



Lighting our Community!

2012 ANNUAL REPORT

About Us

Energy counselors
provide free in-home
energy reviews

Clark Public Utilities is a customer-owned public utility district that provides electric and water service in Clark County, Washington. The utility is a municipal corporation organized under laws of the state of Washington. It was formed by a vote of the people in 1938. The utility consists of three separate operating systems: electric, generation, and water.

The utility is governed by a three-member elected board of commissioners. Each member serves a six-year term with one of the positions open every two years.

General Manager

Wayne W. Nelson
CEO/General Manager

Directors

Lisa M. Fix
Customer Service

Patrick R. McGary
Energy Resources

Cal R. Morris
Engineering

Richard A. Dyer, Jr., CPA
Finance/Treasurer

Michael K. Harris
Information Services

F. Andrew Huck
Operations

Douglas A. Quinn, PE
Water Services



Ranked "Highest in Customer Satisfaction among midsize Utilities in the West" by J.D. Power five years in a row





Nancy E. Barnes
First elected 1992, term ends 2016



Board of
Commissioners
Byron H. Hanke
First elected 2002, term ends 2014



Carol J. Curtis
First elected 1982, term ends 2012

Highlights

	2012	2011
Electric System		
Customers (year end)	186,577	185,035
Total operating revenue	\$ 360,729,000	\$ 355,779,000
Electricity sales (megawatt hours)	5,376,000	4,872,000
Peak demand (megawatts)	878	956
Net income (loss)	\$ 6,643,000	\$ 9,216,000
Employees (year end)	343	330
Generating System		
Total operating revenue	\$ 89,850,000	\$ 97,843,000
Electricity generation (megawatt hours)	848,843	1,015,843
Displacement (megawatt hours)	924,290	824,290
Employees (year end)	1	1
Water System		
Customers (year end)	31,134	30,854
Total operating revenue	\$ 14,144,000	\$ 12,471,000
Water sales (cubic feet)	452,994,000	434,932,000
Peak 24-hour demand (gallons)	21,137,000	21,944,000
Net income	\$ 1,343,000	\$ (29,000)
Employees (year end)	28	28



A message from
General Manager
Wayne Nelson

Cutting waste and increasing convenience

Customers may have noticed a new approach in the utility's communication this year. We encouraged them to cut energy waste and lower their bills focusing on first-person stories of ways conservation measures made their homes a good place to be.

Bringing faces of real customers and employees to the forefront helped to motivate and inspire customers to learn more about utility programs and services.

We also had an emphasis on MyAccount, and our enhancement of online bill payment options.

Reliable Public Power Provider designation received

For the second time, Clark Public Utilities earned Reliable Public Power Provider recognition from the American Public Power Association for providing consumers with the highest degree of reliable and safe electric service.

The RP3 designation represents a high level of service to communities all over the country and we stood out as a model of safe and reliable utility operations.

Customers benefit from ongoing reliability measures and we pride ourselves on the high reliability standards employees strive to achieve annually. Constant improvement requires innovation and

this year we added a new position dedicated to identifying potential system failures impacting reliability, and planning proactive measures to address these issues. Additionally, we continued our year-round tree-trimming program to reduce tree-related outages and we treat underground lines to repair failing cable and extend the life of the wire.

Together, these efforts have prevented significant outages and reduced the impact of extreme weather on our system.

Crews head east to help with Hurricane Sandy restoration

Following the devastating East Coast storm, eleven utility employees traveled to New Jersey to assist in restoring power to those affected by the widespread outages. The work was hard and the weather was cold, but our crew returned grateful for the opportunity to help and to work in a critical situation where their skills were most needed.

Customers followed the progress of our employees via local news coverage and multi-media updates shared by the crew and posted to the utility Facebook page. Videos, photos and anecdotes from the front lines were met with encouragement and support from customers here at home as well as some appreciative comments from those affected on the East Coast.



Ongoing system
improvement continues
to increase reliability

Employees traveled east to help restore power after the hurricane



Rate stabilization fund for electric system grows

Buoyed by a strong performance from the new Bonneville Power Administration slice product, net revenue for the electric system came in more than \$2.5 million above budget for the year.

High water in the federal hydro system, displacement of the River Road Generating Plant to the economic advantage of the utility and sales of surplus power resulted in strong revenue and provided an opportunity to grow the rate stabilization fund, intended to protect customers from increasing fluctuation in power supply costs.

Operating at no profit, the utility sets its budget with the goal of equal revenue and expenditures. But with the changing landscape of the energy industry and the resulting uncertainty, having stabilization measures in place including the surplus fund and available lines of credit help to manage daily operations smoothly and efficiently.

Water rate increase approved

The board of commissioners approved a water rate increase that averaged \$3.25 per month for a typical residential customer, effective February 1, 2012. The increase was needed due to the cooler, wetter weather in 2011, when water sales were significantly lower than forecasted and revenue didn't cover the fixed costs of operating the water system. The last water rate increase was January 2009.

We work hard to provide the highest quality drinking water and great service at a reasonable price. As a public utility, we don't make a profit, and our goal is to break even at the end of the year. Even with the rate change, Clark Public Utilities remains one of the lowest cost providers of ground-based water service in the region.

Honoring Commissioner Curtis and 30 years of service

The end of 2012 marked a significant transition for the Clark Public Utilities Board of Commissioners. After five terms and 30 years of public service, Carol J. Curtis chose not to seek reelection as a utility commissioner.

She leaves the board as the longest-serving woman commissioner and a member of the first all-women public commission in the state. She leaves a legacy that includes the addition of the River Road Generating Plant to our power supply portfolio and a culture that has earned this organization five J.D. Power awards for highest customer satisfaction.

In her time on the board, Commissioner Curtis oversaw a dramatic shift in the organizational culture of the agency. In honor of her service, the South Lake Well Field, which was constructed during her tenure and within her electoral district, was named the Carol J. Curtis Well Field. It will continue to be a critical resource for

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Former South Lake Well Field provides source for future growth





**Setting thermostats
increases efficiency**

*HONORING
continued from page 5*

economic development and the future growth of Clark County, and will stand as a tribute to her decades of work on behalf of customers.

New water source to meet needs for decades to come

Thanks to approval of a water right application by the Department of Ecology, our water customers' access to this crucial and finite resource is secure for decades. This new water right permit, nearly 10 years in the making, for the right to tap an additional underground water source at the Carol J. Curtis Well Field is estimated to provide about 20,000 acre-feet – or roughly the equivalent of 6.52 billion gallons of water, which is equal to the amount used by 60,000 homes in a year. This is double the capacity of our current supply.

Obtaining this water right means water supply will not be a limiting factor for future economic growth along key parts of the Interstate 5 corridor in Clark County, and for communities served by Clark Public Utilities. It is a critical piece for the future of our system and will ensure customer access to safe, reliable water for decades.

Energy efficiency is key to energy savings

Through our energy efficiency programs and incentives, we achieved savings of 6.52 average megawatts in 2012 – enough to power nearly 3,200 homes for a year. Every kilowatt saved is a kilowatt the utility isn't required to generate or purchase and remains the most affordable source of power for our customers.

Residential incentives included rebates for weatherization, appliances, appliance recycling, regular and ductless heat pumps, and solar water heating. We also had compact fluorescent light bulb programs and CFL recycling at our offices.

We also expanded the Project Energy Savings program, originally funded by federal stimulus money, using a one million dollar grant from Washington State and partnering with Clark County. We targeted income-specific homeowners in Marion, Burton Ridge, and Forest Ridge neighborhoods who received an energy conservation kit along with an in-home energy review. The review identified ways residents could save money and energy, and included a list of available cash incentives for efficiency improvements including installation of insulation, duct sealing and ductless heat pumps. Eligible small businesses also received energy-efficient lighting retrofits. These projects resulted in energy savings exceeding 2.7 million annual kilowatt-hours. We helped customers cut energy waste, resulting in lower bills and improved comfort.



**New water right
ensures supply for
decades**



Electric vehicles continue to hit the roads with higher efficiency and zero emissions

Behavior program helps customers outsmart energy waste

As part of our effort to comply with the Washington State Energy Independence Act (I-937), which requires that we pursue all cost-effective energy conservation measures, we implemented a unique program that measures energy conservation from behavioral changes in a long-term, reportable way.

Twenty-thousand customers were enrolled in the program based on criteria including home size and heating type. These customers receive home energy reports that provide a snapshot of their home energy use compared to 100 similar homes, with customized tips for how to use less.

The program compares energy use of the group receiving home energy reports to a statistically equivalent control group over time to track and verify cumulative energy savings. The program has been proven successful in utilities across the country as well as here in the Northwest.

Employees pitch in to help across the community

This year utility employees donated 6,188 hours to give back in the community where we live and work. Volunteers gathered throughout the year to plant native trees and restore the Salmon Creek Watershed, assemble holiday food assistance with the Salvation Army, serve free water to thirsty county fairgoers, and educate customers about the importance of electrical safety and conservation at dozens of local events.

In addition to ongoing volunteer activities, the utility produced its 22nd annual Home & Garden Idea Fair in April. Hundreds of employees volunteer over the course of the three-day event to talk with nearly 20,000 customers about customer service options, conservation incentives and the many ways to improve home efficiency to cut waste and lower energy bills. Hundreds of local businesses participate and provide guests with information about home goods and services.

Spending time doing good work to benefit Clark County is part of our employee culture and having the opportunity to talk with customers out in the community helps increase awareness of utility programs and services.

Wayne W. Nelson
CEO/General Manager

In the industrial class, we completed the largest energy efficiency project in utility history, partnering with silicon wafer manufacturer WaferTech to plan a \$1.6 million project with grant and loan incentives from American Recovery and Reinvestment Act funds, Bonneville Power Administration, Washington State University, and the Clark Public Utilities EnergySmart Industrial program. Annual projections for the project include:

- Energy savings of four million kilowatt hours
- Energy cost savings of \$200,000
- Emission reduction of 1.3 million pounds of carbon dioxide

Reduced energy use saves customers money and helps hold off a need to build additional generation facilities by making the power we have now, go further.

EnergyStar® homes on the rise

We earned the EnergyStar® Leadership in Housing award again this year for our work in promoting energy efficient construction through a partnership with EnergyStar.

Our program is the most successful program in the Pacific Northwest with 40 percent of new single-family residential construction built in Clark County certified as EnergyStar homes. Despite the downturn in the housing market, EPA data shows that both homebuilders and buyers are continuing to invest in high performing homes.

Participation in this program has increased every year as additional builders and customers learn about the cost savings and environmental benefits of an EnergyStar certified home.

Independent Auditor's Report

To the Board of Commissioners
Public Utility District No. 1 of Clark County
Vancouver, Washington

Report on the Financial Statements

We have audited the accompanying combined and separate financial statements of Public Utility District No. 1 of Clark County's Electric System, Generating System, and Water System (the District), which comprise the Statement of Net Position as of December 31, 2012, and the related combined and separate statement of revenues, expenses and changes in net position and cash flows for the year then ended, and the combined Statement of Net Position as of December 31, 2011, and the related combined statement of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these combined and separate financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the combined and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined and separate financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined and separate financial statements, whether due

to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined and separate financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined and separate financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined and separate financial statements referred to above present fairly, in all material respects, the financial position of Public Utility District No. 1 of Clark County's Electric System, Generating System, and Water System as of December 31, 2012 and 2011, and the related results of operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the accompanying management discussion and analysis be presented to supplement the basic financial statements. Such information, 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 audit 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.

Our audits were conducted for the purpose of forming an opinion on the combined and separate financial statements taken as a whole. The statistical data and additional supplemental information are also not a required part of the basic financial statements, but are supplemental information presented for the purposes of additional analysis. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on it.

Moss Adams LLP

Portland, Oregon
May 24, 2013

Management Discussion & Analysis

This discussion and analysis is designed to provide an overview of Clark Public Utilities' financial activities for the year ended December 31, 2012, with comparable information for 2011 and 2010. This supplementary information should be read in conjunction with the District's financial statements.

Clark Public Utilities is a municipal corporation incorporated in 1938 to serve the citizens of Clark County, Washington. The District is governed by an elected independent three-member board of commissioners. The District manages and operates three separate utility systems; Electric, Generating, and Water.

Beginning in 2008 and continuing through 2012, Clark County has been impacted by the downturn in the economy, with fewer connections of new residential and commercial customers. The District was also affected by other economic conditions, including business shutdowns and unemployment. Although we can't accurately predict future conditions, recent economic developments have been included in management forecasts and planning.

Electric System

The Electric System serves all of Clark County, an area of approximately 667 square miles. Power supplies are provided through a combination of power supply contracts and purchases from the Generating System. Weather, customer growth and economic conditions are the primary influences on electricity sales. Generally, extreme temperatures result in higher sales to residential customers, who use electricity for heating and cooling, while moderate temperatures cause reduced sales.

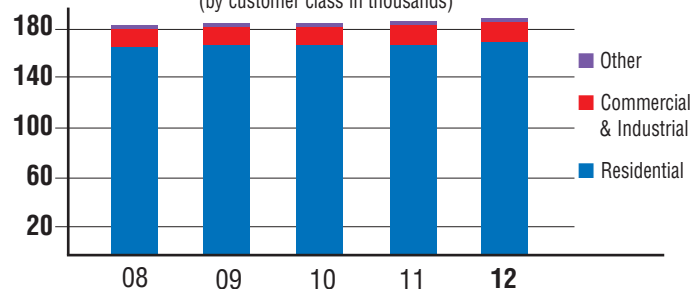
Financial Summary and Analysis

During 2012, the Electric System's operating revenues increased by \$5.0 million (or 1.39%). The Electric System realized a net gain before contributions of \$6.6 million for 2012. Factors influencing these results in 2012 include:

- Kilowatt-hour sales increased from 4,872,000 kwh in 2011 to 5,376,000 kwh in 2012 or 10%.
- Power supply expenses increased from \$238 million in 2011 to \$251 million in 2012 or 1%.
- The River Road Generating Plant was shut down for 4,478 hours in 2011 as compared to 5,262 hours in 2012 for displacement and annual maintenance.
- Effective November 1, 2011, the Board of Commissioners adopted new rates for all customer classes.
- The Board of Commissioners deposited \$15 million in the rate stabilization fund.

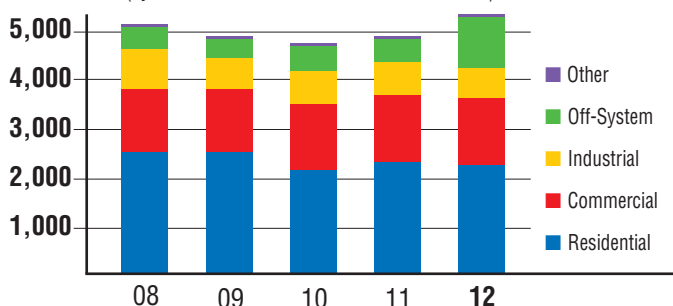
Electric System Customers

(by customer class in thousands)



Electric System Sales

(by customer class in millions of kilowatt-hours)



Electric System (continued)

Power Supply

For 2012, the Electric System had contracts with Bonneville Power Administration (BPA), the Generating System, Eurus Combine Hills II LLC and other power suppliers to provide the District's power resources. The District purchases about 60% of the energy requirements from BPA. Beginning October 1, 2011, the District began taking deliveries under a slice/block product from BPA's federal power system. This contract expires September 2028. The BPA energy is a renewable hydropower resource. The contract provides for capacity and energy for the District's load needs and requires hourly management of loads and resources. The rates charged by BPA under the contract are subject to periodic adjustments based on BPA's sales, revenue, and financial requirements.

Selected Financial Data

(in thousands)	2012	2011	2010
Operating revenues	\$ 360,729	\$ 355,779	\$ 354,142
Operating expenses	338,230	333,692	334,324
Operating income	22,499	22,087	19,818
Net Income before contributions	6,643	9,216	9,613
Contributions in aid of construction	1,176	914	1,028
Total assets	\$ 538,448	\$ 508,090	\$ 466,347
Total liabilities	\$ 337,100	\$ 314,561	\$ 282,948
Net investment in capital assets	152,924	136,697	141,771
Restricted	13,941	7,279	3,000
Unrestricted	34,483	49,553	38,628
Total net position	201,348	193,529	183,399
Total liabilities and net position	\$ 538,448	\$ 508,090	\$ 466,347
Change in net position	\$ 7,819	\$ 10,130	\$ 10,641

Capital Asset and Long-term Debt Activity

Total utility plant in service as of December 31, 2012, 2011 and 2010 consisted of the following:

(in thousands)	2012	2011	2010
Intangible plant	\$ 21,004	\$ 17,369	\$ 14,114
Transmission & distribution	616,883	598,130	582,071
General plant	64,993	62,423	60,761
Total utility plant in service	\$ 702,880	\$ 677,922	\$ 656,946

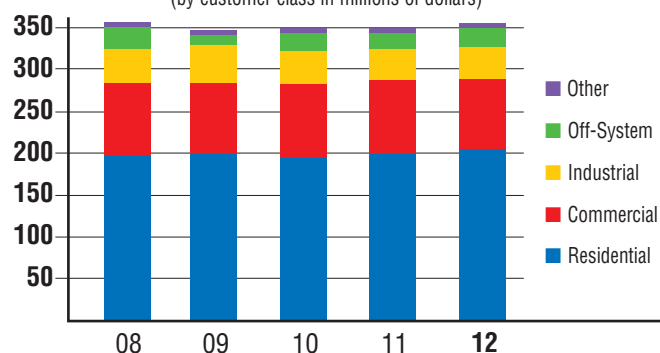
As of year-end, the Electric System had \$709 million invested in a variety of utility assets. Utility plant net of depreciation was \$347 million for 2012 and \$345 for 2011. Capital construction is provided through a combination of construction fees, cash flow from revenues and long-term revenue bonds.

Total liabilities as of December 31, 2012, 2011 and 2010 consisted of the following:

(in thousands)	2012	2011	2010
Total current liabilities	\$ 68,220	\$ 81,732	\$ 78,555
Total non-current liabilities	227,435	206,636	200,240
Total regulatory and other liabilities	41,445	26,193	4,153
Total liabilities	\$ 337,100	\$ 314,561	\$ 282,948

At year-end, the Electric System had \$228.4 million in revenue bonds outstanding, versus \$226.4 million last year. During 2012, the District issued Electric System Revenue and Refunding Bonds in the amount of \$57.9 million. The bonds provided funds for capital construction requirements, refunded a portion of the District's Outstanding Electric System Revenue Bonds, 2002A, maturing on or after January 1, refunded a portion of the District's Outstanding Electric System Revenue and Refunding Bonds, 2003, refunded a portion of the District's Outstanding Electric System Revenue and Refunding Bonds, 2005, and funded the reserve account requirement.

Electric System Revenues
(by customer class in millions of dollars)



Generating System

The Generating System operates the River Road Generating Plant, a natural gas-fired combined-cycle combustion turbine. The plant is a key element of the Electric System's integrated resource plan, and has operated smoothly and efficiently since beginning commercial operation in 1997. Since March 1, 2000, the plant has been operated under contract by General Electric. Our goal is to operate the plant in an efficient and environmentally friendly manner for the benefit of the utility's customer-owners. The Generating System is a contract resource obligation of the Electric System. Operating income was \$10.3 million and \$10.6 million in 2012 and 2011, respectively.

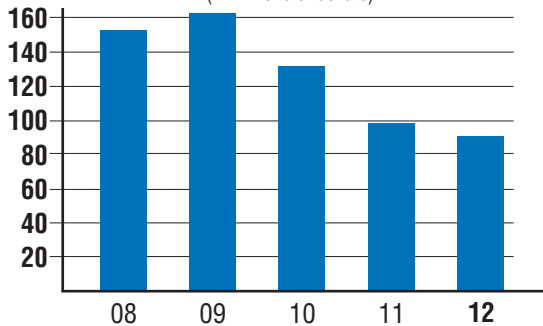
Fuel Supply

The District's 2012 fuel requirements for the River Road Generating Plant were provided through a combination of short-term fuel purchases and financial commitments with counterparties. The River Road Generating Plant operations are balanced with other power purchase contracts of the District.

Fuel Transportation

The District has agreements for natural gas transportation provided through a series of capacity releases on the Northwest Pipeline. The agreements guarantee firm capacity of 38,000 MMBtu per day for the River Road Generating Plant through 2016 and another 10,000 MMBtu per day through 2020.

Generating System Revenues
(in millions of dollars)

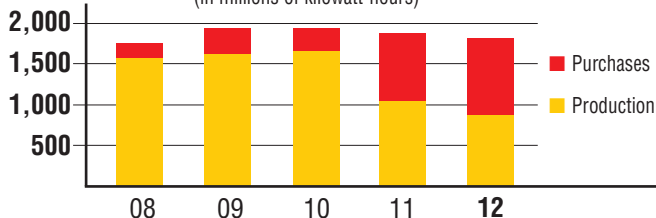


Operating Statistics

(in thousands, except hours and percentages)

	2012	2011	2010
Energy production (megawatt hours)	848	1,016	1,682
Power purchased for displacement (mwh)	924	824	243
Total energy output (megawatt hours)	1,772	1,840	1,925
Percent of Electric System			
energy purchases	32%	20%	39%
Fuel expense (less re-marketed fuel)	\$ 63,958	\$ 66,825	\$ 99,848
Production hours	3,522	4,282	6,935
Displacement hours	5,259	3,724	842
Unavailable hours	3	754	983
Total hours	8,784	8,760	8,760

Generating System Output
(in millions of kilowatt-hours)



Selected Financial Data

(in thousands)	2012	2011	2010
Operating revenues	\$ 89,850	\$ 97,843	\$ 131,099
Operating expenses	79,558	87,276	120,300
Operating income	10,292	10,567	10,799
Net Income before contributions	2,709	2,633	2,560
Contributions in aid of construction	-	-	-
Total assets	\$ 227,112	\$ 193,091	\$ 200,428
Total liabilities	\$ 227,526	\$ 196,214	\$ 206,184
Net investment in capital assets	(19,472)	(7,814)	(6,130)
Restricted	23,886	4,200	4,200
Unrestricted	(4,828)	491	(3,826)
Total net position	(414)	(3,123)	(5,756)
Total liabilities and net position	\$ 227,112	\$ 193,091	\$ 200,428
Change in net position	\$ 2,709	\$ 2,633	\$ 2,560

Capital Asset and Long-term Debt Activity

As of year-end, the Generating System had \$246.3 million invested in various utility assets. Utility plant net of depreciation was \$133 million.

Total utility plant in service as of December 31, 2012, 2011 and 2010 consisted of the following:

(in thousands)	2012	2011	2010
Production plant	\$ 212,890	\$ 207,885	\$ 187,503
Source of supply	20	20	20
Pumping plant	170	170	170
Water treatment	697	697	697
Transmission & distribution	18,261	18,263	18,263
General plant	5,922	5,516	5,000
Allowance for funds used	8,316	8,316	8,316
Total utility plant in service	\$ 246,276	\$ 240,867	\$ 219,969

Total liabilities as of December 31, 2012, 2011, and 2010 consisted of the following:

(in thousands)	2012	2011	2010
Total current liabilities	\$ 15,604	\$ 15,567	\$ 15,061
Total non-current liabilities	211,922	180,647	191,121
Total liabilities	\$ 227,526	\$ 196,214	\$ 206,182

At year-end, the Generating System had \$207 million in revenue bonds outstanding as compared to \$179.3 million last year. During 2012, the District issued Generating System Revenue and Refunding Bonds, Series 2012A and Generating System Revenue Bonds, Series 2012B (taxable). The Generating System Revenue and Refunding Bonds, Series 2012A, in the amount of \$36.4 million provided funds for capital construction requirements, prepaying \$6.4 million of outstanding draws on the District's Generating System Subordinate Lien Revenue Line of Credit Note, 2011, refunding all of the District's Outstanding Generating System Revenue and Refunding Bonds, Series 2000, and funded a portion of the Reserve Account to the Reserve Account Requirement. The Generating System Revenue Bonds, Series 2012B (taxable), in the amount of \$15.5 million funded a portion of the Reserve Account to the Reserve Account Requirement.

Water System

The Water System serves suburban and rural sections of Clark County, using groundwater to meet customer needs. The Water System owns and operates 40 wells and 31 reservoirs. Weather and economic conditions are the primary influences on water sales. Generally, warm, dry weather results in higher sales to residential customers, while wet weather results in lower sales.

Financial Summary and Analysis

During 2012, the Water System's operating revenues increased by \$1.7 million (or 13.4%). The Water System realized a net gain before contributions of \$1.3 million for 2012.

System Rates

The Board of Commissioners adopted new rates for new basic meter connections, effective February 1, 2012.

Selected Financial Data

(in thousands)	2012	2011	2010
Operating revenues	\$ 14,144	\$ 12,471	\$ 12,227
Operating expenses	10,586	10,259	10,106
Operating income	3,558	2,212	2,121
Net Income (loss) before contributions	1,343	(29)	321
Contributions in aid of construction	135	444	426
Special item transfer	-	-	(119)

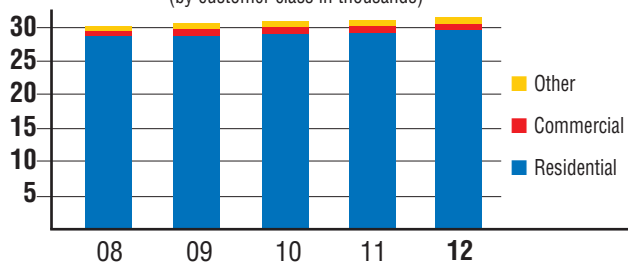
Total assets	\$ 129,130	\$ 130,892	\$ 133,272
Total liabilities	\$ 64,802	\$ 68,042	\$ 70,837

Net investment in capital assets	55,806	56,014	56,464
Restricted	4,178	4,034	2,686
Unrestricted	4,344	2,802	3,285
Total net assets	64,328	62,850	62,435
Total liabilities and net position	\$ 129,130	\$ 130,892	\$ 133,272

Change in net position	\$ 1,478	\$ 415	\$ 628
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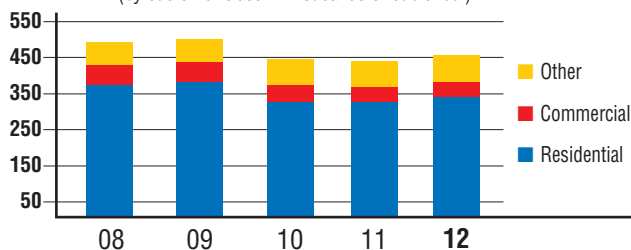
Water System Customers

(by customer class in thousands)



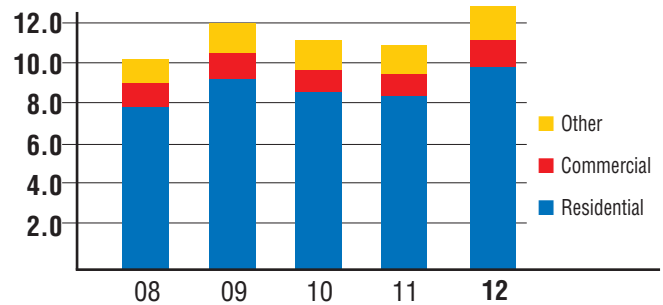
Water System Sales

(by customer class in thousands of cubic feet)



Water System Revenues

(by customer class in millions of dollars)



Capital Asset and Long-term Debt Activity

Total utility plant in service as of December 31, 2012, 2011 and 2010 consisted of the following:

(in thousands)	2012	2011	2010
Intangible plant	\$ 137	\$ 130	\$ 130
Source of supply	16,144	16,067	16,060
Pumping plant	11,651	11,115	11,000
Water treatment	2,119	2,171	2,118
Transmission & distribution	134,535	134,093	131,656
General plant	2,578	2,551	2,534

Total utility plant in service	\$ 167,164	\$ 166,127	\$ 163,498
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As of year-end, the Water System had \$173 million invested in a variety of utility assets. Utility plant net of depreciation was \$115.5 million, which represented an increase of \$100,000 over 2011. Funds for capital construction are provided through a combination of construction fees, cash flow from revenues and long-term revenue bonds.

Total liabilities as of December 31, 2012, 2011 and 2010 consisted of the following:

(in thousands)	2012	2011	2010
Total current liabilities	\$ 6,230	\$ 5,975	\$ 5,841
Total non-current liabilities	58,192	61,635	64,484
Total regulatory and other liabilities	380	432	512
Total liabilities	\$ 64,802	\$ 68,042	\$ 70,837

At year-end, the Water System had \$43.5 million in revenue bonds outstanding, versus \$46.6 million last year.

Combined Statements of Revenues, Expenses and Changes in Net Position

Public Utility District No. 1 of Clark County

For the years ended December 31, 2012 and 2011 (in thousands)

	Electric System	Generating System	Water System	Total 2012	Total 2011
Operating revenues					
Sales	\$ 354,916	\$ 89,780	\$ 12,716	\$ 457,412	\$ 456,606
Other operating revenues	5,813	70	1,428	7,311	9,487
Total operating revenues	360,729	89,850	14,144	464,723	466,093
Operating expenses					
Power supply	250,647	-	-	250,647	238,066
Operation and maintenance expense	44,255	68,843	5,170	118,268	122,505
Depreciation and amortization expense	22,710	8,595	4,753	36,058	45,032
Taxes	20,618	2,120	663	23,401	25,624
Total operating expenses	338,230	79,558	10,586	428,374	431,227
Operating income	22,499	10,292	3,558	36,349	34,866
Non-operating revenues (expenses)					
Interest and investment revenue	165	35	31	231	180
Miscellaneous revenue	4,464	1,092	41	5,597	11,453
Interest expense	(9,754)	(8,710)	(2,124)	(20,588)	(21,641)
Miscellaneous expenses	(10,731)	-	(163)	(10,894)	(13,038)
Total non-operating revenues (expenses)	(15,856)	(7,583)	(2,215)	(25,654)	(23,046)
Net income before contributions	6,643	2,709	1,343	10,695	11,820
Contributions in aid of construction	1,176	-	135	1,311	1,358
Net increase in net position	7,819	2,709	1,478	12,006	13,178
Total net position - beginning	193,529	(3,123)	62,850	253,256	240,078
Total net position - ending	\$ 201,348	\$ (414)	\$ 64,328	\$ 265,262	\$ 253,256

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

Combined Statements of Net Position

Public Utility District No. 1 of Clark County

As of December 31, 2012 and 2011 (in thousands)

	Electric System	Generating System	Water System	Total 2012	Total 2011
Assets					
Current assets:					
Cash and cash equivalents	\$ 123,574	\$ 57,277	\$ 11,981	\$ 192,832	\$ 123,080
Accounts receivable (net)	27,156	995	-	28,151	31,415
Accrued unbilled revenues	25,706	-	380	26,086	26,735
Materials and supplies	2,542	-	-	2,542	2,252
Prepayments and other assets	3,700	-	-	3,700	3,790
Total current assets	182,678	58,272	12,361	253,311	187,272
Utility plant:					
Plant in service	702,880	246,276	167,164	1,116,320	1,084,916
Construction work in progress	5,917	-	5,540	11,457	11,414
Total gross utility plant	708,797	246,276	172,704	1,127,777	1,096,330
Accumulated depreciation and amortization	(362,061)	(113,293)	(57,192)	(532,546)	(499,870)
Net utility plant	346,736	132,983	115,512	595,231	596,460
Regulatory and other assets	9,034	35,857	1,257	46,148	48,341
Total assets	\$ 538,448	\$ 227,112	\$ 129,130	\$ 894,690	\$ 832,073
Liabilities					
Current liabilities:					
Accounts payable	\$ 27,038	\$ 390	\$ 173	\$ 27,601	\$ 28,407
Accrued taxes and interest	14,483	4,614	1,088	20,185	22,266
Other accrued liabilities	10,619	-	-	10,619	10,920
Current maturities long-term debt	16,080	10,600	4,969	31,649	41,681
Total current liabilities	68,220	15,604	6,230	90,054	103,274
Long-term debt:					
Revenue bonds	212,325	196,360	40,275	448,960	412,177
Unamortized premium and discount	14,828	15,562	1,011	31,401	18,516
Other long-term debt	282	-	16,906	17,188	18,225
Total long-term debt	227,435	211,922	58,192	497,549	448,918
Regulatory and other liabilities	41,445	-	380	41,825	26,625
Total liabilities	337,100	227,526	64,802	629,428	578,817
Net position					
Net investment in capital assets	152,924	(19,472)	55,806	189,258	184,897
Restricted for:					
Debt reserve	13,941	23,886	4,178	42,005	15,513
Unrestricted	34,483	(4,828)	4,344	33,999	52,846
Total net position	201,348	(414)	64,328	265,262	253,256
Total liabilities and net position	\$ 538,448	\$ 227,112	\$ 129,130	\$ 894,690	\$ 832,073

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

Combined Statements of Cash Flows

Public Utility District No. 1 of Clark County

For the years ended December 31, 2012 and 2011 (in thousands)

	Electric System	Generating System	Water System	Total 2012	Total 2011
Cash flows from operating activities:					
Receipts from customers	\$ 365,030	\$ 89,850	\$ 14,144	\$ 469,024	\$ 462,112
Payments to employees for services	(21,138)	-	-	(21,138)	(20,154)
Payments to suppliers for goods and services	(281,357)	(70,580)	(5,762)	(357,699)	(343,436)
Net cash from operating activities	62,535	19,270	8,382	90,187	98,522
Cash flows from investing activities:					
Utility plant additions, net of cost of removal, salvage and allowance for funds used during construction	(20,659)	(5,359)	(4,718)	(30,736)	(44,663)
Interest received and other income/expense	(5,862)	35	72	(5,755)	(2,940)
Net cash from investing activities	(26,521)	(5,324)	(4,646)	(36,491)	(47,603)
Cash flows from capital financing activities:					
Borrowings from revenue bonds	57,905	51,880	-	109,785	48,290
Principal payments of revenue bonds	(55,885)	(24,170)	(3,087)	(83,142)	(51,571)
Other long-term debt	282	(1,250)	39	(929)	131
Acquisition of debt	6,300	6,491	(20)	12,771	1,098
Interest paid	(11,026)	(9,200)	(2,203)	(22,429)	(21,542)
Net cash from capital financing activities	(2,424)	23,751	(5,271)	16,056	(23,594)
Net increase (decrease) in cash and cash equivalents	33,590	37,697	(1,535)	69,752	27,325
Cash and cash equivalents at beginning of year	89,984	19,580	13,516	123,080	95,755
Cash and cash equivalents at end of year	\$ 123,574	\$ 57,277	\$ 11,981	\$ 192,832	\$ 123,080
Reconciliation of operating income to net cash from operating activities:					
Operating income	\$ 22,499	\$ 10,292	\$ 3,558	\$ 36,349	\$ 34,866
Adjustments to reconcile operating income to net cash from operating activities:					
Depreciation and amortization	22,710	8,595	4,753	36,058	45,032
Change in assets and liabilities:					
Accounts receivable, net	3,133	(41)	-	3,092	638
Other assets	397	387	52	836	(4,058)
Accounts payable and other accrued liabilities	(1,457)	37	71	(1,349)	1,112
Regulatory and other accrued liabilities	15,253	-	(52)	15,201	20,932
Net cash from operating activities	\$ 62,535	\$ 19,270	\$ 8,382	\$ 90,187	\$ 98,522

Supplemental disclosure of cash flow information

Non-cash capital and related financing and investing activities:

Contributions in aid of construction of \$1,311 and \$1,358 in 2012 and 2011, respectively.

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

Notes to Combined Financial Statements

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

Note 1:

Summary of Operations and Significant Accounting Policies

Public Utility District No. 1 of Clark County, Washington (the District) is a municipal corporation owned by the people it serves and is operated for their benefit. The District is comprised of three operating utilities: the Electric, Generating and Water systems. Each operating utility system is physically and financially independent of the others. Electric and water rates are set by the District's elected commissioners.

The District has adopted accounting policies and practices that are in accordance with generally accepted accounting principles for regulated public utilities in the United States. A summary of the significant accounting policies follows:

a) Combined Financial Statements: The financial statements reflect the separate and combined utility operations of the District. The statements do not reflect elimination of transactions among the utilities.

b) Accounting Basis: The financial statements are prepared using the accrual basis of accounting for enterprise funds in conformity with Generally Accepted Accounting Principles (GAAP). The District uses as guidance Governmental Accounting Standards Board (GASB) pronouncements and Financial Accounting Standards Board (FASB) pronouncements unless the FASB pronouncements contradict or conflict with GASB. In addition, the District's accounts are maintained in accordance with the Federal Energy Regulatory Commission's Uniform System of Accounts.

c) Revenue Recognition and Allowance for Doubtful Accounts: The District recognizes revenues as earned. Electric System customers are billed monthly and Water System customers are billed bimonthly. The District offers a program that averages customers' annual utility bills into equal monthly payments. The payments received in advance are offset as a credit against accounts receivable. It is the policy of the Electric System to purchase the receivables from the Water System. The allowance for doubtful accounts is provided entirely by the Electric System. The balance was \$2.9 million and \$3.1 million as of December 31, 2012 and 2011, respectively.

d) Utility Plant: Utility plant assets are stated at cost. Capital assets are tangible and intangible assets owned by the District and have initial useful lives extending beyond a single reporting period. Assets are classified by asset groups and useful lives are valued at industry norms. Management periodically reviews the carrying amounts of its long-lived assets for impairment. Depreciation is calculated on the straight-line method over the estimated useful life of the asset class. Depreciation rates are used for asset groups and, accordingly, no gain or loss is recorded on the disposition of an asset unless it represents a major retirement. The costs of maintenance and repairs are charged to operations as incurred.

e) Regulated Operations: The board of commissioners establishes rates to be charged for services delivered by the District. The established rates are designed to recover the costs of providing services to the customers of the District. The District follows industry accounting and capitalization principles for regulated operations. Costs that otherwise would have been charged to expense are capitalized when future revenues are anticipated to equal the capitalized cost, and revenues are assigned to a future period when anticipated to equal future costs. Regulatory assets and liabilities are recorded when it is probable that future rates or rate reductions will permit recovery.

f) Sinking Funds: Certain bond issues and related agreements require the District to establish separate sinking fund accounts. The assets in these funds are restricted for specific uses, including debt service and other reserve requirements. (See Notes 6 and 9.)

g) Materials and Supplies: Materials and supplies inventories are stated at the lower of cost or market determined on the average cost basis.

h) Debt Premium, Discount and Expense: Original issue and reacquired bond premiums, discounts and expenses relating to revenue bonds are amortized or accreted over the life of bond issues.

i) Compensated Absences: The District records earned vacation leave as a liability and accrues certain salary-related expenses associated with payment of compensated absences. The compensated absences balance was \$10.5 million and \$10.8 million as of December 31, 2012 and 2011, respectively.

j) Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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. Specific estimates include allowance for doubtful accounts, unbilled revenue, depreciation and post-employment benefit obligation. Actual results could differ from those estimates.

k) Reclassifications: Certain account balances have been classified in a manner different from the preceding year to provide comparability of the combined financial statements.

Note 2:

Purchased Power Contracts

The District acquires power supply from the River Road Generating Plant and a combination of power purchase contracts. The District is a preference customer of the Bonneville Power Administration (BPA), an agency of the United States Department of Energy. BPA provided 60% of our power supply in 2012, with the remainder produced by the River Road Generating Plant and a small portion supplied from smaller market power purchases.

The District executes various physical and financial transactions for the procurement of natural gas and power. The District uses forward contracts to lock in price and firm the physical supply of energy products to match and cover energy loads. Purchased power and natural gas procurement are guided by the principles established in a formal power supply risk management policy.

Notes to Combined Financial Statements

a) BPA Contracts:

Effective October 2011, the District began taking deliveries under the power sales contract with BPA, which replaced the previous load following priority firm purchases contract that expired September 30, 2011. The BPA contract incorporates details of the District's purchase of the slice/block product from the Federal power system and expires September 2028. This contract provides for capacity and energy for the District's load needs and requires hourly management of loads and resources.

The District also has an executed contract for Network Transmission (NT) with BPA from October 2001 through September 2031. The NT agreement is used to deliver resources, power sales contracts and market purchases to serve the District's energy load.

Residential Exchange Program: During 1980, Congress enacted the Pacific Northwest Electric Power Planning and Conservation Act (Northwest Power Act). The Northwest Power Act authorizes Northwest Utilities to exchange their generally higher-cost power serving residential and small farm customers for an equivalent amount of energy from Bonneville Power Administration (BPA). During 2011, Clark signed a Revised Residential Exchange Settlement Agreement with BPA settling the methodology for the calculation of future benefits. The revised agreement took effect October 1, 2011. Prior to October 2011, the District received payments under the 2008 Standstill and Interim Relief Payment Agreements. These payments expired with the 2011 Residential Exchange Program (REP) Settlement. The District received REP Credits from BPA in the amount of \$14.1 million in 2012 and \$4.2 million in 2011. The REP credits are distributed to residential and small farm customers in the form of credits against their individual monthly bills. As of December 31, 2012, \$2.7 million remains to be credited to customers in 2013.

b) River Road Generating Plant:

The natural gas-fired generating plant produces electric energy to serve the Electric System, which purchases 100% of the output at cost. The plant was shut down for 5,262 hours in 2012 and 4,478 hours in 2011 for maintenance or economic displacement.

c) Combine Hills II LLC Wind Power Agreement:

To meet the requirements of Initiative 937, the District entered into a power purchase power arrangement in 2009 with Euris Combine Hills II LLC. Under the agreement, the District purchases the entire output of a 63-megawatt nameplate capacity wind project for a 20-year term beginning in January 2010. The project began commercial operation January 2010. With the commercial operation, the District executed an agreement to sell 100% of the output from the project and the accompanying renewable energy credits during 2011 and 100% of the energy only in 2012. This sales agreement terminated December 2012.

d) Services:

Beginning October 1, 2011, the District entered into an agreement with The Energy Authority to provide scheduling and forecasting services for all loads and resources for the District's power supply requirements except for Combine Hills II. The District has an agreement with Shell Energy (US) LP for scheduling services for Combine Hills II.

e) Energy Northwest:

Packwood Hydroelectric Project: Under the terms of a long-term contract with Energy Northwest, the District is entitled to 18% of the capability of the Packwood Project, a 27.5 megawatt hydroelectric project, and is obligated to pay 18% of the project's annual costs. Effective October 1, 2011, the District takes deliveries of its 18% share to serve its energy load needs.

Washington Nuclear Projects (WNP) 1, 2 and 3: The District signed "net-billing agreements" with Energy Northwest and BPA. Under terms of these agreements, the District agreed to purchase a maximum of 14.233% and 6.151% of the capability of WNP-1 and WNP-2 and 14.576% of Energy Northwest's 70% ownership share of WNP-3, respectively. The District contractually transferred this capability to BPA. Through the transfer, BPA is obligated to pay the District and the District is obligated to pay Energy Northwest a pro rata share of the total annual costs of each project, including debt service on revenue bonds issued to finance the projects, whether or not the projects are completed, operable, or operating and notwithstanding the suspension, reduction, or curtailment of the projects' output.

Natural Gas Procurement

Natural gas to supply the River Road Generating Plant is provided by a combination of short-term purchase and financial commitments with counterparties. The agreements secure financial commitments and contracts to procure physical natural gas deliveries and mitigate delivery risk.

a) Natural Gas Management: The District has a fuel, power and heat rate services agreement with Shell Energy (US) LP. Services provided by this contract include re-marketing of surplus natural gas and purchasing natural gas as directed by the District. This contract terminates September 20, 2016.

b) Natural Gas Transportation: The District has natural gas transportation agreements with a series of capacity releases on the Northwest Pipeline. The agreements guarantee firm capacity of 38,000 MMBtu per day for the River Road Generating Plant through 2016 and another 10,000 MMBtu per day through 2020. The transportation capacity releases are invoiced through Northwest Pipeline Corporation.

Power Supply Costs

For the years ended December 31
(in thousands)

	2012	2011
Bonneville Power Administration	\$ 92,705	\$ 86,909
From Generating System	89,780	95,343
Packwood	410	115
Market purchases	33,234	23,866
Wind	13,184	15,315
Transmission	21,390	18,361
Power credits	(4,055)	(4,804)
Other production expense	3,999	2,961
Total power supply costs	\$ 250,647	\$ 238,066
Net power cost in mills/kwh	44.85	47.16

Note 3: Litigation

As a result of operations, the District is involved in litigation from time to time. It is the District's policy to vigorously defend itself or pursue claims determined to be in the best interests of the District's customers. The District believes that its various litigation positions in the cases have merit; however, is unable to predict the outcome of any of the unresolved litigation and the effect, if any. The District does not believe that any of the current litigation will have a material effect on its financial position.

Notes to Combined Financial Statements

Note 4: Utility Plant

Utility plant in service as of December 31, 2012 and 2011 consisted of the following:

Electric System

(in thousands)	Balance Dec. 31, 2011	Additions/ Reclassifications	Retirements/ Reclassifications	Balance Dec. 31, 2012
Intangible plant	\$ 17,369	\$ 3,635	\$ -	\$ 21,004
Trans and distribution	598,130	20,074	1,321	616,883
General plant	62,423	2,583	13	64,993
Total plant in service	\$ 677,922	\$ 26,292	\$ 1,334	\$ 702,880

Generating System

(in thousands)	Balance Dec. 31, 2011	Additions/ Reclassifications	Retirements/ Reclassifications	Balance Dec. 31, 2012
Source of supply	\$ 20	\$ -	\$ -	\$ 20
Pumping plant	170	-	-	170
Water treatment	697	-	-	697
Production plant	207,887	5,003	-	212,890
Trans & distribution	18,261	-	-	18,261
General Plant	5,516	406	-	5,922
Allowance for funds used	8,316	-	-	8,316
Total plant in service	\$ 240,867	\$ 5,409	\$ -	\$ 246,276

Water System

(in thousands)	Balance Dec. 31, 2011	Additions/ Reclassifications	Retirements/ Reclassifications	Balance Dec. 31, 2012
Intangible plant	\$ 130	\$ 7	\$ -	\$ 137
Source of supply	16,067	77	-	16,144
Pumping plant	11,115	536	-	11,651
Water treatment	2,171	(52)	-	2,119
Trans and distribution	134,093	442	-	134,535
General plant	2,551	27	-	2,578
Total plant in service	\$ 166,127	\$ 1,037	\$ -	\$ 167,164

Regulatory power represents power supply costs paid for in previous years and recognized as expenses in future rate periods.

The unamortized debt expense represents fees and expenses associated with the issuance of revenue bonds. These costs are amortized over the life of the remaining bonds.

The loss on reacquired debt represents unamortized components associated with revenue bonds. These costs are amortized over the shorter of the remaining term of the refunded bonds or the term of the refunding bonds.

The interest rate exchange termination represents the negative fair value payment made to Deutsche Bank created as a result of the Lehman Brothers Special Financing bankruptcy. These costs will be amortized over the remaining life of the 2010 Generating System bonds.

Regulatory and Other Liabilities

Regulatory and Other Liabilities as of December 31, 2012 and 2011 consisted of the following:

(in thousands)	Electric System	Generating System	Water System	December 31 2012	December 31 2011
Reg revenue - rate stabilization	\$ 37,700	\$ -	\$ -	\$ 37,700	\$ 22,700
Power credit	2,700	-	-	2,700	2,120
Operation Warm Heart	807	-	-	807	693
Other	238	-	380	618	1,112
Total	\$ 41,445	\$ -	\$ 380	\$ 41,825	\$ 26,625

Regulatory Revenue

The board of commissioners authorized the funding from operating revenues to the rate stabilization fund of \$15 million in 2012 and \$20 million in 2011. Future withdrawals from the rate stabilization fund will be considered a power cost reduction in the year the funds are withdrawn. (See Note 9.)

Power Credit

In 2012, the District received \$14.1 million in Residential Exchange Program (REP) credits from BPA. The REP credits are distributed to residential and small farm customers in the form of credits against their individual monthly bills. As of December 31, 2012, \$2.7 million of the 2012 credits received will be credited to customers in 2013. (See Note 2.)

Operation Warm Heart

The District has authority to maintain and distribute its Operation Warm Heart program. This program provides payment assistance for qualified customers.

Note 5:

Regulatory and Other Assets and Liabilities

Regulatory and Other Assets

Regulatory and Other Assets as of December 31, 2012 and 2011 consisted of the following:

(in thousands)	Electric System	Generating System	Water System	December 31 2012	December 31 2011
Reg power exp	\$ -	\$ 5,036	\$ -	\$ 5,036	\$ 7,931
Unamort debt exp	2,496	1,410	759	4,665	4,414
Loss on reac debt	3,879	3,256	498	7,633	6,489
Interest rate exchange termination	-	26,155	-	26,155	26,212
Non-current conservation loans (Note 10)	2,499	-	-	2,499	2,833
Other	160	-	-	160	462
Total	\$ 9,034	\$ 35,857	\$ 1,257	\$ 46,148	\$ 48,341

Notes to Combined Financial Statements

Note 6:

Current and Long-term Debt

Electric System

During the year ended December 31, 2012, the following changes occurred in revenue bonds:

(in thousands)	Balance Dec 31, 2011	Additions	Reductions	Balance Dec 31, 2012	Amounts due within one year
1999 Revenue Bonds Due in an annual installment of \$1,530 on January 1, 2014; interest at 4.85%.	\$ 1,530	\$ -	\$ -	\$ 1,530	\$ -
2000 Revenue Bonds Due in an annual installment of \$1,605 on January 1, 2013; interest at 5.00%.	1,605	-	-	1,605	1,605
2002 Revenue and Refunding Bonds	11,930	-	11,930	-	-
2002A Revenue Bonds, Due in annual installments of \$1,300 - \$2,110 through January 1, 2023; interest at 4.00% - 5.00%.	8,025	-	4,615	3,410	1,300
2002B Revenue Refunding Bonds Due in annual installments of \$1,930 - \$2,040 through January 1, 2014; interest at 5.50%.	5,825	-	1,855	3,970	1,930
2003 Revenue and Refunding Bonds Due in annual installments of \$2,405 - \$3,510 through January 1, 2015; interest at 3.90% - 5.25%.	26,715	-	17,460	9,255	3,510
2005 Revenue and Refunding Bonds Due in annual installments of \$1,605 - \$2,690 through January 1, 2026; interest at 4.25% - 5.00%.	28,995	-	13,790	15,205	2,330
2007 Revenue and Refunding Bonds Due in annual installments of \$1,500 - \$6,955 through January 1, 2027; interest at 4.00% - 5.00%.	60,095	-	1,445	58,650	1,500
2009 Revenue and Refunding Bonds Due in annual installments of \$1,470 - \$2,990 through January 1, 2029; interest at 4.00% - 5.25%.	41,275	-	4,155	37,120	2,790
2011 Revenue and Refunding Bonds Due in annual installments of \$1,115 - \$3,450 through January 1, 2031; interest at 3.00% - 5.25%.	40,390	-	635	39,755	1,115
2012 Revenue and Refunding Bonds Due in annual installments of \$1,660 - \$6,255 through January 1, 2033; interest at 3.00% - 5.00%.	-	57,905	-	57,905	-
Total Electric System Revenue Bonds	\$ 226,385	\$ 57,905	\$ 55,885	\$ 228,405	\$ 16,080

During 2012, the District issued Electric System Revenue and Refunding Bonds in the amount of \$57.9 million. The bonds provided funds for capital construction requirements, refunded a portion of the District's Outstanding Electric System Revenue Bonds, 2002A, maturing on or after January 1, in the years 2014 and 2022, refunded a portion of the District's Outstanding Electric System Revenue Bonds, 2003, maturing on or after January 1, in the years 2015 through 2024, refunded a portion of the District's Outstanding Electric System Revenue Bonds, 2005, maturing on or after January 1, in the years 2017 through 2024, and funded the reserve account requirements for the 2012 issuance. The refunding for the 2002A, 2003, and 2005 bonds resulted in a positive net present value savings. They mature serially in varying amounts and are subject to optional early redemption privileges.

Notes to Combined Financial Statements

Generating System

During the year ended December 31, 2012, the following changes occurred in revenue bonds:

(in thousands)	Balance Dec 31, 2011	Additions	Reductions	Balance Dec 31, 2012	Amounts due within one year
2000 Revenue Bonds	\$ 14,060	\$ -	\$ 14,060	\$ -	\$ -
2007 Revenue Bonds Due in annual installments of \$2,070 - \$2,170 through January 1, 2014; interest at 5.00%.	6,210	-	1,970	4,240	2,070
2009 Revenue Bonds Due in annual installments of \$1,220 - \$1,460 through January 1, 2017; interest at 3.00% - 5.00%.	7,880	-	1,175	6,705	1,220
2010 Revenue Bonds Due in annual installments of \$1,600 - \$14,915 through January 1, 2025; interest at 3.00% - 5.00%.	151,100	-	6,965	144,135	7,310
2012A Revenue Bonds Due in annual installments of \$2,260 - \$11,265 through January 1, 2025; interest at 3.00% - 5.00%.	-	36,400	-	36,400	-
2012B Revenue Bonds Due in annual installments of \$1,165 - \$1,470 through January 1, 2025; interest at 0.60% - 3.293%.	-	15,480	-	15,480	-
Total Generating System Revenue Bonds	\$ 179,250	\$ 51,880	\$ 24,170	\$ 206,960	\$ 10,600

During 2012, the District issued Generating System Revenue and Refunding Bonds, Series 2012A, in the amount of \$36.4 million. The bonds provided funds for capital construction requirements, paid \$6.4 million of outstanding draws on the Generating System Line of Credit, refunded all of the outstanding 2000 bonds maturing in the year 2025, and funded a portion of the reserve account requirements. The refunding of the 2000 bonds resulted in a positive net present value savings. The District also issued Taxable Generating System Revenue Bonds, series 2012B, in the amount of \$15.5 million. The bonds provided funds for a portion of the reserve account requirements. The series 2012A and 2012B bond issues mature serially in varying amounts and are subject to early redemption privileges.

Notes to Combined Financial Statements

Water System

During the year ended December 31, 2012, the following changes occurred in revenue bonds:

(in thousands)	Balance Dec 31, 2011	Additions	Reductions	Balance Dec 31, 2012	Amounts due within one year
1976 Revenue Bonds Due in annual installments of \$12 - \$14 through July 1, 2016; interest at 5.00%.	\$ 64	\$ -	\$ 12	\$ 52	\$ 12
2002 Revenue Bonds	230	-	230	-	-
2003 Revenue and Refunding Bonds Due in annual installments of \$245 - \$600 through January 1, 2015; interest at 4.00%.	1,985	-	585	1,400	600
2006 Revenue and Refunding Bonds Due in annual installments of \$425 - \$935 through January 1, 2027; interest at 4.375% - 5.00%.	10,810	-	895	9,915	935
2008 Revenue and Refunding Bonds Due in annual installments of \$460 - \$995 through January 1, 2029; interest at 3.75% - 5.50%.	12,265	-	440	11,825	460
2010 Revenue and Refunding Bonds Due in annual installments of \$425 - \$1,420 through January 1, 2030; interest at 3.00% - 5.00%.	13,350	-	860	12,490	885
2011 Revenue and Refunding Bonds Due in annual installments of \$350 - \$840 through January 1, 2024; interest at 3.00% - 4.00%.	7,900	-	65	7,835	350
Total Water System Revenue Bonds	\$ 46,604	\$ -	\$ 3,087	\$ 43,517	\$ 3,242

Debt Service

The District's revenue bond sinking fund requirements are as follows:

(in thousands)

	Electric System			Generating System			Water System		
	Interest	Principal	Total	Interest	Principal	Total	Interest	Principal	Total
2013	\$ 10,219	\$ 17,115	\$ 27,334	\$ 9,324	\$ 14,555	\$ 23,879	\$ 1,815	\$ 3,382	\$ 5,197
2014	9,200	16,010	25,210	8,584	15,200	23,784	1,681	3,393	5,074
2015	8,424	14,290	22,714	7,891	15,895	23,786	1,520	2,379	3,899
2016	7,760	14,955	22,715	7,156	16,625	23,781	1,411	2,482	3,893
2017	7,012	14,020	21,032	6,381	17,400	23,781	1,295	2,595	3,890
2018-22	25,111	66,950	92,061	19,513	86,010	105,523	4,772	13,145	17,917
2023-27	10,788	48,505	59,293	2,150	30,675	32,825	2,087	10,330	12,417
2028-32	2,088	20,480	22,568	-	-	-	170	2,575	2,745

Notes to Combined Financial Statements

Fair Value

The carrying amounts and estimated fair values of the District's current and long-term revenue bonds as of December 31, 2012 and 2011 were as follows:

(in thousands)	2012 Carrying Amt	2012 Fair Value	2011 Carrying Amt	2011 Fair Value
Revenue bonds	\$ 478,882	\$ 532,577	\$ 452,239	\$ 496,884

Debt Service Reserve Accounts

The resolutions for outstanding bonds of the District require setting aside amounts in Debt Service Reserve Accounts equal to the lesser of maximum Annual Debt Service for each bond series in any fiscal year or 125 percent of average Annual Debt Service for each bond. The bond resolutions allow the District to substitute a Reserve Account Instrument for the cash and securities held in the Reserve Account. Pursuant to the bond resolutions and when economically advantageous and available, the District has historically elected to purchase municipal bond insurance in lieu of maintaining bond reserve funds to guarantee the principal and interest payments to the bondholders. The District is taking steps to ratably fund the reserve and replace at risk bond insurance reserve policies for the Electric, Water and Generating systems.

Debt Service Reserve Accounts as of December 31, 2012 and 2011 were as follows:

(in thousands)	Electric System	Generating System	Water System	December 31 2012	2011
Cash deposits	\$ 13,941	\$ 23,886	\$ 4,178	\$ 42,005	\$ 15,513

Municipal Bond Insurance

Beginning in 2008 through 2011, several companies providing bond insurance to the District received unfavorable credit rating changes. Credit ratings for these companies are performed by independent credit rating agencies and reflect the view of the firm at a single point in time. The District makes no representation about the appropriateness of the bond insurance ratings. An explanation of the significance of the current rating may be obtained only from the rating agencies. There is no assurance that the current rating assigned to the bonds will continue for any given time or that such rating will not be revised or withdrawn entirely by the rating agencies. As a result of the downgrades to bond insurance companies, the Water and Generating system replaced the debt service reserve insurance policies for certain bond series with cash deposits meeting the debt service reserve commitments.

During 2011, the Electric System renewed a stand-by line of credit for \$7 million to provide additional security for the debt service reserve account with US Bank National Association. The line of credit provides the Electric System funds in the event of a failure to pay by bond insurance providers for contracts held for the debt service reserve.

Other Debt

Lines of Credit

The District has authorized and issued the following subordinate lien revenue lines of credit for each of the systems to meet temporary cash requirements:

System	Purpose	Authorized Amount	Amount Outstanding December 31, 2012
Electric	Interim capital requirements and operating expenses	\$20 million	-
Electric	Standby letter of credit for debt service reserve	\$7 million	-
Generating	Interim capital requirements	\$20 million	-
Water	Interim capital requirements and operating expenses	\$2 million	-

The interim letters of credit are with US Bank National Association and mature December 14, 2014.

Water System Other Debt

The District has participated with the state of Washington in financing various long-term capital improvements for the Water System. These funds have been provided from four sources – Public Works Trust Fund, Drinking Water State Revolving Fund, the Department of Ecology and the Community Development Block Grant Program. In order to participate in these financing vehicles the District matches funds with the loan awards. Loans are repaid over terms of six to 20 years, with no interest or annual interest rates of up to 4.35%. The current outstanding long-term obligations for the Water System reflect the total draw on the loan awards. The carrying amounts approximate the fair value since such loans are exclusive and have no market. Principal and interest payments on these outstanding obligations are as follows:

(in thousands)	Interest	Principal	Total	Outstanding Principal Balance
Balance on Dec. 31, 2012				\$ 18,633
2013	\$ 144	\$ 1,727	\$ 1,871	16,906
2014	133	1,727	1,860	15,179
2015	122	1,727	1,849	13,452
2016	102	1,733	1,835	11,719
2017	86	1,534	1,620	10,185
2018-22	230	6,771	7,001	3,414
2023-27	49	2,940	2,989	474
2028-32	8	458	466	16
2033-35	1	16	17	-

Notes to Combined Financial Statements

Note 7:

Pension Plans, Post-employment Benefits, and Deferred Compensation Plans

Pension Plans

District employees participate in a statewide local government retirement system administered by the Washington Department of Retirement Systems. The Public Employee Retirement System (PERS) is a cost sharing multiple employer system that provides for retirement and disability benefits based upon compensation and length of service. PERS consists of three separate plans: Plan 1, Plan 2 and Plan 3. Plan 1 is a defined-benefit plan that covers employees hired prior to October 1, 1977. Plan 2 is a defined-benefit plan for employees hired into the PERS system on or after October 1, 1977. Beginning September 1, 2002, PERS statutes made available an optional Plan 3 for new employees and Plan 2 members. Plan 3 is a two-part system, consisting of an employer-funded defined-benefit component and an employee-funded defined-contribution component.

PERS Plan 1 members are eligible for retirement at any age after 30 years of service, at age 60 with five years of service or at age 55 with 25 years of service. The annual pension benefit is two percent of the average final compensation per year of service, capped at 60 percent. If qualified, after reaching age 66, a cost-of-living allowance is granted based on years of service credit. Plan 1 members may also elect to receive an optional COLA that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at three percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 2 members may retire at age 65 with five years of service, or at age 55 with 20 years of service. Pension benefits for Plan 2 members who retire prior to age 65 and before reaching normal retirement are actuarially reduced. The annual pension benefit is two percent of the average final compensation per year of service. There is no cap on the years of service credit and a cost-of-living allowance (based on the Consumer Price Index) is granted, capped at three percent annually.

PERS Plan 3 members may retire at age 65 if vested, or at age 55 with 10 years of service. Benefits for Plan 3 members who retire prior to age 65 are actuarially reduced. The annual pension benefit is one percent of the average final compensation per year of service. There is no cap on the years of service credit and a cost-of-living allowance (based on the Consumer Price Index) is granted, capped at three percent annually.

PERS Funding Policy - The District and all participating agencies are required to contribute to each plan at rates established by the state Pension Funding Council, using recommendations from the Office of the State Actuary. Each biennium the council sets employer contribution rates for Plan 1, Plan 2 and Plan 3, as well as Plan 2 employee contribution rates. Employee contribution rates for Plan 1 are established by state statute and do not vary from year to year. Employee contribution rates for Plan 3 are set by the Employee Retirement Benefits Board. The employee contribution rate can be selected from six different options, ranging from 5-15%. The methods used to determine the contribution requirements are established under state statute in accordance with chapters 41.40 and 41.45 of the Revised Code of Washington.

Plan 2 is fully funded by the employer and employee contributions and associated investment earnings. The Plan 3 defined-benefit component is fully funded by the employer contributions and the associated investment earnings. The Plan 3 defined-contribution component is funded by the employee contributions and associated investment earnings.

The required contribution rates to the PERS retirement system as of December 31, 2012, are as follows:

	PERS 1	PERS 2	PERS 3
Employer	7.21%	7.21%	7.21%
Employee	6.00%	4.64%	5-15%

The District's contributions to the PERS retirement system were as follows:

(in thousands)	2012	2011	2010
District contributions	\$ 2,120	\$ 1,841	\$ 1,508
Covered payroll	\$ 29,912	\$ 29,249	\$ 28,402

While the District's contributions to PERS represent its full liability under the system, any unfunded future pension benefit obligation could be reflected in future years as higher contribution rates. Historical trend information showing PERS' progress in accumulating sufficient assets to pay benefits when due, is presented in the state of Washington's June 30, 2012 Comprehensive Annual Financial Report (CAFR). Detailed trend information, including the pension benefit obligation, net assets available for benefits, and any unfunded pension benefit obligation, is available in the state's CAFR report.

Post-employment Benefits Other Than Pensions (OPEB)

Plan Description - By resolution the District provides 100% employer paid post-retirement medical, vision and prescription benefits for qualified retired employees and their eligible dependents until age 65. As of December 31, 2012, there are 78 retirees and their eligible dependents under the plan.

Funding Policy - The District funds its post employment health care benefits when the actual health care costs are incurred for retirees and their eligible dependents.

Annual OPEB Cost - The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the employer. The ARC is an amount actuarially determined based on the entry age normal method, determined in accordance with the guidance of GASB Statement 45. The ARC represents level funding, that if paid on an on-going basis, is projected to cover normal costs each year and amortize any unfunded actuarial accrued liabilities over a period not to exceed 30 years. The District's annual required 2012 OPEB cost (expense) is \$1 million and is equal to the Annual Required Contribution including interest.

Funding Status and Funding Progress - In 2012, the payment of employment health care benefits for retirees and qualified dependents totaled \$1.2 million. The current year funding of future OPEB costs resulted in an increase in the Net OPEB asset of \$.4 million.

The Schedule of Funding Progress for the unfunded actuarial accrued liability (UAAL) is as follows:

(in thousands, except percent)	Dec 31, 2012	Dec 31, 2011
Net OPEB asset	\$ 2,237	\$ 1,869
Entry age normal actuarial accrued liability	\$ 10,660	\$ 9,218
UAAL	\$ 8,423	\$ 7,349
Funded ratio	27%	25%
Covered payroll	\$ 29,912	\$ 29,249
UAAL as percent of covered payroll	28%	25%

Notes to Combined Financial Statements

Actuarial Assumptions - The actuarial valuation includes estimates of the value reported and assumptions about the probability of the events in the future. The actuarial assumptions included in the valuation included a rate of return on investments of 3.10% and an annual increase of 5%-8% of health care benefits depending on the plan. Other actuarial assumptions include estimates of future employment levels, retirement ages of active employees, and morbidity/termination rates. These assumptions are reviewed and compared every two years. As these assumptions and costs are reviewed in future periods, new estimates of OPEB costs and liabilities may result.

Deferred Compensation

The District offers its employees deferred compensation plans created in accordance with Internal Revenue Code Sections 457 and 401(k), permitting employees to contribute and defer a portion of their current salaries up to defined limits. Section 457 of the IRS Code enables the District to place the plan assets into trust for the exclusive benefit of plan participants and beneficiaries.

Note 8: Refunded Bond Issues

As of December 31, 2012, the following revenue bond series have been extinguished through in-substance defeasance:

(in thousands)	Electric System	Generating System	Water System	Sewer System
Total	\$ 29,020	\$ 14,060	\$ 3,964	\$ 895

Debt service on these bonds is met by cash and investments held by the refunding trustees. The amounts held in trust are expected to fund debt service fully from principal and investment earnings. These refunded bonds constitute a contingent liability of the District only to the extent that cash and investments presently in the control of the refunding trustees are not sufficient to meet debt service requirements, and are therefore excluded from the financial statements because the likelihood of additional funding requirements is considered remote.

Note 9: Cash, Cash Equivalents and Sinking Funds

As of December 31, 2012, the District had the following cash, cash equivalents and investments:

(in thousands)	Fair Value	
	2012	2011
State investment pool (LGIP)	\$ 149,482	\$ 62,756
Cash	43,350	60,324
Total cash, cash equivalents and sinking funds	\$ 192,832	\$ 123,080

Investments are measured at fair value in the balance sheet. The District considers all liquid investment securities to be cash equivalents, including sinking fund investments. Management generally intends to hold time deposits and securities until maturity. Gains or losses on investments sold or exchanged are recognized at the time the transactions are completed. Unrealized gains or losses on investments are reflected in the statement of revenues, expenses and changes in net position.

The Board of Commissioners approved the transfer to the Electric System rate stabilization fund of \$15 million for 2012 and \$20 million for 2011. As of December 31, 2012, the cash and investments balance included a rate stabilization fund of \$37.7 million. (See Note 5.)

As of December 31, 2012, the state investment pool balance included the District bond reserve amount of \$42 million. (See Note 6.)

Interest Rate Risk

All District investments are in the Washington state Investment Pool (LGIP). The LGIP is an unrated 2a-7-like pool, as defined by GASB 31. Accordingly, the District's balances in the LGIP are not subject to interest rate risk, as the weighted average maturity of the portfolio will not exceed 90 days.

Credit Risk

As required by state law, all cash and investments of the District are invested in obligations of the U.S. Government and its agencies, the LGIP, or deposits with Washington state banks. The District's deposits in Washington state banks are entirely covered by federal depository insurance (FDIC) or collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission. The District has no investment policy to limit its investment choices. The District's investments or deposits held by the LGIP are all classified as category 1 risk level investments. The LGIP investment portfolio is presented in the state of Washington's June 30, 2012 Comprehensive Annual Financial Report (CAFR).

Note 10: Conservation Funds

The District promotes energy conservation by providing loans and grants for weatherization, heat pump and market transformation programs. During 1999, a new loan program began whereby the District provides conservation loans for up seven years at 5% to 5.25% interest. Under this program, the total loan amount provided was \$1.1 million during 2012 and \$1.8 million in 2011.

Note 11: Subsequent Events

The District has evaluated subsequent events through the report date, which is the date the financial statements were issued.

Water System Other Debt

During the first quarter of 2013, the Water System received \$1 million in Public Works Trust Fund loan proceeds to fund capital construction requirements. (See Note 6 - Water System Other Debt.)

Bonds Maturity Schedules - Unaudited

Public Utility District No. 1 of Clark County

In thousands, except for interest rates

Electric System

Maturity Date	Series 1999		Series 2000		Series 2002A		Series 2002B		Series 2003		Series 2005		Series 2007	
	Principal Jan. 1	Interest Rate	Principal Jan. 1	Interest Rate	Principal Jan. 1	Interest Rate	Principal Jan. 1	Interest Rate	Principal Jan. 1	Interest Rate	Principal Jan. 1	Interest Rate	Principal Jan. 1	Interest Rate
2013	-	-	\$ 1,605	5.000	\$ 1,300	4.000	\$ 1,930	5.500	\$ 3,510	3.900	\$ 2,330	5.000	\$ 1,500	5.000
2014	\$ 1,530	4.850			-	-	2,040	5.500	3,340	5.250	2,445	5.000	3,135	5.000
2015					-	-			2,405	4.000	2,560	5.000	4,895	5.000
2016					-	-					2,690	5.000	6,625	5.000
2017					-	-					1,605	5.000	6,955	5.000
2018					-	-					-	-	5,650	5.000
2019					-	-					-	-	5,930	5.000
2019					-	-					-	-	-	-
2020					-	-					-	-	6,225	5.000
2020					-	-					-	-	-	-
2021					-	-					-	-	2,220	4.750
2022					-	-					-	-	2,325	4.750
2023					2,110	5.000					-	-	2,435	4.000
2024											-	-	2,530	4.000
2024											-	-	-	-
2025											1,750	4.250	2,630	4.125
2026											1,825	4.250	2,740	4.125
2027													-	-
2027													2,855	4.125
2028														
2028														
2029														
2029														
2030														
2030														
2031														
2031														
2032														
2032														
2033														
Total	\$ 1,530		\$ 1,605		\$ 3,410		\$ 3,970		\$ 9,255		\$ 15,205		\$ 58,650	

Bonds Maturity Schedules - Unaudited

Public Utility District No. 1 of Clark County

Series 2009		Series 2011		Series 2012		Total	Remaining Bonds Outstanding
Principal Jan. 1	Interest Rate	Principal Jan. 1	Interest Rate	Principal Jan. 1	Interest Rate		
\$ 2,790	5.000	\$ 1,115	3.000	-	-	\$ 16,080	\$ 212,325
1,470	5.000	1,150	4.000	\$ 2,005	4.000	17,115	195,210
1,540	5.000	2,605	5.000	2,005	5.000	16,010	179,200
1,620	5.250	1,250	4.000	2,105	3.000	14,290	164,910
1,705	5.000	1,300	5.000	3,390	5.000	14,955	149,955
1,790	5.000	3,020	5.000	3,560	5.000	14,020	135,935
1,880	4.000	2,050	3.250	650	3.000	10,510	125,425
-	-	1,125	5.000	3,095	4.000	4,220	121,205
1,955	4.000	125	3.500	3,885	4.000	12,190	109,015
-	-	3,170	5.000	-	-	3,170	105,845
2,030	5.000	3,450	5.000	4,045	5.000	11,745	94,100
2,135	5.000	1,540	5.000	6,255	5.000	12,255	81,845
2,240	5.000	1,615	5.000	4,460	5.000	12,860	68,985
670	4.625	1,695	5.000	4,675	5.000	9,570	59,415
1,685	5.000	-	-	-	-	1,685	57,730
2,470	4.750	1,780	5.000	1,660	5.000	10,290	47,440
2,585	5.000	1,870	5.000	1,740	5.000	10,760	36,680
-	-	555	5.000	1,830	5.000	2,385	34,295
2,715	5.000	1,410	5.250	-	-	6,980	27,315
-	-	580	5.000	1,920	3.250	2,500	24,815
2,850	5.000	1,485	5.250	-	-	4,335	20,480
-	-	615	5.000	1,985	3.350	2,600	17,880
2,990	5.125	1,560	5.250	-	-	4,550	13,330
		645	5.000	2,050	3.400	2,695	10,635
		1,640	5.250	-	-	1,640	8,995
		680	5.000	2,120	3.500	2,800	6,195
		1,725	5.250	-	-	1,725	4,470
				1,845	3.500	1,845	2,625
				350	5.000	350	2,275
				2,275	4.000	2,275	-
\$ 37,120		\$ 39,755		\$ 57,905		\$ 228,405	

Bonds Maturity Schedules - Unaudited

Public Utility District No. 1 of Clark County

In thousands, except for interest rates

Generating System

Maturity Date	Series 2007 Principal Jan. 1	Interest Rate	Series 2009 Principal Jan. 1	Interest Rate	Series 2010 Principal Jan. 1	Interest Rate	Series 2012A Principal Jan. 1	Interest Rate	Series 2012B Principal Jan. 1	Interest Rate	Total	Remaining Bonds Outstanding
2013	\$ 2,070	5.000	\$ 1,220	5.000	\$ 350	3.000	-	-	-	-	\$ 3,640	\$ 203,320
2013	-	-	-	-	6,960	5.000	-	-	-	-	6,960	196,360
2014	2,170	5.000	250	3.000	1,450	3.000	\$ 2,260	3.000	\$ 1,165	0.600	7,295	189,065
2014	-	-	1,035	5.000	6,225	5.000	-	-	-	-	7,260	181,805
2015			50	3.250	350	4.000	2,410	5.000	1,195	0.833	4,005	177,800
2015			1,295	4.000	9,900	5.000	-	-	-	-	11,195	166,605
2016			250	3.250	895	4.000	2,530	5.000	1,205	1.123	4,880	161,725
2016			1,145	5.000	9,870	5.000	-	-	-	-	11,015	150,710
2017			100	3.500	2,000	4.500	75	3.000	1,215	1.423	3,390	147,320
2017			1,360	5.000	9,295	5.000	2,580	5.000	-	-	13,235	134,085
2018					100	4.000	2,785	4.000	1,235	1.667	4,120	129,965
2018					13,280	5.000	-	-	-	-	13,280	116,685
2019					125	4.000	2,900	5.000	1,255	1.967	4,280	112,405
2019					13,925	5.000	-	-	-	-	13,925	98,480
2020					575	4.000	3,045	5.000	1,280	2.443	4,900	93,580
2020					11,700	5.000	-	-	-	-	11,700	81,880
2021					12,885	5.000	3,195	5.000	1,310	2.673	17,390	64,490
2022					13,530	5.000	2,300	4.000	1,345	2.773	17,175	47,315
2022					-	-	1,055	5.000	-	-	1,055	46,260
2023					14,205	5.000	-	-	1,380	2.973	15,585	30,675
2024					14,915	5.000	-	-	1,425	3.143	16,340	14,335
2025					1,600	4.250	11,265	5.000	1,470	3.293	14,335	-
Total	\$ 4,240		\$ 6,705		\$ 144,135		\$ 36,400		\$15,480		\$ 206,960	

Bonds Maturity Schedules - Unaudited

Public Utility District No. 1 of Clark County

In thousands, except for interest rates

Water System

Maturity Date	Series 1976		Series 2003		Series 2006		Series 2008		Series 2010		Series 2011		Total	Remaining Bonds Outstanding
	Principal Jan. 1/July 28	Interest Rate	Principal Jan. 1	Interest Rate	Principal Jan. 1	Interest Rate	Principal Jan. 1	Interest Rate	Principal Jan. 1	Interest Rate	Principal Jan. 1	Interest Rate		
2013	\$ 12	5.000	\$ 600	4.000	\$ 935	5.000	\$ 460	3.750	\$ 885	5.000	\$ 350	3.000	\$ 3,242	\$ 40,275
2014	12	5.000	555	4.000	745	5.000	475	5.500	1,235	3.000	360	3.000	3,382	36,893
2015	14	5.000	245	4.000	715	5.000	505	5.500	1,420	5.000	495	3.250	3,394	33,499
2016	14	5.000			745	5.000	530	5.500	425	5.000	540	3.000	2,254	31,245
2016					-	-	-	-	-	-	125	4.000	125	31,120
2017					510	4.375	560	5.500	445	5.000	685	4.000	2,200	28,920
2017					275	4.500	-	-	-	-	-	-	275	28,645
2018					540	4.375	590	5.500	465	5.000	715	4.000	2,310	26,335
2018					285	4.500	-	-	-	-	-	-	285	26,050
2019					555	4.375	625	4.250	490	5.000	745	3.000	2,415	23,635
2019					300	4.500	-	-	-	-	-	-	300	23,335
2020					580	4.375	650	4.375	515	5.000	765	3.250	2,510	20,825
2020					315	4.500	-	-	-	-	-	-	315	20,510
2021					100	4.375	680	4.500	540	4.000	795	3.125	2,115	18,395
2021					325	4.500	-	-	-	-	-	-	325	18,070
2022					445	4.500	710	4.750	560	4.000	815	4.000	2,530	15,540
2023					465	4.500	745	4.750	585	4.500	840	4.000	2,635	12,905
2024					485	4.500	780	5.000	610	4.500	605	4.000	2,480	10,425
2025					510	4.500	815	5.000	635	4.500			1,960	8,465
2026					530	4.500	860	5.000	665	5.000			2,055	6,410
2027					555	4.500	900	5.000	700	5.000			2,155	4,255
2028							945	5.000	735	5.000			1,680	2,575
2029							995	5.125	770	5.000			1,765	810
2030									810	5.000			810	-
	\$ 52		\$ 1,400		\$ 9,915		\$ 11,825		\$ 12,490		\$ 7,835		\$ 43,517	

Selected Financial Data and Statistics - Unaudited

Public Utility District No. 1 of Clark County

Comparative Statements of Income from Electric System Operations (in thousands)

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Operating revenues	\$ 360,729	\$ 355,779	\$ 354,142	\$ 354,237	\$ 369,580	\$ 352,893	\$ 340,769	\$ 318,267	\$ 306,928	\$ 296,036
Operating expenses	338,230	333,692	334,324	341,595	360,615	339,600	331,966	306,871	289,004	282,383
Operating income	22,499	22,087	19,818	12,642	8,965	13,293	8,803	11,396	17,924	13,653
Non-operating income & expenses	(15,856)	(12,871)	(10,205)	(13,197)	(8,988)	(7,174)	(8,880)	(9,430)	(11,457)	(11,594)
Net income (loss)	\$ 6,643	\$ 9,216	\$ 9,613	\$ (555)	\$ (23)	\$ 6,119	\$ (77)	\$ 1,966	\$ 6,467	\$ 2,059

Electric System Statistics

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Electric energy delivered megawatt hours (in thousands)										
Residential	2,317	2,389	2,257	2,423	2,426	2,341	2,310	2,231	2,167	2,109
Commercial	1,270	1,287	1,273	1,334	1,388	1,356	1,346	1,317	1,321	1,296
Industrial	741	762	789	741	814	812	740	711	685	647
Off-system sales	1,022	405	424	383	470	539	389	161	278	215
Miscellaneous	26	29	32	35	34	33	34	31	29	30
Total	5,376	4,872	4,775	4,916	5,132	5,081	4,819	4,451	4,480	4,297

Average revenue per kwh (in cents)

Residential	9.18	8.86	8.50	8.28	7.85	7.87	7.85	7.86	7.64	7.75
Commercial	7.41	7.30	7.12	6.99	6.63	6.59	6.56	6.45	6.40	6.31
Industrial	5.57	5.51	5.37	5.34	5.13	5.12	5.13	5.05	4.99	4.89
Miscellaneous	13.52	12.20	11.19	10.58	10.36	10.23	10.09	10.29	10.57	10.55
Average - all classes	7.73	7.41	7.55	7.44	7.03	6.88	7.02	6.98	6.84	6.86

Average number of customers

Residential	169,569	168,449	167,634	166,823	166,157	164,155	161,911	158,080	153,670	149,555
Commercial	14,776	14,594	14,441	14,292	13,713	13,065	12,251	11,822	11,522	11,232
Industrial	25	26	26	25	26	27	26	25	20	19
Miscellaneous	1,433	1,419	1,413	1,407	1,387	1,344	1,297	1,230	1,186	1,165
Total - all classes	185,803	184,488	183,514	182,547	181,283	178,591	175,485	171,157	166,398	161,971

Average annual kwh used per customer

Residential	13,667	14,182	13,463	14,521	14,601	14,237	13,884	13,720	13,718	13,725
Commercial	85,936	88,168	88,136	93,370	101,203	103,376	99,495	100,480	100,455	98,647
Industrial	29,636,712	29,293,402	30,337,381	29,656,732	31,288,395	30,093,795	28,539,284	29,507,427	34,785,780	34,469,324
Miscellaneous	18,531	20,588	22,748	24,673	24,672	24,964	26,112	25,364	24,886	25,751

Selected Financial Data and Statistics - Unaudited

Public Utility District No. 1 of Clark County

Comparative Statements of Income from Water System Operations (in thousands)

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Operating revenues	\$ 14,144	\$ 12,471	\$ 12,227	\$ 13,047	\$ 11,308	\$ 11,648	\$ 10,788	\$ 10,477	\$ 9,576	\$ 9,208
Operating expenses	10,586	10,259	10,106	10,594	9,551	9,148	8,571	8,424	7,924	7,240
Operating income	3,558	2,212	2,121	2,453	1,757	2,500	2,217	2,053	1,652	1,968
Non-operating income & expenses	(2,215)	(2,241)	(1,800)	(2,012)	(1,403)	(1,086)	(1,165)	(1,291)	(1,428)	(1,342)
Net income (loss)	\$ 1,343	\$ (29)	\$ 321	\$ 441	\$ 354	\$ 1,414	\$ 1,052	\$ 762	\$ 224	\$ 626

Water System Statistics

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Cubic feet delivered (in thousands)										
Residential	343,113	329,858	333,002	381,989	370,877	386,134	408,854	360,064	372,420	384,190
Commercial	47,828	44,982	44,302	50,452	54,309	57,569	59,508	51,475	49,932	51,244
Miscellaneous	62,053	60,092	62,278	66,329	65,911	61,772	63,405	59,812	62,108	60,565
Total	452,994	434,932	439,582	498,770	491,097	505,475	531,767	471,351	484,460	495,999

Average revenue per cubic foot (in cents)

Residential	2.85	2.55	2.54	2.44	2.10	1.99	1.75	1.76	1.56	1.53
Commercial	2.75	2.44	2.45	2.41	2.01	1.85	1.63	1.67	1.48	1.45
Miscellaneous	2.64	2.34	2.33	2.27	1.89	1.71	1.51	1.51	1.37	1.35
Average - all classes	2.81	2.51	2.50	2.41	2.06	1.94	1.71	1.72	1.52	1.50

Average number of customers

Residential	29,248	29,025	28,870	28,638	28,490	28,275	27,814	27,044	25,963	25,015
Commercial	1,069	1,042	1,034	1,032	1,027	1,016	945	889	859	834
Miscellaneous	696	673	667	661	644	513	480	467	467	463
Total - all classes	31,013	30,740	30,571	30,331	30,161	29,804	29,239	28,400	27,289	26,312

Average annual cubic feet used per customer

Residential	11,731	11,365	11,535	13,339	13,018	13,656	14,714	13,337	14,369	15,379
Commercial	44,741	43,169	42,846	48,888	52,881	56,662	63,141	57,952	58,243	61,688
Miscellaneous	89,157	89,290	93,370	100,346	102,347	120,413	132,094	128,077	132,994	130,810



P.O. Box 8900

Vancouver, WA 98668

360-992-3000

mailbox@clarkpud.com

www.clarkpublicutilities.com

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