



Empowering
your **Life**

A N N U A L R E P O R T

2014



About Us

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.

Empowering your Life

General Manager

Wayne W. Nelson
CEO/General Manager

Directors

- **Lisa M. Fix**
Customer Service
- **Patrick R. McGary**
Energy Resources
- **Cal R. Morris**
Engineering
- **Richard A. Dyer, Jr., CPA**
Finance/Treasurer
- **Michael K. Harris**
Information Services
- **Dan Krebs**
Operations
- **Douglas A. Quinn, PE**
Water Services

Board of Commissioners



Highlights

Electric System	2014	2013
Customers (year end)	192,584	189,674
Total operating revenue	\$ 375,782,000	\$ 373,657,000
Electricity sales (megawatt hours)	5,282,000	5,292,000
Peak demand (megawatts)	1,063	1,082
Net income (loss)	\$ 14,961,000	\$ 18,586,000
Employees (year end)	356	340

Generating System	2014	2013
Total operating revenue	\$ 105,058,000	\$ 108,598,000
Electricity generation (megawatt hours)	1,423,448	1,729,846
Displacement (megawatt hours)	397,825	108,000
Employees (year end)	1	1

Water System	2014	2013
Customers (year end)	32,137	31,588
Total operating revenue	\$ 15,697,000	\$ 14,920,000
Water sales (cubic feet)	446,607,000	445,681,000
Peak 24-hour demand (gallons)	23,370,800	21,817,000
Net income	\$ 1,904,000	\$ 2,746,000
Employees (year end)	29	29



Byron H. Hanke
First elected 2002, term ends 2014



Nancy E. Barnes
First elected 1992, term ends 2016



Jim Malinowski
First elected 2012, term ends 2018

2014

Report from the CEO/General Manager Wayne W. Nelson



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We never stop looking for ways to improve services we provide to our customers. In recent years we've seen major changes in the way customers want to communicate with us, so we add new features.

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We exist to provide the services our customers need and to empower their lives. We demonstrate it 24 hours a day, seven days a week, with extremely reliable service, stable rates, and exceptional customer satisfaction. We're proud that we've been ranked, "Highest in Customer Satisfaction among Mid-Sized Utilities in the West" by J.D. Power for the seventh year in a row. We were also designated a J.D. Power 2014 Customer Champion - one of only 50 organizations to have earned this distinction in the U.S. As a customer-owned utility it's an honor to be included in an elite group of organizations that focus 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 for the way we live and work. In 2014 we delivered electricity with 99.96 percent reliability, and that's despite being hit in November and December by some of the most severe windstorms to reach the area in years. The storms knocked the power out for more than 60,000 of our customers. Many were only out for short periods of time, but for some, the outages lasted much longer as our crews worked around the clock to repair extensive damage.

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, it only does so much good when sustained heavy winds and powerful gusts hit our system.

Our crews worked tirelessly to restore power in the extreme weather conditions. Additional contract line crews and crews from other utilities were brought in to assist, as well as tree trimming crews to help speed up the restoration process.

Reliability doesn't just happen. It's a commitment to design, build and maintain an extremely reliable system. And it's a commitment that's backed up with 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 in the systems and taking steps to fix those problems.

■ With new proactive outage communication customers aren't "in the dark" on details

We never stop looking for ways to improve services we provide to our customers. In recent years we've seen major changes in the way customers want to communicate with us, so we add new features.

We launched a new proactive outage notification to call customers who are experiencing an outage. We let customers know the cause of the outage, estimated time to restore, number of people affected, whether crews have been dispatched, and the general neighborhood the outage is in. If the outage is in the middle of the night, we wait until the morning to let them know the details.

The response has been overwhelmingly positive, and as technology advances, we look forward to offering additional notification features in the future. Our online outage map continues to be a great resource for customers and the media as well. In the November and December storms, we set consecutive records for the number of hits to the online map.

■ We provide stable rates and dependable power supply

We are committed to rate stability. While the utility's commissioners recognize their responsibility to raise rates if an increase is necessary to protect the financial integrity of the utility, we have been able to avoid any rate increase for electric service since 2011. During that same period we have been able to increase the size of the rate stabilization fund, which is intended to protect customers from increasing fluctuation in power supply costs. Operating at no profit, the utility sets its budget with the goal of equal revenue and expenditures. But with the changing landscape of the energy industry and the resulting uncertainty, having stabilization measures in place including the surplus fund and available lines of credit help to manage daily operations smoothly and efficiently.

We devote a considerable amount of time to power supply issues, 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. We are a preference customer of the Bonneville Power Administration, which entitles the utility access to one of the lowest cost resources in the Pacific Northwest. In 2014, BPA provided about 54 percent of our power needs.

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 conservation program.

There continues to be significant increase in state and federal regulations that affect individual electric utilities and the entire industry. We monitor the development of these new regulations, and participate in many local, regional and federal organizations that deal with these issues. As one of America's largest public power utilities, it's important to be involved as these rules are developed and implemented to ensure they are appropriate for our segment of the industry and that we have a full understanding of them so we're able to comply. We also update our integrated resource plan to provide strategic direction with flexibilities to make appropriate decisions as conditions change.

■ Energy efficiency is a great investment

Maximizing our current power supply through conservation is the least expensive investment we can make toward 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.

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

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Our conservation programs exceeded targets in 2014. Nearly 36 percent of the total savings came from industrial customers, where there remains significant potential for cost-effective conservation. And about 46 percent of the savings came from residential users, by far our largest customer group.

■ Water resources planned for future generations

We work cooperatively with local property owners and government agencies to improve the quality and quantity of water in Salmon Creek and the East Fork of the Lewis River and tributaries. The area served by our Water System continues to be a growing part of Clark County, confirming the need to add new facilities, including an additional well at the Carol J. Curtis Well Field. We drilled Well #4 and the pumping test confirmed that the well is capable of producing 2,300 to 2,500 gallons per minute.

We've also continued upgrading older and undersized facilities, and constructed new transmission mains in conjunction with a state road widening project. The transmission main project is recognized as one of the 2012 Public Works Trust Fund loan projects, with an interest rate of 0.5%, and will improve our ability to move water between Pioneer/La Center and Meadow Glade.

Progress has continued on development of the Paradise Point Well Field, which will have the capability of supplying the growing water needs of North Clark County for the next 20 years, while also enhancing instream base flow for the East Fork of the Lewis River. The river crossing design for the water transmission line under the East Fork of the Lewis River is complete. We continue to work with the cities of Battle Ground and Ridgefield, which also operate water systems in the area, on development of this regional resource.

■ Restoration projects protect water supply

One of our larger environmental restoration projects (Bridlewood) started construction in 2014. It was funded by a \$250,000 Department of Ecology Centennial Clean Water Grant. Multiple water quality impairments and limiting factors for salmon were identified in this reach of Salmon Creek. This restoration project is expected to improve those conditions, creating a healthier habitat for salmon and our water customers.

The project restored a half mile of salmon bearing stream and 20 acres of riparian area. More than 18,000 trees were planted. Work also included treatment and removal of 16 acres of invasive non-native plant species including reed canary grass, Himalayan blackberry, and English holly. Additionally, 140 pieces of large woody debris were strategically placed to decrease bank erosion and increase bank stabilization, provide channel structure, and provide cover for juvenile salmon. This project will encourage growth and reproduction of the small remnant populations of Coho, Steelhead, and cutthroat trout that remain in Salmon Creek.

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The area served by our Water System continues to be a growing part of Clark County, confirming the need to add new facilities, including an additional well at the Carol J. Curtis Well Field.

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The work is part of the utility's "Bringing Salmon back to Salmon Creek" initiative, which has included planting more than 775,000 trees and restoring salmon habitat along 12 miles of stream along Salmon Creek and its tributaries.

The project was the site for the StreamTeam's "Make a Difference Day" event in October, where more than 200 volunteers came together to assist and participate in this restoration effort.

■ Employees make a difference volunteering in the community

In 2014 Clark Public Utilities employees volunteered more than 6,000 hours at community events, which included collecting nearly 8,000 pounds of food for the Stop Hunger Warehouse, hosting a free Home & Garden Idea Fair that attracted 20,000 customers, and serving 100,000 cups of free cold water at the Clark County Fair.

Employees volunteered with our StreamTeam and other community volunteers and work crews to plant 35,000 trees to improve water quality and restore habitat along the Salmon Creek Watershed. We also participated in numerous safety fairs and community events to promote energy efficiency and electrical safety, and provided volunteer assistance on community-based projects.

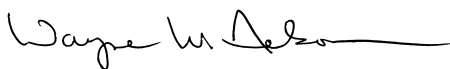
We worked with La Center Education Foundation volunteers to lay the foundation and install four new lights at the sports fields at La Center High School. The hard work and know-how of volunteers made for a smooth installation and students will be reaping the benefits of this project for years to come. Our employees' expertise makes these projects more affordable for the community, and employees enjoy helping out.

We live here too, and believe that we make a positive difference in the community.

■ We're focused on customers

We're extremely proud of the service we provide our customer-owners. Our workforce has great stability and experience. We've given our employees the skills and tools necessary to deliver outstanding service. We empower customers by empowering our employees to do whatever it takes to provide exceptional service.

Our continuous improvement efforts seek to identify service innovations and technological improvements that will keep us moving forward. We know there is always room for improvement. And we'll continue listening to our customer-owners to identify their changing needs, so we can continue providing outstanding service.



Wayne W. Nelson
CEO/General Manager



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Our workforce has great stability and experience. We've given our employees the skills and tools necessary to deliver outstanding service.

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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, 2014, 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, 2013, 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 combined and separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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.

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

REPORT OF INDEPENDENT AUDITORS (continued)

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, 2014 and 2013, 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 Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the accompanying management discussion and analysis 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.

A handwritten signature in blue ink that reads "Moss Adams LLP".

Portland, Oregon

April 23, 2015

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, 2014, with comparable information for 2013 and 2012. This supplementary information should be read in conjunction with the enclosed 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.

Clark County was impacted by the downturn in the economy from 2008-2012. Since the second quarter of 2013, the District has realized a strengthening of new connections and businesses served. 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.

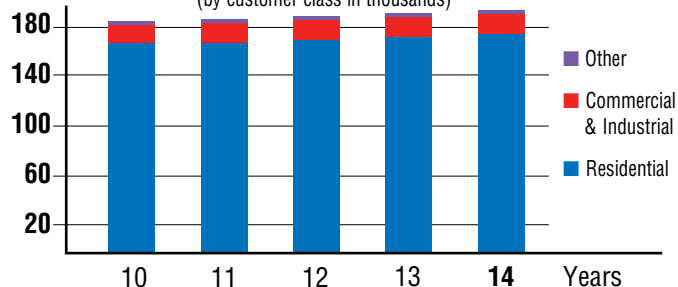
Financial Summary and Analysis

During 2014, the Electric System's operating revenues increased by \$2.1 million or 0.6%. The Electric System realized a net income before contributions of \$15.0 million for 2014. Factors influencing these results in 2014 include:

- Off-system sales revenues increased from \$21.1 million in 2013 to \$23.5 million in 2014 or 11.6%.
- Other operating revenues decreased from \$6.8 million in 2013 to \$6.4 million in 2014 or 6.0%.
- Power supply expenses increased from \$255 million in 2013 to \$257 million in 2014 or 0.8%.
- The River Road Generating Plant was shut down for economic displacement and annual maintenance for 1,850 hours in 2013 as compared to 2,957 hours in 2014.
- The board of commissioners deposited \$12.7 million in the rate stabilization fund in 2013 and designated \$8 million in 2014 for the revolving fund to defray future changes in revenues or costs.

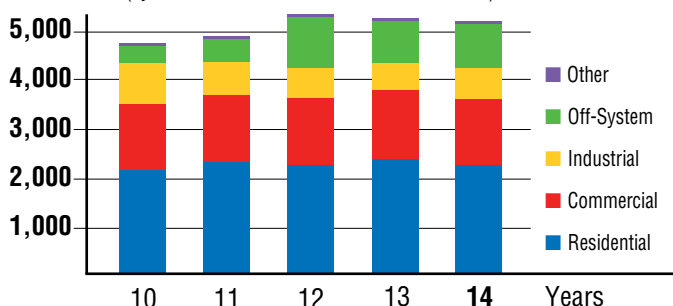
Electric System Customers

(by customer class in thousands)



Electric System Sales

(by customer class in millions of kilowatt-hours)



Electric System (continued)

Power Supply

For 2014, 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 54% 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)	2014	2013	2012
Operating revenues	\$ 375,782	\$ 373,657	\$ 360,729
Operating expenses	346,815	339,662	338,230
Operating income	28,967	33,995	22,499
Net income before contributions	14,961	18,586	6,643
Contributions in aid of construction	2,646	2,103	1,176
Total assets	\$ 596,278	\$ 552,870	\$ 534,570
Total deferred outflows of resources	3,916	3,389	3,878
Total assets and deferred outflows of resources	\$ 600,194	\$ 556,259	\$ 538,448
Total liabilities	\$ 302,150	\$ 283,822	\$ 299,400
Deferred inflows of resources	58,400	50,400	37,700
Net investment in capital assets	\$ 175,976	\$ 148,271	\$ 152,924
Restricted	18,802	13,941	13,941
Unrestricted	44,866	59,825	34,483
Total net position	239,644	222,037	201,348
Total liabilities and net position	\$ 600,194	\$ 556,259	\$ 538,448
Change in net position	\$ 17,607	\$ 20,689	\$ 7,819

Capital Asset and Long-term Debt Activity

Total gross utility plant in service as of December 31, 2014, 2013 and 2012 consisted of the following:

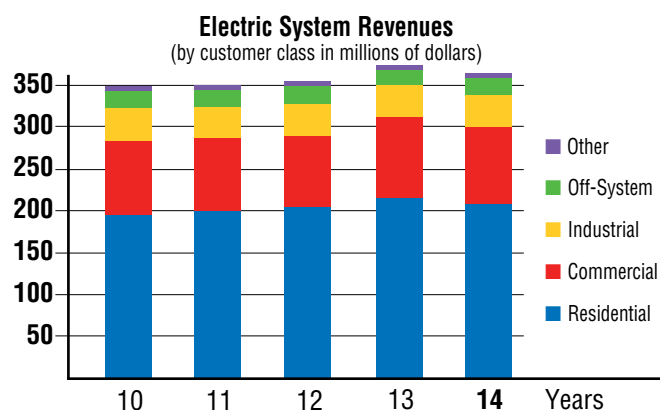
(in thousands)	2014	2013	2012
Intangible plant	\$ 22,886	\$ 21,721	\$ 21,004
Transmission and distribution	659,829	634,928	616,883
General plant	67,243	65,916	64,993
Total utility plant in service	749,958	722,565	702,880
Construction work in progress	18,912	14,088	5,917
Total gross utility plant	\$ 768,870	\$ 736,653	\$ 708,797

In 2014, the Electric System investment in gross utility plant increased by \$32.2 million, which included \$29.6 million in capital construction and \$2.6 million in contributions in aid of construction. As of year-end, the Electric System had \$768.9 million invested in gross utility plant. Utility plant net of depreciation was \$365.4 million, which represented an increase of \$10.6 million over 2013. 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, 2014, 2013 and 2012 consisted of the following:

(in thousands)	2014	2013	2012
Total current liabilities	\$ 72,288	\$ 74,419	\$ 68,220
Total non-current liabilities	228,947	208,467	227,435
Total other liabilities	915	936	3,745
Total liabilities	\$ 302,150	\$ 283,822	\$ 299,400

At year-end, the Electric System had \$226.4 million in revenue bonds outstanding, versus \$212.3 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 \$14.8 million and \$15.1 million in 2014 and 2013, respectively.

Fuel Supply

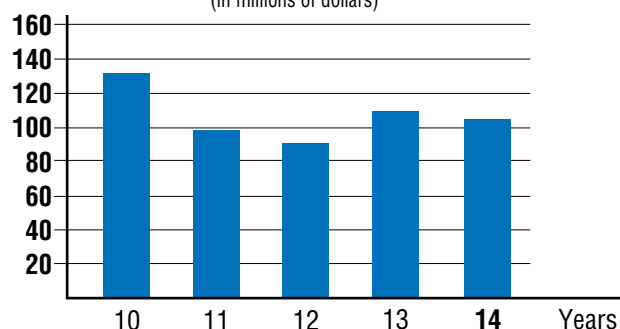
The District's 2014 fuel requirements for the River Road Generating Plant were provided through a combination of short-term fuel purchases and financial commitments with counterparties. The River Road Generating Plant operations are balanced with other power purchase contracts of the District.

Fuel Transportation

The District has agreements for natural gas transportation provided through a series of capacity releases on the Northwest Pipeline. The agreements guarantee firm capacity of 8,056 mmBtu per day for the River Road Generating plant through May 31, 2016, another 29,944 mmBtu per day through October 31, 2016, and an additional 10,000 mmBtu per day through 2020.

Generating System Revenues

(in millions of dollars)



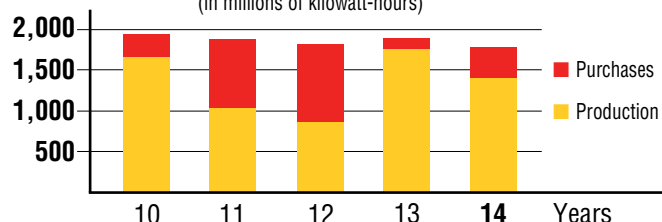
Operating Statistics

(in thousands, except hours and percentages)

	2014	2013	2012
Energy production (megawatt hours)	1,423	1,730	848
Power purchased for displacement (mwh)	398	108	924
Total energy output (megawatt hours)	1,821	1,838	1,772
Percent of Electric System energy purchases	26%	33%	32%
Fuel expense (less re-marketed fuel)	\$ 60,953	\$ 73,214	\$ 63,958
Production hours	5,803	6,910	3,522
Displacement hours	2,204	840	5,259
Unavailable hours	753	1,010	3
Total hours	8,760	8,760	8,784

Generating System Output

(in millions of kilowatt-hours)



Selected Financial Data

(in thousands)	2014	2013	2012
Operating revenues	\$ 105,058	\$ 108,598	\$ 89,850
Operating expenses	90,253	93,482	79,558
Operating income	14,805	15,116	10,292
Net income before contributions	5,581	7,778	2,709
Contributions in aid of construction	-	-	-
Total assets	\$ 184,816	\$ 193,520	\$ 197,701
Total deferred outflows of resources	26,472	29,106	29,411
Total assets and deferred outflows of resources	\$ 211,288	\$ 222,626	\$ 227,112
Total liabilities	\$ 198,343	\$ 215,262	\$ 227,526
Net investment in capital assets	(15,336)	(18,054)	(19,472)
Restricted	23,886	23,886	23,886
Unrestricted	4,395	1,532	(4,828)
Total net position	12,945	7,364	(414)
Total liabilities and net position	\$ 211,288	\$ 222,626	\$ 227,112
Change in net position	\$ 5,581	\$ 7,778	\$ 414

Capital Asset and Long-term Debt Activity

In 2014, the Generating System investment in gross utility plant increased by \$13.6 million in capital construction. As of year-end, the Generating System had \$263.9 million invested in gross utility plant. Utility plant net of depreciation was \$133.8 million, which represented an increase of \$5 million over 2013. Funds for capital construction are provided for through long-term revenue bonds.

Total gross utility plant in service as of December 31, 2014, 2013 and 2012 consisted of the following:

(in thousands)	2014	2013	2012
Production plant	\$ 229,941	\$ 215,610	\$ 212,890
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	6,459	6,009	5,922
Allowance for funds used	8,316	8,316	8,316
Total utility plant in service	263,864	249,083	246,276
Construction work in progress	45	1,254	-
Total gross utility plant	\$ 263,909	\$ 250,337	\$ 246,276

Total liabilities as of December 31, 2014, 2013, and 2012 consisted of the following:

(in thousands)	2014	2013	2012
Total current liabilities	\$ 20,799	\$ 20,299	\$ 15,604
Total non-current liabilities	177,544	194,963	211,922
Total liabilities	\$ 198,343	\$ 215,262	\$ 227,526

At year-end, the Generating System had \$182 million in revenue bonds outstanding as compared to \$196 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 2014, the Water System's operating revenues increased by \$0.8 million or 5.0%. The Water System realized a net income before contributions of \$1.9 million for 2014.

System Rates

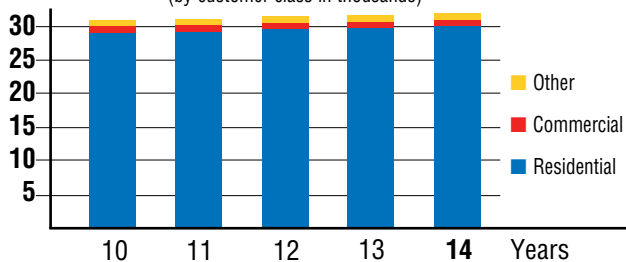
Water System rates remained unchanged for 2014.

Selected Financial Data

(in thousands)	2014	2013	2012
Operating revenues	\$ 15,697	\$ 14,920	\$ 14,144
Operating expenses	11,796	11,008	10,586
Operating income	3,901	3,912	3,558
Net income (loss) before contributions	1,904	2,746	1,343
Contributions in aid of construction	1,605	617	135
Total assets	\$ 150,923	\$ 131,591	\$ 128,632
Total deferred outflows of resources	147	319	498
Total assets and deferred outflows of resources	\$ 151,070	\$ 131,910	\$ 129,130
Total liabilities	\$ 79,870	\$ 64,219	\$ 64,802
Net investment in capital assets	63,578	58,766	55,806
Restricted	4,669	4,178	4,178
Unrestricted	2,953	4,747	4,344
Total net position	71,200	67,691	64,328
Total liabilities and net position	\$ 151,070	\$ 131,910	\$ 129,130
Change in net position	\$ 3,509	\$ 3,363	\$ 1,478

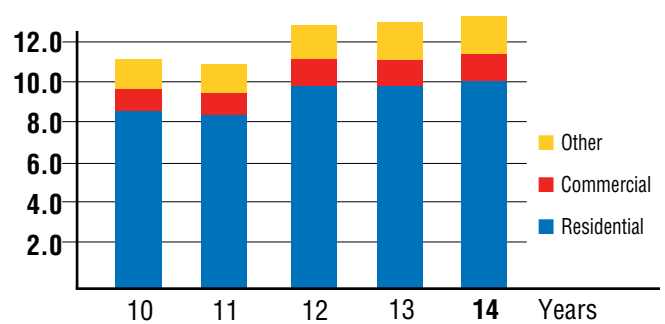
Water System Customers

(by customer class in thousands)



Water System Revenues

(by customer class in millions of dollars)



Capital Asset and Long-term Debt Activity

Total gross utility plant in service as of December 31, 2014, 2013 and 2012 consisted of the following:

(in thousands)	2014	2013	2012
Intangible plant	\$ 155	\$ 137	\$ 137
Source of supply	16,199	16,170	16,144
Pumping plant	11,843	11,763	11,651
Water treatment	2,119	2,119	2,119
Transmission & distribution	145,650	138,340	134,535
General plant	2,936	2,891	2,578
Total utility plant in service	178,902	171,420	167,164
Construction work in progress	10,226	9,285	5,540
Total gross utility plant	\$ 189,128	\$ 180,705	\$ 172,704

In 2014, the Water System investment in gross utility plant increased by \$8.4 million, which included \$6.8 million in capital construction and \$1.6 million in contributions in aid of construction. As of year-end, the Water System had \$189.1 million invested in gross utility plant. Utility plant net of depreciation was \$122.2 million, which represented an increase of \$3.4 million over 2013. 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.

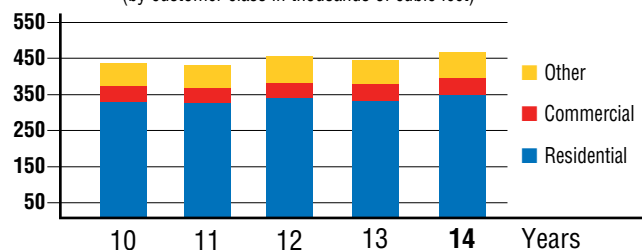
Total liabilities as of December 31, 2014, 2013 and 2012 consisted of the following:

(in thousands)	2014	2013	2012
Total current liabilities	\$ 7,998	\$ 7,288	\$ 6,230
Total non-current liabilities	71,614	56,658	58,192
Total regulatory and other liabilities	258	273	380
Total liabilities	\$ 79,870	\$ 64,219	\$ 64,802

At year-end, the Water System had \$52.9 million in revenue bonds outstanding, versus \$40.2 million last year.

Water System Sales

(by customer class in thousands of cubic feet)



Combined Statements of Revenues, Expenses and Changes in Net Position

Public Utility District No. 1 of Clark County

For the years ended December 31, 2014 and 2013 (in thousands)

	Electric System	Generating System	Water System	Total 2014	Total 2013
Operating revenues					
Sales	\$ 369,431	\$ 93,269	\$ 13,345	\$ 476,045	\$ 485,548
Other operating revenues	6,351	11,789	2,352	20,492	11,627
Total operating revenues	375,782	105,058	15,697	496,537	497,175
Operating expenses					
Power supply	256,651	-	-	256,651	255,305
Operation and maintenance expense	46,611	78,479	6,096	131,186	129,324
Depreciation and amortization expense	22,185	8,607	4,995	35,787	34,168
Taxes	21,368	3,167	705	25,240	25,355
Total operating expenses	346,815	90,253	11,796	448,864	444,152
Operating income	28,967	14,805	3,901	47,673	53,023
Non-operating revenues (expenses)					
Interest and investment revenue	129	40	27	196	287
Miscellaneous revenue	4,982	(625)	313	4,670	8,541
Interest expense	(9,392)	(8,639)	(2,291)	(20,322)	(21,439)
Miscellaneous expenses	(9,725)	-	(46)	(9,771)	(11,302)
Total non-operating revenues (expenses)	(14,006)	(9,224)	(1,997)	(25,227)	(23,913)
Net income (loss) before contributions	14,961	5,581	1,904	22,446	29,110
Contributions in aid of construction	2,646	-	1,605	4,251	2,720
Net increase (decrease) in net position	17,607	5,581	3,509	26,697	31,830
Total net position - beginning	222,037	7,364	67,691	297,092	265,262
Total net position - ending	\$ 239,644	\$ 12,945	\$ 71,200	\$ 323,789	\$ 297,092

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, 2014 and 2013 (in thousands)

	Electric System	Generating System	Water System	Total 2014	Total 2013
Assets					
Current assets:					
Cash and cash equivalents	\$ 166,639	\$ 44,814	\$ 27,671	\$ 239,124	\$ 202,391
Accounts receivable (net)	26,654	1,022	-	27,676	30,324
Accrued unbilled revenues	26,609	-	258	26,867	25,019
Materials and supplies	3,115	-	-	3,115	2,914
Prepayments and other assets	3,747	-	-	3,747	3,817
Total current assets	226,764	45,836	27,929	300,529	264,465
Utility plant:					
Plant in service	749,958	263,864	178,902	1,192,724	1,143,068
Construction work in progress	18,912	45	10,226	29,183	24,627
Total gross utility plant	768,870	263,909	189,128	1,221,907	1,167,695
Accumulated depreciation and amortization	(403,447)	(130,153)	(66,890)	(600,490)	(565,280)
Net utility plant	365,423	133,756	122,238	621,417	602,415
Regulatory and other assets	4,091	5,224	756	10,071	11,101
Total assets	596,278	184,816	150,923	932,017	877,981
Deferred outflows of resources	3,916	26,472	147	30,535	32,814
Total assets and deferred outflows	\$ 600,194	\$ 211,288	\$ 151,070	\$ 962,552	\$ 910,795
Liabilities					
Current liabilities:					
Accounts payable	\$ 30,627	\$ 631	\$ 862	\$ 32,120	\$ 33,654
Accrued taxes and interest	15,010	4,968	1,333	21,311	21,732
Other accrued liabilities	10,641	-	-	10,641	9,697
Current maturities long-term debt	16,010	15,200	5,803	37,013	36,923
Total current liabilities	72,288	20,799	7,998	101,085	102,006
Long-term debt:					
Revenue bonds	210,435	166,605	49,179	426,219	413,908
Unamortized premium and discount	18,300	10,939	2,874	32,113	27,020
Other long-term debt	212	-	19,561	19,773	19,160
Total long-term debt	228,947	177,544	71,614	478,105	460,088
Other liabilities	915	-	258	1,173	1,209
Total liabilities	302,150	198,343	79,870	580,363	563,303
Deferred inflows of resources	58,400	-	-	58,400	50,400
Net position					
Net investment in capital assets	175,976	(15,336)	63,578	224,218	188,983
Restricted for:					
Debt reserve	18,802	23,886	4,669	47,357	42,005
Unrestricted	44,866	4,395	2,953	52,214	66,104
Total net position	239,644	12,945	71,200	323,789	297,092
Total liabilities, deferred inflows and net position	\$ 600,194	\$ 211,288	\$ 151,070	\$ 962,552	\$ 910,795

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, 2014 and 2013 (in thousands)

	Electric System	Generating System	Water System	Total 2014	Total 2013
Cash flows from operating activities:					
Receipts from customers	\$ 384,830	\$ 105,058	\$ 15,697	\$ 505,585	\$ 493,261
Payments to employees for services	(20,818)	-	-	(20,818)	(21,839)
Payments to suppliers for goods and services	(304,522)	(80,995)	(6,913)	(392,430)	(370,436)
Net cash from operating activities	59,490	24,063	8,784	92,337	100,986
Cash flows from investing activities:					
Utility plant additions, net of cost of removal, salvage and allowance for funds used during construction	(30,151)	(13,572)	(6,812)	(50,535)	(38,632)
Interest received and other income (expense)	(5,166)	40	340	(4,786)	(4,845)
Net cash from investing activities	(35,317)	(13,532)	(6,472)	(55,321)	(43,477)
Cash flows from capital financing activities:					
Borrowings from revenue bonds	47,065	-	15,985	63,050	-
Principal payments of revenue bonds	(32,945)	(14,555)	(3,382)	(50,882)	(29,922)
Other long-term debt	(71)	-	916	845	2,116
Acquisition of debt	5,626	-	2,013	7,639	-
Interest paid	(10,019)	(8,937)	(1,979)	(20,935)	(20,144)
Net cash from capital financing activities	9,656	(23,492)	13,553	(283)	(47,950)
Net increase (decrease) in cash and cash equivalents	33,829	(12,961)	15,865	36,733	9,559
Cash and cash equivalents at beginning of year	132,810	57,775	11,806	202,391	192,832
Cash and cash equivalents at end of year	\$ 166,639	\$ 44,814	\$ 27,671	\$ 239,124	\$ 202,391
Reconciliation of operating income to net cash from operating activities:					
Operating income	\$ 28,967	\$ 14,805	\$ 3,901	\$ 47,673	\$ 53,023
Adjustments to reconcile operating income to net cash from operating activities:					
Depreciation and amortization	22,185	8,607	4,995	35,787	34,168
Change in assets and liabilities:					
Accounts receivable, net	2,721	111	-	2,832	(2,268)
Other assets	(1,962)	388	55	(1,519)	890
Accounts payable and other accrued liabilities	(385)	152	(153)	(386)	5,388
Regulatory and other liabilities	7,964	-	(14)	7,950	9,785
Net cash from operating activities	\$ 59,490	\$ 24,063	\$ 8,784	\$ 92,337	\$ 100,986

Supplemental disclosure of cash flow information

Non-cash capital and related financing and investing activities:

Contributions in aid of construction of \$4,251 and \$2,720 in 2014 and 2013, 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 \$2.5 million and \$2.7 million as of December 31, 2014 and 2013, 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 \$10.5 million and \$9.6 million as of December 31, 2014 and 2013, 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 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.

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 54% of our power supply in 2014, with the remainder produced by the River Road Generating Plant and a small portion is supplied from smaller market power purchases.

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

Notes to Combined Financial Statements

a) BPA Contracts:

Effective October 2011, the District began taking deliveries under the 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 \$2.9 million in 2014 and \$11 million in 2013. 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 2,957 hours in 2014 and 1,850 hours in 2013 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 power arrangement 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, 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 agreements guarantee firm capacity of 8,056 mmBtu per day for the River Road Generating plant through May 31, 2016, another 29,944 mmBtu per day through October 31, 2016, and an additional 10,000 mmBtu per day through 2020.

Power Supply Costs

For the years ended December 31
(in thousands)

	2014	2013
Bonneville Power Administration	\$ 87,329	\$ 90,068
From Generating System	93,269	105,851
Packwood	432	387
Market purchases	38,665	24,000
Wind	13,890	12,880
Transmission	23,249	22,350
Power credits	(4,020)	(4,046)
Other production expense	3,837	3,815
Total power supply costs	\$ 256,651	\$ 255,305
Average power cost in mills/kwh	46.76	46.47

Note 3: Litigation

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

Notes to Combined Financial Statements

Note 4: Utility Plant

Utility plant in service as of December 31, 2014 and 2013 consisted of the following:

Electric System

(in thousands)	Balance Dec. 31, 2013	Additions/ Reclassifications	Retirements/ Reclassifications	Balance Dec. 31, 2014
Intangible plant	\$ 21,721	\$ 1,165	\$ -	\$ 22,886
Trans and distribution	634,928	25,891	990	659,829
General plant	65,916	1,572	245	67,243
Total plant in service	\$ 722,565	\$ 28,628	\$ 1,235	\$ 749,958

Generating System

(in thousands)	Balance Dec. 31, 2013	Additions/ Reclassifications	Retirements/ Reclassifications	Balance Dec. 31, 2014
Source of supply	\$ 20	\$ -	\$ -	\$ 20
Pumping plant	170	-	-	170
Water treatment	697	-	-	697
Production plant	215,610	14,331	-	229,941
Trans and distribution	18,261	-	-	18,261
General plant	6,009	450	-	6,459
Allowance for funds used	8,316	-	-	8,316
Total plant in service	\$ 249,083	\$ 14,781	\$ -	\$ 263,864

Water System

(in thousands)	Balance Dec. 31, 2013	Additions/ Reclassifications	Retirements/ Reclassifications	Balance Dec. 31, 2014
Intangible plant	\$ 137	\$ 18	\$ -	\$ 155
Source of supply	16,170	47	18	16,199
Pumping plant	11,763	80	-	11,843
Water treatment	2,119	-	-	2,119
Trans and distribution	138,340	7,310	-	145,650
General plant	2,891	45	-	2,936
Total plant in service	\$ 171,420	\$ 7,500	\$ 18	\$ 178,902

Note 5: Other Assets and Liabilities

Other Assets

Other assets as of December 31, 2014 and 2013 consisted of the following:

(in thousands)	Electric System	Generating System	Water System	December 31 2014	2013
Non-current conservation loans (Note 11)	\$ 1,705	\$ -	\$ -	\$ 1,705	\$ 2,391
Other	106	-	-	106	133
Total	\$ 1,811	\$ -	\$ -	\$ 1,811	\$ 2,524

Other Liabilities

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

(in thousands)	Electric System	Generating System	Water System	December 31 2014	2013
Operation Warm Heart	\$ 737	\$ -	\$ -	\$ 737	\$ 778
Other	178	-	258	436	431
Total	\$ 915	\$ -	\$ 258	\$ 1,173	\$ 1,209

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

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, 2014 and 2013 consisted of the following:

(in thousands)	Electric System	Generating System	Water System	December 31 2014	2013
Reg power exp	\$ -	\$ 4,262	\$ -	\$ 4,262	\$ 4,649
Reg unamort debt exp	2,280	962	756	3,998	3,928
Total	\$ 2,280	\$ 5,224	\$ 756	\$ 8,260	\$ 8,577

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

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, 2014 and 2013 consisted of the following:

(in thousands)	Electric System	Generating System	Water System	December 31 2014	2013
Unamortized loss on reacq debt	\$ 3,916	\$ 26,472	\$ 147	\$ 30,535	\$ 32,814

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.

Deferred Inflows of Resources

Deferred inflows of resources as of December 31, 2014 and 2013 consisted of the following:

(in thousands)	Electric System	Generating System	Water System	December 31 2014	2013
Regulatory rev	\$ 58,400	\$ -	\$ -	\$ 58,400	\$ 50,400

For 2014 and 2013, the board of commissioners authorized the deferral of operating revenues of \$8 million and \$12.7 million, respectively, to be used in future rate periods.

Notes to Combined Financial Statements

Note 7:

Current and Long-term Debt

Electric System

During the year ended December 31, 2014, the following changes occurred in revenue bonds:

(in thousands)	Balance Dec 31, 2013	Additions	Reductions	Balance Dec 31, 2014	Amounts due within one year
1999 Revenue Bonds	\$ 1,530	\$ -	\$ 1,530	\$ -	\$ -
2002A Revenue Bonds	2,110	-	2,110	-	-
2002B Revenue Refunding Bonds	2,040	-	2,040	-	-
2003 Revenue and Refunding Bonds Due in an installment of \$2,405 on January 1, 2015; interest at 4.00%.	5,745	-	3,340	2,405	2,405
2005 Revenue and Refunding Bonds Due in annual installments of \$1,605 - \$2,560 through January 1, 2017; interest at 5.00%.	12,875	-	7,185	5,690	2,560
2007 Revenue and Refunding Bonds Due in annual installments of \$1,330 - \$6,955 through January 1, 2027; interest at 4.00% - 5.00%.	57,150	-	12,115	45,035	4,895
2009 Revenue and Refunding Bonds Due in annual installments of \$1,540 - \$2,990 through January 1, 2029; interest at 4.00% - 5.25%.	34,330	-	1,470	32,860	1,540
2011 Revenue and Refunding Bonds Due in annual installments of \$1,250 - \$3,450 through January 1, 2031; interest at 3.25% - 5.25%.	38,640	-	1,150	37,490	2,605
2012 Revenue and Refunding Bonds Due in annual installments of \$1,660 - \$6,255 through January 1, 2033; interest at 3.00% - 5.00%.	57,905	-	2,005	55,900	2,005
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	-
Total Electric System Revenue Bonds	\$ 212,325	\$ 47,065	\$ 32,945	\$ 226,445	\$ 16,010

Notes to Combined Financial Statements

Generating System

During the year ended December 31, 2014, the following changes occurred in revenue bonds:

(in thousands)	Balance Dec 31, 2013	Additions	Reductions	Balance Dec 31, 2014	Amounts due within one year
2007 Revenue Bonds	\$ 2,170	\$ -	\$ 2,170	\$ -	\$ -
2009 Revenue Bonds Due in annual installments of \$1,345 - \$1,460 through January 1, 2017; interest at 3.25% - 5.00%.	5,485	-	1,285	4,200	1,345
2010 Revenue Bonds Due in annual installments of \$1,600 - \$14,915 through January 1, 2025; interest at 4.00% - 5.00%.	136,825	-	7,675	129,150	10,250
2012A Revenue Bonds Due in annual installments of \$2,410 - \$11,265 through January 1, 2025; interest at 3.00% - 5.00%.	36,400	-	2,260	34,140	2,410
2012B Revenue Bonds Due in annual installments of \$1,195 - \$1,470 through January 1, 2025; interest at 0.833% - 3.293%.	15,480	-	1,165	14,315	1,195
Total Generating System Revenue Bonds	\$ 196,360	\$ -	\$ 14,555	\$ 181,805	\$ 15,200

Notes to Combined Financial Statements

Water System

During the year ended December 31, 2014, the following changes occurred in revenue bonds:

(in thousands)	Balance Dec 31, 2013	Additions	Reductions	Balance Dec 31, 2014	Amounts due within one year
1976 Revenue Bonds Due in annual installments of \$14 through July 1, 2016; interest at 5.00%.	\$ 40	\$ -	\$ 12	\$ 28	\$ 14
2003 Revenue and Refunding Bonds Due in an installment of \$245 on January 1, 2015; interest at 4.00%.	800	-	555	245	245
2006 Revenue and Refunding Bonds Due in annual installments of \$425 - \$895 through January 1, 2027; interest at 4.375% - 5.00%.	8,980	-	745	8,235	715
2008 Revenue and Refunding Bonds Due in annual installments of \$505 - \$995 through January 1, 2029; interest at 4.25% - 5.50%.	11,365	-	475	10,890	505
2010 Revenue and Refunding Bonds Due in annual installments of \$425 - \$1,420 through January 1, 2030; interest at 4.00% - 5.00%.	11,605	-	1,235	10,370	1,420
2011 Revenue and Refunding Bonds Due in annual installments of \$495 - \$840 through January 1, 2024; interest at 3.00% - 4.00%.	7,485	-	360	7,125	495
2014 Revenue and Refunding Bonds Due in annual installments of \$305 - \$1,210 through January 1, 2034; interest at 3.00% - 5.00%.	-	15,985	-	15,985	305
Total Water System Revenue Bonds	\$ 40,275	\$ 15,985	\$ 3,382	\$ 52,878	\$ 3,699

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
2015	\$ 10,151	\$ 15,100	\$ 25,251	\$ 7,891	\$ 15,895	\$ 23,786	\$ 2,257	\$ 2,914	\$ 5,171
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
2020-24	24,950	65,085	90,035	11,370	81,880	93,250	6,334	15,740	22,074
2025-29	10,522	47,000	57,522	-	-	-	2,928	13,020	15,948
2030-34	2,325	19,900	22,225	-	-	-	578	4,510	5,088

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% of average annual debt service for each bond. At December 31, 2014, the debt service reserve accounts are fully cash funded.

Debt service reserve accounts as of December 31, 2014 and 2013 were as follows:

(in thousands)	Electric System	Generating System	Water System	December 31	
				2014	2013
Cash deposits	\$ 18,802	\$ 23,886	\$ 4,669	\$ 47,357	\$ 42,005

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 \$11.8 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, 2014
Electric	Interim capital requirements, operating expenses and standby letter of credit for debt service reserve	\$ 27 million	\$ -
Generating	Interim capital requirements	20 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, 2014				\$ 21,665
2015	\$ 166	\$ 2,104	\$ 2,270	19,561
2016	149	2,104	2,253	17,457
2017	130	1,905	2,035	15,552
2018	113	1,905	2,018	13,647
2019	96	1,905	2,001	11,742
2020-24	284	7,562	7,846	4,180
2025-29	104	3,019	3,123	1,161
2030-34	20	1,161	1,181	-

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 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:

	Defined benefit vesting	Eligibility for retirement
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 do 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, 2014, are as follows:

	PERS 1	PERS 2	PERS 3
Employer	9.21%	9.21%	9.21%
Employee	6.00%	4.92%	5-15%

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

(in thousands)	2014	2013	2012
District contributions	\$ 3,061	\$ 2,582	\$ 2,120
Covered payroll	\$ 32,740	\$ 31,396	\$ 29,912

While the District's contributions to PERS represent its full liability under the system at December 31, 2014, any unfunded future pension benefit obligation would be reflected in future years as higher contribution rates. Historical trend information showing PERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Washington state's June 30, 2014 Department of Retirement System (DRS) Comprehensive Annual Financial Report (CAFR). Detailed trend information, including the pension benefit obligation, net assets available for benefits, and any unfunded pension benefit obligation, is available in the DRS CAFR report.

Post-employment Benefits Other Than Pensions (OPEB)

Plan Description - By resolution the District provides 100% employer paid post-retirement medical, vision and prescription benefits for qualified retired employees and their eligible dependents until age 65. As of December 31, 2014, there were 63 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 2014 OPEB cost (expense) is \$1.4 million and is equal to the annual required contribution including interest.

Funding Status and Funding Progress - In 2014, 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, 2014	Dec 31, 2013
Net OPEB asset	\$ 2,294	\$ 2,449
Entry age normal actuarial accrued liability	\$ 15,345	\$ 10,190
UAAL	\$ 13,051	\$ 7,741
Funded ratio	18%	32%
Covered payroll	\$ 32,740	\$ 31,396
UAAL as percent of covered payroll	40%	25%

Notes to Combined Financial Statements

Actuarial Assumptions - The actuarial valuation includes estimates of the value reported and assumptions about the probability of the events in the future. The actuarial assumptions included in the valuation included a rate of return on investments of 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.

Note 9:

Refunded Bond Issues

As of December 31, 2014, the following revenue bond series have been extinguished through in-substance defeasance:

(in thousands)	Electric System	Generating System	Water System
Total	\$ 11,575	\$ -	\$ 444

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, 2014, the District had the following cash, cash equivalents and investments:

(in thousands)	Fair Value	
	2014	2013
Washington state investment pool (LGIP)	\$ 187,724	\$ 148,250
Cash	51,400	54,141
Total cash, cash equivalents and sinking funds	\$ 239,124	\$ 202,391

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, 2014, 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, 2014 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 seven years at 3.5% to 5.25% interest. Under this program, the total loan amount provided was \$1.0 million during 2014 and \$1.3 million in 2013.

Note 12:

Subsequent Events

The following are events determined to be classified as subsequent events through the report date, which is the date the financial statements were issued.

Water System Other Debt

During the first quarter of 2015, the Water System received \$2.2 million in Public Works Trust Fund loan proceeds to fund capital construction requirements. (See Note 7-Water System Other Debt.)

Subordinate Lien Revenue Line of Credit

During the first quarter of 2015, the Generating System received \$1.0 million from the Wells Fargo line of credit to fund capital requirements. (See Note 7-Lines of Credit.)

Bonds Maturity Schedules - Unaudited

Public Utility District No. 1 of Clark County

In thousands, except for interest rates

Electric System

Maturity Date	Series 2003		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	Principal Jan. 1	Interest Rate		
2015	\$ 2,405	4.000	\$ 2,560	5.000	\$ 4,895	5.000	\$ 1,540	5.000	\$ 2,605	5.000	\$ 2,005	5.000	\$ -	-	\$ 16,010	\$ 210,435
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	\$ 2,405		\$ 5,690		\$ 45,035		\$ 32,860		\$ 37,490		\$ 55,900		\$ 47,065		\$226,445	

Bonds Maturity Schedules - Unaudited

Public Utility District No. 1 of Clark County

Generating System

Maturity Date	Series 2009		Series 2010		Series 2012A		Series 2012B		Total	Remaining Bonds Outstanding
	Principal Jan. 1	Interest Rate	Principal Jan. 1	Interest Rate	Principal Jan. 1	Interest Rate	Principal Jan. 1	Interest Rate		
2015	\$ 50	3.250	\$ 350	4.000	\$ 2,410	5.000	\$ 1,195	0.833	\$ 4,005	\$ 177,800
2015	1,295	4.000	9,900	5.000	-	-	-	-	11,195	166,605
2016	250	3.250	895	4.000	2,530	5.000	1,205	1.123	4,880	161,725
2016	1,145	5.000	9,870	5.000	-	-	-	-	11,015	150,710
2017	100	3.500	2,000	4.500	75	3.000	1,215	1.423	3,390	147,320
2017	1,360	5.000	9,295	5.000	2,580	5.000	-	-	13,235	134,085
2018			100	4.000	2,785	4.000	1,235	1.667	4,120	129,965
2018			13,280	5.000	-	-	-	-	13,280	116,685
2019			125	4.000	2,900	5.000	1,255	1.967	4,280	112,405
2019			13,925	5.000	-	-	-	-	13,925	98,480
2020			575	4.000	3,045	5.000	1,280	2.443	4,900	93,580
2020			11,700	5.000	-	-	-	-	11,700	81,880
2021			12,885	5.000	3,195	5.000	1,310	2.673	17,390	64,490
2022			13,530	5.000	2,300	4.000	1,345	2.773	17,175	47,315
2022			-	-	1,055	5.000	-	-	1,055	46,260
2023			14,205	5.000	-	-	1,380	2.973	15,585	30,675
2024			14,915	5.000	-	-	1,425	3.143	16,340	14,335
2025			1,600	4.250	11,265	5.000	1,470	3.293	14,335	-
Total	\$ 4,200		\$129,150		\$ 34,140		\$ 14,315		\$ 181,805	

Bonds Maturity Schedules - Unaudited

Public Utility District No. 1 of Clark County

In thousands, except for interest rates

Water System

Maturity Date	Series 1975		Series 2003		Series 2006		Series 2008		Series 2010		Series 2011		Series 2014		Total	Remaining Bonds Outstanding
	Principal Jan./July 28	Interest Rate	Principal Jan. 1	Interest Rate	Principal Jan. 1	Interest Rate	Principal Jan. 1	Interest Rate	Principal Jan. 1	Interest Rate	Principal Jan. 1	Interest Rate	Principal Jan. 1	Interest Rate		
2015	\$ 14	5.000	\$ 245	4.000	\$ 715	5.000	\$ 505	5.500	\$ 1,420	5.000	\$ 495	3.250	\$ 305	3.000	\$ 3,699	\$ 49,179
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	\$ 28		\$ 245		\$ 8,235		\$ 10,890		\$ 10,370		\$ 7,125		\$ 15,985		\$ 52,878	

Bonds Maturity Schedules - Unaudited

Public Utility District No. 1 of Clark County

Selected Financial Data and Statistics - Unaudited

Public Utility District No. 1 of Clark County

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

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Operating revenues	\$ 375,782	\$ 373,657	\$ 360,729	\$ 355,779	\$ 354,142	\$ 354,237	\$ 369,580	\$ 352,893	\$ 340,769	\$ 318,267
Operating expenses	346,815	339,662	338,230	333,692	334,324	341,595	360,615	339,600	331,966	306,871
Operating income	28,967	33,995	22,499	22,087	19,818	12,642	8,965	13,293	8,803	11,396
Non-operating revenues (expenses)	(14,006)	(15,409)	(15,856)	(12,871)	(10,205)	(13,197)	(8,988)	(7,174)	(8,880)	(9,430)
Net income (loss)	\$ 14,961	\$ 18,586	\$ 6,643	\$ 9,216	\$ 9,613	\$ (555)	\$ (23)	\$ 6,119	\$ (77)	\$ 1,966

Electric System Statistics

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Electric energy delivered megawatt hours (in thousands)										
Residential	2,316	2,387	2,317	2,389	2,257	2,423	2,426	2,341	2,310	2,231
Commercial	1,289	1,293	1,270	1,287	1,273	1,334	1,388	1,356	1,346	1,317
Industrial	749	735	741	762	789	741	814	812	740	711
Off-system sales	901	851	1,022	405	424	383	470	539	389	161
Miscellaneous	27	26	26	29	32	35	34	33	34	31
Total	5,282	5,292	5,376	4,872	4,775	4,916	5,132	5,081	4,819	4,451

Average revenue per kwh (in cents)

Residential	9.21	9.16	9.18	8.86	8.50	8.28	7.85	7.87	7.85	7.86
Commercial	7.38	7.37	7.41	7.30	7.12	6.99	6.63	6.59	6.56	6.45
Industrial	5.58	5.58	5.57	5.51	5.37	5.34	5.13	5.12	5.13	5.05
Miscellaneous	13.59	13.62	13.52	12.20	11.19	10.58	10.36	10.23	10.09	10.29
Average - all classes	7.90	7.79	7.73	7.41	7.55	7.44	7.03	6.88	7.02	6.98

Average number of customers

Residential	174,379	171,449	169,569	168,449	167,634	166,823	166,157	164,155	161,911	158,080
Commercial	15,248	15,021	14,776	14,594	14,441	14,292	13,713	13,065	12,251	11,822
Industrial	30	28	25	26	26	25	26	27	26	25
Miscellaneous	1,471	1,441	1,433	1,419	1,413	1,407	1,387	1,344	1,297	1,230
Total - all classes	191,128	187,939	185,803	184,488	183,514	182,547	181,283	178,591	175,485	171,157

Average annual kwh used per customer

Residential	13,278	13,923	13,667	14,182	13,463	14,521	14,601	14,237	13,884	13,720
Commercial	84,532	86,087	85,936	88,168	88,136	93,370	101,203	103,376	99,495	100,480
Industrial	24,966,760	26,248,173	29,636,712	29,293,402	30,337,381	29,656,732	31,288,395	30,093,795	28,539,284	29,507,427
Miscellaneous	18,597	18,051	18,531	20,588	22,748	24,673	24,672	24,964	26,112	25,364

Selected Financial Data and Statistics - Unaudited

Public Utility District No. 1 of Clark County

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

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Operating revenues	\$ 15,697	\$ 14,920	\$ 14,144	\$ 12,471	\$ 12,227	\$ 13,047	\$ 11,308	\$ 11,648	\$ 10,788	\$ 10,477
Operating expenses	11,796	11,008	10,586	10,259	10,106	10,594	9,551	9,148	8,571	8,424
Operating income	3,901	3,912	3,558	2,212	2,121	2,453	1,757	2,500	2,217	2,053
Non-operating revenues (expenses)	(1,997)	(1,166)	(2,215)	(2,241)	(1,800)	(2,012)	(1,403)	(1,086)	(1,165)	(1,291)
Net income (loss)	\$ 1,904	\$ 2,746	\$ 1,343	\$ (29)	\$ 321	\$ 441	\$ 354	\$ 1,414	\$ 1,052	\$ 762

Water System Statistics

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Cubic feet delivered (in thousands)										
Residential	350,868	335,558	343,113	329,858	333,002	381,989	370,877	386,134	408,854	360,064
Commercial	50,858	48,708	47,828	44,982	44,302	50,452	54,309	57,569	59,508	51,475
Miscellaneous	64,881	61,415	62,053	60,092	62,278	66,329	65,911	61,772	63,405	59,812
Total	466,607	445,681	452,994	434,932	439,582	498,770	491,097	505,475	531,767	471,351

Average revenue per cubic foot (in cents)

Residential	2.91	2.92	2.85	2.55	2.54	2.44	2.10	1.99	1.75	1.76
Commercial	2.78	2.77	2.75	2.44	2.45	2.41	2.01	1.85	1.63	1.67
Miscellaneous	2.68	2.70	2.64	2.34	2.33	2.27	1.89	1.71	1.51	1.51
Average - all classes	2.86	2.87	2.81	2.51	2.50	2.41	2.06	1.94	1.71	1.72

Average number of customers

Residential	30,091	29,599	29,248	29,025	28,870	28,638	28,490	28,275	27,814	27,044
Commercial	1,081	1,072	1,069	1,042	1,034	1,032	1,027	1,016	945	889
Miscellaneous	725	711	696	673	667	661	644	513	480	467
Total - all classes	31,897	31,382	31,013	30,740	30,571	30,331	30,161	29,804	29,239	28,400

Average annual cubic feet used per customer

Residential	11,660	11,337	11,731	11,365	11,535	13,339	13,018	13,656	14,714	13,337
Commercial	47,047	45,437	44,741	43,169	42,846	48,888	52,881	56,662	63,141	57,952
Miscellaneous	89,491	86,378	89,157	89,290	93,370	100,346	102,347	120,413	132,094	128,077



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