

2024  
ANNUAL  
REPORT

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# Greetings

*from the Commissioners*



*Julieta Altamirano-Crosby*  
Julieta Altamirano-Crosby



*Sid Logan*  
Sid Logan



*Tanya Olson*  
Tanya "Toni" Olson

**A**s your publicly elected Board of Commissioners, we are excited to present this 2024 Annual Report. Consistent with our first days of operation, our focus remains on providing our customers affordable and reliable power and water that is both safe and environmentally sustainable.

This year represented a significant milestone for the PUD. We celebrated our 75th anniversary as a public power utility through continued innovation, expansion and engagement. Public power has deep roots in the Pacific Northwest, and we are proud that the PUD has played a pivotal role in building that legacy.

This past year, the PUD has taken critical steps to ensure grid reliability remains strong by approving a future change to its contractual relationship with Bonneville

Power Administration, breaking ground on our next community solar project, restoring power for thousands of customers after an historic storm, distributing millions of dollars worth of bill credits and so much more.

We take great pride in serving and representing the people of Snohomish County and Camano Island. Public power gives customers an active voice in the PUD's policies and services. We are the 12th largest public utility in the U.S. and the second largest in Washington state, serving a population of 877,500 citizens of Snohomish County and Camano Island and the businesses that keep them thriving.

We are pleased to share this 2024 annual report and are proud of the accomplishments of our employees and customers over the past year as we power forward.



# Message

## from the CEO/GM

*John Haarlow*

*"We now have an efficient integrated electric system taking care of the increased electric requirements of the county and properly designed for efficient expansion to serve future growth."*  
– A.J.S. Steele, PUD General Manager, 1959

I'm struck by the words of Mr. Steele and how close they are to what we emphasize with our customers today. Just like then, we are focused on ensuring that the grid we build today will serve the continued growth of our communities tomorrow.

In 2024, we celebrated 75 years as an electric utility. It was a significant year for us as we built on the strong legacy of public power in Snohomish County and Camano Island, developing new programs, completing crucial projects and celebrating all that makes our region and home so great.

We continued to lay the foundation for a strong utility of the future. Our Connect Up program continued deployment of electric and water advanced meters on homes and businesses throughout our service area. Our SnoSMART program, or Secure Modern Automated and Reliable Technology (SMART), was approved and took its first steps toward building a stronger, more reliable grid.

Community engagement continued to be a top priority for us. We hosted our second annual Energy Block Party and many of our customers braved the rainy weather to check out electric vehicles, touch some really cool big trucks (and a helicopter!) and learn about conservation and sustainability. We also held a groundbreaking for our next community solar project, a ribbon cutting at our new Jennings Park Substation and celebrated the new Lynnwood Link Light Rail station.

Teaching the next generation is critical. We unveiled our new Microgrid Educational Exhibit (MEE). Built in partner-



ship with Snohomish County, the MEE will educate students and visitors to our Arlington Microgrid about new energy technologies. We also gathered more than 100 students at our Arlington Training Yard to teach about the many career opportunities in the electric utility industry.

I'm proud of the work we do every day that brings together different PUD work groups to react quickly and best serve our customers. Our talented team dispersed more than \$14 million in funds to our customers in the form of bill credits in just a few months as part of the Washington Families Clean Energy Credits Grant program and Climate Commitment Act.

We did all of this while also taking care of the critical tasks that keep our grid reliable, affordable and environmentally sustainable. We responded to storms – including one of the most significant in our utility's history, completed our 2025 Integrated Resource Plan, assessed the intake gate at our Culmbach Dam during a plant shutdown and much, much more.

To celebrate 75 years, we held monthly drawings for bill credits and also published a decade-by-decade look back at how the PUD has positively impacted Snohomish County and Camano Island on our website.

### The PUD's Five Strategic Priorities

1

Bolster operational reliability and resiliency

2

Enhance and evolve customer experiences

3

Actively help our communities thrive

4

Build a sustainable future with our communities

5

Create the culture and capabilities needed for the future







*The PUD delighting young customers at the Evergreen State Fair in 1977 and 2024.*

# Community Centric

**T**he PUD continues to put our communities at the forefront of all that we do. Our third Strategic Priority states that we will, “Actively help our communities thrive.” In 2024, the PUD continued to do just that!

In honor of our 75th anniversary, we had a monthly drawing for a \$75 bill credit to celebrate our customers that have been with us for the ride. We found other ways to give back too, with our employees working tirelessly with state departments to secure nearly \$20 million to help our most vulnerable customers pay their electric bills – and receive free installations of energy-efficient appliances. We also rebranded Project PRIDE, a program designed to provide grants to individuals who need help paying their energy bills, to the Community Energy Fund as we continue to

try to find ways to help our customers that need it most.

We also continued to host a variety of events, including our annual Energy Block Party, Hydropower Appreciation Day and Run for Warmth. Our engagement extended to other community events, including fairs, festivals and grand openings – like the Lynnwood Link Light Rail Station.

The PUD’s Education Team also continued to work with contracted teachers and update lesson plans that revolve around conservation and safety. The group works with 15 local school districts in the PUD’s service territory, as well as several private schools across Snohomish County. They provide resources and curriculums, as well as field trips and interviews with PUD employees for students.

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## 2024 at a Glance



Hydropower Appreciation Day (May)



Lynnwood Link Light Rail Station (late Aug.)

Evergreen State Fair (Aug./Sept.)



Tulalip Lights and Ice Festival (Nov./Dec.)

Energy Block Party (April)



Education Program – Washington Alliance for Better Schools (June)

Home Electrification & Appliance Rebates and Climate Commitment Act (June)

National Night Out (Aug.)



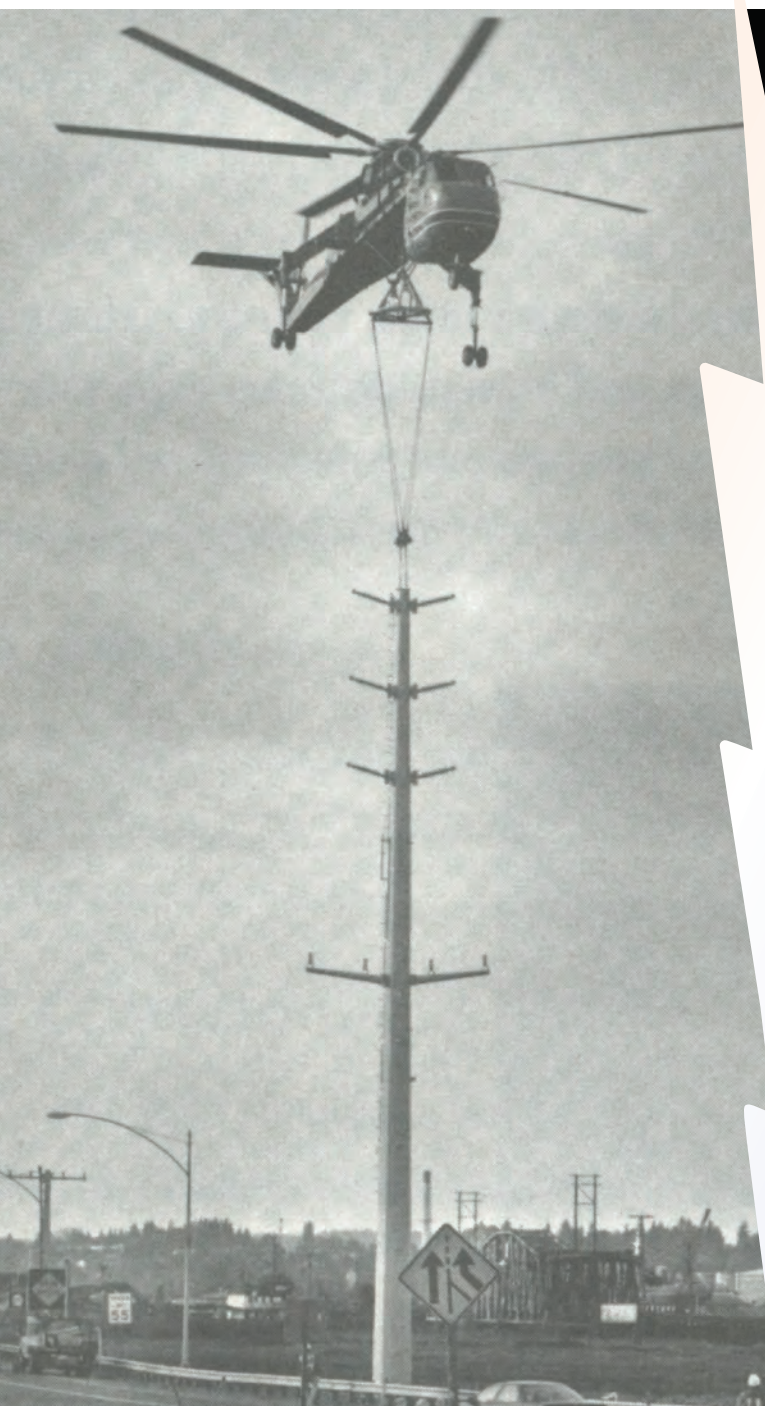
Run for Warmth (Oct.)



### Strategic Priority 3

*Actively Help Our Communities Thrive. The PUD goes out of its way to find ways to help and engage with the communities it serves.*





*Installing new transmission lines around the District, then and now.*

# Future Energy

The PUD continued its mission to build the grid of the future. In 2024, staff worked on multiple projects that will ensure the PUD can continue to provide reliable, affordable and environmentally sustainable electricity for its customers.

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After receiving a \$30 million grant from the U.S. Department of Energy (DOE), the PUD began design, procurement and communication of its SnoSMART program in 2024. SnoSMART will deploy wireless connected smart grid devices and update tools and systems to improve how the PUD monitors, controls and optimizes distribution of electricity.

The DOE grant will greatly accelerate these advancements, which include improving system reliability and resilience, wildfire mitigation and energy burden reduction.

The PUD's Connect Up program continued deployment of electric and water advanced meters in 2024. Despite supply chain issues, the PUD was able to install more than 40,000 electric meters and about 11,000 water meters – which give customers more information and better tools to manage their usage, leak detection and more efficient outage restoration.

Battery storage will be an integral part of the future of energy management in Snohomish County and Camano Island. In July, the PUD announced an energy services contract with clean-tech integrator Ameresco to build and maintain a 25-megawatt/100-megawatt-hour battery energy storage system in Arlington. Construction is slated to begin in 2025.

To better align customer usage and future energy needs, the PUD approved a change of its power product with Bonneville Power Administration. After months of study and analysis, the PUD decided to move from a Slice/Block product to Load Following, giving the PUD additional reliability and financial certainty in this ever-change energy landscape.



Above: PUD staff install a recloser for the SnoSMART program. Right: A Connect Up program van is ready to head out for installs.



### Future Energy By the Numbers

**\$30,000,000**

Amount received from the  
U.S. Dept. of Energy for  
SnoSMART project

**40,849**

Number of advanced  
electric meters currently  
installed for customers

**12,218**

Number of advanced water  
meters currently installed  
for customers



### Strategic Priorities

This work supports several of our strategic priorities. We innovate to build a sustainable future, bolster reliability and resiliency, improve customer experience.



*PUD power lines in 1934 and the Clean Energy Center in Arlington today.*

# Reliability

For the last 75 years, reliability has continued to be a major component of the PUD's mission. Our first Strategic Priority is, "Bolster operational reliability and resiliency." Despite challenging weather, complex energy market conditions and increasing electricity demand, the PUD continued to provide reliable service to all of its customers in 2024.

The PUD's SAIDI, or System Average Interruption Duration Index, a key metric in showing how many out-

age minutes the average PUD customer experienced in a year, was 192.3 minutes, slightly above the previous year and the five-year average. This was due to several factors, including the "Bomb Cyclone Event" storm in November that impacted the data.

The PUD completed numerous capital construction projects and renovations that will serve customers for years to come. In Marysville, the new Jennings Park Substation was energized to help with load growth in the area as we

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continue to plan for the ever-growing electrical load in east Snohomish County. Work was also done to ensure the intake gate at the Culmback Dam was still in good working order after 40-plus years so we can continue to reliably produce clean renewable hydroelectricity at the Jackson Hydro Project.

Every year, on average, the PUD replaces about 500 aging poles, assesses and treats more than 25,000 poles and replaces 20 to 30 miles of aging underground cables throughout the utility's service area. It also trims trees on more than 450 circuit miles each year to maintain a high degree of system reliability.

### Reliability By the Numbers

192.3

SAIDI (average minutes a customer was without power)

1.81

SAIFI (average number of times a customer lost power)

99.964%

ASAI (percent of time power was available to the average customer)

90

number of poles replaced last summer along Highway 530 as part of reliability improvements

1

number of new substations energized to help with load growth



### Strategic Priority 1

*Bolster Operational Reliability and Resiliency. The PUD works year-round to build the grid of our future and ensure energy resource adequacy.*



*Community members take a tour of the Jennings Park Substation at the ribbon cutting event.*



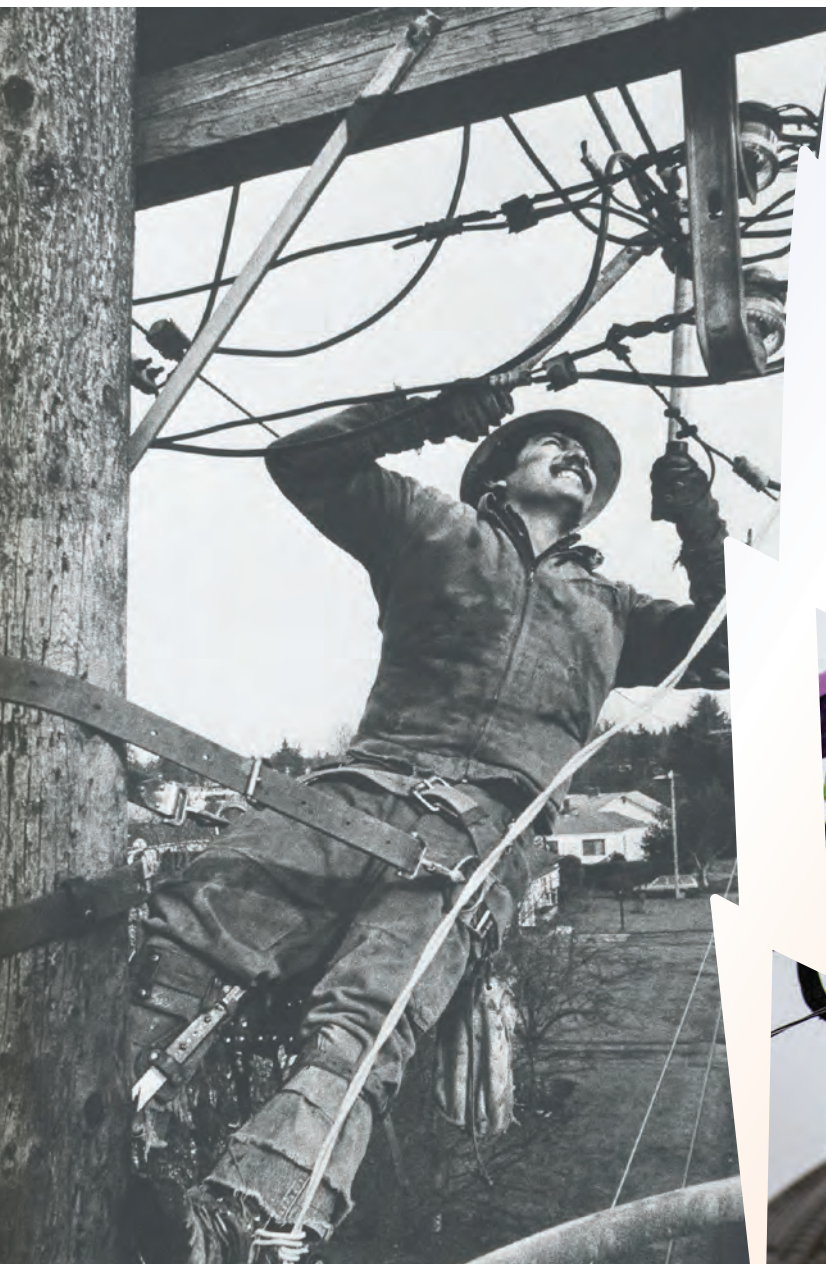
*Staff performed maintenance on the intake gate at the Culmback Dam.*



*PUD staff trim the trees.*







*A lineman working in 1985 and one at a competition in 2024.*

# Safety

The PUD began the year with a safety kickoff meeting. The theme for the year was “be the reason others go home safe.” We continue to focus on the What’s Important Now (WIN) strategy as we strive to achieve our goals of zero injuries and zero risky behaviors.

Our OSHA recordable injury rate for 2024 was 3.82, the lowest recorded

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injury rate in the PUD's history. The severity rate for those injuries was 5.35, also the lowest mark ever for the PUD. The PUD showed how important safety is with its storm response in November. The first major storm in two years brought gusts over 70 miles per hour and, at its peak, had 135,000 reported outages. Over the course of a week, the PUD worked to repair extensive damage throughout Snohomish County and Camano Island and, most importantly, completed it with zero significant injuries.

Our very own Katy Holte, a Lead Customer Service Representative, was awarded the General Manager's Life-Saving award for performing CPR on an unresponsive individual while she was getting lunch with her family one weekend in April. Katy continued CPR until paramedics arrived and were able to fully revive the individual. Her decision to spring into action directly saved the man's life.

Team PUD continues to do all it can to ensure that safety is our number one priority. Our annual Safety Days event included classes and reminders that it is up to us to look out for our coworkers – and communities. Employees at the PUD also launched Women Empowered or WE, a PUD supported employee resource group that is focused on creating a workplace culture and community where all women feel welcomed and valued. We also hired a Wellness Coordinator to make sure that Team PUD is as healthy as it can be!



#### Our Values

*Our safety program directly supports our most important value: Safeguard What Matters.*



#### Safety By the Numbers

42
Number of recordable injuries
3.82
OHSA Recordable Injury Rate
5.35
Severity rate
37
Number of Safety Learning Opportunities utilized to discuss safety at the PUD
3,724,072
Number of miles driven by PUD employees while on the job

*Top: a PUD employee teaches a chainsaw class. Middle: a Women Empowered group member tries climbing a pole with a lineman. Above: an ARC trailer demonstration.*





Our customer service lobby in 1970 and today.

# Customer Experience

The PUD continued its commitment to serving its communities in 2024. The evolving needs and preferences of our customers meant the PUD had to be nimble and lean into a customer-centric focus to deliver excellent experiences and earn loyalty.

The PUD received a bronze Out-

age Communications Award from Chartwell for its new outage alert system. Improvements to the outage alert system in 2024 included custom messaging, survey tools and storm updates through the PUD's outage map. The work included the launch of a proactive outage text alert system late in the year.

The PUD's customer-assistance program was rebranded in 2024. Formerly known as Project PRIDE, the program received a new name: Community Energy Fund. The purpose of the primarily customer-funded program didn't change as it continues to assist community members with one-

time grants to help pay their energy bills. Started in 1982, Community Energy Fund has paid out more than \$3 million to help keep the lights and heat on for PUD customers.

The PUD was one of 20 public power utilities in the nation that was recognized by the American Public Power Association with a Public Power Customer Satisfaction Award. The PUD received a bronze award for receiving high marks from customers in customer service, communication, overall satisfaction and more.

## Customer Experience By the Numbers

159,302

Number of customers who opted-in to get outage alerts

11,176

Number of post-outage survey responses we received

9.39

Average customer rating in that survey (out of 10)

79%

Amount of customer comments that were favorable



## Strategic Priority 2

*Evolve and Enhance Customer Experiences. The PUD consistently strives to find new technology and programs to enhance our customers' experiences.*







*The Conservation Sensation campaign from 2011 and a lighting project with a commercial customer from 2024.*

# Conservation

The PUD continues to demonstrate a commitment to conservation, which ties to our Strategic Objective to “give customers increased flexibility and control over their usage and costs.” The PUD has a robust program portfolio for energy efficiency, saving both the PUD and its customers energy and money. The PUD has seen about 2.2 billion kilowatt-hours (kWh) in first-year savings from incentivized conservation since the program started in 1980. That’s enough electricity to charge 2 million electric vehicles for a year – or to power 260,000 homes for one year.

The PUD’s energy efficiency programs helped reduce

overall residential energy needs by more than 10 million kWh in 2024, saving customers approximately \$1,026,000 (in first-year savings). To help customers achieve greater energy efficiency, the PUD provided product incentives and rebates to residential customers to make energy-saving purchases, including almost 2,800 washers and dryers, almost 300 electric hybrid water heaters, and over 3,000 HVAC and insulation measures including almost 1,200 smart thermostats and connected line voltage thermostats.

Commercial and industrial customers also benefited from the PUD’s energy efficiency efforts. There were nearly 41 million kWh energy-saving business projects in

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2024, reducing overall energy demand by almost 4,300 kW in peak capacity.

The PUD continues to offer bundles of energy-efficient products to income-qualified customers in the PUD's service area. The PUD saw a 127% increase in participation in 2024 since the launch of an online application.

In addition to rebates and incentives, the PUD also partnered with Snohomish County Weatherization to provide no-cost weatherization savings of almost 102,096 kWh to many income-qualified homes in the community, with an average kWh savings of 2,836 kWh per unit.

The PUD remains a Smart Energy Provider (SEP) by the American Public Power Association. The PUD is one of just 70 public power utilities in the nation to earn the designation. SEP designees are recognized for demonstrating commitment to, and proficiency in, energy efficiency, distributed generation and environmental initiatives that support a goal of providing low-cost, quality, safe and reliable electric service.

### Conservation By the Numbers

18 million
kWh energy savings from our Building Efficiency Program
\$154,000
Total amount given out by our Community Energy Fund to help customers pay their energy bills
71,687
Number of Clean Energy Bill Credits for eligible low- and moderate-income families
19,980
Total amount of customers served with our Income Qualified Discount Program in 2024
472
Customers who received free appliances through the Home Electrification and Appliance Rebates (HEAR)



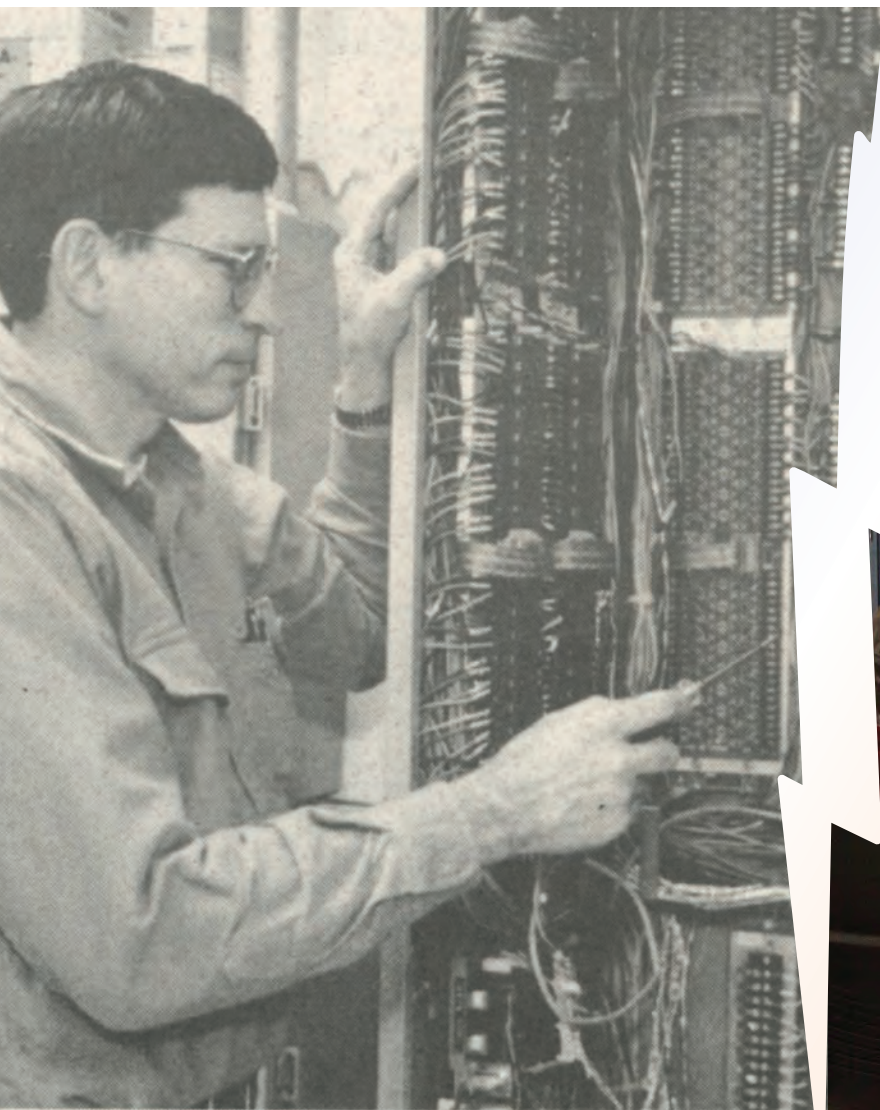
The PUD promotes energy-saving opportunities to customers in many ways, including Facebook posts and advertisements like the ones seen on this page.



### Strategic Priority 2

Our conservation projects support our strategic objective to give customers increased flexibility and control over their usage and costs.





*Managing the power grid, then and now.*

# Financially Sound

As it completed its 75th year as a public power utility, the PUD continued its mission of delivering affordable power and water to customers in 2024 despite numerous challenges and supply-chain issues.

As a not-for-profit utility, the PUD's rates are set to cover its cost of doing business. That includes money for public benefits, including fish and wildlife programs, infrastructure and reliability capital projects. By reinvesting money in the community through energy-efficiency and energy-assistance programs, the PUD partners with and

supports those in need.

Our first Strategic Priority emphasizes, "finding new and innovative ways to bolster our financial reliability."

In December, the PUD's Board of Commissioners approved the 2025 budget for the electric, generation and water systems. The District's electric system budget came in at \$790.9 million, an increase of approximately \$2 million from the year before. To reach its targeted operating spending number, the PUD worked to find ways to reduce the proposed operations budget by \$25 million. This was

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accomplished by the hard work of many across the utility who prioritized projects and identified items that could be eliminated or delayed.

The budget includes a 4.6% general rate increase for 2024—a remarkable achievement considering all of the cost pressures facing the utility industry. The PUD’s residential electric rate decreased to 10.263 cents per kWh, keeping it competitive with other Northwest electric utility rates and well below the national average of 16.54 cents/kWh.

### Finance By the Numbers (and Letters)

**\$790.9 million**

The PUD’s electric system budget

**\$14.4 million**

Amount the PUD received from the Department of Commerce to assist income-qualified customers with their utility bills

**10.263 cents**

The charge per kWh for the PUD’s rates

**5,136**

Number of new electric accounts for the PUD

**203**

Number of new water accounts for the PUD

**AA**

Our bond rating from S&P Global Ratings



### Strategic Priority 1

*The PUD continues to find new ways to bolster our financial stability and ensure operational reliability.*



*Top: crews work on Highway 2. Above: work on the North Camano Substation. Left: crews working the line on Highway 530.*





# Sustainability

*The dedication of the Jackson Hydropower Project and a field trip at Woods Creek Sustainability Center.*

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The PUD takes great pride in reducing our waste through our comprehensive recycling program. In addition to traditional recycling streams, we have programs for recycling transformers, electronic waste, aerosols and other items. In 2024, our programs resulted in the recycling of 14,687 gallons of transformer oil, 1,025 transformers, 2,270 pounds of electronic waste, 5,120 pounds of batteries of various chemistries and 4,924 liner feet of fluorescent light tubes.

Our fourth strategic priority states that we work to “build a sustainable future with our communities.” Recognizing the environmental impact is a critical concern for every project the PUD undertakes.

Last summer, the PUD worked to complete a million-dollar side channel project that will aid juvenile salmon in the Sultan River for years to come. Working under an extremely tight timeline, we worked to excavate over 7,000 cubic yards of materials. The construction was funded by a grant from the Department of Ecology and finished up in time for the annual return of the salmon.

The PUD also continued to maintain the Woods Creek Sustainability Center and Food Forest, with several volunteer events over the course of the year. PUD employees and their families performed planting, pruning and harvesting tasks, which resulted in hundreds of pounds of fresh produce that was donated to local food banks.



*The Sultan side channel project.*



### Sustainability By the Numbers

2,270

Pounds of miscellaneous electronic waste that was recycled

128

Number of spill incidents the PUD responded to

3

Scrapped substation transformers that were recycled to save the PUD money

\$40,977

Amount spent on five projects focused on avian protection that retrofitted four poles and installed flight diverters on 13 spans of wire



*Students explore the Food Forest with PUD staff.*



### Strategic Priority 4

*Build a Sustainable Future with our Communities. Environmental impact is a critical concern for every project the PUD undertakes.*





*PUD staff working on the water system, then and now.*

# Water

The PUD's Water Utility continues to work every day to provide safe and reliable drinking water to more than 23,000 homes and businesses in Lake Stevens and surrounding areas.

In 2024, the Water Utility began construction of the Kayak Reservoir No. 2 that includes replacing the decommissioned concrete reservoir with a new 500,000-gallon welded steel reservoir.

The Water Utility also replaced 2,644 linear feet of 8-inch ductile iron water main, 42 water services and 5 fire hydrants as part of their main replacement program in the Soper Hill area of Lake Stevens.

The Water Utility made tremendous progress toward replacing all water meters with advanced meters through the PUD's Connect Up program. The \$14.3 million project is one of the most significant capital projects in the history

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of the Water Utility. In 2024, Water exchanged more than 8,000 meters with new advanced meters.

Water continues to make treatment plant improvements both at the Lake Stevens and Warm Beach well sites. Activities at Warm Beach included demolition of the existing above ground non-reservoir storage tanks, a stormwater retention pond, building interior demolition, installation of partially buried backwash precast vaults, site piping modifications, new generator installation, and many interior upgrades including work done on the chemical system.

Further efforts to enhance water quality and system redundancy were also worked on out in Warm Beach in the north end of the system. The Water Utility installed approximately 20 linear feet of 6-inch, 1,390 linear feet of 8-inch, and 1,020 linear feet of 12-inch ductile iron main. Additionally, 4 new fire hydrant assemblies, installation of a 6-inch to 8-inch pressure reducing valve, and other project related needs were included.

The PUD's Water Utility connected approximately 200 new customers in 2024 and performed all scheduled preventative maintenance of pump stations, wells, treatment plants and reservoirs. The Water Utility also continued maintenance and diligent water sampling to meet all state and federal water quality requirements and provide safe drinking water for all customers in 2024. They continue to follow the PUD's first Strategic Priority: "Bolster operational reliability and resiliency." Water works every day to ensure the availability of clean water resources.



*Above: PUD staff install a new advanced meter. Right: PUD staff testing the water.*



### Water By the Numbers

**500,000**

Gallons of water Kayak Reservoir No. 2 will contain upon completion of construction

**2,376**

Number of hydrants in the Water Utility's service area

**400**

Miles of pipe the Water Utility maintains

**200**

Amount of new customers in 2024.

**9**

Number of water systems operated



### Strategic Priority 1

*Bolster Operational Reliability and Resiliency. Water works every day to ensure the availability of clean water resources.*

# 2024 PUD Executive Leadership Team



**John Haarlow**  
*Chief Executive Officer/  
General Manager*



**John Hoffman**  
*Chief Customer Officer*



**Lisa Hunnewell**  
*Chief Communications  
Officer*



**Kim Johnston**  
*Chief Government Relations  
& Strategy Officer*



**Scott Jones**  
*Chief Financial Officer*



**Guy Payne**  
*Chief Operations Officer*



**Kristi Sterling**  
*Chief Information Officer*



**Sara Kurtz**  
*Chief Human Resources  
Officer*



**Colin Willenbrock**  
*Chief Legal Officer*



**Jeff Kallstrom**  
*Chief Water Operations  
Officer*



**Jason Zyskowski**  
*Chief Energy Resources  
Officer*

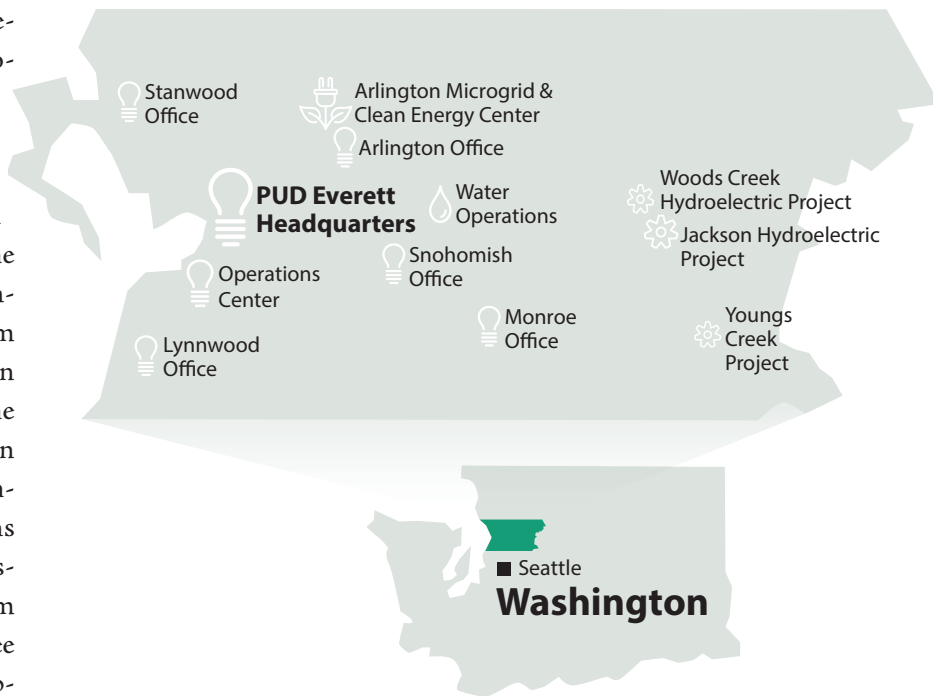




On Nov. 19, 2024, a bomb cyclone hit the Puget Sound that took out power for about 166,000 customers throughout the PUDs service territory. The Lake Stevens, Snohomish, Machias, Lake Roesiger and Three Lakes areas were hit the hardest, but the whole region experienced gusty winds of up to 70 mph. The PUD was proactive in preparing for the storm with crews out working as soon as possible. Restoration took more than seven days to complete.

# A Proud Legacy

**S**nohomish County PUD was created by a majority vote of the people in 1936 to provide electric and water service to Snohomish County and Camano Island. It officially began operations as a water utility in 1947. In 1949, the PUD purchased the electric distribution system for Snohomish County and Camano Island from Puget Sound Power & Light and began serving its new customers. Today, the PUD is the 12th largest public utility in the U.S. and the second largest in Washington state, serving the 877,500 citizens of Snohomish County and Camano Island and the businesses that keep them thriving. The PUD is governed by three elected commissioners who represent separate districts within its service territory.









# Independent Auditors' Report



## Report of Independent Auditors

The Board of Commissioners  
Public Utility District No. 1 of Snohomish County  
Everett, Washington

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of Public Utility District No. 1 of Snohomish County (the PUD), which comprise the PUD's combined and individual statements of net position, and the related combined and individual statements of revenues, expenses and changes in net position and cash flows of the Electric, Generation, and Water Systems, as of and for the year ended December 31, 2024, and the PUD's combined statements as of and for the year ended December 31, 2023, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the combined financial position of the PUD as of December 31, 2024 and 2023, and the individual financial positions of the Electric, Generation, and Water Systems as of December 31, 2024, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the PUD and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the PUD's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's reports that include our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the PUD's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the PUD's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audits.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the accompanying management's discussion and analysis, schedule of proportionate share of the net pension liability – PERS, schedule of employer contributions – PERS, and schedule of changes in total other post-employment benefits (OPEB) liability and related ratios, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

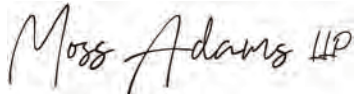


### ***Other Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the PUD's basic financial statements. The accompanying schedules of Electric System – statements of revenues, expenses, and debt service coverage, Electric System – revenue and statistical data, and Water System – statements of revenues, expenses, debt service coverage, and statistical data are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the combined financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 4, 2025, on our consideration of the PUD's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the PUD's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the PUD's internal control over financial reporting and compliance.



Everett, Washington  
April 4, 2025

# Management's Discussion and Analysis (Unaudited)

The following discussion provides an overview of Public Utility District No. 1 of Snohomish County (the PUD) financial activities for the years ended December 31, 2024 and 2023. This unaudited discussion is designed to be used in conjunction with the financial statements and notes, which follow this section.

## Financial Highlights

### Combined Operating Results

The PUD's combined net operating income for 2024 was \$22 million, a \$26 million decrease from \$48 million in 2023. Combined net income decreased from \$95 million in 2023 to \$67 million in 2024, a 29.5% decrease. Net income was influenced by a \$22 million decrease in miscellaneous service revenue from three primary sources in 2024: (1) Due to the Bonneville Power Administration's (BPA) exceptional financial performance during fiscal years 2022 –2023, its Power Reserves Distribution Clause (RDC) program provided \$11 million in 2024, which was a decrease of \$14 million from 2023, (2) BPA's Energy Conservation Agreement (ECA) provided \$3.5 million less revenue in 2024 than in 2023, and (3) The PUD saw a decrease of \$5.9 million in the Residential Exchange Program (REP) revenue from 2023 to 2024.

Combined net operating income decreased from \$72 million in 2022 to \$48 million in 2023. Combined net income in 2022 was \$94 million and saw modest growth to \$95 million in 2023. The PUD benefitted from higher interest rates in 2023, resulting in a \$31 million increase in interest income from 2022. Of this increase, \$21 million is attributable to non-cash fair market value adjustments made to the PUD's investments. Net income was influenced by an increase of \$25 million in miscellaneous service revenue from two primary sources in 2023: (1) Due BPA's exceptional financial performance during fiscal year 2021–2022, its RDC provided \$21 million and (2) BPA's ECA provided \$5.0 million.

The average number of Electric System accounts increased from 377,270 in 2023 to 381,511 in 2024, a 1.1% increase. New electric service connections were 5,136 in 2024, compared to 4,648 in 2023. The majority of new connections in 2024 and 2023 were from residential units.

Retail megawatt hours (MWh) provided to customers increased 0.2% from 6,799,853 MWh in 2023 to 6,811,055 MWh in 2024, compared to a 0.6% increase from 2022 to 2023. The increase in both 2023 and 2024 were primarily caused by modest gains in residential and commercial MWh consumption.

Combined retail sales in 2024 were \$741 million, \$60 million higher than the \$681 million realized in 2023, higher still than the \$670 million experienced in 2022. This increase in 2024 was primarily attributable to \$47 million in residential and commercial retail energy sales. A notable area of increase was the PUD base charges. The first year that PUD realized twelve months of the base charge was in 2023. The PUD's Board of Commissioners (Commission) approved a rate structure change that became effective April 1, 2023, which increased the base charge, resulting in \$30 million in base charge revenue for 2023. Additionally, the Commission approved further increases to the base charge that became effective April 1, 2024, resulting in \$59 million in base charge revenue for 2024. The PUD's base charge is designed to better align rate recovery with the sources of fixed costs it incurs on behalf of customers, including meter maintenance and billing. The base charge results in more predictable and stable bills for our customers and revenue for PUD, which will allow the PUD to focus on keeping rates low.

The PUD sells surplus power into wholesale power markets to balance resources with customer loads. Combined wholesale revenue was \$105 million in 2024 compared to \$73 million in 2023 and \$74 million in 2022. Although regional energy demand remained consistent, energy supply was diminished, increasing wholesale revenue prices on average in 2024. Additionally, high natural gas prices drove an increase in energy prices from other generating sources. The Electric System sold \$14 million of excess transmission capacity in 2024 and \$13 million in 2023.

Combined other operating revenue was \$44 million in 2024, a decrease of \$21 million from \$65 million in 2023. Of this decrease, \$22 million is attributable to miscellaneous service revenue decreases as noted above. Combined other operating revenue was \$65 million in 2023, an increase of \$28 million from 2022.

Combined operating expenses were \$867 million in 2024. This included \$409 million in purchased power costs, which was \$29 million more than the prior year. The rise in costs was primarily due to extreme cold temperatures in Western



Washington in January 2024, which led to unusually high wholesale market prices. Additionally, the PUD's adoption of higher energy and capacity reserves in May 2024 contributed to increased market purchases to ensure sufficient energy for forecasted loads.

Combined operating expenses were \$770 million in 2023. These expenses include \$380 million in purchased power costs, an increase of \$45 million from the prior year. This large increase in cost was the result of a very cold and long-lasting winter, followed by rapid warming that preceded a quick water runoff evolution. The 2023 summer months were quite warm, and Western Washington experienced a lack of precipitation from late June to late September. Power supplied by BPA from Block and Slice products was down by approximately 12% from the prior year due to the lack of available water for generation. This required the PUD to purchase power on the market, typically at a premium price.

Interest income, excluding fair market value adjustments, increased from \$18 million in 2023 to \$21 million in 2024. This increase of 17% is consistent with changes in interest rates observed in the broader economy. The PUD's cash reserve portfolio is invested in securities and deposits authorized by Washington State statute and is managed according to the PUD's cash reserve and investment policies. During 2023, the PUD's interest income, excluding fair market value adjustments, increased to \$18 million from \$7.7 million in 2022.

## Electric System

### Electric System Rates

#### General Rates

Effective April 1, 2023, the PUD raised the base charge on all connection types. The PUD has elected to reduce per kilowatt hour charges as base charges increase. Effective November 1, 2023, the PUD implemented a 1.4% system-wide average revenue adjustment to pass through the increased costs of purchased power from BPA to customers.

Effective April 1, 2024, the PUD implemented a 4.6% system-wide average revenue adjustment. Among the largest rate class categories, the residential class saw a 4.9% increase, small general service a 4.1% increase, medium general service a 3.6% increase, and large primary service a 5.1% increase.

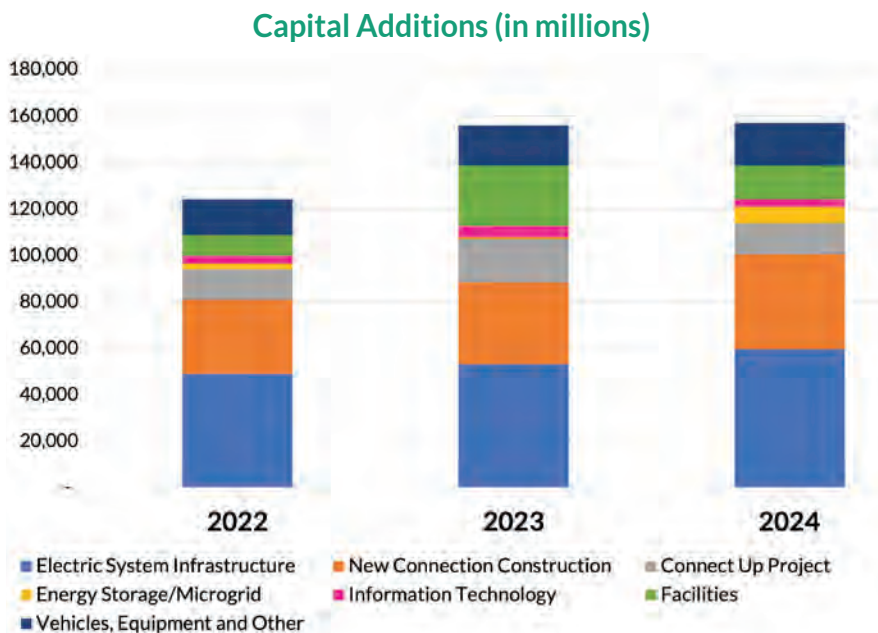
#### BPA Rates

BPA's wholesale electricity is generated from federally owned hydroelectric projects in the Columbia River basin and one non-federal nuclear power plant. In 2024, BPA provided approximately 75% of the energy resources used by the PUD to serve its customers compared to 78% in 2023. Power purchases from BPA were \$239 million in 2024 and \$242 million in 2023, respectively. The \$3 million decrease purchased about 659 thousand more megawatts year over year.

At the end of 2023, BPA provided a distribution of cash reserves to preferred buyers of energy. The financial performance from BPA gives their administrators the discretion to apply RDC amounts to rate reduction, incremental capital investment, debt reduction, or other high value purposes. This resulted in the PUD receiving the benefit of \$12 million from December of 2023 through September of 2024. The PUD has recorded these transactions as other operating revenue.

### Capital Investments – Customer Growth

The PUD makes significant investments in capital programs each year to maintain, expand, and enhance its electric distribution system. The number of customers continues to grow in the PUD's service area. The need for electric distri-



bution infrastructure and facilities to serve customers and assure reliability is expected to continue. Electric System capital additions were \$159 million in 2024 and \$158 million in 2023.

In 2024, the PUD managed nineteen substation projects at various design stages, with ten under some form of construction. The larger projects included the completion and energization of the Jennings Park Substation, the completion of civil construction on both the new Crosswind Substation and the Camano Substation rebuild, and the completion of the Clearview Substation switchgear replacement. Additionally, six substation reliability projects were completed in 2024.

To improve the reliability and safe distribution of energy, the PUD continued to replace infrastructure that has reached the end of its useful life. In 2024, 525 distribution poles, 92 transmission poles, and 5.8 miles of cable were replaced.

Key projects in 2023 include site, civil, and electrical construction completed on the Sky Valley substation. Harbour Pointe Bank 1 upgrade is completed, energized, and serving customers. The addition of Bank 2 at Edgecomb is energized and supporting new load in North County. The PUD completed ten substation reliability upgrades. Construction of a new 5.3-mile transmission line from Stanwood to Camano Island is under way. The PUD, to improve the reliability and safe distribution of energy, continued to replace infrastructure that has reached its useful life. In 2023, 573 distribution poles, 25 transmission poles, and 6.9 miles of underground cable were replaced.

### Capital Funding and Debt Levels

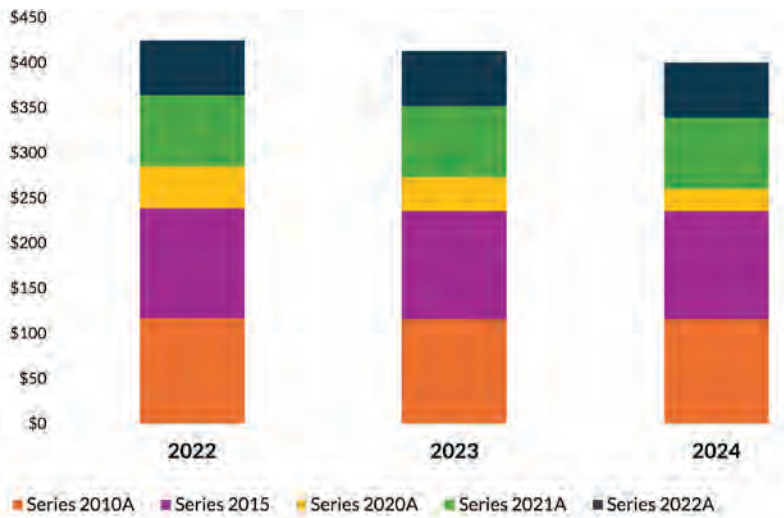
The PUD utilizes a combination of revenues, cash reserves, grants, and Revenue bonds to fund investments in the electric distribution and transmission system infrastructure. In addition, the PUD receives capital contributions from developers to fund infrastructure construction directly related to growth.

In June 2021, the Electric System issued \$79 million of Series 2021A Revenue bonds, the first sale of new money tax-exempt bonds since 2015. The bonds, which have a final maturity of 2051, were sold at an average interest rate of 1.5%, benefiting from a historically low long-term interest rate environment and strong bond ratings. In July 2022, the Electric System issued \$61 million of Series 2022A Revenue bonds with a final maturity of 2052 and an average interest rate of 3.4%. Proceeds from the bond sales are being used to fund qualifying additions, replacements, and improvements to the Electric System, including construction and upgrades relating to the electric distribution system, the Connect Up advanced meter project, and development of the PUD’s North County community office. By March of 2024, proceeds from the previously issued Series 2021A were fully expended. The PUD expects proceeds from the 2022A bonds to be fully expended in 2025.

In conjunction with the 2022A bond sale, S&P and Moody’s, two major bond rating agencies, affirmed the PUD’s bond ratings of AA and Aa2, respectively.

Long-term debt of the Electric System, including current maturities, totaled \$400 million as of December 31, 2024, compared to \$413 million in 2023 and \$425 million in 2022.

Electric System Revenue Bonds (in millions)



### Martin Luther King Weekend Freeze

In January 2024, Western Washington experienced some of its coldest temperatures since 1990. These extreme cold temperatures significantly impacted electricity demand, as many residents and businesses rely on electric heating. Consequently, the PUD had to purchase a substantial amount of energy from the open market to meet this increased demand. Throughout January, the PUD purchased 183 thousand megawatts of energy. During this period, energy prices hit the soft cap limit of \$1,000 per megawatt, compared to the PUD average price of about \$294 per megawatt. Overall, the PUD spent approxi-



mately \$54 million on open market energy in January 2024, compared to \$9.3 million in January 2023.

## Bomb Cyclone Event

In November 2024, Western Washington experienced a storm system known as a bomb cyclone, characterized by a rapid drop in barometric pressure in a short period of time that intensified the impact of powerful winds. Sustained winds reached speeds of fifty-two miles per hour, with gusts up to seventy miles per hour. These strong winds, blowing in an unusual wind direction from the east, combined with waterlogged soil, caused many trees to fall, damaging homes, businesses, PUD infrastructure, and resulting in widespread power outages. During the storm, at the peak of the outages, the number of customers impacted was approximately 165 thousand.

The PUD received mutual aid from across the region to help restore power. The response included fourteen PUD line crews, nineteen service crews, twenty-three mutual aid crews, two contract line crews, two PUD tree crews, and fifteen contracted tree crews. Over seven days, these crews worked a total of 42 thousand hours without any reportable injuries. They used twenty-two miles of wire, replaced 102 poles, and replaced 112 transformers. The total cost of the event was approximately \$15 million, and it is pending recognition from the Federal Emergency Management Agency for cost recovery efforts.

## Guam Mutual Aid

In May 2023, the island of Guam was struck by Typhoon Mawar. Mawar was the strongest storm to strike the island in twenty years; wind speeds surpassed 130 miles per hour and impacted nearly all of island's 52 thousand electrical customers. Guam Power Authority (GPA) reached out to the American Public Power Association for mutual aid assistance. In response, the PUD dispatched its personnel and equipment to the restoration effort including fifteen-line workers, equipment operators, and mechanics, two bucket trucks, and a mechanic truck. PUD personnel contributed over 9 thousand labor hours and repaired several miles of a major transmission line that services critical operations such as a hospital and United States (U.S.) military base. PUD equipment was returned, and GPA reimbursed the PUD \$2.5 million in related expenses.

## Connect Up Project

In August 2020, the Commission approved the Connect Up program. This infrastructure and technology project includes installation of new meters capable of two-way communication. The installation process is scheduled to be completed in 2026, as every PUD customer is slated to receive a new meter. The initial network will consist of 149 base stations dispersed throughout the service territory on existing or new poles or towers. Due to supply chain constraints sourcing meters, the PUD has delayed components of this project. Upon the project's completion, the PUD will have deployed over 385,000 new electric meters and 25,000 water meters.

Benefits for the Electric System include improved system visibility, outage responses, and system efficiency. The PUD's Water System customers will be able to identify leaks, track hourly and daily consumption, and better manage water usage.

The total project costs are currently estimated at \$93 million and will be primarily funded by bond proceeds. As of December 31, 2024, the PUD has expended \$53 million on this project.

## Washington Families Clean Energy Credits Grant

In May 2024, the PUD was awarded a \$14 million grant from the Washington State Department of Commerce, as part of the Washington Families Clean Energy Credit Program, dedicating \$150 million statewide to assist low-to moderate-income households with the clean energy transition. This initiative provided funding for bill credits of \$200 per household to eligible residential customers through their electric utility provider. In 2024, the PUD received and distributed the \$14 million grant to eligible residential customers in the PUD's service area. Households with income less than 150% of the area median income qualify as low or moderate income. These funds were distributed to over 71 thousand accounts, helping to offset current and future balances and lifting more than 1 thousand customers out of distressed status. To be eligible for the balance adjustment, residential customers needed to be enrolled in one of several approved programs, such as Low-Income Home Energy Assistance Program, Community Energy Fund (formerly Project Pride), Income Qualifies, Budgeted Payments, or through a formal self-attestation process.

## South Everett Community Solar Array - El Sol al Alcance de Tus Manos (The sun at your fingertips) Grant

In December 2024, the PUD completed a 375-kilowatt solar array installation at Walter E Hall Park on Casino Road in Everett, Washington. The PUD will donate all the solar-generated kilowatts to the Community Energy Fund over a fifteen-

year lease with the City of Everett. This project utilizes Distributed Energy Resources (DER) as a non-wire alternative, advancing the PUD’s DER planning efforts. The solar array aims to reduce summer peaking demand on PUD circuits in the Casino Road area. The project received initial funding of \$868 thousand from the Washington State Department of Commerce’s Clean Energy Fund 3 Low-Income Community Solar Deployment Grant, including American Recovery and Reinvestment Act funding from the U.S. Department of Energy (DOE), with an additional \$652 thousand from PUD cost share funds. Further funding of \$400 thousand is being provided by the Washington State University Community Solar Expansion Program. The PUD also plans to use Inflation Reduction Act Direct Tax credits to lower the total project costs.

### Snohomish County PUD’s Secure Modern Automated and Reliable Technology Project (SnoSMART) Grant

In October 2023, the PUD was awarded \$30 million from the DOE Grid Deployment Office for SnoSMART. The contract was signed in September 2024, with \$33 million in PUD cost share funds allocated for the project. This project aims to fast-track a twenty-year plan into just five years.

SnoSMART is an infrastructure and software endeavor designed to enhance the PUD’s system reliability, mitigate wildfire risks, and enable demand management. It will revolutionize system visibility and control for grid operators, further prepare the grid for transportation and building electrification, and improve the integration of DER through advanced system planning. The project involves deploying hundreds of wireless-connected smart grid devices to the distribution grid and upgrading the software tools to operate them. Supervisory Control and Data Acquisition, Advanced Distribution Management System, and the Distribution Automation Infrastructure will work together to create improved information and planning tools with new data analytics, moving toward a smarter grid.

### Generation System

#### Henry M. Jackson Hydroelectric Project (Jackson Project) Maintenance and Capital Improvement

In 2024, as part of the Jackson Project’s Federal Energy Regulatory Commission license obligations, approximately 2 thousand feet of side channel was added along the Sultan River. This million-dollar project, funded by a Department of Ecology grant, extends the existing 12 thousand feet of side channel, providing resting space for fish during their annual migratory journeys. This is one of many PUD projects to preserve and enhance habitats within our service area.

In September 2024, Jackson Project underwent a planned shutdown, allowing the PUD to inspect the intake gate for the Culmback Dam at Spada Lake for the first time in twenty years. The gate, which controls water flow, was found to be in good condition. This inspection was one of several projects completed during the shutdown.

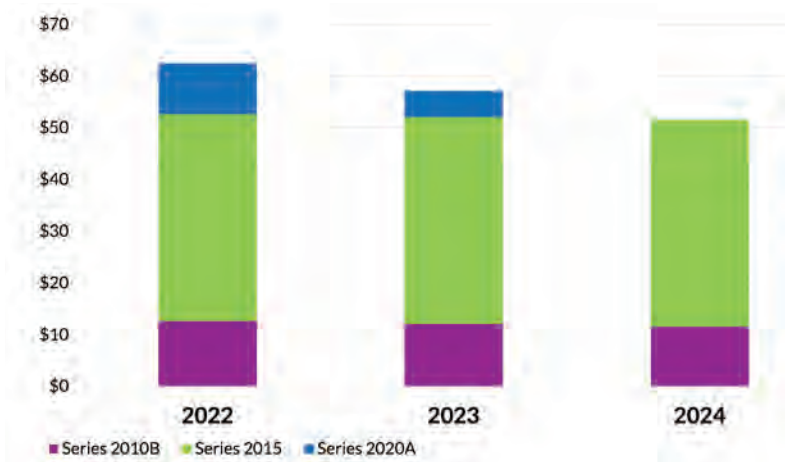
In June 2023, the PUD completed the replacement of forty-eight-inch and ten-inch cone valves. The valves are used to maintain minimum flows of water on the Sultan River, which is a crucial component to maintaining water levels for natural resource operations to maintain healthy flows for migratory fish. These valves have a useful life of sixty years and will provide continued serviceability of the Jackson project. The valve replacement cost was approximately \$3.2 million as of December 2023 and involved PUD planning resources from September of 2020 through October of 2023.

The Jackson Project is embarking on a multiyear switchyard transformer redesign project to increase the facility’s reliability, resiliency, and overall service life. This project is expected to cost \$9.3 million and be completed in 2028.

#### Debt Levels

Debt levels in the Generation System continue to decline. Long-term debt for the Generation System, including current maturities, totaled \$52 million as of December 31, 2024, compared to \$57 million in 2023, and \$63 million in 2022. The Series 2020A Revenue bonds were fully paid off in 2024.

Generation System Revenue Bonds (in millions)





## Water System

### Water System Operating Results

In 2024, retail sales for the Water System remained steady at \$15 million in 2024, the same as it was in 2023. Although water retail rates increased in March 2024, this was balanced by a decrease in water usage, causing revenue to be flat. This stability followed an increase from \$14 million in 2022. The revenue growth in 2023 was driven by higher water residential rate and customer growth. The Water System added 203 and 257 customer connections in 2024 and 2023, respectively.

Operating expenses increased slightly from \$16 million in 2023 to \$17 million in 2024, following an increase of \$1.7 million in 2023 from 2022. The 2024 increase was the result of higher operations and maintenance costs of \$1.5 million, partially offset by lower purchased water of \$0.5 million. The 2023 increase resulted from higher purchased water due to a shutdown of the Lake Stevens Well, as well as higher operation and maintenance costs. The Lake Stevens Well was shut down due to a failure of pump motors. The extended nature of the shutdown was a result of longer than normal lead times for replacement parts. The well was back in operation in May of 2023, but the PUD did not see usual production until June of the same year.

Water System capital contributions were \$4.0 million in 2024, an increase of \$1.1 million from the \$2.9 million in 2023, but lower than the \$4.9 million in 2022. The 2024 increase indicates a strengthening in developer activity after previous periods of rising interest rates and supply chain constraints in the central Snohomish County area that the Water System serves.

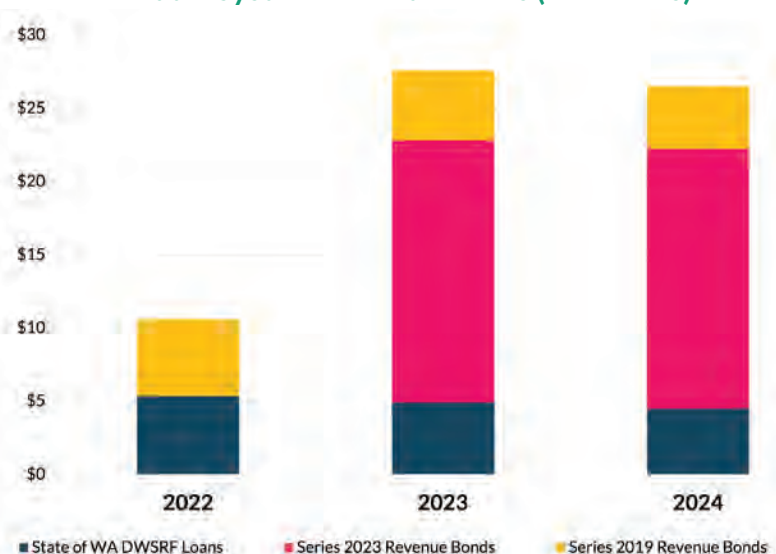
### Capital Funding and Debt Levels

The PUD utilizes a combination of revenues, cash reserves, grants, Washington State loans, and Revenue bonds to fund Water System capital improvements. In addition, the Water System receives capital contribution fees from developers to address growth in the Water System service area.

In October 2023, the Water System issued \$18 million of Series 2023A Revenue bonds. The bonds, which have a final maturity of 2043, were sold at an average interest rate of 4.2%. Proceeds of the bond sale are being used to fund qualifying additions, replacements, and improvements to the Water System, including construction and upgrades relating to the water distribution system and the Connect Up advanced meter project. The PUD expects proceeds to be fully expended in 2026.

Long-term debt of the Water System, including current maturities, totaled \$27 million as of December 31, 2024, compared to \$28 million in 2023, and \$11 million in 2022.

Water System Revenue Bonds (in millions)



# Overview of the Financial Statements

## Basic Financial Statements

The Combined Statements of Net Position present the PUD's net position as the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. The Combined Statements of Net Position provide information about the nature and amount of investments in resources (assets), the consumption of net assets in one period that are applicable to future periods (deferred outflows of resources), the obligations to creditors (liabilities), and the acquisition of net assets that are applicable to future periods (deferred inflows of resources).

The Combined Statements of Revenues, Expenses, and Changes in Net Position report the revenues and expenses during the periods indicated and identify operating activity separately from non-operating activity.

The Combined Statements of Cash Flows provide information about the PUD's cash flows from operating activities, capital, and related financing activities, investing activities, and non-capital financing activities, and presents a reconciliation of net operating income to net cash provided by operating activities.

## Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the figures provided in the basic financial statements.

## Financial Analysis

Analysis of the comparative financial information is provided in the following table:

## Condensed Combined Financial Information

(In millions)

	2024	As restated 2023	As restated 2022
Current Assets, Investments, and Special Funds	\$ 664	\$ 716	\$ 763
Net Utility Plant	1,947	1,856	1,761
Other Assets	56	82	85
<b>Total Assets</b>	<b>2,667</b>	<b>2,654</b>	<b>2,609</b>
Deferred Outflows of Resources	58	44	51
Current Liabilities	151	136	157
Long-Term Debt	500	521	525
Other Liabilities	103	107	115
<b>Total Liabilities</b>	<b>754</b>	<b>764</b>	<b>797</b>
Deferred Inflows of Resources	29	60	84
Net Investment in Capital Assets	1,462	1,417	1,366
Restricted	96	223	220
Unrestricted	384	234	193
<b>Net Position</b>	<b>\$ 1,942</b>	<b>\$ 1,874</b>	<b>\$ 1,779</b>
Operating Revenues	\$ 889	\$ 819	\$ 781
Operating Expenses	866	771	709
<b>Net Operating Income</b>	<b>23</b>	<b>48</b>	<b>72</b>
Interest Charges	21	20	14
Other Income and Expense	28	33	3
<b>Net Income (Loss) before Capital Contributions</b>	<b>30</b>	<b>61</b>	<b>61</b>
Capital Contributions	38	34	33
<b>Net Income</b>	<b>68</b>	<b>95</b>	<b>94</b>
Net Position, Beginning of year	1,874	1,779	1,685
<b>Net Position</b>	<b>\$ 1,942</b>	<b>\$ 1,874</b>	<b>\$ 1,779</b>



## Assets

Current assets, investments, and special funds decreased \$52 million in 2024. This decline was primarily due to reductions in special funds that were partially offset by increases in current assets and investments. Current assets, investments and special funds decreased \$47 million in 2023 from 2022 balances.

As of December 31, 2024, and 2023, the PUD had approximately \$1.9 billion invested in a broad range of net utility capital assets. Utility capital assets, reported as net utility plant on the Combined Statement of Net Position, include five operating hydroelectric power generation plants, one biofuel generator, electric transmission and distribution lines, substations, water transmission and distribution pipes, storage and pump station facilities, buildings, and equipment. Utility plant additions were \$181 million in 2024 and \$173 million in 2023, reflecting investments in the distribution and transmission systems, including construction associated with growth and general facilities of the PUD. The increase in utility plant was offset by \$29 million and \$11 million due to routine retirements and transfers in 2024 and 2023, respectively. Accumulated depreciation and amortization increased \$61 million and \$66 million due to annual depreciation and amortization expense along with routine plant asset retirements and transfer activity in 2024 and 2023, respectively. For additional details on capital assets, see footnote 4. Other assets decreased \$26 million in 2024 and decreased \$3.2 million in 2023. Changes in lease asset receivables contributed \$14 million, while net pension assets accounted for \$11 million of the decrease from 2023 to 2024.

## Deferred Outflows of Resources

Deferred outflows of resources increased to \$58 million in 2024. This resulted from net increases of \$15 million in the other post-employment benefits (OPEB) and net pension liability deferrals in 2024. The PUD experienced a \$1.2 million decrease on the unamortized loss on the refunding of debt.

Deferred outflows of resources decreased to \$44 million in 2023 from \$51 million in 2022. This resulted from net decreases of \$7.3 million in the OPEB and net pension liability deferrals in 2023 and unamortized loss on the refunding of debt.

## Liabilities

Current liabilities increased \$15 million in 2024, primarily due to an \$8.1 million rise in accounts payable balances and an \$7.6 million increase in other accrued liabilities. The accounts payable increase was mainly driven by a \$4.1 million rise in outstanding purchase power invoices. The increase in other accrued liabilities was attributed to compensated absences. Current liabilities decreased \$22 million in 2023 resulting from lower vendor payable balances primarily from market power purchases in 2022.

Long-term debt decreased \$21 million and \$4.0 million in 2024 and 2023, respectively. The smaller decrease in 2023 long-term debt levels is the result of the issuance of 2023 Water System bonds. In 2024 without the issuance of new debt the PUD resumed normal declines in the long-term debt balance. For additional details on long-term debt, see footnote 7.

Total other liabilities decreased \$4.1 million in 2024 and decreased \$7.7 million in 2023 primarily due to actuarial valuation changes in post-employment liabilities.

## Deferred Inflows of Resources

Deferred inflows decreased \$31 million in 2024, primarily due to changes in the valuation of lease contracts and decreased \$24 million in 2023, primarily due to changes in the valuation of the net pension deferrals.

## Net Position

Net investment in capital assets increased \$45 million and \$51 million in 2024 and 2023, respectively, reflecting the growth in net utility plant.

Restricted net position represents resources that are subject to external restrictions, such as bond covenants or third-party contractual agreements, and resources restricted by a Commission resolution. Restricted net position decreased \$128 million in 2024 and increased \$3.3 million in 2023 due to changes in the actuarial valuation of a net pension asset. In 2024, the PUD reclassified the rate stabilization fund from restricted to unrestricted following a resolution by the Commission.

Unrestricted net position is available to finance day-to-day operations without constraints established by covenants, legal requirements, or the Commission's resolutions. Unrestricted net position increased \$150 million in 2024 due to the changes in recognition of post-employment liabilities, material inventory, and the reclassification of the rate stabilization fund. Unrestricted net position increased \$41 million in 2023 due to the changes in recognition of post-employment liabilities.

## Operating Revenues

Operating revenues increased to \$889 million in 2024, from \$819 million in 2023. Retail revenues increased \$60 million in 2024 due to increases in billed residential and commercial revenues. Wholesale revenues increased \$31 million primarily due to the PUD's adoption of higher energy and capacity targets in May 2024. The increased targets generally resulted in higher volumes of market sales as the PUD aligned their energy position with the observed system loads. Other operating revenues declined by \$21 million, primarily due to reductions in BPA programs such as the RDC, ECA, and REP.

Operating revenues increased to \$819 million in 2023, from \$781 million in 2022. Retail revenues increased \$11 million in 2023 due to increases in billed residential and commercial revenues. Wholesale revenues decreased \$734 thousand due to decreases in power available for sale in the wholesale market. The largest contributor to the changes in operating revenues were the changes from other operating revenues. This consisted of changes in revenues from BPA programs including the RDC, ECA, and REP.

## Operating Expenses

Operating expenses increased \$97 million in 2024 to \$867 million from \$770 million in 2023. During 2024, purchased power costs increased by \$29 million. One major cold snap in January 2024 required significant purchases of power at high premiums. The PUD deferred budgeted maintenance and capital projects to help alleviate the high prices being paid for energy. Operations and maintenance costs increased by \$63 million which can be attributed to repairs and general operating of PUD infrastructure.

Operating expenses increased \$61 million in 2023 to \$770 million from \$709 million in 2022. During 2023, purchased power costs increased by \$45 million due to a particularly poor water year. The PUD, like many other utilities in the Northwest, saw a poor water year with remarkably high prices on the open market. The PUD deferred budgeted maintenance and capital projects to help alleviate the high prices being paid for energy. Operations and maintenance costs still increased by \$11 million which can be attributed to repairs and general operating of PUD infrastructure.

## Interest Charges

Interest charges rose by \$382 thousand from 2023 to 2024.

Interest charges increased \$5.8 million from 2022 to 2023.

## Other Income and Expense

Other income and expense had a slight decline to \$28 million in 2024 from \$33 million in 2023. This is the result of an overall reduction of interest rates observed in the broader economy.

Other income and expense increased significantly to \$33 million in 2023 from \$2.6 million in 2022. This is the result of higher interest rates observed in the overall economy.

## Capital Contributions

Capital contributions increased by \$3.9 million in 2024 and \$0.6 million in 2023. Capital contributions are collected from property developers when they request to connect to the PUD's electric or water distribution systems or request engineering or construction services. The PUD collected an increase of \$3.4 million in cash contributions where the remainder of the change came from non-cash contributions.

## Requests for Information

The basic financial statements, notes, and management's discussion and analysis are designed to provide a general overview of the PUD's finances. Questions concerning any of the information provided in this report should be directed to the PUD at 2320 California Street, Everett, WA 98201.



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## Combined Statement of Net Position

December 31, 2024 and 2023

(In thousands)

	2024				2023
	Electric System	Generation System	Water System	Combined	Combined
<b>Assets</b>					
<b>Current Assets:</b>					
Cash and temporary investments:					
Cash and cash equivalents	\$ 56,362	\$ 5,644	\$ 3,183	\$ 65,189	\$ 54,104
Temporary investments	114,561	2,245	986	117,792	77,331
<b>Total Cash and Temporary Investments</b>	<b>170,923</b>	<b>7,889</b>	<b>4,169</b>	<b>182,981</b>	<b>131,435</b>
Accounts and other receivables, net	104,250	95	1,997	106,342	107,063
Intersystem loans receivable	2,425	-	-	-	-
Materials and supplies	72,969	-	2,634	75,603	61,631
Prepayments and other	11,653	392	194	12,239	8,558
<b>Total Current Assets</b>	<b>362,220</b>	<b>8,376</b>	<b>8,994</b>	<b>377,165</b>	<b>308,687</b>
<b>Long-Term Investments &amp; Special Funds:</b>					
Long-term investments	152,637	5,816	2,664	161,117	106,358
Special funds – bond funds and other	85,073	11,210	29,534	125,817	301,093
<b>Total Long-Term Investments &amp; Special Funds</b>	<b>237,710</b>	<b>17,026</b>	<b>32,198</b>	<b>286,934</b>	<b>407,451</b>
<b>Utility Plant:</b>					
Plant in service	2,427,947	366,937	196,318	2,991,202	2,832,441
Construction work in progress	172,597	3,565	7,791	183,953	191,152
<b>Total Utility Plant</b>	<b>2,600,544</b>	<b>370,502</b>	<b>204,109</b>	<b>3,175,155</b>	<b>3,023,593</b>
Accumulated depreciation and amortization	(1,000,295)	(174,144)	(53,796)	(1,228,235)	(1,166,796)
<b>Net Utility Plant</b>	<b>1,600,249</b>	<b>196,358</b>	<b>150,313</b>	<b>1,946,920</b>	<b>1,856,797</b>
<b>Other Assets:</b>					
Conservation loans and other receivables, net	-	-	201	201	245
Lease asset receivable	5,330	-	350	5,680	20,101
Intersystem loans and receivables	22,630	-	-	-	-
FERC licenses	-	12,882	-	12,882	13,426
Net pension assets	34,311	627	1,018	35,956	46,833
Other assets	796	356	-	1,152	1,014
<b>Total Other Assets</b>	<b>63,067</b>	<b>13,865</b>	<b>1,569</b>	<b>55,871</b>	<b>81,619</b>
<b>Total Assets</b>	<b>2,263,246</b>	<b>235,625</b>	<b>193,074</b>	<b>2,666,890</b>	<b>2,654,554</b>
<b>Deferred Outflows of Resources</b>					
Unamortized loss on refunding debt	320	-	-	320	1,475
Net pension and OPEB deferrals	54,641	1,574	1,476	57,691	42,669
<b>Total Deferred Outflows of Resources</b>	<b>54,961</b>	<b>1,574</b>	<b>1,476</b>	<b>58,011</b>	<b>44,144</b>
<b>Total Assets and Deferred Outflows</b>	<b>\$ 2,318,207</b>	<b>\$ 237,199</b>	<b>\$ 194,550</b>	<b>\$ 2,724,901</b>	<b>\$ 2,698,698</b>

The accompanying notes are an integral part of these combined financial statements.



## Combined Statement of Net Position

December 31, 2024 and 2023

(In thousands)

	2024				As restated 2023
	Electric System	Generation System	Water System	Combined	Combined
<b>Liabilities</b>					
<b>Current Liabilities:</b>					
Accounts payable	\$ 60,617	\$ 677	\$ 1,437	\$ 62,731	\$ 54,651
Accrued taxes	20,845	93	130	21,068	19,428
Accrued interest	1,646	221	104	1,971	2,007
Other accrued liabilities	44,804	77	2	44,883	37,292
Customer deposits	2,786	-	2	2,788	2,880
Current maturities of long-term debt	14,860	1,410	1,128	17,398	19,503
Intersystem loans payable	-	2,425	-	-	-
<b>Total Current Liabilities</b>	<b>145,558</b>	<b>4,903</b>	<b>2,803</b>	<b>150,839</b>	<b>135,761</b>
<b>Long-Term Debt:</b>					
Revenue bonds	420,451	53,039	22,847	496,337	516,673
Other notes payable	-	-	4,082	4,082	4,500
<b>Total Long-Term Debt</b>	<b>420,451</b>	<b>53,039</b>	<b>26,929</b>	<b>500,419</b>	<b>521,173</b>
<b>Other Liabilities:</b>					
Intersystem loans and payables	-	22,630	-	-	-
FERC license obligations	-	12,882	-	12,882	13,426
Net pension liability	14,510	376	340	15,226	20,330
Lease liability	7,818	180	-	7,998	8,330
SBITA liability	3,488	-	-	3,488	2,042
OPEB liability	47,020	935	990	48,945	47,460
Other liabilities	13,264	1,627	7	14,898	15,906
<b>Total Other Liabilities</b>	<b>86,100</b>	<b>38,630</b>	<b>1,337</b>	<b>103,437</b>	<b>107,494</b>
<b>Total Liabilities</b>	<b>652,109</b>	<b>96,572</b>	<b>31,069</b>	<b>754,695</b>	<b>764,428</b>
<b>Deferred Inflows of Resources</b>					
Unearned FERC license contributions	-	3,000	-	3,000	3,500
Net pension deferrals	14,362	(36)	399	14,725	25,854
Other deferred inflows	10,354	45	543	10,942	30,499
<b>Total Deferred Inflows of Resources</b>	<b>24,716</b>	<b>3,009</b>	<b>942</b>	<b>28,667</b>	<b>59,853</b>
<b>Net Position</b>					
Net investment in capital assets	1,186,718	141,412	133,886	1,462,016	1,417,452
Restricted:					
Reserve funds	1,006	5,772	831	7,609	7,448
Rate stabilization	-	-	-	-	114,816
Net pension assets	34,311	627	1,017	35,955	46,833
Debt service and other	29,517	5,217	17,310	52,044	54,297
Unrestricted	389,830	(15,410)	9,495	383,915	233,571
<b>Total Net Position</b>	<b>1,641,382</b>	<b>137,618</b>	<b>162,539</b>	<b>1,941,539</b>	<b>1,874,417</b>
<b>Total Liabilities, Deferred Inflows and Net Position</b>	<b>\$ 2,318,207</b>	<b>\$ 237,199</b>	<b>\$ 194,550</b>	<b>\$ 2,724,901</b>	<b>\$ 2,698,698</b>

The accompanying notes are an integral part of these combined financial statements.

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

Years Ended December 31, 2024 and 2023

(In thousands)

	2024				As restated 2023
	Electric System	Generation System	Water System	Combined	Combined
<b>Operating Revenues:</b>					
Retail sales	\$ 725,451	\$ -	\$ 15,409	\$ 740,860	\$ 680,664
Wholesale sales	103,988	26,342	713	104,701	73,410
Other	42,664	400	439	43,503	64,637
<b>Total Operating Revenues</b>	<b>872,103</b>	<b>26,742</b>	<b>16,561</b>	<b>889,064</b>	<b>818,711</b>
<b>Operating Expenses:</b>					
Purchased power	435,487	-	-	409,145	379,896
Purchased water	-	-	3,689	3,689	4,230
Operations	247,958	7,221	5,929	261,108	224,971
Maintenance	61,749	5,229	3,164	70,142	42,999
Depreciation and amortization	66,971	6,301	3,831	77,103	75,353
Taxes	45,285	92	841	46,218	42,998
<b>Total Operating Expenses</b>	<b>857,450</b>	<b>18,843</b>	<b>17,454</b>	<b>867,405</b>	<b>770,447</b>
<b>Net Operating Income (Loss)</b>	<b>14,653</b>	<b>7,899</b>	<b>(893)</b>	<b>21,659</b>	<b>48,264</b>
<b>Interest Charges:</b>					
Interest	20,083	3,993	1,182	24,183	23,801
Amortization of debt related costs	(2,366)	(892)	(253)	(3,511)	(3,511)
<b>Total Interest Charges</b>	<b>17,717</b>	<b>3,101</b>	<b>929</b>	<b>20,672</b>	<b>20,290</b>
<b>Other Income and Expense:</b>					
Interest income, fair value adjustments, net	21,478	1,323	2,092	23,818	26,569
Other income and expense, net	3,651	827	(17)	4,461	6,698
<b>Total Other Income and Expense</b>	<b>25,129</b>	<b>2,150</b>	<b>2,075</b>	<b>28,279</b>	<b>33,267</b>
<b>Net Income Before Capital Contributions</b>	<b>22,065</b>	<b>6,948</b>	<b>253</b>	<b>29,266</b>	<b>61,241</b>
<b>Capital Contributions</b>	<b>33,795</b>	<b>36</b>	<b>4,025</b>	<b>37,856</b>	<b>33,930</b>
<b>Net Income</b>	<b>55,860</b>	<b>6,984</b>	<b>4,278</b>	<b>67,122</b>	<b>95,171</b>
Net Position, Beginning of year	1,585,522	130,634	158,261	1,874,417	1,779,246
<b>Net Position, End of year</b>	<b>\$ 1,641,382</b>	<b>\$ 137,618</b>	<b>\$ 162,539</b>	<b>\$ 1,941,539</b>	<b>\$ 1,874,417</b>

The accompanying notes are an integral part of these combined financial statements.



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## Combined Statements of Cash Flows

Years Ended December 31, 2024 and 2023

(In thousands)

	2024				As restated 2023
	Electric System	Generation System	Water System	Combined	Combined
<b>Cash Flows from Operating Activities:</b>					
Cash received from customers	\$ 833,472	\$ 28,011	\$ 16,251	\$ 851,392	\$ 767,723
Cash payments to suppliers	(647,338)	(5,989)	(6,557)	(633,542)	(593,183)
Cash payments to employees	(129,133)	(7,506)	(6,318)	(142,957)	(113,056)
Cash payments for taxes	(45,312)	(75)	(818)	(46,205)	(43,884)
Other cash received (paid)	31,987	544	296	32,827	50,260
<b>Net Cash Provided by Operating Activities</b>	<b>43,676</b>	<b>14,985</b>	<b>2,854</b>	<b>61,515</b>	<b>67,860</b>
<b>Cash Flows from Capital &amp; Related Financing Activities:</b>					
Capital construction	(141,697)	(3,012)	(10,086)	(154,795)	(158,714)
Proceeds from debt	-	-	-	-	19,652
Repayment of debt	(12,815)	(5,610)	(1,078)	(19,503)	(18,233)
Debt issuance costs	-	-	-	-	(227)
Interest paid	(20,091)	(4,017)	(1,186)	(24,219)	(23,771)
Capital contributions	23,411	37	1,777	25,225	20,926
Intercompany loans	2,483	(2,483)	-	-	-
Other cash received (paid)	15,409	(35)	256	15,630	5,535
<b>Net Cash Provided by (Used for) Capital &amp; Related Financing Activities</b>	<b>(133,300)</b>	<b>(15,120)</b>	<b>(10,317)</b>	<b>(157,662)</b>	<b>(154,832)</b>
<b>Cash Flows from Investing Activities:</b>					
Sale of special funds and investment securities	313,899	16,450	25,185	355,534	337,630
Purchase of special funds and investment securities	(235,928)	(17,728)	(19,031)	(272,687)	(265,341)
Interest on investment securities	20,475	1,443	1,993	22,836	18,802
<b>Net Cash Provided by (Used for) Investing Activities</b>	<b>98,446</b>	<b>165</b>	<b>8,147</b>	<b>105,683</b>	<b>91,091</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>					
Non-capital grants received	569	980	-	1,549	10,669
<b>Net Cash Provided by Non-Capital Financing Activities</b>	<b>569</b>	<b>980</b>	<b>-</b>	<b>1,549</b>	<b>10,669</b>
<b>Net Increase (Decrease) in Cash &amp; Cash Equivalents</b>	<b>9,391</b>	<b>1,010</b>	<b>684</b>	<b>11,085</b>	<b>14,788</b>
Beginning of Year	46,971	4,634	2,499	54,104	39,316
<b>Cash &amp; Cash Equivalents – End of Year</b>	<b>\$ 56,362</b>	<b>\$ 5,644</b>	<b>\$ 3,183</b>	<b>\$ 65,189</b>	<b>\$ 54,104</b>

The accompanying notes are an integral part of these combined financial statements.



## Combined Statements of Cash Flows (continued)

Years Ended December 31, 2024 and 2023

(In thousands)

	2024				As restated 2023
	Electric System	Generation System	Water System	Combined	Combined
<b>Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities:</b>					
Net Operating Income (Loss)	\$ 14,653	\$ 7,899	\$ (893)	\$ 21,659	\$ 48,264
Adjustments to net operating income					
Depreciation expense	66,971	6,301	3,831	77,103	75,353
Pension and OPEB related	(23,059)	(659)	(714)	(24,432)	(27,216)
Other cash received (paid)	(258)	(154)	(17)	(429)	2,190
(Increase)decrease in receivables	398	1,355	(64)	1,689	7,698
(Increase)decrease in other assets	(17,201)	(43)	(40)	(17,284)	(15,380)
Increase(decrease) in payables	7,183	(85)	982	8,080	(28,694)
Increase(decrease) in other liabilities	(5,011)	371	(231)	(4,871)	5,645
<b>Total Adjustments</b>	<b>29,023</b>	<b>7,086</b>	<b>3,747</b>	<b>39,856</b>	<b>19,596</b>
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 43,676</b>	<b>\$ 14,985</b>	<b>\$ 2,854</b>	<b>\$ 61,515</b>	<b>\$ 67,860</b>

## Non-cash Investing, Capital and Related Financing Activities:

Non-cash capital contributions	\$ 10,180	\$ -	\$ 2,248	\$ 12,428	\$ 11,853
Changes in valuation of financial instruments	2,707	72	96	2,875	8,977
Amortization of debt related costs	2,366	892	253	3,511	3,511

*The accompanying notes are an integral part of these combined financial statements.*

# Notes to Combined Financial Statements

December 31, 2024 and 2023

## Note 1

### Summary of Significant Accounting Policies

#### General

Public Utility District No. 1 of Snohomish County, Washington, (the PUD) is a public electric and water utility serving Snohomish County and Camano Island in Island County, Washington. The PUD's operations consist of three systems: Electric, Generation, and Water. The PUD is governed by a three-member Board of Commissioners (Commission), which is elected for staggered six-year terms. The legal responsibilities and powers of the PUD, including the establishment of rates and charges for services rendered, are exercised through the Commission.

The Electric System is made up of the PUD's electric transmission and distribution system. The Generation System is composed of the PUD's Henry M. Jackson Hydroelectric Project (Jackson Project), four smaller hydroelectric projects, and a biofuel generator. The Water System is made up of the PUD's water distribution system.

The accompanying financial statements for 2024 include the Combined Statements of Net Position, the Combined Statements of Revenues, Expenses, and Changes in Net Position, and the Combined Statements of Cash Flows for each system. System columns presented in the financial statements and notes may not add to the combined totals due to the elimination of intercompany loans and routine intercompany transactions.

The PUD's financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when incurred. Revenues and costs that are directly related to the generation, purchase, transmission, and distribution of electricity or water are reported as operating revenues and expenses. All other revenues and expenses are reported as other income and expense.

The accompanying financial statements have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The PUD's other significant accounting and financial policies are described in the following sections.

#### Retail Sales

The PUD bills Electric and Water System customers for their consumption monthly. The accompanying financial statements include estimated unbilled revenues for electricity and water delivered to customers between the last billing date and the end of the year. Unbilled electric revenue was \$38 million and \$42 million as of December 31, 2024, and 2023, respectively. Unbilled water revenue was \$701 thousand and \$709 thousand as of December 31, 2024, and 2023, respectively.

#### Cash Equivalents

The PUD considers highly liquid, short-term investments with original maturities of three months or less to be cash equivalents.

#### Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are recorded when invoices are issued and are written off when they are determined to be uncollectible. A reserve is established for uncollectible accounts receivable based upon historical write-off trends and knowledge of specific circumstances that indicate collection of an account may be unlikely. The allowance for doubtful accounts was \$2.7 million and \$2.1 million as of December 31, 2024 and 2023, respectively.

#### Material and Supplies

Material and supplies are recorded at average cost and consist primarily of materials for construction and maintenance of utility plant.

#### Special Funds

Special funds are restricted or limited-use funds that have been established in accordance with Commission resolutions, bond resolutions, state law, or other agreements. These funds, which consist of cash, cash equivalents, and investments, are restricted for specific purposes, including debt service, bond reserves, qualifying capital expenditures, other post-employment benefits



(OPEB), Federal Energy Regulatory Commission (FERC) license commitments, and other reserve requirements. It is the PUD's practice to use unrestricted funds prior to using restricted funds, except for funds set aside for specific expenditures and debt service payments.

In September 2024, the Commission adopted resolutions which reclassified its Electric and Water System rate stabilization funds from restricted to unrestricted within the investment portfolio. As a result, \$115 million of Electric System funds and \$1.5 million of Water System funds were prospectively reclassified on the Combined Statements of Net Position from restricted net position to unrestricted net position and from special funds to long-term and temporary investment assets.

## Unamortized Loss on Refunding Debt

The difference between the cost to defease outstanding debt and the carrying value of bonds defeased by refunding bonds is deferred and amortized over the shorter of the remaining term of the refunded bonds or the term of the refunding bonds using the straight-line method. The difference for bonds defeased by operating funds is charged in the current period.

## Net Position

Net position consists of the following components:

- **Net investment in capital assets:** This component consists of capital assets, net of accumulated depreciation and amortization reduced by the net outstanding debt balances related to capital assets, net of unamortized debt related costs.
- **Restricted:** This component consists of assets and liabilities with constraints placed on use. Constraints include those imposed by bond covenants or third-party contractual agreements, and resources restricted by Commission resolution.
- **Unrestricted:** This component consists of assets and liabilities that do not meet the definition of "net investment in capital assets" or "restricted."

## Compensated Absences

Employees accumulate earned but unused paid time off, vacation, holidays, compensatory time off, sick and extended sick pay benefits, collectively referred to as compensated absences. The liability for compensated absences is calculated under the provisions of GASB Statement No. 101 Compensated Absences. As of December 31, 2024 and 2023, the accrued liability for these benefits was \$29 million and \$27 million, respectively, reflecting a net increase of \$2 million. These liabilities are included in other accrued liabilities.

## Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The PUD has used estimates in determining reported amounts including unbilled revenue, allowance for doubtful accounts receivable, accrued liability for injuries and damages, compensated absences, depreciable lives of utility plant, pensions, and other contingencies. Actual results could differ from these estimates.

## Note 2

### Accounting Changes and Reclassifications

#### Change in Accounting Principles

In June 2022, GASB issued Statement No. 100 Accounting Changes and Error Corrections, which establishes accounting and financial reporting requirements for accounting changes and error corrections. This new standard has been issued to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The PUD adopted the provisions of GASB Statement No. 100 for the year ended December 31, 2024.

In June 2022, GASB issued Statement No. 101 Compensated Absences, which establishes a financial reporting requirement for the recognition and measurement of compensated absences. This statement provides for more consistent reporting of compensated absence liabilities and related expenses. A liability for compensated absences is recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability is recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates,

and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The PUD adopted the provisions of GASB Statement No. 101 effective January 1, 2023. To reflect the cumulative effect of implementing this statement, the Combined Statements of Net Position and Combined Statements of Revenues, Expenses, and Changes in Net Position have been restated, as summarized below (in thousands) as of December 31, 2023.

	Electric			Combined		
	As Previously Reported	Change in Accounting Principle	As Restated	As Previously Reported	Change in Accounting Principle	As Restated
Operations expense	\$ 208,087	\$ 5,586	\$ 213,673	\$ 219,385	\$ 5,586	\$ 224,971
Maintenance expense	36,008	1,135	37,143	41,864	1,135	42,999
<b>Net Income</b>	<b>87,394</b>	<b>(6,721)</b>	<b>80,673</b>	<b>101,892</b>	<b>(6,721)</b>	<b>95,171</b>
Other accrued liabilities	30,495	6,721	37,216	30,571	6,721	37,292
<b>Net Position</b>	<b>\$ 1,592,243</b>	<b>\$ (6,721)</b>	<b>\$ 1,585,522</b>	<b>\$ 1,881,138</b>	<b>\$ (6,721)</b>	<b>\$ 1,874,417</b>

In May 2020, GASB issued Statement No. 96 Subscription-Based Information Technology Arrangements (SBITAs), which establishes a standard of accounting for the right-to-use subscription assets that are a financial exchange when specific conditions are met. These arrangements are considered right-to-use assets. The PUD adopted the provisions of GASB Statement No. 96 for the year ended December 31, 2023. (Footnote 6)

Certain reclassifications have been made in the 2023 financial statements to conform to the 2024 presentation.

## Note 3

### Special Funds and Cash and Temporary Investments

The PUD's investment policy authorizes the investment of funds in United States (U.S.) Treasury, federally guaranteed and U.S. government-sponsored enterprise agency obligations, municipal bonds, supranational securities, commercial paper, certificates of deposit, bankers' acceptances, bank deposits and savings accounts. Certificates of deposit and bank deposits are held with qualified public depositories of the State of Washington and are collateralized under the Washington State Public Deposit Protection Act. In all instances, the PUD evaluates the creditworthiness of the financial institutions with which it invests.

All PUD investments are in compliance with State of Washington statutes, PUD investment policy, and PUD bond resolutions. Substantially all PUD investments are recorded at fair value based on observable market prices or indices. The relative type of PUD's investments as of December 31, 2024 and 2023 are summarized below.

	Electric System		Generation System		Water System	
	2024	2023	2024	2023	2024	2023
<b>U.S. Treasury Securities</b>	42%	50%	27%	23%	41%	42%
<b>U.S. Agency Obligations</b>						
Federal Home Loan Bank	10%	16%	6%	11%	1%	8%
Federal Farm Credit Bank	12%	8%	6%	–	4%	13%
Federal National Mortgage Association	3%	2%	7%	7%	4%	4%
<b>Supranational Securities</b>						
Inter-American Development Bank	5%	2%	–	–	–	2%
International Bank for Reconstruction and Development	–	–	5%	5%	3%	2%
International Finance Corporation	1%	1%	1%	–	3%	–
<b>Municipal Bonds</b>						
State of California	1%	1%	–	5%	–	1%
State of Hawaii	–	–	–	–	5%	4%
State of Maryland	–	–	–	–	10%	–
<b>Cash and Interest-bearing Demand or Time Deposits</b>	3%	4%	–	–	1%	–
<b>Washington State Local Government Investment Pool</b>	23%	16%	48%	49%	28%	24%



The PUD invests funds consistent with the following objectives: conform with state and local statutes, preserve principal, maintain adequate liquidity, and maximize yield. The PUD's investments are purchased with the intent of holding the security until maturity.

Investment securities owned by the PUD are registered in the PUD's name and held in trust by banks or trust companies. Other PUD investments are insured by federal depository insurance or protected against loss under the Washington State Public Deposit Protection Act.

The Washington State Local Government Investment Pool (LGIP) is an investment vehicle operated by the Washington State Treasurer, offering governmental agency investors the economies of scale available from a multi-billion-dollar pooled fund investment portfolio. As of December 31, 2024, LGIP investments include primarily U.S. Treasury securities, repurchase agreements, U.S. agency securities, and interest-bearing bank deposits. The PUD records these investments at amortized cost.

The PUD must give notice to the LGIP of planned withdrawals over \$1 million on the same day. The LGIP may suspend withdrawals or liquidate if the difference between the amortized cost per share and the market net asset value per share results in material dilution or other unfair results. The LGIP may suspend redemptions if the New York Stock Exchange suspends trading or closes, if the U.S. bond markets are closed, and if the Securities and Exchange Commission declares an emergency.

To address custodial credit risk, all investments except bank deposits, certificates of deposit, and funds held in the LGIP, are held in the PUD's name by a third-party custodian. The PUD addresses concentration of credit risk by diversifying investments by security type and issuer.

The PUD manages its exposure to decreases in the fair value of its investments arising from increasing interest rates by diversifying investments by time to maturity. All funds are invested in instruments with maturities of less than five years, with the weighted average maturity of the invested portfolio remaining below three years. The PUD's investment policy specifies that the investment portfolio be structured so maturing investments match projected cash flow needs to mitigate interest rate risk. Investment maturities for combined special funds and cash and temporary investments as of December 31, were as follows:

Term	2024		2023	
	Amount Invested (In thousands)	Percent of invested funds	Amount Invested (In thousands)	Percent of invested funds
Less than 30 days	\$ 98,020	21%	\$ 93,717	17%
30 to 90 days	37,257	8%	30,671	6%
90 days to 1 year	104,177	22%	174,522	32%
1 year to 5 years	202,884	43%	212,165	40%
Bond reserves invested to bond maturity	27,577	6%	27,811	5%
<b>Total</b>	<b>\$ 469,915</b>	<b>100%</b>	<b>\$ 538,886</b>	<b>100%</b>

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The PUD's investments, at fair value, can be categorized by valuation techniques into two levels. Level 1 investments are traded on a national securities exchange and are valued at the last reported sales price on the last business day of the year. Level 2 investments are valued using pricing models maximizing the use of observable inputs for similar securities.

The table below shows the fair value hierarchy for each system's investments subject to fair value measurement, as of December 31 (in thousands):

	2024				2023			
	Electric		Generation		Water		Combined	
	Level 1	Level 2	Level 1	Level 2	Level 1	Level 2	Level 1	Level 2
U.S. Treasury Notes	\$ 173,176	\$ -	\$ 6,806	\$ -	\$ 14,822	\$ -	\$ 263,447	\$ -
U.S. Agency Obligations	-	102,641	-	4,765	-	3,316	-	137,422
Supranational Securities	-	25,802	-	1,488	-	2,184	-	19,007
Municipal Bonds	-	2,638	-	-	-	5,322	-	6,150
<b>Assets Valued at Fair Value</b>	<b>\$ 173,176</b>	<b>\$ 131,081</b>	<b>\$ 6,806</b>	<b>\$ 6,253</b>	<b>\$ 14,822</b>	<b>\$ 10,822</b>	<b>\$ 263,447</b>	<b>\$ 162,579</b>

## Note 4 Capital Assets

### Utility Plant

The PUD's utility plant is stated at cost, which includes both direct and indirect costs of construction or acquisition. The capitalization threshold for utility plant is \$5 thousand and \$35 thousand for information technology. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, ranging from five to seventy-seven years.

When utility plant assets are retired, the original cost together with removal costs, less salvage, is charged to accumulated depreciation. The cost of maintenance and repairs is charged to expense as incurred, while the cost of replacements and betterments is capitalized. See Table 1 for additional utility plant details.

The PUD reviews the carrying value of its utility plant and other equipment when events or changes in circumstances indicate that the carrying value may not be recoverable.

### Capital Contributions

The PUD records capital contributions from customers and developers, relating to expansions to the PUD's infrastructure, as a separate category of non-operating revenue.

## Note 5 Leases

The PUD is both a lessee and a lessor. For leases with a maximum possible term of twelve months or less at commencement, the PUD considers those short-term leases and recognizes expense or revenue in the year incurred based on the provisions in each contract. For all other leases, as a lessee or lessor, the PUD recognizes a right-to-use asset and lease liability, or a lease receivable and a deferred inflow, respectively.

### PUD as a Lessee

The following table summarizes the balances of right-to-use assets by major classes reported in net utility plant as of December 31 (in thousands):

	2024		2023	
	Electric	Generation	Electric	Generation
Right-to-use assets – Land	\$8,210	\$ 102	\$ 8,117	\$ 102
Less Accumulated Amortization	(1,075)	(17)	(647)	(9)
Right-to-use assets – Land, Net	7,135	85	7,470	93
Right-to-use assets – Building	-	162	419	162
Less Accumulated Amortization	-	(60)	(279)	(30)
Right-to-use assets – Building, Net	-	102	140	132
Right-to-use assets – Equipment	287	-	339	-
Less Accumulated Amortization	(81)	-	(52)	-
Right-to-use assets – Equipment, Net	206	-	287	-
<b>Total Right-to-use Assets</b>	<b>\$7,341</b>	<b>\$ 187</b>	<b>\$ 7,897</b>	<b>\$ 225</b>

The PUD is involved in several leases and subleases of land and buildings to perform PUD operations. The obligations relating to these leases have been recognized on the Combined Statements of Net Position under lease liability and the related right-to-use asset under plant in service, equal to the present value of the lease payments in each agreement payable during the contracted term. For years ended December 31, 2024 and 2023, the PUD recorded \$740 thousand and \$644 thousand as amortization of right-to-use lease assets, as well as \$265 thousand and \$238 thousand in interest expense, respectively.



# Table 1 Utility Plant

(In thousands)

	As restated 2022	2023			2024		
	Ending Balance	Additions	Retirements & Transfers	Ending Balance	Additions	Retirements & Transfers	Ending Balance
<b>Electric System</b>							
Transmission	\$ 189,178	\$ 9,300	\$ (515)	\$ 197,963	\$ 18,752	\$ (440)	\$ 216,275
Distribution	1,436,941	91,172	(8,645)	1,519,468	108,392	(11,127)	1,616,733
General Plant & Other	446,072	30,300	(279)	476,093	24,629	(5,028)	495,694
Right-to-use Lease Assets	4,490	4,542	(157)	8,875	151	(529)	8,497
Right-to-use Subscription Assets <sup>1</sup>	7,157	1,069	(1,721)	6,505	3,491	(2,619)	7,377
Land & Non-Depreciable Assets	77,312	2,056	-	79,368	4,003	-	83,371
Plant in Service	2,161,150	138,439	(11,317)	2,288,272	159,418	(19,743)	2,427,947
Construction Work in Progress	155,155	19,861	-	175,016	-	(2,419)	172,597
Utility Plant	2,316,305	158,300	(11,317)	2,463,288	159,418	(22,162)	2,600,544
Less Accumulated Depreciation and Amortization <sup>1</sup>	(891,231)	(60,339)	3,624	(947,946)	(60,318)	7,969	(1,000,295)
<b>Net Utility Plant</b>	<b>\$ 1,425,074</b>	<b>\$ 97,961</b>	<b>\$ (7,693)</b>	<b>\$ 1,515,342</b>	<b>\$ 99,100</b>	<b>\$ (14,193)</b>	<b>\$ 1,600,249</b>
<b>Generation System</b>							
Generation/Production	\$ 297,767	\$ 4,583	\$ (25)	\$ 302,325	\$ 5,650	\$ (509)	\$ 307,466
Transmission	2,916	100	(43)	2,973	-	-	2,973
Distribution	8,814	-	16	8,830	-	-	8,830
General Plant & Other	31,343	1,603	(22)	32,924	632	(7)	33,549
Right-to-use Lease Assets	161	103	-	264	-	-	264
Land & Non-Depreciable Assets	13,850	1	4	13,855	-	-	13,855
Plant in Service	354,851	6,390	(70)	361,171	6,282	(516)	366,937
Construction Work in Progress	6,230	471	-	6,701	-	(3,136)	3,565
Utility Plant	361,081	6,861	(70)	367,872	6,282	(3,652)	370,502
Less Accumulated Depreciation and Amortization	(162,063)	(6,180)	17	(168,226)	(6,220)	302	(174,144)
<b>Net Utility Plant</b>	<b>\$ 199,018</b>	<b>\$ 681</b>	<b>\$ (53)</b>	<b>\$ 199,646</b>	<b>\$ 62</b>	<b>\$ (3,350)</b>	<b>\$ 196,358</b>
<b>Water System</b>							
Generation/Production	\$ 9,418	\$ 389	\$ -	\$ 9,807	\$ 437	\$ -	\$ 10,244
Transmission & Distribution	153,522	1,062	(21)	154,563	13,850	(1,147)	167,266
General Plant & Other	14,216	243	-	14,459	542	(362)	14,639
Land & Non-Depreciable Assets	4,169	-	-	4,169	-	-	4,169
Plant in Service	181,325	1,694	(21)	182,998	14,829	(1,509)	196,318
Construction Work in Progress	3,731	5,704	-	9,435	-	(1,644)	7,791
Utility Plant	185,056	7,398	(21)	192,433	14,829	(3,153)	204,109
Less Accumulated Depreciation	(47,562)	(3,086)	24	(50,624)	(3,677)	505	(53,796)
<b>Net Utility Plant</b>	<b>\$ 137,494</b>	<b>\$ 4,312</b>	<b>\$ 3</b>	<b>\$ 141,809</b>	<b>\$ 11,152</b>	<b>\$ (2,648)</b>	<b>\$ 150,313</b>
<b>Combined Net Utility Plant</b>	<b>\$ 1,761,586</b>	<b>\$ 102,954</b>	<b>\$ (7,743)</b>	<b>\$ 1,856,797</b>	<b>\$ 110,314</b>	<b>\$ (20,191)</b>	<b>\$ 1,946,920</b>

<sup>1</sup>Right-to-use subscription assets and associated accumulated amortization restated in 2022 in accordance with GASB 96

Lessee activity resides within the Electric System except for two Generation System leases. As of December 31, 2024, the PUD had principal and interest requirements for active leasing activities, as follows (in thousands):

Year Ended December 31	Principal	Interest	Total
2025	\$ 358	\$ 259	\$ 617
2026	336	251	587
2027	294	244	538
2028	248	238	486
2029	263	233	496
2030-2034	1,381	1,063	2,444
2035-2039	1,608	844	2,452
2040-2044	1,159	587	1,746
2045-2049	951	410	1,361
2050-2054	1,400	142	1,542
<b>Total</b>	<b>\$ 7,998</b>	<b>\$ 4,271</b>	<b>\$ 12,269</b>

## PUD as a Lessor

The PUD is also involved in lease agreements as the lessor of assets such as land and pole attachments. These leases are ancillary to the PUD's mission to provide power to its rate payers. The PUD primarily leases space to telecom entities, which allows them to provide services to networks.

The PUD has lessor agreements with remaining contract terms ranging from one month to twenty-two years. The agreements are recorded as a lease asset receivable at their net present value of \$5.7 million and \$20 million on the Combined Statements of Net Position as of December 31, 2024 and 2023, respectively. The PUD recognized \$1.9 million and \$4.3 million of lease income and \$93 thousand and \$244 thousand in lease interest income recorded as other income for both years ended December 31, 2024 and 2023, respectively.

## Note 6

### Subscription Based Information Technology Arrangements

The PUD considers SBITAs with a maximum possible term of twelve months or less at commencement to be short-term and expensed as incurred. For all other SBITAs, the PUD recognizes a right-to-use subscription asset and a subscription liability. Currently, all SBITAs are held by the Electric System. The PUD has eighteen SBITAs that meet the criteria for recognition and the PUD's information technology capitalization threshold of \$35 thousand. The right-to-use asset relating to these SBITAs are recognized on the Combined Statements of Net Position within plant in service.

The following table shows the total amount of SBITA assets and the related accumulated amortization as of December 31 (in thousands):

	2024	2023
Subscription Assets	\$ 7,377	\$ 6,505
Accumulated Amortization	(2,598)	(2,557)
<b>Net Subscription Asset</b>	<b>\$ 4,779</b>	<b>\$ 3,948</b>

The PUD's eighteen SBITAs have terms through 2027 that meet the criteria for recognition under GASB Statement No. 96. For years ended December 31, 2024 and 2023, the PUD recorded \$2.8 million and \$2.4 million as amortization of right-to-use subscription assets, as well as \$49 thousand and \$19 thousand in interest expense, respectively. As of December 31, 2024, the PUD had principal and interest requirements for their SBITA activities, as follows (in thousands):

	Principal	Interest	Total
2025	\$ 1,905	\$ 60	\$ 1,965
2026	1,564	20	1,584
2027	19	1	20
<b>Total</b>	<b>\$ 3,488</b>	<b>\$ 81</b>	<b>\$ 3,569</b>

The PUD excludes variable payments from the measurement of the right-to-use assets and subscription liability. Those payments totaled \$358 thousand and \$227 thousand for the years ended December 31, 2024 and 2023, respectively.

## Note 7

### Long-term Debt

Debt service (principal and interest) payments on the PUD's Revenue bonds and other notes payable to maturity, excluding intersystem borrowing, are set forth in Table 2 (in thousands):

**Table 2**

	Electric System Revenue Bonds		Generation System Revenue Bonds		Water System Revenue Bonds		Loans	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 14,860	\$ 19,682	\$ 1,410	\$ 2,654	\$ 710	\$ 1,100	\$ 418	\$ 48
2026	14,275	19,173	1,480	2,583	685	1,065	418	43
2027	14,695	18,678	1,560	2,505	740	1,031	418	38
2028	15,140	18,153	1,640	2,423	840	994	354	33
2029	15,620	17,595	1,730	2,337	885	952	354	29
2030-2034	88,015	74,388	10,100	10,225	5,135	4,049	1,360	100
2035-2039	110,475	48,590	13,025	7,295	6,505	2,635	736	44
2040-2044	46,865	24,786	16,750	3,569	6,510	834	442	9
2045-2049	50,325	15,678	3,870	194	-	-	-	-
2050-2053	29,910	2,578	-	-	-	-	-	-
<b>Total</b>	<b>\$ 400,180</b>	<b>\$ 259,301</b>	<b>\$ 51,565</b>	<b>\$ 33,785</b>	<b>\$ 22,010</b>	<b>\$ 12,660</b>	<b>\$ 4,500</b>	<b>\$ 344</b>

The Electric, Generation and Water Systems' revenues, net of specified operating expenses, are pledged as security for the systems' Revenue bonds until their respective bonds are defeased or repaid. Principal and interest paid in 2024 and 2023 were \$43 million and \$41 million, respectively. Total revenues available for debt service as defined for the same periods were \$126 million and \$144 million in 2024 and 2023, respectively. Annual principal and interest payments required 34% and 29% of revenues as of December 31, 2024 and 2023, respectively.

Tax-exempt Revenue bonds make up the majority of the PUD's long-term debt and are subject to Internal Revenue Service Code (the Code) requirements for arbitrage rebate. Rebates are calculated based on earnings on gross proceeds of the bonds that are in excess of the amount prescribed by the Code. The estimated arbitrage liability as of December 31, 2024, was \$505 thousand and \$354 thousand as of December 31, 2023.

### Electric System

A summary of principal outstanding on Electric System long-term debt follows (in thousands):

	December 31,	
	2024	2023
Series 2022A Revenue bonds, 4.0-5.0%, due 2025-2052, earliest call 2032	\$ 61,050	\$ 61,050
Series 2021A Revenue bonds, 5.0%, due 2026-2051, earliest call 2031	78,685	78,685
Series 2020A Revenue Refunding bonds, 0.7-1.5%, due 2025-2028	24,975	37,790
Series 2015 Revenue bonds, 5.0%, due 2025-2040, earliest call 2025	119,475	119,475
Series 2010A Revenue bonds, 5.5-5.6%, due 2025-2035, currently callable	115,995	115,995
<b>Total Principal Outstanding on Long-Term Debt</b>	<b>\$ 400,180</b>	<b>\$ 412,995</b>

Changes in the Electric System long-term debt for the years ending as of December 31, follow (in thousands):

	2022	2023			2024		
	Balance	Additions	Reductions	Balance	Additions	Reductions	Balance
Revenue bonds, face amount	\$ 424,980	\$ -	\$ (11,985)	\$ 412,995	\$ -	\$ (12,815)	\$ 400,180
Unamortized bond premium	40,454	-	(2,660)	37,794	-	(2,623)	35,171
Unamortized bond discount	(51)	-	6	(45)	-	5	(40)
Total Debt	465,383	-	(14,639)	450,744	-	(15,433)	435,311
Less: Current maturities	(11,985)			(12,815)			(14,860)
Total Long-Term Debt	\$ 453,398			\$ 437,929			\$ 420,451



The PUD is obligated as part of its bond resolution to purchase, for use in its Electric System, all power available to the Electric System from the Generation System. The PUD is also unconditionally obligated by the bond resolution to set aside revenues in amounts sufficient to pay, to the extent not otherwise paid, all the debt service on the Generation System bonds on a parity of lien with the Electric System senior bonds.

The PUD is required to maintain a cash reserve for certain Electric System bonds. As of December 31, 2024 and 2023, the PUD maintained the reserve requirement of \$21 million in the Electric System.

The fair value of the Electric System's long-term debt was \$411 million and \$437 million as of December 31, 2024 and 2023, respectively. The fair value of the Electric System's long-term debt is estimated based on quoted market prices for the same or similar issues.

## Generation System

A summary of principal outstanding on Generation System long-term debt follows (in thousands):

	December 31,	
	2024	2023
Series 2020A Revenue Refunding bonds, 5.0%, due 2024	\$ -	\$ 5,080
Series 2015 Revenue bonds, 5.0%, due 2025-2045, earliest call 2025	39,985	39,985
Series 2010B Revenue bonds, 5.3-5.7%, due 2025-2040, currently callable	11,580	12,110
<b>Total Principal Outstanding on Long-Term Debt</b>	<b>\$ 51,565</b>	<b>\$ 57,175</b>

Changes in the Generation System long-term debt for the years ending as of December 31, follow (in thousands):

	2022			2023			2024		
	Balance	Additions	Reductions	Balance	Additions	Reductions	Balance	Additions	Reductions
Revenue bonds, face amount	\$ 62,530	\$ -	\$ (5,355)	\$ 57,175	\$ -	\$ (5,610)	\$ 51,565	\$ -	\$ (5,610)
Unamortized bond premiums	4,098	-	(720)	3,378	-	(489)	2,889	-	(489)
Unamortized bond discounts	(6)	-	1	(5)	-	-	(5)	-	-
Total Debt	66,622	-	(6,074)	60,548	-	(6,099)	54,449	-	(6,099)
Less: Current maturities	(5,355)			(5,610)			(1,410)		
<b>Total Long-Term Debt</b>	<b>\$ 61,267</b>			<b>\$ 54,938</b>			<b>\$ 53,039</b>		

The PUD is required to maintain a cash reserve for certain Generation System bonds. As of December 31, 2024 and 2023, the PUD maintained the reserve requirement of \$5.1 million and \$5.3 million, respectively, in the Generation System.

The fair value of the Generation System's long-term debt was \$54 million and \$60 million as of December 31, 2024 and 2023, respectively. The fair value of the Generation System's long-term debt is estimated based on quoted market prices for the same or similar issues.

## Water System

A summary of principal outstanding on Water System long-term debt follows (in thousands):

	December 31,	
	2024	2023
Series 2023 Revenue Refunding bonds, 5.0%, due 2025-2043	\$ 17,725	\$ 17,885
Series 2019 Revenue Refunding bonds, 5.0%, due 2025-2031	4,285	4,785
State of Washington Drinking Water Revolving Fund loans:		
equal principal payments plus 1.0% interest due annually through 2042	2,649	2,797
equal principal payments plus 1.0% interest due annually through 2034	1,246	1,370
equal principal payments plus 1.5% interest due annually through 2029	413	496
equal principal payments plus 1.5% interest due annually through 2027	192	256
<b>Total Principal Outstanding on Long-Term Debt</b>	<b>\$ 26,510</b>	<b>\$ 27,589</b>

During October of 2023, the PUD issued \$18 million of Series 2023 Water System Revenue bonds at a premium of \$1.1 million with an average interest rate of 4.2%. The proceeds from the bonds will be used to finance additions, betterments, and improvements to and renewals, replacements, and extensions of the Water System.

Changes in the Water System long-term debt for the years ending December 31, follow (in thousands):

	2022			2023			2024		
	Balance	Additions	Reductions	Balance	Additions	Reductions	Balance	Additions	Reductions
Revenue bonds, face amount	\$ 5,260	\$ 17,885	\$ (475)	\$ 22,670	\$ -	\$ (660)	\$ 22,010		
Unamortized bond premiums	843	1,142	(189)	1,796	-	(249)	1,547		
Other notes payable	5,337	-	(419)	4,918	-	(418)	4,500		
Total Debt	11,440	19,027	(1,083)	29,384	-	(1,327)	28,057		
Less: Current maturities	(893)			(1,078)			(1,128)		
<b>Total Long-Term Debt</b>	<b>\$ 10,547</b>			<b>\$ 28,306</b>			<b>\$ 26,929</b>		

The Water System periodically enters into low-interest loan agreements with the Washington State Public Works Trust Fund and the Drinking Water State Revolving Fund (DWSRF). These funds have provided various loans to the PUD for the repair, replacement, rehabilitation, and reconstruction of water facilities.

The PUD is required to maintain a cash reserve for certain Water System bonds. As of December 31, 2024 and 2023, the PUD maintained the reserve requirement of \$1.2 million in the Water System.

The fair value of the Water System's long-term Revenue bonds was \$24 million and \$26 million, respectively, as of December 31, 2024 and 2023. The fair value for the Washington State Public Works Trust Fund loan and the DWSRF loans approximates the carrying amounts since such loans are exclusive and have no market.

## Note 8 Retirement and Deferred Compensation Plans

### Pensions – State Sponsored Plans

The table that follows represents the aggregate pension amounts for all plans ending December 31, (in thousands):

	2024	2023
Pension liabilities	\$ (15,226)	\$ (20,330)
Pension assets	\$ 35,956	\$ 46,833
Deferred outflows of resources	\$ 54,172	\$ 38,478
Deferred inflows of resources	\$ (14,725)	\$ (25,854)
Pension expense/expenditures (credits)	\$ (21,050)	\$ (21,679)

### State Sponsored Pension Plans

Substantially all PUD full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans. The Washington State Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

DRS, a department within the primary government of the State of Washington, issues a publicly available Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information for each plan.

The DRS ACFR may be downloaded from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov).

### Public Employees' Retirement System (PERS)

PERS members include elected officials, state employees, employees of local governments, and higher education employees not participating in higher education retirement programs.

PERS is composed of and reported as three separate plans for accounting purposes: Plan 1, Plan 2/3, and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although employees can be a member of only Plan 2 or Plan 3, the defined benefits of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of Plan 2/3 may legally be used to pay the defined benefits of any Plan 2 or Plan 3 members or beneficiaries.

### PERS Plan 1 Description & Contributions

PERS Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined as 2% of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's twenty-four highest consecutive service months. Members are eligible for retirement from active status at any age with at least thirty years of service, at age fifty-five with at least twenty-five years of service, or at age sixty with at least five years of service.

PERS Plan 1 retirement benefits are actuarially reduced if a survivor benefit is chosen. Members retiring from active status prior to the age of sixty-five may also receive actuarially reduced benefits. Other benefits include an optional cost-of-living adjustment (COLA). PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

The PERS Plan 1 member contribution rate is established by Washington State statute at 6%. The employer contribution rate is developed by the Office of the State Actuary (OSA), adopted by the Pension Funding Council and is subject to change by the legislature. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) were as follows:

Actual Contribution Rates	Employer	Employee
September 2022 through June 2023	10.39%	6.00%
July 2023 through August 2023	9.39%	6.00%
September 2023 through June 2024	9.53%	6.00%
July 2024 through August 2024	9.03%	6.00%
September 2024 through December 2024	9.11%	6.00%

### PERS 2/3 Description & Contributions

PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as 2% of the member's AFC times the member's years of service for Plan 2 and 1% of AFC for Plan 3. The AFC is the average of the member's sixty highest-paid consecutive service months. Members are eligible for retirement with a full benefit at sixty-five with at least five years of service credit. Retirement before age sixty-five is considered an early retirement. PERS Plan 2/3 members who have at least twenty years of service credit and are fifty-five years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age sixty-five. PERS Plan 2/3 retirement benefits are actuarially reduced if a survivor benefit is chosen. Other PERS Plan 2/3 benefits include a COLA based on the Consumer Price Index, capped at 3% annually. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if twelve months of that service are earned after age forty-four. PERS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. Members are eligible to withdraw their defined contributions upon separation. Members have multiple withdrawal options, including purchase of an annuity. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

The PERS Plan 2/3 employer and employee contribution rates are developed by the OSA to fully fund Plan 2 and the defined benefit portion of Plan 3. The rates are adopted by the Pension Funding Council and are subject to change by the Legislature. The employer rate includes a component to address the PERS Plan 1 Unfunded Actuarial Accrued Liability (UAAL).

As established by Chapter 41.34 RCW, Plan 3 defined contribution rates are set at a minimum of 5% and a maximum of 15%. PERS Plan 3 members choose their contribution rate from six options when joining membership and can change rates only when changing employers. Employers do not contribute to the defined contribution benefits.

The PERS Plan 2/3 defined benefit required contribution rates (expressed as a percentage of covered payroll) were as follows:

Actual Contribution Rates	Employer Plan 2/3	Employee Plan 2	Employee Plan 3
September 2022 through June 2023	10.39%	6.36%	varies
July 2023 through August 2023	9.39%	6.36%	varies
September 2023 through June 2024	9.53%	6.36%	varies
July 2024 through August 2024	9.03%	6.36%	varies
September 2024 through December 2024	9.11%	6.36%	varies



Both the PUD and employees made the required contributions. The PUD's required contributions for the years ended December 31, were (in thousands):

	PERS Plan 1	PERS Plan 2	PERS Plan 3
2024	\$39	\$14,888	\$2,927
2023	\$37	\$13,046	\$2,687
2022	\$39	\$13,262	\$2,666

## Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2024 with a valuation date of June 30, 2023. The actuarial assumptions used in the valuation were based on the results of the OSA 2013-2018 Demographic Experience Study and the 2023 Economic Experience Study.

Additional assumptions for subsequent events and law changes are current as of the 2023 actuarial valuation report (AVR). The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2024. Plan liabilities were rolled forward from June 30, 2023, to June 30, 2024, reflecting each plan's normal cost (using the entry-age cost method), assumed interest, and actual benefit payments.

- **Inflation:** 2.75% total economic inflation; 3.25% salary inflation
- **Salary increases:** In addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by service-based salary increase.
- **Investment rate of return:** 7.00%

Mortality rates were developed using the Society of Actuaries' Pub. H-2010 mortality rates, which vary by member status (e.g. active, retiree, or survivor), as the base table. OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout their lifetime.

Assumptions did not change from the prior contribution rate setting June 30, 2022, AVR. OSA adjusted their methods for calculating UAAL contribution rates in PERS 1 to reflect the delay between the measurement date of calculated Plan 1 rates and when the rates are collected. OSA made an adjustment to their model to reflect past inflation experience when modeling future COLAs for current annuitants in all plans except PERS 1.

## Discount Rate

The discount rate used to measure the TPL for all DRS plans was 7.0%.

To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on OSA's assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.0% was used to determine the total liability.

## Long-term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.0% was determined using a building-block method. In selecting this assumption, OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMAs), and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the CMAs and their target asset allocation to simulate future investment returns at various future times.

## Estimated Rates of Return by Asset Class

The table below summarizes the best estimates of arithmetic real rates of return for each major asset class included in the pen-

sion plan's target asset allocation as of June 30, 2024. The inflation component used to create the table is 2.5% and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	19%	2.1%
Tangible assets	8%	4.5%
Real estate	18%	4.8%
Global equity	30%	5.6%
Private equity	25%	8.6%
	<b>100%</b>	

## Sensitivity of the Net Pension Liability/(Asset)

The table below presents the PUD's proportionate share of the net pension liability/(asset) calculated using the discount rate of 7.0%, as well as what the PUD's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.0%) or one percentage point higher (8.0%) than the current rate (in thousands).

	2024			2023		
	1%	Current	1%	1%	Current	1%
	Decrease (6.0%)	Discount Rate (7.0%)	Increase (8.0%)	Decrease (6.0%)	Discount Rate (7.0%)	Increase (8.0%)
PERS 1	\$ 22,397	\$ 15,226	\$ 8,937	\$ 28,402	\$ 20,330	\$ 13,285
PERS 2/3	\$ 64,817	\$ (35,956)	\$ (118,718)	\$ 50,936	\$ (46,833)	\$ (127,156)

## Pension Plan Fiduciary Net Position

Detailed information about Washington State's pension plans' fiduciary net position is available in the separately issued DRS financial report.

## Pension Liability (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of June 30, the PUD reported its proportionate share of the net pension liabilities and assets as follows (in thousands):

Plan	Liability (or Asset)	
	2024	2023
PERS 1	\$ 15,226	\$ 20,330
PERS 2/3	(35,956)	(46,833)
<b>Total</b>	<b>\$ (20,730)</b>	<b>\$ (26,503)</b>

As of June 30, the PUD's proportionate share of the collective net pension liabilities was as follows:

Plan	Proportionate Share 6/30/24	Proportionate Share 6/30/23	Change in Proportion
PERS 1	0.86%	0.89%	(0.03%)
PERS 2/3	1.09%	1.14%	(0.05%)
<b>Total</b>	<b>1.95%</b>	<b>2.03%</b>	<b>(0.08%)</b>

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30, 2024, are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the Schedules of Employer and Nonemployer Allocations for all plans.

## Pension Expense

For the years ended December 31, the PUD recognized pension expense (credits) as follows (in thousands):

Plan	2024	2023
PERS 1	\$ (6,502)	\$ (6,784)
PERS 2/3	(14,548)	(14,895)
<b>Total</b>	<b>\$ (21,050)</b>	<b>\$ (21,679)</b>

## Deferred Outflows of Resources and Deferred (Inflows) of Resources

As of December 31, the PUD reported deferred outflows of resources and deferred (inflows) of resources related to pensions from the following (in thousands):

	2024				2023			
	PERS 1		PERS 2/3		PERS 1		PERS 2/3	
	Deferred Outflow	Deferred Inflow	Deferred Outflow	Deferred Inflow	Deferred Outflow	Deferred Inflow	Deferred Outflow	Deferred Inflow
Differences between expected and actual experience	\$ -	\$ -	\$ 20,431	\$ (83)	\$ -	\$ -	\$ 9,540	\$ (523)
Net difference between projected and actual investment earnings on pension plan investments	-	(1,218)	-	(10,304)	-	(2,293)	-	(17,649)
Change of assumptions	-	-	19,855	(2,278)	-	-	19,662	(4,286)
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	4,228	(842)	-	-	1,694	(1,103)
Contributions subsequent to measurement date	2,803	-	6,855	-	2,479	-	5,103	-
	<b>\$ 2,803</b>	<b>\$ (1,218)</b>	<b>\$ 51,369</b>	<b>\$ (13,507)</b>	<b>\$ 2,479</b>	<b>\$ (2,293)</b>	<b>\$ 35,999</b>	<b>\$ (23,561)</b>

Deferred outflows of resources related to pensions resulting from the PUD's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2025. Other amounts reported as deferred outflows and deferred (inflows) of resources related to pensions will be recognized through pension expense as follows (in thousands):

Year Ended December 31	PERS 1	PERS 2/3
2025	\$ (2,016)	\$ (7,178)
2026	1,036	16,375
2027	(110)	7,547
2028	(128)	7,301
2029	-	3,854
2030	-	3,108
	<b>\$ (1,218)</b>	<b>\$ 31,007</b>

## Post-Employment Benefits Other than Pensions

The PUD implemented GASB Statement No. 75 to recognize the net liability related to OPEB and its disclosure requirements. There are two OPEB plans, healthcare and life insurance. They are a single employer defined benefit OPEB plan administered by the PUD. The two OPEB plans, and other employee benefits are administered by a Voluntary Employees'



Beneficiary Association (VEBA) Trust, of which the PUD is a plan sponsor and makes irrevocable employer and employee contributions to the trust for the benefit of plan beneficiaries. There are no stand-alone financial statements presented for either of these plans, however the combined VEBA Trust financial statements are available upon request.

## OPEB Plan Descriptions

### Healthcare Plan

The PUD administers retiree self-insured medical and vision insurance and Health Reimbursement Arrangement (HRA) benefits for eligible retirees hired before July 1, 2009, and their dependents. Retiree benefit provisions are established by Commission resolution.

In general, the PUD pays a contribution toward the retiree's PUD group health plan premiums or to a HRA. For retirees and their dependents under the age of sixty-five who elect a PUD group medical plan, the PUD contribution is based on 75% of the premium for the most commonly elected retiree health plan during the prior year. Retirees and their dependents under the age of sixty-five who waive PUD group medical plan coverage receive a \$180 monthly contribution into their HRA. When a retiree or dependent becomes eligible for Medicare at age sixty-five, the retiree is no longer eligible for the group medical plan; however, the PUD contributes \$180 a month to the retiree's HRA. This OPEB plan is closed to employees hired after June 30, 2009. The PUD continues to make contributions and calculate future liabilities; however, the plan itself is closed to new members. In 2024 and 2023, the PUD contributed \$3.5 and \$2.9 million, respectively, to the plan. Plan members receiving benefits contributed \$504 thousand and \$463 thousand in 2024 and 2023, respectively.

### Retiree Life Insurance

The PUD administers life insurance benefits related to a term life insurance plan terminated in 1986 for eligible retirees. The retiree life insurance benefit provisions were established by Commission resolution.

Employees who were covered by the PUD's group term life insurance prior to November 1986 may reinstate this insurance at the time of retirement subject to a \$60 thousand maximum benefit. Retiree insurance premium contribution amounts are established by the Commission. The PUD entered into an insurance contract to fully insure the life insurance obligation and contributed \$361 thousand and \$328 thousand toward the premium in 2024 and 2023, respectively.

## Valuation Date, Measurement Date, and Reporting Date

The valuation date of OPEB liability is December 31, 2022. This is the date as of which the census data is gathered, and the actuarial valuation is performed. The measurement date is December 31, 2023. This is the date as of which the total OPEB liability is determined and rolled forward to the reporting date of December 31, 2024. GASB Statement No. 75 allows a lag of up to one year between the measurement date and the reporting date. There have been no significant changes between the valuation date and fiscal year ends. No adjustment is required between the measurement date and the reporting date.

## Actuarial Assumptions and Other Inputs

The total OPEB liability for the period ended December 31, 2024, was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

- **Inflation:** 2.5% based on Actuary's capital market expectations
- **Salary increases:** 3.25% for which the assumption above inflation is based upon the most recent pension valuation for PERS Plan 2, a subset DRS
- **Discount rate:** 3.26% as of the measurement date of December 31, 2023
- **Healthcare cost trend rates:** 6.8% for 2023, decreasing to an ultimate rate of 4.5% for 2042 and later years
- **Retirees' share of health benefit-related costs:** 25% of projected health insurance premiums for retirees
- **Life insurance cost trend rates:** 4.5% for 2023-2027, increasing to 5.0% in 2028-2057, and decreasing to an ultimate rate of 2.0% in 2067 and later years
- **Retirees' share of life benefit-related costs:** 25% of projected life insurance premiums for retirees

The discount rate was based on the twenty-year, tax-exempt general obligation municipal bond yield, as required by GASB Statement No. 75.

Mortality rates were based on the PUB 2010 Tables for Males or Females, as appropriate, projected generationally.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The actuarial assumptions used in the valuation were based on the results of the OSA 2013-2018 Demographic Experience Study.

## OPEB Liability

As of December 31, 2024, the PUD's total OPEB liability for retiree healthcare was \$37.8 million, and \$4.3 million for retiree life benefits, recorded in other accrued and other liabilities. The annual payroll of active employees covered by the plan was \$68.7 million in 2024, compared to \$64.2 million in 2023.

The following census of membership was used in the actuarial valuation:

	Healthcare	Life
Retirees (and beneficiaries for healthcare)	692	191
Active employees	394	3
<b>Total</b>	<b>1,086</b>	<b>194</b>

The following table shows the changes in the PUD's net OPEB liability (in thousands):

	2024				2023
Healthcare	Electric	Generation	Water	Combined	Combined
Net OPEB liability – beginning of year	\$ 35,333	\$ 824	\$ 869	\$ 37,026	\$ 41,574
<b>Changes for the year:</b>					
Service Cost	630	18	19	667	1,016
Interest on total OPEB liability	1,276	36	40	1,352	851
Effect of economic/demographic gains/(losses)	–	–	–	–	2,470
Effect of assumptions changes or inputs	1,361	39	42	1,442	(6,371)
Expected benefit payments	(2,529)	(72)	(78)	(2,679)	(2,514)
Net Changes	738	21	23	782	(4,548)
<b>Net OPEB liability – end of year</b>	<b>\$ 36,071</b>	<b>\$ 845</b>	<b>\$ 892</b>	<b>\$ 37,808</b>	<b>\$ 37,026</b>

	2024				2023
Life	Electric	Generation	Water	Combined	Combined
Net OPEB liability – beginning of year	\$ 4,123	\$ 101	\$ 104	\$ 4,328	\$ 5,511
<b>Changes for the year:</b>					
Service Cost	2	–	–	2	4
Interest on total OPEB liability	146	4	5	155	110
Effect of economic/demographic gains/(losses)	–	–	–	–	(205)
Effect of assumptions changes or inputs	164	5	5	174	(742)
Expected benefit payments	(314)	(8)	(10)	(332)	(350)
Net Changes	(2)	1	–	(1)	(1,183)
<b>Net OPEB liability – end of year</b>	<b>\$ 4,121</b>	<b>\$ 102</b>	<b>\$ 104</b>	<b>\$ 4,327</b>	<b>\$ 4,328</b>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.72% in 2023 to 3.26% in 2024. The schedule of changes in the PUD's total OPEB liability and related ratios is included in the Required Supplementary Information.

## Sensitivity Analysis

### Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the PUD, calculated using the discount rate of 3.26%, as well as what the PUD's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.26%) or one percentage point higher (4.26%) than the current rate (in thousands):

		2024	
	1% Decrease (2.26%)	Current Discount Rate (3.26%)	1% Increase (4.26%)
Healthcare	\$ 41,264	\$ 37,808	\$ 34,777
Life	\$ 4,749	\$ 4,327	\$ 3,965

### Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate

The following presents the total OPEB liability of the PUD, calculated using the current healthcare cost trend rates as well as what the PUD's total OPEB liability would be if it were calculated using trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates (in thousands):

		2024	
	1% Decrease 5.80% Graded Down to 3.50%	Current Trend Rate 6.80% Graded Down to 4.50%	1% Increase 7.80% Graded Down to 5.50%
Healthcare	\$36,427	\$37,808	\$39,386

## OPEB Financial Statement Balances

For the year ended December 31, 2024, and 2023, the PUD recognized an OPEB healthcare expense of \$1.4 million and expense reduction of \$0.1 million, respectively. For OPEB life insurance, the PUD recognized an OPEB expense of \$331 thousand and expense reduction of \$833 thousand for each of the years ended December 31, 2024 and 2023, respectively.

As of December 31, 2024, the PUD reported deferred outflows of resources and deferred inflows of resources related to OPEB healthcare from the following sources (in thousands):

	2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 876	\$ -
Changes of assumptions or other inputs	1,017	(2,261)
<b>Total</b>	<b>\$ 1,893</b>	<b>\$ (2,261)</b>

There were no deferred outflows or deferred inflows of resources related to the OPEB life plan.

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB credit (expense) as follows (in thousands):

Measurement Period Ending December 31:	
2025	\$ (754)
2026	339
2027	47
Thereafter	-
<b>Total</b>	<b>\$ (368)</b>

## Post-Employment Healthcare Plan

The PUD offers a healthcare Retirement Health Savings (RHS) plan to employees.

Employees hired after June 30, 2009, are not eligible for the post-employment defined benefit healthcare plan but are instead eligible for a defined contribution healthcare plan. This plan is also known as a RHS plan. Under this plan, the PUD contributed \$57.30 per month into an employee's individual RHS account in January through June 2024. Effective July 2024, the PUD contribution increased to \$125 each month into the plan. These funds are available to the employee for qualified health



care costs upon separation from employment from the PUD.

Effective January 2023, the Commission approved adding a retention incentive for the CEO/General Manager in the form of a premium only RHS plan in the amount of \$125 thousand. The funds are held in a revokable trust, requiring the CEO/General Manager to remain employed with PUD through February 15, 2027. If employment terms are not met, the plan balance will be forfeited. The plan was funded in November 2023. These funds are available to the employee for qualified health care costs upon separation from employment from the PUD.

## Post-Employment Defined Contribution Plans

The PUD offers several defined contribution plans to employees.

The PUD administers a non-PERS 401(a) plan and trust effective October 1, 1998. Participation in this profit-sharing plan is offered to eligible employees of the PUD as defined in the plan document. The plan provides certain employer contributions to participants equal to the employer contributions that would have been made to Plan 2 of PERS if participants in the plan had been eligible to participate in PERS. The PUD recorded as pension expense contributions to the 401(a) plan of \$5 thousand and \$4 thousand in 2024 and 2023, respectively. These funds are available to participants following a settlement date as defined in the plan document.

The PUD administers an Internal Revenue Code Section 457 deferred compensation program, covering eligible employees as defined in the plan document. Participants may contribute and defer, up to defined limits, a portion of their current year's salary. There is no contribution to this plan from the PUD. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency. All plan assets are held in trust for the exclusive benefit of participants and their beneficiaries.

Effective January 2023, the Commission approved adding a retention incentive for the CEO/General Manager in the form of a 457(f) deferred compensation plan in the amount of \$600 thousand. The funds are not held in trust and requires the CEO/General Manager to remain employed with PUD through January 12, 2029. If employment terms are not met, the plan balance will be forfeited. The plan was funded in September 2023. The plan balance as of December 31, 2023 and 2024 was \$659 thousand and \$796 thousand, respectively.

The PUD administers a 401(k) savings plan, effective May 1, 1985. Participation in the plan is offered to eligible employees of the PUD as defined in the plan document. The plan is a defined contribution plan, which provides that participants may make voluntary salary deferral contributions, on a pre-tax basis, up to the maximum Internal Revenue Service limit. In 2024 the PUD implemented requirements outlined in the Secure 2.0 Act of 2022, including the ability for employees to make voluntary salary deferral contributions on a post-tax basis. In 2024, the contribution limit for employees was \$23 thousand. The catch-up contribution limit for employees aged fifty and over was \$7,500. Employee contributions are fully vested. Employer contributions are vested after 3 years of employment. Effective January 2023, the PUD makes matching contributions in an amount equal to 100% of the first 3% of a participant's compensation, contributed as a salary deferral. The PUD recorded matching contributions to the plan of \$4.7 million and \$3.9 million in 2024 and 2023, respectively.

## Service Pay Benefits

The PUD offers a service pay benefit under which eligible employees receive a one-time payment based on compensation and years of service at retirement. Employees hired on or after July 1, 2009, must have 120 consecutive service credit months (ten years) to be eligible. Eligible employees will receive one day of pay (eight hours) for every six months of continuous employment at the PUD, paid upon retirement. For the years ended December 31, 2024 and 2023, the PUD's total liability for service pay was \$12 million and \$11 million, respectively, reported within the OPEB liability and net pension and OPEB deferrals.

## Note 9

### Bonneville Power Administration (BPA) Power Purchase Agreement

The PUD is a preferred customer of the BPA, from which it acquired approximately 75% and 78% of its energy purchases in 2024 and 2023, respectively.

The PUD purchases power from BPA under power supply contracts offered pursuant to the Pacific Northwest Electric Planning and Conservation Act. These contracts provide the PUD with the ability to purchase power in excess of its declared resources on an as-needed basis. The PUD entered into contracts with BPA to purchase approximately 75-85% of its power requirements from the federal agency through 2028.

In August 2024, the Commission signed a resolution authorizing the PUD to enter into negotiations with BPA to amend the existing contract, which will transition between power products from Block/Slice to Load Following. This change will supply approximately 95% of the PUD's power requirements. The future financial impact on the PUD remains uncertain currently.

## Energy Northwest Nuclear Projects Nos. 1, 2 and 3

The PUD entered into participation agreements in Energy Northwest's Nuclear Projects Nos. 1, 2 and 3. The PUD, Energy Northwest and BPA have entered into separate Net Billing Agreements with respect to Energy Northwest's Project No. 1, Project No. 2 and 70% ownership share of Project No. 3. The PUD is obligated to purchase from Energy Northwest, and BPA is obligated to purchase from the PUD, a maximum of approximately 20%, 15% and 19%, respectively, of the capacity of Project Nos. 1 and 2 and Energy Northwest's 70% ownership share of Project No. 3. BPA is unconditionally obligated to pay Energy Northwest the PUD's pro rata share of the total annual costs of the projects, including debt service on Revenue bonds issued to finance the projects. The effect of these net billing agreements is that the cost of power sold by BPA to all its customers, including the PUD, includes the cost of these projects.

Notwithstanding the assignment of the PUD's share of the capability of a net billed project to BPA, the PUD remains unconditionally obligated to pay to Energy Northwest its share of the total annual costs of the projects to the extent payment is not received by Energy Northwest from BPA. The PUD has not made payments under this contract.

## Note 10

### Generation System Projects

The Generation System consists of the Jackson Project, four smaller hydroelectric projects and a biofuel generator. In 2024 and 2023, these projects supplied 4% of the PUD's energy needs.

#### Jackson Project

The Jackson Project is a multipurpose hydroelectric project with a capacity of 111.8 megawatts. The project is currently operating under a forty-five-year license issued by FERC that will expire in 2056. The license agreement includes requirements for fish, wildlife, and recreation enhancement in the Jackson Project area. The PUD has also negotiated settlement agreements with the cities of Everett and Sultan, Washington Department of Fish and Wildlife, U.S. Forest Service, and the Tulalip Tribes that call for funding commitments over the course of the forty-five-year license.

#### Small Hydroelectric Projects

The Generation System owns four small hydroelectric projects. Two of these, Youngs Creek Hydroelectric Project (Youngs Creek) and Woods Creek Hydroelectric Project (Woods Creek) are located near Sultan, Washington, in Snohomish County. Completed in 2011, Youngs Creek has a capacity of 7.5 megawatts, and its FERC license expires in 2042. Woods Creek was purchased by the PUD in 2008, has a capacity of 650 kilowatts, and was upgraded by the PUD to meet current operating standards. This project is exempt from FERC licensing.

The PUD's other two projects, Calligan Creek Hydroelectric Project and Hancock Creek Hydroelectric Project, were completed and began operations in 2018. These 6.0 megawatt run-of-the-river hydroelectric projects are situated near North Bend, Washington, in King County. The fifty-year FERC licenses for each project will expire in 2065.

#### Biofuel Project

In September of 2022, the Generation System started operating a biogas engine generator which has a capacity of 675 kilowatts. The generator is owned and operated by the PUD. The space it occupies is leased from Qualco Energy on a lease agreement that runs through 2028. Qualco Energy blends food and agriculture waste in a digester and sells the resulting biogas to the PUD to fuel the generator.

The PUD has committed the Electric System to purchase the output of its Generation System projects at the cost of the power produced.

## Note 11

### Related Party Transactions

#### PUD Generation System

The Generation System sells power to the Electric System at the cost of power produced including debt service and any other

cash transactions. The Generation System sold \$26 million of power in both 2024 and 2023, to the Electric System.

The Electric and Generation Systems periodically enter into loan transactions between the systems for various purposes including to defease bonds, to fund energy generation project construction, and to fund energy generation project studies, including the purchase and development of small hydroelectric projects. These loans are assigned terms consistent with the associated asset acquired, and interest rates are set at tax-exempt bond market rates at the time of the loan.

Electric System loans to the Generation System were \$25 million and \$28 million as of December 31, 2024 and 2023, respectively. The Generation System recorded interest expense on these loans of \$1.1 million in 2024 and \$1.2 million in 2023.

## VEBA Trust

The PUD is a plan sponsor of a VEBA Trust. The VEBA Trust was founded in 1988 for the purpose of funding the health benefit and other plans on behalf of PUD retirees and employees. The PUD remits employer and employee contributions to the trust for the benefit of the trust beneficiaries. The plan had 1,193 active participants and 81 retired participants as of December 31, 2024, and 1,146 active participants and 91 retired participants as of December 31, 2023. The PUD made employee and employer contributions to the trust of \$31 million and \$27 million in 2024 and 2023, respectively.

## City of Everett (the City)

The PUD operates the Jackson Project in cooperation with the City. This project includes the reservoir at Spada Lake, Culmback Dam, and other infrastructure along the Sultan River. The PUD manages most of the operations, maintenance, and capital improvement projects, with costs shared between the PUD and the City. These shared costs are typically billed quarterly and include both fixed maintenance and administrative costs, as well as agreed-upon shared projects, with a cost share ranging from 38.13% to 50%.

Every fifth year, the City's share of the fixed costs is adjusted to 38.13% of the normalized historical annual costs of shared maintenance and administrative actions for the previous five years. Additionally, these costs are adjusted annually for inflation based on the Handy-Whitman Index. The PUD also invoices the City annually for 26.5% of the insurance premium for Culmback Dam.

The PUD provides electricity to the City, which in turn, supplies water to the PUD. In 2024, the electric revenue was \$4.8 million, with water expenses totaling \$ 3.6 million. In 2023, the electric revenue was \$4.4 million, with water expenses totaling \$4.3 million. As of December 31, 2024, the PUD had accounts payable of \$1 thousand and accounts receivable of \$366 thousand with the City. Similarly, as of December 31, 2023, the PUD had accounts payable of \$5 thousand and accounts receivable of \$1.6 million with the City.

## Note 12 Self-Insurance Fund

The PUD maintains a comprehensive insurance program that includes liability insurance coverage of \$50 million in excess of a \$2.0 million self-insured retention per occurrence. This coverage insures against certain losses arising from property damage or bodily injury damage claims filed by third parties against the PUD. On December 31, 2024, the PUD's \$2.0 million self-insured retention was fully funded. Self-insurance funds are included in special funds at market value, with a balance of \$9.8 and \$9.6 million as of December 31, 2024, and 2023, respectively.

## Note 13 Contingencies

The PUD is involved in various claims arising in the normal course of business. The PUD does not believe that the ultimate outcome of these matters will have a material adverse impact on its financial position or results of operations.

The PUD has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their representatives. Such audits could result in requests for reimbursement to grantor agencies for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial



## Required Supplementary Information (Unaudited)

### Schedule of Proportionate Share of the Net Pension Liability *As of June 30 (In thousands)*

<b>PERS 1</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Employer's proportion of the net pension liability (asset)	0.86%	0.89%	0.92%	0.92%	0.85%	0.88%	0.87%	0.87%	0.91%	0.89%
Employer's proportionate share of the net pension liability	\$ 15,226	\$ 20,330	\$ 25,670	\$ 11,285	\$ 29,903	\$ 33,889	\$ 38,769	\$ 41,111	\$ 48,809	\$ 46,613
Employer's covered employee payroll	\$ 396	\$ 373	\$ 482	\$ 773	\$ 649	\$ 642	\$ 608	\$ 768	\$ 1,059	\$ 1,481
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	3842.50%	5450.40%	5325.73%	1459.90%	4607.55%	5278.66%	6376.48%	5352.03%	4608.97%	3147.40%
Plan fiduciary net position as a percentage of the total pension liability	84.05%	80.16%	76.56%	88.74%	68.64%	67.12%	63.22%	61.24%	57.03%	59.10%
<b>PERS 2/3</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Employer's proportion of the net pension liability (asset)	1.09%	1.14%	1.19%	1.17%	1.08%	1.12%	1.10%	1.10%	1.14%	1.11%
Employer's proportionate share of the net pension liability	\$ (35,956)	\$ (46,833)	\$ (44,112)	\$ (116,645)	\$ 13,864	\$ 10,915	\$ 18,707	\$ 38,094	\$ 57,276	\$ 39,776
Employer's covered employee payroll	\$ 168,825	\$ 157,959	\$ 147,593	\$ 140,052	\$ 126,542	\$ 122,155	\$ 114,293	\$ 107,494	\$ 106,886	\$ 98,786
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	(21.30%)	(29.65%)	(29.89%)	(83.29%)	10.96%	8.94%	16.37%	35.44%	53.59%	40.26%
Plan fiduciary net position as a percentage of the total pension liability	105.17%	107.02%	106.73%	120.29%	97.22%	97.77%	95.77%	90.97%	85.82%	89.20%

**Notes to Schedule:** Factors that significantly affect trends in the amounts reported in the schedule include changes in benefit terms, changes in the size or composition of the population covered by the benefit terms, or the use of different assumptions such as the discount rate. DRS allocates a portion of contributions from the PERS 2/3 to PERS 1 in order to fund its UAAL.

### Schedule of Employer Contributions – PERS *As of December 31 (In thousands)*

<b>PERS 1</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Contractually required contributions	\$ 39	\$ 37	\$ 39	\$ 83	\$ 91	\$ 81	\$ 81	\$ 71	\$ 98	\$ 124
Contributions in relation to the contractually required contributions	(39)	(37)	(39)	(83)	(91)	(81)	(81)	(71)	(98)	(124)
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Covered employer payroll	417	370	380	696	705	632	632	594	879	1,221
Contributions as a percentage of covered employee payroll	9.35%	10.00%	10.26%	11.93%	12.91%	12.82%	12.82%	11.95%	11.15%	10.14%
<b>PERS 2/3</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Contractually required contributions	\$ 17,815	\$ 15,733	\$ 15,928	\$ 16,892	\$ 17,458	\$ 15,640	\$ 15,239	\$ 13,267	\$ 11,925	\$ 10,581
Contributions in relation to the contractually required contributions	(17,815)	(15,733)	(15,928)	(16,892)	(17,458)	(15,640)	(15,239)	(13,267)	(11,925)	(10,581)
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Covered employer payroll	\$ 191,695	\$ 158,819	\$ 155,062	\$ 146,019	\$ 135,327	\$ 121,760	\$ 119,564	\$ 110,945	\$ 106,716	\$ 103,383
Contributions as a percentage of covered employee payroll	9.29%	9.91%	10.27%	11.57%	12.90%	12.84%	12.75%	11.96%	11.17%	10.23%

## Schedule of Changes in Total OPEB Liability and Related Ratios As of December 31 (In thousands)

### Total OPEB Liability

#### POST- EMPLOYMENT - HEALTH

	2024	2023	2022	2021	2020	2019	2018	2017*	2016*	2015*
<b>Components of Change in Total OPEB Liability</b>										
Service cost	\$ 667	\$ 1,016	\$ 976	\$ 1,569	\$ 1,198	\$ 1,151	\$ 1,066			
Interest on total OPEB liability	1,352	851	883	1,274	1,704	1,565	1,673			
Effect of economic/demographic gains (losses)	-	2,470	-	(906)	-	794	-			
Effect of assumption changes or inputs	1,443	(6,371)	237	(3,602)	4,442	(4,629)	1,395			
Expected benefit payments	(2,680)	(2,514)	(2,421)	(2,739)	(2,775)	(2,954)	(3,007)			
Net change in total OPEB liability	\$782	\$ (4,548)	\$ (325)	\$ (4,404)	\$ 4,569	\$ (4,073)	\$ 1,127	\$ -	\$ -	\$ -
Total OPEB liability, beginning	37,026	41,574	41,899	46,302	41,733	45,806	44,679	45,800	57,400	57,100
<b>Total OPEB liability, ending</b>	<b>\$ 37,808</b>	<b>\$ 37,026</b>	<b>\$ 41,574</b>	<b>\$ 41,898</b>	<b>\$ 46,302</b>	<b>\$ 41,733</b>	<b>\$ 45,806</b>	<b>\$ 45,800</b>	<b>\$ 57,400</b>	<b>\$ 57,100</b>
Covered employee payroll	\$ 68,712	\$ 64,174	\$ 70,135	\$ 74,130	\$ 71,826	\$ 70,291	\$ 71,696	\$ 71,409	\$ 74,667	\$ 105,400
Total OPEB liability as a % of covered employee payroll	55.02%	57.70%	59.28%	56.52%	64.46 %	59.37%	63.89%	64.14%	76.87%	54.17%

\*Components of Change in Total OPEB Liability detailed data was unavailable in actuarial reports prior to 2018.

#### POST- EMPLOYMENT - LIFE

	2024	2023	2022	2021	2020	2019	2018	2017*	2016*	2015*
<b>Components of Change in Total OPEB Liability</b>										
Service cost	\$ 2	\$ 4	\$ 4	\$ 12	\$ 7	\$ 7	\$ 12			
Interest on total OPEB liability	155	110	117	132	175	163	177			
Effect of economic/demographic gains (losses)	-	(205)	-	884	-	(14)	-			
Effect of assumption changes or inputs	173	(743)	34	38	653	(312)	178			
Expected benefit payments	(331)	(350)	(350)	(301)	(298)	(321)	(305)			
Net change in total OPEB liability	\$ (1)	\$ (1,184)	\$ (195)	\$ 765	\$ 537	\$ (477)	\$ 62	\$ -	\$ -	\$ -
Total OPEB liability, beginning	4,328	5,512	5,707	4,942	4,405	4,882	4,820	5,000	5,300	8,100
<b>Total OPEB liability, ending</b>	<b>\$ 4,327</b>	<b>\$ 4,328</b>	<b>\$ 5,512</b>	<b>\$ 5,707</b>	<b>\$ 4,942</b>	<b>\$ 4,405</b>	<b>\$ 4,882</b>	<b>\$ 5,000</b>	<b>\$ 5,300</b>	<b>\$ 8,100</b>
Covered employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability as a % of covered employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

\*Components of Change in Total OPEB Liability detailed data was unavailable in actuarial reports prior to 2018.

**Notes to Schedule:** There are no changes of benefit terms.

**Changes of assumptions:** Changes of assumptions and other inputs reflect the effects of changes in the discount rate, election, demographic, and health assumptions each period. Discount rate used in 2024: 3.26%, 2023: 3.72%, 2022: 2.06%.

The PUD has established a fund to address the unfunded portion of future post-employment benefits. The balance of this account was \$34 million and \$42 million as of December 31, 2024 and 2023, respectively, and is included in special funds on the statements of net position. Since these funds have not been placed in an irrevocable trust, the PUD has not reduced the UAAL by these funds. Effective January 1, 2015, the PUD has entered into an insurance product that is expected to fund the remaining life insurance liability.

## Electric System

### Statements of Revenues, Expenses, and Debt Service Coverage (Unaudited)

(In thousands)

Years Ended December 31,	As restated 2022	As restated 2023	2024
<b>Operating Revenues:</b>			
Sale of electric energy	\$ 722,260	\$ 743,396	\$ 833,039
Other operating revenues	36,161	64,031	42,664
Unbilled revenues	6,900	(5,400)	(3,600)
<b>Total Operating Revenues</b>	<b>765,321</b>	<b>802,027</b>	<b>872,103</b>
<b>Operating Expenses:</b>			
Purchased power	363,509	406,324	435,487
Operations and maintenance	240,278	250,817	309,707
Depreciation and amortization	62,797	65,651	66,971
Taxes	40,732	42,107	45,285
<b>Total Operating Expenses</b>	<b>707,316</b>	<b>764,899</b>	<b>857,450</b>
<b>Net Operating Income (Loss)</b>	<b>58,005</b>	<b>37,128</b>	<b>14,653</b>
<b>Interest Charges</b>	<b>13,269</b>	<b>17,715</b>	<b>17,717</b>
<b>Other Income and Expense:</b>			
Interest income	8,276	16,671	18,771
Net increase (decrease) in the fair value of investments	(11,390)	8,265	2,707
Other income and expense, net	3,587	6,538	3,651
<b>Total Other Income and Expense</b>	<b>473</b>	<b>31,474</b>	<b>25,129</b>
<b>Capital Contributions:</b>			
Cash contributions	24,317	19,533	23,615
Non-cash contributions	3,977	10,252	10,180
<b>Total Capital Contributions</b>	<b>28,294</b>	<b>29,785</b>	<b>33,795</b>
<b>Net Income</b>	<b>73,503</b>	<b>80,672</b>	<b>55,860</b>
Non-cash contributions	(3,977)	(10,252)	(10,180)
Interest charges	13,269	17,715	17,717
Depreciation and amortization	62,797	65,651	66,971
Pension & OPEB liability actuarial adjustments	(20,549)	(25,782)	(22,962)
Net increase (decrease) in the fair value of investments	11,390	(8,265)	(2,707)
<b>Balance Available for Debt Coverage</b>	<b>136,433</b>	<b>119,739</b>	<b>104,699</b>
<b>Parity Debt Service Costs:</b>			
Interest	18,488	19,969	19,773
Principal	11,510	11,985	12,815
<b>Total Parity Debt Service Costs</b>	<b>\$ 29,998</b>	<b>\$ 31,954</b>	<b>\$ 32,588</b>
<b>Parity Debt Service Coverage</b>	<b>4.5x</b>	<b>3.7x</b>	<b>3.2x</b>



## Electric System Revenue and Statistical Data (Unaudited)

Years Ended December 31,	2022	2023	2024	% change from 2023
<b>Retail Customers (average):</b>				
Residential	338,130	342,025	346,094	1.2%
Commercial	34,709	34,957	35,130	0.5%
Industrial	76	78	76	-2.6%
Other	211	209	211	1.0%
<b>Retail Customers</b>	<b>373,126</b>	<b>377,269</b>	<b>381,511</b>	<b>1.1%</b>
<b>Megawatt-Hours Billed:</b>				
Residential	3,917,803	3,922,390	3,933,257	0.3%
Commercial	2,345,764	2,391,503	2,407,322	0.7%
Industrial	469,471	457,802	440,364	-3.8%
Wholesale	1,847,108	1,473,414	2,031,807	37.9%
Other	28,381	28,159	30,112	6.9%
<b>Megawatt-Hours Billed</b>	<b>8,608,527</b>	<b>8,273,268</b>	<b>8,842,862</b>	<b>6.9%</b>
<b>Revenues Billed (in thousands):</b>				
Residential	\$ 403,146	\$ 419,675	\$ 452,789	7.9%
Commercial	208,569	213,133	226,541	6.3%
Industrial	33,188	32,778	33,545	2.3%
Wholesale	73,375	72,441	103,988	43.5%
Other	3,981	4,073	4,550	11.7%
<b>Revenues Billed</b>	<b>\$ 722,259</b>	<b>\$ 742,100</b>	<b>\$ 821,413</b>	<b>10.7%</b>
<b>Average Retail Rate per kWh:</b>				
Residential	\$ 0.103	\$ 0.107	\$ 0.115	7.5%
Commercial	\$ 0.089	\$ 0.089	\$ 0.094	5.6%
Industrial	\$ 0.071	\$ 0.072	\$ 0.076	5.6%
<b>Number of Employees</b>	<b>1,047</b>	<b>1,079</b>	<b>1,106</b>	<b>2.5%</b>
<b>Electric Line Miles</b>	<b>6,652</b>	<b>6,697</b>	<b>6,721</b>	<b>0.4%</b>
<b>New Electric Service Connections</b>	<b>5,051</b>	<b>4,649</b>	<b>5,138</b>	<b>10.5%</b>

## Water System

### Statements of Revenues, Expenses, Debt Service Coverage, and Statistical Data (Unaudited)

(In thousands)

Years Ended December 31,	2022	2023	2024
<b>Operating Revenues:</b>			
Sale of water	\$ 15,098	\$ 16,078	\$ 16,122
Other operating revenues	408	389	439
<b>Total Operating Revenues</b>	<b>15,506</b>	<b>16,467</b>	<b>16,561</b>
<b>Operating Expenses:</b>			
Purchased water	3,600	4,230	3,689
Operations and maintenance	6,641	7,586	9,093
Depreciation and amortization	3,497	3,583	3,831
Taxes	775	817	841
<b>Total Operating Expenses</b>	<b>14,513</b>	<b>16,216</b>	<b>17,454</b>
<b>Net Operating Income</b>	<b>993</b>	<b>251</b>	<b>(893)</b>
<b>Interest Charges</b>	<b>(28)</b>	<b>546</b>	<b>929</b>
<b>Other Income and Expense:</b>			
Interest income	367	1,088	1,996
Net increase (decrease) in the fair value of investments	(405)	454	96
Other income and expense, net	3,123	(54)	(17)
<b>Total Other Income and Expense</b>	<b>3,085</b>	<b>1,488</b>	<b>2,075</b>
<b>Capital Contributions:</b>			
Cash contributions	1,724	1,330	1,777
Non-cash contributions	3,210	1,601	2,248
<b>Total Capital Contributions</b>	<b>4,934</b>	<b>2,931</b>	<b>4,025</b>
<b>Net Income</b>	<b>9,040</b>	<b>4,124</b>	<b>4,278</b>
Non-cash contributions	(3,210)	(1,601)	(2,248)
Interest charges	(28)	546	929
Depreciation and amortization	3,496	3,583	3,831
Pension and OPEB liability actuarial adjustments	(538)	(762)	(711)
Net increase (decrease) in the fair value of investments	405	(454)	(96)
<b>Balance Available for Debt Coverage</b>	<b>9,165</b>	<b>5,436</b>	<b>5,983</b>
<b>Parity Debt Service Costs:</b>			
Interest	328	385	1,134
Principal	1,300	475	660
Total Parity Debt Service Costs	1,628	860	1,794
Less: Assessment payments received	(4)	(10)	(4)
<b>Debt Service Paid from Revenues</b>	<b>\$ 1,624</b>	<b>\$ 850</b>	<b>\$ 1,790</b>
<b>Parity Debt Service Coverage</b>	<b>5.6x</b>	<b>6.4x</b>	<b>3.3x</b>
<b>Number of Water Customers (average)</b>	<b>23,156</b>	<b>23,475</b>	<b>23,724</b>
<b>Water Sales &amp; Purchases (thousand cubic feet):</b>			
Retail Cubic Feet Sold	218,913	233,223	219,759
Wholesale Cubic Feet Sold	33,677	40,831	30,917
<b>Total Cubic Feet Sold</b>	<b>252,590</b>	<b>274,054</b>	<b>250,676</b>
<b>Average Retail Water Rates (thousand cubic feet):</b>			
Residential	\$3.57	\$3.66	\$3.85
Commercial	\$3.37	\$3.53	\$3.77









*Energizing Life in Our Communities*

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