

Combined operating revenues for the three months ended March 31, 2023, were \$14.4 million greater than in the same period in 2022. Retail power sales increased \$5.5 million. The PUD sells surplus power on the wholesale power markets to balance resources with customer loads. Wholesale power revenues remained materially unchanged for the three months ended March 2023, when compared to the first quarter of 2022, however; the District sold 67 million fewer kWh than in the same period 2022. The decrease in sales volume and materially flat revenue is due to significant increases in prices on the wholesale market. Other operating revenues in three months ended March 2023, increased \$9.2 million than in same time in 2022. Positively impacted by the Bonneville Power Administration, Reserve Distribution Clause distributions made to the PUD as a preferred buyer of energy.

Operating expenses increased \$33.9 million for the three months ended March 31, 2023, from 2022 – predominantly influenced by higher prices paid for electricity. This is reflected in an increase of \$31.7 million in purchased power. While in the same period, maintenance expenses were relatively unchanged with a slight decrease of about \$0.6 million.

Combined other income and expense in the three months ended March 31, 2023, increased \$11.8 million driven predominately by increases in interest income due to rising market interest rates. \$9.3 million of this increase is composed of non-cash market valuation adjustments to the District's investments as a result of a volatile interest rate environment. The fluctuations are on bonds that are owned with the intent to be held to maturity.

Capital contributions from developers decreased \$2.5 million as the District comes off a period of high development in 2022.

Current assets increased \$35.5 million in March 2023. \$10.9 was the result of increases in temporary cash investments as the District held additional short-term liquidity in 2023 to meet sizeable operating expense disbursements. The provision for uncollectible accounts had reductions of \$12.8 million as the District resumed normal collection processes. Materials inventory experienced increases of \$15.7 million with supply-chain issues easing and the PUD making purchases of transformers and other inventory that was on back order in the prior period from suppliers.

The PUD saw increases of \$78.8 million to net utility plant assets. This is the result of the District making continued investment in the systems that provide safe reliable power. Increases of \$107.3 and \$38.4 million in plant assets in service and construction work in progress respectively. These increases are offset by the regular depreciation of these assets.

Other assets decreased by \$64.9 million driven largely by changes in the PUD's net pension assets. These decreases reflect overall changes seen in the broader market. Additionally, the long-term investments of the District's portfolio decreased by \$24.0 million as investments were shortened to meet rising operating expense obligations.

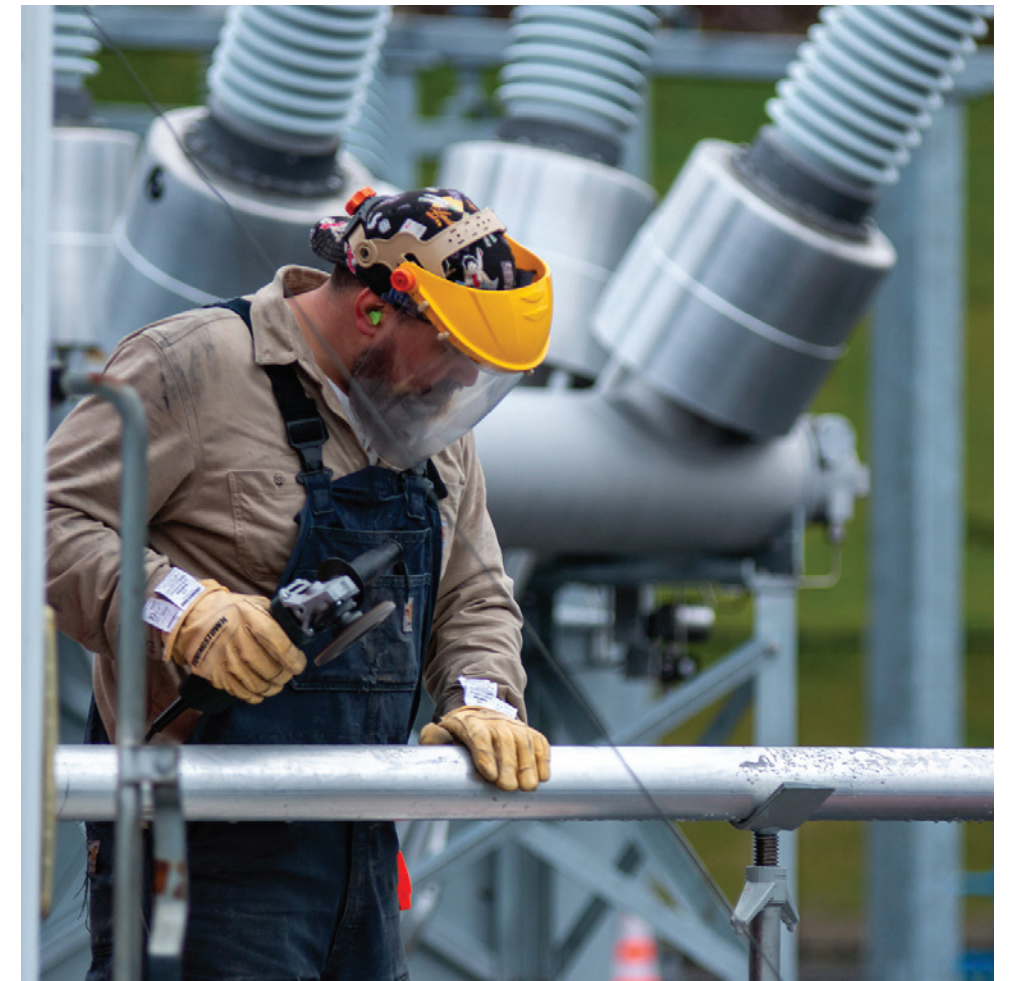
Deferred outflows of resources increased by \$26.5 million from March 2023 to 2022, because of an adjustment to net pension liabilities.

Current liabilities increased \$10.7 million since March 2022, reflecting changes in accounts payable specifically for purchase power.

The \$45.6 million increase in long-term debt is attributable to the issuance of Electric System Revenue Bonds in July 2022 of \$61.1 million, offset by scheduled annual principal payments.

Other liabilities increased \$22.7 million, this change is attributable to the combination of adjustments of pension liabilities and the adoption of a new accounting standard that relates to reporting lease obligations.

Deferred inflows of resources decreased \$80.4 million as the result of adjustment to net pension plan deferrals at the end of 2022.



Ensuring reliable power is a non-stop effort. The beginning of 2023 saw work underway at several substations, including Sky Valley near Monroe.

Combined Statements of Revenues and Expenses (UNAUDITED)

(In millions)

	Three Months Ended March 31,				2022 Combined
	2023				
	Electric System	Generation System	Water System	Combined	
Operating Revenues	\$ 226.4	\$ 5.9	\$ 3.6	\$ 230.0	\$ 215.6
Operating Expenses	211.7	3.9	4.2	213.9	179.2
Net Operating Income (Loss)	14.7	2.0	(0.6)	16.1	36.4
Other Income (Expense)	3.2	(0.5)	0.3	3.0	(3.6)
Capital Contributions	5.1	—	0.9	6.1	8.5
Net Income (Loss)	\$ 23.0	\$ 1.5	\$ 0.6	\$ 25.2	\$ 41.3

Twelve Months Ended March 31,

	2023	2022
Electric System Retail Kilowatt-hours Sold (in millions)	6,816	6,694
Electric System New Customer Connects	4,491	4,423
Debt Service Coverage		
Electric System Parity Bonds	3.9x	4.3x
Electric/Generation Parity Bonds	3.6x	3.7x

Combined Statements of Net Position (UNAUDITED)

(In millions)

	as of March 31,				2022 Combined
	2023				
	Electric System	Generation System	Water System	Combined	
Current Assets	\$ 286.3	\$ 7.8	\$ 8.9	\$ 299.7	\$ 268.0
Net Utility Plant	1,442.1	198.6	138.4	1,779.1	1,700.4
Other Assets	494.1	33.5	22.9	523.8	619.0
Total Assets	2,222.5	239.9	170.2	2,602.6	2,587.4
Deferred Outflows of Resources	47.0	3.0	1.2	51.2	24.6
Total Assets & Deferred Outflows	\$ 2,269.5	\$ 242.9	\$ 171.4	\$ 2,653.8	\$ 2,612.0
Current Liabilities	\$ 118.5	\$ 0.0	\$ 2.1	\$ 127.4	\$ 120.2
Long-Term Debt	452.7	61.1	10.5	524.3	478.7
Other Liabilities	97.8	42.7	1.9	115.6	123.1
Total Liabilities	669.0	113.8	14.5	767.3	722.0
Deferred Inflows of Resources	72.8	7.2	2.3	82.3	162.7
Net Investment in Capital Assets	1,112.3	133.8	127.8	1,373.9	1,308.2
Restricted	98.0	11.9	18.5	128.4	200.9
Unrestricted	317.5	(23.9)	8.4	302.0	218.2
Total Net Position	1,527.8	121.8	154.7	1,804.3	1,727.3
Total Liabilities, Deferred Inflows and Net Position	\$ 2,269.6	\$ 242.8	\$ 171.5	\$ 2,653.9	\$ 2,612.0



Team members gathered for the Annual Safety Breakfast in January.



A water worker installing a new meter box in February. Groundwork is being laid for the utility's Connect Up advanced metering project.



Everett Community College students visited Woods Creek Hydroelectric Project in March.

For additional information

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