

Combined operating revenues increased \$16.3 million and \$30.7 million in the three and six months ended June 30, 2023, when compared to the same period in 2022. Retail sales increased \$3.4 million in the second quarter of 2023 and \$9.0 million in the first six months ended of 2023. The PUD sells surplus power on the wholesale power markets to balance resources with customer loads. Wholesale power revenues increased by \$1.4 million in quarter two 2023, when compared to 2022. The first six months of 2023 saw increases of \$973 thousand. The District, in the first six months of 2023, sold 26.4% less power volume than in the same period of 2022, while in the same period the prices realized by the District were 39.7% higher. Other operating revenues in the second quarter of 2023 increased \$11.5 million while the first six months ended 2023 increased \$20.7 million when comparing to similar periods in 2022. The main driver of this increase was the Bonneville Power Administration's Reserve Distribution Clause. This was awarded to the District as a preferred buyer of energy and the distributions totaled \$15.0 million in the first six months of 2023.

Other operating expenses increased \$13.3 million and \$47.4 million in quarter two and the first six months ended 2023 when compared to the same periods in 2022, respectively. The major contributing factor are higher prices paid for electricity on the open market. This is observed in an increase of \$14.7 million in purchase power for quarter two and an increase of \$46.4 million for the first six months ended 2023 when comparing to similar periods in 2022. During the same time frame, the District experienced no remarkable changes in maintenance expenses. In response to rising energy costs, the District has elected to selectively defer maintenance projects, which will likely result in coming under the expected budgeted amounts for maintenance expense.

Combined other income and expense in quarter two of 2023 increased \$4.8 million and \$16.6 million in the first six months ended when compared to similar periods in 2022. Both increases are the result of rising interest rates. In the second quarter of 2023, the District recognized \$3.5 million of interest income of which \$3.0 million is realized gains. During the first six months of 2023, the District recognized \$15.7 million of interest income, of

which \$9.8 million was unrealized mark to market gains. These fluctuations are on investments that are owned with the intent to be held to maturity.

Capital contributions from developers decreased \$106 thousand in the second quarter of 2023. Capital contributions decreased \$2.3 million in the first six months ended 2023. The District experienced a particularly active period of development during 2021 and 2022. In 2023 the District has seen a decline in development resulting in lower capital contributions. The last time the District experienced a similar dollar volume of transactions was the first six months of 2020.

Current assets increased \$40.3 million since June 2022, with \$21.4 million of the change related to cash and temporary investments. The District held additional short-term liquidity in 2023 to meet sizeable operating expense disbursements. Materials inventory increased \$14.9 million with supply chain issues easing, and the PUD making purchases of transformers and other inventory that were on back order in the prior period from suppliers.

The PUD saw increases of \$90.5 million to net utility plant assets. This is the result of the District making continued investment in the systems in order to provide safe reliable power. The District experienced increases of \$94.5 million and \$64.2 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 \$80.7 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 \$27.3 million as investments were shortened to meet rising operating expense obligations.

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

Current liabilities increased \$5.2 million since June 2022, reflecting changes in accounts payable including \$5.9 million 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 \$25.2 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 \$81.6 million as the result of adjustment to net pension plan deferrals at the end of 2022.



*The Energy Block Party on Earth Day, April 22, attracted energy enthusiasts of all ages to the PUD's Everett Headquarters. It was truly electrifying!*

## Combined Statements of Revenues, Expenses, and Changes in Net Position (UNAUDITED)

(In millions)

### Three Months Ended June 30,

	2023				2022
	Electric System	Generation System	Water System	Combined	Combined
Operating Revenues	\$ 179.6	\$ 6.8	\$ 4.0	\$ 183.7	\$ 167.5
Operating Expenses	191.9	4.0	4.1	193.3	177.5
Net Operating Income (Loss)	(12.3)	2.8	(0.1)	(9.5)	(10.0)
Other Income (Expense)	(0.2)	(0.5)	0.1	(0.5)	(4.4)
Capital Contributions	5.9	0.4	0.6	6.9	6.8
<b>Net Income (Loss)</b>	<b>\$ (6.6)</b>	<b>\$ 2.7</b>	<b>\$ 0.6</b>	<b>\$ (3.1)</b>	<b>\$ (7.6)</b>

### Six Months Ended June 30,

	2023				2022
	Electric System	Generation System	Water System	Combined	Combined
Operating Revenues	\$ 406.0	\$ 12.7	\$ 7.7	\$ 413.8	\$ 383.1
Operating Expenses	403.6	7.9	8.2	407.2	356.7
Net Operating Income	2.4	4.8	(0.5)	6.6	26.4
Other Income (Expense)	3.0	(1.0)	0.4	2.5	(8.0)
Capital Contributions	11.0	0.5	1.4	12.9	15.3
<b>Net Income</b>	<b>\$ 16.4</b>	<b>\$ 4.3</b>	<b>\$ 1.3</b>	<b>\$ 22.0</b>	<b>\$ 33.7</b>

### Twelve Months Ended June 30,

	2023	2022
Electric System Retail Kilowatt-hours Sold (in millions)	6,831	6,736
Electric System New Customer Connects	4,503	6,345
Debt Service Coverage		
Electric System Parity Bonds	3.9x	4.4x
Electric/Generation Parity Bonds	3.6x	3.6x

## Combined Statements of Net Position (UNAUDITED)

(In millions)

### As of June 30,

	2023				2022
	Electric System	Generation System	Water System	Combined	Combined
Current Assets	\$ 260.4	\$ 10.6	\$ 9.0	\$ 276.7	\$ 236.5
Net Utility Plant	1,464.6	198.8	139.1	1,802.6	1,712.1
Other Assets	473.5	31.9	22.9	502.3	582.7
Total Assets	2,198.5	241.3	171.0	2,581.6	2,531.3
Deferred Outflows of Resources	46.9	2.7	1.2	50.8	24.3
<b>Total Assets &amp; Deferred Outflows</b>	<b>\$ 2,245.4</b>	<b>\$ 244.0</b>	<b>\$ 172.2</b>	<b>\$ 2,632.4</b>	<b>\$ 2,555.6</b>
Current Liabilities	\$ 102.2	\$ 9.8	\$ 2.2	\$ 110.9	\$ 105.7
Long-Term Debt	452.1	60.9	10.4	523.4	477.9
Other Liabilities	98.2	41.9	1.9	116.1	90.9
Total Liabilities	652.5	112.6	14.5	750.4	674.5
Deferred Inflows of Resources	71.5	6.9	2.2	80.7	162.1
Net Investment in Capital Assets	1,121.4	133.9	128.5	1,383.8	1,315.8
Restricted	127.8	14.1	19.6	161.5	204.5
Unrestricted	272.2	(23.5)	7.4	256.0	198.7
Total Net Position	1,521.4	124.5	155.5	1,801.3	1,719.0
<b>Total Liabilities, Deferred Inflows and Net Position</b>	<b>\$ 2,245.4</b>	<b>\$ 244.0</b>	<b>\$ 172.2</b>	<b>\$ 2,632.4</b>	<b>\$ 2,555.6</b>



The PUD joined local school children to plant trees for Arbor Day at a local park.



Work on the new Camano transmission line in May.



A line truck is loaded on a transport plane as part of the PUD's mutual-aid assistance to a typhoon-ravaged Guam.

### For additional information

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