



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

PUD PROFILE

Chelan County PUD (“District”) owns and operates one of the largest nonfederal, customer-owned hydroelectric systems in the nation. The District’s highest priority is preserving the integrity of our core assets—hydropower projects, distribution systems, facilities, and workforce—to ensure the continued delivery of clean, renewable, carbon-free energy.

The District’s three dams exemplify the value of public power, with a combined peak generating capacity of over 2,000 megawatts. In 2024, they produced 7.2 million megawatt hours of affordable, emission-free electricity.

As stewards of a vital community resource, Chelan PUD is committed to reliability, sustainability, and long-term value for the people we serve.

RIVERFRONT PARK’S NEW FEATURES NOW OPEN TO COMMUNITY

After years of community planning, construction and renovation work, a series of improvements are now open and available for the community to enjoy at Riverfront Park. The new features are the result of a partnership between Chelan PUD and the City of Wenatchee.

New Riverfront Park features include an apple-themed children’s play area, a brand-new splash pad, a new picnic pavilion, and sections of wider and separated trails to promote better flow in high-use areas and create safer trail interactions between users. These amenities are strategically positioned to improve both community access and recreational engagement along the Columbia River waterfront.

These improvements underscore the District’s continued investment in community infrastructure with the aim of boosting regional quality of life, attracting tourism, and supporting economic development through improved public amenities.

PUD COMMISSIONERS APPROVE POWER CONTRACT FOR MICROSOFT DATA CENTER

Chelan PUD commissioners approved contract terms to power Microsoft’s data center campus in Malaga. The contract includes several provisions to ensure continued reliability and stable, predictable rates for existing customers.

Microsoft plans to begin commissioning the data center in August. Chelan PUD negotiated a short-term contract for up to 18 average megawatts of surplus hydropower at market-based pricing through December 2025. For the remainder of the contract period, from 2026 to 2040, the power source has not yet been determined. The energy must meet all requirements set by Chelan PUD and applicable laws, including carbon-free, capacity, and renewable standards.

Microsoft paid up front to build the \$86.5 million Jumpoff Ridge substation and other infrastructure improvements that were needed to serve the data center.

CHELAN PUD PURSUING PROJECTS THAT REDUCE WILDFIRE RISK, IMPROVE RELIABILITY

Chelan PUD is investing in several projects to ensure the steady, safe delivery of electricity during fire season. The projects are prioritized based on their benefits across several goals, including reducing wildfire risk, building capacity for growth, expanding broadband internet access, replacing aging equipment, and improving reliability. Below is a summary of these projects, including several in Chelan County’s most fire-prone areas:

Vegetation management: Pruning trees is the utility’s first line of defense in ensuring reliability and preventing fires. The District utilizes software and field tablets to track its vegetation management work plan and log inspection status in real-time using GIS mapping.

Equipment upgrades: The District is undertaking current and planned replacements of aging electrical equipment, including an underground utility vault, a substation transformer, and switchyard improvements. The District is also improving and building new substations.

Automation and innovation: Chelan PUD recently installed new equipment that can adjust the sensitivity settings of the electrical grid to balance reliability and wildfire risk.

Sectionalizing: Through 2026, the utility is revamping the electrical grid to split large areas into smaller sections to reduce the number homes impacted when an outage occurs.

Non-emitting fuses: Chelan PUD has replaced some spark-emitting equipment and has plans to ramp up that effort over the next two years, starting in areas with the highest fire danger. In areas where expulsion fuses are still used, crews will clear a 10-foot area around power poles.

Underground conversion: The utility has identified several fire-prone areas where it makes sense to convert the existing overhead system to underground to improve reliability, replace aging overhead lines, and reduce fire risk.

WATER SUPPLY FORECASTS

The mid-July forecast from the Northwest River Forecast Center estimates January through July water supply on the Columbia River to be 79 percent of average at Grand Coulee Dam. The District expects below-average generation under the forecasted low water conditions. Due to the District’s risk management plans, hedging strategies and financial policies, the District still expects to meet or exceed financial targets.

The most recent water supply forecast for the Lake Chelan drainage basin is 70 percent of average from April through July. Lake Chelan Hydro Project operations will continue to balance the operating objectives, which puts the District in a good position to meet all target elevations through the end of the water year. Last year’s actual water supply for Lake Chelan from April through July was 64 percent of average.

FINANCIAL HIGHLIGHTS

For the six months ended June 30, 2025, Chelan County PUD recorded a change in net position of \$77.0 million, comparable to the \$76.2 million reported during the same period in 2024. The stable

earnings reflect a balance between reduced operating revenues and lower operating expenses. Operating revenues were higher in 2024 due to elevated average market prices and increased proceeds from the auction of no-cost allowances allocated to the District under Washington State’s Climate Commitment Act (CCA). The District has committed fewer allowances to auction in the first half of 2025, but intends to monetize additional allowances later in the year. Operating expenses have increased year over year, primarily due to increased maintenance at the District’s hatcheries and higher depreciation expense associated with recent significant capital asset additions.

As of June 30, 2025, the District held \$301.5 million in combined unrestricted cash and investments, down from \$374.9 million reported for the same period in 2024. The decrease is primarily due to the issuance of an internal loan from 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. Despite the reduction, strong operating results continue to support the District’s ability to fund portions of both debt repayments and capital expenditures from operating reserves, while meeting its targeted liquidity levels.

As of June 30, 2025, current assets declined by \$16.8 million compared to the same period in the prior year, primarily due to lower cash and short-term investment balances driven by the District’s cash planning and investment strategies. This decrease was partially offset by higher accounts receivable balances and increased inventories of materials and supplies. The rise in accounts receivable is largely attributable to higher outstanding balances related to wholesale power sales.

Utility plant balances increased \$116.3 million, reflecting continued investment in major capital projects, including ongoing work on various substations, modernization efforts at the Rock Island hydroelectric project, and construction of the Jumpoff Ridge substation.

The \$105 million increase in Restricted Assets – Noncurrent was primarily driven by the issuance of an internal loan to the Rock Island hydroelectric system for restricted purposes. Other assets declined by \$53.6 million, mainly due to a reduction in long-term investment balances, as the District reallocated funds through the internal loan and actively managed its investment portfolio to optimize investment yields.

Long-term debt decreased by \$44.2 million, reflecting scheduled principal payments on outstanding debt. The District’s debt level continues to meet established debt leverage metrics while supporting the District’s financial policies, customer-owner priorities, strong credit rating and long-term financial stability.



Sri Krishnan
Chief Financial Officer/Chief Risk Officer

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

Six Months Ended June 30, 2025
(in thousands)

	Rocky Reach	Rock Island	Lake Chelan	Utility Services	Financing Facilities	Internal Services	Intra-District Transactions (1)	6 Months Ended 6/30/2025	6 Months Ended 6/30/2024
OPERATING REVENUES	\$ 51,641	\$ 86,012	\$ 5,128	\$ 266,789	\$ 3,011	\$ 19,328	\$ (139,611)	\$ 292,298	\$ 297,417
OPERATING EXPENSES	44,583	47,063	5,020	243,462	-	19,654	(139,611)	220,171	226,052
NET OPERATING INCOME (LOSS)	7,058	38,949	108	23,327	3,011	(326)	-	72,127	71,365
OTHER INCOME (EXPENSE) (2)	(3,351)	(13,057)	(424)	10,713	8,400	(95)	-	2,186	806
CAPITAL CONTRIBUTIONS	-	280	-	2,455	-	-	-	2,735	4,063
CHANGE IN NET POSITION	\$ 3,707	\$ 26,172	\$ (316)	\$ 36,495	\$ 11,411	\$ (421)	\$ -	\$ 77,048	\$ 76,234

CONDENSED COMBINING STATEMENTS OF NET POSITION (Unaudited)

June 30, 2025
(in thousands)

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	Rocky Reach	Rock Island	Lake Chelan	Utility Services	Financing Facilities	Internal Services	Intra- District Transactions (1)	6/30/2025	6/30/2024
CURRENT ASSETS	\$ 18,484	\$ 12,826	\$ 2,387	\$ 153,047	\$ 17,248	\$ 8,899	\$ -	\$ 212,891	\$ 229,732
NET UTILITY PLANT	264,938	661,389	82,352	519,846	-	252,209	-	1,780,734	1,664,395
RESTRICTED ASSETS - NONCURRENT	26,221	149,001	-	22,398	14,777	3,716	-	216,113	111,083
OTHER ASSETS	10,785	35,253	4,924	200,369	28,861	12,071	(8,540)	283,723	337,355
DEFERRED OUTFLOWS OF RESOURCES	9,155	9,628	1,012	12,197	63	349	-	32,404	25,329
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 329,583	\$ 868,097	\$ 90,675	\$ 907,857	\$ 60,949	\$ 277,244	\$ (8,540)	\$ 2,525,865	\$ 2,367,894
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION									
CURRENT LIABILITIES	\$ 6,930	\$ 37,375	\$ 824	\$ 35,833	\$ 29,346	\$ 35,090	\$ -	\$ 145,398	\$ 126,583
INTERSYSTEM PAYABLE (RECEIVABLE) - CURRENT	9,704	20,370	(885)	3,549	(21,679)	(11,059)	-	-	-
LONG-TERM DEBT	-	73,411	-	3,571	148,402	-	-	225,384	269,627
INTERSYSTEM PAYABLE (RECEIVABLE) - NONCURRENT	32,755	305,925	(10,762)	(223,687)	(329,642)	225,411	-	-	-
UNEARNED REVENUES	5,034	5,133	-	70,126	2,838	-	(8,540)	74,591	83,773
OTHER LIABILITIES	11,897	14,628	10,424	7,963	-	9,143	-	54,055	56,215
TOTAL LIABILITIES	66,320	456,842	(399)	(102,645)	(170,735)	258,585	(8,540)	499,428	536,198
DEFERRED INFLOWS OF RESOURCES	12,878	30,434	1,421	91,844	146	211	-	136,934	93,355
TOTAL NET POSITION	250,385	380,821	89,653	918,658	231,538	18,448	-	1,889,503	1,738,341
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 329,583	\$ 868,097	\$ 90,675	\$ 907,857	\$ 60,949	\$ 277,244	\$ (8,540)	\$ 2,525,865	\$ 2,367,894

ELECTRIC		
June 30, 2025	2025	2024
Number of Customers	51,934	51,570
Number of Residential Customers	42,511	42,126
YTD Average Residential Rate (Cents/kWh)	3.62	3.56

POWER GENERATION (MWh) (000)		
6 months ended June 30, 2025	2025	2024
Lake Chelan	149	159
Rocky Reach	2,785	2,309
Rock Island	1,337	1,101

HYDRO PRODUCTION COST/MWH GENERATED (\$/MWh)		
6 months ended June 30, 2025	2025	2024
Lake Chelan	\$ 33	\$ 32
Rocky Reach	17	20
Rock Island	44	52

NOTES TO CONDENSED STATEMENTS

(1) Intra-District transactions are eliminated.

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

"Public Utility District No.1 of Chelan County (Chelan County PUD) has prepared condensed financial statements in accordance with generally accepted accounting principles. Condensed financial statements should be read in conjunction with the notes to the financial statements included in Chelan County PUD's Annual Report as of December 31, 2024. This information is provided for general information. Not all the information is intended for nor should it be relied upon for making investment decisions by current or prospective investors."