

A Bright Future

2015
Annual
Report





Highlights

About Us

	2015	2014
ELECTRIC SYSTEM		
Customers (year end)	195,142	192,584
Total operating revenue	\$379,227,000	\$375,782,000
Electricity sales (megawatt hours)	5,342,650	5,282,000
Peak demand (megawatts)	933	1,063
Net income (loss)	\$22,373,000	\$14,961,000
Employees (year end)	360	356

GENERATING SYSTEM		
Total operating revenue	\$104,909,000	\$105,058,000
Electricity generation (megawatt hours)	1,812,759	1,423,448
Displacement (megawatt hours)	131,238	397,825
Employees (year end)	1	1

WATER SYSTEM		
Customers (year end)	32,808	32,137
Total operating revenue	\$17,471,000	\$15,697,000
Water sales (cubic feet)	512,475,000	466,607,000
Peak 24-hour demand (gallons)	27,300,000	23,370,800
Net income (loss)	\$4,242,000	\$1,904,000
Employees (year end)	29	29

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.

2015

Commissioners

Nancy Barnes

Commissioner Barnes was first elected in 1992 by District 2 in the East County area. She was re-elected in 1998, 2004 and 2010. Her current term expires in 2016. Barnes is a past president of the Washington Public Utility Districts Association and currently serves as the utility's representative to the Northwest Public Power Association.



Nancy E. Barnes
First elected 1992, term ends 2016

Jim Malinowski

Elected in 2012, Commissioner Malinowski represents District 1 in the North County area. His term expires in 2018. Currently, Malinowski participates in the Washington Public Utility Districts Association and is the utility's delegate to Energy Northwest.



Jim Malinowski
First elected 2012, term ends 2018

Jane Van Dyke

Commissioner Van Dyke was elected in 2014 and represents District 3, which includes much of the City of Vancouver west of Interstate 205. She previously served as a Clark Public Utilities commissioner from 1984-2002. Van Dyke now represents the utility on the boards of the Columbia River Economic Development Council and Columbia Springs. She also serves as the American Public Power Association representative.



Jane Van Dyke
Elected 2014, term ends 2020

Report from the CEO/General Manager Wayne W. Nelson

As a customer-owned utility, we're committed to providing the electricity and water our customers need 24 hours a day, seven days a week, with extremely reliable service, stable rates, and exceptional customer satisfaction. As a reflection of these efforts, we've been ranked, "Highest in Customer Satisfaction among Mid-Sized Utilities in the West" by J.D. Power for the eighth year in a row. It's an honor to be included in an elite group of utilities focused on customer service excellence.

Providing reliable service is our priority

Our commitment begins with providing service our customers can count on, because electricity and water are vital to the way we live and work. In 2015 we delivered electricity with 99.98 percent reliability. Most of the outages were caused by trees or limbs that fell into or through power lines. While we do preventative tree trimming year round to help minimize the impact of weather, even the most meticulously maintained systems will suffer in sustained heavy winds.

Reliability doesn't just happen. It's a commitment to design, build and maintain a resilient and redundant system. And it's a commitment that's backed up by a team of dedicated employees who take pride in the work they do.

Our efforts include continuously evaluating the performance of equipment, identifying weak links and aging infrastructure in the systems, and taking steps to fix those problems. This year, our proactive approach included replacement of a transformer at the Heisson Substation and procurement of an additional substation transformer to hold in reserve.

CEO & Directors: Left to Right

- Lisa M. Fix** • Customer Service
- Richard A. Dyer, Jr.** • Finance/Treasurer
- Cal R. Morris** • Engineering
- Lena Wittler** • Communications
- Wayne W. Nelson** • CEO/General Manager
- Dan Bedbury** • Energy Resources
- Dan Krebs** • Operations
- Douglas A. Quinn, PE** • Water Services
- Michael K. Harris** • Information Services



We provide stable rates and a dependable power supply

We are committed to rate stability. Operating at no profit, utility commissioners set the budget annually with the goal of equal revenue and expenditures. Through thoughtful management of our power supply and ongoing evaluation of cost-saving opportunities, the utility has avoided rate increases for electric service since 2011. During that same period we have increased the rate stabilization fund to a total of \$50 million to protect customers from fluctuation in power supply costs.

Power supply issues are central to utility management because the cost of power is the single largest portion of our Electric System budget – about 70 percent. Maintaining a diverse resource portfolio helps Clark Public Utilities keep rates affordable. As a preference customer of the Bonneville Power Administration, our customers have access to one of the lowest cost resources in the Pacific Northwest, the Federal hydropower system. In 2015, BPA provided about 51 percent of our power needs with clean, reliable hydropower.

Additionally, we own the River Road Generating Plant, a natural gas combined cycle combustion turbine, have an 18 percent interest in a small hydroelectric facility, and purchase the entire output of a wind generation facility. We also maintain an aggressive and successful energy conservation program.

The future depends on our people

Like utilities across the industry, many of our senior staff members are nearing retirement. And planning for the future means planning for future leadership.

To that end, the utility encourages ongoing professional development, training and education for employees across the organization. The investment in technical skill-building courses and industry certification programs helps build a bank of knowledge and experience to support the next generation of utility leaders.

Energy efficiency is a great investment

Maximizing our current power supply through conservation is the least expensive investment we can make toward accommodating future growth in Clark County. Reduced energy use helps hold off a need to build additional generation facilities by making the power we have now go further.

continues on page 6





From CEO Continues... from page 5

Our conservation programs exceeded targets in 2015. More than 40 percent of the total energy savings came from commercial and industrial efficiency projects and there remains significant potential for cost-effective conservation in those customer classes. About 60 percent of the savings came from residential users, who reduced energy waste through upgrades to the home and behavioral changes.

New technologies shine bright in county

With enthusiastic support, five Community Solar projects were completed on property adjacent to the utility's Operations Center. Together the arrays, funded by more than 700 utility customers, make for a striking example of renewable energy. The output of the system will provide generation credits and state incentives for participants who purchased from one to 100 units at \$100 each. A unit is equal to 1/12 of a solar panel and the average number of units

purchased by participants was ten, making it a true community solar installation.

At our administrative offices in the downtown area, the addition of three new electric vehicle chargers, including a rapid Level 3 charging station, help to power the growing fleet of local plug-in cars hitting the road in Clark County. Also new this year was the addition of two public Level 2 chargers at our Operations Center to support both employees and customers who've moved behind the wheel of electric vehicles.

Water resources planned for future generations

Planning for future growth in our water service area is a lengthy process, beginning decades ahead of projected need. To that end, the Paradise Point Well Field is being developed to address increased residential and commercial development in the north part of Clark County. When finished, Paradise Point will provide for the expanded water needs in that area for the next 20 years.



Reliability

In 2015, the river crossing for the water transmission line under the East Fork of the Lewis River was completed and work continues on this regional resource in cooperation with the cities of Battle Ground and Ridgefield, which also operate water systems in the area.

Reliability is also key in the water utility and the utility proactively maintains and upgrades existing water infrastructure to ensure that service is consistently available. This year, construction began on a new reservoir that will significantly increase storage capability and provide stability in the existing water system. The Ludlum Reservoir is located in the southeastern Hazel Dell area and serves the urban Hazel Dell and Salmon Creek areas where the majority of current water customers are located.

Employees make a difference volunteering in the community

Clark Public Utilities employees give their time year-round in service to our customers and this year

volunteered more than 5,800 hours at community events, which included collecting nearly 7,500 pounds of food for the Stop Hunger Warehouse, hosting the Home & Garden Idea Fair that attracted 22,000 customers, and serving more than 65,000 cups of free water at the Clark County Fair. Employees also volunteered with the utility's StreamTeam to improve water quality and restore habitat along the Salmon Creek Watershed by planting 35,000 native trees.

The utility hosted the first Race for Warmth in 2015, raising more than \$19,000 for Operation Warm Heart. This program, funded by donations, grants and other sources, helps families in financial crisis pay their electric bills.

In partnership with the Camas-Washougal Babe Ruth youth baseball league and many other local businesses and organizations, a team of employee-volunteers helped to install new lights at the Louis Bloch Park sports field in Camas. The hard work and expertise of these volunteers made for a smooth

continues on page 8



Responsibility

From CEO Continues...
from page 7

installation and young players and their families will be reaping the benefits of this project for years to come.

We're focused on customers

Our employees are dedicated to providing award-winning service to our customers and setting the industry standard for customer satisfaction.

To ensure reliable customer service into the future, we transitioned an aging customer information system to the Cayenta software platform. Implementation of this system required many years of preparation across all utility departments and in 2015 we successfully migrated all customer account and billing information, and all work management to the new system.

Our continuous improvement efforts seek to identify service innovations and technological improvements that will keep us moving forward. We are committed

to listening to our customer-owners to identify their changing needs and to providing outstanding service at the lowest possible cost and with the highest reliability into the future.

Wayne W. Nelson
CEO/General Manager

A Bright Future

REPORT OF INDEPENDENT AUDITORS

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 individual and combined financial statements of Public Utility District No. 1 of Clark County's Electric System, Generating System, and Water System (the District), which comprise the individual and combined statements of net position as of December 31, 2015, and the related individual and combined statements 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, 2014, and the related combined statements 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 individual and combined 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 individual and combined 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 individual and combined 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 individual and combined financial statements are free from material misstatement.

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

continues on page 10

Opinions

In our opinion, the individual and combined 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, 2015 and 2014, and the results of its individual and combined operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the accompanying management discussion and analysis, schedule of the District's proportionate share of the net pension liability, and the schedule of District contributions be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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.

Other Information

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

Miss Adams UP

Portland, Oregon
April 29, 2016

Management Discussion and Analysis

This discussion and analysis is designed to provide an overview of Clark Public Utilities' financial activities for the year ended December 31, 2015, with comparable information for 2014 and 2013. 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.

Economic conditions in Clark County were favorable in 2014 and 2015, as evidenced by growth in the number of new residential and business customers. 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 2015, the Electric System's operating revenues increased by \$3.4 million or 0.9%. The Electric System realized a net income before contributions of \$22.4 million for 2015. Factors influencing these results in 2015 include:

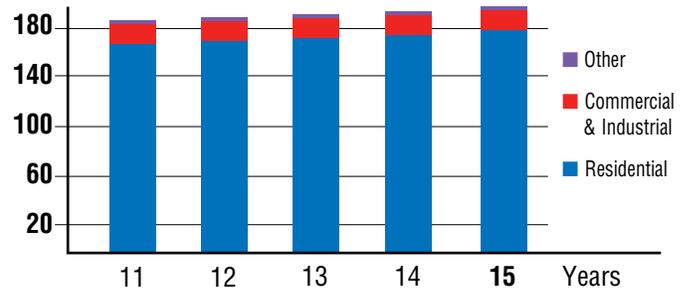
- Off-system sales revenues decreased from \$23.5 million in 2014 to \$21.2 million in 2015 or 9.8%.
- Other operating revenues increased from \$6.3 million in 2014 to \$8.9 million in 2015 or 41.3%.
- Power supply expenses decreased from \$257 million in 2014 to \$251 million in 2015 or 2.3%.
- The River Road Generating Plant was shut down for economic displacement and annual maintenance for 1,328 hours in 2015, compared to 2,957 hours in 2014.

System Rates

The Electric System rates remained unchanged for 2015.

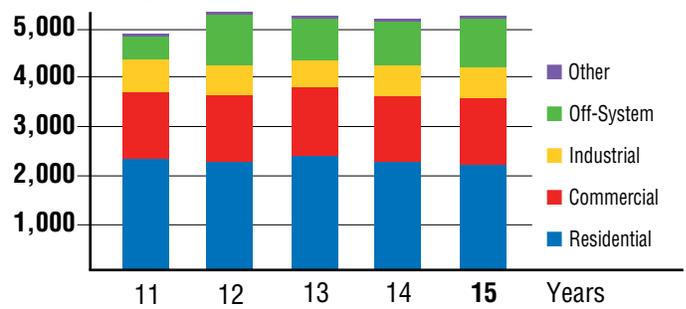
Electric System Customers

(by customer class in thousands)



Electric System Sales

(by customer class in millions of kilowatt-hours)



Electric System (continued)

Power Supply

For 2015, 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 51% 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)	2015	2014	2013
Operating revenues	\$ 379,227	\$ 375,782	\$ 373,657
Operating expenses	342,301	346,815	339,662
Operating income	36,926	28,967	33,995
Net income before contributions	22,373	14,961	18,586
Contributions in aid of construction	2,371	2,646	2,103
Total assets	\$ 631,601	\$ 623,208	\$ 552,870
Total deferred outflows of resources	7,190	5,379	3,389
Total assets and deferred outflows of resources	<u>\$ 638,791</u>	<u>\$ 628,587</u>	<u>\$ 556,259</u>
Total liabilities	\$ 311,908	\$ 321,960	\$ 283,822
Deferred inflows of resources	62,495	66,983	50,400
Net investment in capital assets	\$ 173,860	\$ 175,976	\$ 148,271
Restricted	18,802	18,802	13,941
Unrestricted	71,726	44,866	59,825
Total net position	264,388	239,644	222,037
Total liabilities and net position	<u>\$ 638,791</u>	<u>\$ 628,587</u>	<u>\$ 556,259</u>
Change in net position	\$ 24,744	\$ 17,607	\$ 20,689

Capital Asset and Long-term Debt Activity

Total gross utility plant in service as of December 31, 2015, 2014 and 2013 consisted of the following:

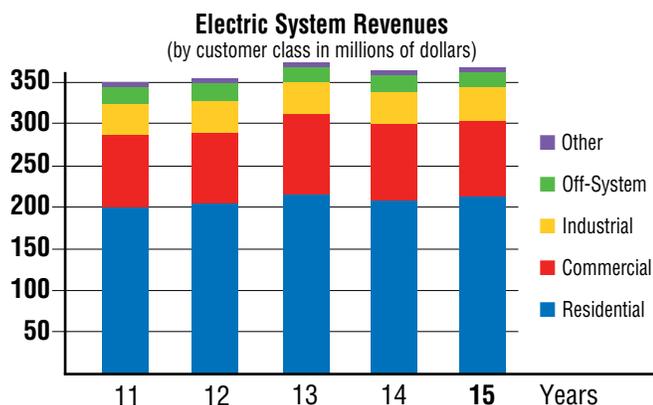
(in thousands)	2015	2014	2013
Intangible plant	\$ 31,296	\$ 22,886	\$ 21,721
Transmission and distribution	688,675	659,829	634,928
General plant	<u>68,886</u>	<u>67,243</u>	<u>65,916</u>
Total utility plant in service	788,857	749,958	722,565
Construction work in progress	<u>8,014</u>	<u>18,912</u>	<u>14,088</u>
Total gross utility plant	<u>\$ 796,871</u>	<u>\$ 768,870</u>	<u>\$ 736,653</u>

In 2015, the Electric System investment in gross utility plant increased by \$28.1 million. As of year-end, the Electric System had \$796.9 million invested in gross utility plant. Utility plant net of depreciation was \$379.1 million, which represents an increase of \$13.7 million over 2014. Funds for capital construction are provided for through a combination of construction fees, cash flow from revenues and long-term revenue bonds.

Total liabilities as of December 31, 2015, 2014 and 2013 consisted of the following:

(in thousands)	2015	2014	2013
Total current liabilities	\$ 72,620	\$ 72,288	\$ 74,419
Total non-current liabilities	211,486	228,947	208,467
Total other liabilities	27,802	20,725	936
Total liabilities	<u>\$ 311,908</u>	<u>\$ 321,960</u>	<u>\$ 283,822</u>

At year-end, the Electric System had \$210.4 million in revenue bonds outstanding, versus \$226.4 million last year.



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 \$14.5 million and \$14.8 million in 2015 and 2014, respectively.

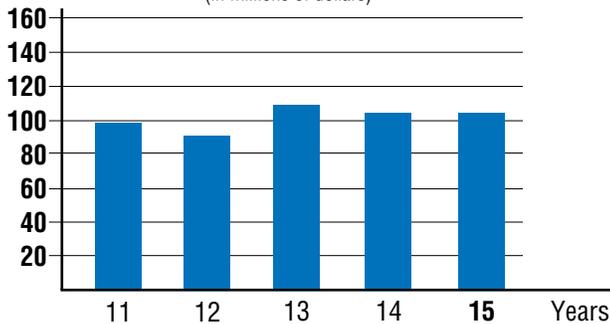
Fuel Supply

The District's 2015 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 release agreements provide capacity sufficient to supply River Road Generating Plant with 45,000 mmBtu per day.

Generating System Revenues
(in millions of dollars)

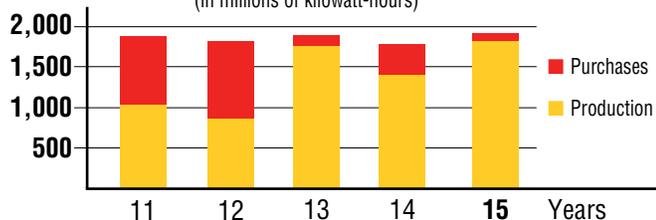


Operating Statistics

(in thousands, except hours and percentages)

	2015	2014	2013
Energy production (megawatt hours)	1,813	1,423	1,730
Power purchased for displacement (mwh)	131	398	108
Total energy output (megawatt hours)	1,944	1,821	1,838
Percent of Electric System			
energy purchases	35%	26%	33%
Fuel expense (less re-marketed fuel)	\$ 69,067	\$ 60,953	\$ 73,214
Production hours	7,432	5,803	6,910
Displacement hours	624	2,204	840
Unavailable hours	704	753	1,010
Total hours	8,760	8,760	8,760

Generating System Output
(in millions of kilowatt-hours)



Selected Financial Data

(in thousands)	2015	2014	2013
Operating revenues	\$ 104,909	\$ 105,058	\$ 108,598
Operating expenses	90,391	90,253	93,482
Operating income	14,518	14,805	15,116
Net income before contributions	6,921	5,581	7,778
Contributions in aid of construction	-	-	-
Total assets	\$ 179,518	\$ 184,816	\$ 193,520
Total deferred outflows of resources	24,917	26,472	29,106
Total assets and deferred outflows of resources	\$ 204,435	\$ 211,288	\$ 222,626
Total liabilities	\$ 184,569	\$ 198,343	\$ 215,262
Net investment in capital assets	(11,141)	(15,336)	(18,054)
Restricted	23,886	23,886	23,886
Unrestricted	7,121	4,395	1,532
Total net position	19,866	12,945	7,364
Total liabilities and net position	\$ 204,435	\$ 211,288	\$ 222,626
Change in net position	\$ 6,921	\$ 5,581	\$ 7,778

Capital Asset and Long-term Debt Activity

In 2015, the Generating System investment in gross utility plant increased by \$3.6 million in capital construction. As of year-end, the Generating System had \$267.5 million invested in gross utility plant. Utility plant net of depreciation was \$128.5 million, which represented a decrease of \$5.3 million from 2014. Funds for capital construction are provided for through long-term revenue bonds.

Total gross utility plant in service as of December 31, 2015, 2014 and 2013 consisted of the following:

(in thousands)	2015	2014	2013
Production plant	\$ 233,479	\$ 229,941	\$ 215,610
Source of supply	20	20	20
Pumping plant	170	170	170
Water treatment	697	697	697
Transmission and distribution	18,261	18,261	18,261
General plant	6,563	6,459	6,009
Allowance for funds used	8,316	8,316	8,316
Total utility plant in service	267,506	263,864	249,083
Construction work in progress	33	45	1,254
Total gross utility plant	\$ 267,539	\$ 263,909	\$ 250,337

Total liabilities as of December 31, 2015, 2014, and 2013 consisted of the following:

(in thousands)	2015	2014	2013
Total current liabilities	\$ 20,950	\$ 20,799	\$ 20,299
Total non-current liabilities	163,619	177,544	194,963
Total liabilities	\$ 184,569	\$ 198,343	\$ 215,262

At year-end, the Generating System had \$166.6 million in revenue bonds outstanding as compared to \$181.8 million last year.

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 39 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 2015, the Water System's operating revenues increased by \$1.8 million or 11.5%. The Water System realized a net income before contributions of \$4.2 million for 2015.

System Rates

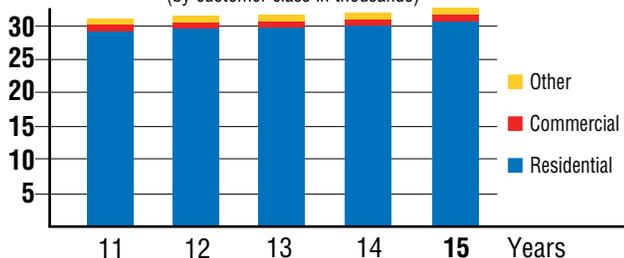
Water System rates remained unchanged for 2015.

Selected Financial Data

(in thousands)	2015	2014	2013
Operating revenues	\$ 17,471	\$ 15,697	\$ 14,920
Operating expenses	12,690	11,796	11,008
Operating income	4,781	3,901	3,912
Net income (loss) before contributions	4,242	1,904	2,746
Contributions in aid of construction	1,469	1,605	617
Total assets	\$ 155,457	\$ 153,915	\$ 131,591
Total deferred outflows of resources	546	310	319
Total assets and deferred outflows of resources	\$ 156,003	\$ 154,225	\$ 131,910
Total liabilities	\$ 78,637	\$ 82,071	\$ 64,219
Deferred inflows of resources	455	954	-
Net investment in capital assets	65,038	63,578	58,766
Restricted	4,669	4,669	4,178
Unrestricted	7,204	2,953	4,747
Total net position	76,911	71,200	67,691
Total liabilities and net position	\$ 156,003	\$ 154,225	\$ 131,910
Change in net position	\$ 5,711	\$ 3,509	\$ 3,363

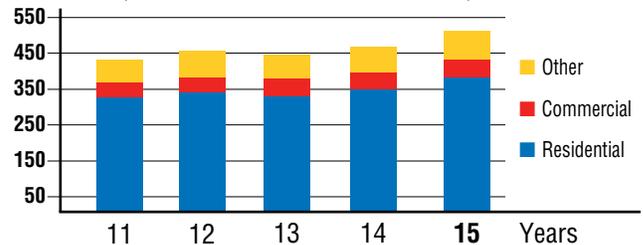
Water System Customers

(by customer class in thousands)



Water System Sales

(by customer class in thousands of cubic feet)



Capital Asset and Long-term Debt Activity

Total gross utility plant in service as of December 31, 2015, 2014 and 2013 consisted of the following:

(in thousands)	2015	2014	2013
Intangible plant	\$ 155	\$ 155	\$ 137
Source of supply	16,230	16,199	16,170
Pumping plant	11,940	11,843	11,763
Water treatment	2,119	2,119	2,119
Transmission & distribution	153,813	145,650	138,340
General plant	3,120	2,936	2,891
Total utility plant in service	187,377	178,902	171,420
Construction work in progress	13,669	10,226	9,285
Total gross utility plant	\$ 201,046	\$ 189,128	\$ 180,705

In 2015, the Water System investment in gross utility plant increased by \$11.9 million. As of year-end, the Water System had \$201 million invested in gross utility plant. Utility plant net of depreciation was \$129 million, which represented an increase of \$6.8 million over 2014. Funds for capital construction are provided for through a combination of construction fees, cash flow from revenues, long-term revenue bonds, and long-term loans from the state of Washington.

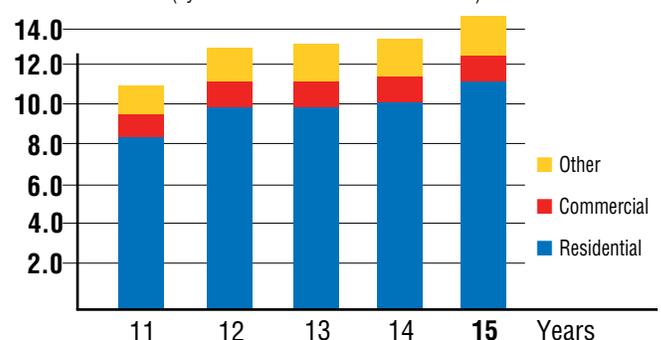
Total liabilities as of December 31, 2015, 2014 and 2013 consisted of the following:

(in thousands)	2015	2014	2013
Total current liabilities	\$ 6,868	\$ 7,998	\$ 7,288
Total non-current liabilities	68,562	71,614	56,658
Total regulatory and other liabilities	3,207	2,459	273
Total liabilities	\$ 78,637	\$ 82,071	\$ 64,219

At year-end, the Water System had \$49.2 million in revenue bonds outstanding, versus \$52.8 million last year.

Water System Revenues

(by customer class in millions of dollars)



Combined Statements of Revenues, Expenses and Changes in Net Position

Public Utility District No. 1 of Clark County

For the years ended December 31, 2015 and 2014 (in thousands)

	Electric System	Generating System	Water System	Total 2015	Total 2014
Operating revenues					
Sales	\$ 370,324	\$ 101,419	\$ 14,513	\$ 486,256	\$ 476,045
Other operating revenues	8,903	3,490	2,958	15,351	20,492
Total operating revenues	379,227	104,909	17,471	501,607	496,537
Operating expenses					
Power supply	251,152	-	-	251,152	256,651
Operation and maintenance expense	46,187	77,905	6,753	130,845	131,186
Depreciation and amortization expense	23,890	8,873	5,161	37,924	35,787
Taxes	21,072	3,613	776	25,461	25,240
Total operating expenses	342,301	90,391	12,690	445,382	448,864
Operating income	36,926	14,518	4,781	56,225	47,673
Non-operating revenues (expenses)					
Interest and investment revenue	267	60	43	370	196
Miscellaneous revenue	6,692	-	1,680	8,372	4,288
Amortization of debt	1,462	286	169	1,917	336
Interest expense	(10,037)	(7,943)	(2,431)	(20,411)	(20,322)
Miscellaneous expenses	(12,937)	-	-	(12,937)	(9,725)
Total non-operating revenues (expenses)	(14,553)	(7,597)	(539)	(22,689)	(25,227)
Net income (loss) before contributions	22,373	6,921	4,242	33,536	22,446
Contributions in aid of construction	2,371	-	1,469	3,840	4,251
Net increase (decrease) in net position	24,744	6,921	5,711	37,376	26,697
Total net position - beginning	239,644	12,945	71,200	323,789	297,092
Total net position - ending	\$ 264,388	\$ 19,866	\$ 76,911	\$ 361,165	\$ 323,789

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, 2015 and 2014 (in thousands)

	Electric System	Generating System	Water System	Total 2015	As restated Total 2014
Assets					
Current assets:					
Cash and cash equivalents	\$ 158,313	\$ 45,277	\$ 22,504	\$ 226,094	\$ 239,124
Accounts receivable (net)	26,217	834	-	27,051	27,676
Accrued unbilled revenues	28,500	-	225	28,725	26,867
Materials and supplies	3,192	-	-	3,192	3,115
Prepayments and other assets	3,719	247	-	3,966	3,747
Total current assets	219,941	46,358	22,729	289,028	300,529
Utility plant:					
Plant in service	788,857	267,506	187,377	1,243,740	1,192,724
Construction work in progress	8,014	33	13,669	21,716	29,183
Total gross utility plant	796,871	267,539	201,046	1,265,456	1,221,907
Accumulated depreciation and amortization	(417,751)	(139,027)	(72,039)	(628,817)	(600,490)
Net utility plant	379,120	128,512	129,007	636,639	621,417
Regulatory and other assets	32,540	4,648	3,721	40,909	39,993
Total assets	631,601	179,518	155,457	966,576	961,939
Deferred outflows of resources	7,190	24,917	546	32,653	32,161
Total assets and deferred outflows	\$ 638,791	\$ 204,435	\$ 156,003	\$ 999,229	\$ 994,100
Liabilities					
Current liabilities:					
Accounts payable	\$ 30,176	\$ 363	\$ 446	\$ 30,985	\$ 32,120
Accrued taxes and interest	15,720	4,692	1,255	21,667	21,311
Other accrued liabilities	11,624	-	-	11,624	10,641
Current maturities long-term debt	15,100	15,895	5,167	36,162	37,013
Total current liabilities	72,620	20,950	6,868	100,438	101,085
Long-term debt:					
Revenue bonds	195,335	150,710	46,265	392,310	426,219
Unamortized premium and discount	16,010	8,909	2,587	27,506	32,113
Other long-term debt	141	4,000	19,710	23,851	19,773
Total long-term debt	211,486	163,619	68,562	443,667	478,105
Other liabilities	27,802	-	3,207	31,009	23,184
Total liabilities	311,908	184,569	78,637	575,114	602,374
Deferred inflows of resources	62,495	-	455	62,950	67,937
Net position					
Net investment in capital assets	173,860	(11,141)	65,038	227,757	224,218
Restricted for:					
Debt reserve	18,802	23,886	4,669	47,357	47,357
Unrestricted	71,726	7,121	7,204	86,051	52,214
Total net position	264,388	19,866	76,911	361,165	323,789
Total liabilities, deferred inflows and net position	\$ 638,791	\$ 204,435	\$ 156,003	\$ 999,229	\$ 994,100

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

Combined Statements of Cash Flows

Public Utility District No. 1 of Clark County

For the years ended December 31, 2015 and 2014 (in thousands)

	Electric System	Generating System	Water System	Total 2015	Total 2014
Cash flows from operating activities:					
Receipts from customers	\$ 378,083	\$ 104,910	\$ 17,471	\$ 500,464	\$ 505,585
Payments to employees for services	(23,053)	-	-	(23,053)	(20,818)
Payments to suppliers for goods and services	(295,002)	(81,140)	(7,938)	(384,080)	(392,430)
Net cash from operating activities	60,028	23,770	9,533	93,331	92,337
Cash flows from investing activities:					
Utility plant additions, net of cost of removal, salvage and allowance for funds used during construction	(35,218)	(3,878)	(10,462)	(49,558)	(50,535)
Interest received and other income (expense)	(7,665)	60	1,723	(5,882)	(4,786)
Net cash from investing activities	(42,883)	(3,818)	(8,739)	(55,440)	(55,321)
Cash flows from capital financing activities:					
Borrowings from revenue bonds	-	-	-	-	63,050
Principal payments of revenue bonds	(16,010)	(15,200)	(3,699)	(34,909)	(50,882)
Other long-term debt	(71)	4,000	298	4,227	845
Acquisition of debt	52	-	(45)	7	7,639
Interest paid	(9,442)	(8,289)	(2,515)	(20,246)	(20,935)
Net cash from capital financing activities	(25,471)	(19,489)	(5,961)	(50,921)	(283)
Net increase (decrease) in cash and cash equivalents	(8,326)	463	(5,167)	(13,030)	36,733
Cash and cash equivalents at beginning of year	166,639	44,814	27,671	239,124	202,391
Cash and cash equivalents at end of year	\$ 158,313	\$ 45,277	\$ 22,504	\$ 226,094	\$ 239,124
Reconciliation of operating income to net cash from operating activities:					
Operating income	\$ 36,926	\$ 14,518	\$ 4,781	\$ 56,225	\$ 47,673
Adjustments to reconcile operating income to net cash from operating activities:					
Depreciation and amortization	23,890	8,873	5,161	37,924	35,787
Change in assets and liabilities:					
Accounts receivable, net	453	188	-	641	2,832
Other assets	(1,938)	388	33	(1,517)	(1,519)
Accounts payable and other accrued liabilities	651	(197)	(409)	45	(386)
Regulatory and other liabilities	46	-	(33)	13	7,950
Net cash from operating activities	\$ 60,028	\$ 23,770	\$ 9,533	\$ 93,331	\$ 92,337

Supplemental disclosure of cash flow information

Non-cash capital and related financing and investing activities:

Contributions in aid of construction of \$3,840 and \$4,251 in 2015 and 2014, 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. 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 \$2.6 million and \$2.5 million as of December 31, 2015 and 2014, 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. Regulatory assets and deferred inflows of resources are recorded when it is probable that future rates or rate reductions will permit recovery. (See Note 6.)

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 7 and 10.)

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

h) 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 \$11.5 million and \$10.5 million as of December 31, 2015 and 2014, respectively.

i) 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, pension benefit obligation and post-employment benefit obligation. Actual results could differ from those estimates.

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

k) Change in Accounting Principle: The District adopted GASB Statement No. 68, Accounting and Financial Reporting for Pensions and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. These recent statements provide accounting guidance for net pension liabilities and net pension assets, also defining balances to be included in deferred outflows of resources and deferred inflows of resources. Affected items were previously reported under the requirements of GASB Statement No. 27, Accounting for Pensions by State and Local Governmental Employers. The District implemented regulatory accounting to recognize pension expense in accordance with the required employer contribution rates set by the Washington state Pension Funding Council. (See Note 5, Note 6 and Note 8 Pension Plans.)

Implementation of the change in accounting principle resulted in a restatement of the District's 2014 Combined Statements of Net Position:

(in thousands)	Combined		
	As originally reported	As restated	Effect of the change
Regulatory and other assets	\$ 10,071	\$ 39,993	\$ 29,922
Deferred outflows of resources	30,535	32,161	1,626
Other liabilities	(1,173)	(23,184)	(22,011)
Deferred inflows of resources	(58,400)	(67,937)	(9,537)
Effect of the change	(18,967)	(18,967)	-

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 51% of our power supply in 2015, with the remainder produced by the River Road Generating Plant and a small portion is supplied from smaller market power purchases.

Notes to Combined Financial Statements

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.

a) BPA Contracts:

Effective October 2011, the District began taking deliveries under the Slice/Block power sales contract with BPA. 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. The District received REP Credits from BPA in the amount of \$2.8 million in 2015 and \$2.9 million in 2014. The REP credits are distributed to residential and small farm customers in the form of credits against their individual monthly bills.

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 1,328 hours in 2015 and 2,957 hours in 2014 for maintenance or economic displacement.

c) Combine Hills II LLC Wind Power Agreement:

To meet the requirements of Initiative 937, the Washington Energy Independence Act, the District entered into a power purchase agreement in 2009 with Eurus 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. Beginning in 2012 and continuing through 2015, the District executed annual agreements to sell 100% of the output from the project, while retaining the accompanying renewable energy credits.

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 received 18% of the capability of the Packwood project to serve its energy load needs. The Packwood project is a 27.5 megawatt hydroelectric project, and the District is obligated to pay 18% of the project's annual costs.

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 agreements for natural gas transportation provided through a series of capacity releases on the Northwest Pipeline. The release agreements provide capacity sufficient to supply River Road Generating Plant with 45,000 mmBtu per day.

Power Supply Costs

For the years ended December 31
(in thousands)

	2015	2014
Bonneville Power Administration	\$ 89,662	\$ 87,329
From Generating System	101,419	93,269
Packwood	450	432
Market purchases	24,540	38,665
Wind	11,958	13,890
Transmission	23,451	23,249
Power credits	(4,025)	(4,020)
Other production expense	3,697	3,837
Total power supply costs	\$ 251,152	\$ 256,651
Average power cost in mills/kwh	45.36	46.76

Notes to Combined Financial Statements

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 does not believe that any of the current litigation will have a material effect on its financial position. 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.

Note 4: Utility Plant

Utility plant in service as of December 31, 2015 and 2014 consisted of the following:

Electric System

(in thousands)	Balance Dec. 31, 2014	Additions/ Reclassifications	Retirements/ Reclassifications	Balance Dec. 31, 2015
Intangible plant	\$ 22,886	\$ 16,919	\$ 8,509	\$ 31,296
Trans and distribution	659,829	30,251	1,405	688,675
General plant	67,243	2,081	438	68,886
Total plant in service	\$ 749,958	\$ 49,251	\$ 10,352	\$ 788,857

Generating System

(in thousands)	Balance Dec. 31, 2014	Additions/ Reclassifications	Retirements/ Reclassifications	Balance Dec. 31, 2015
Source of supply	\$ 20	\$ -	\$ -	\$ 20
Pumping plant	170	-	-	170
Water treatment	697	-	-	697
Production plant	229,941	3,538	-	233,479
Trans and distribution	18,261	-	-	18,261
General plant	6,459	104	-	6,563
Allowance for funds used	8,316	-	-	8,316
Total plant in service	\$ 263,864	\$ 3,642	\$ -	\$ 267,506

Water System

(in thousands)	Balance Dec. 31, 2014	Additions/ Reclassifications	Retirements/ Reclassifications	Balance Dec. 31, 2015
Intangible plant	\$ 155	\$ -	\$ -	\$ 155
Source of supply	16,199	31	-	16,230
Pumping plant	11,843	97	-	11,940
Water treatment	2,119	-	-	2,119
Trans and distribution	145,650	8,163	-	153,813
General plant	2,936	209	25	3,120
Total plant in service	\$ 178,902	\$ 8,500	\$ 25	\$ 187,377

Note 5: Other Assets and Liabilities

Other Assets

Other assets as of December 31, 2015 and 2014 consisted of the following:

(in thousands)	Electric System	Generating System	Water System	December 31	
				2015	2014
Non-current conservation loans (Note 11)	\$ 3,402	\$ -	\$ -	\$ 3,402	\$ 1,705
Other	80	-	-	80	106
Total	\$ 3,482	\$ -	\$ -	\$ 3,482	\$ 1,811

Other Liabilities

Other liabilities as of December 31, 2015 and 2014 consisted of the following:

(in thousands)	Electric System	Generating System	Water System	December 31	
				2015	2014
Net pension liability	\$ 26,837	\$ -	\$ 2,982	\$ 29,819	\$ 22,011
Operation Warm Heart	727	-	-	727	737
Other	238	-	225	463	436
Total	\$ 27,802	\$ -	\$ 3,207	\$ 31,009	\$ 23,184

The District through the Operation Warm Heart program solicits donations from customers to provide payment assistance for qualified customers.

Net pension liability represents the District's portion of the calculated present value of projected benefit payments to be provided to current active and inactive employees that is attributed to past periods of employee service, less the pension plan's fiduciary net position. (See Note 1: Change in Accounting Principle and Note 8: Pension Plans.)

Note 6:

Deferred Outflows and Inflows of Resources

The board of commissioners has taken various actions that result in the recognition of revenues and expenses for rate-making purposes. These actions result in regulatory assets, deferred outflows of resources, and deferred inflows of resources, which are summarized in the tables below. Changes in their balances, and their inclusion in rates, occur only at the direction of the board.

Regulatory Assets

Regulatory assets as of December 31, 2015 and 2014 consisted of the following:

(in thousands)	Electric System	Generating System	Water System	December 31	
				2015	2014
Reg power exp	\$ -	\$ 3,874	\$ -	\$ 3,874	\$ 4,262
Reg pension exp	27,145	-	3,016	30,161	29,922
Reg unamort debt exp	1,913	774	705	3,392	3,998
Total	\$ 29,058	\$ 4,648	\$ 3,721	\$ 37,427	\$ 38,182

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

Regulatory pension expense represents the District's portion of the change in pension items, as defined under GASB 68 and GASB 71. Regulatory accounting is used to recognize pension expense in accordance with the required employer contribution rates set by the Washington state Pension Funding Council. (See Note 1: Change in Accounting Principle and Note 8: Pension Plans.)

Regulatory 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 and recognized as expenses in future rate periods.

Deferred Outflows of Resources

Deferred outflows of resources as of December 31, 2015 and 2014 consisted of the following:

(in thousands)	Electric System	Generating System	Water System	December 31	
				2015	2014
Unamortized loss on reacq debt	\$ 3,403	\$ 24,917	\$ 125	\$ 28,445	\$ 30,535
Pension costs	3,787	-	421	4,208	1,626
Total	\$ 7,190	\$ 24,917	\$ 546	\$ 32,653	\$ 32,161

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.

Pension costs represent a portion of the change in net pension items, as defined under GASB 68. Regulatory accounting is used to recognize pension expense in accordance with the required employer contribution rates set by the Washington state Pension Funding Council. (See Note 1: Change in Accounting Principle and Note 8: Pension Plans.)

Deferred Inflows of Resources

Deferred inflows of resources as of December 31, 2015 and 2014 consisted of the following:

(in thousands)	Electric System	Generating System	Water System	December 31	
				2015	2014
Reg revenue	\$ 58,400	\$ -	\$ -	\$ 58,400	\$ 58,400
Pension costs	4,095	-	455	4,550	9,537
Total	\$ 62,495	\$ -	\$ 455	\$ 62,950	\$ 67,937

For 2014, the board of commissioners authorized the deferral of operating revenues of \$8 million to be used in future rate periods.

Pension costs represent a portion of the change in net pension items, as defined under GASB 68. Regulatory accounting is used to recognize pension expense in accordance with the required employer contribution rates set by the Washington state Pension Funding Council. (See Note 1: Change in Accounting Principle and Note 8: Pension Plans.)

Notes to Combined Financial Statements

Note 7:

Current and Long-term Debt

Electric System

During the year ended December 31, 2015, the following changes occurred in revenue bonds:

(in thousands)	Balance Dec 31, 2014	Additions	Reductions	Balance Dec 31, 2015	Amounts due within one year
2003 Revenue and Refunding Bonds	\$ 2,405	\$ -	\$ 2,405	\$ -	\$ -
2005 Revenue and Refunding Bonds Due in annual installments of \$1,525 - \$1,605 through January 1, 2017; interest at 5.00%.	5,690	-	2,560	3,130	1,525
2007 Revenue and Refunding Bonds Due in annual installments of \$1,330 - \$6,955 through January 1, 2027; interest at 4.00% - 5.00%.	45,035	-	4,895	40,140	6,625
2009 Revenue and Refunding Bonds Due in annual installments of \$1,620 - \$2,990 through January 1, 2029; interest at 4.00% - 5.25%.	32,860	-	1,540	31,320	1,620
2011 Revenue and Refunding Bonds Due in annual installments of \$1,250 - \$3,450 through January 1, 2031; interest at 3.25% - 5.25%.	37,490	-	2,605	34,885	1,250
2012 Revenue and Refunding Bonds Due in annual installments of \$1,660 - \$6,255 through January 1, 2033; interest at 3.00% - 5.00%.	55,900	-	2,005	53,895	2,105
2014 Revenue and Refunding Bonds Due in annual installments of \$1,000 - \$3,650 through January 1, 2034; interest at 3.00% - 5.00%.	47,065	-	-	47,065	1,975
Total Electric System Revenue Bonds	\$ 226,445	\$ -	\$ 16,010	\$ 210,435	\$ 15,100

Notes to Combined Financial Statements

Generating System

During the year ended December 31, 2015, the following changes occurred in revenue bonds:

(in thousands)	Balance Dec 31, 2014	Additions	Reductions	Balance Dec 31, 2015	Amounts due within one year
2009 Revenue Bonds Due in annual installments of \$1,395 - \$1,460 through January 1, 2017; interest at 3.25% - 5.00%.	\$ 4,200	\$ -	\$ 1,345	\$ 2,855	\$ 1,395
2010 Revenue Bonds Due in annual installments of \$1,600 - \$14,915 through January 1, 2025; interest at 4.00% - 5.00%.	129,150	-	10,250	118,900	10,765
2012A Revenue Bonds Due in annual installments of \$2,530 - \$11,265 through January 1, 2025; interest at 3.00% - 5.00%.	34,140	-	2,410	31,730	2,530
2012B Revenue Bonds Due in annual installments of \$1,205 - \$1,470 through January 1, 2025; interest at 1.123% - 3.293%.	14,315	-	1,195	13,120	1,205
Total Generating System Revenue Bonds	\$ 181,805	\$ -	\$ 15,200	\$ 166,605	\$ 15,895

Notes to Combined Financial Statements

Water System

During the year ended December 31, 2015, the following changes occurred in revenue bonds:

(in thousands)	Balance Dec 31, 2014	Additions	Reductions	Balance Dec 31, 2015	Amounts due within one year
1976 Revenue Bonds	\$ 28	\$ -	\$ 14	\$ 14	\$ 14
Due in annual installments of \$14 through July 1, 2016; interest at 5.00%.					
2003 Revenue and Refunding Bonds	245	-	245	-	-
2006 Revenue and Refunding Bonds	8,235	-	715	7,520	745
Due in annual installments of \$425 - \$895 through January 1, 2027; interest at 4.375% - 5.00%.					
2008 Revenue and Refunding Bonds	10,890	-	505	10,385	530
Due in annual installments of \$530 - \$995 through January 1, 2029; interest at 4.25% - 5.50%.					
2010 Revenue and Refunding Bonds	10,370	-	1,420	8,950	425
Due in annual installments of \$425 - \$810 through January 1, 2030; interest at 4.00% - 5.00%.					
2011 Revenue and Refunding Bonds	7,125	-	495	6,630	665
Due in annual installments of \$540 - \$840 through January 1, 2024; interest at 3.00% - 4.00%.					
2014 Revenue and Refunding Bonds	15,985	-	305	15,680	535
Due in annual installments of \$535 - \$1,210 through January 1, 2034; interest at 4.00% - 5.00%.					
Total Water System Revenue Bonds	\$ 52,878	\$ -	\$ 3,699	\$ 49,179	\$ 2,914

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
2016	\$ 9,313	\$ 15,955	\$ 25,268	\$ 7,156	\$ 16,625	\$ 23,781	\$ 2,126	\$ 3,037	\$ 5,163
2017	8,515	15,060	23,575	6,381	17,400	23,781	1,988	3,175	5,163
2018	7,762	15,825	23,587	5,581	18,205	23,786	1,838	3,325	5,163
2019	7,069	16,510	23,579	4,711	16,600	21,311	1,697	3,465	5,162
2020	6,304	12,950	19,254	3,919	17,390	21,309	1,546	3,110	4,656
2021-25	21,784	64,450	86,234	7,452	64,490	71,942	5,643	15,520	21,163
2026-30	8,301	41,185	49,486	-	-	-	2,298	11,175	13,473
2031-34	1,408	13,400	14,808	-	-	-	352	3,465	3,817

Notes to Combined Financial Statements

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. At December 31, 2015, the debt service reserve accounts are fully cash funded.

Debt service reserve accounts as of December 31, 2015 and 2014 were as follows:

(in thousands)	Electric System	Generating System	Water System	December 31	
				2015	2014
Cash deposits	\$ 18,802	\$ 23,886	\$ 4,669	\$ 47,357	\$ 47,357

The bond resolutions allow the District to substitute a reserve account instrument for the cash and securities held in the reserve account. The District has additionally secured bond insurance for a portion of the debt service reserves. The District has \$7.5 million of municipal bond insurance to provide debt service payments in the event the annual debt service is underfunded.

Municipal Bond Insurance

Historically, 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.

During 2014, the Electric System renewed a stand-by line of credit for \$27 million. The line of credit provides additional security for the debt service reserve account with Wells Fargo Bank. 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, 2015
Electric	Interim capital requirements, operating expenses and standby letter of credit for debt service reserve	\$ 27 million	\$ -
Generating	Interim capital requirements	20 million	4 million
Water	Interim capital requirements and operating expenses	2 million	-

The subordinate lien revenue lines of credit for each of the systems are with Wells Fargo Bank and mature March 24, 2017.

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 three to 22 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, 2015				\$ 21,963
2016	\$ 161	\$ 2,253	\$ 2,414	19,710
2017	142	2,055	2,197	17,655
2018	124	2,055	2,179	15,600
2019	106	2,055	2,161	13,545
2020	89	1,980	2,069	11,565
2021-25	270	7,288	7,558	4,277
2026-30	99	3,444	3,543	833
2031-34	12	833	845	-

Notes to Combined Financial Statements

Note 8:

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 State Department of Retirement Systems (DRS). 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.

Each plan has specific calculations for eligibility, actuarial deductions, full retirement benefit payments, and survivor or disability payments. Detail information on all plans is found on the DRS public website at www.drs.wa.gov. The general vesting and retirement eligibility criteria are outlined as follows:

	<u>Defined benefit vesting</u>	<u>Eligibility for retirement</u>
PERS 1	5 years of eligible service	Any age with at least 30 years of service At age 55 with 25 years of service At age 60 and vested
PERS 2	5 years of eligible service	At age 65 and vested At age 55 with 20 years of service at a reduced benefit
PERS 3	5-10 years, depending on age/previous PERS 2	At age 65 and vested At age 55 with 20 years of service at a reduced benefit

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, along with Plan 2 employee contribution rates. The employee contribution rate for Plan 1 is established by state statute and does not vary from year to year. Employee contribution rates for Plan 3 are set by the Employee Retirement Benefits Board. The methods used to determine the contribution requirements are established under state statute.

Plan 2 is funded by the employer and employee contributions and associated investment earnings. The Plan 3 defined-benefit component is 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, 2015, are as follows:

	PERS 1	PERS 2	PERS 3
Employer	11.18%	11.18%	11.18%
Employee	6.00%	6.12%	5-15%

Actuarial Assumptions

The Total Pension Liability (TPL) for each of the plans was estimated using the most recent actuarial valuation completed in 2015 with a valuation date of June 30, 2014. The actuarial assumptions used in the valuation were based on the results of Office of State Auditor's (OSA) 2007-2012 Experience Study.

Additional assumptions for the subsequent events and law changes are current as of the 2014 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2015. Plan liabilities were rolled forward from June 30, 2014 to June 30, 2015, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments. The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions:

Inflation (economic)	3.00%
Active Member Payroll Growth	3.75%
Investment Rate of Return	7.50%

Mortality rates for active members, retirees, survivors and disability rates were based on RP-2000 report's Combined Healthy Table and Combined Disabled Table published by the Society of Actuaries. OSA applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Mortality rates are applied on a generational basis, meaning each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

The long-term expected rate of return on DRS pension plan investments is forecast using a building block method. The Washington State Investment Board (WSIB) used a best estimate of expected future rates of return (expected returns, net of pension plan investment expense, including inflation) to develop each major asset class. Those expected returns make up one component of WSIB's capital market assumptions. The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns at various times. The long-term expected rate of return of 7.50% approximately equals the median of the simulated investment returns over a 50-year time horizon.

Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major class are included in the pension plans' target asset allocation as of June 30, 2015. The inflation component used to create the table is 2.20% and represents WSIB's most recent long-term estimate of broad economic inflation. A summary of the estimated rates of return by asset class are as follows:

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-term expected real rate of return arithmetic</u>
Fixed income	20%	1.70%
Tangible assets	5%	4.40%
Real estate	15%	5.80%
Global equity	37%	6.60%
Private equity	23%	9.60%

Notes to Combined Financial Statements

Discount Rate

The discount rate used to measure the total DRS pension liability was 7.50%. To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments of current plan members. Consistent with current law, the asset sufficiency test included an assumed 7.70% long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. Consistent with the long-term expected rate of return, a 7.50% future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue being made at contractually required rates. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.50% was used to determine the total liability.

Pension Liability Sensitivity

The following table reflects the impact of the discount rate assumptions on the District's proportionate share of net pension liability:

(in thousands)	1% decrease in discount rate 6.5%	Discount rate 7.5%	1% increase in discount rate 8.5%
Proportionate share of the PERS Plan 1 net pension liability (asset)	\$ 19,566	\$ 16,071	\$ 13,065
Proportionate share of the PERS Plan 2/3 net pension liability (asset)	\$ 40,201	\$ 13,748	\$ (6,505)

Pension Plan Fiduciary Net Position

Detailed information about each defined benefit pension plan's fiduciary net position is available in a separately-issued DRS 2015 Comprehensive Annual Financial Report (CAFR). The DRS CAFR may be downloaded from the DRS website at www.drs.wa.gov. Any information obtained from the DRS is the responsibility of the state of Washington. The District's pension contribution amounts were verified by an internal review of the information provided by DRS. However, the District has relied on the information provided in the Washington State DRS CAFR and the Washington State DRS Participating Employer Financial Information (PEFI) obtained from DRS when recognizing pension cost for 2015 and 2014.

Washington State Retirement System Pension Costs

As of June 30, 2015, Washington State Department of Retirement Systems total pension liability for all covered entities included in the Washington State CAFR for PERS Plans 1 and 2/3 was as follows:

(in thousands)	PERS 1	PERS 2/3	Jun 30, 2015	Jun 30, 2014
Plan Fiduciary net position	\$ 7,558,312	\$ 29,511,959	\$ 37,070,271	\$ 36,040,366
Net pension liability	5,230,930	3,573,057	8,803,987	7,058,908
Total pension liability	\$ 12,789,242	\$ 33,085,016	\$ 45,874,258	\$ 43,099,274

District's Proportionate Share of Pension Costs

The District's proportionate share of the Washington State DRS PERS Plans 1 and 2/3 employer contributions were as follows:

	Jun 30, 2015	Jun 30, 2014
PERS 1	0.307228%	0.292867%
PERS 2/3	0.384777%	0.359035%

As of December 31, 2015, the District's proportionate share of the Washington state Retirement System net pension liability was as follows:

(in thousands)	PERS 1	PERS 2/3	Dec 31, 2015	Dec 31, 2014
Total net pension liability	\$ 16,071	\$ 13,748	\$ 29,819	\$ 22,011

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014. The District's proportion of the net pension liability was based on the contributions received by PERS during the measurement period for employer payroll paid dates from July 1, 2014 through June 30, 2015, relative to the total employer contributions received from all of PERS participating employers as well as the statutorily required contributions required to fund the unfunded actuarial accrued liability.

For the year ended December 31, 2015, the District has elected to use regulatory accounting to recognize pension expense in conjunction with the required employer contribution rates and corresponding District contributions for PERS Plans 1 and 2/3. (See Note 6: Regulatory Asset.)

The District's actual annual contributions to the PERS retirement system were as follows as of year-end:

(in thousands)	2015	2014	2013
District contributions	\$ 3,491	\$ 3,016	\$ 2,582
Covered payroll	\$ 34,130	\$ 32,740	\$ 31,396

At December 31, 2015, the District reported its combined proportionate share of pension costs recorded as deferred outflows of resources from the following sources:

(in thousands)	PERS 1	PERS 2/3	Dec 31, 2015
Differences between expected and actual economic experience	\$ -	\$ 1,462	\$ 1,462
Changes in actuarial assumptions	-	22	22
Changes in proportion	-	828	828
Contributions paid to PERS subsequent to the measurement date	856	1,040	1,896
Total	\$ 856	\$ 3,352	\$ 4,208

Amounts reported as deferred outflows of resources are projected to be recognized as an addition of the regulatory asset are as follows:

(in thousands)	PERS 1	PERS 2/3	Dec 31, 2015
2016	\$ 856	\$ 1,720	\$ 2,576
2017	-	680	680
2018	-	680	680
2019	-	272	272
Total	\$ 856	\$ 3,352	\$ 4,208

Notes to Combined Financial Statements

At December 31, 2015, the District reported its combined proportionate share of pension costs recorded as deferred inflows of resources from the following sources:

(in thousands)	PERS 1	PERS 2/3	Dec 31, 2015
Differences between projected and actual investment earnings	\$ 880	\$ 3,670	\$ 4,550
Total	\$ 880	\$ 3,670	\$ 4,550

Amounts reported as deferred inflows of resources are projected to be recognized as an addition/reduction of the regulatory asset as follows:

(in thousands)	PERS 1	PERS 2/3	Dec 31, 2015
2016	\$ (341)	\$ (1,433)	\$ (1,774)
2017	(341)	(1,433)	(1,774)
2018	(341)	(1,433)	(1,744)
2019	143	629	772
Total	\$ (880)	\$ (3,670)	\$ (4,550)

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, 2015, there were 56 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 ongoing 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 2015 OPEB cost (expense) is \$1.4 million and is equal to the annual required contribution including interest.

Funding Status and Funding Progress - In 2015, 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 a decrease in the net OPEB asset of \$.2 million.

The schedule of funding progress for the unfunded actuarial accrued liability (UAAL) is as follows:

(in thousands, except percent)	Dec 31, 2015	Dec 31, 2014
Net OPEB asset	\$ 2,070	\$ 2,294
Entry age normal actuarial accrued liability	\$ 15,345	\$ 15,345
UAAL	\$ 13,275	\$ 13,051
Funded ratio	16%	18%
Covered payroll	\$ 34,130	\$ 32,740
UAAL as percent of covered payroll	39%	40%

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 4% and an annual increase of 4%-5% 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 re-examined for 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. As defined in Section 457 of the IRS Code, the District has placed the 457 deferred compensation plan assets into trust for the exclusive benefit of plan participants and beneficiaries.

Notes to Combined Financial Statements

Note 9: Refunded Bond Issues

As of December 31, 2015, the following revenue bond series have been extinguished through in-substance defeasance:

(in thousands)	Electric System	Generating System	Water System
Total	\$ 8,980	\$ -	\$ 379

Debt service on these bonds is met by cash and investments held by the refunding trustees. The amounts held in trust are expected to fully fund debt service 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 insufficient to meet debt service requirements, and are therefore excluded from the financial statements because the likelihood of additional funding requirements is considered remote.

Note 10: Cash, Cash Equivalents and Sinking Funds

As of December 31, 2015, the District had the following cash, cash equivalents and investments:

(in thousands)	Fair Value	
	2015	2014
State investment pool (LGIP)	\$ 174,773	\$ 187,724
Cash	51,321	51,400
Total cash, cash equivalents and sinking funds	<u>\$ 226,094</u>	<u>\$ 239,124</u>

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.

As of December 31, 2015, the state investment pool balance included the District bond reserve amount of \$47.4 million. (See Note 7.)

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, 2015 Comprehensive Annual Financial Report (CAFR).

Note 11: 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 to seven years at 3.5% to 5.25% interest. Under this program, the total loan amount provided was \$3.1 million during 2015 and \$1 million in 2014.

Required Supplementary Information

Public Utility District No. 1 of Clark County

Schedule of Proportionate Share of Net Pension Liability

Measurement date June 30

(in thousands, except percentages)

PERS 1

	2015	2014
Proportion of the net pension asset/liability	0.307228%	0.292867%
Proportionate share of the net pension asset/(liability)	\$ 16,071	\$ 14,753
Covered-employee payroll	\$ 446	\$ 691
Proportionate share of the net pension asset/(liability) as a percentage of its covered-employee payroll	3606.0%	2134.7%
Plan fiduciary net position as a percentage of the total pension liability	59.1%	61.2%

PERS 2/3

Proportion of the net pension asset/(liability)	0.384777%	0.359035%
Proportionate share of the net pension asset/(liability)	\$ 13,748	\$ 7,258
Covered-employee payroll	\$ 32,265	\$ 30,671
Proportionate share of the net pension asset/(liability) as a percentage of its covered-employee payroll	42.6%	23.7%
Plan fiduciary net position as a percentage of the total pension liability	89.2%	93.3%

Schedule of Contributions

As of June 30

(in thousands, except percentages)

	2015	2014
Contractually required contribution	\$ 43	\$ 62
Contributions in relation to the actuarially determined contribution	(43)	(62)
Contribution deficiency (excess)	\$ -	\$ -
Covered-employee payroll	\$ 446	\$ 691
Contributions as a percentage of covered employee payroll	9.6%	9.0%

PERS 2/3

Contractually required contribution	\$ 1,714	\$ 1,517
Contributions in relation to the actuarially determined contribution	(1,714)	(1,517)
Contribution deficiency (excess)	\$ -	\$ -
Covered-employee payroll	\$ 32,265	\$ 30,671
Contributions as a percentage of covered employee payroll	5.3%	4.9%
PERS 1 UAAL *	\$ 1,369	\$ 1,234

Notes to RSI Schedules

The District implemented GASB 68 for the year ended December 31, 2015. (See Note 8.) Ten-year trend information will be presented prospectively.

*DRS allocates certain portion of contributions from PERS Plan 2/3 to PERS Plan 1 in order to fund its unfunded actuarially accrued liability (UAAL).

Bonds Maturity Schedules - Unaudited

Public Utility District No. 1 of Clark County

In thousands, except for interest rates

Electric System

Maturity Date	Series 2005		Series 2007		Series 2009		Series 2011		Series 2012		Series 2014		Total	Remaining Bonds Outstanding
	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		
2016	\$ 1,525	5.000	\$ 6,625	5.000	\$ 1,620	5.250	\$ 1,250	4.000	\$ 2,105	3.000	\$ 1,975	3.000	\$ 15,100	\$ 195,335
2017	1,605	5.000	6,955	5.000	1,705	5.000	1,300	5.000	3,390	5.000	1,000	5.000	15,955	179,380
2018			3,380	5.000	1,790	5.000	3,020	5.000	3,560	5.000	3,310	5.000	15,060	164,320
2019			3,545	5.000	1,880	4.000	2,050	3.250	650	3.000	3,480	5.000	11,605	152,715
2019			-	-	-	-	1,125	5.000	3,095	4.000	-	-	4,220	148,495
2020			3,725	5.000	1,955	4.000	125	3.500	3,885	4.000	3,650	5.000	13,340	135,155
2020			-	-	-	-	3,170	5.000	-	-	-	-	3,170	131,985
2021			1,330	4.750	2,030	5.000	3,450	5.000	4,045	5.000	2,095	5.000	12,950	119,035
2022			1,390	4.750	2,135	5.000	1,540	5.000	6,255	5.000	2,200	5.000	13,520	105,515
2023			2,435	4.000	2,240	5.000	1,615	5.000	4,460	5.000	3,445	5.000	14,195	91,320
2024			2,530	4.000	670	4.625	1,695	5.000	4,675	5.000	1,405	5.000	10,975	80,345
2024			-	-	1,685	5.000	-	-	-	-	-	-	1,685	78,660
2025			2,630	4.125	2,470	4.750	1,780	5.000	1,660	5.000	3,220	5.000	11,760	66,900
2026			2,740	4.125	2,585	5.000	1,870	5.000	1,740	5.000	3,380	5.000	12,315	54,585
2027			-	-	-	-	555	5.000	1,830	5.000	1,625	5.000	4,010	50,575
2027			2,855	4.125	2,715	5.000	1,410	5.250	-	-	-	-	6,980	43,595
2028			-	-	-	-	580	5.000	1,920	3.250	1,705	5.000	4,205	39,390
2028			-	-	2,850	5.000	1,485	5.250	-	-	-	-	4,335	35,055
2029			-	-	-	-	615	5.000	1,985	3.350	1,790	5.000	4,390	30,665
2029			-	-	2,990	5.125	1,560	5.250	-	-	-	-	4,550	26,115
2030			-	-	-	-	645	5.000	2,050	3.400	1,880	5.000	4,575	21,540
2030			-	-	-	-	1,640	5.250	-	-	-	-	1,640	19,900
2031			-	-	-	-	680	5.000	2,120	3.500	1,975	5.000	4,775	15,125
2031			-	-	-	-	1,725	5.250	-	-	-	-	1,725	13,400
2032			-	-	-	-	-	-	1,845	3.500	2,070	5.000	3,915	9,485
2032			-	-	-	-	-	-	350	5.000	-	-	350	9,135
2033			-	-	-	-	-	-	2,275	4.000	2,175	5.000	4,450	4,685
2034			-	-	-	-	-	-	-	-	2,285	5.000	2,285	2,400
2035			-	-	-	-	-	-	-	-	2,400	5.000	2,400	-
Total	\$ 3,130		\$ 40,140		\$ 31,320		\$ 34,885		\$ 53,895		\$ 47,065		\$ 210,435	

Bonds Maturity Schedules - Unaudited

Public Utility District No. 1 of Clark County

In thousands, except for interest rates

Generating System

Maturity Date	Series 2009		Series 2010		Series 2012A		Series 2012B		Total	Remaining Bonds Outstanding
	Principal Jan. 1	Interest Rate								
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	\$ 2,855		\$118,900		\$31,730		\$13,120		\$166,605	

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 2006		Series 2008		Series 2010		Series 2011		Series 2014		Total	Remaining Bonds Outstanding
	Principal Jan/Jul 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		
2016	\$ 14	5.000	\$ 745	5.000	\$ 530	5.500	\$ 425	5.000	\$ 540	3.000	\$ 535	4.000	\$ 2,789	\$ 46,390
2016			-	-	-	-	-	-	125	4.000	-	-	125	46,265
2017			510	4.375	560	5.500	445	5.000	685	4.000	555	4.000	2,755	43,510
2017			275	4.500	-	-	-	-	-	-	-	-	275	43,235
2018			540	4.375	590	5.500	465	5.000	715	4.000	580	5.000	2,890	40,345
2018			285	4.500	-	-	-	-	-	-	-	-	285	40,060
2019			555	4.375	625	4.250	490	5.000	745	3.000	610	5.000	3,025	37,035
2019			300	4.500	-	-	-	-	-	-	-	-	300	36,735
2020			580	4.375	650	4.375	515	5.000	765	3.250	640	5.000	3,150	33,585
2020			315	4.500	-	-	-	-	-	-	-	-	315	33,270
2021			100	4.375	680	4.500	540	4.000	795	3.125	670	5.000	2,785	30,485
2021			325	4.500	-	-	-	-	-	-	-	-	325	30,160
2022			445	4.500	710	4.750	560	4.000	815	4.000	705	5.000	3,235	26,925
2023			465	4.500	745	4.750	585	4.500	840	4.000	740	5.000	3,375	23,550
2024			485	4.500	780	5.000	610	4.500	605	4.000	775	3.500	3,255	20,295
2025			510	4.500	815	5.000	635	4.500			805	4.000	2,765	17,530
2026			530	4.500	860	5.000	665	5.000			835	4.000	2,890	14,640
2027			555	4.500	900	5.000	700	5.000			870	4.000	3,025	11,615
2028					945	5.000	735	5.000			905	5.000	2,585	9,030
2029					995	5.125	770	5.000			950	5.000	2,715	6,315
2030							810	5.000			995	5.000	1,805	4,510
2031											1045	5.000	1,045	3,465
2032											1100	5.000	1,100	2,365
2033											1155	5.000	1,155	1,210
2034											1210	5.000	1,210	0
Total	\$ 14		\$ 7,520		\$ 10,385		\$ 8,950		\$ 6,630		\$ 15,680		\$ 49,179	

Selected Financial Data and Statistics - Unaudited

Public Utility District No. 1 of Clark County

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Operating revenues	\$ 379,227	\$ 375,782	\$ 373,657	\$ 360,729	\$ 355,779	\$ 354,142	\$ 354,237	\$ 369,580	\$ 352,893	\$ 340,769
Operating expenses	342,301	346,815	339,662	338,230	333,692	334,324	341,595	360,615	339,600	331,966
Operating income	36,926	28,967	33,995	22,499	22,087	19,818	12,642	8,965	13,293	8,803
Non-operating revenues (expenses)	(14,553)	(14,006)	(15,409)	(15,856)	(12,871)	(10,205)	(13,197)	(8,988)	(7,174)	(8,880)
Net income (loss)	\$ 22,373	\$ 14,961	\$ 18,586	\$ 6,643	\$ 9,216	\$ 9,613	\$ (555)	\$ (23)	\$ 6,119	\$ (77)

Electric System Statistics

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Electric energy delivered megawatt hours (in thousands)										
Residential	2,270	2,316	2,387	2,317	2,389	2,257	2,423	2,426	2,341	2,310
Commercial	1,287	1,289	1,293	1,270	1,287	1,273	1,334	1,388	1,356	1,346
Industrial	724	749	735	741	762	789	741	814	812	740
Off-system sales	1,033	901	851	1,022	405	424	383	470	539	389
Miscellaneous	29	27	26	26	29	32	35	34	33	34
Total	5,343	5,282	5,292	5,376	4,872	4,775	4,916	5,132	5,081	4,819

Average revenue per kwh (in cents)

Residential	9.24	9.21	9.16	9.18	8.86	8.50	8.28	7.85	7.87	7.85
Commercial	7.38	7.38	7.37	7.41	7.30	7.12	6.99	6.63	6.59	6.56
Industrial	5.58	5.58	5.58	5.57	5.51	5.37	5.34	5.13	5.12	5.13
Miscellaneous	13.51	13.59	13.62	13.52	12.20	11.19	10.58	10.36	10.23	10.09
Average - all classes	8.10	7.90	7.79	7.73	7.41	7.55	7.44	7.03	6.88	7.02

Average number of customers

Residential	176,605	174,379	171,449	169,569	168,449	167,634	166,823	166,157	164,155	161,911
Commercial	15,449	15,248	15,021	14,776	14,594	14,441	14,292	13,713	13,065	12,251
Industrial	29	29	28	25	26	26	25	26	27	26
Miscellaneous	1,465	1,471	1,441	1,433	1,419	1,413	1,407	1,387	1,344	1,297
Total - all classes	193,548	191,127	187,939	185,803	184,488	183,514	182,547	181,283	178,591	175,485

Average annual kwh used per customer

Residential	12,853	13,278	13,923	13,667	14,182	13,463	14,521	14,601	14,237	13,884
Commercial	83,333	84,532	86,087	85,936	88,168	88,136	93,370	101,203	103,376	99,495
Industrial	24,969,726	25,827,682	26,248,173	29,636,712	29,293,402	30,337,381	29,656,732	31,288,395	30,093,795	28,539,284
Miscellaneous	19,570	18,597	18,051	18,531	20,588	22,748	24,673	24,672	24,964	26,112

Selected Financial Data and Statistics - Unaudited

Public Utility District No. 1 of Clark County

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Operating revenues	\$ 17,471	\$ 15,697	\$ 14,920	\$ 14,144	\$ 12,471	\$ 12,227	\$ 13,047	\$ 11,308	\$ 11,648	\$ 10,788
Operating expenses	12,690	11,796	11,008	10,586	10,259	10,106	10,594	9,551	9,148	8,571
Operating income	4,781	3,901	3,912	3,558	2,212	2,121	2,453	1,757	2,500	2,217
Non-operating revenues (expenses)	(539)	(1,997)	(1,166)	(2,215)	(2,241)	(1,800)	(2,012)	(1,403)	(1,086)	(1,165)
Net income (loss)	\$ 4,242	\$ 1,904	\$ 2,746	\$ 1,343	\$ (29)	\$ 321	\$ 441	\$ 354	\$ 1,414	\$ 1,052

Water System Statistics

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Cubic feet delivered (in thousands)										
Residential	382,190	350,868	335,558	343,113	329,858	333,002	381,989	370,877	386,134	408,854
Commercial	53,478	50,858	48,708	47,828	44,982	44,302	50,452	54,309	57,569	59,508
Miscellaneous	76,807	64,881	61,415	62,053	60,092	62,278	66,329	65,911	61,772	63,405
Total	512,475	466,607	445,681	452,994	434,932	439,582	498,770	491,097	505,475	531,767

Average revenue per cubic foot (in cents)

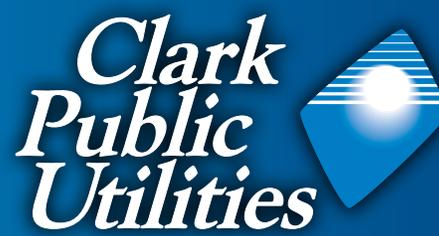
Residential	2.87	2.91	2.92	2.85	2.55	2.54	2.44	2.10	1.99	1.75
Commercial	2.74	2.78	2.77	2.75	2.44	2.45	2.41	2.01	1.85	1.63
Miscellaneous	2.70	2.68	2.70	2.64	2.34	2.33	2.27	1.89	1.71	1.51
Average - all classes	2.83	2.86	2.87	2.81	2.51	2.50	2.41	2.06	1.94	1.71

Average number of customers

Residential	30,673	30,091	29,599	29,248	29,025	28,870	28,638	28,490	28,275	27,814
Commercial	1,076	1,081	1,072	1,069	1,042	1,034	1,032	1,027	1,016	945
Miscellaneous	753	725	711	696	673	667	661	644	513	480
Total - all classes	32,502	31,897	31,382	31,013	30,740	30,571	30,331	30,161	29,804	29,239

Average annual cubic feet used per customer

Residential	12,460	11,660	11,337	11,731	11,365	11,535	13,339	13,018	13,656	14,714
Commercial	49,701	47,047	45,437	44,741	43,169	42,846	48,888	52,881	56,662	63,141
Miscellaneous	102,001	89,491	86,378	89,157	89,290	93,370	100,346	102,347	120,413	132,094



P.O. Box 8900

Vancouver, WA 98668

360-992-3000

mailbox@clarkpud.com

www.clarkpublicutilities.com

Design/layout by Imagineering

© 2015 Clark Public Utilities

2015