

Combined operating revenues increased \$14.1 million and \$44.9 million in the three and nine months ended September 30, 2023, when compared to a similar period in 2022. Retail sales increased \$3.3 million in the third quarter of 2023, and \$12.3 million in the first nine months ended of 2023. The PUD sells surplus power on the wholesale power markets to balance resources with customer loads. Wholesale power revenues decreased by \$2.2 million in quarter three of 2023 when compared to 2022. The first nine months of 2023 saw decreases of \$1.2 million. The PUD in the first nine months of 2023 has sold 22.7% less power volume than in the same period of 2022, while in the same period the prices realized by the PUD were 26.8% higher. Other operating revenues in the third quarter of 2023 increased \$13.0 million, while the first nine months ended 2023 increased \$33.8 million when comparing to similar periods in 2022. These were impacted by Bonneville Power Administration, Reserve Distribution Clause distributions made to the PUD as a preferred buyer of energy. Distributions in the first nine months of 2023 totaled \$23.1 million. Distributions in the third quarter of 2023 totaled \$8.1 million.

Other operating expenses increased \$23.4 million and \$70.8 million in quarter three and the first nine months ended 2023 when compared to the same periods in 2022, respectively. The major contributing factor is higher prices paid for electricity on the open market. This is observed in an increase of \$15.7 million in purchase power for quarter three and an increase of \$62.1 million for the first nine months ended 2023 when comparing to similar periods in 2022. During the same time frame, the PUD experienced no remarkable changes in maintenance expenses. In response to rising energy costs, the PUD 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 three of 2023 increased \$11.8 million and \$28.4 million in the first nine months ended when compared to similar periods in 2022. Both increases are the result of rising interest rates. In the third quarter of 2023, the PUD recognized \$9.9 million of interest income of which \$2.5 million is realized gains. During the first nine months of 2023 the PUD recognized \$25.5 million of interest income, of which \$17.2 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 increased \$596 thousand in the third quarter of 2023. Capital contributions decreased \$1.7 million in the first nine months ended 2023. The PUD experienced a particularly active period of development during 2021 and 2022. In 2023 the PUD has seen a decline in development resulting in lower capital contributions.

Current assets increased \$36.6 million since September 2022, with \$33.0 million of the change related to cash and temporary investments. The PUD held additional short-term liquidity in 2023 to meet sizeable operating expense disbursements. Materials inventory increased \$12.2 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. These increases in temporary investments and plant materials are offset by decreases in cash of \$11.2 million from September 2022 to 2023. This is as the PUD is experiencing higher prices for energy, and other essential resources requiring more cash.

The PUD saw increases of \$99.0 million to net utility

plant assets. This is the result of the PUD making continued investment in the systems in order to provide safe reliable power. The PUD experienced increases of \$81.1 million and \$88.2 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 \$160.6 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 PUD's portfolio decreased by \$34.9 million as investments were shortened to meet rising operating expense obligations.

Deferred outflows of resources increased by \$26.6 million from September of 2022 to September of 2023

because of an adjustment to net pension liabilities.

Current liabilities increased \$2.7 million since September 2022, reflecting changes in accounts payable including \$6.6 million purchase power.

The \$24.4 million decrease in long-term debt is attributable to the regularly scheduled annual principal payments.

Other liabilities increased \$24.1 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 \$83.3 million as the result of adjustment to net pension plan deferrals at the end of 2022.

*In July, two 60-year-old valves at the Jackson Hydroelectric Project were replaced after corrosion was found during a routine inspection. The new valves have an expected lifespan of 100 years.*





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

(In millions)

### Three Months Ended September 30,

	2023				2022
	Electric System	Generation System	Water System	Combined	Combined
Operating Revenues	\$ 190.6	\$ 6.8	\$ 5.2	\$ 195.8	\$ 181.7
Operating Expenses	187.5	4.0	4.8	189.6	162.8
Net Operating Income (Loss)	3.1	2.8	0.4	6.2	18.9
Other Income (Expense)	4.2	0.4	0.0	4.1	(8.0)
Capital Contributions	5.5	0.0	0.9	6.8	6.2
<b>Net Income (Loss)</b>	<b>\$ 12.8</b>	<b>\$ 2.7</b>	<b>\$ 1.6</b>	<b>\$ 17.1</b>	<b>\$ 17.1</b>

### Nine Months Ended September 30,

	2023				2022
	Electric System	Generation System	Water System	Combined	Combined
Operating Revenues	\$ 596.5	\$ 19.5	\$ 12.9	\$ 609.6	\$ 564.7
Operating Expenses	591.1	11.9	13.1	596.8	519.4
Net Operating Income	5.4	7.6	(0.2)	12.8	45.3
Other Income (Expense)	7.3	(1.4)	0.7	6.6	(16.1)
Capital Contributions	16.5	0.9	2.4	19.7	21.5
<b>Net Income</b>	<b>\$ 29.2</b>	<b>\$ 7.1</b>	<b>\$ 2.9</b>	<b>\$ 39.1</b>	<b>\$ 50.7</b>

### Twelve Months Ended September 30,

	2023	2022
Electric System Retail Kilowatt-hours Sold (in millions)	6,803	6,778
Electric System New Customer Connects	4,514	4,461
Debt Service Coverage		
Electric System Parity Bonds	3.8	4.5
Electric/Generation Parity Bonds	3.5	5.3

## Combined Statements of Net Position (UNAUDITED)

(In millions)

### As of September 30,

	2023				2022
	Electric System	Generation System	Water System	Combined	Combined
Current Assets	\$ 276.9	\$ 9.9	\$ 9.3	\$ 292.7	\$ 256.2
Net Utility Plant	1,484.2	198.9	139.9	1,823.1	1,724.1
Other Assets	461.1	34.5	22.8	493.3	654.0
<b>Total Assets</b>	<b>2,222.2</b>	<b>243.3</b>	<b>172.0</b>	<b>2,609.1</b>	<b>2,634.3</b>
Deferred Outflows of Resources	46.9	2.5	1.2	50.6	24.0
<b>Total Assets &amp; Deferred Outflows</b>	<b>\$ 2,269.1</b>	<b>\$ 245.8</b>	<b>\$ 173.2</b>	<b>\$ 2,659.7</b>	<b>\$ 2,658.3</b>
Current Liabilities	\$ 114.0	\$ 10.1	\$ 2.2	\$ 123.0	\$ 120.3
Long-Term Debt	451.4	60.7	10.0	522.1	546.5
Other Liabilities	99.8	41.1	1.9	117.7	93.7
<b>Total Liabilities</b>	<b>665.2</b>	<b>111.9</b>	<b>14.1</b>	<b>762.8</b>	<b>760.5</b>
Deferred Inflows of Resources	69.7	6.5	2.2	78.4	161.7
Net Investment in Capital Assets	1,129.2	134.0	129.7	1,392.9	1,319.2
Restricted	131.3	15.8	19.5	166.7	210.3
Unrestricted	273.7	(22.5)	7.8	259.0	206.6
<b>Total Net Position</b>	<b>1,534.2</b>	<b>127.3</b>	<b>157.0</b>	<b>1,818.6</b>	<b>1,736.1</b>
<b>Total Liabilities, Deferred Inflows and Net Position</b>	<b>\$ 2,269.1</b>	<b>\$ 245.7</b>	<b>\$ 173.3</b>	<b>\$ 2,659.8</b>	<b>\$ 2,658.3</b>



July > A PUD Tree Trimmer works in Lynnwood to clear branches well away from power lines.



August > PUD squirrel mascot Zip engages with a young customer at the utility's Evergreen State Fair booth.



September > Runners take over the streets of Snohomish for the PUD's Run for Warmth, which raises money for customers in need.

### For additional information

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[snopud.com/investors](http://snopud.com/investors)