

Net Income

For the first half of 2025, the PUD reported net income of \$35.9 million, a \$31.3 million (689%) increase compared to the same period in 2024. The improvement was largely driven by a notable reduction in expenses, particularly in operations and maintenance. Despite this growth, net income fell \$3.9 million (-10.9%) short of budgeted expectations.

Operations & Maintenance (O&M)

Operations and maintenance expenses totaled \$351.1 million, which was \$3.7 million (1.1%) higher than the budget. In January 2024, unusually cold temperatures drove up demand and prices, inflating purchase power expenses. By contrast, 2025 expenses were \$45.7 million lower than the prior year, representing a 20% decrease from the prior period, although they still came in 0.7% above budget.

Retail Energy Sales

During the first six months of 2025, the PUD sold approximately 21,000 MWh more electricity across all retail categories than in the same period in 2024. These increased sales combined with the 4.6% system-wide revenue adjustment on April 1, 2025, generated \$22.5 million in additional revenue, representing a 5.9% increase from the prior year. The Commercial sector led the increase with a gain of 17,000 MWh, while minor declines were observed in the Industrial and Streetlight categories. Overall, retail energy sales volume was 0.9% above budget.

Wholesale Energy Market

To manage supply and demand, the PUD actively participates in wholesale energy markets. In the first half of 2025:

- Wholesale sales declined by 231,000 MWh (-22%) compared to 2024.
- The average sales price fell to \$34/MWh, down from \$54/MWh in 2024, reflecting the remarkably high prices last year.
- The combined impact of lower sales volume and reduced average sales price yielded a \$28.8 million (-51%) reduction in wholesale revenues.
- Wholesale sales were 814,045 MWh, falling 185,170 MWh (-23%) short of budgeted projections.

Interest and Non-Operating Income

- Interest income rose by \$448,000 year-over-year, exceeding the budget by \$2.1 million (19%).
- Miscellaneous non-operating income totaled \$7.2 million, up \$5.7 million over 2024, largely due to the SnoSMART program as a part of the Department of Energy's Grid Resilience and Innovations Partnerships (GRIP) Grant and the Washington State Home Efficiency and Appliance Rebates (HEAR) Grant.

Balance Sheet Highlights

- Temporary investments and other investments increased by \$135.3 million year-over-year, primarily due to the PUD's strategic reclassification of the \$116.5 million rate stabilization fund in October 2024. This accounting adjustment altered the composition of the PUD's financial assets. Meanwhile, special funds decreased by \$172.7 million, reflecting both the reclassification and a \$53.3 million drawdown of bond construction funds to support ongoing capital projects.
- Plant in service increased by \$135 million, driven by several major capital projects, including:
 - » A new 115 kV transmission line between Stanwood and Camano Island (\$13.7 million)
 - » Construction of Sky Valley substation (\$12.4 million)
 - » Construction of Twin City substation (\$8.9 million)
 - » Construction of Jennings Park substation (\$8.1 million)
- Current liabilities increased by \$1.3 million, while long-term debt was reduced by \$20.7 million through regular repayments.

Infrastructure Highlights

As of June 30, 2025:

Substation Reliability Projects

- Two out of six substation reliability projects planned for 2025 have been completed.
- The remaining four projects are currently in the design phase.

Advanced Metering Infrastructure (AMI)

- **Electric System:** Over 20% of AMI meters installed; aiming for 40% completion by year-end.
- **Water System:** 65% of AMI meters installed. All necessary inventory for full installation has been received.

Stanwood-Camano 115kV Line Rebuild

- Construction is actively underway and remains on schedule for completion by the end of summer 2025.

North County Community Office

- The new North County Community Office is now open, providing improved local access to services.
- The facility supports customer service representatives, warehouse staff, and line crews operating in the North County area.



Pole replacement along the Stanwood-Camano line in late June 2025

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

Six Months Ended June 30,

	2025				2024
	Electric System	Generation System	Water System	Combined	Combined
Operating Revenues	\$ 442.2	\$ 9.4	\$ 8.1	\$ 450.6	\$ 462.5
Operating Expenses	405.3	9.4	9.1	414.7	458.0
Net Operating Income	36.9	–	(1.0)	35.9	4.5
Other Income (Expense)	7.7	(0.9)	0.4	7.2	2.3
Capital Contributions	14.1	–	1.1	15.2	15.3
Net Income	\$ 58.7	\$ (0.9)	\$ 0.5	\$ 58.3	\$ 22.1

Twelve Months Ended June 30,	2025	2024
Electric System Retail Kilowatt-hours Sold (in millions)	6,831	6,735
Electric System New Customer Connects	4,601	4,551
Debt Service Coverage		
Electric System Parity Bonds	4.4x	4.0x
Electric/Generation Parity Bonds	3.8x	3.6x

Combined Statements of Net Position (In millions)

As of June 30,

	2025				As restated 2024
	Electric System	Generation System	Water System	Combined	Combined
Current Assets	\$ 362.9	\$ 6.9	\$ 8.0	\$ 375.4	\$ 327.8
Net Utility Plant	1,653.4	193.9	152.9	2,000.2	1,896.3
Other Assets	280.7	31.4	31.8	322.4	435.7
Total Assets	2,297.0	232.2	192.7	2,698.0	2,659.8
Deferred Outflows of Resources	54.9	1.6	1.5	58.0	43.5
Total Assets & Deferred Outflows	\$ 2,351.9	\$ 233.8	\$ 194.2	\$ 2,756.0	\$ 2,703.3
Current Liabilities	\$ 115.8	\$ 4.3	\$ 2.1	\$ 119.8	\$ 118.5
Long-Term Debt	419.1	53.0	26.8	498.9	519.5
Other Liabilities	87.2	36.9	1.4	104.0	105.3
Total Liabilities	622.1	94.2	30.3	722.7	743.3
Deferred Inflows of Resources	22.9	3.0	0.8	26.7	56.7
Net Investment in Capital Assets	1,224.2	139.6	135.1	1,498.9	1,439.8
Restricted	71.9	11.5	19.2	102.6	234.4
Unrestricted	410.8	(14.5)	8.8	405.1	229.1
Total Net Position	1,706.9	136.6	163.1	2,006.6	1,903.3
Total Liabilities, Deferred Inflows and Net Position	\$ 2,351.9	\$ 233.8	\$ 194.2	\$ 2,756.0	\$ 2,703.3



Water Operations at the Energy Block Party in April



Connect Up meter installation near Echo Lake in May



Maintenance work at the Jackson project in June

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