work continued on the modernization project of six large generating units in the first powerhouse at Rock Island Dam. After modernization work was completed on several units in prior years, the units suffered various turbine issues. The contractor completed a root cause analysis of the failures, and remedies and costs were negotiated for additional repairs. As of December 31, 2024, modernization work has been completed on five of the six units. Of these units, two needed the additional repairs noted above. One of these units returned to service in 2024. The second unit in need of additional repairs was taken out of service in 2024, with a return to service forecasted for early 2025. Modernization of one remaining unit is anticipated to be completed in 2028.
- **Modernization of Rock Island Dam Powerhouse 1 – Small Units:** The original four small generating units in the first powerhouse at Rock Island Dam were taken out of service in early 2016 due to corrosion fatigue on the blades following 50-plus years of service.

Repair work and modernization of the units began in 2018. The first small unit was returned to service in 2021, and a second small unit returned to service in 2024. Repairs, re-work and modernization of the remaining two units are anticipated to be complete in early 2029.

- **Rehabilitation of Rock Island Dam Powerhouse 2:** Extensive analysis reviewed by the Board of Commissioners in 2017 showed it was cost-effective to rehabilitate major components, such as turbines, generators and related equipment, of the eight 1970s-era units in the second Powerhouse at Rock Island Dam. This work should provide at least 40 years of additional use. The District and GE Renewable Energy reached an agreement in 2021 for the modernization at Rock Island Powerhouse 2. In 2023, the District removed the first unit for disassembly. The rehabilitation of the unique Powerhouse 2 units is complex, and much will be learned from completion of the first unit, which is anticipated in late 2025. The project schedule and cost estimates will be refined over the next few years as work progresses.
- **Rocky Reach Dam Large Unit Repairs:** Units C-10 and C-11 turbine repairs are in progress with expected in-service dates of Q2 and Q3 2025, respectively. Repairs have been completed on the two other large units, C-8 and C-9.
- Chelan PUD reached agreement with the YMCA in late 2023 to sell 144,000 sq. ft. of land at the former PUD headquarters location at Fifth Street and Wenatchee Avenue in downtown Wenatchee for a new, state-of-the-art YMCA facility. Demolition of the former District headquarters began in May 2024, with construction following in early 2025. This aggressive development schedule is in keeping with the PUD's promise to the community that it wouldn't let this prime downtown property sit vacant.

  During fall and winter 2024, the PUD was busy with its own development project, installing new utilities and a roadway through the center of the site, named "Electric Avenue" as a nod to the PUD's 70-year history at this location. Construction of Electric Avenue is now underway, bringing this vision to life. The new street will serve as a welcoming entrance to the YMCA and a pedestrian-friendly connection to downtown Wenatchee.

  In 2024, the PUD also entered into an agreement to sell 29,000 square feet of land at the former PUD headquarters location to the Music Theatre of Wenatchee (MTW) for the expansion of their current location. This allows MTW to keep their operations at Riverside Playhouse while refreshing the south end of the property. This property, known as the Fish & Wildlife Building, is in the process of being modified to allow Electric Avenue and utilities through and eventually connect to Columbia Street. Music Theatre of Wenatchee and Wenatchee Valley YMCA will be the new neighborhood's anchor tenants, setting the tone of a vibrant, healthy gathering place.

  The remaining 117,360 square feet of the former PUD headquarters building and adjacent lots along Wenatchee Avenue will be marketed to potential development partners, which may include the demolition of remaining buildings. This work reflects a broader vision, developed in partnership with the community, a local advisory group, and representatives of the Chelan-Douglas Regional Port Authority, City of Wenatchee, Wenatchee Valley Chamber of Commerce, and the Wenatchee Downtown Association in 2019. The goal is to create a lasting space that fosters community connection, economic vitality, and a welcoming gateway for residents and visitors alike for generations to come.
- In late March 2024, the District finalized the acquisition of Peshastin Water District.

The acquisition had been in the works since 2016 when Peshastin Water District asked the District to take on the 240-meter system for better efficiency. The District already operates the wastewater system in Peshastin. The benefits to customers include faster outage response, more operational support, more payment options and low-income senior and disabled customer discounts. Under an agreement signed in September 2023, the District paid the water system's debts and will cover about $2.6 million in system improvements, including a $2 million replacement well, to bring Peshastin Water District up to the same standard as other community water systems that the District operates. With the addition of Peshastin, the District now operates six water systems, which collectively serve more than 6,800 homes and businesses.

- In April 2024, the replacement of more than 50,000 electric meters in Chelan County with advanced metering infrastructure (AMI) was completed. The two-way digital meters use encrypted, wireless communication to send energy use information directly to the District. About 73 percent of residential electric meters in the nation are advanced meters, according to the U.S. Energy Information Administration. AMI is foundational to many improvements, especially in reliability and outage response. The $14.1 million installation of advanced meters began in early 2023. Crews replaced about 1,000 meters a week. Starting June 1, customers who chose not to have an advanced meter were charged a $25 monthly fee to help cover the cost of manual meter readings.
- In May 2024, the District completed the purchase of 4,910 acres of undeveloped land in the foothills above Malaga for $5.4 million. How the District will use the land is still under consideration. The District recently completed a strategic planning process that will guide key decisions into the future, with an emphasis on preparing the utility for the next 50 years. The District currently only generates power through hydropower from its three dams, but the District is researching other technologies, such as battery storage, fusion, pumped storage and gravity storage, any of which could experience a breakthrough in the next 10 to 20 years. The land could ultimately be involved in existing or new technology, or it could be used to serve as a refuge for wildlife.
- In June 2024, the District started work on a series of improvements along the Apple Capital Loop Trail between the railway area and Ninth Street. The District is also planning substantial improvements at Walla Walla Point Park as part of the District's commitment to enhancing the quality of life in the community. Some of the improvements include a steamship-themed splash pad at the end of Fifth Street, an apple-themed children's play area and a new bathroom near the Train Depot Plaza, and a grand pavilion with picnic seating at the north end of the new splash pad. In an effort to improve safety and enhance the park experience, the PUD is improving the Apple Capital Loop Trail between Ninth Street and the Train Depot Plaza. The trail will split in several areas to allow separate "safe spaces" for various recreation, such as pedestrians and non-motorized bikes/vehicles. Other areas will see widened trails. These improvements will enhance trail use and safety in congested areas. Completion of these projects is expected in 2025.
- In July 2024, the new North Shore substation began serving customers, providing more flexibility and reliability for years to come in the growing communities of Chelan and Manson. Substation design began in 2020 and construction broke ground in 2023. The total cost of the substation project was $10.3 million. The PUD planted native landscaping around the substation to help it blend in with the environment and worked with the neighboring properties to reduce light pollution.

The North Shore Substation is a milestone in the utility's plan to add 15 more substations county-wide over the next decade. Chelan PUD uses growth forecasting, planning standards, and long-range planning to predict how much and where electrical load growth will occur so the utility can build the necessary infrastructure, including substations. Based on current forecasts, more substations are in the works to meet growing electrical demand around Manson, Wenatchee, and Leavenworth.

- The process of relicensing Rock Island hydroelectric project is currently underway. The District filed a pre-application and notice of intent to relicense in December 2023. In March 2024, the Federal Energy Regulatory Commission (FERC) performed an environmental site review of the Rock Island Project and held public scoping meetings focused on receiving input from resource agencies, tribes, non-government organizations and the public. The District submitted revised study plans to FERC in September and October 2024. A Study Plan Determination (SPD) was issued by FERC. A total of 16 studies were included in the SPD and the District will complete the studies over the next two years, while also preparing the Draft License Application, which will be submitted in mid-2026.

  The District has operated Rock Island for 68 years. The next license will be Rock Island's third and is anticipated to be a 30-to-50-year permit from FERC that authorizes the District to continue generating power. The current 40-year license for Rock Island, the District's second largest power producer, expires in 2028.

  Relicensing is a public process that requires the District and FERC to evaluate the resources associated with the project including: fish and wildlife, flood control, power generation, cultural resources, recreation, and other aspects of environmental quality. The new license will require the District to invest in protection, mitigation, and enhancement measures. FERC determines what those measures should be based on scientific studies and historical information. The formal process takes a minimum of five years, but the District has been preparing since 2021. The District has conducted six formal studies, three evaluations, and organized several technical working groups that involved more than 130 people from 43 entities. The final license application is due December 31, 2026. A new license may be issued as early as January 2029.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Statements of Net Position present the District's net position as the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. The Statements of Net Position provide information about the nature and amount of resources (assets), the consumption of net assets in one period that are applicable to future periods (deferred outflows of resources), the obligations to creditors (liabilities), and the acquisition of net assets that are applicable to future periods (deferred inflows of resources).

The Statements of Revenues, Expenses and Changes in Net Position report all the District's revenues and expenses for the periods shown. These statements measure the success of operations over the year and can be used to determine whether the District has successfully recovered its costs.

The Statements of Cash Flows report the cash provided and used by operating activities, as well as other cash sources, such as investment income and debt financing, and other uses such as payments for debt service and capital additions.

The Notes to Basic Financial Statements provide detailed information to support the financial statements.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's total net position increased by $150 million in 2024 and $138 million in 2023, despite the impact to revenues of below average stream flows and continuing operating challenges of generating unit repairs and modernizations at Rocky Reach and Rock Island. The District's ability to achieve strong financial results despite these challenges demonstrates the effectiveness of the District's risk management plans and strong financial policies. The increases to net position in both 2024 and 2023 are primarily due to continued strong operating revenues stemming from the District's hedging program, real-time agreement and long-term power sales contracts. The hedging program ensures predictable revenue through the sale of excess energy under both forward block transactions and slice contracts and is proving to be successful at providing rate stability and allowing the District to meet its financial goals. The change in net position for 2024 is higher when compared to 2023 primarily due to higher wholesale revenues resulting from a variety of power sales agreements, combined with lower average wholesale market prices paid for purchased power.

The following analysis provides a three-year comparison of key financial information:

CONDENSED COMPARATIVE FINANCIAL INFORMATION

(amounts in millions)	2024	2023	2022*	INCREASE (DECREASE) 2024 - 2023
Current assets	$ 231	$ 229	$ 268	$ 2
Net utility plant	1,751	1,619	1,487	132
Other non-current assets	513	481	480	32
Total assets	2,495	2,329	2,235	166
Deferred outflows of resources	33	26	29	7
Current liabilities	195	160	153	35
Long-term debt	246	290	331	(44)
Other liabilities	146	161	186	(15)
Total liabilities	587	611	670	(24)
Deferred inflows of resources	128	81	70	47
Net investment in capital assets	1,366	1,237	1,104	129
Restricted	221	130	103	91
Unrestricted	225	295	317	(70)
Total net position	$ 1,812	$ 1,662	$ 1,524	$ 150

*The District's 2022 Statement of Net Position was updated for impacts of the required retroactive implementation of GASB Statement No. 96.

(amounts in millions)	2024	2023	2022	Increase (Decrease) 2024 – 2023
Operating revenues	$ 576	$ 553	$ 590	$ 23
Less				
Operating expenses	437	419	393	18
Other (income) and expenses	(2)	2	7	(4)
Income before capital contributions	141	132	190	9
Capital contributions	9	6	8	3
Change in net position	150	138	198	12
Total net position – beginning of year	1,662	1,524	1,326	138
Total net position – end of year	$ 1,812	$ 1,662	$ 1,524	$ 150

ASSETS

Current assets increased by $2 million in 2024. The impact of investment strategies that resulted in lower cash and short-term investment balances was mostly offset by increased accounts receivable related to wholesale power sales.

Current assets decreased by $39 million in 2023 primarily due to reduced accounts receivable balances, partially offset by an increase in materials and supplies. Accounts receivable balances were higher at year-end 2022 because of significantly higher wholesale market prices in December 2022 compared to December 2023. Increased prices and supply chain issues, combined with large capital improvement plans were the primary contributors to higher inventory balances.

As of December 31, 2024, the District had approximately $1.75 billion invested in a variety of capital assets. Net utility plant increased $132 million in 2024, reflecting additional investments in utility plant assets. Additions included completion of the District's new operations and service center, ongoing modernization at the Rock Island hydroelectric project and new substation facilities. The 2024 additions were partially offset by annual depreciation of plant in service and retirements of assets replaced or removed from service.

As of December 31, 2023, the District had approximately $1.6 billion invested in a variety of capital assets. Net utility plant increased $132 million in 2023, reflecting additional investments in utility plant assets. Additions included progress on the District's new operations and service center, completion of the remaining Rocky Reach and central maintenance facilities upgrades, ongoing modernization at the Rock Island hydroelectric project and installation of advanced meter infrastructure. The 2023 additions were partially offset by annual depreciation of plant in service and retirements of assets replaced or removed from service.

Other noncurrent assets, which includes noncurrent restricted assets and other assets, increased $32 million in 2024 due primarily to an increase in restricted cash and investment balances resulting from the issuance of an internal loan of unrestricted operating reserves to the Rock Island hydroelectric system for restricted use. The loaned funds are now held in the hydro and restricted for capital spending and debt reduction in accordance with long-term power sales agreements. An increase in deferred relicensing costs associated with the ramping up of relicensing efforts for Rock Island Dam also contributed to the increase in other noncurrent assets.

Other noncurrent assets, which includes noncurrent restricted assets and other assets, increased $1 million in 2023 due primarily to an increase in deferred relicensing costs associated with the ramping up of relicensing efforts for Rock Island offset by lower investment balances resulting from spending funds restricted for capital additions at the District's hydroelectric projects.

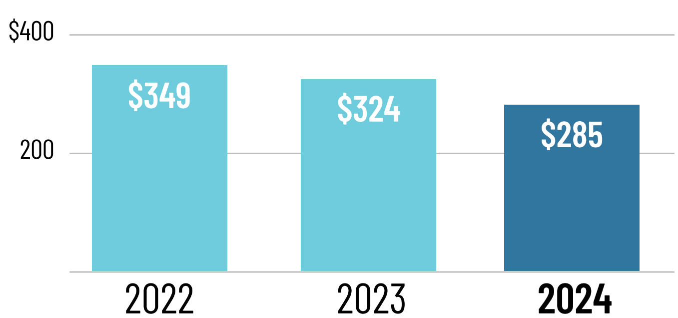
Deferred outflows of resources remained comparable for all three years.

LIABILITIES

Current liabilities increased $35 million in 2024 due primarily to an increase in accounts payable balances. Accounts payable is higher than in the prior year due to increases in payables related to large construction projects, December power purchases and a balance for collateral held by the District in accordance with the credit provisions of certain power sales agreements.

Current liabilities increased $7 million in 2023 due to an increase in current portion of long-term obligations offset by a decrease in accounts payable balances. The current portion of long-term obligations is higher than the prior year due to an increase in scheduled maturities of debt principal. Accounts payable balances were higher in 2022 due to significantly higher purchased power costs in December 2022 compared to December 2023, as a result of extremely high wholesale energy prices at that time.

Total Debt Outstanding
(amounts in millions)



During 2024, reductions in debt balances due to scheduled maturities of debt were partially offset by accretion of interest on capital appreciation bonds, resulting in a net decrease in total debt outstanding of $39 million. This reduction in total debt contributed to the $44 million reduction in long-term debt in 2024, which is net of premiums and the current portion of the obligations. The District did not refinance or issue additional bonds in 2024.

During 2023, reductions in debt balances due to scheduled maturities of debt were partially offset by accretion of interest on capital appreciation bonds, resulting in a net decrease in total debt outstanding of $25 million. This reduction in total debt contributed to the $41 million reduction in long-term debt in 2023, which is net of premiums and the current portion of the obligations. The District did not refinance or issue additional bonds in 2023.

Other liabilities decreased $15 million and $25 million in 2024 and 2023, respectively. The decreases are primarily due to the continued amortization of unearned wholesale power sales revenue combined with a decrease in the District's net pension liability. Unearned wholesale power sales revenue reflects contractual amounts received under long-term power sales agreements that were deferred upon receipt and are being recognized as revenue over the life of the related agreements. Net pension liability fluctuates due to changes in the actuarial valuation of the collective net pension liability of PERS plans administered by the Washington State Department of Retirement Systems in which the District participates. As a result of the 2024 actuarial valuation, the funded status of PERS plans 1 improved, resulting in a decrease in the District's net pension liability.

Deferred inflows of resources increased by $47 million in 2024, after increasing by $11 million in 2023. The increase in both years was primarily due to an increase in regulatory liabilities associated with ongoing spending on a switchyard project that is being funded entirely by the customer. Once the project is complete and placed in service, this contribution in aid of construction will be amortized to income over the life of the related plant assets.

NET POSITION

Net investment in capital assets increased $129 million and $133 million in 2024 and 2023, respectively. The increases reflect additions to plant combined with reductions in debt due to scheduled repayments of existing debt.

Restricted net position represents resources that are subject to external restrictions, such as bond covenants or third-party contractual agreements. Restricted net position increased $91 million in 2024 and increased $27 million in 2023, respectively. The increase in 2024 was primarily due to higher balances restricted for capital spending and debt service payments under long-term power sales agreements, together with an increase in collateral held by the District in accordance with the credit provisions of certain power sales agreements. The increase in 2023 was primarily due to higher balances restricted for capital spending and debt service payments under long-term power sales agreements.

Unrestricted net position is not subject to any external constraints and can be used to finance the day-to-day operations of the District. Unrestricted net position decreased $70 million in 2024, following a decrease of $22 million in 2023. The decreases are due primarily to the issuance of internal loans from unrestricted operating reserves to the District's hydroelectric systems for restricted use. The unspent balance of the loaned funds is now held in the hydros and restricted for capital spending and debt reduction in accordance with long-term power sales agreements. These outflows of cash exceeded the positive cash flows from operations.

REVENUES AND EXPENSES

In 2024, retail sales remained relatively flat compared to 2023. A small increase in the District's local retail revenue driven by increased cryptocurrency electric sales was mostly offset by a reduction in off-system retail electric sales.

In 2023, retail sales remained relatively flat compared to 2022. A small increase in the District's local retail revenue driven by increased high-density load sales was mostly offset by a reduction in off-system retail electric sales.

Wholesale sales in 2024 rose $24 million compared to 2023 due to increased revenue recognized under the District's long-term power sales agreements, increased slice contract sales, and monetization of previously unsold renewable hydropower attributes.

In 2023, wholesale sales decreased $48 million compared to 2022 despite higher average market prices. Generation was lower in 2023 at Rocky Reach, Rock Island and Lake Chelan hydroelectric projects as compared to the prior year due to low water conditions, resulting in less surplus energy available for sale on the wholesale market.

Purchased power costs decreased $10 million in 2024 compared to 2023. Reduced purchased power costs are due primarily to lower average wholesale market prices paid on the District's purchases of energy.

Despite higher average market prices, purchased power costs decreased $7 million in 2023 compared to 2022. Lower purchased power costs were primarily due to higher average market prices for transactions that were booked out for scheduling convenience.

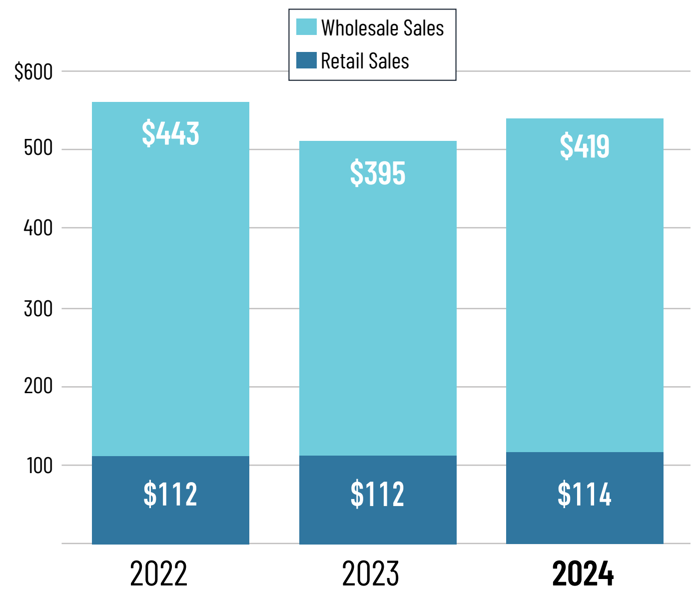
Other income and expenses, which includes net interest expense and income, improved by $4 million in 2024. Lower interest expense resulting from reduced debt balances combined with increased investment income to produce a net income for this category of financial results. Investment income is higher due to improved investment yields earned on the District's portfolio.

Other income and expenses improved by $5 million in 2023 primarily due to increased investment income earned, as a result of higher interest rates compared to 2022. The higher interest rates available on the District's investments correlate with rate changes enacted by the Federal Reserve to the federal funds target rate.

Net income before capital contributions increased $9 million in 2024 when compared to 2023. The increase in earnings is attributable to increased wholesale sales under a variety of power sales agreements and the monetization of previously unsold renewable hydropower attributes, combined with lower purchased power costs. Capital contributions remained relatively flat from 2024 to 2023.

Net income before capital contributions decreased $58 million in 2023 when compared to 2022. The decrease in earnings is primarily due to reduced wholesale energy sales resulting from lower generation at the District's hydroelectric facilities. Capital contributions remained relatively flat from 2023 to 2022.

Wholesale/Retail Revenues
(amounts in millions)



CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

The financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided in this report should be directed to the District at P.O. Box 1231, Wenatchee, WA 98807.

STATEMENTS OF NET POSITION

December 31, 2024 and 2023

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

(amounts in thousands)	2024	2023
CURRENT ASSETS		
Cash and cash equivalents	$ 45,737	$ 69,150
Investments	61,925	57,462
Accounts receivable, net	50,776	37,842
Accrued interest receivable	857	1,207
Materials and supplies	27,617	27,662
Prepayments and other	4,549	4,573
Current portion of regulatory assets	1,919	1,919
	193,380	199,815
RESTRICTED ASSETS - CURRENT		
Cash and cash equivalents	16,061	15,788
Investments	21,743	13,118
	37,804	28,906
TOTAL CURRENT ASSETS	231,184	228,721
UTILITY PLANT		
In service, at original cost	2,720,067	2,578,945
Construction work in progress	266,346	230,140
Less-accumulated depreciation	(1,235,766)	(1,190,257)
	1,750,647	1,618,828
RESTRICTED ASSETS - NONCURRENT		
Cash and cash equivalents	45,003	12,934
Investments	203,917	138,896
	248,920	151,830
OTHER ASSETS		
Deferred relicensing costs	13,352	9,953
Net pension asset	21,672	27,833
Long-term receivables, net	104	138
Long-term investments	171,821	232,518
Regulatory assets, net	52,595	53,208
Derivative instrument asset	1,197	1,923
Other	3,715	3,618
	264,456	329,191
TOTAL ASSETS	2,495,207	2,328,570
DEFERRED OUTFLOWS OF RESOURCES		
Losses on refunding debt	1,071	1,441
Pensions	31,154	23,645
Other post-employment benefits	349	443
	32,574	25,529
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 2,527,781	$ 2,354,099

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

(amounts in thousands)	2024	2023
CURRENT LIABILITIES		
Current portion of long-term obligations	$ 51,108	$ 48,169
Current portion of unearned revenue	15,733	15,588
Accounts payable	101,525	68,948
Accrued taxes	6,006	5,363
Accrued interest	3,003	3,533
Accrued vacation and other	17,860	18,896
	195,235	160,497
LONG-TERM DEBT		
Revenue bonds and notes payable, less current portion	245,950	289,895
OTHER LIABILITIES		
Unearned revenue, less current portion	90,358	103,457
Net pension liability	9,007	12,041
Long-term contract customer deposit	18,500	18,500
Licensing obligation, less current portion	10,184	10,161
Subscription liabilities, less current portion	14,712	14,016
Other liabilities	2,976	2,868
	145,737	161,043
TOTAL LIABILITIES	586,922	611,435
DEFERRED INFLOWS OF RESOURCES		
Derivatives	1,197	1,923
Pensions	8,515	14,938
Regulatory liabilities	118,480	63,454
Other post-employment benefits	211	241
	128,403	80,556
TOTAL NET POSITION		
Net investment in capital assets	1,366,007	1,236,651
Restricted	221,084	130,335
Unrestricted	225,365	295,122
	1,812,456	1,662,108
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 2,527,781	$ 2,354,099

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

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the years ended December 31, 2024 and 2023

(amounts in thousands)	2024	2023
OPERATING REVENUES		
Retail sales	$ 113,956	$ 112,489
Wholesale sales	418,937	394,675
Other operating revenues	42,972	45,641
	575,865	552,805
OPERATING EXPENSES		
Purchased power and water	109,767	119,703
Generation	145,351	132,936
Utility services	78,708	73,057
Other operating expenses	25,309	21,452
Taxes	14,999	14,336
Depreciation and amortization	63,091	58,017
	437,225	419,501
OPERATING INCOME	138,640	133,304
OTHER INCOME (EXPENSE)		
Interest on long-term debt	(14,913)	(16,585)
Amortization of deferred debt costs	(421)	(452)
Investment income	17,660	16,982
Other	47	(1,699)
	2,373	(1,754)
INCOME BEFORE CAPITAL CONTRIBUTIONS	141,013	131,550
CAPITAL CONTRIBUTIONS	9,335	6,334
CHANGE IN NET POSITION	150,348	137,884
TOTAL NET POSITION		
Beginning of year	1,662,108	1,524,224
TOTAL NET POSITION		
End of year	$ 1,812,456	$ 1,662,108

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

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2024 and 2023

(amounts in thousands)	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	$ 563,666	$ 589,113
Payments to suppliers	(210,496)	(246,442)
Payments to employees	(131,042)	(121,334)
Net cash provided by operating activities	222,128	221,337
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Additions to plant	(205,015)	(185,277)
Proceeds from sale of plant	1,068	237
Proceeds of new third party debt	546	177
Principal paid on debt	(47,165)	(33,654)
Interest paid on debt	(7,554)	(8,703)
Capital contributions	18,813	6,562
Other	24,862	(22,348)
Net cash used in capital and related financing activities	(214,445)	(243,006)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(142,046)	(100,982)
Proceeds from sales and maturities of investments	125,772	161,255
Interest on investments	17,791	16,841
Long-term receivables	34	31
Other, net	(305)	76
Net cash provided by investing activities	1,246	77,221
NET INCREASE IN CASH AND CASH EQUIVALENTS	8,929	55,552
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	97,872	42,320
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 106,801	$ 97,872
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	$ 138,640	$ 133,304
Depreciation and amortization	63,091	58,017
(Increase) decrease in operating assets:		
Accounts receivable, net	(12,934)	49,696
Materials and supplies	45	(7,313)
Prepayments	(743)	361
Net OPEB asset	5	14
Other	4,865	4,233
Deferred outflows of resources	94	16
Increase (decrease) in operating liabilities:		
Current portion unearned wholesale power sales	145	267
Accounts payable	28,409	(3,952)
Accrued taxes	643	(925)
Accrued vacation and other	(1,036)	1,224
Unearned wholesale revenue	(14,093)	(13,572)
Customer deposits	15,027	(28)
Deferred inflows of resources	(30)	(5)
Net cash provided by operating activities	$ 222,128	$ 221,337
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES		
Construction costs included in accounts payable	$ (10,860)	$ (1,879)
Capital contributions	565	9,113
Amortization of regulatory assets	4,864	4,234

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

NOTE 1: SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity and Operations of the District

Public Utility District No. 1 of Chelan County, Washington (the District) is a municipal corporation of the State of Washington established in 1936. The District owns and operates electric generation, electric transmission, electric and water distribution, wastewater properties and a wholesale telecommunication system. The District is governed by an elected five-member Board of Commissioners (Board). The Board's responsibilities are to appoint the General Manager, approve budgets for the District's Systems, adopt regulations and set policies and guide financial and operating principles for the operations included in these financial statements. The District has no material component units. The District's operations consist of the Rocky Reach Hydroelectric System, the Rock Island Hydroelectric System, the Lake Chelan Hydroelectric System (the Hydro Systems); a retail electric distribution and transmission system, a water system, a wastewater system, a fiber-optic telecommunication system (Utility Services); and two internal service systems.

Accounting Policies

The accompanying financial statements of the District conform to accounting principles generally accepted in the United States of America (GAAP) applicable to a municipal utility. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District has applied all applicable GASB pronouncements including GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements."

In June 2022, GASB issued Statement No. 101, "Compensated Absences." This statement requires that liabilities for compensated absences be recognized for (a) leave that has not been used and (b) leave that has been used but not yet paid in cash or settled through noncash means. The statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. This statement is effective for the District for fiscal year 2024. Adoption of this statement did not have a material impact on the District's financial statements.

In December 2023, GASB issued Statement No. 102, "Certain Risk Disclosures." This statement establishes financial reporting requirements for risks related to vulnerabilities due to certain concentrations or constraints. This statement is effective for the District for fiscal year 2025. The District is currently evaluating the impact of implementing this statement.

In April 2024, GASB issued Statement No. 103, "Financial Reporting Model Improvements." The objective of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This statement is effective for the District for fiscal year 2026. The District is currently evaluating the impact of this statement.

In September 2024, GASB issued Statement No. 104, "Disclosure of Certain Capital Assets." The objective of the statement is to provide users of government financial statements with essential information about certain types of capital assets. It requires that certain categories of capital assets be disclosed separately in the capital assets note disclosures. This statement is effective for the District for fiscal year 2026. The District is currently evaluating the impact of this statement.

Accounting Estimates

The preparation 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 amount 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 District has used significant estimates in the determination of fair value of derivatives, regulatory assets and liabilities, depreciable lives of utility plant, lease liabilities, subscription-based information technology arrangements (SBITA) liabilities, license obligations, unbilled revenues, incurred but not reported self-insurance liabilities, allowance for uncollectible accounts receivable and payroll-related liabilities.

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits at commercial banks and investments with maturities of ninety days or less when purchased.

Revenues and Expenses from Operations

Revenues of the District are recognized when services are delivered and are comprised of sales of wholesale power, sales of electric, water, wastewater and wholesale telecommunication services and sales of environmental attributes. The accompanying financial statements include estimated unbilled revenues for energy and wholesale telecommunication services delivered to customers between the last billing date and the end of the year. Estimated unbilled revenues amounted to $3.6 million and $3.4 million in 2024 and 2023, respectively. The amounts are included in accounts receivable.

Revenues from the Rocky Reach and Rock Island hydroelectric production facilities represent sales of power generated under firm "take-or-pay" power sales contracts or sales directly to the retail electric distribution system. Revenues under these contracts are cost-plus based, including financing costs.

In January 2006, the District entered into a 20-year power sales contract with Puget Sound Energy (PSE) for 25% of the output of the Rocky Reach and Rock Island projects, effective in 2011 and 2012, respectively. PSE is generally responsible to pay 25% of costs associated with the projects, including capital, operation and maintenance and financing costs, in addition to charges for capital recovery, debt reduction and various fees. Under the terms of the contract, the District received an advance payment of $89.0 million during 2006, which was deferred and is being recognized as revenue over the term of the contract.

Effective January 2022, the 20-year power sales contract with PSE for 25% of the output of the Rocky Reach and Rock Island projects was amended to reflect an allocation of the environmental attributes that result from the renewable, carbon-free energy generated from the District's hydroelectric dams. Through the remainder of the contract term, PSE will pay the District an amount for environmental attributes that is based on the volume of renewable energy credits generated and transferred to them, in addition to the other costs already being paid under the current long-term power sales contract.

In February 2023, the District entered into a 20-year power sales agreement with PSE for 25% of the renewable hydropower output of the Rocky Reach and Rock Island projects, effective 2031. PSE is generally responsible to pay 25% of costs associated with the projects, including capital, operation and maintenance and financing costs, in addition to charges for capital recovery, debt and various fees, plus price adders that include a fixed price portion for the additional value provided from the output, including from environmental attributes and capacity.

In July 2008, the District entered into a 17-year power sales contract with Alcoa, Inc., now Alcoa Corporation (Alcoa), for output equivalent to 26% of the Rocky Reach and Rock Island projects, effective in 2011 and 2012, respectively. Alcoa is generally responsible to pay 26% of costs associated with the projects, including capital, operation and maintenance and financing costs. Under the terms of the contract, the District received an advance payment of $22.9 million of an $89.0 million capacity reservation charge during 2008, which was deferred and is being recognized as revenue over the term of the contract. The balance of the capacity reservation charge was to be deferred as long as the plant continued to operate and waived if the plant continued to operate under the terms of the contract for the entire contract term. In the event of a shutdown lasting longer than 90 days, the deferred charges would become due depending on the length of the shutdown.

In December 2015, Alcoa curtailed its Wenatchee Works smelting facility. Under terms of the power sales agreement, Alcoa must continue to pay its 26% share of the costs and charges regardless of the actual amount of energy produced or the amount of power used to operate Wenatchee Works.

In accordance with contract provisions addressing a shutdown event, the District is selling unused power in the wholesale market on Alcoa's behalf. The proceeds from the sale of any unused power are first applied to Alcoa's monthly contractual costs. Any surplus proceeds in excess of Alcoa's costs are retained by the District, and any shortfalls are paid by Alcoa. Alcoa continues to have contractual rights to 26% share of project output even while Wenatchee Works is idle.

Additional contract provisions apply for the initially deferred capacity charges due to the shutdown event. The first charge, the "Initial Shutdown Amount," of $8.6 million, became due and was paid in December 2016, upon the plant being idle for one year. The "Initial Shutdown Amount" was deferred and will be recognized in revenue over the remaining term of the agreement. A second charge, the "Shutdown Settlement Amount," which is the $67.1 million deferred balance of the capacity reservation charge was scheduled to become due in the event the Wenatchee Works facility remained shutdown for longer than 18 months measured from the December 2015 curtailment.

In May 2017, the District entered into an amendment to the power sales agreement that allowed a one-year deferral of a large portion of the "Shutdown Settlement Amount" to June 2018. In June 2018, the Wenatchee Works smelting facility remained curtailed, and the $62.4 million balance of the Shutdown Settlement Amount became due and was paid by Alcoa. The $62.4 million contract charge was deferred and will be recognized in revenue over the remaining term of the agreement. The contract and original terms remain in place throughout the contract term.

In December 2021, Alcoa announced that the Wenatchee Works smelting facility will be permanently decommissioned. Closure of the plant does not impact the contract terms of the power sales agreement, which remains in effect until its expiration in 2028.

In December 2021, the District entered into a 20-year power sales contract with Avista Corporation (Avista) for 5% of the output of the Rocky Reach and Rock Island projects for the years 2026 through 2030, and 10% of the output for the years 2031 through 2045. Avista is generally responsible to pay 5% for the first 5 years and 10% for the remainder of the agreement, of costs associated with the projects, including capital, operation and maintenance and financing costs, in addition to charges for capital recovery, debt and various fees, plus price adders that include a fixed price portion for the additional value provided from the output, including from environmental attributes and capacity.

The District's share of power produced by the Rocky Reach and Rock Island Systems is sold to the retail electric distribution system on a cost-plus basis. Power produced by the Lake Chelan System is sold to the retail electric distribution system at cost. As of December 31, 2024, the Rocky Reach, Rock Island, and Lake Chelan Systems sell 49%, 49%, and 100%, respectively, of their output to the retail electric distribution system, which is in turn sold to retail customers, firm power purchasers or sold on the wholesale market if in excess of the District's local load.

Revenues and purchased power expenses related to "booked-out" wholesale energy sales and purchases (agreement with counterparty to net settle before scheduling for delivery) are reported net in the Statement of Revenues, Expenses and Changes in Net Position as a component of Wholesale Sales. For the years ended December 31, 2024 and December 31, 2023, booked-out energy transactions amounted to $75.0 million and $99.6 million, respectively.

Certain contractual wholesale sales and purchases are reported net in the Statement of Revenues, Expenses and Changes in Net Position as a component of Wholesale Sales. Net reporting better reflects the underlying substance of the power sales and purchase agreements, and the related net settlement provisions. For the years ending December 31, 2024 and December 31, 2023, the energy transactions reported at net amounted to $105.3 million and $44.7 million, respectively.

Revenues from the sale of environmental attributes associated with a portion of the District's hydroelectric and wind generation are recorded as generated when bundled with the associated energy, or as delivered, when unbundled from the energy and sold as a stand-alone financial instrument.

Under Washington State's Climate Commitment Act (CCA), the District receives no-cost allowances that are distributed by the Department of Ecology (DOE) to utilities subject to the Clean Energy Transformation Act for the purpose of mitigating CCA compliance cost exposure related to the retail load served by a utility. Any allowances received by the District that are in excess of its compliance obligation may be sold at quarterly DOE hosted auctions. The District uses the inventory method of accounting for CCA allowances, recording revenues at the time of sale.

Electric, water, and wastewater customers and telecommunication service providers are billed on a cyclical basis under rates established by the District's Board. Revenues from the sale of electric, water, wastewater, and telecommunication services are recorded as delivered and earned.

For the year ended December 31, 2024, the District had two significant customers (greater than 10% of operating revenues), collectively comprising total revenue of $269.4 million. The District had three significant customers for the year ended December 31, 2023, collectively comprising total revenue of $271.7 million.

The District accounts for expenses on an accrual basis. Expenses for the costs of production from the Rocky Reach, Rock Island and Lake Chelan hydroelectric production facilities are recovered under firm power sales contracts or sales directly to the retail electric distribution system.

Intradistrict revenues and expenses are eliminated in the Statement of Revenues, Expenses and Changes in Net Position.

Regulatory Deferrals

The Board has the authority to establish the level of rates charged for all District services. As a regulated entity, the District's financial statements are prepared in accordance with "Regulated Operations," which require that the effects of the rate-making process be recorded in the financial statements. Accordingly, certain expenses and credits, normally reflected in the Statement of Revenues, Expenses and Changes in Net Position as incurred, are recognized when included in rates and recovered from, or refunded to, customers. The District records various regulatory assets and credits to reflect rate-making actions of the Board. See Note 5.

Power Marketing

The District enters into forward physical power sales and purchase agreements to hedge expected forward surplus power and balance the District's anticipated power resources and demand for those power resources.

The District has implemented a multi-layered approach to power resource sales, including retail load, cost-plus contracts and a comprehensive market-based power hedging strategy to help manage risk and keep future rates stable and affordable. A key component of this strategy includes the execution of market-based wholesale products such as fixed price slice output contracts using a laddered approach over a rolling forward horizon of 60 months beyond the current year. The execution of this strategy helps mitigate the risks the District faces related to the wholesale power markets while securing stable revenue for the future. Forward physical block transactions may be used to mitigate wholesale market price risk the District faces related to its long or short positions as defined by the hedging strategy. The execution of fixed price slice output contracts, which provide a counterparty with a percentage share of hydropower production for a fixed payment, help mitigate price risk, as well as mitigating volumetric risk related to river flows and production risk related to the District's ability to generate power due to generating unit outages.

In addition to the forward trading horizon of 60 months beyond the current year, the District's Board approved a resolution in 2014, authorizing the General Manager or designee to enter into one or more transactions for the forward sale of energy and capacity and associated environmental attributes not to exceed 10% of the output of Rocky Reach and Rock Island for a term up to fifteen years in duration, with the delivery to begin within six years of execution. In 2017, the District entered into an agreement under this resolution for a 10-year slice sale of 5% of Rocky Reach and Rock Island output for the years 2021-2030. Additionally, in 2021, the District entered into another agreement under the resolution for a 10-year slice of 5% of Rocky Reach and Rock Island output for the years 2024-2033, with an option to extend an additional five years. Both agreements further hedge against downside risk and help reduce wholesale revenue volatility.

The District's two forward starting extended duration power sales agreements support the long-term marketing strategy and continue to diversify the portfolio with both cost and market-based contracts to mitigate District hydro generation risks. These new 20-year cost-based agreements begin deliveries in 2026 and 2031, respectively, with pricing based on the District's cost of production plus price adders that include a fixed price portion for the additional value provided from the output, including environmental attributes and capacity. Like the fixed price slice output contracts, these agreements hedge downside risk against low streamflow and outages and help reduce wholesale volatility. In addition, they provide protection from rising costs to operate and generate.

All power risk management activities are subject to the Power Risk Management Policy requirements and oversight by the District's Power Risk Management Committee, which monitors the District's exposure to various power related risks using a series of industry standard methodologies. The power hedging strategy is included as part of the Power Risk Management Policy and defines the specific hedging objectives and targets that are measured, monitored and communicated to the Committee.

The Power Risk Management Policy includes credit management provisions under which individual dollar and volumetric limits are assigned to counterparties based upon specific predetermined criteria utilizing an industry standard credit-scoring model. Active counterparties are reviewed on a regular basis to evaluate whether the assigned limits need to be adjusted. In addition, daily monitoring of financial and market information is performed to identify any developing counterparty credit risk. Transactions are limited accordingly when deemed necessary, and any exceptions to the assigned limits are reported to the Power Risk Management Committee.

The District requires that a one-way collateral annex be executed in conjunction with its new power sales agreements and slice output contracts, including the two 10-year market-based contracts, or when deemed necessary to mitigate the District's credit risk. The District is not required to post any collateral under these one-way margin agreements. The District generally requires that all posting requirements be met with a letter of credit unless the counterparty holds a senior unsecured credit rating of A+ from at least one of the nationally recognized rating agencies. For the higher-rated counterparties, the District accepts performance assurance in the form of cash.

All the District's forward power contracts are derivative instruments. All forward power contracts in place during 2024 and 2023 are classified as normal purchases and sales under GASB Statement No. 53 and are excluded from fair value reporting requirements. All forward power contracts are recognized over the duration of the contracts as a component of Operating Revenues and Purchased Power Operating Expenses in the Statement of Revenues, Expenses and Changes in Net Position.

Allowance for Uncollectible Accounts Receivable

A reserve is established for uncollectible accounts receivable based upon actual historical write-off trends and knowledge of specific circumstances that indicate collection of an account may be unlikely. The allowance for uncollectible accounts was $101,000 at both December 31, 2024, and 2023.

Capital Contributions

A portion of the District's utility plant has been financed through contributions from federal and state agencies and from assessments of local property owners. The District also records contributions from customers and developers, primarily relating to the District's Utility Services System, in accordance with the District's line extension policy. In-kind contributions are recognized based on the donor's actual costs. Capital contributions are recorded as non-operating revenues in the Statements of Revenues, Expenses and Changes in Net Position. For rate-making purposes, individual contributions in excess of $1 million are deferred when received and included in revenues to match the estimated useful lives and amortized costs of the related facilities. See Note 5.

Materials and Supplies Inventory

Materials and supplies consist of hydroelectric generation, transmission, distribution, water and wastewater assets, fiber-optic cable and fiber-related supplies and are valued at average cost.

Compensated Absences

Employees of the District accrue a personal leave benefit based upon a years of service schedule. Personal leave may be used for vacation and sick leave purposes. The District records personal leave as an expense and a liability as earned. Unused personal leave may be accumulated up to a maximum of 1,350 hours for non-bargaining unit personnel and 1,200 hours for bargaining unit employees. Any employee hired after March 2012 may accrue a maximum of 800 hours of personal leave. Upon resignation, retirement or death, 90% of accumulated personal leave is deposited into a personal Voluntary Employees' Beneficiary Association (VEBA) account. The remaining 10% of accumulated personal leave is cashed out.

Utility Plant

Utility plant is stated at original cost, which includes both direct and indirect costs of construction or acquisition. The District charges the cost of repairs and minor renewals to maintenance expense and the cost of renewals and replacement of property units that meet the

District's capitalization threshold to utility plant. The District's capitalization threshold is $5,000. As the District constructs various major projects, costs accumulate in construction work in progress and are capitalized to utility plant after the projects have been completed and placed into service.

Provision for depreciation is computed using the straight-line method by applying rates based upon the estimated service lives of the related plant, ranging from 5 to 90 years.

Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans and additions to/deductions from those plans' fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the Chelan County Public Utility District Retirees' Benefit Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Asset Retirement Obligations

An asset retirement obligation (ARO) is a legally enforceable liability associated with the retirement of a tangible capital asset. The District identified AROs for certain assets that are expected to operate in perpetuity. As the District cannot estimate a settlement date or extent of the obligation, a reasonable estimate of the obligation cannot be made. As such, ARO liabilities are not recorded for retirement activities associated with certain transmission, distribution and wastewater facilities and hydroelectric projects. The District does not have any recorded AROs as of December 31, 2024 or 2023.

Leases

The District is a lessee for noncancelable leases. The District recognizes a lease liability and an intangible right-to-use lease asset for lease liabilities with an initial, individual value of $1 million or more, or estimated annual payments of $250,000 or more. As of December 31, 2024 and 2023, the District's lease liability amounted to $1.9 million and $2.1 million, respectively.

At the commencement of the lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date. Subsequently, the lease asset is amortized using the straight-line method over its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, and (2) lease term.

- None of the leases recorded by the District provide an interest rate charged by the lessor. In the absence of a provided interest rate, the District uses its incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancelable period of the lease.

The District monitors changes in circumstances that would require a remeasurement of its leases, and will remeasure lease assets and liabilities if certain changes occur that are expected to significantly affect the amount of the lease liabilities.

The District is not currently a lessor for any material, noncancelable leases. The District would recognize a lease receivable and deferred inflows of resources for lease receivables with an initial, individual value of $1 million or more, or estimated annual payments of $250,000 or more. The District monitors changes in circumstances that would require it to recognize a lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly increase the materiality of the lessor agreements.

Subscription-Based Information Technology Arrangements (SBITA)

The District has SBITAs that provide for use of a vendor's information technology assets. The District recognizes a SBITA liability and an intangible right-to-use SBITA asset for SBITA liabilities with an initial, individual value of $1 million or more, or estimated annual subscription payments of $250,000 or more. As of December 31, 2024 and 2023, the District's SBITA liability amounted to $15.9 million and $15.0 million, respectively.

At the commencement of the SBITA, the District initially measures the SBITA liability at the present value of subscription payments expected to be made during the term of the arrangement. Subsequently, the SBITA liability is reduced by the principal portion of subscription payments made. The SBITA asset is initially measured as the initial amount of the SBITA liability plus capitalizable initial implementation costs when applicable, adjusted for subscription payments made at or before the SBITA commencement date. Subsequently, the SBITA asset is amortized using the straight-line method over its useful life.

Key estimates and judgments related to SBITAs include how the District determines (1) the discount rate it uses to discount the expected subscription payments to present value, and (2) SBITA term.

- None of the SBITAs recorded by the District provide an interest rate charged by the vendor. In the absence of a provided interest rate, the District uses its incremental borrowing rate as the discount rate for SBITAs.
- The SBITA term includes the noncancelable period of the arrangement plus periods for which the District has the option to extend, and is reasonably certain to exercise that option.

The District monitors changes in circumstances that would require a remeasurement of its SBITAs, and will remeasure SBITA assets and liabilities if certain changes occur that are expected to significantly affect the amount of the SBITA liabilities.

NOTE 2: CASH AND INVESTMENTS

Investments of the District are held by banks or trust companies as the District's agent and in the District's name. The remainder of the District's funds consists of uninvested cash that is protected against loss by a combination of federal depository insurance and being on deposit with qualified public depositories of the Washington Public Deposit Protection Commission (WPDPC).

Cash and investments are recorded in accounts as required by the District's bond indentures. Restricted assets represent accounts that are restricted by bond covenants or third-party contractual agreements. Accounts that are allocated by resolution of the Board are considered to be board designated accounts. Board designated accounts are a component of unrestricted assets as their use may be redirected at any time by approval of the Board. Generally, when both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first as appropriate, then unrestricted resources as they are needed.

As of December 31, the District's unrestricted, board designated and restricted assets included on the Statements of Net Position as cash and cash equivalents, investments and long-term investments, consisted of the following:

(amounts in thousands)	2024	2023
Unrestricted assets		
Unrestricted	$ 97,797	$ 104,468
Board designated	181,686	254,661
Total unrestricted assets	279,483	359,129
Restricted assets	286,724	180,737
	$ 566,207	$ 539,866

As of December 31, 2024 and 2023, the District had the following cash and investments:

Investment Type		Investment Maturities (in Years)			
(amounts in thousands)	Total 2024	Less than 1	1-2	2-3	More than 3
U.S. Treasuries	$ 84,836	$ 24,076	$ 16,376	$ 8,980	$ 35,404
U.S. Treasury Strips	77,903	19,194	19,987	18,953	19,769
U.S. Agency Notes	89,028	12,636	19,027	13,506	43,859
U.S. Agency Bills	21,035	-	-	-	21,035
Municipal Bonds	43,922	10,553	5,623	3,576	24,170
State Investment Pool	3,024	3,024	-	-	-
Certificates of Deposit	161,876	77,683	-	38,100	46,093
Cash Deposits	84,583	84,583	-	-	-
	$ 566,207	$ 231,749	$ 61,013	$ 83,115	$ 190,330

Investment Type		Investment Maturities (in Years)			
(amounts in thousands)	Total 2023	Less than 1	1-2	2-3	More than 3
U.S. Treasuries	$ 62,702	$ 1,275	$ 755	$ 6,946	$ 53,726
U.S. Treasury Strips	37,315	18,928	-	-	18,387
U.S. Agency Notes	115,684	27,699	12,267	18,368	57,350
U.S. Agency Bills	20,432	-	-	-	20,432
Municipal Bonds	36,064	12,638	10,279	5,435	7,712
State Investment Pool	892	892	-	-	-
Certificates of Deposit	169,797	40,691	82,141	-	46,965
Cash Deposits	96,980	96,980	-	-	-
	$ 539,866	$ 199,103	$ 105,442	$ 30,749	$ 204,572

Valuation of investments The District reports cash on hand and bank deposits at their carrying amount. U.S. Treasury notes or bonds, U.S. Government agency securities and municipal bonds that had a remaining maturity at the time of purchase of greater than one year are recorded at fair value. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Investments classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for identical securities. Investments classified in Level 2 are valued using observable inputs including quoted prices for similar assets or market corroborated pricing inputs such as yield curves and indices. U.S. Treasury bills, notes or bonds, U.S. Government agency securities, municipal bonds and commercial paper that had a remaining maturity at the time of purchase of one year or less are recorded at amortized cost, which approximates fair value. It is generally the District's policy to hold investments to maturity.

The District also reports its investment in the Washington State Treasurer's Local Government Investment Pool (LGIP) at amortized cost. The LGIP is an unrated external investment pool which reports its investments at amortized cost and transacts with its participants at a stable net asset value per share of $1.00. Participants may contribute and withdraw funds on a daily basis and must inform the LGIP of any contribution or withdrawal over $1.0 million no later than 9 a.m. on the same day the transaction is made. Contributions or withdrawals for $1.0 million or less can be requested at any time prior to 10 a.m. on the day of the transaction. However, participants may complete transactions greater than $1.0 million when notification is made between 9 and 10 a.m., at the sole discretion of the LGIP. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals.

The following schedule presents fair value measurements as of December 31, 2024 and 2023:

		Fair Value Measurements Using				
Investments (amounts in thousands)	**Total 2024**	**Level 1 Inputs**	**Level 2 Inputs**	**Level 3 Inputs**	**Net Asset Value (NAV)**	**Not Leveled**
U.S. Treasuries	$ 84,836	$ 61,514	$ -	$ -	$ -	$ 23,322
U.S. Treasury Strips	77,903	58,709	-	-	-	19,194
U.S. Agency Notes	89,028	-	89,028	-	-	-
U.S. Agency Bills	21,035	-	21,035	-	-	-
Municipal Bonds	43,922	-	43,922	-	-	-
State Investment Pool	3,024	-	-	-	-	3,024
Certificates of Deposit	161,876	-	-	-	-	161,876
Cash Deposits	84,583	-	-	-	-	84,583
	$ 566,207	$ 120,223	$ 153,985	$ -	$ -	$ 291,999

		Fair Value Measurements Using				
Investments (amounts in thousands)	**Total 2023**	**Level 1 Inputs**	**Level 2 Inputs**	**Level 3 Inputs**	**Net Asset Value (NAV)**	**Not Leveled**
U.S. Treasuries	$ 62,702	$ 61,426	$ -	$ -	$ -	$ 1,276
U.S. Treasury Strips	37,315	18,387	-	-	-	18,928
U.S. Agency Notes	115,684	-	115,684	-	-	-
U.S. Agency Bills	20,432	-	20,432	-	-	-
Municipal Bonds	36,064	-	36,064	-	-	-
State Investment Pool	892	-	-	-	-	892
Certificates of Deposit	169,797	-	-	-	-	169,797
Cash Deposits	96,980	-	-	-	-	96,980
	$ 539,866	$ 79,813	$ 172,180	$ -	$ -	$ 287,873

Interest rate risk The District's investment policy limits direct investments in securities to those with maturities of five years or less unless matched to a specific cash flow, or as designated in specific bond resolutions if such investments are made to coincide with the expected use of the funds. The District may collateralize its repurchase agreements using longer-dated investments. The District may also invest in variable rate securities with final maturities beyond five years, as long as the time period between rate changes is less than five years. Callable investments are assumed to be held to maturity.

Credit risk The District's Treasurer directs the investment of any temporary cash surplus in accordance with the District's investment policy and guided by State of Washington statute. The Treasurer may invest such surplus, depending on individual fund restrictions, in one or more of the following investments in accordance with the current District investment policy: 1) U.S. Treasury bills, notes or bonds; 2) U.S. Government agency securities, limited to 75% of the qualifying portfolio and no more than 25% of the total assets invested with a single issuer; 3) repurchase agreements, which must be collateralized with a third party at 102%, limited to $10 million with any financial institution; 4) savings or time deposits, including insured or collateralized certificates of deposit, with institutions approved as qualified public depositories by the WPDPC, amount held by each issuer limited to 15% for certificates of deposit and 20% for savings and other deposit accounts, of the District's investment portfolio; 5) bankers' acceptances with the highest short-term credit rating of any two nationally recognized statistical ratings organizations at the time of purchase, limited to no more than 30% of the qualifying portfolio and no more than $5 million invested in a single issuer; 6) commercial paper having received the highest short-term credit ratings of any two nationally recognized statistical ratings organizations at the time of purchase, limited to no more than 25% of the qualifying portfolio and no more than 3% of the total assets invested with a single issuer; 7) bonds of the State of Washington or any local government in the State of Washington, which bonds have, at the time of investment, one of the three highest credit ratings of a nationally recognized rating agency, limited to no more than 30% of the qualifying portfolio and no more than 5% of the total assets invested with a single issuer; 8) the LGIP, limited to no more than 25% of the qualifying portfolio; 9) general obligation bonds of a state other than the State of Washington and general obligation bonds of a local government of a state other than the State of Washington, which bonds have, at the time of investment, one of the three highest credit ratings of a nationally recognized rating agency, and when combined with bonds of the State of Washington or any local government in the State of Washington, limited to no more than 30% of the qualifying portfolio and no more than 5% of the total assets invested with a single issuer; 10) and any other investment permitted under the laws of the State of Washington.

As of December 31, 2024 and 2023, investments in debt securities had credit quality ratings as follows:

Investment Rating (S&P Equivalent)

(amounts in thousands)	2024	2023
Long Term		
AAA	$ 41,888	$ 32,369
AA+	99,451	108,505
AA	4,515	15,596
AA-	8,131	7,867
	$ 153,985	$ 164,337

Custodial credit risk The District's investment policy requires that securities purchased are held by a master custodian or other entity legally allowed to act as an independent third party on behalf of the District within that entity's trust department.

Concentration of credit risk The District's investment policy requires that investments are diversified by security type and institution. Investments in an individual issuer of state or local government bonds are limited to no more than 5% of the District's total investment portfolio, and investments in an individual issuer of commercial paper are limited to no more than 3%; bankers' acceptances are limited to no more than $5.0 million by institution. The aggregate amount of savings, demand deposits and certificates of deposit are limited to 75% of portfolio and 20% per institution.

As of December 31, 2024 and 2023, 5% or more of the District's total investment portfolio was invested with each of the following issuers:

		Percentage of Portfolio	
Issuer	S&P Credit Rating	2024	2023
Federal Farm Credit Bank	AA+	6%	8%
Federal Home Loan Mortgage Corporation	AA+	6%	6%

Derivative Instruments – Forward Purchase Agreement

Objective and Terms As a tool to achieve a fixed rate of return on certain District bond reserves, the District has entered into a forward purchase agreement for the purchase of investment securities. Under the terms of the agreement, the provider must tender qualified securities with maturities of six months or less to the District on the semi-annual debt service dates at a price that produces at least the guaranteed rate of return under the agreement.

The terms, including the counterparty credit ratings of the outstanding forward purchase agreement, as of December 31, 2024, are provided below.

Forward Purchase Agreement

Counterparty	Credit Rating by Moody's/ S&P/Fitch	Guaranteed Yield	Notional Amount	Effective Date	Maturity	12/31/24 Fair Value	12/31/23 Fair Value
Wells Fargo Bank, N.A.	Aa2/A+/AA-	6.63%	$ 18,820,179	12/22/1999	6/1/2029	$ 1,196,970	$ 1,923,315

As of December 31, 2024 and 2023, the agreement is considered a hedging derivative instrument, and the fair value is recorded on the Statement of Net Position as a derivative asset and a Deferred Inflow of Resources in the same amount.

Fair value Due to interest rates which are lower than when the forward purchase agreement was entered into, the agreement had a positive fair value to the District as of December 31, 2024 and 2023. The fair value takes into consideration the prevailing investment rate environment and the specific terms and conditions of the transaction. The fair value was estimated using the income approach.

Credit risk The District is exposed to credit risk in the amount of the positive fair value of the forward purchase agreement. The credit ratings of the counterparty are noted in the preceding table.

Interest rate risk The District is exposed to interest rate risk if the counterparty to the forward purchase agreement defaults or if the agreement is terminated.

Termination risk The District or the counterparty may terminate a forward purchase agreement if the other party fails to perform under the terms of the respective contracts. If at the time of termination, the agreement has a negative fair value, the District would be liable to the counterparty for a payment equal to the agreement's fair value.

NOTE 3: UTILITY PLANT

A summary of utility plant in service for the years ended December 31, 2024 and 2023 is as follows:

(amounts in thousands)	January 1, 2024	Additions	Reductions & Transfers	December 31, 2024	Depreciation Expense
Hydroelectric generation	$ 1,463,549	$ 43,650	$ (3,999)	$ 1,503,200	$ 25,473
Transmission	171,502	1,830	(945)	172,387	3,466
Distribution	339,095	42,159	(5,723)	375,531	9,724
General plant	331,273	53,467	(7,403)	377,337	15,278
Intangible	42,484	564	-	43,048	864
Intangible right-to-use lease asset	4,425	-	-	4,425	145
Intangible right-to-use subscription asset	17,060	3,870	(1,995)	18,935	1,493
Telecommunications	114,361	6,569	(1,617)	119,313	4,522
Water/Wastewater	95,196	11,337	(642)	105,891	2,126
	2,578,945	163,446	(22,324)	2,720,067	$ 63,091
Construction work in progress	230,140	191,740	(155,534)	266,346	
Accumulated depreciation	(1,185,709)	(62,586)	18,170	(1,230,125)	
Accumulated depreciation intangible right-to-use lease asset	(1,901)	(666)	521	(2,046)	
Accumulated depreciation intangible right-to-use subscription asset	(2,647)	(5,095)	4,147	(3,595)	
Total Net Plant	$ 1,618,828	$ 286,839	$ (155,020)	$ 1,750,647	

(amounts in thousands)	January 1, 2023	Additions	Reductions & Transfers	December 31, 2023	Depreciation Expense
Hydroelectric generation	$ 1,456,818	$ 9,881	$ (3,150)	$ 1,463,549	$ 25,102
Transmission	168,915	3,984	(1,397)	171,502	2,897
Distribution	327,457	18,994	(7,356)	339,095	9,258
General plant	201,926	150,937	(21,590)	331,273	11,814
Intangible	41,356	1,128	-	42,484	829
Intangible right-to-use lease asset	4,425	-	-	4,425	417
Intangible right-to-use subscription asset	17,183	-	(123)	17,060	1,377
Telecommunications	110,413	4,471	(523)	114,361	4,368
Water/Wastewater	92,811	2,710	(325)	95,196	1,955
	2,421,304	192,105	(34,464)	2,578,945	$ 58,017
Construction work in progress	229,964	189,560	(189,384)	230,140	
Accumulated depreciation	(1,161,247)	(56,224)	31,762	(1,185,709)	
Accumulated depreciation intangible right-to-use lease asset	(1,484)	(417)	-	(1,901)	
Accumulated depreciation intangible right-to-use subscription asset	(1,270)	(1,377)	-	(2,647)	
Total Net Plant	$ 1,487,267	$ 323,647	$ (192,086)	$ 1,618,828	

Plant assets include land of $90.8 million and $85.3 million as of December 31, 2024 and 2023, respectively.

In 2013, the four large generating units at Rocky Reach Dam were taken out of service after discovering that one of the turbines had a deep crack in a stainless-steel servo-rod, which is part of the mechanism used to adjust turbine blades. District officials were concerned about the integrity of all four units, which have the same design elements. Out of concern for the health and safety of District employees, the public and the environment, it was decided to keep all four units out of service for further investigation. Temporary repairs were made to all four units by limiting the blades to a fixed operating mode, with the last of the four large units being returned to service in 2014. The first two units have been repaired and returned to Kaplan operation with variable blade capability in 2017 and 2020. The remaining two units were taken out of service for repairs to restore Kaplan operation with variable blade capability in 2023, and are expected to return to service in 2025. The seven additional generating units at Rocky Reach do not have a similar design and were not impacted by this repair.

Based on currently available information, the District does not anticipate the generating unit repairs and outages to have a significant impact to the District's financial condition.

Leases

The District entered into a lease agreement to lease digital monitoring equipment for use at Rock Island Hydro. The lease is for a period of 240 months, beginning June 1, 2021. The lease terminates May 2041. Under the terms of the agreement, the District pays an annual fee in accordance with the payment schedule defined in the contract. The District made a lease payment of $227,400 in 2024. Lease payments step-down over the life of the agreement and range from $227,400 to $56,300.

A summary of scheduled principal and interest requirements to maturity is as follows:

(amounts in thousands)	Principal	Interest
2025	$ 176	$ 51
2026	181	46
2027	186	42
2028	191	37
2029	195	32
2030-2034	725	98
2035-2039	254	27
2040-2044	55	1
	$ 1,963	$ 334

Subscription-Based Information Technology Arrangements

The District has six material SBITAs related to software subscriptions that have remaining terms ranging from 108 months to 204 months, as of December 31, 2024.

A summary of scheduled principal and interest requirements to maturity is as follows:

(amounts in thousands)	Principal	Interest
2025	$ 1,121	$ 609
2026	1,220	564
2027	1,326	515
2028	1,421	462
2029	1,576	405
2030-2034	7,870	990
2035-2039	910	136
2040-2044	421	13
	$ 15,865	$ 3,694

NOTE 4: LICENSING

The District's hydroelectric projects are licensed under the Federal Power Act of 1920 and subsequent amendments. The Rock Island Project license was issued in 1989. The Rock Island Project license expires in 2028. Since 2021, the District has voluntarily been meeting with participants, including local communities, state and federal agencies, Tribes and non-governmental organizations, to identify and conduct necessary studies in support of the formal relicensing process, which began on December 15, 2023, with the District's submittal of the Pre-Application Document and Notice of Intent to relicense. The District received a 50-year license for the Lake Chelan Project in November 2006 and a 43-year license for the Rocky Reach Project in 2009 and is implementing license measures for both projects. The costs associated with relicensing the projects have been included in the District's Utility Plant balance as Intangible Assets and are being amortized over the lives of the associated licenses.

The Rock Island Project license contains various operational requirements and environmental protections. Primary measures include continuation of the Habitat Conservation Plan (HCP) for protection of salmon and steelhead, measures to protect bull trout, continuation of maintenance and operation of the Wenatchee Confluence, Kirby Billingsley Hydro, Wenatchee Riverfront, Walla Walla Point and Coyote Dunes recreation sites. As also required in the license, the District manages cultural, shoreline, recreation and wildlife resources. In October 2024, utilizing the Integrated Licensing Process (ILP), a Study Plan Determination (SPD) was issued by FERC. A total of 16 studies were included in the SPD and the District will complete the studies over the next two years while also preparing the Draft License Application (DLA), which will be submitted in mid-2026. All costs associated with the ongoing fulfillment of these Rock Island license measures are recognized as operating expenses in the year incurred.

The license for the Lake Chelan Project is based on a settlement agreement submitted to FERC in 2003, between the District and stakeholders, including local communities, state and federal agencies, Tribes and non-governmental organizations. The license requires implementation of detailed management plans for fish, operations, wildlife, shoreline erosion, water quality, cultural and recreation resources over the life of the license. In addition, the Lake Chelan Project settlement agreement and license contains some measures that will be carried out by various agencies using funds provided by the District. The present value of these accrued funding obligations was estimated to be $10.7 million and $10.7 million as of December 31, 2024 and 2023, respectively. The estimate for these funding obligations may increase by measures that are deferred to later years due to inflationary adjustments and may be reduced by measures that are completed.

A summary of accrued funding obligations, accounted for as intangible assets, for the years ended December 31, 2024 and 2023 are as follows:

(amounts in thousands)	2024	2023
Licensing obligation - beginning of year	$ 10,679	$ 9,833
Additions	564	1,128
Reductions	(534)	(282)
Licensing obligation - end of year	$ 10,709	$ 10,679

The District's Rocky Reach Project license is based on a settlement agreement submitted to FERC in March 2006, between the District and stakeholders, including local communities, state and federal agencies, Tribes and non-governmental organizations. The Rocky Reach Project license requires implementation of various operational requirements and environmental protections. Primary measures include continuation of the HCP for salmon and steelhead, measures to protect and enhance white sturgeon, bull trout, resident fish and Pacific lamprey, and operation and maintenance of Beebe Bridge, Chelan Falls, Powerhouse, Entiat, Daroga, Lincoln Rock and Rocky Reach Dam parks. As also required in the license, the District finalized detailed management plans for operations, shoreline erosion, water quality, recreation, cultural and wildlife resources. These plans are now being implemented. The Rocky Reach Project license does not contain funding obligations; therefore, future costs of implementing the license requirements cannot be reasonably estimated and no obligation has been recorded. All related costs are recognized as operating expenses in the year incurred.

NOTE 5: REGULATORY DEFERRALS

The Board has taken various regulatory actions that result in differences between recognition of revenues and expenses for rate making purposes and their treatment under generally accepted accounting principles for non-regulated entities. These actions result in regulatory assets and liabilities, which are summarized below.

Changes to the balances, and their inclusion in rates, occur only at the direction of the Board.

The following regulatory balances are as of December 31, 2024 and 2023.

(amounts in thousands)	2024	2023
Regulatory Assets:		
Swap termination payments	$ 2,597	$ 4,515
Conservation expenses	27,973	25,282
Debt issuance costs	1,786	2,207
Investments in assets owned by others	12,412	12,240
Fair Value of Investments	9,746	10,882
	$ 54,514	$ 55,126
Regulatory Liabilities:		
Contributed Capital	$ 82,919	$ 38,480
Pension Expense	35,304	24,499
Fair Value of Investments	256	475
	$ 118,479	$ 63,454

Swap Termination Payments The District terminated three interest rate swaps during 2013 and three interest rate swaps during 2011, incurring swap termination fees in the amount of $15.9 million and $24.6 million, respectively. The termination fees would normally have been reflected as a non-operating expense in the years incurred; however, the Board approved a resolution providing for deferral of the termination fees as regulatory assets to be amortized over periods of up to 15 years to match the expense with the period in which the payments will be recovered through rates.

Conservation Costs The District's conservation plans include program expenditures to support compliance with the Energy Independence Act. The District defers conservation expenditures as incurred and amortizes them over the estimated benefit period. The Board has approved resolutions that require this treatment in order to match the expense with the periods in which the benefit is received and will be reflected in rates.

Debt Issuance Costs In order to match the costs incurred in conjunction with the issuance of debt with the periods in which the benefit is received and will be reflected in rates, the Board has approved a resolution that requires these costs to be deferred and amortized over the life of the related bonds. Amortization expense is calculated under the straight-line method or effective interest method, depending on the maturity schedule of the related bonds.

Investments in Assets Owned by Others The District makes various contributions toward the cost of constructing assets that will be owned and maintained by another entity. These investments are made under agreements by which the District either directly or indirectly receives a benefit from construction of the asset. The Board has approved a resolution that requires investments exceeding $1 million be deferred and amortized over the estimated benefit period in order to match the expense with the period the investment will be recovered through rates.

Pension Expense The Board approved a resolution to include the cash contribution for pensions, as set by the Washington State Pension Funding Council, in the District's rate-setting calculations. This board action requires the use of regulatory accounting to defer any differences between the cash contributions and pension expense calculated in accordance with GASB 68 "Accounting and Financial Reporting for Pensions" as regulatory assets and/or liabilities. This approach matches pension expense with the recovery of the contributions through rates.

Fair Value of Investments The District holds various long-term investments that are carried at fair value in accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools." Under Statement No. 31, both realized and unrealized changes in fair value are to be reflected in Net Increase/(Decrease) in Net Position for the period. The Board, however, approved a resolution providing for the deferral of these gains and losses as regulatory assets and/or liabilities in recognition that any unrealized amounts will not be included in the District's ratemaking process due to the fact that they do not have an impact on cash flows as long as they are held to maturity; and any realized gains or losses will be amortized and included in rates over the remaining life of the investments at the time of sale.

Contributed Capital Individual contributions exceeding $1 million are deferred as regulatory liabilities and amortized over the life of the related contributed depreciable plant assets. The Board has approved resolutions that require this treatment in order to offset the earnings effect of these large non-exchange transactions and align the District's recognition of these credits with the periods in which the amounts will be reflected for rate-making purposes.

NOTE 6: LONG-TERM DEBT

(amounts in thousands)	January 1, 2024	Additions	Reductions	December 31, 2024	Due Within One Year
Revenue Bonds					
Rock Island Revenue Bonds, 6.05%, due June 1, 2025 to June 1, 2029	$ 130,859	$ 7,232	$ (22,685)	$ 115,406	$ 22,685
Consolidated System Revenue Bonds, 4.0% to 5.0%, due July 1, 2025 to July 1, 2039 (net unamortized premiums of $10,424)	200,767	-	(25,474)	175,293	25,810
	331,626	7,232	(48,159)	290,699	48,495
Notes from Direct Borrowings					
Notes, 0.25% to 1.8%, due March 30, 2025 to April 30, 2045	4,778	546	(789)	4,535	790
Total Long-Term Debt	$ 336,404	$ 7,778	$ (48,948)	$ 295,234	$ 49,285

(amounts in thousands)	January 1, 2023	Additions	Reductions	December 31, 2023	Due Within One Year
Revenue Bonds					
Rock Island Revenue Bonds, 6.05%, due June 1, 2024 to June 1, 2029	$ 145,419	$ 8,125	$ (22,685)	$ 130,859	$ 22,685
Consolidated System Revenue Bonds, 4.0% to 5.0%, due July 1, 2024 to July 1, 2039 (net unamortized premiums of $12,862)	214,014	-	(13,247)	200,767	23,035
	359,433	8,125	(35,932)	331,626	45,720
Notes from Direct Borrowings					
Notes, 0.25% to 1.8%, due March 30, 2024 to December 31, 2044	5,389	177	(788)	4,778	789
Total Long-Term Debt	$ 364,822	$ 8,302	$ (36,720)	$ 336,404	$ 46,509

A summary of scheduled debt service requirements to maturity is as follows:

Principal and Interest

(amounts in thousands)	Revenue Bonds		Direct Borrowings	
	Principal	Interest	Principal	Interest
2025	$ 48,495	$ 7,119	$ 806	$ 33
2026	45,290	5,840	647	32
2027	27,895	4,832	600	28
2028	28,840	4,572	261	25
2029	46,750	4,264	262	23
2030-2034	84,175	11,638	950	86
2035-2039	18,760	2,274	736	41
2040-2044	-	-	253	8
2045-2049	-	-	20	-
	$ 300,205	$ 40,539	$ 4,535	$ 276

Estimated principal retirements assume that all bonds are called or purchased at par. Principal retirements of $300.2 million also include $19.9 million of future appreciation on Capital Appreciation Bonds.

The Consolidated System Revenue Bonds, Series 2008B, in the outstanding amount of $40.2 million at December 31, 2024, were issued as variable rate bonds and have a reset of interest rates every seven days. The standby bond purchase agreement (Credit Facility) associated with the bonds was entered into with Barclays Bank PLC (Barclays) as of June 1, 2018 and including subsequent extensions will be in effect through July 1, 2027. The District pays Barclays a commitment fee of 31 basis points as prescribed in the Credit Facility through July 1, 2027. If any 2008B bonds are purchased and held by Barclays, the bonds will bear interest at a fluctuating annual rate as specified by the Credit Facility, which would be at least 700 basis points. In addition, any 2008B bonds purchased and held under the Credit Facility are subject to special mandatory redemption over a five-year period in twenty equal quarterly principal installments. As of December 31, 2024, Barclays does not hold any un-remarketed 2008B bonds.

The District has covenanted in a Consolidated System resolution that it will establish, maintain and collect rates and charges for electrical power and energy, water, wastewater, fiber-optic networks and other services, facilities and commodities sold, furnished or supplied by or through the Consolidated System, adequate net revenues sufficient to pay at least (a) 100% of annual debt service in such fiscal year and (b) together with available funds, 125% of annual debt service in such fiscal year on the Consolidated System Bonds.

The Consolidated System currently includes the District's retail electric utility business operations (referred to as the "Distribution Division"), the Lake Chelan Project, the Fiber and Telecommunications System, the Water System and the Wastewater System. Although these systems have been consolidated into the Consolidated System for financing purposes, all of these systems are accounted for separately.

The District has adopted two additional resolutions confirming and continuing both the Rocky Reach Hydroelectric System and the Rock Island Hydroelectric System. The District has covenanted in these resolutions to fix, establish, maintain and collect rates and charges for electric power and energy, and other services, facilities and commodities sold, furnished or supplied by or through the Rocky Reach System and the Rock Island System, adequate net revenues in each system sufficient to pay 100% of annual debt service in such fiscal year.

As of December 31, 2024 and 2023, the District was in compliance with all debt covenants.

NOTE 7: PURCHASED POWER SUPPLY

A significant portion of the electric distribution system power is purchased from the District's hydro projects on a cost-plus basis. These intra-district purchases are eliminated in the Statements of Revenues, Expenses and Changes in Net Position. Power purchases from external sources amounted to $109.1 million and $119.1 million for 2024 and 2023, respectively, and is included as purchased power in the Statements of Revenues, Expenses and Changes in Net Position. This purchased power is used to meet local load requirements, meet certain contractual obligations, balance the District's power resources and demand for those resources and support the District's hedging strategy.

NOTE 8: EMPLOYEE BENEFIT PLANS

Pension Plans

Substantially all of the District's full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing, multiple-employer public employee defined benefit retirement plans. The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available annual comprehensive financial report (ACFR) that includes financial statements and required supplementary information for each plan. The DRS ACFR may be obtained by writing to: Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, WA 98504-8380; or it may be downloaded from the DRS website at www.drs.wa.gov.

All information on the website is the responsibility of the State of Washington. The District's independent auditor has not audited nor examined such information and does not express an opinion nor any other form of assurance with respect thereto.

Public Employees' Retirement System (PERS)

PERS was established in 1947 and its retirement benefit provisions are contained in chapters 41.34 RCW and 41.40 RCW. PERS members include elected officials; state employees; employees of the Supreme, Appeals and Superior Courts; employees of the legislature; employees of district and municipal courts; employees of local governments; and higher education employees not participating in higher education retirement programs. PERS is comprised of three separate pension plans for membership purposes. PERS plans 1 and 2 are defined benefit plans, and PERS plan 3 is a defined benefit plan with a defined contribution component.

PERS Plan 1

Benefits Provided PERS Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of-living adjustment, and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions The PERS Plan 1 member contribution rate is established by State statute at 6%. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.20%. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2024 were as follows:

PERS Plan 1

Actual Contribution Rates:	Employer	Employee
January through June 2024	9.53%	6.00%
July through August 2024	9.03%	6.00%
September through December 2024	9.11%	6.00%

For the years ended December 31, 2024 and 2023, the District's actual contributions to the plan were $0 and $3,800, respectively.

PERS Plan 2/3

Benefits Provided PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service for Plan 2 and one percent of AFC times the member's years of service for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

- With a benefit that is reduced by three percent for each year before age 65; or
- With a benefit that has a smaller (or no) reduction (depending on age)

PERS Plan 2/3 members hired on or after May 1, 2013, have the option to retire early by accepting a reduction of five percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service credit. PERS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other PERS Plan 2/3 benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty related death benefit, if found eligible by the Department of Labor and Industries. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

PERS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. PERS Plan 3 members choose their contribution rate upon joining membership and have a chance to change rates upon changing employers. As established by statute, Plan 3 required defined contribution rates are set at a minimum of 5% and escalate to 15% with a choice of six options. Employers do not contribute to the defined contribution benefits. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

Contributions The PERS Plan 2/3 employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 Unfunded Actuarial Accrued Liability and an administrative expense that is currently set at 0.20%. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2024 were as follows:

Actual Contribution Rates:	Employer 2/3	Employee 2
January through June 2024	9.53%	6.36%
July through August 2024	9.03%	6.36%
September through December 2024	9.11%	6.36%
Employee PERS Plan 3		varies

For the years ended December 31, 2024 and 2023, the District's actual contributions to the plans were $9.8 million and $9.7 million, respectively.

Pension Liabilities, Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2024 and 2023, the District reported a total net pension asset of $12.7 million and $15.8 million, respectively, for its proportionate share of the net pension liabilities as follows:

(amounts in thousands)	Liability (Asset) 2024	2023
PERS 1	$ 9,007	$ 12,041
PERS 2/3	$ (21,672)	$ (27,833)

At December 31, the District's proportionate share of the collective net pension liabilities was as follows:

	Proportionate Share 12/31/24	Proportionate Share 12/31/23	Change in Proportion
PERS 1	0.506885%	0.527467%	(0.020582%)
PERS 2/3	0.657411%	0.679064%	(0.021653%)

Employer contribution transmittals received and processed by DRS for the fiscal year ended June 30 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by DRS in the Schedules of Employer and Nonemployer Allocations.

The collective net pension liability was measured as of June 30, 2024, and the actuarial valuation date on which the total pension liability is based was as of June 30, 2023, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

During 2021, the Board took action which resulted in the District applying regulatory accounting to recognize pension expense in the amount of the required employer contributions in order to align the recognition of expense with the recovery of contributions through rates. For the years ended December 31, 2024 and 2023, the District recognized pension expense as follows:

(amounts in thousands)	Pension Expense 2024	2023
PERS 1	$ -	$ 4
PERS 2/3	9,791	9,714
	$ 9,791	$ 9,718

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2024 and 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PERS Plan 1

(amounts in thousands)	Deferred Outflows of Resources 2024	Deferred Inflows of Resources 2024	Deferred Outflows of Resources 2023	Deferred Inflows of Resources 2023
Differences between expected and actual experience	$ -	$ -	$ -	$ -
Net difference between projected and actual investment earnings on pension plan investments	-	721	-	1,358
Changes of assumptions	-	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	-	-
Contributions subsequent to the measurement date	1,373	-	1,511	-
	$ 1,373	$ 721	$ 1,511	$ 1,358

PERS Plan 2/3

(amounts in thousands)	Deferred Outflows of Resources 2024	Deferred Inflows of Resources 2024	Deferred Outflows of Resources 2023	Deferred Inflows of Resources 2023
Differences between expected and actual experience	$ 12,315	$ 50	$ 5,669	$ 311
Net difference between projected and actual investment earnings on pension plan investments	-	6,211	-	10,489
Changes of assumptions	11,967	1,373	11,685	2,547
Changes in proportion and differences between contributions and proportionate share of contributions	2,079	159	1,571	231
Contributions subsequent to the measurement date	3,420	-	3,208	-
	$ 29,781	$ 7,793	$ 22,133	$ 13,578

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in regulatory deferrals for pension expense as follows:

(amounts in thousands) **Year ended December 31:**	**PERS Plan 1**	**PERS Plan 2/3**
2025	$ 180	$ (984)
2026	613	9,820
2027	(65)	4,507
2028	(76)	4,470
2029	-	2,360
Thereafter	-	1,815
	$ 652	$ 21,988

Deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025.

Actuarial Methods and Assumptions

Actuarial Assumptions The total pension liability (TPL) for each of the PERS plans was determined using the most recent actuarial valuation completed in 2024 with a valuation date of June 30, 2023. The actuarial assumptions used in the valuation were based on the results of the 2013-2018 Demographic Experience Study and the 2023 Economic Experience Study.

Additional assumptions for subsequent events and law changes are current as of the 2023 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2024. Plan liabilities were rolled forward from June 30, 2023, to June 30, 2024, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 2.75% total economic inflation; 3.25% salary inflation
- **Salary increases:** In addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by service-based salary increases.
- **Investment rate of return:** 7.0%

Mortality rates were developed using the Society of Actuaries' Pub. H-2010 mortality rates, which vary by member status (e.g., active, retiree or survivor), as the base table. Office of the State Actuary (OSA) applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Under "generational" mortality, a member is assumed to receive additional mortality improvements in each future year throughout their lifetime.

Discount Rate The discount rate used to measure the total pension liability for all PERS plans was 7.0%. To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments of current plan members. Based on the assumptions described in OSA's certification letter within the DRS ACFR, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.0% was used to determine the total liability.

Long-Term Expected Rate of Return OSA selected a 7.0% long-term expected rate of return on pension plan investments using a building-block method. In selecting this assumption, OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMAs) and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the CMAs and their target asset allocation to simulate future investment returns at various future times.

Estimated Rates of Return by Asset Class Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2024, are summarized in the table below. The inflation component used to create the table is 2.5% and represents WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-term Expected Real Rate of Return Arithmetic
Fixed Income	19%	2.1%
Tangible Assets	8%	4.5%
Real Estate	18%	4.8%
Global Equity	30%	5.6%
Private Equity	25%	8.6%
	100%	

Sensitivity of Net Pension Liability (Asset)

The table below presents the District's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.0%, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (6.0%) or 1-percentage point higher (8.0%) than the current rate.

(amounts in thousands)	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
PERS 1	$ 13,248	$ 9,007	$ 5,286
PERS 2/3	$ 39,068	$ (21,672)	$ (71,557)

Pension Plan Fiduciary Net Position

Detailed information about the State's pension plans' fiduciary net position is available in the separately issued DRS financial report.

Deferred Compensation Plans

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 (457 Plan). The 457 Plan, available to District employees, permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

In accordance with the 457 Plan, the District has placed the 457 Plan assets into a separate trust for the exclusive benefit of plan participants and beneficiaries. Accordingly, plan assets and the corresponding liability are not included on the District's financial statements.

The District also offers its employees a 401(a) employer matching plan. The 401(a) is a qualified, tax deferred plan that allows the District to match employee contributions made to the 457 Plan. Under the 401(a) Plan, the District will match each employee's contribution to the 457 Plan at a rate of 50% with a cap of 5% of an employee's annual base salary up to a maximum of $11,500 or up to a maximum of $15,250 for employees age 50 years and over. The District's 401(a) Plan matching contributions for the years ending December 31, 2024 and 2023, were $3.2 million and $3.1 million, respectively. Matching contribution rates are at the District's discretion within the requirements of the current bargaining unit agreement.

NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

The District administers a single-employer defined benefit healthcare plan (the retiree medical plan). The plan provides other postemployment benefits (OPEB) for retirees and their dependents. The retiree medical plan does not issue a publicly available financial report.

Benefits Provided The retiree medical plan provides healthcare and vision insurance until the age of 65 for retirees and their spouses and until the age of 26 for children. Insurance coverage is provided through the District's group health insurance plan, which covers both active and retired members.

Employees Covered by Benefit Terms

At December 31, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	14
Active employees	806
	820

Contributions The District's subsidy of the cost of 2024 and 2023 premiums for eligible retired plan members and their spouses amounted to $69,000 and $91,000, respectively. Plan members receiving benefits contributed 79% of the premium costs for calendar years 2024 and 2023. Future subsidies will be provided by the District at the 2007 level adjusted for inflation, with plan members contributing the remaining premium. Contribution rates may be adjusted at the District's discretion.

Net OPEB Asset

As of December 31, 2024 and 2023, the retiree medical plan was fully funded. The District's net OPEB asset was measured as of September 30, 2023, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of that date. Actuarial update procedures were used to roll forward the service cost and the total OPEB liability to the December 31, 2024, measurement date.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Assumptions The total OPEB liability (asset) in the September 30, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation rate	3.00%
Salary increases	3.75%
Discount rate	3.85%

Healthcare cost trend rates	A healthcare trend is not used in the valuation as retiree premiums are assumed to be age-adjusted and changes in the District's subsidy are solely dependent on inflation.

Rates of retirement, mortality, withdrawal and disability are all based on the rates published by the Office of the State Actuary for PERS plan participants.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which estimates of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the current asset allocation percentage and by adding expected inflation. The current asset allocation and estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Fund Type	% of Total Portfolio	Expected Long-Term Real Rate of Return
Domestic Equity	30%	4.3%
Foreign Equity	20%	4.2%
Fixed Income	42%	1.7%
Real Estate	5%	3.5%
3 Month Treasury Bills	3%	0.3%
	100%	

Discount Rate The discount rate used to measure the total OPEB liability was 3.85%. Based on expected 5% long-term rate of return on the OPEB plan's assets, the fiduciary net position was only projected to be available to make projected OPEB payments for plan participants through 2042. Therefore, the expected long-term rate of return on the plans assets has been blended with the December 31, 2023, rate of 3.26% in the 20-year General Obligation Municipal Bond Index published by Bond Buyer.

Changes in the Net OPEB Liability (Asset)

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Balances at 1/1/2024	$ 1,016,927	$ (1,222,203)	$ (205,276)
Changes for the year:			
Service cost	47,381	-	47,381
Interest on total OPEB liability	33,183	-	33,183
Differences between expected and actual income	-	(59,494)	(59,494)
Contributions - retirees	261,099	(261,099)	-
Expected investment income	-	(52,449)	(52,449)
Benefit payments	(571,161)	571,161	-
Administrative expense	-	36,397	36,397
Net changes	(229,498)	234,516	5,018
Balances at 12/31/2024	$ 787,429	$ (987,687)	$ (200,258)

Sensitivity of the net OPEB asset to changes in the discount rate The following presents the net OPEB asset of the District, as well as what the District's net OPEB asset would be if it were calculated using a discount rate that is 1-percentage-point lower (2.85%) or 1-percentage-point higher (4.85%) than the current discount rate:

	1% Decrease (2.85%)	Current Discount Rate (3.85%)	1% Increase (4.85%)
Net OPEB (asset)	$ (131,036)	$ (200,258)	$ (266,869)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the years ended December 31, 2024 and 2023, the District recognized OPEB expense of $69,170 and $24,982, respectively. At December 31, 2024 and 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	2024	2023	2024	2023
Differences between expected and actual experience	$ 215,210	$ 245,875	$ -	$ -
Changes of assumptions or other inputs	8,416	9,275	84,355	98,177
Net difference between actual and projected earnings	125,116	187,676	126,954	143,064
Total	$ 348,742	$ 442,826	$ 211,309	$ 241,241

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31:	
2025	$ 31,372
2026	47,174
2027	(15,380)
2028	5,804
2029	17,437
Thereafter	51,026

NOTE 10: SEGMENT DISCLOSURE

The District has outstanding revenue bonds used to finance the Rock Island hydroelectric production facility. The outstanding bond issues are secured by a pledge of the net revenues of the project. The project has an external requirement to be accounted for separately, and investors in the revenue bonds rely solely on the revenue generated by the individual project for repayment. Summary financial information as of, and for the years ended, December 31, 2024 and 2023, for the Rock Island project is presented below. Included in operating revenues and expenses are intradistrict sales and rents which are eliminated in the Statement of Revenues, Expenses and Changes in Net Position.

CONDENSED STATEMENTS OF NET POSITION

(amounts in thousands)	2024	2023
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current assets	$ 7,974	$ 7,141
Restricted assets - current	10,453	9,572
Total current assets	18,427	16,713
Utility plant, net	635,582	592,967
Restricted assets - noncurrent	166,884	74,426
Other assets	33,937	31,593
Deferred outflows of resources	9,735	7,767
Total assets and deferred outflows of resources	$ 864,565	$ 723,466
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Current liabilities	$ 58,279	$ 52,621
Long-term debt	406,395	313,027
Other liabilities	20,067	21,510
Total liabilities	484,741	387,158
Deferred Inflows of resources	28,674	28,583
Net position		
Net investment in capital assets	513,121	451,879
Restricted	170,791	76,049
Unrestricted	(332,762)	(220,203)
Total net position	351,150	307,725
Total liabilities, deferred inflows of resources and net position	$ 864,565	$ 723,466

CONDENSED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

(amounts in thousands)	2024	2023
Operating revenues	$ 161,523	$ 153,452
Less:		
Operating expenses	78,838	73,507
Depreciation and amortization	15,409	14,602
Operating income	67,276	65,343
Other expense	25,013	23,688
Income before capital contributions and interfund transfers	42,263	41,655
Capital contributions	1,161	1,475
Change in net position	43,424	43,130
Total net position - beginning of year	307,725	264,595
Total net position - end of year	$ 351,149	$ 307,725

CONDENSED STATEMENTS OF CASH FLOWS

(amounts in thousands)	2024	2023
Net cash provided (used) by:		
Operating activities	$ 89,618	$ 83,105
Capital and related financing activities	1,597	(67,364)
Investing activities	(58,794)	(5,935)
Net increase	32,421	9,806
Beginning cash and cash equivalents	14,303	4,497
Ending cash and cash equivalents	$ 46,724	$ 14,303

NOTE 11: SELF-INSURANCE

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; workers compensation; and health care of its employees. The District has elected to cover these risks primarily through self-insurance programs. Secondarily, the District has purchased commercial excess liability insurance for claims beyond the deductible amounts. The accrual and payment of claims for the years ended December 31, 2024 and 2023, is summarized in the following table for each insurance program:

(amounts in thousands)	Property & Liability	Workers Comp	Medical & Health	Dental
Claims Liability as of January 1, 2024	$ -	$ 291	$ 1,972	$ 34
Claims Accrued	2	1,431	22,534	1,272
Claims Paid	(2)	(1,482)	(21,990)	(1,270)
Claims Liability as of December 31, 2024	$ -	$ 240	$ 2,516	$ 36

(amounts in thousands)	Property & Liability	Workers Comp	Medical & Health	Dental
Claims Liability as of January 1, 2023	$ -	$ 333	$ 1,799	$ 27
Claims Accrued	115	937	19,154	1,220
Claims Paid	(115)	(979)	(18,981)	(1,213)
Claims Liability as of December 31, 2023	$ -	$ 291	$ 1,972	$ 34
Commercial Insurance Deductible as of December 31, 2024 and 2023	Up to $2,000,000 depending on line of coverage	$500,000 per incident	$300,000 per incident	N/A

NOTE 12: COMMITMENTS AND CONTINGENCIES

Environmental Matters

In 2004, the Federal Energy Regulatory Commission (FERC) ordered the incorporation of the Anadromous Fish Agreements and Habitat Conservation Plans (HCPs) into the licenses for the Rocky Reach and Rock Island projects. The Rocky Reach Project HCP was included in the FERC license issued in 2009. The HCPs provide a framework for long-term resolution of certain fish issues at the projects and do not expire until 2054. The District, the U.S. Fish and Wildlife Service (USFWS), NOAA Fisheries, the Washington State Department of Fish and Wildlife, the Confederated Tribes of the Colville Reservation and the Yakama Nation are signatories to the HCPs. NOAA Fisheries completed biological opinions for the HCPs and issued Incidental Take Permits (ITPs) under Section 10 of the Endangered Species Act (ESA) in 2003. The incorporation of the HCPs and ITPs into the current FERC licenses provides greater certainty for continued operation of the District's hydroelectric systems while meeting requirements to prevent jeopardy to certain listed and unlisted species of salmon and steelhead. The Upper Columbia River spring Chinook are listed as endangered and Upper Columbia River steelhead are listed as threatened under the ESA. The HCPs satisfy the District's obligations for hydro project operations under the ESA for these species and in addition, protect other anadromous salmon including sockeye salmon, summer/fall Chinook and coho salmon. Collectively, these five species are known as the "Plan Species." In addition to the ESA, the HCPs are also intended to satisfy the projects' obligations for all Plan Species under the Federal Power Act, the Fish and Wildlife Coordination Act, the Essential Fish Habitat provisions of the Magnuson-Stevens Fishery Conservation and Management Act, the Pacific Northwest Electric Power Planning and Conservation Act and Title 77 RCW of the State of Washington.

The District's commitments under the HCPs include projects and programs to improve fish passage, to provide capacity and funding for hatchery operations and to contribute annual funding for the protection and restoration of tributary habitat, which when combined and successfully achieved culminates in obtaining the desired HCP outcome of No Net Impact (NNI). In December 2023, the District submitted its second 10-year comprehensive progress reports for Rock Island and Rocky Reach projects documenting the progress toward meeting NNI. The successful achievement of combined adult and juvenile project survival standards for spring migrants, necessary funding and capacity improvements for hatchery operations and annual contributions to the tributary habitat fund resulted in a determination by the HCP Coordinating Committee (designated decision body) that the District had met the obligations of the HCPs to warrant approval of NNI status. The District is responsible to continue managing programs and projects with a level of protection and tools equivalent to that which was used to achieve NNI status. Each 10-year cycle, the District will enter into a one-year testing mode to confirm project survival, verifying protection levels continue to meet the HCP standards. The 10-year assessments will take place for the duration of the HCPs. In 2021, the District conducted its first 10-year confirmation survival study at the Rock Island project. The District met the combined adult and juvenile project survival standard, and the next confirmation will occur in 2031. In 2023, the District conducted its first 10-year confirmation survival study at the Rocky Reach project. The District met the combined adult and juvenile project survival standard, and the next confirmation will occur in 2033.

The Columbia River Distinct Population Segment of bull trout is listed by the USFWS as a threatened species under the ESA, and a Bull Trout Recovery Team has been established, of which the District is an active member. A draft Upper Columbia River Bull Trout Recovery Plan has been developed, which contains recommendations for recovering bull trout in the Columbia River Basin. Additionally, the Mid-Columbia Recovery Unit Implementation Plan, in support of the Bull Trout Recovery Plan, was finalized in 2015 and updated in 2019. The District developed comprehensive Bull Trout Management Plans for the Rocky Reach and Rock Island projects in response to the USFWS's biological opinion on potential effects of the 2004 HCPs on bull trout, which are not covered by the HCPs. Implementation of the plans began in 2005. The plan for Rocky Reach was later replaced with the Comprehensive Bull Trout Management Plan as required by the Comprehensive Settlement Agreement for the Rocky Reach Project Relicensing. The Bull Trout Management Plan was approved in the 2009 license and provides for protection, mitigation and enhancement measures. Additionally, the USFWS filed its Biological Opinion for the Rocky Reach Project in 2008 concluding that the project is not likely to jeopardize the continued existence of bull trout or destroy or adversely modify critical habitat. The USFWS Biological Opinion provided terms and conditions of an incidental take permit and required five reasonable and prudent measures be implemented to minimize the incidental take of bull trout. In 2010, the USFWS formally designated critical habitat for bull trout in the upper mid-Columbia River, including the project areas for Rock Island and Rocky Reach hydros. To date, no additional consultation has been required for the projects.

Revised Washington State Department of Ecology (WDOE) water quality standards (WQS) became effective in 2017. These standards are applicable to the Columbia River basin and address total dissolved gas and temperature for the Columbia and Snake Rivers. As part of the relicensing process for the Rocky Reach and Lake Chelan projects, the District obtained Water Quality Certifications issued by the WDOE that are consistent with the revised WQS. The WDOE allows the District a ten-year window to demonstrate compliance with the new WQS and can require the District to conduct further studies, implement further operational changes or even, in a worst-case event, provide structural changes to meet requirements. Compliance with the conditions set forth in these WQS place the District on a path forward in maintaining or achieving water quality standards. Water Quality Certifications may require that further studies be conducted to document methods implemented to address compliance of the WQS during the ten-year window and beyond. In 2019, the District conducted its first 10-year evaluation of compliance with the total dissolved gas WQS at Rocky Reach. Based on the evaluation report, the WDOE determined the District had demonstrated reasonable compliance with the 401 water quality certification, and must submit a second 10-year evaluation compliance report in 2029.

Asset Management Program

The District's capital improvement programs include large projects at Rock Island Dam for replacement of generators and turbines in both the first and second powerhouses. The District has entered into contracts for work on these major capital projects in 2025 and 2026. The contractually committed amount of the future work to be performed is approximately $136.5 million as of December 31, 2024.

The District also has contractual commitments relating to large projects at Rocky Reach Dam including turbine repairs, replacement of juvenile fish bypass surface collector pumps and trash rack replacement. The contractual commitments for these projects will be fulfilled between 2025 and 2029. As of December 31, 2024, the remaining contractual commitments for this work totals approximately $13.9 million.

In addition, contractual commitments related to other large projects at the Districts hydroelectric facilities, including crane replacements and spillway repairs, amounted to approximately $32.8 million as of December 31, 2024. These commitments will be fulfilled between 2025 and 2028.

The District also has contractual commitments relating to other significant capital improvement projects including the construction of new substations, improvements at the District's parks and expansion of the District's fiber telecommunications system. As of December 31, 2024, commitments total approximately $19.9 million and will be fulfilled between 2025 and 2029.

The District's capital improvement program includes a large project for the construction of interconnection facilities to support the load associated with a planned new data center. The construction is being paid for entirely by the requesting customer, and is expected to be completed in 2025. As of December 31, 2024, the remaining contractual commitments for this project total approximately $10.4 million.

Power Marketing

As of December 31, 2024, the District had entered into forward block contracts obligating it to deliver approximately 3,721,000 MWh of energy during calendar year 2025. The District expects to receive approximately $255.6 million from the purchasers of this power. In addition, as part of its comprehensive forward energy hedging strategy, the District has entered into several slice output contracts, which provide a counterparty a percentage share of hydropower production for a fixed payment. Under the slice output contracts the District has committed to delivering varying percentages of the hydropower production of its Rocky Reach and Rock Island projects during each of the years in the period 2025-2033, in exchange for approximately $581.6 million.

The District has committed to purchase approximately 5,089,000 MWh of energy during calendar year 2025, at a cost of approximately $308.2 million to fulfill these power marketing obligations, meet District load requirements and mitigate credit risk. The District believes it has sufficient internal resources or has acquired sufficient external resources to complete these transactions.

Claims and Litigation

The District is involved in various claims arising in the normal course of business. The District does not believe that the ultimate outcome of these matters will have a material impact on its financial position, results of operations or cash flows.

NOTE 13: SUPPLEMENTAL DISCLOSURE OF TELECOMMUNICATION SERVICES

The District has developed a fiber-optic network to provide a backbone for the District's utility communication use, as well as infrastructure over which to provide wholesale telecommunications services in accordance with the authority granted to PUDs by state law. Private service providers deliver services over the District's infrastructure, including high-speed internet access, telephone, and television to end-users. These private firms set final end-user pricing and are directly responsible for billing each end-user. The District bills the service providers for wholesale telecommunications services.

Following is a summary of the results of operations of the District's fiber-optic activities included in the accompanying financial statements. Included in operating revenues and expenses are intradistrict sales and rents which are eliminated in the Statements of Revenues, Expenses and Changes in Net Position.

(amounts in thousands)	2024	2023
OPERATING REVENUES		
Wholesale fiber services	$ 8,170	$ 7,944
Fiber leasing	924	1,057
Intradistrict revenues	3,302	3,163
Total operating revenues	12,396	12,164
OPERATING EXPENSES		
Administrative and general	2,757	2,970
Repairs and maintenance	2,061	2,064
Other operating	6,906	7,798
Depreciation expense	4,522	4,368
Total operating expense	16,246	17,200
Operating loss	(3,850)	(5,036)
Other income	175	664
Net loss before capital contributions	(3,675)	(4,372)
Capital contributions	147	139
Interfund transfers	2,850	2,000
Change in net position	$ (678)	$ (2,233)

Following is a summary of the District's fiber-optic Statements of Net Position as of December 31, 2024 and 2023:

(amounts in thousands)	2024	2023
ASSETS & DEFERRED OUTFLOWS OF RESOURCES		
Current assets	$ 23,449	$ 25,869
Utility plant, net and other assets	58,388	56,630
Total assets	81,837	82,499
Deferred outflows of resources	1,133	872
Total assets and deferred outflows of resources	$ 82,970	$ 83,371
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Total liabilities	$ 2,851	$ 2,714
Deferred inflows of resources	1,593	1,453
Net position	78,526	79,204
Total liabilities, deferred inflows of resources and net position	$ 82,970	$ 83,371

The District's capital investment in telecommunications plant and equipment, net of retirements, for 2024 and 2023 was $4.9 million and $5.2 million, respectively. The District's cumulative capital investment in telecommunications plant and equipment as of December 31, 2024 and 2023, respectively, was $124.1 million and $119.2 million. The capital investment, as well as cumulative net losses, was funded by interfund transfers.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

PERS PLAN 1

Schedule of the District's Proportionate Share of the Net Pension Liability

(dollars in thousands)	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability	.506885%	.527467%	.564484%	.536512%	.529644%	.547288%	.546415%	.543040%	.542981%	.531455%
Proportionate share of the net pension liability	$ 9,007	$ 12,041	$ 15,717	$ 6,552	$ 18,699	$ 21,045	$ 24,403	$ 25,768	$ 29,161	$ 27,800
Covered-employee payroll	$ -	$ 37	$ 62	$ 316	$ 240	$ 237	$ 342	$ 448	$ 447	$ 630
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	n/a	32,543.24%	25,350.00%	2,073.42%	7,791.25%	8,879.75%	7,135.38%	5,751.79%	6,523.71%	4,412.70%
Plan fiduciary net position as a percentage of the total pension liability	84.05%	80.16%	76.56%	88.74%	68.64%	67.12%	63.22%	61.24%	57.03%	59.10%

PERS PLAN 2/3

Schedule of the District's Proportionate Share of the Net Pension Liability (Asset)

(dollars in thousands)	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability	.657411%	.679064%	.730844%	.683495%	.682794%	.701021%	.689768%	.688436%	.681594%	.672073%
Proportionate share of the net pension liability (asset)	$ (21,672)	$ (27,833)	$ (27,105)	$ (68,087)	$ 8,733	$ 6,809	$ 11,777	$ 23,920	$ 34,318	$ 24,014
Covered-employee payroll	$ 105,094	$ 97,548	$ 91,233	$ 84,741	$ 80,057	$ 78,421	$ 74,348	$ 69,866	$ 65,077	$ 64,259
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	(20.62%)	(28.53%)	(29.71%)	80.35%	10.91%	8.68%	15.84%	34.24%	52.73%	37.37%
Plan fiduciary net position as a percentage of the total pension liability	105.17%	107.02%	106.73%	120.29%	97.22%	97.77%	95.77%	90.97%	85.82%	89.20%

PERS PLAN 1

Schedule of the District's Contributions

(dollars in thousands)	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ -	$ 4	$ 6	$ 37	$ 31	$ 31	$ 44	$ 53	$ 50	$ 64
Contributions in relation to the contractually required contribution	(-)	(4)	(6)	(37)	(31)	(31)	(44)	(53)	(50)	(64)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ -	$ 37	$ 62	$ 316	$ 240	$ 237	$ 342	$ 448	$ 447	$ 630
Contributions as a percentage of covered-employee payroll	0.00%	10.81%	9.68%	11.57%	12.89%	12.66%	12.87%	11.83%	11.18%	10.21%

PERS PLAN 2/3

Schedule of the District's Contributions

(dollars in thousands)	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 9,791	$ 9,714	$ 9,389	$ 9,891	$ 10,322	$ 10,073	$ 9,469	$ 8,328	$ 7,276	$ 6,539
Contributions in relation to the contractually required contribution	(9,791)	(9,714)	(9,389)	(9,891)	(10,322)	(10,073)	(9,469)	(8,328)	(7,276)	(6,539)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 105,094	$ 97,548	$ 91,233	$ 84,740	$ 80,057	$ 78,421	$ 74,348	$ 69,866	$ 65,077	$ 64,259
Contributions as a percentage of covered-employee payroll	9.32%	9.96%	10.29%	11.67%	12.89%	12.84%	12.74%	11.92%	11.18%	10.18%

OPEB

Schedule of Changes in Net OPEB Asset and Related Ratios

Fiscal Year End Date	Fiduciary Net Position	Total OPEB Liability	Net OPEB (Asset)	Funded Ratio	Covered Payroll	Net OPEB Asset as a Percentage of Covered Payroll
12/31/2024	$ 987,687	$ 787,429	$ (200,258)	125%	$ 96,550,384	(0.21%)
12/31/2023	$ 1,222,203	$ 1,016,927	$ (205,276)	120%	$ 93,060,611	(0.22%)
12/31/2022	$ 1,201,386	$ 982,537	$ (218,849)	122%	$ 83,104,941	(0.26%)
12/31/2021	$ 1,669,622	$ 1,095,065	$ (574,557)	152%	$ 80,594,132	(0.71%)
12/31/2020	$ 1,667,242	$ 1,059,528	$ (607,714)	157%	$ 77,351,848	(0.79%)
12/31/2019	$ 1,493,009	$ 979,400	$ (513,609)	152%	$ 74,917,044	(0.69%)
12/31/2018	$ 1,265,976	$ 862,908	$ (403,068)	147%	$ 63,455,719	(0.64%)
12/31/2017	$ 1,371,296	$ 820,150	$ (551,146)	167%	$ 61,162,139	(0.90%)
12/31/2016	$ 1,493,891	$ 1,030,417	$ (463,474)	145%	$ 58,951,459	(0.79%)
12/31/2015	$ 2,455,113	$ 1,042,605	$ (1,412,508)	235%	$ 55,857,915	(2.53%)

STATEMENTS OF NET POSITION

December 31, 2024 and 2023

(amounts in thousands)	ROCKY REACH	ROCK ISLAND	LAKE CHELAN	UTILITY SERVICES	FINANCING FACILITIES	INTERNAL SERVICES	INTRA-DISTRICT TRANSACTIONS (1)	2024	2023
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES									
CURRENT ASSETS									
Cash and cash equivalents	$ 370	$ 1,649	$ 1,039	$ 36,779	$ 3,396	$ 2,504	$ -	$ 45,737	$ 69,150
Investments	500	2,232	1,407	49,797	4,598	3,391	-	61,925	57,462
Accounts receivable, net	3,583	2,795	23	44,317	-	58	-	50,776	37,842
Accrued interest receivable	48	226	8	379	164	32	-	857	1,207
Materials and supplies	9,929	-	-	17,635	-	53	-	27,617	27,662
Prepayments and other	1,390	1,072	161	1,401	-	525	-	4,549	4,573
Current portion of regulatory assets	-	-	-	-	1,919	-	-	1,919	1,919
	15,820	7,974	2,638	150,308	10,077	6,563	-	193,380	199,815
RESTRICTED ASSETS - CURRENT									
Cash and cash equivalents	1,499	4,441	1	8,930	-	1,190	-	16,061	15,788
Investments	2,029	6,012	-	12,091	-	1,611	-	21,743	13,118
	3,528	10,453	1	21,021	-	2,801	-	37,804	28,906
CURRENT ASSETS	19,348	18,427	2,639	171,329	10,077	9,364	-	231,184	228,721
UTILITY PLANT									
In service, at original cost	659,937	819,402	125,146	765,663	-	349,919	-	2,720,067	2,578,945
Construction work in progress	11,185	176,568	276	71,523	-	6,794	-	266,346	230,140
Less-accumulated depreciation	(403,402)	(360,388)	(42,865)	(329,650)	-	(99,461)	-	(1,235,766)	(1,190,257)
	267,720	635,582	82,557	507,536	-	257,252	-	1,750,647	1,618,828
RESTRICTED ASSETS - NONCURRENT									
Cash and cash equivalents	3,840	40,634	-	20	509	-	-	45,003	12,934
Long-term investments	25,255	126,250	-	33,653	14,289	4,470	-	203,917	138,896
	29,095	166,884	-	33,673	14,798	4,470	-	248,920	151,830
OTHER ASSETS									
Deferred relicensing costs	-	13,352	-	-	-	-	-	13,352	9,953
Net pension asset	6,369	6,118	700	8,485	-	-	-	21,672	27,833
Long-term receivables, net	-	-	-	104	-	-	-	104	138
Long-term investments	1,388	6,194	3,905	138,169	12,757	9,408	-	171,821	232,518
Regulatory assets	596	4,004	109	45,164	2,336	386	-	52,595	53,208
Derivative instrument asset	-	1,197	-	-	-	-	-	1,197	1,923
Other	24	3,072	1	9,185	-	213	(8,780)	3,715	3,618
	8,377	33,937	4,715	201,107	15,093	10,007	(8,780)	264,456	329,191
TOTAL ASSETS	324,540	854,830	89,911	913,645	39,968	281,093	(8,780)	2,495,207	2,328,570
DEFERRED OUTFLOWS OF RESOURCES									
Losses on refunding debt	-	945	-	-	126	-	-	1,071	1,441
Pensions	9,155	8,790	1,012	12,197	-	-	-	31,154	23,645
Other post-employment benefits	-	-	-	-	-	349	-	349	443
	9,155	9,735	1,012	12,197	126	349	-	32,574	25,529
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 333,695	$ 864,565	$ 90,923	$ 925,842	$ 40,094	$ 281,442	$ (8,780)	$ 2,527,781	$ 2,354,099

1. Eliminating entries reduce revenue and expense to account for intradistrict transactions.

STATEMENTS OF NET POSITION

December 31, 2024 and 2023

(amounts in thousands)	ROCKY REACH	ROCK ISLAND	LAKE CHELAN	UTILITY SERVICES	FINANCING FACILITIES	INTERNAL SERVICES	INTRA-DISTRICT TRANSACTIONS (1)	2024	2023
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION									
CURRENT LIABILITIES									
Current portion of long-term obligations	$ 12,456	$ 37,986	$ 525	$ (4,711)	$ 4,003	$ 849	$ -	$ 51,108	$ 48,169
Current portion of unearned revenue	1,070	1,092	-	12,934	637	-	-	15,733	15,588
Accounts payable	10,195	19,629	460	53,044	36	18,161	-	101,525	68,948
Accrued taxes	1,250	658	84	3,069	-	945	-	6,006	5,363
Accrued interest	-	-	-	10	2,993	-	-	3,003	3,533
Intersystem payables (receivables)	(6,402)	(1,177)	(1,122)	21,835	-	(13,134)	-	-	-
Accrued vacation and other	69	91	4	155	-	17,541	-	17,860	18,896
	18,638	58,279	(49)	86,336	7,669	24,362	-	195,235	160,497
LONG-TERM DEBT									
Revenue bonds and notes payable	-	115,406	-	4,535	175,294	-	-	295,235	336,404
Intersystem loans payable (receivable)	50,818	328,799	(10,892)	(234,189)	(362,405)	227,869	-	-	-
Less-current maturities	(12,456)	(37,810)	-	4,984	(4,003)	-	-	(49,285)	(46,509)
	38,362	406,395	(10,892)	(224,670)	(191,114)	227,869	-	245,950	289,895
OTHER LIABILITIES									
Unearned revenue, less current portion	5,243	5,352	-	85,386	3,157	-	(8,780)	90,358	103,457
Net pension liability	2,647	2,543	291	3,526	-	-	-	9,007	12,041
Long-term contract customer deposit	9,250	9,250	-	-	-	-	-	18,500	18,500
Licensing obligation, less current portion	-	-	10,184	-	-	-	-	10,184	10,161
Subscription liabilities, less current portion	-	-	-	4,580	-	10,132	-	14,712	14,016
Other liabilities	-	2,922	-	54	-	-	-	2,976	2,868
	17,140	20,067	10,475	93,546	3,157	10,132	(8,780)	145,737	161,043
TOTAL LIABILITIES	74,140	484,741	(466)	(44,788)	(180,288)	262,363	(8,780)	586,922	611,435
DEFERRED INFLOWS OF RESOURCES									
Derivatives	-	1,197	-	-	-	-	-	1,197	1,923
Pensions	2,495	2,401	275	3,344	-	-	-	8,515	14,938
Regulatory liabilities	10,382	25,076	1,145	81,621	256	-	-	118,480	63,454
Other post-employment benefits	-	-	-	-	-	211	-	211	241
	12,877	28,674	1,420	84,965	256	211	-	128,403	80,556
TOTAL NET POSITION									
Net investment in capital assets	267,238	513,121	71,757	442,215	(174,509)	246,185	-	1,366,007	1,236,651
Restricted	23,931	170,791	1	4,933	15,443	5,985	-	221,084	130,335
Unrestricted	(44,491)	(332,762)	18,211	438,517	379,192	(233,302)	-	225,365	295,122
	246,678	351,150	89,969	885,665	220,126	18,868	-	1,812,456	1,662,108
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 333,695	$ 864,565	$ 90,923	$ 925,842	$ 40,094	$ 281,442	$ (8,780)	$ 2,527,781	$ 2,354,099

1. Eliminating entries reduce revenue and expense to account for intradistrict transactions.

COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the years ended December 31, 2024 and 2023

(amounts in thousands)	ROCKY REACH	ROCK ISLAND	LAKE CHELAN	UTILITY SERVICES	FINANCING FACILITIES	INTERNAL SERVICES	INTRA-DISTRICT TRANSACTIONS (1)	2024	2023
OPERATING REVENUES									
Retail sales	$ -	$ -	$ -	$ 115,149	$ -	$ -	$ (1,193)	$ 113,956	$ 112,489
Wholesale sales	111,020	161,430	10,198	353,146	5,800	-	(222,657)	418,937	394,675
Other operating revenues	864	93	1,082	57,931	-	38,699	(55,697)	42,972	45,641
	111,884	161,523	11,280	526,226	5,800	38,699	(279,547)	575,865	552,805
OPERATING EXPENSES									
Purchased power and water	-	-	-	329,121	-	-	(219,354)	109,767	119,703
Generation	84,722	78,329	8,790	-	-	-	(26,490)	145,351	132,936
Utility services	-	-	-	112,411	-	-	(33,703)	78,708	73,057
Other operation and maintenance	-	-	-	-	-	25,309	-	25,309	21,452
Taxes	1,028	509	81	13,381	-	-	-	14,999	14,336
Depreciation and amortization	10,633	15,409	2,086	21,036	-	13,927	-	63,091	58,017
	96,383	94,247	10,957	475,949	-	39,236	(279,547)	437,225	419,501
OPERATING INCOME	15,501	67,276	323	50,277	5,800	(537)	-	138,640	133,304
OTHER INCOME (EXPENSE)									
Interest on long-term debt	-	(7,232)	-	(32)	(7,649)	-	-	(14,913)	(16,585)
Interest on intersystem loans	(7,905)	(17,818)	-	3,774	21,949	-	-	-	-
Amortization deferred debt costs	-	(255)	-	-	(166)	-	-	(421)	(452)
Investment income	1,198	4,218	200	9,676	1,416	952	-	17,660	16,982
Other	(850)	(3,926)	(1,153)	7,149	(220)	(953)	-	47	(1,699)
	(7,557)	(25,013)	(953)	20,567	15,330	(1)	-	2,373	(1,754)
INCOME BEFORE CAPITAL CONTRIBUTIONS	7,944	42,263	(630)	70,844	21,130	(538)	-	141,013	131,550
CAPITAL CONTRIBUTIONS	-	1,161	-	8,174	-	-	-	9,335	6,334
CHANGE IN NET POSITION	7,944	43,424	(630)	79,018	21,130	(538)	-	150,348	137,884
TOTAL NET POSITION									
Beginning of year	238,733	307,725	90,601	806,649	198,995	19,405	-	1,662,108	1,524,224
TOTAL NET POSITION									
End of year	$ 246,677	$ 351,149	$ 89,971	$ 885,667	$ 220,125	$ 18,867	$ -	$ 1,812,456	$ 1,662,108

1. Eliminating entries reduce revenue and expense to account for intradistrict transactions.

COMBINING SCHEDULE OF CASH FLOWS

For the year ended December 31, 2024 with comparative totals for December 31, 2023

(amounts in thousands)	ROCKY REACH	ROCK ISLAND	LAKE CHELAN	UTILITY SERVICES	FINANCING FACILITIES	INTERNAL SERVICES	INTRA-DISTRICT TRANSACTIONS (1)	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES									
Receipts from customers	$ 109,811	$ 161,058	$ 11,317	$ 516,310	$ 5,163	$ 38,750	$ (278,743)	$ 563,666	$ 589,113
Payments to suppliers	(41,916)	(32,699)	(5,279)	(364,933)	32	(28,225)	262,524	(210,496)	(246,442)
Payments to employees	(36,113)	(38,741)	(3,795)	(50,607)	-	(1,786)	-	(131,042)	(121,334)
Net cash provided by (used in) operating activities	31,782	89,618	2,243	100,770	5,195	8,739	(16,219)	222,128	221,337
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES									
Additions to plant	(14,012)	(59,235)	(806)	(106,154)	-	(24,808)	-	(205,015)	(185,277)
Additions to pooled assets	10	1	3	-	-	(14)	-	-	-
Proceeds from sale of plant	256	-	-	245	-	567	-	1,068	237
Proceeds of new intersystem loans	-	125,000	-	(98,960)	(26,040)	-	-	-	-
Proceeds of new third party debt	-	-	-	546	-	-	-	546	177
Principal (paid) received on debt and intersystem loans	(19,707)	(41,450)	(868)	(4,638)	960	2,319	16,219	(47,165)	(33,654)
Interest (paid) received on debt and intersystem loans	(7,905)	(17,162)	-	3,741	13,772	-	-	(7,554)	(8,703)
Capital contributions	-	634	-	18,179	-	-	-	18,813	6,562
Other	(234)	(6,191)	(1,153)	33,215	(584)	(191)	-	24,862	(22,348)
Net cash provided by (used in) capital and related financing activities	(41,592)	1,597	(2,824)	(153,826)	(11,892)	(22,127)	16,219	(214,445)	(243,006)
CASH FLOWS FROM INVESTING ACTIVITIES									
Investments, net	5,967	(63,169)	557	27,006	3,954	9,411	-	(16,274)	60,273
Interest on investments	1,235	4,147	206	9,964	1,241	998	-	17,791	16,841
Long-term receivables	-	-	-	34	-	-	-	34	31
Other, net	-	228	(534)	1	-	-	-	(305)	76
Net cash provided by (used in) investing activities	7,202	(58,794)	229	37,005	5,195	10,409	-	1,246	77,221
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,608)	32,421	(352)	(16,051)	(1,502)	(2,979)	-	8,929	55,552
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	8,317	14,303	1,392	61,780	5,407	6,673	-	97,872	42,320
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 5,709	$ 46,724	$ 1,040	$ 45,729	$ 3,905	$ 3,694	$ -	$ 106,801	$ 97,872

1. Eliminating entries reduce revenue and expense to account for intradistrict transactions.

COMBINING SCHEDULE OF CASH FLOWS cont.

For the year ended December 31, 2024 with comparative totals for December 31, 2023

(amounts in thousands)	ROCKY REACH	ROCK ISLAND	LAKE CHELAN	UTILITY SERVICES	FINANCING FACILITIES	INTERNAL SERVICES	INTRA-DISTRICT TRANSACTIONS (1)	2024	2023
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES									
Operating income	$ 15,501	$ 67,276	$ 323	$ 50,277	$ 5,800	$ (537)	$ -	$ 138,640	$ 133,304
Depreciation and amortization	10,633	15,409	2,086	21,036	-	13,927	-	63,091	58,017
Amortization of interfund balances	5,070	4,669	694	5,786	-	-	(16,219)	-	-
(Increase) decrease in operating assets:									
Accounts receivable, net	(1,494)	135	37	(11,662)	-	50	-	(12,934)	49,696
Materials and supplies	(1,625)	-	-	1,644	-	26	-	45	(7,313)
Prepayments	(330)	(264)	(13)	(387)	-	251	-	(743)	361
Net OPEB asset	-	-	-	-	-	5	-	5	14
Other	-	-	-	5,667	1	-	(803)	4,865	4,233
Deferred outflows of resources	-	-	-	-	-	94	-	94	16
Increase (decrease) in operating liabilities:									
Current portion unearned wholesale power sales	73	72	-	-	-	-	-	145	267
Accounts payable	8,557	87	36	20,287	31	(589)	-	28,409	(3,952)
Accrued taxes	128	30	6	344	-	135	-	643	(925)
Accrued vacation and other	(4,080)	2,879	(926)	5,683	-	(4,592)	-	(1,036)	1,224
Unearned wholesale revenue	(651)	(675)	-	(12,933)	(637)	-	803	(14,093)	(13,572)
Customer deposits	-	-	-	15,028	-	(1)	-	15,027	(28)
Deferred inflows of resources	-	-	-	-	-	(30)	-	(30)	(5)
Net cash provided by (used in) operating activities	$ 31,782	$ 89,618	$ 2,243	$ 100,770	$ 5,195	$ 8,739	$ (16,219)	$ 222,128	$ 221,337
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES									
Construction costs included in accounts payable	$ (3,139)	$ (155)	$ (34)	$ (8,250)	$ -	$ 718	$ -	$ (10,860)	$ (1,879)
Capital contributions	-	-	-	565	-	-	-	565	9,113
Amortization of regulatory assets	-	-	-	4,864	-	-	-	4,864	4,234

1. Eliminating entries reduce revenue and expense to account for intradistrict transactions.

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BONDHOLDER-FIDUCIARIES

BOND SERIES	TRUSTEE/REGISTRAR/PAYING AGENT
Consolidated System:	
2008B	U.S. Bank Trust Company, N.A.
2011C	U.S. Bank Trust Company, N.A.
2020A, B & C	U.S. Bank Trust Company, N.A.
Columbia River-Rock Island Hydroelectric System:	
1997A	PUD No. 1 of Chelan County

Addresses:

Public Utility District No. 1
of Chelan County
PO Box 1231
Wenatchee, WA 98807
(509) 663-8121

U.S. Bank Trust Company, N.A.
PD-WA-T7CT
1420 Fifth Ave., 7th Floor
Seattle, WA 98101
(206) 344-4609

U.S. Bank Trust Company, N.A.
Bondholder Services
111 Fillmore Avenue East
St. Paul, MN 55107
Mail Station: EP-MN-WS2N
(800) 934-6802

CONTINUING DISCLOSURE

Continuing Disclosure Information

The following information is based on unaudited financial information and should be used in conjunction with the District's financial statements as a whole, including the footnotes and other supplementary information contained in this document.

In addition, the information contains estimates and projections prepared by the District. Such estimates and projections are based upon a number of assumptions with respect to future events and conditions, including, without limitation, water conditions, federal and state environmental and other laws and regulations, and economic conditions. While the District believes that these assumptions are reasonable, they are dependent on such future events and conditions. To the extent actual events and conditions differ from such assumptions, actual results will vary from the projections, and these variances could be substantial.

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DISTRIBUTION DIVISION

Five Largest Local Wholesale Purchasers and Major Retail Customers 2024 (1) (Unaudited)

CUSTOMER	BUSINESS	ENERGY SALES (000 MWH)	REVENUE FROM ENERGY SALES ($000)	PERCENT OF DISTRIBUTION'S TOTAL REVENUE
Douglas County PUD	Electric Utility	265	$ 6,276	1.2%
Diamond Foundry Inc	Manufacturing	150	7,024	1.4%
Stemilt Growers Inc	Agriculture	69	1,578	0.3%
Salcido Enterprises LLC	High Density Load	65	2,896	0.6%
Confluence Health	Healthcare	31	761	0.2%
		580	$ 18,535	3.7%

1. Excludes non-firm sales for resale and off-sytem retail sales. Per MWh charges vary and are based on rate schedules specific to business type.

DISTRIBUTION DIVISION

Statement of Revenues and Expenses ($000) (Unaudited)

CALENDAR YEAR	2020	2021	2022	2023	2024
Operating revenues					
Retail	$ 66,966	$ 81,095	$ 104,501	$ 104,787	$ 105,425
Resale	175,226	263,573	385,318	328,021	340,853
Other (1)	36,062	42,811	47,059	60,787	57,737
Total	278,254	387,479	536,878	493,595	504,015
Operating expenses (2) (3)	285,382	362,956	425,466	440,846	448,613
Net operating revenue (loss)	(7,128)	24,523	111,412	52,749	55,402
Other income	9,697	18,465	10,302	17,001	18,688
Net revenue (4)	$ 2,569	$ 42,988	$ 121,714	$ 69,750	$ 74,090

1. The Distribution Division includes transmission revenue under transmission agreements.
2. Includes contractual purchases and nonfirm purchases for resale.
3. 2022 restated due to implementation of Financial Reporting for SBITAs.
4. Prior to capital contributions, special items and interfund transfers.

DISTRIBUTION DIVISION

Energy Requirements, Resources and Power Costs (Unaudited)

CALENDAR YEAR	2020	2021	2022	2023	2024
Requirements (000 MWh) (1)					
Retail	1,960	2,008	2,194	2,230	2,215
Other (2)	8,668	6,066	6,536	5,283	6,509
	10,628	8,074	8,730	7,513	8,724
Resources (000 MWh)					
Rocky Reach System	2,806	2,719	3,083	2,356	2,343
Rock Island System	1,287	1,255	1,391	1,088	1,121
Lake Chelan System	406	434	449	333	357
Other purchases (2) (3)	6,129	3,666	3,807	3,736	4,903
	10,628	8,074	8,730	7,513	8,724
Purchased Power Costs ($000)					
Rocky Reach System	$ 43,347	$ 44,567	$ 45,955	$ 49,482	$ 54,465
Rock Island System	62,240	67,514	68,479	76,366	80,347
Lake Chelan System	11,084	11,917	9,968	9,616	10,198
Other purchases (3)	83,655	146,776	198,880	195,228	183,441
	$ 200,326	$ 270,774	$ 323,282	$ 330,692	$ 328,451
AVERAGE COST ($/MWH) (4)	$ 19	$ 34	$ 37	$ 44	$ 38

1. Net of timing differences and losses.
2. In 2021, change in reporting methodology to exclude non-District merchant activity that flows through the District's control area.
3. Other purchases include firm and non-firm power purchased to meet local requirements and certain contractual obligations, hedge price movements and minimize the District's overall risk exposure to changes in power prices.
4. Includes actual costs of power of the Distribution Division plus allocable administrative and other expenses of the Distribution Division.

DISTRIBUTION DIVISION

Customers, Energy Sales and Revenues (Unaudited)

CALENDAR YEAR	2020	2021	2022	2023	2024
Customers					
Retail:					
Residential	40,152	40,574	41,338	41,826	42,353
Commercial	6,443	6,458	6,504	6,538	6,552
Industrial	33	34	34	33	33
High density load/cryptocurrency/EV charging (1)	10	8	9	16	18
Irrigation, frost, lighting (2)	5,572	2,222	2,236	2,228	2,165
Interdepartmental	603	605	608	612	614
Total retail customers	52,813	49,901	50,729	51,253	51,735
Wholesale and Off-system sales	38	42	41	31	31
Total customers	52,851	49,943	50,770	51,284	51,766
Energy Sales (000 MWh)					
Retail:					
Residential	844	855	974	931	901
Commercial	432	451	469	474	459
Industrial	235	238	228	220	232
High density load/cryptocurrency/EV charging (1)	91	111	158	212	224
Irrigation, frost, lighting	44	44	35	39	42
Interdepartmental	21	23	22	25	26
Total retail sales	1,667	1,722	1,886	1,901	1,884
Off-system sales	293	286	308	329	331
Wholesale:					
Douglas County PUD	288	306	343	265	265
Other - firm/slice	2,030	1,998	2,245	1,389	1,745
Other - non-firm/block/preschedule/real time (3)	5,981	3,584	3,816	2,955	2,850
Total sales for wholesale	8,299	5,888	6,404	4,609	4,860
Total energy sales	10,259	7,896	8,598	6,839	7,075
Revenue ($000)					
Retail:					
Residential	$ 27,123	$ 28,837	$ 33,073	$ 32,881	$ 33,049
Commercial	15,194	16,413	17,514	18,154	18,255
Industrial	4,890	5,196	5,077	5,065	5,448
High density load/cryptocurrency/EV charging (1)	2,756	3,944	7,720	9,464	10,549
Irrigation, frost, lighting	1,577	1,658	1,544	1,633	1,832
Interdepartmental	603	722	719	830	881
Total retail revenue	52,143	56,770	65,647	68,027	70,014
Off-system sales	14,822	24,325	38,854	36,760	35,411
Wholesale:					
Douglas County PUD	5,250	6,234	5,728	5,888	6,276
Other - firm/slice	69,245	73,376	77,762	65,863	120,534
Other - non-firm/block/preschedule/real time	87,797	171,028	288,894	243,336	201,109
Amortization of deferred power sales (4)	12,934	12,934	12,934	12,934	12,934
Total wholesale revenue	175,226	263,572	385,318	328,021	340,853
Other revenue (5)	36,062	42,811	47,059	60,787	57,737
Total revenue	$ 278,253	$ 387,478	$ 536,878	$ 493,595	$ 504,015

1. Includes direct current fast charging electric vehicle (EV) rate implemented in 2022.
2. In 2021, the District changed the method of counting street light customers.
3. In 2021, change in reporting methodology to exclude non-District merchant activity that flows through the District's control area.
4. Includes power sales payments received in advance, which were deferred and are being recognized as revenue over the term of the contracts.
5. Includes transmission, real-time agreement and unbundled environmental attribute revenues.

HYDROELECTRIC SYSTEMS

Power Cost and Net Power Delivered ($000 other than cost in $/MWh) (Unaudited)

CALENDAR YEAR	2020	2021	2022	2023	2024
Rocky Reach System					
Operating expenses (1)	$ 59,050	$ 64,572	$ 65,636	$ 73,410	$ 85,749
Depreciation and amortization	9,857	10,066	10,434	10,547	10,633
Interest expense	8,455	8,674	8,283	8,396	7,905
Other (revenue) expense (2)	(627)	(420)	(324)	(124)	(1,212)
Total power cost (3)	$ 76,735	$ 82,892	$ 84,029	$ 92,229	$ 103,075
Net power delivered (000 MWh)	5,687	5,523	6,254	4,790	4,778
Cost in $/MWh	$ 13	$ 15	$ 13	$ 19	$ 22
Plant factor (4)	50%	49%	55%	42%	42%
Availability factor	70%	79%	78%	83%	77%
Average river flow (000 CFS) (5)	113	99	120	86	83
Rock Island System					
Operating expenses (1) (6)	$ 53,582	$ 62,073	$ 61,375	$ 73,507	$ 78,838
Depreciation and amortization (6)	11,387	12,302	13,837	14,602	15,409
Interest expense	22,809	22,905	22,034	23,832	25,051
Other (revenue) expense (2)	(1,273)	(1,226)	(95)	(1,777)	(1,292)
Total power cost (3)	$ 86,505	$ 96,054	$ 97,151	$ 110,164	$ 118,006
Net power delivered (000 MWh) (7)	2,649	2,552	2,826	2,218	2,288
Cost in $/MWh	$ 33	$ 38	$ 34	$ 50	$ 52
Plant factor (4)	48%	46%	51%	40%	42%
Availability factor	58%	62%	69%	68%	67%
Lake Chelan System					
Operating expenses (1)	$ 6,619	$ 6,953	$ 6,797	$ 8,277	$ 8,872
Depreciation and amortization	1,954	1,993	2,012	2,033	2,086
Interest expense	458	153	-	-	-
Other (revenue) expense (2)	(80)	(70)	(80)	(41)	(128)
Total power cost (3)	$ 8,951	$ 9,029	$ 8,729	$ 10,269	$ 10,830
Net power delivered (000 MWh)	406	434	449	333	357
Cost in $/MWh	$ 22	$ 21	$ 19	$ 31	$ 30
Plant factor (4)	79%	84%	87%	65%	69%
Availability factor	97%	90%	99%	86%	99%
Combined Hydro Cost in $/MWh	$ 20	$ 22	$ 20	$ 29	$ 31

1. 2022 restated due to implementation of GASB Statement No. 96, “SBITAs”.
2. Includes other income and expenses that impact power cost. Excludes one-time regulatory pension adjustment.
3. Non-GAAP, may not be comparable with similarly titled other District metrics.
4. Net power delivered as a percentage of rated capacity for the year.
5. Annual average Columbia River flow measured at Rocky Reach System in thousands of cubic feet per second (000 CFS).
6. 2021 restated due to implementation of GASB Statement No. 87, “Leases”.
7. After minor sales to operators’ cottages and adjustments for encroachment and Canadian Treaty deliveries.

CONSOLIDATED SYSTEM

Operating Results and Debt Service Coverage ($000) (Unaudited)
As defined in the Master Resolution 07-13067

CALENDAR YEAR	2020	2021	2022	2023	2024
Operating revenues (1)					
Retail	$ 74,188	$ 88,984	$ 112,620	$ 113,550	$ 115,149
Resale	205,048	293,951	412,413	355,280	369,144
Other	61,844	70,007	75,446	92,041	97,710
Total	341,080	452,942	600,479	560,871	582,003
Less: Operating expenses					
Purchased power and water	(200,761)	(271,270)	(323,789)	(331,281)	(329,121)
Other operation & maintenance (2)	(107,268)	(112,343)	(119,112)	(133,076)	(146,511)
Taxes	(8,244)	(9,817)	(12,504)	(12,813)	(13,463)
Depreciation & amortization	(24,698)	(25,190)	(28,099)	(32,867)	(37,047)
Operating income	109	34,322	116,975	50,834	55,861
Adjustments					
Add back depreciation & amortization	24,698	25,190	28,099	32,867	37,047
Add investment income	9,119	7,436	8,338	12,308	12,244
Add principal and interest payments from Rocky Reach & Rock Island	39,050	42,417	43,565	48,914	52,478
Total adjustments	72,867	75,043	80,002	94,089	101,769
Net revenues	72,976	109,365	196,977	144,923	157,630
Plus withdrawals (deposits) to Rate Stabilization Fund	-	-	-	-	-
Adjusted net revenues	$ 72,976	$ 109,365	$ 196,977	$ 144,923	$ 157,630
Available funds (3)	$ 383,264	$ 291,009	$ 366,212	$ 334,101	$ 254,511
Annual debt service	$ 25,490	$ 29,121	$ 30,916	$ 19,524	$ 32,047
Debt service coverage					
With available funds (required 1.25x)	17.90	13.75	18.22	24.54	12.86
Without available funds (required 1.00x)	2.86	3.76	6.37	7.42	4.92

1. Includes revenues of the District's Distribution Division; Financing Facilities and Internal Service Funds; and Lake Chelan, Fiber and Telecommunications, Water and Wastewater Systems; all of which are part of the Consolidated System. Also certain revenues which were deferred and are being recognized over the terms of the applicable contracts.
2. Non-GAAP, may not be comparable with similarly titled other District metrics.
3. Includes all unencumbered funds of the District that the District reasonably expects to be available to pay debt service on the Bonds.

CONSOLIDATED SYSTEM AND HYDROELECTRIC SYSTEMS

Outstanding Long-Term Debt as of December 31, 2024 ($000) (Unaudited)

DATE OF BONDS	FINAL MATURITY DATE	SERIES OF BONDS	ORIGINAL PRINCIPAL AMOUNT	SCHEDULED RETIREMENT (1)	ACTUAL RETIREMENT (2)	PRINCIPAL AMOUNT OUTSTANDING	ACCUMULATED FOR RETIREMENT (3)
CONSOLIDATED SYSTEM							
6/3/2009	7/1/2032	2008B	$ 92,880	$ 41,140	$ 52,725	$ 40,155	$ 972
11/9/2011	7/1/2026	2011C	164,425	132,920	132,920	31,505	5,351
5/1/2020	7/1/2039	2020A	109,630	34,505	34,505	75,125	6,176
5/1/2020	7/1/2034	2020B	10,965	1,965	1,965	9,000	640
5/1/2020	7/1/2032	2020C	13,230	4,145	4,145	9,085	772
Total Consolidated System			391,130	214,675	226,260	164,870	13,911
ROCK ISLAND SYSTEM							
3/17/1997	6/1/2029	1997A (4)	135,944	348,670	348,670	115,406	32,069
Grand Total			$ 527,074	$ 563,345	$ 574,930	$ 280,276	$ 45,980

1. Amount of serial bonds matured as of December 31, 2024 plus scheduled minimum redemption of term bonds to have been retired from mandatory sinking funds.
2. Amount of serial bonds matured as of December 31, 2024 plus actual retirement of term bonds retired from mandatory sinking funds, reserve accounts and optional purchases.
3. Amounts accumulated as cash and investments in various principal accounts, sinking funds and reserve accounts available for the future retirement of bonds. Investments are represented at book value.
4. Represents Capital Appreciation Bonds on which interest is compounded. Thus, the accreted value reported as Principal Amount Outstanding may exceed Original Principal Amount less Actual Retirements.

CONSOLIDATED SYSTEM

Loans as of December 31, 2024 ($000) (Unaudited)

	NET LOANS OUTSTANDING (1)
Rocky Reach System	$ 50,818
Rock Island System	328,799
Consolidated System (2)	(17,212)
	$362,405

1. Represents aggregate principal amounts of Consolidated System Bonds and other available funds allocated to intersystem and interfund loans, net of prior loan repayments, adjustments for unamortized original issue discounts, issuance costs and amounts payable to and (receivable) from other systems.
2. Includes bond proceeds advanced to various funds and components of the Consolidated System for capital purposes.

CONSOLIDATED SYSTEM DEBT SERVICE AND HYDROELECTRIC SYSTEM LOAN PAYMENTS

As of December 31, 2024 (Unaudited)

	CONSOLIDATED BONDS			LOAN PAYMENTS (1)		
	AGGREGATE ANNUAL DEBT SERVICE					
YEAR	PRINCIPAL (2)	INTEREST	TOTAL	ROCKY REACH	ROCK ISLAND	TOTAL LOAN PAYMENTS
2025	$ 25,810,000	$ 7,119,498	$ 32,929,498	$ 19,522,099	$ 37,303,449	$ 56,825,548
2026	17,254,260	5,839,611	23,093,871	17,840,163	37,340,763	55,180,926
2027	5,210,000	4,832,056	10,042,056	16,420,744	37,876,088	54,296,832
2028	6,155,000	4,571,556	10,726,556	14,998,700	38,496,117	53,494,817
2029	2,155,000	4,263,806	6,418,806	13,669,373	33,697,754	47,367,127
2030	16,615,000	4,156,056	20,771,056	12,257,418	34,986,684	47,244,102
2031	14,300,000	3,325,306	17,625,306	10,848,806	34,238,667	45,087,473
2032	42,906,025	2,007,978	44,914,003	9,595,833	33,077,324	42,673,157
2033	4,255,000	1,180,900	5,435,900	9,014,570	33,024,609	42,039,179
2034	3,715,375	968,150	4,683,525	7,990,134	32,564,362	40,554,496
2035	3,645,000	750,400	4,395,400	6,302,689	31,593,347	37,896,036
2036	3,690,000	604,600	4,294,600	5,052,194	31,434,190	36,486,384
2037	3,750,000	457,000	4,207,000	3,953,129	31,170,167	35,123,296
2038	1,653,583	307,000	1,960,583	3,953,129	30,354,772	34,307,901
2039	-	-	-	3,810,140	26,957,735	30,767,875
2040	-	-	-	3,663,938	24,899,447	28,563,385
2041	-	-	-	3,663,938	24,795,150	28,459,088
2042	-	-	-	3,663,938	24,516,154	28,180,092
2043	-	-	-	3,663,938	24,244,900	27,908,838
2044	-	-	-	3,663,938	19,594,458	23,258,396
2045	-	-	-	3,663,938	18,165,443	21,829,381
2046	-	-	-	2,053,726	15,750,125	17,803,851
2047	-	-	-	1,514,179	14,934,484	16,448,663
2048	-	-	-	377,843	10,673,222	11,051,065
2049	-	-	-	-	6,942,234	6,942,234
Total	$ 151,114,243	$ 40,383,917	$ 191,498,160	$ 181,158,497	$ 688,631,645	$ 869,790,142

1. Represents loan payment obligations of the Rocky Reach and Rock Island Hydroelectric Systems to the Consolidated System with respect to intersystem loans from the Consolidated System.
2. Estimated principal retirements are based on the assumption that all bonds mature or are purchased at par. Includes serial and balloon payments reduced by funds held in Reserve Accounts at the time of final maturity or as may be applied to final payments. The District may elect to utilize the Reserve Accounts other than as shown depending on market conditions and limitations contained in the governing resolutions. The District anticipates that most balloon payments will be made as scheduled on or prior to the dates they become due, however the District may elect to refinance balloon payments.

CONSOLIDATED SYSTEM

Unrestricted and Restricted Fund Balances as of December 31, 2024 ($000) (Unaudited)

BALANCES (1)	UTILITY SERVICES (2)	LAKE CHELAN	FINANCING FACILITIES (3)	INTERNAL SERVICES FUND	TOTAL
Unrestricted funds					
Revenue fund (4)	$ 69,570	$ 404	$ 3,265	$ 12,222	$ 85,461
Available funds:					
Rate stabilization fund	50,000	-	-	-	50,000
Operating reserve fund	61,506	-	-	-	61,506
Other unrestricted funds (5)	43,668	5,948	17,486	3,082	70,184
Total unrestricted funds	224,744	6,352	20,751	15,304	267,151
Restricted funds (6)	54,694	1	14,797	7,271	76,763
Total fund balances	$ 279,438	$ 6,353	$ 35,548	$ 22,575	$ 343,914

1. Amounts reflect both cash and book value of investments.
2. Includes Distribution Division, Fiber and Telecommunications, Water and Wastewater Systems.
3. Financing Facilities is an internal service fund of the District's Consolidated System used to account for various financing related activities, including holding Consolidated System debt service reserve funds.
4. Unencumbered funds of the District held in the Revenue Fund.
5. Includes all other Unrestricted Funds such as Board Designated Construction Funds and Reserves.
6. Includes all Restricted Funds such as Consolidated System Bond Proceeds, Bond Reserves and other Reserves.

ROCK ISLAND SYSTEM

Average Annual Energy Output and Disposition of Output (000 MWh)

CALENDAR YEAR	2020	2021	2022	2023	2024
Original system net generation	406	440	585	532	569
Second powerhouse net generation	2,112	1,960	2,047	1,518	1,471
Total generation	2,518	2,400	2,632	2,050	2,040
Plus:					
Wanapum encroachment (1)	450	472	528	479	511
System losses by contract	(18)	(18)	(20)	(16)	(14)
Less:					
Canadian Treaty Power (2)	(155)	(154)	(155)	(154)	(110)
Rocky Reach Encroachment (3)	(146)	(148)	(159)	(141)	(139)
Total net power delivered (4)	2,649	2,552	2,826	2,218	2,288
Percentage allocations (5)					
Power Purchasers	51%	51%	51%	51%	51%
District	49%	49%	49%	49%	49%
Sales:					
Power Purchasers	1,362	1,298	1,434	1,130	1,161
District	1,287	1,254	1,392	1,088	1,126
Total sales (4)	2,649	2,552	2,826	2,218	2,287
Net peaking capability	629	629	629	629	629
Availability factor	58%	62%	69%	68%	67%
Plant factor (6)	48%	46%	51%	40%	42%

1. Energy to be made available from Grant PUD's Wanapum Project in accordance with an encroachment agreement.
2. Energy to be made available for the account of Canada in accordance with arrangements made as a result of the Canadian Treaty.
3. Energy transferred from Rock Island to Rocky Reach to account for effects of one project on the output of the other.
4. Includes coordination exchange and pond transfers.
5. As defined by the Power Sales Contracts, the District received a fixed 49% of the combined power produced by the Rock Island and Rocky Reach Systems.
6. Net Power Delivered as a percentage of rated capacity for the year.

ROCK ISLAND SYSTEM

Cost of Power Comparison ($/MWh) (Unaudited)

CALENDAR YEAR	2020	2021	2022	2023	2024
Rock Island System	$ 33	$ 38	$ 34	$ 50	$ 52
Bonneville Power (1)	$ 41	$ 41	$ 41	$ 41	$ 41

1. The Bonneville rate is for preferred, flat undelivered and includes transmission and wheeling charges.

ROCK ISLAND SYSTEM

Historical and Projected Annual Capital Requirements ($000)

ACTUAL CALENDAR YEAR		2020		2021		2022		2023		2024
Rock Island System	$	52,982	$	55,209	$	43,877	$	76,711	$	58,846
PROJECTED CALENDAR YEAR (1)		**2025**		**2026**		**2027**		**2028**		**2029**
Rock Island System	$	101,383	$	109,237	$	95,443	$	79,256	$	59,907

1. Projections are based on materials prepared in connection with the District's normal advance planning process and are revised annually. Projections are in nominal dollars.

ROCK ISLAND SYSTEM

Cash Available for Debt Service ($000) (Unaudited)

CALENDAR YEAR		2020		2021		2022		2023		2024
Operating revenues:										
Power Purchasers	$	63,483	$	68,763	$	69,989	$	78,212	$	82,367
District		60,957		66,029		67,196		75,083		79,064
Total revenues from sales		124,440		134,792		137,185		153,295		161,431
Other operating revenues		73		148		181		157		93
Total operating revenues		124,513		134,940		137,366		153,452		161,524
Total operating expenses (1) (2) (3)		64,969		74,375		75,212		88,109		94,247
Net operating revenues		59,544		60,565		62,154		65,343		67,277
Other expenses		(22,136)		(22,396)		(22,857)		(23,688)		(25,014)
Net revenues		37,408		38,169		39,297		41,655		42,263
Add back:										
Depreciation (2)		11,387		12,302		13,837		14,602		15,409
Interest expense		22,809		22,905		22,034		23,832		25,051
Amortization of deferred debt costs		258		255		255		255		255
Other (4) (5)		1,895		1,231		2,230		2,198		5,710
Deduct:										
Amortization of deferred power sales revenue		(765)		(781)		(886)		(1,020)		(1,092)
Cash available for debt service		72,992		74,081		76,767		81,522		87,596
Annual debt service:										
Rock Island Bonds		23,398		22,685		22,685		22,685		22,685
Intersystem loans		20,278		22,678		23,292		27,567		30,813
Total debt service requirement		43,676		45,363		45,977		50,252		53,498
Cash available after payment of all debt service	$	29,316	$	28,718	$	30,790	$	31,270	$	34,098
Coverage of total debt service		1.67		1.63		1.67		1.62		1.64

1. Includes depreciation expense.
2. 2021 restated due to implementation of GASB Statement No. 87, "Leases".
3. 2022 restated due to implementation of GASB Statement No. 96, "SBITAs".
4. Represents noncash items such as fair value adjustments and amortizations included in operating activities that are not indicative of cash available for debt service.
5. In 2021, updated presentment of 2020 to include additional noncash items previously excluded.

ROCK ISLAND SYSTEM

Debt Service Requirements as of December 31, 2024 (Unaudited)

	BONDS		INTERSYSTEM LOANS (1)		
TWELVE MONTHS ENDING DEC. 31	ESTIMATED DEBT SERVICE	ESTIMATED PRINCIPAL RETIREMENTS (2) (3)	ESTIMATED DEBT SERVICE	ESTIMATED PRINCIPAL RETIREMENTS	TOTAL ESTIMATED DEBT SERVICE
2025	$ 22,685,000	$ 22,685,000	$ 37,303,449	$ 15,124,515	$ 59,988,449
2026	22,685,000	22,685,000	37,340,763	15,998,411	60,025,763
2027	22,685,000	22,685,000	37,876,088	17,424,341	60,561,088
2028	22,685,000	22,685,000	38,496,117	19,011,949	61,181,117
2029	12,526,000	12,526,000 (4)	33,697,754	15,163,471	46,223,754
2030	-	-	34,986,684	17,392,977	34,986,684
2031	-	-	34,238,667	17,592,602	34,238,667
2032	-	-	33,077,324	17,401,292	33,077,324
2033	-	-	33,024,609	18,292,337	33,024,609
2034	-	-	32,564,362	18,830,264	32,564,362
2035	-	-	31,593,347	18,874,389	31,593,347
2036	-	-	31,434,190	19,723,212	31,434,190
2037	-	-	31,170,167	20,514,620	31,170,167
2038	-	-	30,354,772	20,801,488	30,354,772
2039	-	-	26,957,735	18,505,641	26,957,735
2040	-	-	24,899,447	17,396,178	24,899,447
2041	-	-	24,795,150	18,144,839	24,795,150
2042	-	-	24,516,154	18,754,433	24,516,154
2043	-	-	24,244,900	19,397,975	24,244,900
2044	-	-	19,594,458	15,705,167	19,594,458
2045	-	-	18,165,443	15,046,183	18,165,443
2046	-	-	15,750,125	13,401,981	15,750,125
2047	-	-	14,934,484	13,304,247	14,934,484
2048	-	-	10,673,222	9,797,886	10,673,222
2049	-	-	6,942,234	6,614,310	6,942,234
Total	$ 103,266,000	$ 103,266,000	$ 688,631,645	$ 418,214,708	$ 791,897,645

1. Represents loan payment obligations of the Rock Island System to the Consolidated System with respect to the intersystem loans from the Consolidated System.
2. Estimated principal retirements are based on the assumption that all bonds mature or are purchased at par.
3. Represents Capital Appreciation Bonds on which interest is compounded. Thus, the accreated value reported as Estimated Principal Retirements equals Estimated Debt Service.
4. The final estimated debt service is reduced by the principal retirements assumed to be retired with the application of the appropriate Reserve Account, principal accounts and sinking funds. It should be recognized the District may elect to utilize the various Reserve Accounts in a manner other than as reflected, depending upon market conditions and the limitations contained in the governing resolution.

Description of major power purchasers

THE INFORMATION SET FORTH BELOW RELATING TO THE POWER PURCHASERS WHICH ARE SUBJECT TO THE INFORMATIONAL REQUIREMENTS OF THE SECURITIES EXCHANGE ACT OF 1934 (THE "EXCHANGE ACT") HAS BEEN OBTAINED FROM DOCUMENTS FILED BY SUCH POWER PURCHASERS WITH THE U.S. SECURITIES AND EXCHANGE COMMISSION (THE "SEC"). NONE OF THE POWER PURCHASERS, THE DISTRICT OR THE UNDERWRITER MAKES REPRESENTATION AS TO, NOR HAVE THEY ATTEMPTED TO VERIFY, THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION OR THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION AS OF THE DATE HEREOF OR AS OF ANY SUBSEQUENT DATE AND ASSUMES NO RESPONSIBILITY THEREFOR.

PUGET SOUND ENERGY, INC.

Puget Energy is an energy services holding company incorporated in the State of Washington in 1999. Substantially, all of its operations are conducted through its regulated subsidiary, Puget Sound Energy, Inc. (PSE), a utility company. Puget Energy also has a wholly owned non-regulated subsidiary, named Puget LNG, LLC (Puget LNG). Puget LNG was formed in 2016, and has the sole purpose of owning, developing and financing the non-regulated activity of a liquefied natural gas (LNG) facility at the Port of Tacoma, Washington.

Puget Energy is owned through a holding company structure by Puget Holdings, LLC (Puget Holdings). Puget Holdings is owned by a consortium of long-term infrastructure investors including the British Columbia Investment Management Corporation, the Alberta Investment Management Corporation, Ontario Municipal Employee Retirement System, PGGM Vermogensbeheer B.V., Macquarie Washington Clean Energy Investment, L.P., and Ontario Teachers' Pension Plan Board.

Puget Energy is the direct parent company of PSE, the oldest and the largest electric and natural gas utility headquartered in the State of Washington, primarily engaged in the business of electric transmission, distribution and generation and natural gas distribution. Puget Energy's business strategy is to generate stable earnings and cash flow by offering reliable electric and natural gas services in a cost-effective manner through PSE and be the clean energy provider of choice for its customers.

PSE is a public utility incorporated in the State of Washington in 1960. PSE furnishes electric and natural gas service in a territory covering approximately 6,000 square miles, principally in the Puget Sound region. As of December 31, 2024, PSE had over 1.2 million electric customers, and over 880,000 natural gas customers.

Additional Information

The Company is a publicly traded company and provides periodic reports on its financial and operating condition with the SEC.

ALCOA CORPORATION

Alcoa Corporation, a Delaware corporation (Alcoa), is active in all aspects of the upstream aluminum industry with bauxite mining, alumina refining, and aluminum smelting and casting. Alcoa has direct and indirect ownership of 26 operating locations across nine countries on six continents.

Alcoa's operations are comprised of two reportable business segments: Alumina and Aluminum. The Alumina segment primarily consists of Alcoa's bauxite mines and alumina refineries, which generally includes the mining of bauxite and other aluminous ores, as well as the refining, production, and sale of smelter grade and non-metallurgical alumina. The Aluminum segment consists of Alcoa's aluminum smelting and casting operations along with most of Alcoa's energy production assets.

On August 1, 2024, Alcoa completed the acquisition of Alumina Limited, which primarily consisted of the acquisition of Alumina Limited's noncontrolling interest in the Alcoa World Alumina and Chemicals (AWAC) joint venture (described below). Prior to the acquisition, the Alumina segment primarily consisted of a series of affiliated operating entities held in AWAC. Upon completion of the acquisition by Alcoa, Alumina Limited and, as a result, the operations held by the AWAC joint venture, became wholly-owned by Alcoa.

Aluminum, as an element, is abundant in the earth's crust, but a multi-step process is required to manufacture finished aluminum metal. Aluminum metal is produced by refining alumina oxide from bauxite into alumina, which is then smelted into aluminum and can be cast into many shapes and forms.

Alcoa smelts and casts aluminum in various shapes and sizes for global customers, including developing and creating various alloy combinations for specific applications.

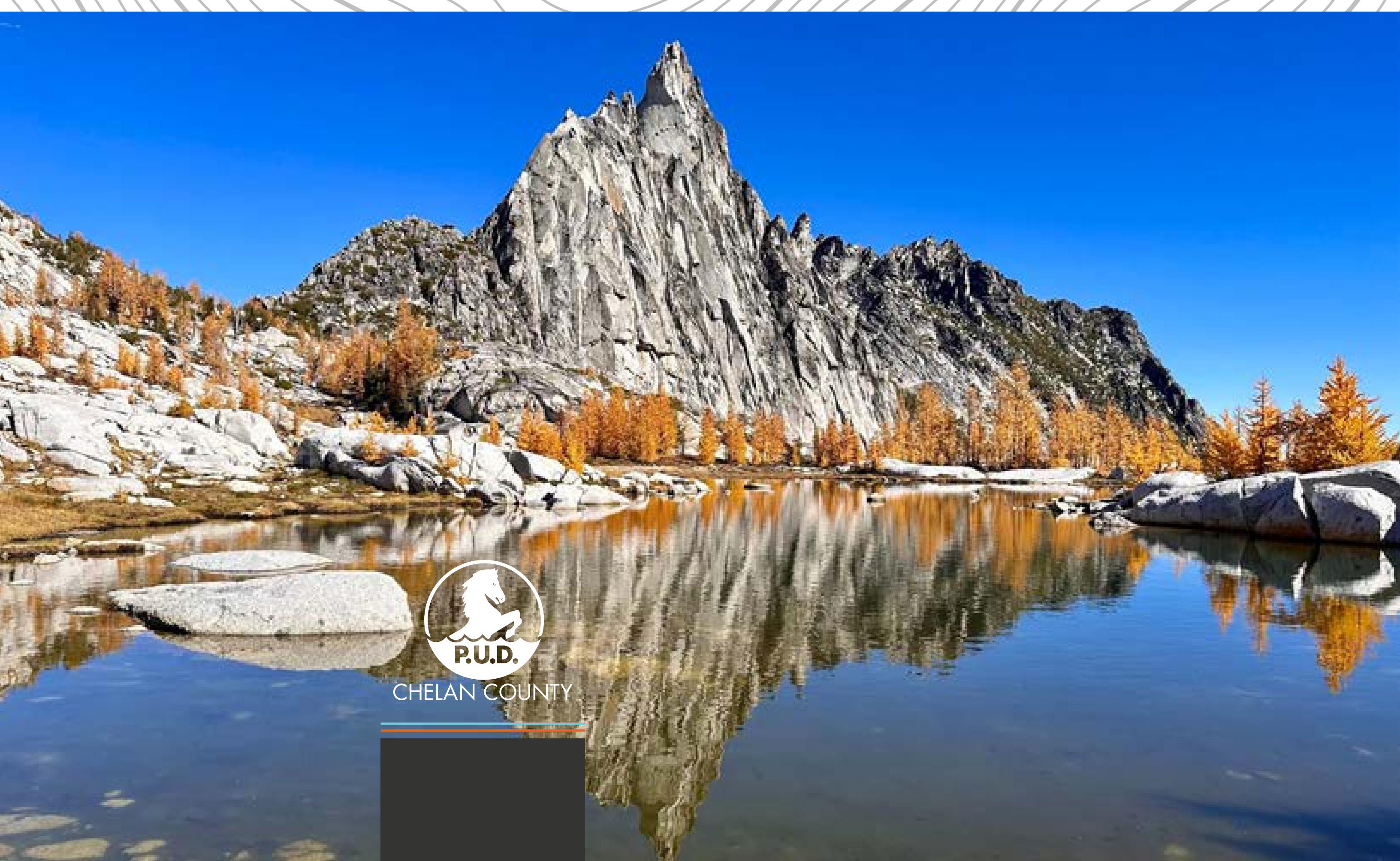
Aluminum metal is a commodity traded on the London Metal Exchange (LME) and priced daily. Additionally, alumina is subject to market pricing through the Alumina Price Index (API), which is calculated by Alcoa based on the weighted average of a prior month's daily spot prices published by the following three indices: CRU Metallurgical Grade Alumina Price, Platts Metals Daily Alumina PAX Price, and FastMarkets Metal Bulletin Non-Ferrous Metals Alumina Index. As a result, the prices of both aluminum and alumina are subject to significant volatility and, therefore, influence the operating results of Alcoa.

Alcoa became an independent, publicly traded company on November 1, 2016, following its separation from its former parent company, Alcoa Inc.

Additional Information

Alcoa is a publicly traded company and is obligated to provide periodic reports on its financial and operating condition with the SEC.

47.9445° N, 120.6749° W



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CHELAN COUNTY