



**Mission:** To provide sustainable, reliable utility services that enhance the quality of life in Chelan County.

**PUD PROFILE**

Chelan County PUD owns and operates one of the nation’s largest nonfederal, customer-owned hydroelectric generating systems.

Chelan PUD’s highest priority is keeping our core assets in top shape. Investing in our hydropower projects, distribution systems, facilities and people ensures we continue to produce and distribute clean, renewable, carbon-free energy and create value for our customer-owners.

Chelan PUD’s three dams have demonstrated for decades the value of public power and local control. Together the dams can generate over 2,000 +megawatts of power at their peak. In 2023, they produced 7.4 million megawatt hours of affordable, emission-free electricity.

**CHELAN COUNTY PUD SWITCH TO DIGITAL METERS COMPLETE**

The replacement of more than 50,000 electric meters in Chelan County with advanced metering infrastructure (AMI) has been completed. The two-way digital meters use encrypted, wireless communication to send energy use information directly to the District. About 73 percent of residential electric meters in the nation are advanced meters, according to the U.S. Energy Information Administration. AMI is foundational to a lot of improvements, especially with reliability and outage response.

The \$15 million installation of advanced meters began about a year ago. Crews replaced about 1,000 meters a week. The change has been in the works since 2017. Starting June 1, customers who choose not to have an advanced meter will be charged a \$25 monthly fee to help cover the cost of manual meter readings.

**FORMER CAMPUS WILL CONTINUE TO SUPPORT PUBLIC SERVICE**

In May 2024, the last Chelan PUD crews moved into the new operations buildings at the Service Center at Olds Station. Now the District will pave the way for a new era of public service at its vacated Fifth street campus. A new road, Electric Avenue, that bisects the 7.5-acre property will provide centralized, underground utilities that connect six parcels, including the site of the new YMCA. The District expects to break ground on the new road and utilities corridor in mid-summer.

The former campus will become a multi-use center starting with the addition of the YMCA as the first anchor business. The property sale of 144,000 square feet to the YMCA closed in April. The YMCA began demolition on the existing warehouse building in May. The work will continue through late summer.

**CHELAN COUNTY PUD EXPANDS PLAN TO PREVENT WILDFIRE, INCREASE FIRE RESILIENCE**

The District’s plan to prevent wildfire continues to evolve, including the county-wide expansion of a plan to proactively turn off power

during extreme weather events. For years, the District has had a comprehensive wildfire plan intended to prevent wildfire and build a more fire-resilient electrical grid. The plan includes:

- Vegetation management: Clearing hazard trees and shrubs away from powerlines
- Fire hardening: Converting transmission structures to steel and fire protection around wood poles
- Settings: Equipment upgrades and powerline setting changes in the highest fire risk areas to reduce the risk of ignition during fire season

Several of these measures are location-specific, guided by fire risk assessments commissioned by the PUD for its distribution and transmission lines.

In 2021, the District developed one of Washington State’s first public safety power shutoff plans (PSPS) in a pilot area of about 3,000 customers in the Lake Wenatchee/Plain area. Chelan PUD calls it fire safety outage management. It’s a measure of last resort and would be rarely used. Beginning this fire season, the District announced the expansion of fire safety outage management throughout the county with emphasis on higher risk fire-prone areas. Throughout the summer, the PUD will monitor the weather forecasts, including predicted wind gusts, humidity, fuel moisture and potential fire behavior. The conditions that trigger a fire safety outage are generally more severe than a red flag warning. If a fire safety outage is forecasted to be necessary, the utility will attempt to notify customer-owners as soon as possible, ideally 48 hours in advance via email, recorded phone messages, the media, chelanpud.org and through partners, such as Chelan County Emergency Management. The outage may last up to 24 hours or more, depending on the area crews need to inspect, and the amount of repair required to safely restore power. The District has not yet had to implement a fire safety outage but is prepared to do so.

**WATER SUPPLY FORECASTS**

The final projection from the Northwest River Forecast Center estimates January-July water supply on the Columbia River to be 77 percent of average at Grand Coulee Dam. The District expects below average generation under the forecasted low water conditions. Due to the District’s risk management plans, hedging strategies and financial policies, the District still expects to meet or exceed financial targets.

The final water supply forecast for the Lake Chelan drainage basin is 49 percent of average from April through July. Lake Chelan Hydro Project operations will continue to balance the operating objectives, which puts the District in a good position to meet all target elevations. Last year’s actual water supply for Lake Chelan from April 1 through July 31 was 95 percent of average.

**FINANCIAL HIGHLIGHTS**

For the six months ended June 30, 2024, Chelan County PUD recorded a change in net position of \$76.2 million, an increase in earnings of \$9.8 million from the same period in 2023. The increase in earnings is due to increased operating revenues resulting primarily

from a combination of higher average market prices received on surplus sales of electricity and the sale of no-cost allowances received under Washington State’s Climate Commitment Act (CCA) that were in excess of the District’s CCA compliance obligation. Increased operating revenues were offset somewhat by higher operating expenses. Purchased power costs were up due to lower average stream flows resulting in reduced hydro generation and increased market purchases of power to satisfy contractual obligations and meet District load requirements. Increased maintenance activities at the hydros and higher depreciation expense resulting from recent large asset additions, including the District’s new operations and service center, also contributed to the increase in operating expenses.

As of June 30, 2024, combined unrestricted cash and investments totaled \$374.9 million, comparable to the \$344.0 million reported for the same period in 2023. Strong operating results have allowed the District to maintain stable unrestricted cash and investment balances while continuing to fund a portion of both debt repayments and capital spending from unrestricted operating reserves. Current assets are up \$51.2 million compared to the prior year due primarily to increases in cash and short-term investment balances, as well as accounts receivable. The District is holding shorter term investments to meet the anticipated cash needs of its extensive capital improvement program, which is being fully funded from District reserves. Accounts receivable balances are up as a result of the sale of CCA allowances in June 2024, combined with increased wholesale sales. Utility plant balances increased \$120.5 million with investments in major projects including ongoing modernization work at the Rock Island hydroelectric project, the District’s new Service Center, installation of advanced meter infrastructure and ongoing work on various substations. Modernization work at Rock Island was also the primary driver behind a \$56.1 million decrease in Restricted Assets – Noncurrent, as funds restricted for capital spending were deployed for the project. Other assets decreased by \$10.1 million primarily due to a decrease in long-term investments as a result of the District’s ongoing management of its investment portfolio to meet expected cash flows related to its capital improvement program and optimize investment yields.

Long-term debt decreased by \$40.8 million due to regularly scheduled principal payments on outstanding debt. The District’s debt level continues to meet established debt leverage metrics while supporting the District’s financial policies, customer-owner priorities, strong credit rating and long-term financial stability.



*Mark Mullins*

**Mark Mullins**  
Interim CFO/CRO



## CONDENSED COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (Unaudited)

Six months ended June 30, 2024

(in thousands)

	Rocky Reach	Rock Island	Lake Chelan	Utility Services	Financing Facilities	Internal Services	Intra-District Transactions (1)	6 Months Ended 6/30/2024	6 Months Ended 6/30/2023
<b>OPERATING REVENUES</b>	\$ 50,342	\$ 77,639	\$ 5,395	\$ 269,528	\$ 2,900	\$ 21,089	\$ (129,476)	\$ 297,417	\$ 254,400
<b>OPERATING EXPENSES</b>	43,029	45,696	5,199	243,276	-	18,328	(129,476)	226,052	191,487
<b>NET OPERATING INCOME</b>	7,313	31,943	196	26,252	2,900	2,761	-	71,365	62,913
<b>OTHER INCOME (EXPENSE) (2)</b>	(3,346)	(12,265)	(496)	9,340	7,170	403	-	806	(183)
<b>CAPITAL CONTRIBUTIONS</b>	-	396	-	3,667	-	-	-	4,063	3,699
<b>CHANGE IN NET POSITION</b>	\$ 3,967	\$ 20,074	\$ (300)	\$ 39,259	\$ 10,070	\$ 3,164	\$ -	\$ 76,234	\$ 66,429

## CONDENSED COMBINING STATEMENTS OF NET POSITION (Unaudited)

June 30, 2024

(in thousands)

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	Rocky Reach	Rock Island	Lake Chelan	Utility Services	Financing Facilities	Internal Services	Intra-District Transactions (1)	6/30/2024	6/30/2023
<b>TOTAL CURRENT ASSETS</b>	\$ 16,847	\$ 11,866	\$ 2,474	\$ 166,945	\$ 18,835	\$ 12,765	\$ -	\$ 229,732	\$ 178,533
<b>NET UTILITY PLANT</b>	265,581	607,136	82,868	458,440	-	250,370	-	1,664,395	1,543,942
<b>RESTRICTED ASSETS - NONCURRENT</b>	29,644	46,677	-	14,007	14,752	6,003	-	111,083	167,215
<b>OTHER ASSETS</b>	12,614	32,872	5,448	245,251	33,536	17,056	(9,422)	337,355	347,486
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	6,955	7,660	857	9,225	189	443	-	25,329	28,833
<b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES (2)</b>	\$ 331,641	\$ 706,211	\$ 91,647	\$ 893,868	\$ 67,312	\$ 286,637	\$ (9,422)	\$ 2,367,894	\$ 2,266,009
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>									
<b>CURRENT LIABILITIES</b>	\$ 5,234	\$ 33,243	\$ 1,202	\$ 31,550	\$ 27,118	\$ 28,236	\$ -	\$ 126,583	\$ 116,957
<b>INTERSYSTEM PAYABLE (RECEIVABLE) - CURRENT</b>	10,835	10,719	(314)	9,251	(23,248)	(7,243)	-	-	-
<b>LONG-TERM DEBT</b>	-	89,333	-	3,919	176,375	-	-	269,627	310,442
<b>INTERSYSTEM PAYABLE (RECEIVABLE) - NONCURRENT</b>	42,701	196,055	(11,200)	(136,245)	(325,839)	234,528	-	-	-
<b>UNEARNED REVENUES</b>	5,778	5,898	-	78,044	3,475	-	(9,422)	83,773	113,563
<b>OTHER LIABILITIES</b>	12,792	15,416	10,226	9,474	-	8,307	-	56,215	60,515
<b>TOTAL LIABILITIES</b>	77,340	350,664	(86)	(4,007)	(142,119)	263,828	(9,422)	536,198	601,477
<b>DEFERRED INFLOWS OF RESOURCES</b>	11,601	27,748	1,431	51,968	366	241	-	93,355	74,037
<b>TOTAL NET POSITION</b>	242,700	327,799	90,302	845,907	209,065	22,568	-	1,738,341	1,590,495
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES &amp; NET POSITION</b>	\$ 331,641	\$ 706,211	\$ 91,647	\$ 893,868	\$ 67,312	\$ 286,637	\$ (9,422)	\$ 2,367,894	\$ 2,266,009

### ELECTRIC

As of June 30	2024	2023
Number of Customers	51,570	51,005
Number of Residential Customers	42,126	41,570
YTD Average Residential Rate (Cents/kWh)	3.60	3.40

### POWER GENERATION (MWh) (000)

6 months ended June 30	2024	2023
Lake Chelan	159	136
Rocky Reach	2,309	2,574
Rock Island	1,101	1,142

### HYDRO PRODUCTION COST/MWH GENERATED (\$/MWh)

6 months ended June 30	2024	2023
Lake Chelan	\$ 32	\$ 37
Rocky Reach	20	16
Rock Island	52	43

### NOTES TO CONDENSED STATEMENTS

(1) Intra-District transactions are eliminated.

(2) Consists primarily of investment income and interest expense on long-term debt.

Public Utility District No.1 of Chelan County (Chelan County PUD) has prepared condensed financial statements in accordance with generally accepted accounting principles. Condensed financial statements should be read in conjunction with the notes to the financial statements included in Chelan County PUD's Annual Report as of December 31, 2023. This information is provided for general information. Not all the information is intended for nor should it be relied upon for making investment decisions by current or prospective investors.