



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

**PUD PROFILE**

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

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

Chelan PUD’s three dams have demonstrated for decades the value of public power and local control. Together the dams can generate nearly 2,000 megawatts of power at their peak. In 2019, they produced 7.7 million megawatt hours of affordable, emission-free electricity.

**CHELAN COUNTY PUD EARNS TOP MARKS FROM ITS PARTNERS**

Chelan County PUD has earned extraordinarily high marks for working collaboratively, according to key organizations that work with the PUD.

Every two years since 2014, the PUD has asked its key partners about their top concerns, and how well the PUD works with them to address those issues. This year’s assessment showed that the PUD ranked highest for staff interaction, communications and public programs, such as fiber service, energy conservation and environmental stewardship. Overall, 96 percent of the partners said they were satisfied with the PUD, with 73 percent reporting that they were “extremely satisfied.”

Bourke Business Intelligence, a Texas-based firm, interviewed people at nearly 60 organizations, including state, federal, city, county, and school officials and noted the stakeholder satisfaction scores as among the highest they’ve observed.

**BOARD APPROVES DESIGN CONTRACT FOR ROCK ISLAND POWERHOUSE**

Chelan PUD commissioners approved a \$4.5 million contract with GE Renewables to begin the design process for the rehabilitation of eight bulb-generating units at Rock Island Powerhouse 2.

These units, installed in the late 1970s with a 40-year design life, are beginning to show signs of wear.

The design is expected to be completed in late 2020. The work to rehabilitate the eight generating units is expected to begin in 2022 and be completed by 2030.

Rock Island Dam is the second largest of three hydroelectric sites operated by Chelan County PUD. There are eight horizontal bulb-generating units in Powerhouse 2, and they are the only such turbines on the Columbia River and one of the few in North America. Each unit will be down for about a year for rehabilitation.

**CHELAN PUD BREAKS GROUND ON NEW SERVICE CENTER AT OLDS STATION**

In August 2020, Chelan PUD commissioners dug the first shovelfuls of earth at Olds Station, future home of the PUD’s comprehensive Service Center. After years of careful study, the Board of Commissioners determined that a centralized facility would provide the best value and experience for the most people over the next 50 to 100 years. The 19-acre campus will combine most of the PUD’s non-hydro services, including Customer Service, Warehouse, Fish and Wildlife and Customer Energy Solutions.

The Olds Station site is the geographic center of Chelan County, which will help reduce response times and operational costs. The centralized location also creates one convenient stop where customer-owners can pay bills, apply for new services, and meet with staff and commissioners.

Construction is slated through 2022, with a gradual move-in planned for late 2022 or early 2023. About 78% of the first-phase work was awarded to local contractors. Sales tax payments associated with the nearly \$140 million project will also provide a local economic boost.

The new Service Center will replace several aging PUD facilities, including its downtown headquarters built in 1955. The PUD is working with the City of Wenatchee, Regional Port Authority, Wenatchee Valley Chamber, Wenatchee Downtown Association and a citizen advisory committee to explore future development of the 7.5-acre downtown campus.

**COMMISSIONERS APPROVE ACCELERATION OF FIBER BUILD OUT**

Chelan PUD commissioners approved an accelerated schedule to build the fiber network to about 5,800 homes by 2024. This would be approximately 1,200 more homes sooner than originally planned. The fiber expansion would connect more rural neighborhoods to the PUD’s fast broadband network ahead of schedule.

In 2016, the PUD committed \$25 million to reach 85-90 percent of the county by 2026. With the accelerated schedule, the PUD will spend an additional \$2 million in Public Power Benefit program funding to bring more homes online by 2024. An accelerated build-out was one of the top requests from customer-owners during the PUD’s strategic planning process.

**COVID-19 IMPACTS ON 2020 FINANCES REMAIN MODEST**

Chelan PUD’s strong finances continue to help it weather the modest impacts to revenues and costs as a result of the COVID-19 pandemic. Financial results for the first nine months of 2020 and our forecasts for the remainder of the year show that the pandemic isn’t expected to have significant impacts on year-end results. Proactive measures remain in place to protect PUD staff and customers, including closed lobbies, non-emergency employees working from home, and required safety measures for on-site essential staff.

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

The PUD also continues to support actions that make an impactful and meaningful difference to community members in need, including waiving late fees, suspending disconnects for failure to pay, delaying already approved rate increases, and partnering with local service providers to create Wi-Fi access points across the county to provide free internet access to help the community and students in need of Wi-Fi access.

**FINANCIAL HIGHLIGHTS**

For the nine months ended September 30, 2020, Chelan County PUD recorded a change in net position of \$53.4 million, a decrease in earnings of \$33.4 million from the same period in 2019. The decrease is due primarily to non-recurring proceeds received last year from a long-term power sales agreement and an insurance settlement. Retail sales were also lower than last year due to weather and COVID-19 impacts, but the decreases were offset by revenue associated with a new off-system retail load.

As of September 30, 2020, combined unrestricted cash and investments totaled \$433.9 million, compared to \$418.8 million from the same period in 2019. The \$63.0 million increase in current assets is due to the maturity of long-term investments that were reinvested for a shorter term. Restricted noncurrent assets increased by \$63.3 million due to bond proceeds received from the District’s issuance of revenue bonds. Also, while current assets increased, other assets decreased by \$38.7 million due to investment balances that were previously long-term being reinvested over a shorter term. Utility plant balances increased with investments in major projects including ongoing modernization at Rock Island, a Customer Information System upgrade and progress towards the District’s new service center.

Long-term debt increased by \$62.5 million due to the District’s \$133.8 million issuance of the 2020ABC bonds net of related refunded and retired balances and regularly scheduled principal payments on existing debt. The debt activity leverages the current favorable interest rate environment to support the District’s financial policies, customer-owner priorities, strong credit rating and long-term financial sustainability.



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



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

Nine months ended September 30, 2020

(in thousands)

	Rocky Reach	Rock Island	Lake Chelan	Utility Services	Financing Facilities	Internal Services	Intra-District Transactions (1)	9 Months Ended 09/30/20	9 Months Ended 09/30/19
<b>OPERATING REVENUES</b>	\$ 65,014	\$ 90,147	\$ 9,189	\$ 212,561	\$ 6,134	\$ 18,588	\$ (144,992)	\$ 256,641	\$ 289,816
<b>OPERATING EXPENSES</b>	52,345	47,256	6,561	220,652	-	16,727	(144,992)	198,549	198,461
<b>NET OPERATING INCOME (LOSS)</b>	12,669	42,891	2,628	(8,091)	6,134	1,861	-	58,092	91,355
<b>OTHER INCOME (EXPENSE) (2)</b>	(5,947)	(16,537)	(822)	7,102	6,924	699	-	(8,581)	(9,021)
<b>CAPITAL CONTRIBUTIONS</b>	-	395	-	3,480	-	-	-	3,875	4,410
<b>INTERFUND TRANSFERS</b>	(203)	(190)	(35)	(235)	-	663	-	-	-
<b>CHANGE IN NET POSITION</b>	\$ 6,519	\$ 26,559	\$ 1,771	\$ 2,256	\$ 13,058	\$ 3,223	\$ -	\$ 53,386	\$ 86,744

**CONDENSED COMBINING STATEMENTS OF NET POSITION (Unaudited)**

September 30, 2020

(in thousands)

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	Rocky Reach	Rock Island	Lake Chelan	Utility Services	Financing Facilities	Internal Services	Intra-District Transactions (1)	09/30/20	09/30/19
<b>TOTAL CURRENT ASSETS</b>	\$ 13,533	\$ 15,238	\$ 2,899	\$ 149,720	\$ 26,976	\$ 19,140	\$ -	\$ 227,506	\$ 164,545
<b>NET UTILITY PLANT</b>	282,749	436,274	86,136	337,175	-	68,590	-	1,210,924	1,165,833
<b>RESTRICTED ASSETS - NONCURRENT</b>	25,177	99,667	-	536	114,760	6,304	-	246,444	183,111
<b>OTHER ASSETS</b>	5,338	18,310	4,463	222,421	50,614	24,515	(11,095)	314,566	353,231
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	2,218	4,075	251	3,245	1,687	170	-	11,646	11,068
<b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>	\$ 329,015	\$ 573,564	\$ 93,749	\$ 713,097	\$ 194,037	\$ 118,719	\$ (11,095)	\$ 2,011,086	\$ 1,877,788
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION									
<b>CURRENT LIABILITIES</b>	\$ 15,254	\$ 42,097	\$ 2,232	\$ 25,091	\$ 8,417	\$ 26,297	\$ -	\$ 119,388	\$ 117,203
<b>INTERSYSTEM PAYABLE (RECEIVABLE) - CURRENT</b>	(1,286)	(1,929)	(765)	9,975	-	(5,995)	-	-	-
<b>LONG-TERM DEBT (3)</b>	88,057	309,020	160	(16,260)	41,745	74,651	-	497,373	434,874
<b>UNEARNED REVENUES</b>	6,825	7,030	-	104,967	5,864	-	(11,095)	113,591	127,435
<b>OTHER LIABILITIES</b>	17,034	17,981	9,970	11,398	-	-	-	56,383	64,320
<b>TOTAL LIABILITIES</b>	125,884	374,199	11,597	135,171	56,026	94,953	(11,095)	786,735	743,832
<b>DEFERRED INFLOWS OF RESOURCES</b>	4,991	32,079	613	15,121	4,683	1,066	-	58,553	48,737
<b>TOTAL NET POSITION</b>	198,140	167,286	81,539	562,805	133,328	22,700	-	1,165,798	1,085,219
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES &amp; NET POSITION</b>	\$ 329,015	\$ 573,564	\$ 93,749	\$ 713,097	\$ 194,037	\$ 118,719	\$ (11,095)	\$ 2,011,086	\$ 1,877,788

**ELECTRIC**

As of September 30

	2020	2019
Number of Customers	52,692	52,044
Number of Residential Customers	40,012	39,382
YTD Average Residential Rate (Cents/kWh)	3.24	3.21

**POWER GENERATION (MWh) (000)**

9 months ended September 30	2020	2019
Lake Chelan	268	223
Rocky Reach	4,409	3,705
Rock Island	2,006	1,778

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

9 months ended September 30	2020	2019
Lake Chelan	\$ 25	\$ 28
Rocky Reach	13	11
Rock Island	32	35

**NOTES TO CONDENSED STATEMENTS**

(1) Intra-District transactions are eliminated.

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

(3) Utility Services receivable consists primarily of unamortized prepaid Internal Service assets.

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, 2019. 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.