Clark Public Utilities

2019

ANNUAL REPORT

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, generating 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.

Highlights

	2019	2018
ELECTRIC SYSTEM		
Customers (year end)	213,948	208,717
Total operating revenue	$374,051,000	$370,902,000
Electricity sales (megawatt hours)	5,213,553	5,260,659
Peak demand (megawatts)	983	952
Net income (loss)	$10,243,000	$14,912,000
Employees (year end)	362	353
GENERATING SYSTEM		
Total operating revenue	$85,992,000	$89,853,000
Electricity generation (megawatt hours)	1,746,284	1,192,593
Displacement (megawatt hours)	52,000	292,925
Employees (year end)	1	1
WATER SYSTEM		
Customers (year end)	36,851	35,898
Total operating revenue	$19,430,000	$20,966,000
Water sales (cubic feet)	533,504,000	564,366,000
Peak 24-hour demand (gallons)	26,141,000	28,382,000
Net income (loss)	$2,317,000	$4,481,000
Employees (year end)	35	31

Clark Public Utilities

Commissioners

Nancy E. Barnes
First elected 1992, term ends 2022

Jim Malinowski
First elected 2012, term ends 2024

Jane Van Dyke
Elected 2014, term ends 2020

2019 in review

New leadership affirms customer focus

Core to the sustained success of Clark Public Utilities is a legacy of steady and strategic leadership. As the utility prepared for a transition in senior management during the year, stable rates, a resilient infrastructure and thoughtful planning for future growth ensured a seamless evolution to the next generation of public power executives.

We continued to move forward with major projects for the Electric and Water systems, as the utility remained well positioned to provide service to the growing number of residential and commercial customers throughout Clark County.

Transition celebrates a legacy of community

CEO/General Manager and General Counsel Wayne Nelson retired in June after leading Clark Public Utilities for more than 21 years, the longest serving leader in the utility's 81-year history. The Community Room at the downtown location was named in honor of Mr. Nelson's unwavering commitment to community partnerships. The Wayne W. Nelson Community Room will continue to host community meetings, gatherings and discussions for many years to come in recognition of his long legacy.

In seeking Wayne's successor, the utility's board of commissioners sought internal candidates to continue building on the established strengths of the organization.

Following a review of qualified candidates, commissioners selected Lena Wittler, the utility's director of communications and employee

continues on page 4

Lena Wittler
CEO/General Manager

Wayne W. Nelson
CEO/General Manager
1998-2019

in review continues...
from page 3

resources, to take the helm as CEO/general manager. Under Ms. Wittler's direction, the utility is moving ahead with the commission's priorities of affordability, reliability and providing excellent and consistent customer care.

Surplus funds provide rate stability and customer credits

Careful management of power supply and conservative budgeting again resulted in a significant financial surplus. Commissioners authorized a $10 million credit back to customer accounts, the third consecutive electric bill credit of surplus funds. This balanced approach to save funds for emergency use combined with the return of some surplus funds to customers has resulted in a strong financial position.

Power and water resource planning for a growing community

The Electric and Water systems continue to work to meet anticipated needs well into the future based on economic forecasts and community planning. Development in multiple areas of Clark County is driving infrastructure upgrades to support Vancouver's downtown waterfront development as well as the expansion of commercial and industrial activity in the Discovery corridor in the Ridgefield and La Center areas. The King, Carborundum and Enterprise substations and related improvements to the distribution system will support anticipated electric service needs.

The Paradise Point well field is a major new water source that is slated to meet the water supply needs in the north county area for many years to come and support neighboring municipal water systems as a regional resource.

Strategic power supply management provides significant benefits

The utility's diversified power supply has long been the key to providing our customer-owners with a dependable supply of electricity at stable rates. In fact, it's been eight years since

continues on page 5

in review continues...
from page 4

the last increase in electric rates, and no increases are anticipated through the end of the decade. More than half of our power supply consists of purchases of power from the federal Bonneville Power Administration, which is largely renewable hydroelectricity. About one-third is generated at the River Road Generating Plant, a natural gas-fired facility, and about four percent is renewable wind power purchased under a long-term contract. The balance comes from market purchases of hydroelectric power.

Power supply is conservatively managed to integrate inexpensive surplus hydroelectric power and offset production at River Road. The generation plant only operates when it is economically advantageous to do so, which provides environmental benefits while reducing wholesale power costs.

While physical resources like hydroelectric dams and power plants provide the actual electricity consumed in Clark County, Clark Public Utilities also uses energy conservation programs as a proactive and preventative energy resource. When energy use is avoided locally through conservation, it alleviates pressure to produce or procure additional energy from new physical resources. Energy conservation programs remain the most cost-effective energy resource, and Clark Public Utilities has offered robust energy efficiency programs, rebates and incentives to residential and commercial customers for more than 40 years.

Collaboration on Clean Energy Transformation Act sets future path

Utility staff worked diligently throughout the year to participate in statewide discussions of energy policy. The Clean Energy Transformation Act, passed by the legislature this year, is a culmination of many years of effort to develop a pathway to emission reduction while maintaining reliable and affordable electric service. The law commits the state to transition to 100 percent clean electricity by 2045. Collaboration with industry organizations, public and private utilities, and local legislators along with community stakeholders and

continues on page 6

in review continues...
from page 5

interest groups helped shape the comprehensive planning process.

Electricity production is the third-largest source of carbon emissions in the state and the law aims to curb the impact by eliminating power produced from coal, including electricity generated in neighboring states, by 2025. Washington utilities, including Clark Public Utilities, are required by law to transition to a carbon-neutral electricity supply by 2030, and reduce generation emissions by 2045.

Compliance with the new law presents unique challenges and opportunities to Clark Public Utilities and more than 60 other utilities from around the state. The utility is one of the few public utility districts in the state to own its own generating plant and the only one to own and operate a natural gas facility. Along with other publicly and privately owned utilities, we are working with state officials to define parameters and optional pathways to reaching those goals while still providing customers with reliable and affordable electricity.

Utility powers community assistance

As an at-cost, public utility, Clark Public Utilities is uniquely positioned to support our customers through comprehensive energy assistance programs, including administration of the federal Low-Income Home Energy Assistance Program. We also offer a variety of utility programs. Customers in financial crisis who may not qualify for other forms of assistance find relief in the donation-funded Operation Warm Heart, which is generously supported by utility customers, employees and local businesses. For the fifth year in a row, the program received tens of thousands in additional funds from the Race for Warmth. More than 1,000 racers participated in the 5k run and walk or 10k run this year and every dollar of registration went directly to helping local families in need pay electric heating bills.

Community events and education

The utility hosted the 28th annual edition of the popular Home & Garden Idea Fair. Each spring, this three-day community event attracts nearly

continues on page 7

in review continues...
from page 6

20,000 guests looking for ways to improve their homes and gardens. The event provides an opportunity for utility employees to meet community members face to face and explain utility services and programs. The fair features exhibits of products and services for the home, impressive landscape exhibits and the region's largest plant sale.

Additional investments in the community include the popular Solar Car Challenge, an event for all school-age students to design, develop and race a solar-powered model car. Through educator training and material kits, the Solar Car Challenge offers hands-on educational experience with renewable energy, engineering and innovation. This year, more than 300 teams from elementary, middle and high schools in all Clark County school districts raced their solar cars following design interviews and presentations of the project to industry experts. Funded through voluntary participation in the Green Lights renewable energy credit program, the Solar Car Challenge is an investment in both renewable energy and career education.

Commitment to customers continues

Even as the utility adapts to a changing community, evolving energy and water policy, and emerging new leadership, the commitment to providing affordable and reliable service with the very best customer service remains central. As a testament to these unwavering priorities, the utility was again ranked highest in customer satisfaction by J.D. Power, this time for the twelfth year in a row.

Clark Public Utilities ranked highest in customer satisfaction among mid-size utilities in the west by J.D. Power, 12 years in a row.

For J.D. Power award information:
jdpower.com

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 statements of net position as of December 31, 2019, 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, 2018, 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.

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

Opinion

In our opinion, the 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, 2019, and the results of its individual and combined operations and cash flows for the year then ended and the combined statement of net position as of December 31, 2018, and the related combined statements of revenues, expenses, and changes in net position and cash flows for the year 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, schedule of the District's proportionate share of the net pension liability, the schedule of District contributions and the schedule of changes in total OPEB liability and related ratios 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.

Moss Adams LLP

Portland, Oregon
May 15, 2020

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, 2019, with comparable information for 2018 and 2017. 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 2019 and 2018, as evidenced by growth in the number of new residential and business customers.

The first COVID-19 case caused by the novel coronavirus in the United States was confirmed on January 21, 2020. On March 11, 2020, the World Health Organization declared COVID-19 a pandemic. The District has implemented measures to mitigate operational and financial impacts to the District and its customers. The duration and intensity of the impact of COVID-19 and the resulting financial impact to the District is unknown at this time.

Electric System

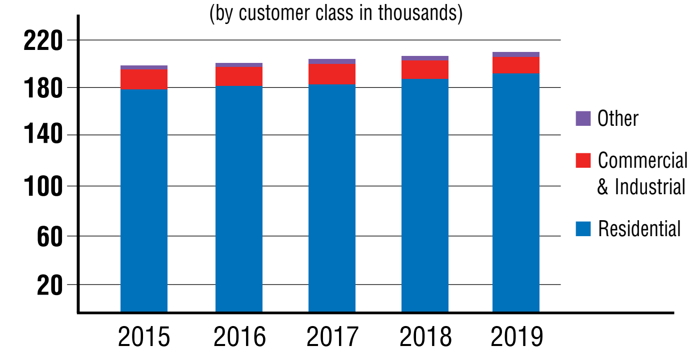
The Electric System serves all of Clark County, an area of approximately 667 square miles. Power supplies are provided through a combination of power supply contracts and purchases from the Generating System. Weather, customer growth and economic conditions are the primary influences on electricity sales. 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 2019, the Electric System realized a net income before contributions of $10.2 million. Factors influencing these results in 2019 include:

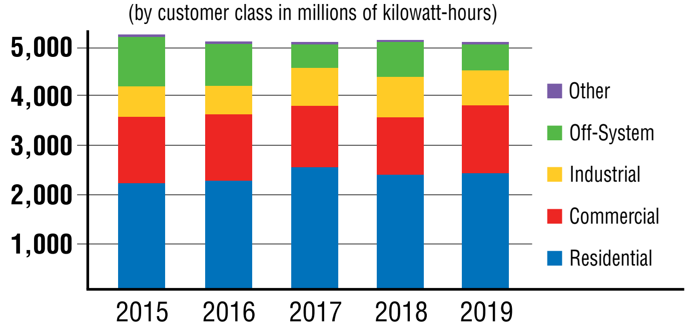
- Sales increased from $361.6 million in 2018 to $362.1 million in 2019 or 0.2%.
- Other operating revenues increased from $9.4 million in 2018 to $11.9 million in 2019 or 26.6%.
- Power supply expenses increased from $239.4 million in 2018 to $245.7 million in 2019 or 2.6%.
- The River Road Generating Plant was shut down for economic displacement and annual maintenance for 1,666 hours in 2019, compared to 3,891 hours in 2018.
- The Board of Commissioners distributed $10 million from regulatory revenues to Electric System customers. During 2019 the Board of Commissioners applied $8 million from regulatory revenues as a result of additional power supply expenses. At year-end, the Board of Commissioners increased regulatory revenues $30.5 million to create a Resource Adequacy/COVID-19 Response Fund to be used in future rate periods.

System Rates
Electric System rates remained unchanged during 2019.

Electric System Customers
(by customer class in thousands)



Electric System Sales
(by customer class in millions of kilowatt-hours)



Electric System (continued)

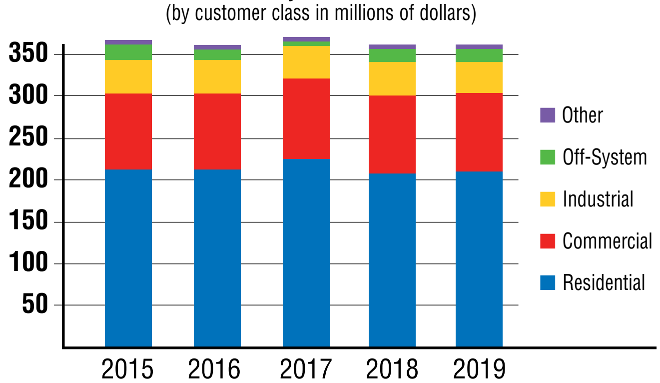
Power Supply

For 2019, 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 Electric System's power resources. The Electric System purchases about 52% of the energy requirements from BPA. Beginning October 1, 2011, the Electric System 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 Electric System'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)	2019	2018	2017
Operating revenues	$ 374,051	$ 370,902	$ 382,722
Operating expenses	352,844	343,936	344,539
Operating income	21,207	26,966	38,183
Net income before contributions	10,243	14,912	25,484
Contributions in aid of construction	5,384	6,947	5,105
Total assets	$ 767,790	$ 766,261	$ 702,784
Total deferred outflows of resources	7,274	6,991	8,058
Total assets and deferred outflows of resources	$ 775,064	$ 773,252	$ 710,842
Total liabilities	$ 328,883	$ 356,700	$ 325,987
Deferred inflows of resources	93,421	79,419	67,970
Net investment in capital assets	$ 199,945	$ 203,856	$ 173,889
Restricted	19,153	19,153	18,744
Unrestricted	133,662	114,124	124,252
Total net position	$ 352,760	$ 337,133	$ 316,885
Total liabilities, deferred inflows and net position	$ 775,064	$ 773,252	$ 710,842
Change in net position	$ 15,627	$ 21,859	$ 30,589

Electric 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, 2019, 2018 and 2017 consisted of the following:

(in thousands)	2019	2018	2017
Intangible plant	$ 44,049	$ 40,955	$ 37,673
Transmission and distribution	818,229	784,255	751,783
General plant	85,424	81,839	78,209
Total utility plant in service	947,702	907,049	867,665
Construction work in progress	17,137	13,011	9,370
Total gross utility plant	$ 964,839	$ 920,060	$ 877,035

In 2019, the Electric System investment in gross utility plant increased by $44.8 million. As of year-end, the Electric System had $964.8 million invested in gross utility plant. Utility plant net of depreciation was $436.3 million, which represents an increase of $15.2 million over 2018. 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, 2019, 2018 and 2017 consisted of the following:

(in thousands)	2019	2018	2017
Total current liabilities	$ 78,715	$ 80,559	$ 77,840
Total non-current liabilities	220,051	242,478	223,462
Total other liabilities	30,117	33,663	24,685
Total liabilities	$ 328,883	$ 356,700	$ 325,987

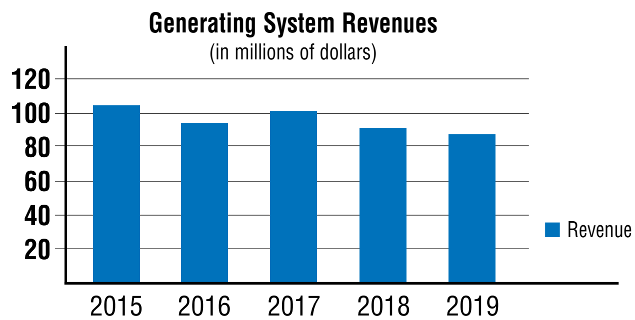
At year-end, the Electric System had $212.1 million in revenue bonds outstanding, versus $228.6 million last year.

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 $14.7 million and $14.6 million in 2019 and 2018, respectively.

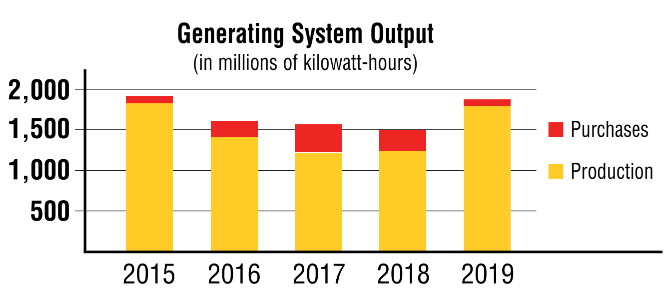
Fuel Supply
The District's 2019 fuel requirements for the River Road Generating Plant were provided through a combination of short-term fuel purchases and financial commitments with counterparties. The River Road Generating Plant operations are balanced with other power purchase contracts of the District.

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.



Operating Statistics
(in thousands, except hours and percentages)

	2019	2018	2017
Energy production (megawatt-hours)	1,746	1,193	1,260
Power purchased for displacement (mwh)	52	293	326
Total energy output (megawatt-hours)	1,798	1,486	1,586
Percent of Electric System energy purchases	33%	27%	29%
Fuel expense (less re-marketed fuel)	$ 25,907	$ 32,654	$ 48,929
Production hours	7,094	4,869	5,130
Displacement hours	787	3,079	2,379
Unavailable hours	879	812	1,251
Total hours	8,760	8,760	8,760



Selected Financial Data

(in thousands)	2019	2018	2017
Operating revenues	$ 85,992	$ 89,853	$ 100,695
Operating expenses	71,331	75,283	85,563
Operating income	14,661	14,570	15,132
Net income before contributions	7,450	6,925	6,899
Contributions in aid of construction	-	-	-
Total assets	$ 176,189	$ 186,473	$ 178,755
Total deferred outflows of resources	15,022	19,275	23,387
Total assets and deferred outflows of resources	$ 191,211	$ 205,748	$ 202,142
Total liabilities	$ 142,673	$ 164,660	$ 167,979
Net investment in capital assets	$ 13,474	$ 6,197	$ (628)
Restricted	12,021	12,021	12,398
Unrestricted	23,043	22,870	22,393
Total net position	$ 48,538	$ 41,088	$ 34,163
Total liabilities and net position	$ 191,211	$ 205,748	$ 202,142
Change in net position	$ 7,450	$ 6,925	$ 6,899

Capital Asset and Long-term Debt Activity
In 2019, the Generating System investment in gross utility plant increased by $2.6 million in capital construction. As of year-end, the Generating System had $302.2 million invested in gross utility plant. Utility plant net of depreciation was $124.1 million, which represented a decrease of $7.6 million from 2018. Funds for capital construction are provided for through long-term revenue bonds.

Total gross utility plant in service as of December 31, 2019, 2018 and 2017 consisted of the following:

(in thousands)	2019	2018	2017
Production plant	$ 266,739	$ 264,748	$ 261,625
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	7,919	7,330	7,052
Allowance for funds used	8,316	8,316	8,316
Total utility plant in service	302,122	299,542	296,141
Construction work in progress	66	7	103
Total gross utility plant	$ 302,188	$ 299,549	$ 296,244

Total liabilities as of December 31, 2019, 2018 and 2017 consisted of the following:

(in thousands)	2019	2018	2017
Total current liabilities	$ 24,058	$ 23,508	$ 22,897
Total non-current liabilities	118,615	141,152	145,082
Total liabilities	$ 142,673	$ 164,660	$ 167,979

At year-end, the Generating System had $127.6 million in revenue bonds outstanding versus $146.8 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 36 wells and 34 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 2019, the Water System's operating revenues decreased by $1.5 million or 7.3%. The Water System realized a net income before contributions of $2.3 million for 2019.

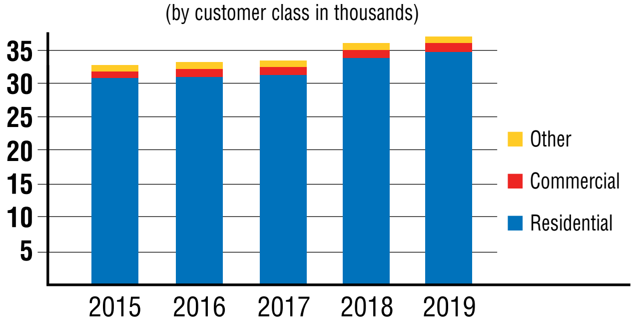
System Rates

Water System rates remained unchanged during 2019.

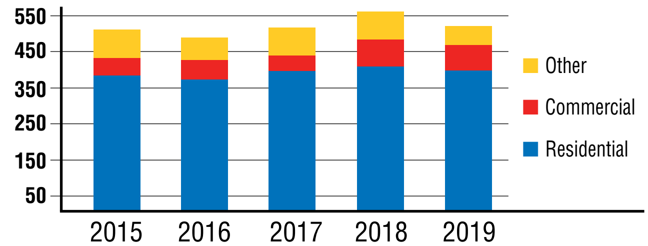
Selected Financial Data

(in thousands)	2019	2018	2017
Operating revenues	$ 19,430	$ 20,966	$ 18,685
Operating expenses	15,606	15,001	14,268
Operating income	3,824	5,965	4,417
Net income (loss) before contributions	2,317	4,481	2,042
Contributions in aid of construction	2,899	4,874	6,130
Total assets	$ 201,376	$ 188,675	$ 184,007
Total deferred outflows of resources	569	643	735
Total assets and deferred outflows of resources	$ 201,945	$ 189,318	$ 184,742
Total liabilities	$ 93,249	$ 85,939	$ 91,029
Deferred inflows of resources	2,859	2,758	2,447
Net investment in capital assets	$ 82,712	$ 79,192	$ 72,582
Restricted	5,171	5,135	5,135
Unrestricted	17,954	16,294	13,549
Total net position	$ 105,837	$ 100,621	$ 91,266
Total liabilities and net position	$ 201,945	$ 189,318	$ 184,742
Change in net position	$ 5,216	$ 9,355	$ 8,172

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, 2019, 2018 and 2017 consisted of the following:

(in thousands)	2019	2018	2017
Intangible plant	$ 193	$ 193	$ 155
Source of supply	16,248	16,248	16,270
Pumping plant	14,363	14,199	12,051
Water treatment	2,119	2,119	2,119
Transmission and distribution	196,144	188,732	177,823
General plant	3,721	3,895	3,258
Total utility plant in service	232,788	225,386	211,676
Construction work in progress	22,921	13,030	13,410
Total gross utility plant	$ 255,709	$ 238,416	$ 225,086

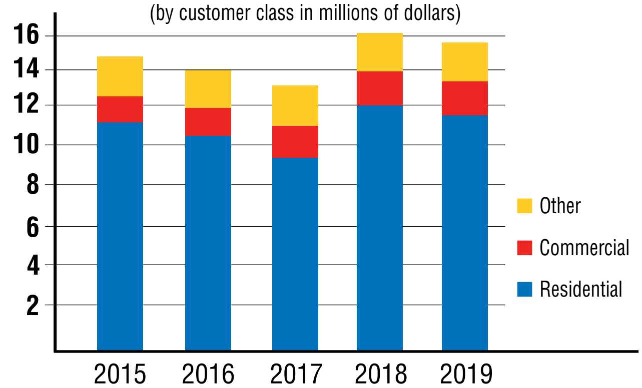
In 2019, the Water System investment in gross utility plant increased by $17.3 million. As of year-end, the Water System had $255.7 million invested in gross utility plant. Utility plant net of depreciation was $161.8 million, which represented an increase of $11.6 million over 2018. Funds for capital 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, 2019, 2018 and 2017 consisted of the following:

(in thousands)	2019	2018	2017
Total current liabilities	$ 9,992	$ 9,336	$ 10,363
Total non-current liabilities	80,180	73,185	78,209
Total other liabilities	3,077	3,418	2,457
Total liabilities	$ 93,249	$ 85,939	$ 91,029

At year-end, the Water System had $61.7 million in revenue bonds outstanding, versus $54.2 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, 2019 and 2018 (in thousands)

	Electric System	Generating System	Water System	Total 2019	Total 2018
Operating revenues					
Sales	$ 362,147	$ 59,359	$ 15,420	$ 436,926	$ 443,002
Other operating revenues	11,904	26,633	4,010	42,547	38,719
Total operating revenues	374,051	85,992	19,430	479,473	481,721
Operating expenses					
Power supply	245,718	-	-	245,718	239,370
Operation and maintenance expense	54,072	58,637	8,374	121,083	124,383
Depreciation and amortization expense	31,486	10,263	6,402	48,151	46,203
Taxes	21,568	2,431	830	24,829	24,264
Total operating expenses	352,844	71,331	15,606	439,781	434,220
Operating income	21,207	14,661	3,824	39,692	47,501
Non-operating revenues (expenses)					
Interest and investment revenue	3,727	868	641	5,236	3,964
Miscellaneous revenue	4,370	-	-	4,370	6,760
Amortization of debt	3,109	(1,850)	521	1,780	1,033
Interest expense	(10,434)	(6,229)	(2,669)	(19,332)	(18,941)
Miscellaneous expenses	(11,736)	-	-	(11,736)	(13,999)
Total non-operating revenues (expenses)	(10,964)	(7,211)	(1,507)	(19,682)	(21,183)
Net income (loss) before contributions	10,243	7,450	2,317	20,010	26,318
Contributions in aid of construction	5,384	-	2,899	8,283	11,821
Net increase (decrease) in net position	15,627	7,450	5,216	28,293	38,139
Total net position - beginning	337,133	41,088	100,621	478,842	442,314
Adjustment to net position - beginning	-	-	-	-	(1,611)
Total net position - ending	$ 352,760	$ 48,538	$ 105,837	$ 507,135	$ 478,842

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, 2019 and 2018 (in thousands)

	Electric System	Generating System	Water System	Total 2019	Total 2018
Assets					
Current assets:					
Cash and cash equivalents	$ 232,061	$ 48,162	$ 35,443	$ 315,666	$ 324,172
Accounts receivable (net)	24,845	1,001	-	25,846	27,512
Accrued unbilled revenues	32,508	-	120	32,628	32,648
Materials and supplies	4,374	-	-	4,374	4,340
Prepayments and other assets	1,470	-	-	1,470	1,567
Total current assets	295,258	49,163	35,563	379,984	390,239
Utility plant:					
Plant in service	947,702	302,122	232,788	1,482,612	1,431,977
Construction work in progress	17,137	66	22,921	40,124	26,048
Total gross utility plant	964,839	302,188	255,709	1,522,736	1,458,025
Accumulated depreciation and amortization	(528,556)	(178,116)	(93,880)	(800,552)	(754,997)
Net utility plant	436,283	124,072	161,829	722,184	703,028
Regulatory and other assets	36,249	2,954	3,984	43,187	48,142
Total assets	767,790	176,189	201,376	1,145,355	1,141,409
Deferred outflows of resources	7,274	15,022	569	22,865	26,909
Total assets and deferred outflows	$ 775,064	$ 191,211	$ 201,945	$ 1,168,220	$ 1,168,318

	Electric System	Generating System	Water System	Total 2019	Total 2018
Liabilities					
Current liabilities:					
Accounts payable	$ 30,590	$ 432	$ 2,522	$ 33,544	$ 37,908
Accrued taxes and interest	15,749	3,676	1,415	20,840	20,584
Other accrued liabilities	14,056	-	-	14,056	13,226
Current maturities long-term debt	18,320	19,950	6,055	44,325	41,685
Total current liabilities	78,715	24,058	9,992	112,765	113,403
Long-term debt:					
Revenue bonds	193,790	107,645	57,830	359,265	390,175
Unamortized premium and discount	26,261	10,970	7,836	45,067	50,013
Other long-term debt	-	-	14,514	14,514	16,627
Total long-tem debt	220,051	118,615	80,180	418,846	456,815
Other liabilities	30,117	-	3,077	33,194	37,081
Total liabilities	328,883	142,673	93,249	564,805	607,299
Deferred inflows of resources	93,421	-	2,859	96,280	82,177
Net position					
Net investment in capital assets	199,945	13,474	82,712	296,131	289,245
Restricted for:					
Debt reserve	19,153	12,021	5,171	36,345	36,309
Unrestricted	133,662	23,043	17,954	174,659	153,288
Total net position	352,760	48,538	105,837	507,135	478,842
Total liabilities, deferred inflows and net position	$ 775,064	$ 191,211	$ 201,945	$ 1,168,220	$ 1,168,318

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, 2019 and 2018 (in thousands)

	Electric System	Generating System	Water System	Total 2019	Total 2018
Cash flows from operating activities:					
Receipts from customers	$ 387,233	$ 85,992	$ 19,413	$ 492,638	$ 494,891
Payments to employees for services	(25,320)	-	-	(25,320)	(24,564)
Payments to suppliers for goods and services	(299,886)	(60,679)	(8,634)	(369,199)	(362,617)
Net cash from operating activities	62,027	25,313	10,779	98,119	107,710
Cash flows from investing activities:					
Utility plant additions, net of cost of removal, salvage and allowance for funds used during construction	(41,287)	(2,638)	(15,098)	(59,023)	(51,293)
Interest received and other income (expense)	(1,809)	868	689	(252)	(2,532)
Net cash used by investing activities	(43,096)	(1,770)	(14,409)	(59,275)	(53,825)
Cash flows from capital financing activities:					
Borrowings from revenue bonds	-	-	11,225	11,225	54,760
Principal payments of revenue bonds	(16,525)	(19,205)	(3,695)	(39,425)	(37,690)
Other long-term debt	-	-	(2,183)	(2,183)	(3,658)
Acquisition of debt	-	-	2,326	2,326	5,485
Interest paid	(10,239)	(6,389)	(2,665)	(19,293)	(19,325)
Net cash from capital financing activities	(26,764)	(25,594)	5,008	(47,350)	(428)
Net increase (decrease) in cash and cash equivalents	(7,833)	(2,051)	1,378	(8,506)	53,457
Cash and cash equivalents at beginning of year	239,894	50,213	34,065	324,172	270,715
Cash and cash equivalents at end of year	$ 232,061	$ 48,162	$ 35,443	$ 315,666	$ 324,172
Reconciliation of operating income to net cash from operating activities:					
Operating income	$ 21,207	$ 14,661	$ 3,824	$ 39,692	$ 47,501
Adjustments to reconcile operating income to net cash from operating activities:					
Depreciation and amortization	31,486	10,263	6,402	48,151	46,203
Change in assets and liabilities:					
Accounts receivable (net)	1,489	37	5	1,531	4,901
Other assets	2,455	387	283	3,125	(10,757)
Accounts payable and other accrued liabilities	(3,859)	(35)	570	(3,324)	(752)
Regulatory and other liabilities	9,249	-	(305)	8,944	20,614
Net cash from operating activities	$ 62,027	$ 25,313	$ 10,779	$ 98,119	$ 107,710

Supplemental disclosure of cash flow information

Non-cash capital and related financing and investing activities:

Contributions in aid of construction of $8,283 and $11,821 in 2019 and 2018, 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 $2.2 million and $2.6 million as of December 31, 2019 and 2018, 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 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 $13.8 million and $13.1 million as of December 31, 2019 and 2018, 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, net pension liability and other post-employment benefit liability. 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

Power supply is acquired 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 52% of our power supply in 2019, with the remainder produced by the River Road Generating Plant and a small portion is supplied from smaller market power purchases.

The Electric System executes physical and financial transactions for the procurement of natural gas and power. Forward contracts are used 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 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 Residential Exchange Program credits from BPA in the amount of $4.9 million in 2019 and $5.8 million in 2018. The REP credits are distributed to residential and small farm customers in the form of credits against 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 1,666 hours in 2019 and 3,891 hours in 2018 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. During 2019, 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 (TEA) to provide trading, scheduling, settlements, hedging and forecasting services for all loads and resources for the District's power supply requirements. TEA also has provided scheduling services for Combine Hills II since April 1, 2016.

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 Electric System has an agreement with Shell Energy (US) LP for fuel, power and heat rate services. Services provided by this contract include re-marketing of surplus natural gas and purchasing natural gas as directed by the District. This terminated contract provided for annual renewals each year after September 2016 at each party's option. In 2019, both parties exercised their option for renewal through September 2020.

b) Natural Gas Transportation: Agreements for natural gas transportation are 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)	2019	2018
Bonneville Power Administration	$ 102,187	$ 101,720
From Generating System	59,359	65,304
Packwood	504	489
Market purchases	47,714	34,002
Wind	11,412	14,516
Transmission	24,336	23,977
BPA power credits	(3,054)	(4,076)
Other production expense	3,260	3,438
Total power supply costs	$ 245,718	$ 239,370
Average power cost in mills/kwh	45.34	43.69

Notes to Combined Financial Statements

Note 3:
Litigation

As a result of operations, the District may be involved in litigation. It is the District's policy to defend itself or pursue claims determined to be in the best interests of the District's customers. The District believes the various litigation positions in the cases have merit; however, is not able 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 the reported financial position.

Note 4:
Utility Plant

Utility plant in service as of December 31, 2019 and 2018 consisted of the following:

Electric System

(in thousands)	Balance Dec. 31, 2018	Additions/ Reclassifications	Retirements/ Reclassifications	Balance Dec. 31, 2019
Intangible plant	$ 40,955	$ 3,094	$ -	$ 44,049
Trans and distribution	784,255	36,339	2,365	818,229
General plant	81,839	4,039	454	85,424
Total plant in service	$ 907,049	$ 43,472	$ 2,819	$ 947,702

Generating System

(in thousands)	Balance Dec. 31, 2018	Additions/ Reclassifications	Retirements/ Reclassifications	Balance Dec. 31, 2019
Source of supply	$ 20	$ -	$ -	$ 20
Pumping plant	170	-	-	170
Water treatment	697	-	-	697
Production plant	264,748	1,991	-	266,739
Trans and distribution	18,261	-	-	18,261
General plant	7,330	589	-	7,919
Allowance for funds used	8,316	-	-	8,316
Total plant in service	$ 299,542	$ 2,580	$ -	$ 302,122

Water System

(in thousands)	Balance Dec. 31, 2018	Additions/ Reclassifications	Retirements/ Reclassifications	Balance Dec. 31, 2019
Intangible plant	$ 193	$ -	$ -	$ 193
Source of supply	16,248	-	-	16,248
Pumping plant	14,199	164	-	14,363
Water treatment	2,119	-	-	2,119
Trans and distribution	188,732	8,119	707	196,144
General plant	3,895	(174)	-	3,721
Total plant in service	$ 225,386	$ 8,109	$ 707	$ 232,788

Note 5:
Other Assets and Liabilities

Other Assets

Other assets as of December 31, 2019 and 2018 consisted of the following:

(in thousands)	Electric System	Generating System	Water System	December 31 2019	December 31 2018
Non-current conservation loans (Note 11)	$ 2,995	$ -	$ -	$ 2,995	$ 3,361
Other	-	-	-	-	76
Total	$ 2,995	$ -	$ -	$ 2,995	$ 3,439

Other Liabilities

Other liabilities as of December 31, 2019 and 2018 consisted of the following:

(in thousands)	Electric System	Generating System	Water System	December 31 2019	December 31 2018
Net pension liability	$ 12,516	$ -	$ 1,267	$ 13,783	$ 18,360
OPEB liability	16,691	-	1,690	18,381	17,118
Operation Warm Heart	731	-	-	731	763
Other	179	-	120	299	840
Total	$ 30,117	$ -	$ 3,077	$ 33,194	$ 37,081

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

OPEB liability represents an actuarial measurement of the future cost of healthcare benefits to be received by retirees, attributable to those employees' past periods of services defined under GASB Statement No. 75. (See Note 1 and 8: OPEB.)

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

Notes to Combined Financial Statements

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 ratemaking 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, 2019 and 2018 consisted of the following:

(in thousands)	Electric System	Generating System	Water System	December 31 2019	December 31 2018
Reg power exp	$ -	$ 2,325	$ -	$ 2,325	$ 2,712
Reg OPEB exp	14,645	-	1,483	16,128	15,687
Reg pension exp	16,957	-	1,717	18,674	22,894
Reg unamort debt exp	1,652	629	784	3,065	3,410
Total	$ 33,254	$ 2,954	$ 3,984	$ 40,192	$ 44,703

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

Regulatory OPEB expense represents a portion of the change in net OPEB items, as defined under GASB Statement No. 75. Regulatory accounting is used to recognize OPEB expense. (See Notes 1 and 8: OPEB.)

Regulatory pension expense represents the District's portion of the change in pension items, as defined under GASB Statement No. 68 and GASB Statement No. 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 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, 2019 and 2018 consisted of the following:

(in thousands)	Electric System	Generating System	Water System	December 31 2019	December 31 2018
Unamortized loss on reaq debt	$ 2,033	$ 15,022	$ 38	$ 17,093	$ 22,241
OPEB costs	2,046	-	207	2,253	1,431
Pension costs	3,195	-	324	3,519	3,237
Total	$ 7,274	$ 15,022	$ 569	$ 22,865	$ 26,909

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.

OPEB costs represent a portion of the change in net OPEB items, as defined under GASB Statement No. 75. Regulatory accounting is used to recognize OPEB expense. (See Note 1 and 8: OPEB.)

Pension costs represent a portion of the change in net pension items, as defined under GASB Statement No. 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 8: Pension Plans.)

Deferred Inflows of Resources
Deferred inflows of resources as of December 31, 2019 and 2018 consisted of the following:

(in thousands)	Electric System	Generating System	Water System	December 31 2019	December 31 2018
Reg revenue	$ 85,786	$ -	$ 2,086	$ 87,872	$ 74,406
Pension costs	7,635	-	773	8,408	7,771
Total	$ 93,421	$ -	$ 2,859	$ 96,280	$ 82,177

The Board of Commissioners distributed $10 million from regulatory revenues to Electric System customers in 2018 and 2019. During 2019 the Board of Commissioners applied $8 million from regulatory revenues as a result of additional power supply expenses. At year-end, the Board of Commissioners increased regulatory revenues $30.5 million to create a Resource Adequacy/COVID-19 Response Fund to be used in future rate periods.

Pension costs represent a portion of the change in net pension items, as defined under GASB Statement No. 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 8: Pension Plans.)

Notes to Combined Financial Statements

Note 7:

Current and Long-term Debt

Electric System

During the year ended December 31, 2019, the following changes occurred in revenue bonds:

(in thousands)	Balance Dec 31, 2018	Additions	Reductions	Balance Dec 31, 2019	Amounts due within one year
2009 Revenue and Refunding Bonds	$ 1,880	$ -	$ 1,880	$ -	$ -
2011 Revenue and Refunding Bonds Due in annual installments of $3,295 - $3,450 through January 1, 2021; interest at 3.5% - 5.00%.	9,920	-	3,175	6,745	3,295
2012 Revenue and Refunding Bonds Due in annual installments of $1,660 - $6,255 through January 1, 2033; interest at 3.25% - 5.00%.	44,840	-	3,745	41,095	3,885
2014 Revenue and Refunding Bonds Due in annual installments of $1,405 - $3,650 through January 1, 2035; interest at 5.00%.	40,780	-	3,480	37,300	3,650
2016 Revenue and Refunding Bonds Due in annual installments of $2,200 - $8,715 through January 1, 2037; interest at 5.00%.	95,595	-	4,245	91,350	6,415
2018 Revenue and Refunding Bonds Due in annual installments of $1,075 - $2,720 through January 1, 2039; interest at 5.00%.	35,620	-	-	35,620	1,075
Total Electric System Revenue Bonds	$ 228,635	$ -	$ 16,525	$ 212,110	$ 18,320

Notes to Combined Financial Statements

Generating System
During the year ended December 31, 2019, the following changes occurred in revenue bonds:

(in thousands)	Balance Dec 31, 2018	Additions	Reductions	Balance Dec 31, 2019	Amounts due within one year
2010 Revenue Bonds Due in annual installments of $7,285 - $12,275 through January 1, 2023; interest at 4.00% - 5.00%.	$ 50,340	$ -	$ 14,050	$ 36,290	$ 12,275
2012A Revenue Bonds Due in installments of $3,045 - $11,265 through January 1, 2025; interest at 4.00% - 5.00%.	23,760	-	2,900	20,860	3,045
2012B Revenue Bonds Due in annual installments of $1,280 - $1,470 through January 1, 2025; interest at 2.443% - 3.293%.	9,465	-	1,255	8,210	1,280
2016 Revenue Bonds Due in annual installments of $1,000 - $14,870 through January 1, 2037; interest at 5.00%.	44,095	-	1,000	43,095	1,000
2018 Revenue Bonds Due in annual installments of $2,350 - $3,150 through January 1, 2026; interest at 5.00%.	19,140	-	-	19,140	2,350
Total Generating System Revenue Bonds	$ 146,800	$ -	$ 19,205	$ 127,595	$ 19,950

Notes to Combined Financial Statements

Water System
During the year ended December 31, 2019, the following changes occurred in revenue bonds:

(in thousands)	Balance Dec 31, 2018	Additions	Reductions	Balance Dec 31, 2019	Amounts due within one year
2010 Revenue and Refunding Bonds Due in an annual installment of $515 on January 1, 2020; interest at 5.00%.	$ 1,005	$ -	$ 490	$ 515	$ 515
2011 Revenue and Refunding Bonds Due in annual installments of $605 - $840 through January 1, 2024; interest at 3.125% - 4.00%.	4,565	-	745	3,820	765
2014 Revenue and Refunding Bonds Due in annual installments of $640 - $1,210 through January 1, 2034; interest at 3.50% - 5.00%.	14,010	-	610	13,400	640
2017 Revenue and Refunding Bonds Due in annual installments of $930 - $2,775 through January 1, 2037; interest at 5.00%.	34,585	-	1,850	32,735	1,945
2019 Revenue and Refunding Bonds Due in annual installments of $335 - $860 through January 1, 2040; interest at 5.00%.	-	11,225	-	11,225	-
Total Water System Revenue Bonds	$ 54,165	$ 11,225	$ 3,695	$ 61,695	$ 3,865

During 2019, the District issued Water System Revenue Bonds, Series 2019 in the amount of $11.2 million. The bonds provided funds for capital construction requirements and the reserve account requirements for the 2019 issuance. They mature serially in varying amounts and are subject to early redemption privileges.

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

	Electric System			**Generating System**			**Water System**		
(in thousands)	**Interest**	**Principal**	**Total**	**Interest**	**Principal**	**Total**	**Interest**	**Principal**	**Total**
2020	$ 9,508	$ 14,870	$ 24,378	$ 5,219	$ 16,645	$ 21,864	$ 2,817	$ 3,870	$ 6,687
2021	8,765	15,545	24,310	4,418	17,445	21,863	2,639	4,050	6,689
2022	7,987	16,315	24,302	3,598	18,265	21,863	2,444	4,245	6,689
2023	7,172	14,915	22,087	2,713	19,155	21,868	2,240	4,180	6,420
2024	6,426	14,155	20,581	1,782	16,755	18,537	2,049	3,735	5,784
2025-2029	21,929	61,215	83,144	3,652	9,070	12,722	7,447	18,695	26,142
2030-2034	9,593	41,105	50,698	1,858	7,565	9,423	3,433	12,715	16,148
2035-2039	1,716	15,670	17,386	187	2,745	2,932	789	6,340	7,129

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, 2019, the debt service reserve accounts are fully cash funded.

Debt service reserve accounts as of December 31, 2019 and 2018 were as follows:

(in thousands)	Electric System	Generating System	Water System	December 31 2019	2018
Cash deposits	$ 19,153	$ 12,021	$ 5,171	$ 36,345	$ 36,309

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, 2019
Electric	Interim capital requirements and operating expenses	$ 20 million	$ -
Generating	Interim capital requirements	$ 20 million	-
Water	Interim capital requirements and operating expenses	$ 2 million	-

In January 2020, the District amended the existing U.S. Bank subordinate lien revenue line of credit notes in the amount of $20 million for the Electric System, $20 million for the Generating System and $2 million for the Water System, which now mature July 21, 2023.

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 three sources – Public Works Trust Fund, Drinking Water State Revolving Fund, and the Department of Ecology. In order to participate in these financing vehicles the District matches funds with the loan awards. Loans are repaid over terms of 20 to 21 years, with no interest or annual interest rates from .25% 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, 2019				$ 16,704
2020	$ 120	$ 2,190	$ 2,310	14,514
2021	103	1,974	2,077	12,540
2022	91	1,733	1,824	10,807
2023	80	1,733	1,813	9,074
2024	69	1,733	1,802	7,341
2025-29	216	4,820	5,036	2,521
2030-34	66	2,521	2,587	-

Note 8:

Pension Plans, Postemployment 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. Detailed 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 10 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.

Notes to Combined Financial Statements

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, 2019, are as follows:

	PERS 1	PERS 2	PERS 3
Employer	12.86%	12.86%	12.86%
Employee	6.00%	7.90%	5-15%

Actuarial Assumptions - Pension: The total pension liability (TPL) for each of the plans was estimated using the most recent actuarial valuation completed in 2019 with a valuation date of June 30, 2018. The actuarial assumptions used in the valuation were based on the results of Office of State Auditor's (OSA) 2007-2012 Experience Study and the 2017 Economic Experience Study.

Additional assumptions for the subsequent events and law changes are current as of the 2018 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2019. Plan liabilities were rolled forward from June 30, 2018 to June 30, 2019, 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, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation (economic)	2.75%
Active Member Payroll Growth	3.50%
Investment Rate of Return	7.40%

Mortality rates for active members, retirees, survivors and disabilitants 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 7.40% approximately equals the median of the simulated investment returns over a 50-year time horizon.

Estimated Rates of Return by Asset Class - Pension: 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, 2019. 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:

Asset class	Target allocation	Long-term expected real rate of return arithmetic
Fixed income	20%	2.20%
Tangible assets	7%	5.10%
Real estate	18%	5.80%
Global equity	32%	6.30%
Private equity	23%	9.30%

Discount Rate: The discount rate used to measure the total DRS pension liability was 7.40%. 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 7.50% long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. Consistent with the long-term expected rate of return, a 7.40% 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 7.40% 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 6.4%	Discount rate 7.4%	1% increase in discount rate 8.4%
Proportionate share of the PERS Plan 1 net pension liability (asset)	$ 13,101	$ 10,461	$ 8,171
Proportionate share of the PERS Plan 2/3 net pension liability (asset)	$ 25,480	$ 3,322	$ (14,860)

Notes to Combined Financial Statements

Pension Plan Fiduciary Net Position: Detailed information about each defined benefit pension plan's fiduciary net position is available in a separately issued DRS 2019 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 2019 and 2018.

Washington State Retirement System Pension Costs: As of June 30, 2019, 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, 2019	Jun 30, 2018
Total pension liability	$ 11,696,634	$ 43,503,168	$ 55,199,802	$ 52,536,140
Plan fiduciary net position	7,851,279	42,531,828	50,383,107	46,362,695
Net pension liability	$ 3,845,355	$ 971,340	$ 4,816,695	$ 6,173,445

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, 2019	Jun 30, 2018
PERS 1	0.272053%	0.278681%
PERS 2/3	0.342022%	0.346350%

The District's net pension liability is the District's proportionate share of pension costs multiplied by the Washington State DRS total net pension liability. As of December 31, 2019, 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, 2019	Dec 31, 2018
Total net pension liability	$ 10,461	$ 3,322	$ 13,783	$ 18,360

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. 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, 2018 through June 30, 2019, 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, 2019, 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 Assets.)

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

(in thousands)	2019	2018	2017
District contributions	$ 4,976	$ 4,725	$ 4,299

At December 31, 2019, 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, 2019
Differences between expected and actual economic experience	$ -	$ 952	$ 952
Differences between projected and actual investment earnings	-	-	-
Changes in actuarial assumptions	-	85	85
Changes in proportion	-	-	-
Contributions paid to PERS subsequent to the measurement date	958	1,524	2,482
Total	$ 958	$ 2,561	$ 3,519

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

(in thousands)	PERS 1	PERS 2/3	Dec 31, 2019
2020	$ 958	$ 1,734	$ 2,692
2021	-	200	200
2022	-	200	200
2023	-	200	200
2024	-	125	125
Thereafter	-	102	102
Total	$ 958	$ 2,561	$ 3,519

At December 31, 2019, 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, 2019
Differences between expected and actual economic experience	$ -	$ (715)	$ (715)
Differences between projected and actual investment earnings	(699)	(4,836)	(5,535)
Changes in assumptios	-	(1,394)	(1,394)
Changes in proportion	-	(764)	(764)
Total	$ (699)	$ (7,709)	$ (8,408)

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, 2019
2020	$ (154)	$ (1,876)	$ (2,030)
2021	(366)	(2,832)	(3,198)
2022	(130)	(1,451)	(1,581)
2023	(49)	(940)	(989)
2024	-	(497)	(497)
Thereafter	-	(113)	(113)
Total	$ (699)	$ (7,709)	$ (8,408)

Notes to Combined Financial Statements

Postemployment Benefits Other Than Pensions (OPEB)
By resolution, the District provides 100% employer-paid postretirement medical, vision and prescription benefits for qualified retired employees and their eligible dependents until age 65, known as the retiree medical plan (plan). Employees hired after August 13, 2013 must be at least 55 years old and have 20 years of service. As of December 31, 2019 there were 38 retirees participating in the plan and 398 active employees.

The plan is funded by the District on a pay-as-you-go basis and there are no assets accumulated in a qualifying trust. The plan is accounted for under the requirements of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

For the year ended December 31, 2019, the District has elected to use regulatory accounting to recognize the changes in the OPEB liability and record the actual plan expenses each year. The changes in the OPEB liability are recognized as an addition to the regulatory OPEB expense. The District's actual annual OPEB expense was $1,135,921 at year-end. (See Note 6: Regulatory Assets.)

Actuarial Assumptions and other inputs - OPEB: The actuarial cost method used for determining the benefit obligations is the Entry Age Normal Cost Method. Under the principles of this method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated as a level percentage of pay for each year of employment between entry age (defined as age at hire) and assumed exit (until maximum retirement age). The portion of this actuarial present value allocated to a valuation year is called the normal cost.

The economic assumption for inflation is 2.3 percent. Projected payroll increases are assumed at a rate of 3.05% per year. The health cost trend rate is 6.2% trending down to 3.8% in 2074. Starting in 2022, the health care cost trend rate also includes an estimate for the Affordable Care Act (ACA) excise tax. On December 20, 2019 the excise tax provision of the ACA was repealed. The repeal of the ACA excise tax would decrease the actuarial valuation of the total OPEB liability by $1.3 million as of the December 31, 2018 measurement date. This change in the OPEB liability is not reflected in the current valuation but will be reflected in the total OPEB liability as of the next measurement date.

Demographic assumptions regarding retirement, turnover, and mortality are based upon the Washington State Public Employees' Retirement System (PERS) Plan 2 as shown in the 2007-2012 Experience Study by the Washington State Public Retirement Systems. Mortality rates were based on the RP-2000 Healthy Mortality, sex distinct projected with 100% of Scale BB offset one year (-1).

A discount rate of 4.1% was used to compute the total OPEB liability based on the Bond Buyer General Obligation 20-bond municipal bond index for bonds that mature in 20 years.

OPEB Liability Sensitivity: The following table reflects the impact of discount rate assumptions on the District's total OPEB liability.

(in thousands)	1% decrease	Current rate	1% increase
Healthcare cost trend rate	$ 16,167	$ 18,381	$ 21,042
Discount rate	$ 19,990	$ 18,381	$ 16,878

Changes in Total OPEB Liability: The Valuation Date is January 1, 2019. This is the date as of which the census data is gathered and the actuarial valuation is performed. The Measurement Date is December 31, 2018. This is the date as of which the total OPEB liability is determined. (See Note 5: Other Liabilities.)

The changes in the total OPEB liability for the measurement period ending December 31, 2018 are as follows:

(in thousands)	Increase (decrease) total OPEB liability
Balance as of Dec. 31, 2017	$ 17,118
Changes for the year:	
Service cost	958
Interest on total OPEB liability	603
Effect of plan changes	-
Effect of economic/demographic gains or losses	1,280
Effect of assumptions changes or inputs	(452)
Expected benefit payments	(1,126)
Balance as of December 31, 2018	$ 18,381

Deferred Outflows of Resources: At December 31, 2019, the District reported deferred outflows of resources (See Note 6: Deferred Outflows of Resources) from the following sources:

(in thousands)	Dec 31, 2019
Differences between expected and actual experience	$ 1,143
Changes of assumptions	(26)
Contributions subsequent to the measurement date	1,136
Total	$ 2,253

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

For measurement period ending December 31 (in thousands)	
2019	$ 1,279
2020	144
2021	144
2022	144
2023	144
Thereafter	398
Total	$ 2,253

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, 2019, the following revenue bond series have been extinguished through in-substance defeasance:

(in thousands)	Electric System	Generating System	Water System
Total	$ 19,395	$ 33,120	$ 6,689

Debt service on refunded 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. All refunded revenue bonds are 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, 2019, the District had the following cash, cash equivalents and investments at amortized cost:

Fair Value (in thousands)	2019	2018
State investment pool (LGIP)	$ 256,684	$ 270,060
Cash	58,982	54,112
Total cash, cash equivalents and sinking funds	$ 315,666	$ 324,172

It is the operating practice of the District to invest public funds in a manner that provides the highest invested return with the maximum security of invested funds. These principles are balanced against and conforming to all of Washington state statutes governing investment of public funds, meeting daily cash flow demands of the District and the management and oversight of investing public funds. The District considers all liquid investment securities to be cash equivalents, including sinking fund investments.

The Washington state investment pool (LGIP) is an unrated 2a-7-like pool, as defined by the Governmental Accounting Standards Board (GASB). The LGIP manages a portfolio of securities that meet maturity, quality, diversification and liquidity requirements set forth by GASB for external investment pools that elect to measure, for financial reporting purposes, investments at amortized cost. The LGIP funds are limited to high quality obligations with regulated maximum and average maturities to minimize both market and credit risk. Investments are reported on a trade date basis in accordance with generally accepted accounting principles (GAAP).

The LGIP transacts with its participants as a stable net value per share of $1.00, the same method used for reporting. Participants may contribute and withdraw funds on a daily basis. All participants are required to file with the State Treasurer documentation containing the names and titles of the officials authorized to contribute or withdraw funds. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals.

As of December 31, 2019, the state investment pool balance included the District bond reserve amount of $36.3 million. (See Note 7: Current and Long-term Debt.)

Interest Rate Risk
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'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, 2019 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 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 $1.7 million during 2019 and $2.3 million in 2018.

Note 12:
Subsequent Events

The first COVID-19 case caused by the novel coronavirus in the United States was confirmed on January 21, 2020. On March 11, 2020, the World Health Organization declared COVID-19 a pandemic. The District has implemented measures to mitigate operational and financial impacts to the District and its customers. The duration and intensity of the impact of COVID-19 and the resulting financial impact to the District are unknown at this time.

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)

	2019	2018	2017	2016	2015	2014
PERS 1						
Proportion of the net pension liability	0.272053%	0.278681%	0.283048%	0.295011%	0.307228%	0.292867%
Proportionate share of the net pension liability	$ 10,461	$ 12,446	$ 13,431	$ 15,843	$ 16,071	$ 14,753
Covered payroll PERS 1	$ 410	$ 490	$ 333	$ 382	$ 472	$ 694
Covered payroll PERS 2/3	37,220	35,871	34,926	34,306	34,149	30,800
Total covered payroll	$ 37,630	$ 36,361	$ 35,259	$ 34,688	$ 34,621	$ 31,494
Proportionate share of the net pension liability as a percentage of its covered payroll	27.8%	34.2%	38.1%	45.7%	46.4%	46.8%
Plan fiduciary net position as a percentage of the total pension liability	67.1%	63.2%	61.2%	57.0%	59.1%	61.2%
PERS 2/3						
Proportion of the net pension liability	0.342022%	0.346350%	0.356236%	0.368815%	0.384777%	0.359035%
Proportionate share of the net pension liability	$ 3,322	$ 5,914	$ 12,377	$ 18,570	$ 13,748	$ 7,258
Covered payroll	$ 37,220	$ 35,871	$ 34,926	$ 34,306	$ 34,149	$ 30,800
Proportionate share of the net pension liability as a percentage of its covered payroll	8.9%	16.5%	35.4%	54.1%	40.3%	23.6%
Plan fiduciary net position as a percentage of the total pension liability	97.8%	95.8%	91.0%	85.8%	89.2%	93.3%

Schedule of Contributions

As of December 31
(in thousands, except percentages)

	2019	2018	2017	2016	2015	2014
PERS 1						
Contractually required contribution	$ 1,944	$ 1,901	$ 1,791	$ 1,676	$ 1,509	$ 1,343
Covered payroll	$ 38,584	$ 36,941	$ 35,942	$ 34,681	$ 33,963	$ 32,629
Contributions as a percentage of covered payroll	5.0%	5.1%	5.0%	4.8%	4.4%	4.1%
PERS 2/3						
Contractually required contribution	$ 2,937	$ 2,739	$ 2,419	$ 2,139	$ 1,886	$ 1,603
Covered payroll	$ 38,131	$ 36,525	$ 35,474	$ 34,331	$ 33,569	$ 32,095
Contributions as a percentage of covered payroll	7.7%	7.5%	6.8%	6.2%	5.6%	5.0%

Notes to RSI Schedules

1) Factors that significantly affect trends in the amounts reported in the schedule include changes in benefit terms, changes in the size or composition of the population covered by the benefit terms, or the use of different assumptions such as the discount rate. DRS allocates a portion of contributions from PERS 2/3 to PERS 1 in order to fund its unfunded actuarially accrued liability (UAAL) pursuant to RCW 41.45.060.
2) The District implemented GASB Statement No. 68 for the year ended December 31, 2015. (See Note 8.) Ten-year trend information will be presented prospectively.
3) The District's actual contributions represented in Note 8 are different from the amounts reflected in the schedule of contributions shown and are the result of payment timing differences and fees. Covered payroll is the payroll on which the contributions to a pension plan are based. Therefore, Plan 1 covered payroll also includes Plan 2/3 payroll in order to fund the Plan 1 UAAL.

Schedule of Changes in Total OPEB Liability and Related Ratios

For measurement period ended December 31 (in thousands, except percentages)	**2018**	**2017**
Total OPEB Liability		
Service cost	$ 958	$ 870
Interest on total OPEB liability	603	631
Changes of benefit terms	-	-
Effect of economic/demographic gains (losses)	1,280	-
Effect of assumption changes or inputs	(452)	490
Expected benefit payments	(1,126)	(1,379)
Net change in total OPEB liability	1,263	612
Total OPEB liability, beginning	17,118	16,506
Total OPEB liability, ending	18,381	17,118
Covered employee payroll	37,074	36,009
Total OPEB liability as a percentage of covered employee payroll	49.58%	47.54%

Notes to RSI Schedules

1) There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.
2) There are no changes of benefit terms.
3) Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period.
4) Covered employee payroll is provided from the actuarial report and determined as of the measurement date.

Bonds Maturity Schedules - Unaudited

Public Utility District No. 1 of Clark County

Electric System

In thousands, except for interest rates

	Series 2011		Series 2012		Series 2014		Series 2016		Series 2018			Remaining
Maturity Date	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	Total	Bonds Outstanding
2020	$ 125	3.500	$ 3,885	4.000	$ 3,650	5.000	$ 6,415	5.000	$ 1,075	5.000	$ 15,150	$ 196,960
2020	3,170	5.000	-	-	-	-	-	-	-	-	3,170	193,790
2021	3,450	5.000	4,045	5.000	2,095	5.000	4,150	5.000	1,130	5.000	14,870	178,920
2022			6,255	5.000	2,200	5.000	5,900	5.000	1,190	5.000	15,545	163,375
2023			4,460	5.000	3,445	5.000	7,165	5.000	1,245	5.000	16,315	147,060
2024			4,675	5.000	1,405	5.000	7,525	5.000	1,310	5.000	14,915	132,145
2025			1,660	5.000	3,220	5.000	7,900	5.000	1,375	5.000	14,155	117,990
2026			1,740	5.000	3,380	5.000	8,300	5.000	1,445	5.000	14,865	103,125
2027			1,830	5.000	1,625	5.000	8,715	5.000	1,515	5.000	13,685	89,440
2028			1,920	3.250	1,705	5.000	6,175	5.000	1,590	5.000	11,390	78,050
2029			1,985	3.350	1,790	5.000	6,485	5.000	1,670	5.000	11,930	66,120
2030			2,050	3.400	1,880	5.000	3,660	5.000	1,755	5.000	9,345	56,775
2031			2,120	3.500	1,975	5.000	3,845	5.000	1,845	5.000	9,785	46,990
2032			1,845	3.500	2,070	5.000	2,220	5.000	1,935	5.000	8,070	38,920
2032			350	5.000	-	-	-	-	-	-	350	38,570
2033			2,275	4.000	2,175	5.000	2,335	5.000	2,030	5.000	8,815	29,755
2034					2,285	5.000	2,450	5.000	2,135	5.000	6,870	22,885
2035					2,400	5.000	2,575	5.000	2,240	5.000	7,215	15,670
2036							2,700	5.000	2,350	5.000	5,050	10,620
2037							2,835	5.000	2,470	5.000	5,305	5,315
2038									2,595	5.000	2,595	2,720
2039									2,720	5.000	2,720	-
Total	$ 6,745		$ 41,095		$ 37,300		$ 91,350		$ 35,620		$ 212,110	

Bonds Maturity Schedules - Unaudited

Public Utility District No. 1 of Clark County

Generating System

In thousands, except for interest rates

Maturity Date	Series 2010 Principal Jan. 1	Series 2010 Interest Rate	Series 2012A Principal Jan. 1	Series 2012A Interest Rate	Series 2012B Principal Jan. 1	Series 2012B Interest Rate	Series 2016 Principal Jan. 1	Series 2016 Interest Rate	Series 2018 Principal Jan. 1	Series 2018 Interest Rate	Total	Remaining Bonds Outstanding
2020	$ 575	4.000	$ 3,045	5.000	$ 1,280	2.443	$ 1,000	5.000	$ 2,350	5.000	$ 8,250	$ 119,345
2020	11,700	5.000	-	-	-	-	-	-	-	-	11,700	107,645
2021	8,670	5.000	3,195	5.000	1,310	2.673	1,000	5.000	2,470	5.000	16,645	91,000
2022	8,060	5.000	2,300	4.000	1,345	2.773	2,095	5.000	2,590	5.000	16,390	74,610
2022	-	-	1,055	5.000	-	-	-	-	-	-	1,055	73,555
2023	7,285	5.000	-	-	1,380	2.973	6,880	5.000	2,720	5.000	18,265	55,290
2024			-	-	1,425	3.143	14,870	5.000	2,860	5.000	19,155	36,135
2025			11,265	5.000	1,470	3.293	1,020	5.000	3,000	5.000	16,755	19,380
2026							1,070	5.000	3,150	5.000	4,220	15,160
2027							1,125	5.000			1,125	14,035
2028							1,180	5.000			1,180	12,855
2029							1,240	5.000			1,240	11,615
2030							1,305	5.000			1,305	10,310
2031							1,370	5.000			1,370	8,940
2032							1,435	5.000			1,435	7,505
2033							1,510	5.000			1,510	5,995
2034							1,585	5.000			1,585	4,410
2035							1,665	5.000			1,665	2,745
2036							1,745	5.000			1,745	1,000
2037			.				1,000	5.000			1,000	-
Total	$ 36,290		$ 20,860		$ 8,210		$ 43,095		$ 19,140		$ 127,595	

Bonds Maturity Schedules - Unaudited

Public Utility District No. 1 of Clark County

Water System

In thousands, except for interest rates

Maturity Date	Series 2010 Principal Jan. 1	Series 2010 Interest Rate	Series 2011 Principal Jan. 1	Series 2011 Interest Rate	Series 2014 Principal Jan. 1	Series 2014 Interest Rate	Series 2017 Principal Jan. 1	Series 2017 Interest Rate	Series 2019 Principal Jan. 1	Series 2019 Interest Rate	Total	Remaining Bonds Outstanding
2020	$ 515	5.000	$ 765	3.250	$ 640	5.000	$ 1,945	5.000	$ -	-	$ 3,865	$ 57,830
2021			795	3.125	670	5.000	2,070	5.000	335	5.000	3,870	53,960
2022			815	4.000	705	5.000	2,175	5.000	355	5.000	4,050	49,910
2023			840	4.000	740	5.000	2,290	5.000	375	5.000	4,245	45,665
2024			605	4.000	775	3.500	2,405	5.000	395	5.000	4,180	41,485
2025					805	4.000	2,515	5.000	415	5.000	3,735	37,750
2026					835	4.000	2,645	5.000	435	5.000	3,915	33,835
2027					870	4.000	2,775	5.000	455	5.000	4,100	29,735
2028					905	5.000	2,335	5.000	480	5.000	3,720	26,015
2029					950	5.000	2,455	5.000	500	5.000	3,905	22,110
2030					995	5.000	1,535	5.000	525	5.000	3,055	19,055
2031					1,045	5.000	930	5.000	555	5.000	2,530	16,525
2032					1,100	5.000	980	5.000	580	5.000	2,660	13,865
2033					1,155	5.000	1,025	5.000	610	5.000	2,790	11,075
2034					1,210	5.000	1,080	5.000	640	5.000	2,930	8,145
2035							1,135	5.000	670	5.000	1,805	6,340
2036							1,190	5.000	705	5.000	1,895	4,445
2037							1,250	5.000	740	5.000	1,990	2,455
2038									780	5.000	780	1,675
2039									815	5.000	815	860
2040									860	5.000	860	-
Total	$ 515		$ 3,820		$ 13,400		$ 32,735		$ 11,225		$ 61,695	

Selected Financial Data and Statistics - Unaudited

Public Utility District No. 1 of Clark County

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Operating revenues	$ 374,051	$ 370,902	$ 382,722	$ 374,647	$ 379,227	$ 375,782	$ 373,657	$ 360,729	$ 355,779	$ 354,142
Operating expenses	352,844	343,936	344,539	339,617	342,301	346,815	339,662	338,230	333,692	334,324
Operating income	21,207	26,966	38,183	35,030	36,926	28,967	33,995	22,499	22,087	19,818
Non-operating revenues (expenses)	(10,964)	(12,054)	(12,699)	(15,701)	(14,553)	(14,006)	(15,409)	(15,856)	(12,871)	(10,205)
Net income (loss)	$ 10,243	$ 14,912	$ 25,484	$ 19,329	$ 22,373	$ 14,961	$ 18,586	$ 6,643	$ 9,216	$ 9,613

Electric System Statistics

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Electric energy delivered megawatt hours (in thousands)										
Residential	2,438	2,365	2,525	2,289	2,270	2,316	2,387	2,317	2,389	2,257
Commercial	1,312	1,310	1,335	1,292	1,287	1,289	1,293	1,270	1,287	1,273
Industrial	740	765	749	720	724	749	735	741	762	789
Off-system sales	699	796	593	907	1,033	901	851	1,022	405	424
Miscellaneous	25	25	29	28	29	27	26	26	29	32
Total	5,214	5,261	5,231	5,236	5,343	5,282	5,292	5,376	4,872	4,775
Average revenue per kwh (in cents)										
Residential	9.26	9.27	9.17	9.25	9.24	9.21	9.16	9.18	8.86	8.50
Commercial	7.41	7.41	7.37	7.38	7.38	7.38	7.37	7.41	7.30	7.12
Industrial	5.56	5.56	5.57	5.57	5.58	5.58	5.58	5.57	5.51	5.37
Miscellaneous	14.21	14.10	12.15	13.68	13.51	13.59	13.62	13.52	12.20	11.19
Average - all classes	8.14	8.12	8.09	8.07	8.10	7.90	7.79	7.73	7.41	7.55
Average number of customers										
Residential	193,221	188,131	183,880	180,241	176,605	174,379	171,449	169,569	168,449	167,634
Commercial	16,924	16,527	16,130	15,703	15,449	15,248	15,021	14,776	14,594	14,441
Industrial	29	29	29	29	29	29	28	25	26	26
Miscellaneous	1,530	1,524	1,484	1,448	1,465	1,471	1,441	1,433	1,419	1,413
Total - all classes	211,704	206,211	201,523	197,421	193,548	191,127	187,939	185,803	184,488	183,514
Average annual kwh used per customer										
Residential	12,615	12,570	13,734	12,698	12,853	13,278	13,923	13,667	14,182	13,463
Commercial	77,518	79,272	82,764	82,263	83,333	84,532	86,087	85,936	88,168	88,136
Industrial	25,530,416	26,365,602	25,830,198	24,842,179	24,969,726	25,827,682	26,248,173	29,636,712	29,293,402	30,337,381
Miscellaneous	15,940	16,687	19,379	19,027	19,570	18,597	18,051	18,531	20,588	22,748

Selected Financial Data and Statistics - Unaudited

Public Utility District No. 1 of Clark County

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Operating revenues	$ 19,430	$ 20,966	$ 18,685	$ 17,389	$ 17,471	$ 15,697	$ 14,920	$ 14,144	$ 12,471	$ 12,227
Operating expenses	15,606	15,001	14,268	13,324	12,690	11,796	11,008	10,586	10,259	10,106
Operating income	3,824	5,965	4,417	4,065	4,781	3,901	3,912	3,558	2,212	2,121
Non-operating revenues (expenses)	(1,507)	(1,484)	(2,375)	(1,964)	(539)	(1,997)	(1,166)	(2,215)	(2,241)	(1,800)
Net income (loss)	$ 2,317	$ 4,481	$ 2,042	$ 2,101	$ 4,242	$ 1,904	$ 2,746	$ 1,343	$ (29)	$ 321

Water System Statistics

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Cubic feet delivered (in thousands)										
Residential	390,893	412,919	382,318	357,535	382,190	350,868	335,558	343,113	329,858	333,002
Commercial	66,246	67,174	60,565	56,742	53,478	50,858	48,708	47,828	44,982	44,302
Miscellaneous	76,365	84,273	77,882	72,996	76,807	64,881	61,415	62,053	60,092	62,278
Total	533,504	564,366	520,765	487,273	512,475	466,607	445,681	452,994	434,932	439,582
Average revenue per cubic foot (in cents)										
Residential	2.94	2.90	2.92	2.92	2.87	2.91	2.92	2.85	2.55	2.54
Commercial	2.81	2.83	2.78	2.75	2.74	2.78	2.77	2.75	2.44	2.45
Miscellaneous	2.73	2.73	2.72	2.70	2.70	2.68	2.70	2.64	2.34	2.33
Average - all classes	2.89	2.86	2.87	2.87	2.83	2.86	2.87	2.81	2.51	2.50
Average number of customers										
Residential	34,376	33,373	32,276	31,384	30,673	30,091	29,599	29,248	29,025	28,870
Commercial	1,294	1,253	1,167	1,104	1,076	1,081	1,072	1,069	1,042	1,034
Miscellaneous	756	758	761	760	753	725	711	696	673	667
Total - all classes	36,426	35,384	34,204	33,248	32,502	31,897	31,382	31,013	30,740	30,571
Average annual cubic feet used per customer										
Residential	11,371	12,373	11,845	11,392	12,460	11,660	11,337	11,731	11,365	11,535
Commercial	51,195	53,610	51,898	51,397	49,701	47,047	45,437	44,741	43,169	42,846
Miscellaneous	101,012	111,178	102,342	96,047	102,001	89,491	86,378	89,157	89,290	93,370

Clark Public Utilities

PO Box 8900 • Vancouver, WA 98668
360-992-3000 • mailbox@clarkpud.com • clarkpublicutilities.com
Design/layout by Imagineering Graphics, Inc.