

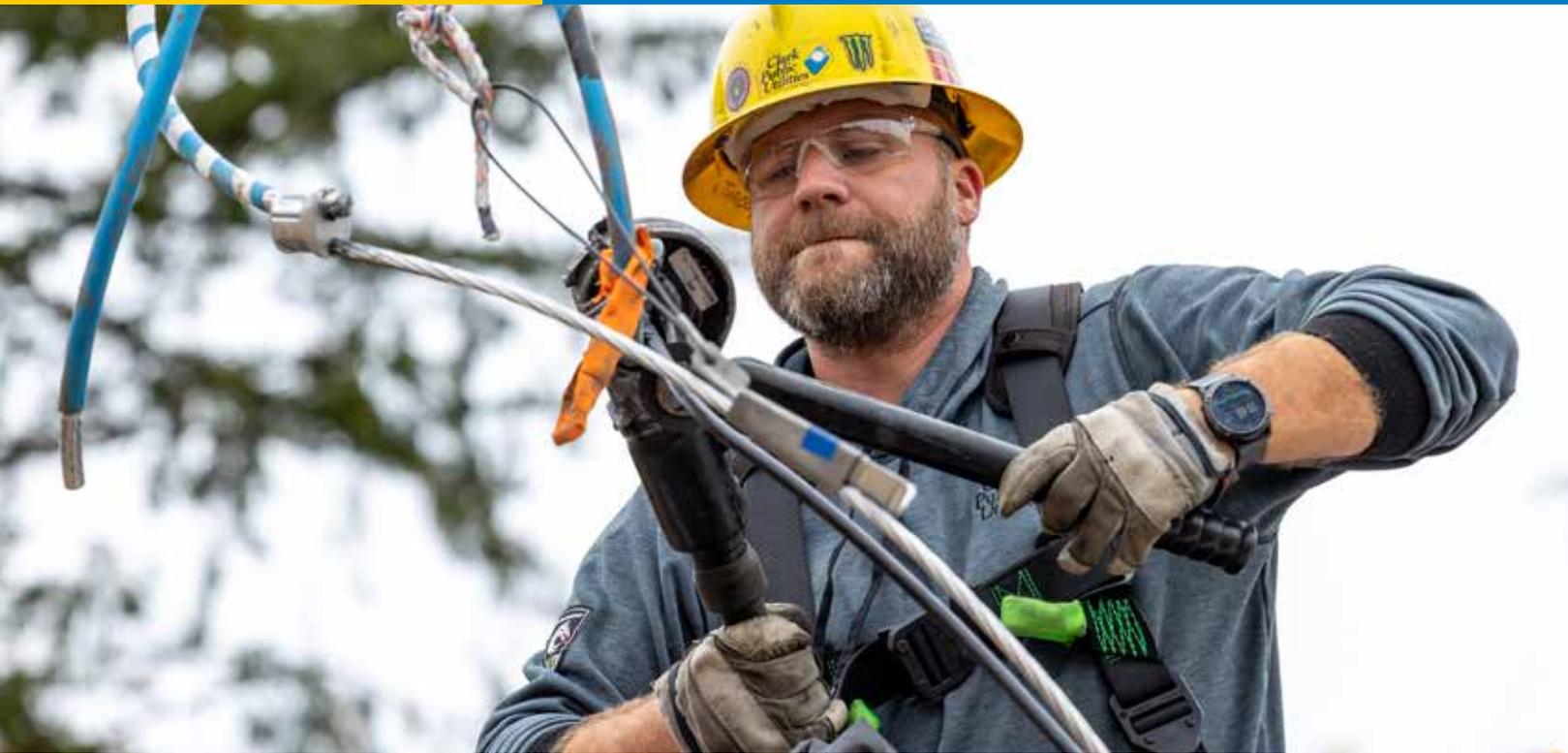


*Clark
Public
Utilities*



2022

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



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.



Clark Public Utilities ranked highest in Customer Satisfaction with Residential Electric Service in the West among Midsize Utilities by J.D. Power, 15 Years in a Row.

For J.D. Power 2022 award information, visit [jdpower.com/awards](https://www.jdpower.com/awards).

	2022	2021
ELECTRIC SYSTEM		
Customers (year end)	229,737	224,988
Total operating revenue	\$446,017,000	421,493,000
Electricity sales (megawatt hours)	5,554,441	5,352,241
Peak demand (megawatts)	1,083	1,016
Net income (loss)	\$21,534,000	\$36,015,000
Employees (year end)	387	369

GENERATING SYSTEM		
Total operating revenue	\$79,300,000	\$76,477,000
Electricity generation (megawatt hours)	1,695,596	1,942,965
Displacement (megawatt hours)	61	-
Employees (year end)	1	1

WATER SYSTEM		
Customers (year end)	39,669	38,867
Total operating revenue	\$22,302,000	\$22,462,000
Water sales (cubic feet)	617,444,000	650,551,000
Peak 24-hour demand (gallons)	31,976,000	34,754,000
Net income (loss)	\$2,223,000	\$2,787,000
Employees (year end)	29	34

COMMISSIONERS



Nancy E. Barnes
First elected 1992, term ends 2028



Jim Malinowski
First elected 2012, term ends 2024



Jane Van Dyke
Elected 2014, term ends 2026

SENIOR LEADERSHIP TEAM



Margaret Anderson
Executive Assistant to the
CEO and Commission



Melissa Ankeny
Director of Finance/Treasurer



Dan Bedbury
Director of Energy Resources



John Eldridge
General Counsel



Erica Erland
Director of Communications



Lisa Fix
Director of Customer Service



Jeff Groff
Director of Information
Services



Cal Morris
Director of Engineering



Gene Morris
Director of Operations



Doug Quinn
Director of Water



Nichole Reitzenstein
Director of Employee
Resources



A message from our CEO

Planning to procure or produce and safely deliver two of the most critical services in our community – electricity and water – requires diligence, curiosity, creativity and resolve. The team here at Clark Public Utilities embodies all of these qualities and more.

In 2022, this utility made significant strides toward securing a 100 percent clean, reliable power supply, in line with state mandates and within the required timelines. As the year came to an end, our utility entered into an historic agreement with the Pend Oreille Public Utility District to purchase the full output of its Box Canyon Dam hydroelectric facility beginning in 2026 and continuing through 2041. This partnership will provide both utilities with reliable resources and the high level of confidence that is a testament to the power of public utilities working in cooperation.

The utility also made strides in our planned progression toward implementation of Advanced Metering Infrastructure. Transitioning the utility grid to one providing continuous feedback will usher in a new era of automated system operation for increased reliability, faster diagnostics and system repair, and will enable a wide variety of demand response, time of use and conservation programs.

All of these investments are part of a strategic direction that aligns with state and regional expectations for a swift transition to clean energy and carbon reduction while maintaining equitable benefits, rate stability, system reliability, safety and the award-winning customer service this utility is known for in our community.

The water system also continued with system resilience and scalability initiatives, looking ahead to service in areas with population and economic growth to ensure adequate supply and a sound distribution system today and in the future.

The communities we serve in Clark County continue to grow and change, and our utility remains committed to meeting the evolving and diverse needs of our residential customers as well as supporting a thriving economy as we all continue to recover from the impacts of the pandemic.

This year marked the return of all employees to utility offices to welcome customers and community members back for in-person customer service, student engagement and educational facility tours, environmental outreach and more.

Building a sustainable future requires teams of the right people working toward pragmatic solutions and this utility continues to bring the brightest minds together to plan for a flexible approach to powering life and work in Clark County.

Lena Wittler
CEO/General Manager

Report of Independent Auditors

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

Report on the Audit of the Financial Statements

Opinion

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, 2022, and the related 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, 2021, 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.

In our opinion, the accompanying individual and combined financial statements 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, 2022, 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, 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern within one year after the date that the financial statements are issued.

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Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

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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

Management is responsible for the other information included in the annual report. The other information comprises the bonds maturity schedule and selected financial data and statistics, but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



Portland, Oregon
May 17, 2023

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, 2022, with comparable information for 2021 and 2020. 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.

The effects of the COVID-19 pandemic continued in 2022. The state of Washington mandated moratorium on residential utility disconnections and late fees ended September 30, 2021. The District resumed disconnections for non-payment and assessment of late fees in 2022. District staff worked with customers continuing to experience financial difficulties due to the pandemic through administration of various assistance programs. The Emergency Community Response declared by the District in 2020 to activate temporary guidelines for the Operation Warm Heart, Senior Rate Credit and Guarantee of Service programs ended March 31, 2022.

On October 5, 2021 the board of commissioners approved a resolution establishing a \$5 million Clark Public Utilities COVID-19 response program. This program utilized regulatory revenue to fund customer credits and payment matching for limited-income residential accounts with past due balances. Distributions from this program totaled \$1.4 million in 2022. The financial effects of COVID-19 have also been partially mitigated by federal and state assistance programs, including the Low Income Home Energy Assistance Program, and an arrearage grant program from the Department of Commerce. On December 31, 2022 and 2021, the accounts receivable balance of the Electric System was \$30.8 million and \$31.5 million, respectively.

The District has experienced customer growth in both 2022 and 2021. At year-end, the board of commissioners allocated \$10.0 million in Electric System cash to fund a future investment in advanced metering infrastructure, \$10.0 million for resource adequacy, and \$5.0 million to be used for future capital expenditures.

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 2022, the Electric System realized a net income before contributions of \$21.5 million. Factors influencing these results in 2022 include:

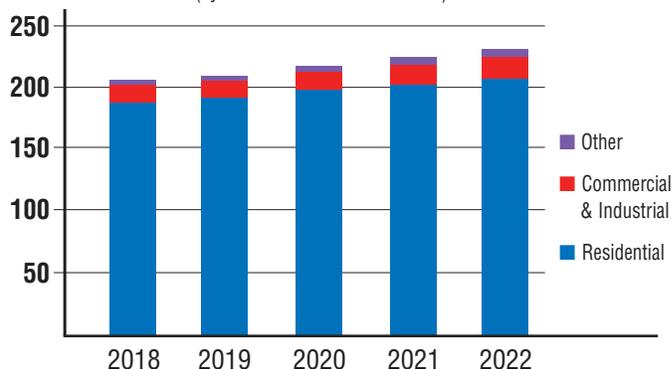
- Sales increased from \$411.5 million in 2021 to \$435.9 million in 2022 or 5.9 percent.
- Other operating revenues increased from \$9.9 million in 2021 to \$10.1 million in 2022 or 1.2 percent.
- Power supply expenses increased from \$251.5 million in 2021 to \$290.2 million in 2022 or 15.4 percent.
- Operating and maintenance expenses increased from \$64.2 million in 2021 to \$65.8 million in 2022 or 2.5 percent.
- The River Road Generating Plant was shut down for economic displacement and annual maintenance for 1,736 hours in 2022, compared to 874 hours in 2021.

System Rates

Electric System rates remained unchanged during 2022.

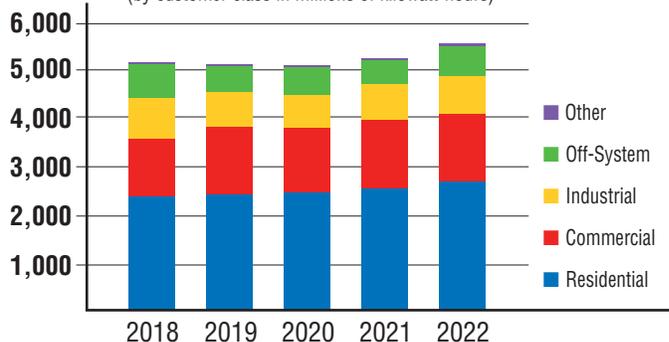
Electric System Customers

(by customer class in thousands)



Electric System Sales

(by customer class in millions of kilowatt-hours)



Electric System (continued)

Power Supply

For 2022, 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 54 percent 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)	2022	2021	2020
Operating revenues	\$ 446,017	\$ 421,493	\$ 359,562
Operating expenses	417,818	373,018	340,118
Operating income	28,199	48,475	19,444
Net income before contributions	21,534	36,015	6,641
Contributions in aid of construction	2,274	2,661	4,223
Total assets	\$ 929,727	\$ 863,572	\$ 841,707
Total deferred outflows of resources	14,419	6,690	7,458
Total assets and deferred outflows of resources	\$ 944,146	\$ 870,262	\$ 849,165
Total liabilities	\$ 390,916	\$ 334,966	\$ 364,129
Deferred inflows of resources	127,122	132,996	121,412
Net investment in capital assets	\$ 230,917	\$ 203,450	\$ 218,651
Restricted	21,460	19,523	19,523
Unrestricted	173,731	179,327	125,450
Total net position	\$ 426,108	\$ 402,300	\$ 363,624
Total liabilities, deferred inflows and net position	\$ 944,146	\$ 870,262	\$ 849,165
Change in net position	\$ 23,808	\$ 38,676	\$ 10,864

Capital Asset and Long-term Debt Activity

Total gross utility plant in service as of December 31, 2022, 2021 and 2020 consisted of the following:

(in thousands)	2022	2021	2020
Intangible plant	\$ 52,862	\$ 50,378	\$ 47,436
Transmission and distribution	928,409	895,360	857,069
General plant	94,332	91,475	87,922
Total utility plant in service	1,075,603	1,037,213	992,427
Construction work in progress	16,910	8,771	15,870
Total gross utility plant	\$ 1,092,513	\$ 1,045,984	\$ 1,008,297

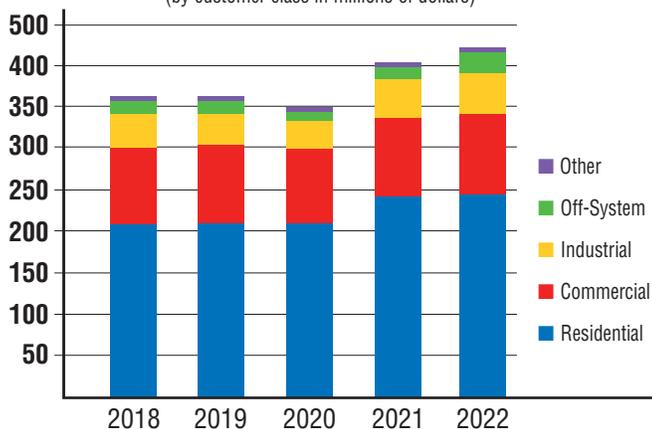
In 2022, the Electric System investment in gross utility plant increased by \$46.5 million. As of year-end, the Electric System had \$1.1 billion invested in gross utility plant. Utility plant net of depreciation was \$461.2 million, which represents an increase of \$9.5 million over 2021. Funds for 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, 2022, 2021 and 2020 consisted of the following:

(in thousands)	2022	2021	2020
Total current liabilities	\$ 101,489	\$ 84,232	\$ 79,569
Total non-current liabilities	266,834	232,633	253,824
Total other liabilities	22,593	18,101	30,736
Total liabilities	\$ 390,916	\$ 334,966	\$ 364,129

At year-end, the Electric System had \$255.6 million in revenue bonds outstanding, versus \$219.5 million last year.

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



Generating System

The Generating System operates the River Road Generating Plant, a natural gas-fired combined-cycle combustion turbine. The plant is a key element of the Electric System's integrated resource plan, and has operated smoothly and efficiently since beginning commercial operation in 1997. Since March 1, 2000, the plant has been operated under contract by General Electric. The District's 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 \$9.2 million and \$11.2 million in 2022 and 2021, respectively.

Fuel Supply

The District's 2022 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 the District's other power purchase contracts.

Fuel Transportation

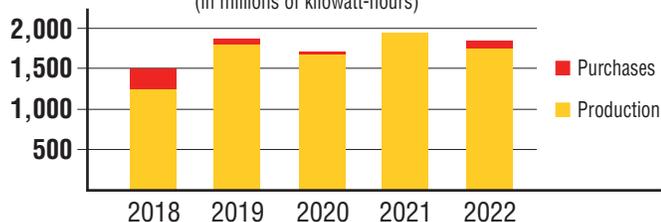
The District has agreements for natural gas transportation provided through a series of capacity releases on the Northwest Pipeline. The release agreements provide capacity sufficient to supply the River Road Generating Plant with 45,000 mmBtu per day.

Operating Statistics

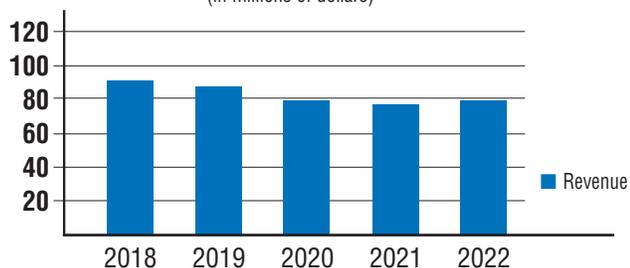
(in thousands, except hours and percentages)

	2022	2021	2020
Energy production (megawatt-hours)	1,696	1,943	1,617
Power purchased for displacement (mwh)	61	-	20
Total energy output (megawatt-hours)	1,757	1,943	1,637
Percent of Electric System			
energy purchases	30%	35%	30%
Fuel expense (less re-marketed fuel)	\$ 36,615	\$ 39,771	\$ 41,088
Production hours	7,024	7,886	6,544
Displacement hours	894	-	1,040
Unavailable hours	842	874	1,200
Total hours	8,760	8,760	8,784

Generating System Output
(in millions of kilowatt-hours)



Generating System Revenues
(in millions of dollars)



Selected Financial Data

(in thousands)	2022	2021	2020
Operating revenues	\$ 79,300	\$ 76,478	\$ 79,491
Operating expenses	70,109	65,273	69,497
Operating income	9,191	11,205	9,994
Net income before contributions	4,390	5,905	4,262
Contributions in aid of construction	-	-	-
Total assets	\$ 169,237	\$ 147,900	\$ 151,749
Total deferred outflows of resources	5,052	8,493	11,820
Total assets and deferred outflows of resources	\$ 174,289	\$ 156,393	\$ 163,569
Total liabilities	\$ 111,194	\$ 97,688	\$ 110,769
Net investment in capital assets	\$ 34,982	32,291	\$ 31,061
Restricted	9,897	8,666	8,666
Unrestricted	18,216	17,748	13,073
Total net position	\$ 63,095	\$ 58,705	\$ 52,800
Total liabilities and net position	\$ 174,289	\$ 156,393	\$ 163,569
Change in net position	\$ 4,390	\$ 5,905	\$ 4,262

Capital Asset and Long-term Debt Activity

In 2022, the Generating System investment in gross utility plant increased by \$4.2 million in capital construction. As of year-end, the Generating System had \$321.9 million invested in gross utility plant. Utility plant net of depreciation was \$111.3 million, which represented a decrease of \$6.9 million from 2021. Funds for capital construction are provided for through long-term revenue bonds.

Total gross utility plant in service as of December 31, 2022, 2021 and 2020 consisted of the following:

(in thousands)	2022	2021	2020
Intangible plant	\$ 1,394	\$ 1,394	\$ -
Production plant	282,748	279,886	277,349
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	9,229	8,915	8,371
Allowance for funds used	8,316	8,316	8,316
Total utility plant in service	\$ 320,835	\$ 317,659	\$ 313,184
Construction work in progress	1,056	16	770
Total gross utility plant	\$ 321,891	\$ 317,675	\$ 313,954

In 2022, \$1.0 million of Generating System capital expenditures was funded by regulatory revenue of the Electric System and is included as an Electric System power supply expense.

Total liabilities as of December 31, 2022, 2021 and 2020 consisted of the following:

(in thousands)	2022	2021	2020
Total current liabilities	\$ 20,429	\$ 18,986	\$ 13,875
Total non-current liabilities	90,765	78,702	96,894
Total liabilities	\$ 111,194	\$ 97,688	\$ 110,769

At year-end, the Generating System had \$100.5 million in revenue bonds outstanding versus \$87.3 million last year.

Water System

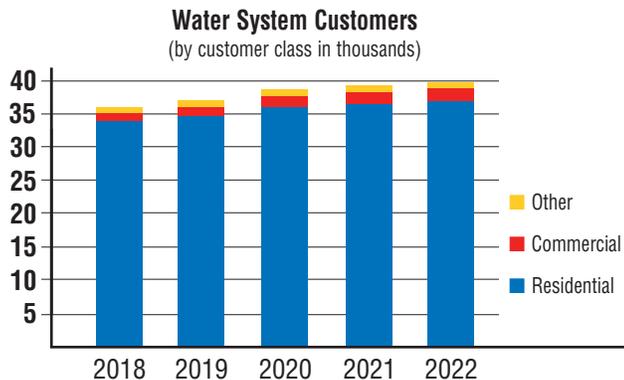
The Water System serves suburban and rural sections of Clark County, using groundwater to meet customer needs. The Water System owns and operates 36 wells and 34 reservoirs. Weather and economic conditions are the primary influences on water sales. Generally, warm, dry weather results in higher sales to residential customers, while wet weather results in lower sales.

Financial Summary and Analysis

During 2022, the Water System's operating revenues decreased by \$0.2 million or 0.7 percent. The Water System realized a net income before contributions of \$2.2 million for 2022.

System Rates

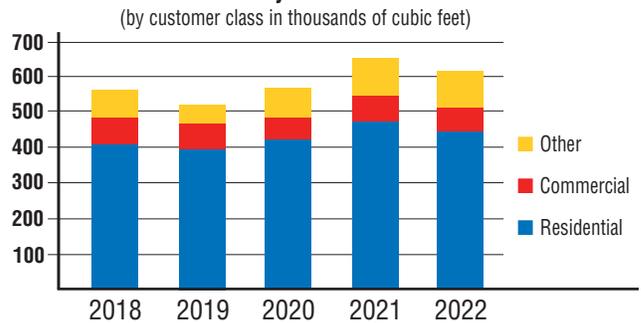
Water System rates remained unchanged during 2022.



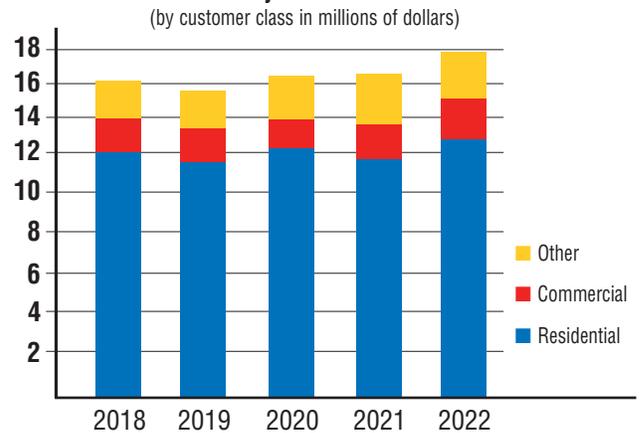
Selected Financial Data

(in thousands)	2022	2021	2020
Operating revenues	\$ 22,302	\$ 22,462	\$ 20,991
Operating expenses	18,515	18,059	16,302
Operating income	3,787	4,403	4,689
Net income (loss) before contributions	2,223	2,787	2,821
Contributions in aid of construction	3,839	3,578	3,482
Total assets	\$ 217,630	\$ 219,979	\$ 199,923
Total deferred outflows of resources	1,118	553	656
Total assets and deferred outflows of resources	\$ 218,748	\$ 220,532	\$ 200,579
Total liabilities	\$ 87,803	\$ 94,010	\$ 85,887
Deferred inflows of resources	6,378	8,017	2,552
Net investment in capital assets	\$ 98,868	\$ 94,474	\$ 87,984
Restricted	5,490	5,490	5,171
Unrestricted	20,209	18,541	18,985
Total net position	\$ 124,567	\$ 118,505	\$ 112,140
Total liabilities and net position	\$ 218,748	\$ 220,532	\$ 200,579
Change in net position	\$ 6,062	\$ 6,365	\$ 6,303

Water System Sales



Water System Revenues



Capital Asset and Long-term Debt Activity

Total gross utility plant in service as of December 31, 2022, 2021 and 2020 consisted of the following:

(in thousands)	2022	2021	2020
Intangible plant	\$ 260	\$ 216	\$ 196
Source of supply	29,912	29,912	29,914
Pumping plant	19,756	18,816	18,748
Water treatment	5,789	5,789	5,790
Transmission and distribution	221,681	213,617	206,497
General plant	4,069	4,583	4,327
Total utility plant in service	281,467	272,933	265,472
Construction work in progress	9,004	4,405	1,790

Total gross utility plant \$ 290,471 \$ 277,338 \$ 267,262

In 2022, the Water System investment in gross utility plant increased by \$13.1 million. As of year-end, the Water System had \$290.5 million invested in gross utility plant. Utility plant net of depreciation was \$176.0 million, which represented an increase of \$6.1 million over 2021. 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, 2022, 2021 and 2020 consisted of the following:

(in thousands)	2022	2021	2020
Total current liabilities	\$ 11,132	\$ 10,077	\$ 9,265
Total non-current liabilities	74,853	82,233	73,428
Total other liabilities	1,818	1,700	3,194
Total liabilities	\$ 87,803	\$ 94,010	\$ 85,887

At year-end, the Water System had \$62.5 million in revenue bonds outstanding, versus \$66.0 million last year.

Combined Statements of Revenues, Expenses and Changes in Net Position

Public Utility District No. 1 of Clark County

For the years ended December 31, 2022 and 2021 (in thousands)

	Electric System	Generating System	Water System	Total 2022	Total 2021
Operating revenues					
Sales	\$ 435,949	\$ 67,962	\$ 17,880	\$ 521,791	\$ 499,209
Other operating revenues	10,068	11,338	4,422	25,828	21,224
Total operating revenues	446,017	79,300	22,302	547,619	520,433
Operating expenses					
Power supply	290,217	-	-	290,217	251,503
Operation and maintenance expense	65,818	54,864	9,585	130,267	125,064
Depreciation and amortization expense	37,748	11,116	7,949	56,813	54,379
Taxes	24,035	4,129	981	29,145	25,404
Total operating expenses	417,818	70,109	18,515	506,442	456,350
Operating income	28,199	9,191	3,787	41,177	64,083
Non-operating revenues (expenses)					
Interest and investment revenue	4,151	597	587	5,335	284
Miscellaneous revenue	5,921	25	-	5,946	4,318
Amortization of debt	3,502	(1,527)	947	2,922	3,627
Interest expense	(10,579)	(3,896)	(3,098)	(17,573)	(18,077)
Miscellaneous expenses	(9,660)	-	-	(9,660)	(9,528)
Total non-operating revenues (expenses)	(6,665)	(4,801)	(1,564)	(13,030)	(19,376)
Net income (loss) before contributions	21,534	4,390	2,223	28,147	44,707
Contributions in aid of construction	2,274	-	3,839	6,113	6,239
Net increase (decrease) in net position	23,808	4,390	6,062	34,260	50,946
Total net position - beginning	402,300	58,705	118,505	579,510	528,564
Total net position - ending	\$ 426,108	\$ 63,095	\$ 124,567	\$ 613,770	\$ 579,510

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

For the years ended December 31, 2022 and 2021 (in thousands)

	Electric System	Generating System	Water System	Total 2022	Total 2021
Assets					
Current assets:					
Cash and cash equivalents	\$ 349,498	\$ 54,458	\$ 37,985	\$ 441,941	\$ 349,848
Accounts receivable (net)	30,835	1,833	-	32,668	32,569
Accrued unbilled revenues	40,770	-	81	40,851	37,248
Materials and supplies	6,853	-	-	6,853	5,805
Prepayments and other assets	1,548	-	-	1,548	1,542
Total current assets	429,504	56,291	38,066	523,861	427,012
Utility plant:					
Plant in service	1,075,603	320,835	281,467	1,677,905	1,627,805
Construction work in progress	16,910	1,056	9,004	26,970	13,192
Total gross utility plant	1,092,513	321,891	290,471	1,704,875	1,640,997
Accumulated depreciation and amortization	(631,268)	(210,636)	(114,435)	(956,339)	(901,132)
Net utility plant	461,245	111,255	176,036	748,536	739,865
Regulatory and other assets	38,978	1,691	3,528	44,197	64,574
Total assets	929,727	169,237	217,630	1,316,594	1,231,451
Deferred outflows of resources	14,419	5,052	1,118	20,589	15,736
Total assets and deferred outflows	\$ 944,146	\$ 174,289	\$ 218,748	\$ 1,337,183	\$ 1,247,187

	Electric System	Generating System	Water System	Total 2022	Total 2021
Liabilities					
Current liabilities:					
Accounts payable	\$ 45,932	\$ 525	\$ 3,186	\$ 49,643	\$ 38,077
Accrued taxes and interest	17,809	3,519	1,613	22,941	19,191
Other accrued liabilities	20,143	-	-	20,143	18,369
Current maturities long-term debt	17,605	16,385	6,333	40,323	37,658
Total current liabilities	101,489	20,429	11,132	133,050	113,295
Long-term debt:					
Revenue bonds	238,005	84,085	57,920	380,010	336,935
Unamortized premium and discount	28,829	6,680	7,860	43,369	45,827
Other long-term debt	-	-	9,073	9,073	10,806
Total long-term debt	266,834	90,765	74,853	432,452	393,568
Other liabilities	22,593	-	1,818	24,411	19,801
Total liabilities	390,916	111,194	87,803	589,913	526,664
Deferred inflows of resources	127,122	-	6,378	133,500	141,013
Net position					
Net investment in capital assets	230,917	34,982	98,868	364,767	330,215
Restricted for:					
Debt reserve	21,460	9,897	5,490	36,847	33,679
Unrestricted	173,731	18,216	20,209	212,156	215,616
Total net position	426,108	63,095	124,567	613,770	579,510
Total liabilities, deferred inflows and net position	\$ 944,146	\$ 174,289	\$ 218,748	\$ 1,337,183	\$ 1,247,187

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

Combined Statements of Cash Flows

Public Utility District No. 1 of Clark County

For the years ended December 31, 2022 and 2021 (in thousands)

	Electric System	Generating System	Water System	Total 2022	Total 2021
Cash flows from operating activities:					
Receipts from customers	\$ 450,955	\$ 79,300	\$ 21,960	\$ 552,215	\$ 490,677
Payments to employees for services	(28,412)	-	-	(28,412)	(27,384)
Payments to suppliers for goods and services	(336,754)	(58,587)	(10,255)	(405,596)	(371,241)
Net cash from operating activities	85,789	20,713	11,705	118,207	92,052
Cash flows from investing activities:					
Utility plant additions, net of cost of removal and salvage	(44,940)	(4,216)	(10,215)	(59,371)	(47,819)
Interest received and other income (expense)	1,446	622	655	2,723	(4,654)
Net cash used by investing activities	(43,494)	(3,594)	(9,560)	(56,648)	(52,473)
Cash flows from capital financing activities:					
Borrowings from revenue bonds	52,870	28,795	-	81,665	14,315
Principal payments of revenue bonds	(16,775)	(15,655)	(3,495)	(35,925)	(31,345)
Other long-term debt	-	-	(1,733)	(1,733)	(1,974)
Acquisition of debt	2,576	1,443	-	4,019	2,730
Interest paid	(10,426)	(3,949)	(3,117)	(17,492)	(18,163)
Net cash from capital financing activities	28,245	10,634	(8,345)	30,534	(34,437)
Net increase (decrease) in cash and cash equivalents	70,540	27,753	(6,200)	92,093	5,142
Cash and cash equivalents at beginning of year	278,958	26,705	44,185	349,848	344,706
Cash and cash equivalents at end of year	\$ 349,498	\$ 54,458	\$ 37,985	\$ 441,941	\$ 349,848
Reconciliation of operating income to net cash from operating activities:					
Operating income	\$ 28,199	\$ 9,191	\$ 3,787	\$ 41,177	\$ 64,083
Adjustments to reconcile operating income to net cash from operating activities:					
Depreciation and amortization	37,748	11,116	7,949	56,813	54,379
Change in assets and liabilities:					
Accounts receivable (net)	(3,042)	(746)	4	(3,784)	(6,063)
Other assets	3,909	387	1,118	5,414	(21,832)
Accounts payable and other accrued liabilities	15,816	765	312	16,893	4,155
Regulatory and other liabilities	3,159	-	(1,465)	1,694	(2,670)
Net cash from operating activities	\$ 85,789	\$ 20,713	\$ 11,705	\$ 118,207	\$ 92,052

Supplemental disclosure of cash flow information

Non-cash capital and related financing and investing activities:

Contributions in aid of construction of \$6,113 and \$6,239 in 2022 and 2021 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 \$5.7 million and \$4.1 million as of December 31, 2022 and 2021, 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 \$19.8 million and \$18.1 million as of December 31, 2022 and 2021, 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 postemployment 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.

k) Leases: In June 2017, GASB issued Statement No. 87, Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The District has evaluated all contracts, and has determined there is no material impact to the financial statements.

Notes to 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 54 percent of our power supply in 2022, with the remainder produced by the River Road Generating Plant, the Combine Hills LLC Wind Power Agreement, the Packwood Hydroelectric Project and market power purchases.

The Electric System executes physical 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.

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, the District 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 no Residential Exchange Program credits from BPA in 2022 and credits of \$1.6 million in 2021. 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 percent of the output at cost. The plant was shut down for 1,736 hours in 2022 and 874 hours in 2021 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 in January 2010. During 2022, output from the project was brought to serve utility load.

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 percent 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 percent 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 percent and 6 percent of the capability of WNP-1 and WNP-2 and 14 percent of Energy Northwest's 70 percent 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 purchases from various 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 gas transportation and purchasing natural gas as directed by the District. This contract provides for annual renewals each year after September 2016 at each party's option. In 2022, both parties exercised their option for renewal through September 2023.

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)

	2022	2021
Bonneville Power Administration	\$ 96,620	\$ 99,171
From Generating System	67,962	71,242
Packwood	598	597
Market purchases	82,598	40,053
Wind	11,878	12,704
Transmission	27,248	24,589
Other production expense	3,313	3,147
Total power supply costs	\$ 290,217	\$ 251,503
Average power cost in mills/kwh	50.16	45.17

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, 2022 and 2021 consisted of the following:

Electric System

(in thousands)	Balance Dec. 31, 2021	Additions/ Reclassifications	Retirements/ Reclassifications	Balance Dec. 31, 2022
Intangible plant	\$ 50,378	\$ 2,484	\$ -	\$ 52,862
Trans and distribution	895,360	34,986	1,937	928,409
General plant	91,475	2,391	(466)	94,332
Total plant in service	\$1,037,213	\$ 39,861	\$ 1,471	\$1,075,603

Generating System

(in thousands)	Balance Dec. 31, 2021	Additions/ Reclassifications	Retirements/ Reclassifications	Balance Dec. 31, 2022
Intangible plant	\$ 1,394	\$ -	\$ -	\$ 1,394
Source of supply	20	-	-	20
Pumping plant	170	-	-	170
Water treatment	697	-	-	697
Production plant	279,886	2,862	-	282,748
Trans and distribution	18,261	-	-	18,261
General plant	8,915	314	-	9,229
Allowance for funds used	8,316	-	-	8,316
Total plant in service	\$ 317,659	\$ 3,176	\$ -	\$ 320,835

Water System

(in thousands)	Balance Dec. 31, 2021	Additions/ Reclassifications	Retirements/ Reclassifications	Balance Dec. 31, 2022
Intangible plant	\$ 216	\$ 44	\$ -	\$ 260
Source of supply	29,912	-	-	29,912
Pumping plant	18,816	940	-	19,756
Water treatment	5,789	-	-	5,789
Trans and distribution	213,617	8,610	546	221,681
General plant	4,583	178	692	4,069
Total plant in service	\$ 272,933	\$ 9,772	\$ 1,238	\$ 281,467

Note 5: Other Assets and Liabilities

Other Assets

Other assets as of December 31, 2022 and 2021 consisted of the following:

(in thousands)	Electric System	Generating System	Water System	December 31	
				2022	2021
Non-current conservation loans (Note 11)	\$ 1,950	\$ -	\$ -	\$ 1,950	\$ 1,997
Net pension asset	11,649	-	937	12,586	34,367
Total	\$ 13,599	\$ -	\$ 937	\$ 14,536	\$ 36,364

Other Liabilities

Other liabilities as of December 31, 2022 and 2021 consisted of the following:

(in thousands)	Electric System	Generating System	Water System	December 31	
				2022	2021
Net pension liability	\$ 6,743	\$ -	\$ 542	\$ 7,285	\$ 3,293
OPEB liability	14,867	-	1,196	16,063	15,562
Operation Warm Heart	812	-	-	812	662
Other	171	-	80	251	284
Total	\$ 22,593	\$ -	\$ 1,818	\$ 24,411	\$ 19,801

Net pension liability and net pension asset represent 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, 2022 and 2021 consisted of the following:

(in thousands)	Electric System	Generating System	Water System	December 31	
				2022	2021
Reg power exp	\$ -	\$ 1,162	\$ -	\$ 1,162	\$ 1,550
Reg OPEB exp	16,572	-	1,333	17,905	17,759
Reg pension exp	7,025	-	565	7,590	6,145
Reg unamort debt exp	1,782	529	693	3,004	2,756
Total	\$ 25,379	\$ 1,691	\$ 2,591	\$ 29,661	\$ 28,210

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, 2022 and 2021 consisted of the following:

(in thousands)	Electric System	Generating System	Water System	December 31	
				2022	2021
Unamortized loss on reaq debt	\$ 602	\$ 5,052	\$ 7	\$ 5,661	\$ 9,464
OPEB costs	2,004	-	161	2,165	2,191
Pension costs	11,813	-	950	12,763	4,081
Total	\$ 14,419	\$ 5,052	\$ 1,118	\$ 20,589	\$ 15,736

The loss on reacquired debt represents unamortized components associated with revenue refunding 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, 2022 and 2021 consisted of the following:

(in thousands)	Electric System	Generating System	Water System	December 31	
				2022	2021
Reg revenue	\$ 99,667	\$ -	\$ 4,170	\$ 103,837	\$ 95,326
Reg liability	11,659	-	938	12,597	5,451
OPEB costs	3,710	-	298	4,008	4,388
Pension costs	12,086	-	972	13,058	35,848
Total	\$ 127,122	\$ -	\$ 6,378	\$ 133,500	\$ 141,013

During 2022, Electric System regulatory revenues were applied to fund \$1.4 million for the Clark Public Utilities COVID-19 Response Program, and \$1.0 million for Generating System capital expenditures. At year-end 2022, the Board of Commissioners increased regulatory revenue \$10 million in the Electric System to be used in future rate periods.

Regulatory pension liability 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 credits in accordance with the required employer contribution rates set by the Washington state Pension Funding Council. (See Note 8: Pension Plans.)

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.)

Notes to Combined Financial Statements

Note 7:

Current and Long-term Debt

Electric System

During the year ended December 31, 2022, the following changes occurred in revenue bonds:

(in thousands)	Balance Dec 31, 2021	Additions	Reductions	Balance Dec 31, 2022	Amounts due within one year
2012 Revenue and Refunding Bonds Due in annual installments of \$1,660 - \$4,675 through January 1, 2033; interest at 3.25% - 5.00%.	\$ 33,165	\$ -	\$ 6,255	\$ 26,910	\$ 4,460
2014 Revenue and Refunding Bonds Due in annual installments of \$1,405 - \$3,445 through January 1, 2035; interest at 5.00%.	31,555	-	2,200	29,355	3,445
2016 Revenue and Refunding Bonds Due in annual installments of \$2,220 - \$8,715 through January 1, 2037; interest at 5.00%.	80,785	-	5,900	74,885	7,165
2018 Revenue Bonds Due in annual installments of \$1,245 - \$2,720 through January 1, 2039; interest at 5.00%.	33,415	-	1,190	32,225	1,245
2020 Revenue Bonds Due in annual installments of \$1,290 - \$3,100 through January 1, 2041; interest at 5.00%.	40,595	-	1,230	39,365	1,290
2022 Revenue Bonds Due in annual installments of \$1,600 - \$4,040 through January 1, 2043; interest at 5.00%.	-	52,870	-	52,870	-
Total Electric System Revenue Bonds	\$ 219,515	\$ 52,870	\$ 16,775	\$ 255,610	\$ 17,605

During 2022, the District issued Electric System Revenue Bonds, Series 2022 in the amount of \$52.9 million. The bonds provided funds for capital construction requirements, and funded the reserve account requirements for the 2022 issuance. They mature serially in varying amounts and are subject to early redemption privileges.

Notes to Combined Financial Statements

Generating System

During the year ended December 31, 2022, the following changes occurred in revenue bonds:

(in thousands)	Balance Dec 31, 2021	Additions	Reductions	Balance Dec 31, 2022	Amounts due within one year
2012A Revenue and Refunding Bonds Due in an installment of \$11,265 on January 1, 2025; interest at 5.00%.	\$ 14,620	\$ -	\$ 3,355	\$ 11,265	\$ -
2012B Revenue Bonds Due in annual installments of \$1,380 - \$1,470 through January 1, 2025; interest at 2.973% - 3.293%.	5,620	-	1,345	4,275	1,380
2016 Revenue and Refunding Bonds Due in annual installments of \$1,000 - \$14,870 through January 1, 2037; interest at 5.00%.	41,095	-	2,095	39,000	6,880
2018 Revenue Bonds Due in annual installments of \$2,720 - \$3,150 through January 1, 2026; interest at 5.00%.	14,320	-	2,590	11,730	2,720
2020 Revenue Refunding Bonds Due in an annual installment of \$5,405 on January 1, 2023; interest at 5.00%.	11,675	-	6,270	5,405	5,405
2022 Revenue Bonds Due in annual installments of \$3,535 - \$4,740 through January 1, 2030; interest at 5.00%.	-	28,795	-	28,795	-
Total Generating System Revenue Bonds	\$ 87,330	\$ 28,795	\$ 15,655	\$ 100,470	\$ 16,385

During 2022, the District issued Generating System Revenue Bonds, Series 2022 in the amount of \$28.8 million. The bonds provided funds for capital construction requirements, paid \$3.5 million of outstanding draws on the Generating System line of credit, and funded the reserve account requirements for the 2022 issuance. They mature serially in varying amounts and are not subject to early redemption privileges.

Notes to Combined Financial Statements

Water System

During the year ended December 31, 2022, the following changes occurred in revenue bonds:

(in thousands)	Balance Dec 31, 2021	Additions	Reductions	Balance Dec 31, 2022	Amounts due within one year
2014 Revenue Bonds	\$ 12,090	\$ -	\$ 705	\$ 11,385	\$ 740
Due in annual installments of \$740 - \$1,210 through January 1, 2034; interest at 3.50% - 5.00%.					
2017 Revenue and Refunding Bonds	28,720	-	2,175	26,545	2,290
Due in annual installments of \$930 - \$2,775 through January 1, 2037; interest at 5.00%.					
2019 Revenue Bonds	10,890	-	355	10,535	375
Due in annual installments of \$375 - \$860 through January 1, 2040; interest at 5.00%.					
2021 Revenue and Refunding Bonds	14,315	-	260	14,055	1,195
Due in annual installments of \$440 - \$1,195 through January 1, 2042; interest at 4.00% - 5.00%.					
Total Water System Revenue Bonds	\$ 66,015	\$ -	\$ 3,495	\$ 62,520	\$ 4,600

Debt Service

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

(in thousands)	Electric System			Generating System			Water System		
	Interest	Principal	Total	Interest	Principal	Total	Interest	Principal	Total
2023	\$ 11,719	\$ 17,870	\$ 29,589	\$ 4,153	\$ 22,690	\$ 26,843	\$ 2,776	\$ 4,555	\$ 7,331
2024	10,825	17,255	28,080	3,045	20,465	23,510	2,560	4,175	6,735
2025	9,963	18,120	28,083	2,047	8,120	10,167	2,359	4,375	6,734
2026	9,057	17,100	26,157	1,641	5,220	6,861	2,149	4,585	6,734
2027	8,202	14,980	23,182	1,380	5,480	6,860	1,928	4,225	6,153
2028-2032	30,584	69,115	99,699	3,261	16,115	19,376	6,686	17,875	24,561
2033-2037	15,137	53,605	68,742	708	5,995	6,703	2,757	13,010	15,767
2038-2042	3,882	29,960	33,842	-	-	-	478	5,120	5,598

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, 2022, the debt service reserve accounts are fully cash funded.

Debt service reserve accounts as of December 31, 2022 and 2021 were as follows:

(in thousands)	Electric System	Generating System	Water System	December 31	
				2022	2021
Cash deposits	\$ 21,460	\$ 9,897	\$ 5,490	\$ 36,847	\$ 33,679

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, 2022
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 National Association 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. (See Note 12: Subsequent Events.)

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 percent to 1.5 percent. 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, 2022				\$ 10,806
2023	\$ 80	\$ 1,733	\$ 1,813	9,073
2024	69	1,733	1,802	7,340
2025	58	1,168	1,226	6,172
2026	50	1,118	1,168	5,054
2027	42	845	887	4,209
2028-2032	121	3,687	3,808	522
2033-2034	11	522	533	-

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, 2022, are as follows:

	PERS 1	PERS 2	PERS 3
Employer	10.39%	10.39%	10.39%
Employee	6.00%	6.36%	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 2022 with a valuation date of June 30, 2021. The actuarial assumptions used in the valuation were based on the results of Office of State Auditor's (OSA) 2013-2018 Demographic Experience Study and the 2021 Economic Experience Study.

Additional assumptions for the subsequent events and law changes are current as of the 2021 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2022. Plan liabilities were rolled forward from June 30, 2021 to June 30, 2022, 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, 2021 actuarial valuation was determined using the following actuarial assumptions:

Inflation (economic)	2.75%
Active Member Payroll Growth	3.25%
Investment Rate of Return	7.00%

Mortality rates for active members, retirees, survivors and disability rates were developed using Pub. H-2010 Mortality rates published by the Society of Actuaries. OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. 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 7.00 percent approximately equals the median of the simulated investment returns over various future times.

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, 2022. The inflation component used to create the table is 2.20 percent 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%	1.50%
Tangible assets	7%	4.70%
Real estate	18%	5.40%
Global equity	32%	5.90%
Private equity	23%	8.90%

Discount Rate: The discount rate used to measure the total DRS pension liability was 7.00 percent. 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 the projected future benefit payments for current plan members. Based on those assumptions described in the OSA's certification letter within the DRS Annual Comprehensive Financial Report, 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 7.00 percent 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 6.0%	Discount rate 7.0%	1% increase in discount rate 8.0%
Proportionate share of the PERS Plan 1 net pension liability (asset)	\$ 9,733	\$ 7,285	\$ 5,149
Proportionate share of the PERS Plan 2/3 net pension liability (asset)	\$ 14,822	\$ (12,586)	\$ (35,104)

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 2022 Annual Comprehensive Financial Report. The DRS Annual Comprehensive Financial Report 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 Annual Comprehensive Financial Report and the Washington State DRS Participating Employer Financial Information (PEFI) obtained from DRS when recognizing pension cost for 2022 and 2021.

Washington State Retirement System Pension Costs: As of June 30, 2022, Washington State Department of Retirement Systems total pension liability for all covered entities included in the Washington State Annual Comprehensive Financial Report for PERS Plans 1 and 2/3 was as follows:

(in thousands)	PERS 1	PERS 2/3	Jun 30, 2022	Jun 30, 2021
Total pension liability	\$ 11,877,621	\$ 55,125,197	\$ 67,002,818	\$ 59,942,794
Plan fiduciary net position	9,093,254	58,833,978	67,927,232	68,683,169
Net pension liability (asset)	\$ 2,784,367	\$ (3,708,781)	\$ (924,414)	\$ (8,740,375)

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, 2022	Jun 30, 2021
PERS 1	0.261638%	0.269690%
PERS 2/3	0.339363%	0.344998%

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, 2022, 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, 2022	Dec 31, 2021
Total net pension liability (asset)	\$ 7,285	\$ (12,586)	\$ (5,301)	\$ (31,073)

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. 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, 2021 through June 30, 2022, 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, 2022, 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)	2022	2021	2020
District contributions	\$ 4,440	\$ 4,897	\$ 5,194

At December 31, 2022, 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, 2022
Differences between expected and actual economic experience	\$ -	\$ 3,119	\$ 3,119
Differences between projected and actual investment earnings	-	-	-
Changes in actuarial assumptions	-	7,015	7,015
Changes in proportion	-	224	224
Contributions paid to PERS subsequent to the measurement date	902	1,503	2,405
Total	\$ 902	\$ 11,861	\$ 12,763

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, 2022
2023	\$ 902	\$ 3,372	\$ 4,274
2024	-	1,839	1,839
2025	-	1,807	1,807
2026	-	1,724	1,724
2027	-	1,598	1,598
Thereafter	-	1,521	1,521
Total	\$ 902	\$ 11,861	\$ 12,763

At December 31, 2022, 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, 2022
Differences between expected and actual economic experience	\$ -	\$ (285)	\$ (285)
Differences between projected and actual investment earnings	(1,207)	(9,305)	(10,512)
Changes in assumptions	-	(1,837)	(1,837)
Changes in proportion	-	(424)	(424)
Total	\$ (1,207)	\$ (11,851)	\$ (13,058)

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, 2022
2023	\$ (511)	\$ (4,736)	\$ (5,247)
2024	(464)	(4,349)	(4,813)
2025	(582)	(5,049)	(5,631)
2026	350	2,448	2,798
2027	-	(125)	(125)
Thereafter	-	(40)	(40)
Total	\$ (1,207)	\$ (11,851)	\$ (13,058)

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, 2022 there were 29 retirees participating in the plan and 417 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, 2022, 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 \$758,409 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 2.75 percent. Projected payroll increases are assumed at a rate of 3.5 percent per year. The health cost trend rate is 6.0 percent trending down to 4.5 percent in 2028.

Demographic assumptions regarding retirement, withdrawal, and mortality are the rates applicable for PERS employees used in the June 30, 2019 actuarial valuation published by the Office of the State Actuary in Olympia, Washington.

The 2.06 percent discount rate assumption is the December 31, 2021 rate in the 20-Year General Obligation Municipal Bond Index published by Bond Buyer.

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	\$ 13,959	\$ 16,063	\$ 18,593
Discount rate	\$ 17,336	\$ 16,063	\$ 14,834

Changes in Total OPEB Liability: The Valuation Date is January 1, 2021. This is the date as of which the census data is gathered and the actuarial valuation is performed. The Measurement Date is December 31, 2021. 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, 2021 are as follows:

(in thousands)	Increase (decrease) total OPEB liability
Balance as of Dec. 31, 2020	\$ 15,562
Changes for the year:	
Service cost	878
Interest on total OPEB liability	313
Effect of plan changes	-
Effect of economic/demographic gains or losses	-
Effect of assumptions changes or inputs	73
Expected benefit payments	(763)
Balance as of December 31, 2021	\$ 16,063

Deferred Outflows and Inflows of Resources: At December 31, 2022, the District reported deferred outflows and inflows of resources (See Note 6: Deferred Outflows and Inflows of Resources) from the following sources:

(in thousands)	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ 735	\$ (615)
Changes of assumptions	672	(3,393)
Contributions subsequent to the measurement date	758	-
Total	\$ 2,165	\$ (4,008)

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

For measurement period ending December 31

(in thousands)	
2022	\$ 631
2023	(127)
2024	(127)
2025	(138)
2026	(183)
Thereafter	(1,898)
Total	\$ (1,843)

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, 2022, all debt service has been satisfied on revenue bond series that were extinguished through in-substance defeasance.

Note 10:

Cash, Cash Equivalents and Sinking Funds

As of December 31, 2022, the District had the following cash, cash equivalents and investments at amortized cost:

Fair Value (in thousands)	2022	2021
State investment pool (LGIP)	\$ 387,382	\$ 298,454
Cash	54,559	51,394
Total cash, cash equivalents and sinking funds	\$ 441,941	\$ 349,848

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, 2022, the state investment pool balance included the District bond reserve amount of \$36.8 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, 2022 Annual Comprehensive Financial Report.

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 percent to 6.00 percent interest. Under this program, the total loan amount provided was \$1.1 million during 2022 and \$1.3 million in 2021.

Note 12:

Subsequent Events

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

Subordinate Lien Revenue Lines of Credit

In April 2023, the District replaced the existing U.S. Bank National Association subordinate lien revenue line of credit notes with Bank of America, N.A. subordinate lien revenue line of credit notes in the amounts of \$20 million for the Electric System, \$20 million for the Generating System and \$2 million for the Water System, which mature July 1, 2026

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)

	2022	2021	2020	2019	2018
PERS 1					
Proportion of the net pension liability	0.261638%	0.269690%	0.260725%	0.272053%	0.278681%
Proportionate share of the net pension liability	\$ 7,285	\$ 3,293	\$ 9,205	\$ 10,461	\$ 12,446
Covered payroll PERS 1	\$ 85	\$ 64	\$ 302	\$ 410	\$ 490
Covered payroll PERS 2/3	42,421	41,264	38,790	37,220	35,871
Total covered payroll	\$ 42,506	\$ 41,328	\$ 39,092	\$ 37,630	\$ 36,361
Proportionate share of the net pension liability as a percentage of its covered payroll	17.1%	8.0%	23.5%	27.8%	34.2%
Plan fiduciary net position as a percentage of the total pension liability	76.6%	88.7%	68.6%	67.1%	63.2%
PERS 2/3					
Proportion of the net pension liability	0.339363%	0.344998%	0.332973%	0.342022%	0.346350%
Proportionate share of the net pension liability (asset)	\$ (12,586)	\$ (34,367)	\$ 4,259	\$ 3,322	\$ 5,914
Covered payroll	\$ 42,421	\$ 41,264	\$ 38,790	\$ 37,220	\$ 35,871
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(29.7)%	(83.3)%	11.0%	8.9%	16.5%
Plan fiduciary net position as a percentage of the total pension liability	106.7%	120.3%	97.2%	97.8%	95.8%

Schedule of Contributions

As of December 31

(in thousands, except percentages)

	2022	2021	2020	2019	2018
PERS 1					
Contractually required contribution	\$ 1,702	\$ 1,828	\$ 1,917	\$ 1,944	\$ 1,901
Covered payroll	\$ 45,163	\$ 41,992	\$ 39,879	\$ 38,584	\$ 36,941
Contributions as a percentage of covered payroll	3.8%	4.4%	4.8%	5.0%	5.1%
PERS 2/3					
Contractually required contribution	\$ 2,866	\$ 3,021	\$ 3,153	\$ 2,937	\$ 2,739
Covered payroll	\$ 45,067	\$ 41,917	\$ 39,817	\$ 38,131	\$ 36,525
Contributions as a percentage of covered payroll	6.4%	7.2%	7.9%	7.7%	7.5%

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.

Required Supplementary Information

Public Utility District No. 1 of Clark County

Schedule of Proportionate Share of Net Pension Liability - continued from previous page

Measurement date June 30

(in thousands, except percentages)

	2017	2016	2015	2014
PERS 1				
Proportion of the net pension liability	0.283048%	0.295011%	0.307228%	0.292867%
Proportionate share of the net pension liability	\$ 13,431	\$ 15,843	\$ 16,071	\$ 14,753
Covered payroll PERS 1	\$ 333	\$ 382	\$ 472	\$ 694
Covered payroll PERS 2/3	34,926	34,306	34,149	30,800
Total covered payroll	\$ 35,259	\$ 34,688	\$ 34,621	\$ 31,494
Proportionate share of the net pension liability as a percentage of its covered payroll	38.1%	45.7%	46.4%	46.8%
Plan fiduciary net position as a percentage of the total pension liability	61.2%	57.0%	59.1%	61.2%
PERS 2/3				
Proportion of the net pension liability	0.356236%	0.368815%	0.384777%	0.359035%
Proportionate share of the net pension liability	\$ 12,377	\$ 18,570	\$ 13,748	\$ 7,258
Covered payroll	\$ 34,926	\$ 34,306	\$ 34,149	\$ 30,800
Proportionate share of the net pension liability as a percentage of its covered payroll	35.4%	54.1%	40.3%	23.6%
Plan fiduciary net position as a percentage of the total pension liability	91.0%	85.8%	89.2%	93.3%

Schedule of Contributions

As of December 31

(in thousands, except percentages)

	2017	2016	2015	2014
PERS 1				
Contractually required contribution	\$ 1,791	\$ 1,676	\$ 1,509	\$ 1,343
Covered payroll	\$ 35,942	\$ 34,681	\$ 33,963	\$ 32,629
Contributions as a percentage of covered payroll	5.0%	4.8%	4.4%	4.1%
PERS 2/3				
Contractually required contribution	\$ 2,419	\$ 2,139	\$ 1,886	\$ 1,603
Covered payroll	\$ 35,474	\$ 34,331	\$ 33,569	\$ 32,095
Contributions as a percentage of covered payroll	6.8%	6.2%	5.6%	5.0%

Required Supplementary Information

Public Utility District No. 1 of Clark County

Schedule of Changes in Total OPEB Liability and Related Ratios

For measurement period ended December 31
(in thousands, except percentages)

	2021	2020	2019	2018	2017
Total OPEB Liability					
Service cost	\$ 878	\$ 838	\$ 1,015	\$ 958	\$ 870
Interest on total OPEB liability	313	406	772	603	631
Changes of benefit terms	-	-	-	-	-
Effect of economic/demographic gains (losses)	-	(724)	-	1,280	-
Effect of assumption changes or inputs	73	(3,688)	559	(452)	490
Expected benefit payments	(763)	(826)	(1,171)	(1,126)	(1,379)
Net change in total OPEB liability	501	(3,994)	1,175	1,263	612
Total OPEB liability, beginning	15,562	19,556	18,381	17,118	16,506
Total OPEB liability, ending	16,063	15,562	19,556	18,381	17,118
Covered employee payroll	41,674	40,265	38,704	37,074	36,009
Total OPEB liability as a percentage of covered employee payroll	38.54%	38.65%	50.53%	49.58%	47.54%

Notes to RSI Schedules

- 1) There are no assets accumulated in a trust that meet 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

Maturity Date	Series 2012		Series 2014		Series 2016		Series 2018		Series 2020		Series 2022		Total	Remaining Bonds Outstanding
	Principal Jan 1	Interest Rate												
2023	\$ 4,460	5.000	\$ 3,445	5.000	\$ 7,165	5.000	\$ 1,245	5.000	\$ 1,290	5.000	\$ -	-	\$ 17,605	\$ 238,005
2024	4,675	5.000	1,405	5.000	7,525	5.000	1,310	5.000	1,355	5.000	1,600	5.000	17,870	220,135
2025	1,660	5.000	3,220	5.000	7,900	5.000	1,375	5.000	1,420	5.000	1,680	5.000	17,255	202,880
2026	1,740	5.000	3,380	5.000	8,300	5.000	1,445	5.000	1,490	5.000	1,765	5.000	18,120	184,760
2027	1,830	5.000	1,625	5.000	8,715	5.000	1,515	5.000	1,565	5.000	1,850	5.000	17,100	167,660
2028	1,920	3.250	1,705	5.000	6,175	5.000	1,590	5.000	1,645	5.000	1,945	5.000	14,980	152,680
2029	1,985	3.350	1,790	5.000	6,485	5.000	1,670	5.000	1,730	5.000	2,040	5.000	15,700	136,980
2030	2,050	3.400	1,880	5.000	3,660	5.000	1,755	5.000	1,815	5.000	2,140	5.000	13,300	123,680
2031	2,120	3.500	1,975	5.000	3,845	5.000	1,845	5.000	1,905	5.000	2,250	5.000	13,940	109,740
2032	1,845	3.500	2,070	5.000	2,220	5.000	1,935	5.000	2,000	5.000	2,360	5.000	12,430	97,310
2032	350	5.000	-	-	-	-	-	-	-	-	2,480	5.000	2,830	94,480
2033	2,275	4.000	2,175	5.000	2,335	5.000	2,030	5.000	2,100	5.000	2,605	5.000	13,520	80,960
2034			2,285	5.000	2,450	5.000	2,135	5.000	2,205	5.000	2,735	5.000	11,810	69,150
2035			2,400	5.000	2,575	5.000	2,240	5.000	2,315	5.000	2,870	5.000	12,400	56,750
2036					2,700	5.000	2,350	5.000	2,430	5.000	3,015	5.000	10,495	46,255
2037					2,835	5.000	2,470	5.000	2,550	5.000	3,165	5.000	11,020	35,235
2038							2,595	5.000	2,680	5.000	3,325	5.000	8,600	26,635
2039							2,720	5.000	2,815	5.000	3,490	5.000	9,025	17,610
2040									2,955	5.000	3,665	5.000	6,620	10,990
2041									3,100	5.000	3,850	5.000	6,950	4,040
2042											4,040	5.000	4,040	-
Total	\$ 26,910		\$ 29,355		\$ 74,885		\$ 32,225		\$ 39,365		\$ 52,870		\$ 255,610	

Bonds Maturity Schedules - Unaudited

Public Utility District No. 1 of Clark County

Generating System

In thousands, except for interest rates

Maturity Date	Series 2012A		Series 2012B		Series 2016		Series 2018		Series 2020		Series 2022		Total	Remaining Bonds Outstanding
	Principal Jan 1	Interest Rate	Principal Jan 1	Interest Rate	Principal Jan 1	Interest Rate	Principal Jan 1	Interest Rate	Principal Jan 1	Interest Rate	Principal Jan 1	Interest Rate		
2023	\$ -	-	\$ 1,380	2.973	\$ 6,880	5.000	\$ 2,720	5.000	\$ 5,405	5.000	\$ -	-	\$ 16,385	\$ 84,085
2024	-	-	1,425	3.143	14,870	5.000	2,860	5.000	-	-	3,535	5.000	22,690	61,395
2025	11,265	5.000	1,470	3.293	1,020	5.000	3,000	5.000	-	-	3,710	5.000	20,465	40,930
2026	-	-	-	-	1,070	5.000	3,150	5.000	-	-	3,900	5.000	8,120	32,810
2027	-	-	-	-	1,125	5.000	-	-	-	-	4,095	5.000	5,220	27,590
2028	-	-	-	-	1,180	5.000	-	-	-	-	4,300	5.000	5,480	22,110
2029	-	-	-	-	1,240	5.000	-	-	-	-	4,515	5.000	5,755	16,355
2030	-	-	-	-	1,305	5.000	-	-	-	-	4,740	5.000	6,045	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	\$ 11,265		\$ 4,275		\$ 39,000		\$ 11,730		\$ 5,405		\$ 28,795		\$100,470	

Bonds Maturity Schedules - Unaudited

Public Utility District No. 1 of Clark County

Water System

In thousands, except for interest rates

Maturity Date	Series 2014		Series 2017		Series 2019		Series 2021		Total	Remaining Bonds Outstanding
	Principal Jan. 1	Interest Rate								
2023	\$ 740	5.000	\$ 2,290	5.000	\$ 375	5.000	\$ 1,195	5.000	\$ 4,600	\$ 57,920
2024	775	3.500	2,405	5.000	395	5.000	980	5.000	4,555	53,365
2025	805	4.000	2,515	5.000	415	5.000	440	5.000	4,175	49,190
2026	835	4.000	2,645	5.000	435	5.000	460	5.000	4,375	44,815
2027	870	4.000	2,775	5.000	455	5.000	485	5.000	4,585	40,230
2028	905	5.000	2,335	5.000	480	5.000	505	5.000	4,225	36,005
2029	950	5.000	2,455	5.000	500	5.000	535	5.000	4,440	31,565
2030	995	5.000	1,535	5.000	525	5.000	560	5.000	3,615	27,950
2031	1,045	5.000	930	5.000	555	5.000	585	5.000	3,115	24,835
2032	1,100	5.000	980	5.000	580	5.000	615	4.000	3,275	21,560
2033	1,155	5.000	1,025	5.000	610	5.000	640	4.000	3,430	18,130
2034	1,210	5.000	1,080	5.000	640	5.000	665	4.000	3,595	14,535
2035			1,135	5.000	670	5.000	695	4.000	2,500	12,035
2036			1,190	5.000	705	5.000	720	4.000	2,615	9,420
2037			1,250	5.000	740	5.000	750	4.000	2,740	6,680
2038					780	5.000	780	4.000	1,560	5,120
2039					815	5.000	810	4.000	1,625	3,495
2040					860	5.000	845	4.000	1,705	1,790
2041							875	4.000	875	915
2042							915	4.000	915	-
Total	\$ 11,385		\$ 26,545		\$ 10,535		\$ 14,055		\$ 62,520	

Selected Financial Data and Statistics - Unaudited

Public Utility District No. 1 of Clark County

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Operating revenues	\$ 446,017	\$ 421,493	\$ 359,562	\$ 374,051	\$ 370,902	\$ 382,722	\$ 374,647	\$ 379,227	\$ 375,782	\$ 373,657
Operating expenses	417,818	373,018	340,118	352,844	343,936	344,539	339,617	342,301	346,815	339,662
Operating income	28,199	48,475	19,444	21,207	26,966	38,183	35,030	36,926	28,967	33,995
Non-operating revenues (expenses)	(6,665)	(12,460)	(12,803)	(10,964)	(12,054)	(12,699)	(15,701)	(14,553)	(14,006)	(15,409)
Net income (loss)	\$ 21,534	\$ 36,015	\$ 6,641	\$ 10,243	\$ 14,912	\$ 25,484	\$ 19,329	\$ 22,373	\$ 14,961	\$ 18,586

Electric System Statistics

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Electric energy delivered megawatt hours (in thousands)										
Residential	2,692	2,584	2,483	2,438	2,365	2,525	2,289	2,270	2,316	2,387
Commercial	1,358	1,312	1,237	1,312	1,310	1,335	1,292	1,287	1,289	1,293
Industrial	763	758	731	740	765	749	720	724	749	735
Off-system sales	720	677	727	699	796	593	907	1,033	901	851
Miscellaneous	21	21	23	25	25	29	28	29	27	26
Total	5,554	5,352	5,201	5,214	5,261	5,231	5,236	5,343	5,282	5,292

Average revenue per kwh (in cents)

Residential	9.22	9.24	9.25	9.26	9.27	9.17	9.25	9.24	9.21	9.16
Commercial	7.39	7.40	7.46	7.41	7.41	7.37	7.38	7.38	7.38	7.37
Industrial	5.56	5.56	5.57	5.56	5.56	5.57	5.57	5.58	5.58	5.58
Miscellaneous	15.54	14.82	14.20	14.21	14.10	12.15	13.68	13.51	13.59	13.62

Average - all classes	8.16	8.15	8.18	8.14	8.12	8.09	8.07	8.10	7.90	7.79
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Average number of customers

Residential	207,817	203,039	197,577	193,221	188,131	183,880	180,241	176,605	174,379	171,449
Commercial	17,798	17,599	17,240	16,924	16,527	16,130	15,703	15,449	15,248	15,021
Industrial	28	28	29	29	29	29	29	29	29	28
Miscellaneous	1,580	1,555	1,545	1,530	1,524	1,484	1,448	1,465	1,471	1,441

Total - all classes	227,223	222,221	216,391	211,704	206,211	201,523	197,421	193,548	191,127	187,939
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Average annual kwh used per customer

Residential	12,952	12,729	12,568	12,615	12,570	13,734	12,698	12,853	13,278	13,923
Commercial	76,316	74,531	71,746	77,518	79,272	82,764	82,263	83,333	84,532	86,087
Industrial	27,246,419	27,063,714	25,192,395	25,530,416	26,365,602	25,830,198	24,842,179	24,969,726	25,827,682	26,248,173
Miscellaneous	13,313	13,821	15,101	15,940	16,687	19,379	19,027	19,570	18,597	18,051

Selected Financial Data and Statistics - Unaudited

Public Utility District No. 1 of Clark County

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Operating revenues	\$ 22,302	\$ 22,462	\$ 20,991	\$ 19,430	\$ 20,966	\$ 18,685	\$ 17,389	\$ 17,471	\$ 15,697	\$ 14,920
Operating expenses	18,515	18,059	16,302	15,606	15,001	14,268	13,324	12,690	11,796	11,008
Operating income	3,787	4,403	4,689	3,824	5,965	4,417	4,065	4,781	3,901	3,912
Non-operating revenues (expenses)	(1,564)	(1,616)	(1,868)	(1,507)	(1,484)	(2,375)	(1,964)	(539)	(1,997)	(1,166)
Net income (loss)	\$ 2,223	\$ 2,787	\$ 2,821	\$ 2,317	\$ 4,481	\$ 2,042	\$ 2,101	\$ 4,242	\$ 1,904	\$ 2,746

Water System Statistics

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Cubic feet delivered (in thousands)										
Residential	433,378	467,058	416,535	390,893	412,919	382,318	357,535	382,190	350,868	335,558
Commercial	71,828	72,953	61,319	66,246	67,174	60,565	56,742	53,478	50,858	48,708
Miscellaneous	112,238	110,540	87,240	76,365	84,273	77,882	72,996	76,807	64,881	61,415
Total	617,444	650,551	565,094	533,504	564,366	520,765	487,273	512,475	466,607	445,681

Average revenue per cubic foot (in cents)

Residential	2.94	2.86	2.92	2.94	2.90	2.92	2.92	2.87	2.91	2.92
Commercial	2.86	2.83	2.87	2.81	2.83	2.78	2.75	2.74	2.78	2.77
Miscellaneous	2.75	2.71	2.75	2.73	2.73	2.72	2.70	2.70	2.68	2.70
Average - all classes	2.90	2.83	2.89	2.89	2.86	2.87	2.87	2.83	2.86	2.87

Average number of customers

Residential	37,172	36,278	35,271	34,376	33,373	32,276	31,384	30,673	30,091	29,599
Commercial	1,413	1,365	1,327	1,294	1,253	1,167	1,104	1,076	1,081	1,072
Miscellaneous	747	750	752	756	758	761	760	753	725	711
Total - all classes	39,332	38,393	37,350	36,426	35,384	34,204	33,248	32,502	31,897	31,382

Average annual cubic feet used per customer

Residential	11,659	12,874	11,810	11,371	12,373	11,845	11,392	12,460	11,660	11,337
Commercial	50,834	53,446	46,209	51,195	53,610	51,898	51,397	49,701	47,047	45,437
Miscellaneous	150,252	147,387	116,010	101,012	111,178	102,342	96,047	102,001	89,491	86,378



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