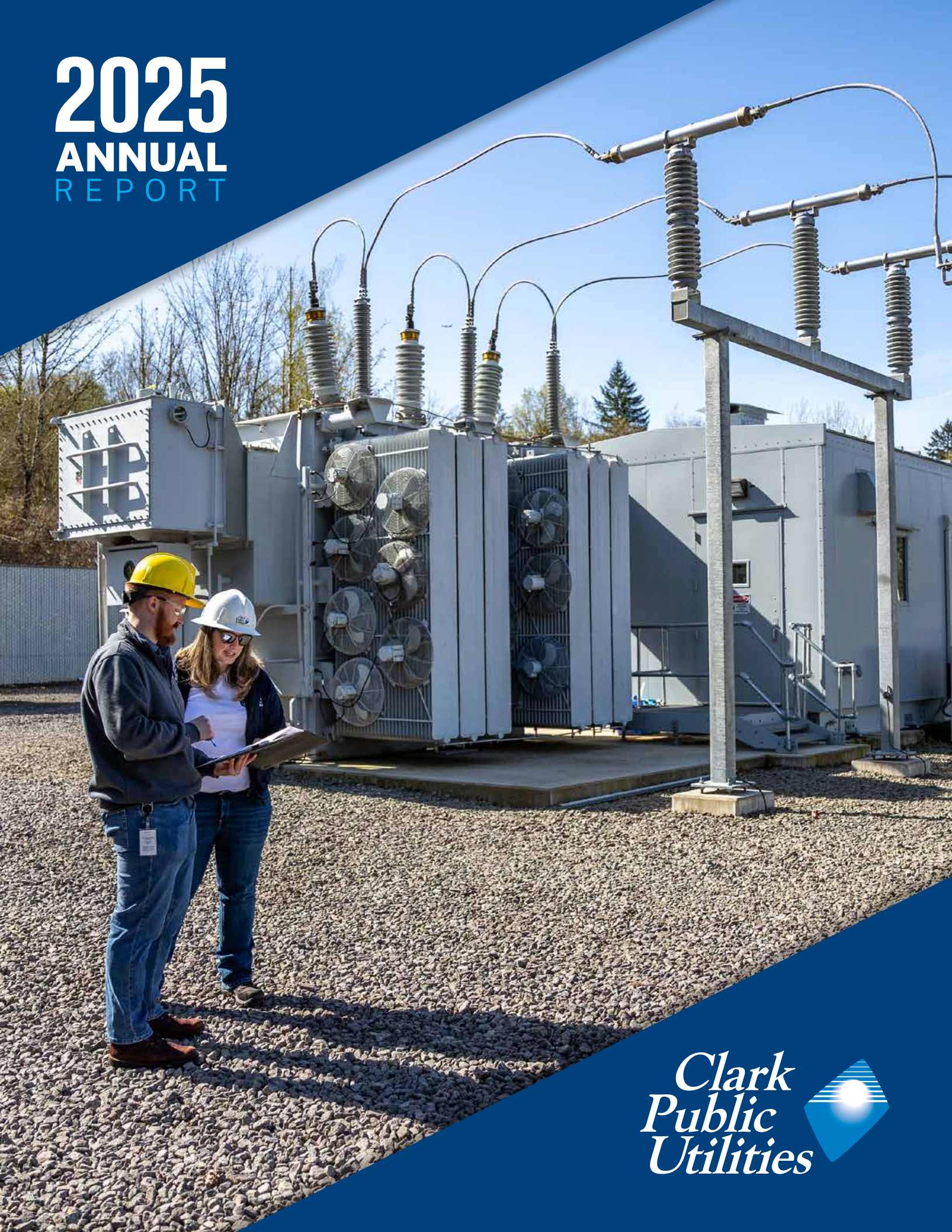


2025 ANNUAL REPORT



Clark
Public
Utilities





About Us

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

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



Highlights

| | 2025 | 2024 |
|------------------------------------|---------------|-------------|
| ELECTRIC SYSTEM | | |
| Customers (year end) | 243,809 | 239,896 |
| Total operating revenue | \$473,880,000 | 499,494,000 |
| Electricity sales (megawatt hours) | 5,314,161 | 5,610,947 |
| Peak demand (megawatts) | 1,033 | 1,144 |
| Net income (loss) | \$16,409,000 | \$1,008,000 |
| Employees (year end) | 413 | 414 |

| | | |
|---|--------------|---------------|
| GENERATING SYSTEM | | |
| Total operating revenue | \$89,259,000 | \$108,480,000 |
| Electricity generation (megawatt hours) | 1,434,708 | 1,561,663 |
| Displacement (megawatt hours) | 76,072 | - |
| Employees (year end) | 1 | 1 |

| | | |
|-------------------------------|--------------|--------------|
| WATER SYSTEM | | |
| Customers (year end) | 42,091 | 41,402 |
| Total operating revenue | \$22,520,000 | \$23,350,000 |
| Water sales (cubic feet) | 687,582,000 | 659,385,000 |
| Peak 24-hour demand (gallons) | 31,284,000 | 32,583,000 |
| Net income (loss) | \$205,000 | \$2,518,000 |
| Employees (year end) | 31 | 31 |

COMMISSIONERS



Nancy E. Barnes
First elected 1992, term ends 2028



Sherry Erickson
First elected 2024, term ends 2030



Jane Van Dyke
Elected 2014, term ends 2026

SENIOR LEADERSHIP TEAM



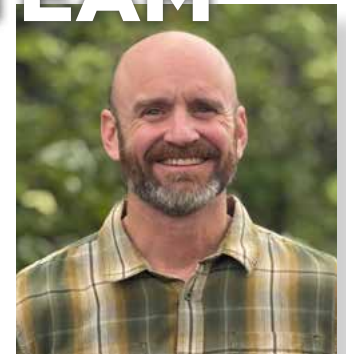
Steve Andersen
Director of Energy Resources



Margaret Anderson
Executive Assistant to the
CEO and Commission



Melissa Ankeny
Director of Finance/Treasurer



Tyler Clary
Director of Water Services



John Eldridge
General Counsel



Erica Erland
Director of Communications
& Corporate Citizenship



Lisa Fix
Director of Customer Service



Jeff Groff
Director of Information
Services



Cal Morris
Director of Engineering



Gene Morris
Director of Operations



Nichole Reitzenstein
Director of Employee
Resources



A message from our CEO

Reliable and safe power and water are the foundation of life and livelihoods in Clark County. As a community-owned public utility district, we recognize both the privilege and responsibility of delivering these essential services every hour of every day.

While our commitment to providing reliable, convenient and exceptional service remains unchanged, utilities across the region face an increasingly complex operating environment. Forecasts of significant load growth, more frequent extreme weather events, and ongoing market volatility are creating long-term resource adequacy challenges throughout the Pacific Northwest. As a result, utility issues are becoming increasingly important in conversations ranging from the living room to the legislature.

Through careful planning, strategic investments, and ongoing customer engagement, we continue to build on our legacy of reliability, fiscal responsibility, and service excellence.

That commitment was tested in December when a powerful storm caused the largest outage in the utility's history. Nearly half of our customers — about 110,000 electric connections — lost power in a single day. Thanks to years of preparation, employee training, and established mutual aid partnerships, crews from across the organization responded immediately. Almost all affected customers had power restored within 24 hours, demonstrating the resilience of both our system and our workforce.

Our focus on customer satisfaction continues to earn national recognition. In October, customers ranked Clark Public Utilities highest in overall customer satisfaction and perceived value in the national E Source Business Customer Satisfaction Study. Customers also rated us highest for outage communications, ease of doing business with, and efforts to keep energy costs affordable. In other industry benchmark surveys, residential customers continued to rank us among the best performing utilities in the nation in terms of customer satisfaction.

At the same time as we continue to exceed customer expectations, we are strengthening partnerships throughout the region to enhance reliability and manage future risks. In October, we began a load-following contract with the Bonneville Power Administration. The agreement will improve rate and supply stability by reducing operational complexity and financial exposure to energy market disruptions.

We also expanded opportunities for direct engagement with community and business leaders. The inaugural Key Accounts & Community Leader Summit brought together customers, partner organizations, and elected officials to discuss utility priorities, long-term planning efforts, and the strategies used to maintain fiscal discipline while offering valuable programs and services.

Looking ahead, significant investments in both electric and water infrastructure are underway across Clark County. These projects will strengthen system reliability, support future growth, and enhance service for generations to come. In support of the Water System's 20-year plan, commissioners adopted the first water rate adjustment since 2012, following a comprehensive cost-of-service analysis. The updated two-year rate structure is designed to more equitably align cost recovery among customer classes while encouraging efficient water use and supporting critical infrastructure investments.

As customer needs evolve and industry conditions continue to change, Clark Public Utilities remains focused on meeting those challenges with the same dedication that has guided us for generations. As a community-focused public power and water utility, we are committed to putting customers first — today and into the future.

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, 2025, 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, 2024, 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, 2025, 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, 2024, 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 for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

continues on page 7

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.

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.

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continued from page 7

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.

Baker Tilly US, LLP

Portland, Oregon

May 11, 2026

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, 2025, with comparable information for 2024 and 2023. 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.

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

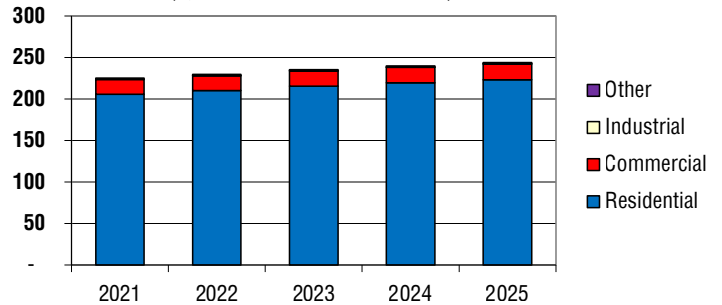
During 2025, the Electric System realized a net income before contributions of \$16.4 million. Factors influencing these results in 2025 include:

- Sales revenues decreased from \$486.6 million in 2024 to \$460.3 million in 2025 or 5.4 percent.
- Other operating revenues increased from \$12.9 million in 2024 to \$13.6 million in 2025 or 5.4 percent.
- Power supply expenses decreased from \$352.5 million in 2024 to \$302.9 million in 2025 or 14.1 percent.
- Operating and maintenance expenses increased from \$75.1 million in 2024 to \$81.0 million in 2025 or 7.9 percent.
- The River Road Generating Plant was shut down for annual maintenance for 2,651 hours in 2025, compared to 2,206 hours in 2024.
- The Board of Commissioners increased regulatory revenues by \$15 million to be used in future rate periods, \$9.4 million was allocated to the Resource Adequacy Fund and \$5.6 million was allocated for Generating System 2026 capital funding.

System Rates

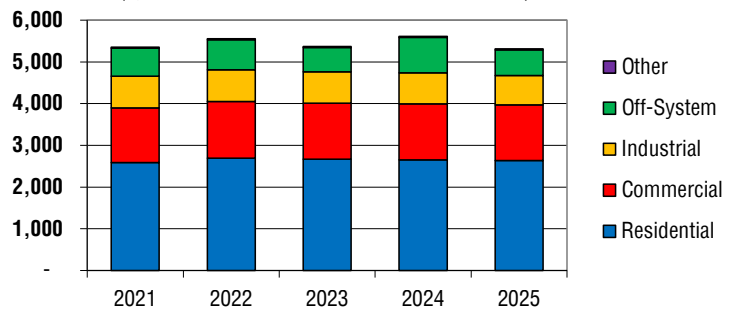
Electric System rates remained unchanged during 2025.

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 2025, the Electric System had contracts with Bonneville Power Administration (BPA), the Generating System, Eurus Combine Hills II LLC, Eurus Combine Hills I LLC, the Packwood Hydroelectric Project and other power suppliers to provide the Electric System's power resources. The Electric System purchases about 49 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 that required hourly management of loads and resources. In October 2025, the contract with BPA was amended to a Load Following product in which BPA manages hourly loads. This contract expires September 2028. BPA energy includes renewable hydropower and nuclear power. The contract provides capacity and energy for the Electric System. 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) | 2025 | 2024 | 2023 |
|---|--------------------|-------------------|-------------------|
| Operating revenues | \$ 473,880 | \$ 499,494 | \$ 457,627 |
| Operating expenses | 453,439 | 495,403 | 454,812 |
| Operating income | 20,441 | 4,091 | 2,815 |
| Net income before contributions | 16,409 | 1,008 | 1,431 |
| Contributions in aid of construction | 4,907 | 3,224 | 3,453 |
| Total assets | \$ 985,901 | \$ 975,372 | \$ 891,090 |
| Total deferred outflows of resources | 17,920 | 16,112 | 13,030 |
| Total assets and deferred outflows of resources | \$1,003,821 | \$ 991,484 | \$ 904,120 |
| Total liabilities | \$ 408,510 | \$ 449,494 | \$ 362,067 |
| Deferred inflows of resources | 138,771 | 106,766 | 111,061 |
| Net investment in capital assets | \$ 216,158 | \$ 231,579 | \$ 216,553 |
| Restricted | 35,521 | 34,393 | 33,772 |
| Unrestricted | 204,861 | 169,252 | 180,667 |
| Total net position | \$ 456,540 | \$ 435,224 | \$ 430,992 |
| Total liabilities, deferred inflows and net position | \$1,003,821 | \$ 991,484 | \$ 904,120 |
| Change in net position | \$ 21,316 | \$ 4,232 | \$ 4,884 |

Capital Asset and Long-term Debt Activity

Total gross utility plant in service as of December 31, 2025, 2024 and 2023 consisted of the following:

| (in thousands) | 2025 | 2024 | 2023 |
|---------------------------------------|---------------------|--------------------|---------------------|
| Intangible plant | \$ 69,961 | \$ 65,176 | \$ 61,720 |
| SBITA asset | 683 | 683 | 683 |
| Transmission and distribution | 1,057,926 | 1,007,938 | 965,557 |
| General plant | 106,758 | 101,241 | 97,659 |
| Total utility plant in service | \$ 1,235,328 | \$1,175,038 | \$1,125,619 |
| Construction work in progress | 16,604 | 9,186 | 18,080 |
| Total gross utility plant | \$ 1,251,932 | 1,194,224 | \$ 1,143,699 |

In 2025, the Electric System investment in gross utility plant increased by \$57.7 million. As of year-end, the Electric System had \$1.3 billion invested in gross utility plant. Utility plant net of depreciation was \$502.0 million, which represents an increase of \$16.4 million over 2024. Funds for capital construction are provided for through a combination of construction fees, cash flow from revenues and long-term revenue bonds.

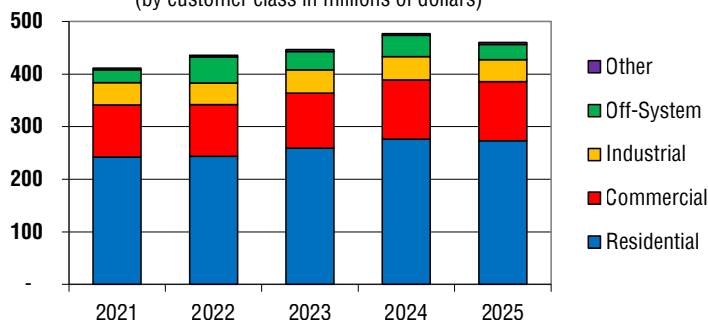
Total liabilities as of December 31, 2025, 2024 and 2023 consisted of the following:

| (in thousands) | 2025 | 2024 | 2023 |
|-------------------------------|-------------------|-------------------|-------------------|
| Total current liabilities | \$ 107,908 | \$ 107,732 | \$ 96,374 |
| Total non-current liabilities | 281,293 | 305,162 | 245,053 |
| Total other liabilities | 19,309 | 36,600 | 20,640 |
| Total liabilities | \$ 408,510 | \$ 449,494 | \$ 362,067 |

At year-end, the Electric System had \$274.1 million in revenue bonds outstanding, versus \$291.4 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. The plant is 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 (loss) was \$(0.3) million and \$20.9 million in 2025 and 2024, respectively.

Fuel Supply

The District's 2025 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 42,394 mmBtu per day through October 2025 and 40,394 mmBtu per day from November 2025 through October 2030.

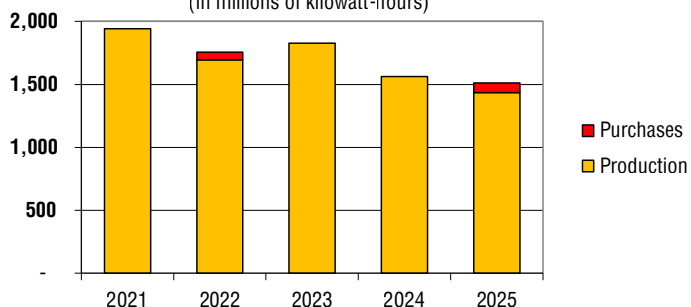
Operating Statistics

(in thousands, except hours and percentages)

| | 2025 | 2024 | 2023 |
|--|-----------|-----------|-----------|
| Energy production (megawatt-hours) | 1,435 | 1,562 | 1,829 |
| Power purchased for displacement (mWh) | 76 | - | - |
| Total energy output (mWh) | 1,511 | 1,562 | 1,829 |
| Percent of Electric System | | | |
| energy purchases | 28% | 27% | 33% |
| Fuel expense (less re-marketed fuel) | \$ 60,184 | \$ 56,930 | \$ 49,836 |
| Production hours | 6,109 | 6,578 | 7,561 |
| Displacement hours | 322 | - | - |
| Unavailable hours | 2,329 | 2,206 | 1,199 |
| Total hours | 8,760 | 8,784 | 8,760 |

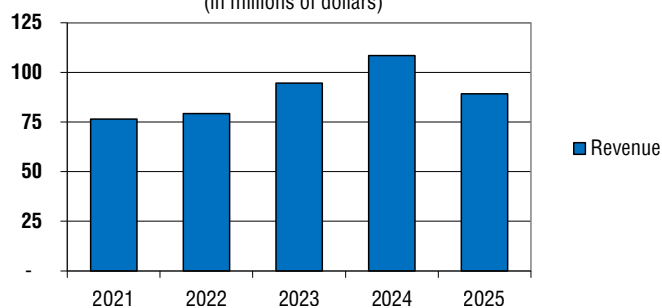
Generating System Output

(in millions of kilowatt-hours)



Generating System Revenue

(in millions of dollars)



Selected Financial Data

| (in thousands) | 2025 | 2024 | 2023 |
|---|------------|------------|------------|
| Operating revenue | \$ 89,259 | \$ 108,480 | \$ 94,692 |
| Operating expenses | 89,558 | 87,602 | 77,015 |
| Operating income (loss) | (299) | 20,878 | 17,677 |
| Net income (loss) | (1,608) | 17,908 | 14,138 |
| Total assets | \$ 149,598 | \$ 172,424 | \$ 167,518 |
| Total deferred outflows of resources | - | 247 | 2,175 |
| Total assets and deferred outflows of resources | \$ 149,598 | \$ 172,671 | \$ 169,693 |
| Total liabilities | \$ 56,065 | \$ 77,530 | \$ 92,460 |
| Net investment in capital assets | \$ 80,967 | \$ 63,963 | \$ 43,346 |
| Restricted | 4,093 | 9,897 | 9,897 |
| Unrestricted | 8,473 | 21,281 | 23,990 |
| Total net position | \$ 93,533 | \$ 95,141 | \$ 77,233 |
| Total liabilities and net position | \$ 149,598 | \$ 172,671 | \$ 169,693 |
| Change in net position | \$ (1,608) | \$ 17,908 | \$ 14,138 |

Capital Asset and Long-term Debt Activity

In 2025, the Generating System investment in gross utility plant increased by \$9.8 million in capital construction. As of year-end, the Generating System had \$381.5 million invested in gross utility plant. Utility plant net of depreciation was \$134.1 million, which represented a decrease of \$3.0 million from 2024. Funds for capital construction are provided for through long-term revenue bonds, line of credit, and transfers from the Electric System.

Total gross utility plant in service as of December 31, 2025, 2024 and 2023 consisted of the following:

| (in thousands) | 2025 | 2024 | 2023 |
|--------------------------------|------------|------------|------------|
| Intangible plant | \$ 1,394 | \$ 1,394 | \$ 1,394 |
| Source of supply | 20 | 20 | 20 |
| Pumping plant | 170 | 170 | 170 |
| Water treatment | 697 | 697 | 697 |
| Production plant | 325,988 | 323,963 | 303,834 |
| Transmission and distribution | 18,261 | 18,261 | 18,261 |
| General plant | 12,609 | 11,924 | 11,230 |
| Allowance for funds used | 8,316 | 8,316 | 8,316 |
| Total utility plant in service | \$ 367,455 | \$ 364,745 | \$ 343,922 |
| Construction work in progress | 13,997 | 6,954 | 6,296 |
| Total gross utility plant | \$ 381,452 | \$ 371,699 | \$ 350,218 |

Total liabilities as of December 31, 2025, 2024 and 2023 consisted of the following:

| (in thousands) | 2025 | 2024 | 2023 |
|-------------------------------|-----------|-----------|-----------|
| Total current liabilities | \$ 11,061 | \$ 23,606 | \$ 26,123 |
| Total non-current liabilities | 45,004 | 53,924 | 66,337 |
| Total liabilities | \$ 56,065 | \$ 77,530 | \$ 92,460 |

At year-end, the Generating System had \$40.9 million in revenue bonds outstanding versus \$61.4 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.

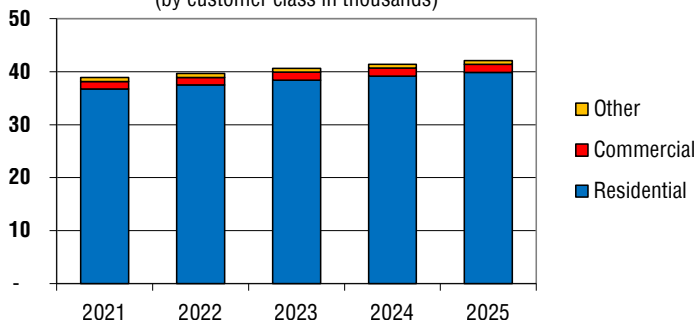
Financial Summary and Analysis

The Water System operating revenue decreased from \$23.4 million in 2024 to \$22.5 million in 2025 or 3.6 percent. The Water System realized a net income before contributions of \$0.2 million for 2025.

System Rates

Water System rates remained unchanged during 2025. In October 2025, the Board of Commissioners adopted new rates for all customer classes effective January 1, 2026 and January 1, 2027.

Water System Customers
(by customer class in thousands)

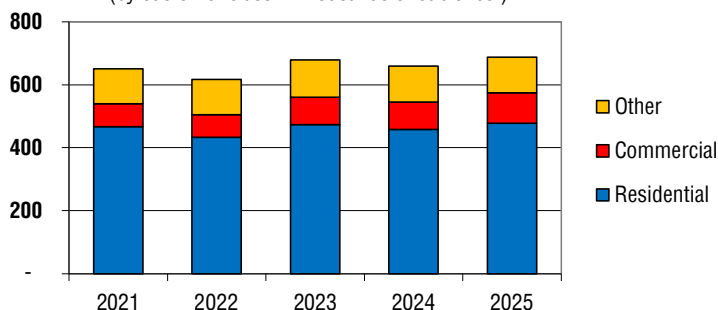


Selected Financial Data

| (in thousands) | 2025 | 2024 | 2023 |
|---|-------------------|-------------------|-------------------|
| Operating revenues | \$ 22,520 | \$ 23,350 | \$ 21,431 |
| Operating expenses | 20,769 | 20,080 | 18,397 |
| Operating income | 1,751 | 3,270 | 3,034 |
| Net income (loss) before contributions | 205 | 2,518 | 2,591 |
| Contributions in aid of construction | 3,584 | 3,817 | 4,108 |
| Total assets | \$ 306,936 | \$ 252,742 | \$ 251,574 |
| Total deferred outflows of resources | 1,545 | 1,393 | 1,074 |
| Total assets and deferred outflows of resources | \$ 308,481 | \$ 254,135 | \$ 252,648 |
| Total liabilities | \$ 154,399 | \$ 105,829 | \$ 111,026 |
| Deferred inflows of resources | 12,692 | 10,705 | 10,356 |
| Net investment in capital assets | \$ 103,534 | \$ 103,584 | \$ 100,986 |
| Restricted | 12,197 | 8,343 | 8,559 |
| Unrestricted | 25,659 | 25,674 | 21,721 |
| Total net position | \$ 141,390 | \$ 137,601 | \$ 131,266 |
| Total liabilities, deferred inflows and net position | \$ 308,481 | \$ 254,135 | \$ 252,648 |
| Change in net position | \$ 3,789 | \$ 6,335 | \$ 6,699 |

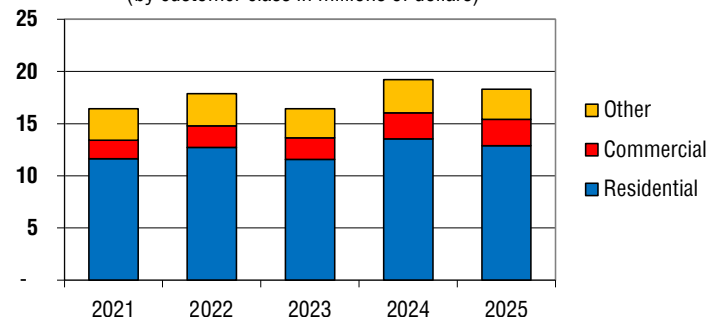
Water System Sales

(by customer class in thousands of cubic feet)



Water System Revenues

(by customer class in millions of dollars)



Capital Asset and Long-term Debt Activity

Total gross utility plant in service as of December 31, 2025, 2024 and 2023 consisted of the following:

| (in thousands) | 2025 | 2024 | 2023 |
|---------------------------------------|----------------|----------------|----------------|
| Intangible plant | \$ 260 | \$ 260 | \$ 260 |
| Source of supply | 30,417 | 29,884 | 29,884 |
| Pumping plant | 21,989 | 20,948 | 20,004 |
| Water treatment | 5,789 | 5,789 | 5,789 |
| Transmission and distribution | 261,378 | 243,971 | 233,582 |
| General plant | 5,626 | 5,192 | 4,369 |
| Total utility plant in service | 325,459 | 306,044 | 293,888 |
| Construction work in progress | 16,075 | 16,003 | 8,675 |

Total gross utility plant \$ 341,534 \$ 322,047 \$ 302,563

In 2025, the Water System investment in gross utility plant increased by \$19.5 million. As of year-end, the Water System had \$341.5 million invested in gross utility plant. Utility plant net of depreciation was \$203.1 million, which represented an increase of \$10.7 million over 2024. 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, 2025, 2024 and 2023 consisted of the following:

| (in thousands) | 2025 | 2024 | 2023 |
|-------------------------------|-------------------|-------------------|-------------------|
| Total current liabilities | \$ 12,474 | \$ 11,775 | \$ 10,164 |
| Total non-current liabilities | 139,783 | 91,968 | 99,199 |
| Total other liabilities | 2,142 | 2,086 | 1,663 |
| Total liabilities | \$ 154,399 | \$ 105,829 | \$ 111,026 |

At year-end, the Water System had \$128.0 million in revenue bonds outstanding, versus \$83.0 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, 2025 and 2024 (in thousands)

| | Electric System | Generating System | Water System | Total 2025 | Total 2024 |
|---|-----------------|-------------------|--------------|------------|------------|
| Operating revenues | | | | | |
| Sales | \$ 460,261 | \$ 82,067 | \$ 18,301 | \$ 560,629 | \$ 605,007 |
| Other operating revenues | 13,619 | 7,192 | 4,219 | 25,030 | 26,317 |
| Total operating revenues | 473,880 | 89,259 | 22,520 | 585,659 | 631,324 |
| Operating expenses | | | | | |
| Power supply | 302,867 | - | - | 302,867 | 352,471 |
| Operation and maintenance expense | 81,015 | 74,466 | 10,651 | 166,132 | 159,882 |
| Depreciation and amortization expense | 42,311 | 12,749 | 9,039 | 64,099 | 62,081 |
| Taxes | 27,246 | 2,343 | 1,079 | 30,668 | 28,651 |
| Total operating expenses | 453,439 | 89,558 | 20,769 | 563,766 | 603,085 |
| Operating income (loss) | 20,441 | (299) | 1,751 | 21,893 | 28,239 |
| Non-operating revenues (expenses) | | | | | |
| Interest and investment revenue | 12,412 | 663 | 1,565 | 14,640 | 14,602 |
| Miscellaneous revenue | 5,306 | - | - | 5,306 | 5,403 |
| Amortization of debt | 3,896 | 477 | 961 | 5,334 | 3,812 |
| Interest expense | (13,799) | (2,449) | (4,072) | (20,320) | (19,229) |
| Miscellaneous expenses | (11,847) | - | - | (11,847) | (11,393) |
| Total non-operating revenues (expenses) | (4,032) | (1,309) | (1,546) | (6,887) | (6,805) |
| Net income (loss) before contributions | 16,409 | (1,608) | 205 | 15,006 | 21,434 |
| Contributions in aid of construction | 4,907 | - | 3,584 | 8,491 | 7,041 |
| Net increase (decrease) in net position | 21,316 | (1,608) | 3,789 | 23,497 | 28,475 |
| Total net position - beginning | 435,224 | 95,141 | 137,601 | 667,966 | 639,491 |
| Total net position - ending | \$ 456,540 | \$ 93,533 | \$ 141,390 | \$ 691,463 | \$ 667,966 |

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

December 31, 2025 and 2024 (in thousands)

| | Electric System | Generating System | Water System | Total 2025 | Total 2024 |
|---|-----------------|-------------------|--------------|--------------|--------------|
| Assets | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | \$ 375,115 | \$ 14,490 | \$ 100,024 | \$ 489,629 | \$ 446,299 |
| Accounts receivable (net) | 22,783 | 804 | - | 23,587 | 27,223 |
| Accrued unbilled revenues | 41,604 | - | 50 | 41,654 | 46,827 |
| Materials and supplies | 9,928 | - | - | 9,928 | 10,193 |
| Prepayments and other assets | 1,975 | - | - | 1,975 | 5,132 |
| Total current assets | 451,405 | 15,294 | 100,074 | 566,773 | 535,674 |
| Utility plant: | | | | | |
| Plant in service | 1,235,328 | 367,455 | 325,459 | 1,928,242 | 1,845,827 |
| Construction work in progress | 16,604 | 13,997 | 16,075 | 46,676 | 42,143 |
| Total gross utility plant | 1,251,932 | 381,452 | 341,534 | 1,974,918 | 1,887,970 |
| Accumulated depreciation and amortization | (749,940) | (247,361) | (138,396) | (1,135,697) | (1,072,869) |
| Net utility plant | 501,992 | 134,091 | 203,138 | 839,221 | 815,101 |
| Regulatory and other assets | 32,504 | 213 | 3,724 | 36,441 | 49,763 |
| Total assets | 985,901 | 149,598 | 306,936 | 1,442,435 | 1,400,538 |
| Deferred outflows of resources | 17,920 | - | 1,545 | 19,465 | 17,752 |
| Total assets and deferred outflows | \$ 1,003,821 | \$ 149,598 | \$ 308,481 | \$ 1,461,900 | \$ 1,418,290 |

| | Electric System | Generating System | Water System | Total 2025 | Total 2024 |
|--|-----------------|-------------------|--------------|--------------|--------------|
| Liabilities | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | \$ 40,113 | \$ 1,590 | \$ 3,889 | \$ 45,592 | \$ 50,149 |
| Accrued taxes and interest | 20,395 | 1,351 | 2,192 | 23,938 | 23,362 |
| Other accrued liabilities | 27,400 | - | - | 27,400 | 25,688 |
| Current maturities long-term debt | 20,000 | 8,120 | 6,393 | 34,513 | 43,914 |
| Total current liabilities | 107,908 | 11,061 | 12,474 | 131,443 | 143,113 |
| Long-term debt: | | | | | |
| Revenue bonds | 254,115 | 32,810 | 122,680 | 409,605 | 393,055 |
| Unamortized premium and discount | 27,178 | 3,144 | 12,049 | 42,371 | 42,777 |
| Other long-term debt | - | 9,050 | 5,054 | 14,104 | 15,222 |
| Total long-term debt | 281,293 | 45,004 | 139,783 | 466,080 | 451,054 |
| Other liabilities | 19,309 | - | 2,142 | 21,451 | 38,686 |
| Total liabilities | 408,510 | 56,065 | 154,399 | 618,974 | 632,853 |
| Deferred inflows of resources | 138,771 | - | 12,692 | 151,463 | 117,471 |
| Net position | | | | | |
| Net investment in capital assets | 216,158 | 80,967 | 103,534 | 400,659 | 399,126 |
| Restricted for: | | | | | |
| Debt service reserve | 24,963 | 4,093 | 11,286 | 40,342 | 42,378 |
| Net pension asset | 10,558 | - | 911 | 11,469 | 10,255 |
| Unrestricted | 204,861 | 8,473 | 25,659 | 238,993 | 216,207 |
| Total net position | 456,540 | 93,533 | 141,390 | 691,463 | 667,966 |
| Total liabilities, deferred inflows and net position | \$ 1,003,821 | \$ 149,598 | \$ 308,481 | \$ 1,461,900 | \$ 1,418,290 |

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, 2025 and 2024 (in thousands)

| | Electric System | Generating System | Water System | Total 2025 | Total 2024 |
|--|-----------------|-------------------|--------------|------------|------------|
| Cash flows from operating activities: | | | | | |
| Receipts from customers | \$ 492,678 | \$ 89,259 | \$ 24,023 | \$ 605,960 | \$ 611,041 |
| Payments to employees for services | (37,090) | - | - | (37,090) | (33,416) |
| Payments to suppliers for goods and services | (361,444) | (75,874) | (11,295) | (448,613) | (506,900) |
| Net cash from operating activities | 94,144 | 13,385 | 12,728 | 120,257 | 70,725 |
| Cash flows from investing activities: | | | | | |
| Utility plant additions, net of cost of removal and salvage | (53,780) | (9,754) | (16,197) | (79,731) | (86,900) |
| Interest received and other income (expense) | 9,027 | 663 | 1,905 | 11,595 | 29,769 |
| Net cash used by investing activities | (44,753) | (9,091) | (14,292) | (68,136) | (57,131) |
| Cash flows from capital financing activities: | | | | | |
| Borrowings from revenue bonds | - | - | 49,945 | 49,945 | 108,635 |
| Principal payments of revenue bonds | (17,255) | (20,465) | (5,025) | (42,745) | (82,515) |
| Other long-term debt | - | - | (1,169) | (1,169) | 7,267 |
| Acquisition of debt | - | - | 4,959 | 4,959 | 12,628 |
| Interest paid | (12,827) | (2,948) | (4,006) | (19,781) | (19,319) |
| Net cash from capital financing activities | (30,082) | (23,413) | 44,704 | (8,791) | 26,696 |
| Net increase (decrease) in cash and cash equivalents | 19,309 | (19,119) | 43,140 | 43,330 | 40,290 |
| Cash and cash equivalents at beginning of year | 355,806 | 33,609 | 56,884 | 446,299 | 406,009 |
| Cash and cash equivalents at end of year | \$ 375,115 | \$ 14,490 | \$ 100,024 | \$ 489,629 | \$ 446,299 |
| Reconciliation of operating income to net cash from operating activities: | | | | | |
| Operating income (loss) | \$ 20,441 | \$ (299) | \$ 1,751 | \$ 21,893 | \$ 28,239 |
| Adjustments to reconcile operating income to net cash from operating activities: | | | | | |
| Depreciation and amortization | 42,311 | 12,749 | 9,039 | 64,099 | 62,081 |
| Change in assets and liabilities: | | | | | |
| Accounts receivable (net) | 8,431 | 248 | 3 | 8,682 | (9,563) |
| Other assets | 13,960 | 387 | (137) | 14,210 | (12,774) |
| Accounts payable and other accrued liabilities | (3,486) | 300 | 434 | (2,752) | 14,628 |
| Regulatory and other liabilities | 12,487 | - | 1,638 | 14,125 | (11,886) |
| Net cash from operating activities | \$ 94,144 | \$ 13,385 | \$ 12,728 | \$ 120,257 | \$ 70,725 |

Supplemental disclosure of cash flow information

Non-cash capital and related financing and investing activities:

Contributions in aid of construction of \$8,491 and \$7,041 in 2025 and 2024 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 and Water System customers are billed monthly. 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 \$5.0 million and \$5.8 million as of December 31, 2025 and 2024, 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 compensated absences and certain associated salary-related payments in accordance with GASB Statement No. 101. This statement requires that leave that has not yet been used or not yet paid out to be recognized as a liability. It also provides guidance on measuring the total liability for leave not yet used. Compensated absences are included in other accrued liabilities on the Combined Statements of Net Position. The compensated absences balance was \$27.0 million and \$25.3 million as of December 31, 2025 and 2024, 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 (asset) 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.

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 49 percent of the District's power supply in 2025, with the remainder provided by the River Road Generating Plant, the Eurus Combine Hills II Project, the Eurus Combine Hills I Project, 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.

Notes to Combined Financial Statements

a) BPA Contracts

Effective October 2011, the District began taking deliveries under the Slice/Block power sales contract with BPA. In October 2025 the power sales contract was amended and the District began purchasing power from BPA as a Load Following customer. The amended BPA contract, which expires in September 2028, incorporates details of the District's purchase of the Slice/Block product prior to October 2025 and Load Following product beginning in October 2025, from the Federal power system. The amended contract provides the capacity and energy necessary to meet the District's load needs in excess of the capacity and energy provided by the District's River Road generating plant and contracted for non-federal 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 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 2025 or 2024. The District will not receive any credits for the remainder of the BPA power contract period and waived its rights to credits under the next BPA power contract.

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 2,651 hours in 2025 and 2,206 hours in 2024 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. In 2025, project output was sold into the market. During 2024, output from the project was brought to serve utility load through April. In May through December 2024 project output was sold into the market.

d) Combine Hills I 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 2024 with Eurus Combine Hills I LLC. Under the agreement, the District purchases the entire output of a 41-megawatt nameplate capacity wind project for a six-year term beginning in February 2024. The project began commercial operation in January 2006 and was sold to another counterparty through January 2024. During 2025, output from the project was brought to serve utility load or sold into the daily or hourly market depending on the District's daily and hourly resource needs. During 2024, output from the project was brought to serve utility load.

e) 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 and for Combine Hills I since February 1, 2024.

f) 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 2025, both parties exercised their option for renewal through September 2026.

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 42,394 mmBtu per day through October 2025 and 40,394 mmBtu per day from November 2025 through October 2030.

Power Supply Costs

For the years ended December 31
(in thousands)

| | 2025 | 2024 |
|--|-------------------|-------------------|
| Bonneville Power Administration | \$ 94,251 | \$ 95,240 |
| From Generating System | 82,067 | 99,220 |
| Packwood | 665 | 647 |
| Market purchases | 72,898 | 97,517 |
| Wind | 14,898 | 17,877 |
| Transmission | 30,533 | 31,733 |
| Other production expense | 7,555 | 10,237 |
| Total power supply costs | \$ 302,867 | \$ 352,471 |
| Average power cost in mills/kWh | 55.12 | 60.91 |

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, 2025 and 2024 consisted of the following:

| (in thousands) | Balance | | Retirements/ Reclassifications | Balance | |
|-------------------------------|--------------------|---------------------------------|-----------------------------------|--------------------|--|
| | Dec. 31, 2024 | Additions/ Reclassifications | | Dec. 31, 2025 | |
| Intangible plant | \$ 65,176 | \$ 4,785 | \$ - | \$ 69,961 | |
| SBITA asset (Note 11) | 683 | - | - | 683 | |
| Trans and distribution | 1,007,938 | 51,596 | 1,608 | 1,057,926 | |
| General plant | 101,241 | 5,829 | 312 | 106,758 | |
| Total plant in service | \$1,175,038 | \$ 62,210 | \$ 1,920 | \$1,235,328 | |

| (in thousands) | Balance | | Retirements/ Reclassifications | Balance | |
|-------------------------------|-------------------|---------------------------------|-----------------------------------|-------------------|--|
| | Dec. 31, 2024 | Additions/ Reclassifications | | Dec. 31, 2025 | |
| Intangible plant | \$ 1,394 | \$ - | \$ - | \$ 1,394 | |
| Source of supply | 20 | - | - | 20 | |
| Pumping plant | 170 | - | - | 170 | |
| Water treatment | 697 | - | - | 697 | |
| Production plant | 323,963 | 2,025 | - | 325,988 | |
| Trans and distribution | 18,261 | - | - | 18,261 | |
| General plant | 11,924 | 685 | - | 12,609 | |
| Allowance for funds used | 8,316 | - | - | 8,316 | |
| Total plant in service | \$ 364,745 | \$ 2,710 | \$ - | \$ 367,455 | |

| (in thousands) | Balance | | Retirements/ Reclassifications | Balance | |
|-------------------------------|-------------------|---------------------------------|-----------------------------------|-------------------|--|
| | Dec. 31, 2024 | Additions/ Reclassifications | | Dec. 31, 2025 | |
| Intangible plant | \$ 260 | \$ - | \$ - | \$ 260 | |
| Source of supply | 29,884 | 533 | - | 30,417 | |
| Pumping plant | 20,948 | 1,041 | - | 21,989 | |
| Water treatment | 5,789 | - | - | 5,789 | |
| Trans and distribution | 243,971 | 17,487 | 80 | 261,378 | |
| General plant | 5,192 | 646 | 212 | 5,626 | |
| Total plant in service | \$ 306,044 | \$ 19,707 | \$ 292 | \$ 325,459 | |

Note 5: Other Assets and Liabilities

Other Assets
Other assets as of December 31, 2025 and 2024 consisted of the following:

| (in thousands) | Electric System | Generating System | Water System | December 31 | |
|--------------------------------|------------------|-------------------|---------------|------------------|------------------|
| | | | | 2025 | 2024 |
| Non-current conservation loans | \$ 568 | \$ - | \$ - | \$ 568 | \$ 984 |
| Net pension asset | 10,558 | - | 911 | 11,469 | 10,255 |
| Total | \$ 11,126 | \$ - | \$ 911 | \$ 12,037 | \$ 11,239 |

Other Liabilities
Other liabilities as of December 31, 2025 and 2024 consisted of the following:

| (in thousands) | Electric System | Generating System | Water System | December 31 | |
|---------------------------|------------------|-------------------|-----------------|------------------|------------------|
| | | | | 2025 | 2024 |
| Net pension liability | \$ 2,522 | \$ - | \$ 217 | \$ 2,739 | \$ 4,278 |
| OPEB liability | 15,401 | - | 1,321 | 16,722 | 15,802 |
| SBITA liability (Note 11) | 248 | - | - | 248 | 367 |
| CCA allowance proceeds | - | - | - | - | 16,954 |
| Operation Warm Heart | 830 | - | - | 830 | 767 |
| Other | 308 | - | 604 | 912 | 518 |
| Total | \$ 19,309 | \$ - | \$ 2,142 | \$ 21,451 | \$ 38,686 |

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.

During 2025 the revenue recognition criteria was met for 2024 Climate Commitment Act allowance proceeds of \$17.0 million. (See Note 6: Deferred Inflows of Resources.)

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, 2025 and 2024 consisted of the following:

| (in thousands) | Electric System | Generating System | Water System | December 31 | |
|--------------------------|-----------------|-------------------|--------------|-------------|-----------|
| | | | | 2025 | 2024 |
| Reg power exp | \$ - | \$ - | \$ - | \$ - | \$ 13,173 |
| Reg OPEB exp | 17,035 | - | 1,461 | 18,496 | 18,367 |
| Reg pension exp | 2,667 | - | 230 | 2,897 | 4,001 |
| Reg unamortized debt exp | 1,676 | 213 | 1,122 | 3,011 | 2,983 |
| Total | \$ 21,378 | \$ 213 | \$ 2,813 | \$ 24,404 | \$ 38,524 |

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, 2025 and 2024 consisted of the following:

| (in thousands) | Electric System | Generating System | Water System | December 31 | |
|-------------------------------------|-----------------|-------------------|--------------|-------------|-----------|
| | | | | 2025 | 2024 |
| Unamortized loss on reacquired debt | \$ - | \$ - | \$ - | \$ - | \$ 433 |
| OPEB costs | 3,527 | - | 303 | 3,830 | 2,603 |
| Pension costs | 14,393 | - | 1,242 | 15,635 | 14,716 |
| Total | \$ 17,920 | \$ - | \$ 1,545 | \$ 19,465 | \$ 17,752 |

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, 2025 and 2024 consisted of the following:

| (in thousands) | Electric System | Generating System | Water System | December 31 | |
|-------------------------------------|-----------------|-------------------|--------------|-------------|------------|
| | | | | 2025 | 2024 |
| Reg revenue | \$ 106,615 | \$ - | \$ 9,595 | \$ 116,210 | \$ 84,722 |
| Reg liability | 22,216 | - | 1,917 | 24,133 | 20,631 |
| Unamortized gain on reacquired debt | 1,900 | - | 488 | 2,388 | 2,888 |
| OPEB costs | 5,161 | - | 443 | 5,604 | 5,169 |
| Pension costs | 2,879 | - | 249 | 3,128 | 4,061 |
| Total | \$ 138,771 | \$ - | \$ 12,692 | \$ 151,463 | \$ 117,471 |

During 2025, Electric System regulatory revenues were applied to fund \$4.0 million to offset power supply costs due to market excursions, \$720,000 for limited income programs, and \$197,000 for the Community Grant Program. In 2025, the Board of Commissioners increased regulatory revenue in the Electric System by \$10.3 million to establish a Climate Commitment Act Assistance Fund, and \$6.7 million for use in the Resource Adequacy Fund. These funds originated from proceeds of Climate Commitment Act auctions during 2024. (See Note 5: Other Liabilities). At year-end 2025, the Board of Commissioners increased regulatory revenue \$15.0 million in the Electric System, and \$1.5 million in the Water 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.)

The unamortized gain on reacquired debt represents unamortized amounts associated with revenue refunding bonds which 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.)

Notes to Combined Financial Statements

Note 7:

Current and Long-term Debt

Electric System

During the year ended December 31, 2025, the following changes occurred in revenue bonds:

| (in thousands) | Balance Dec 31, 2024 | Additions | Reductions | Balance Dec 31, 2025 | Amounts due within one year |
|--|-------------------------|-------------|------------------|-------------------------|--------------------------------|
| 2012 Revenue and Refunding Bonds | \$ 1,660 | \$ - | \$ 1,660 | \$ - | \$ - |
| 2014 Revenue and Refunding Bonds | 3,220 | - | 3,220 | - | - |
| 2016 Revenue and Refunding Bonds Due in annual installments of \$2,220 - \$8,715 through January 1, 2037; interest at 5.00%. | 60,195 | - | 7,900 | 52,295 | 8,300 |
| 2018 Revenue Bonds Due in annual installments of \$1,445 - \$2,720 through January 1, 2039; interest at 5.00%. | 29,670 | - | 1,375 | 28,295 | 1,445 |
| 2020 Revenue Bonds Due in annual installments of \$1,490 - \$3,100 through January 1, 2041; interest at 5.00%. | 36,720 | - | 1,420 | 35,300 | 1,490 |
| 2022 Revenue Bonds Due in annual installments of \$1,765 - \$4,040 through January 1, 2043; interest at 5.00%. | 51,270 | - | 1,680 | 49,590 | 1,765 |
| 2024 Revenue and Refunding Bonds Due in annual installments of \$3,690 - \$7,275 through January 1, 2045; interest at 5.00%. | 108,635 | - | - | 108,635 | 7,000 |
| Total Electric System Revenue Bonds | \$ 291,370 | \$ - | \$ 17,255 | \$ 274,115 | \$ 20,000 |

Notes to Combined Financial Statements

Generating System

During the year ended December 31, 2025, the following changes occurred in revenue bonds:

| (in thousands) | Balance Dec 31, 2024 | Additions | Reductions | Balance Dec 31, 2025 | Amounts due within one year |
|--|-------------------------|-----------|------------|-------------------------|--------------------------------|
| 2012A Revenue and Refunding Bonds | \$ 11,265 | \$ - | \$ 11,265 | \$ - | \$ - |
| 2012B Revenue Bonds | 1,470 | - | 1,470 | - | - |
| 2016 Revenue and Refunding Bonds Due in annual installments of \$1,000 - \$1,745 through January 1, 2037; interest at 5.00%. | 17,250 | - | 1,020 | 16,230 | 1,070 |
| 2018 Revenue Bonds Due in an annual installment of \$3,150 on January 1, 2026; interest at 5.00%. | 6,150 | - | 3,000 | 3,150 | 3,150 |
| 2022 Revenue Bonds Due in annual installments of \$3,900 - \$4,740 through January 1, 2030; interest at 5.00%. | 25,260 | - | 3,710 | 21,550 | 3,900 |
| Total Generating System Revenue Bonds | \$ 61,395 | \$ - | \$ 20,465 | \$ 40,930 | \$ 8,120 |

Notes to Combined Financial Statements

Water System

During the year ended December 31, 2025, the following changes occurred in revenue bonds:

| (in thousands) | Balance Dec 31, 2024 | Additions | Reductions | Balance Dec 31, 2025 | Amounts due within one year |
|--|-------------------------|------------------|-----------------|-------------------------|--------------------------------|
| 2017 Revenue and Refunding Bonds Due in annual installments of \$930 - \$2,775 through January 1, 2037; interest at 5.00%. | \$ 21,850 | \$ - | \$ 2,515 | \$ 19,335 | \$ 2,645 |
| 2019 Revenue Bonds Due in annual installments of \$435 - \$860 through January 1, 2040; interest at 5.00%. | 9,765 | - | 415 | 9,350 | 435 |
| 2021 Revenue and Refunding Bonds Due in annual installments of \$460 - \$915 through January 1, 2042; interest at 4.00% - 5.00%. | 11,880 | - | 440 | 11,440 | 460 |
| 2023 Revenue and Refunding Bonds Due in annual installments of \$1,495 - \$2,560 through January 1, 2044; interest at 5.00%. | 39,540 | - | 1,655 | 37,885 | 1,735 |
| 2025 Revenue Bonds Due in annual installments of \$1,330 - \$3,830 through January 1, 2046; interest at 5.00%. | - | 49,945 | - | 49,945 | - |
| Total Water System Revenue Bonds | \$ 83,035 | \$ 49,945 | \$ 5,025 | \$ 127,955 | \$ 5,275 |

During 2025, the District issued Water System Revenue Bonds, Series 2025 in the amount of \$49.9 million. The bonds provided funds for capital construction requirements and funded the reserve account requirements for the 2025 issuance. They mature serially in varying amounts and are subject to early redemption privileges.

Debt Service

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

| (in thousands) | Electric System | | | Generating System | | | Water System | | |
|----------------|-----------------|-----------|-----------|-------------------|-----------|----------|--------------|-----------|-----------|
| | Interest | Principal | Total | Interest | Principal | Total | Interest | Principal | Total |
| 2026 | \$ 12,706 | \$ 19,080 | \$ 31,786 | \$ 1,641 | \$ 5,220 | \$ 6,861 | \$ 6,051 | \$ 6,865 | \$ 12,916 |
| 2027 | 11,752 | 17,050 | 28,802 | 1,380 | 5,480 | 6,860 | 5,708 | 6,820 | 12,528 |
| 2028 | 10,899 | 17,915 | 28,814 | 1,105 | 5,755 | 6,860 | 5,367 | 7,165 | 12,532 |
| 2029 | 10,004 | 15,655 | 25,659 | 818 | 6,045 | 6,863 | 5,008 | 6,475 | 11,483 |
| 2030 | 9,221 | 16,450 | 25,671 | 516 | 1,370 | 1,886 | 4,685 | 6,125 | 10,810 |
| 2031-2035 | 34,215 | 76,005 | 110,220 | 1,480 | 7,940 | 9,420 | 18,639 | 33,020 | 51,659 |
| 2036-2040 | 16,307 | 62,770 | 79,077 | 50 | 1,000 | 1,050 | 10,687 | 31,255 | 41,942 |
| 2041-2045 | 3,324 | 29,190 | 32,514 | - | - | - | 3,407 | 24,955 | 28,362 |

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, 2025, the debt service reserve accounts are fully cash funded.

Debt service reserve accounts as of December 31, 2025 and 2024 were as follows:

| (in thousands) | Electric System | Generating System | Water System | December 31 | |
|----------------|-----------------|-------------------|--------------|-------------|-----------|
| | | | | 2025 | 2024 |
| Cash deposits | \$ 24,963 | \$ 4,093 | \$ 11,286 | \$ 40,342 | \$ 42,378 |

Other Debt

Lines of Credit

The District has authorized and issued subordinate lien revenue lines of credit for each of the systems to meet temporary cash requirements for capital and operating expenses.

The subordinate lien revenue line of credit notes for each of the systems are with Bank of America, N.A. 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. The Generating System had an outstanding balance of \$9.1 million at December 31, 2025 and 2024.

The District has an Electric System subordinate lien revenue credit agreement note with Bank of America, N.A. in the amount of \$10 million for the purpose of providing collateral for counterparty exposure with the Electric System, if needed. There is no amount outstanding on the Credit Agreement Note which matures July 1, 2026.

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 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, 2025 | | | | \$ 6,172 |
| 2026 | \$ 50 | \$ 1,118 | \$ 1,168 | 5,054 |
| 2027 | 42 | 845 | 887 | 4,209 |
| 2028 | 36 | 845 | 881 | 3,364 |
| 2029 | 30 | 845 | 875 | 2,519 |
| 2030 | 24 | 845 | 869 | 1,674 |
| 2031-2034 | 42 | 1,674 | 1,716 | - |

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. At year-end all eligible active employees are Plan 2 or Plan 3 participants.

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 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. 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, 2025, are as follows:

| | PERS 2 | PERS 3 |
|----------|--------|--------|
| Employer | 5.58% | 5.58% |
| Employee | 5.38% | 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 2024 with a valuation date of June 30, 2024. 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 2023 Economic Experience Study.

Additional assumptions for the subsequent events and law changes are current as of the 2024 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2025. Plan liabilities were rolled forward from June 30, 2024 to June 30, 2025, 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, 2024 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 people with disabilities 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 their 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 plan's target asset allocation as of June 30, 2025. The inflation component used to create the table is 2.50 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 | 19% | 2.10% |
| Tangible assets | 8% | 4.50% |
| Real estate | 18% | 4.80% |
| Global equity | 30% | 5.60% |
| Private equity | 25% | 8.60% |

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) | \$ 4,622 | \$ 2,739 | \$ 1,088 |
| Proportionate share of the PERS Plan 2/3 net pension liability (asset) | \$ 18,611 | \$ (11,469) | \$ (36,173) |

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 2025 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 2025 and 2024.

Washington State Retirement System Pension Costs: As of June 30, 2025, 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, 2025 | Jun 30, 2024 |
|-------------------------------|---------------|----------------|----------------|----------------|
| Total pension liability | \$ 10,789,754 | \$ 69,023,154 | \$ 79,812,908 | \$ 74,856,994 |
| Plan fiduciary net position | 9,610,758 | 72,839,330 | 82,450,088 | 76,376,729 |
| Net pension liability (asset) | \$ 1,178,996 | \$ (3,816,176) | \$ (2,637,180) | \$ (1,519,735) |

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, 2025 | Jun 30, 2024 |
|----------|--------------|--------------|
| PERS 1 | 0.232328% | 0.240811% |
| PERS 2/3 | 0.300534% | 0.311085% |

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, 2025, 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, 2025 | Dec 31, 2024 |
|-------------------------------------|----------|-------------|--------------|--------------|
| Total net pension liability (asset) | \$ 2,739 | \$ (11,469) | \$ (8,730) | \$ (5,977) |

The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2024. 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, 2024 through June 30, 2025, 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, 2025, 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) | 2025 | 2024 | 2023 |
|------------------------|----------|----------|----------|
| District contributions | \$ 3,856 | \$ 4,589 | \$ 4,748 |

At December 31, 2025, 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, 2025 |
|---|--------|-----------|--------------|
| Differences between expected and actual economic experience | \$ - | \$ 8,385 | \$ 8,385 |
| Differences between projected and actual investment earnings | - | - | - |
| Changes in actuarial assumptions | - | 4,432 | 4,432 |
| Changes in proportion | - | 1,364 | 1,364 |
| Contributions paid to PERS subsequent to the measurement date | 31 | 1,423 | 1,454 |
| Total | \$ 31 | \$ 15,604 | \$ 15,635 |

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, 2025 |
|----------------|--------|-----------|--------------|
| 2026 | \$ 31 | \$ 4,828 | \$ 4,859 |
| 2027 | - | 3,288 | 3,288 |
| 2028 | - | 3,189 | 3,189 |
| 2029 | - | 1,861 | 1,861 |
| 2030 | - | 1,651 | 1,651 |
| Thereafter | - | 787 | 787 |
| Total | \$ 31 | \$ 15,604 | \$ 15,635 |

At December 31, 2025, 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, 2025 |
|--|----------|------------|--------------|
| Differences between expected and actual economic experience | \$ - | \$ - | \$ - |
| Differences between projected and actual investment earnings | (189) | (2,583) | (2,772) |
| Changes in assumptions | - | (316) | (316) |
| Changes in proportion | - | (40) | (40) |
| Total | \$ (189) | \$ (2,939) | \$ (3,128) |

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, 2025 |
|----------------|----------|------------|--------------|
| 2026 | \$ 179 | \$ 880 | \$ 1,059 |
| 2027 | (131) | (1,426) | (1,557) |
| 2028 | (136) | (1,375) | (1,511) |
| 2029 | (101) | (1,018) | (1,119) |
| 2030 | - | - | - |
| Thereafter | - | - | - |
| Total | \$ (189) | \$ (2,939) | \$ (3,128) |

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, 2025 there were 35 retirees participating in the plan and 406 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, 2025, 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 \$700,000 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 5.0 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, 2023 actuarial valuation published by the Office of the State Actuary in Olympia, Washington.

The 4.08 percent discount rate assumption is the December 31, 2024 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 | \$ 14,914 | \$ 16,722 | \$ 18,858 |
| Discount rate | \$ 18,070 | \$ 16,722 | \$ 15,450 |

Changes in Total OPEB Liability: The Valuation Date is January 1, 2025. This is the date as of which the census data is gathered and the actuarial valuation is performed. The Measurement Date is December 31, 2024. 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, 2024 are as follows:

| (in thousands) | Increase (decrease) total OPEB liability |
|--|---|
| Balance as of Dec. 31, 2023 | \$ 15,802 |
| Changes for the year: | |
| Service cost | 696 |
| Interest on total OPEB liability | 503 |
| Effect of plan changes | - |
| Effect of economic/demographic gains or losses | 1,517 |
| Effect of assumptions changes or inputs | (1,065) |
| Expected benefit payments | (731) |
| Balance as of December 31, 2024 | \$ 16,722 |

Deferred Outflows and Inflows of Resources: At December 31, 2025, 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 | \$ 2,336 | \$ (452) |
| Changes of assumptions | 794 | (5,152) |
| Contributions subsequent to the measurement date | 700 | - |
| Total | \$ 3,830 | \$ (5,604) |

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) | |
| 2025 | \$ 525 |
| 2026 | (220) |
| 2027 | (272) |
| 2028 | (308) |
| 2029 | (357) |
| Thereafter | (1,142) |
| Total | \$ (1,774) |

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

| (in thousands) | Electric System | Generating System | Water System | December 31 | |
|----------------|-----------------|-------------------|--------------|-------------|-----------|
| | | | | 2025 | 2024 |
| Cash deposits | \$ - | \$ - | \$ - | \$ - | \$ 37,765 |

Debt service on retired bonds is met by cash and investments held by the refunding trustees. The amounts held in trust are expected to fully fund debt service from principal and investment earnings. These refunded bonds constitute a contingent liability of the District only to the extent that cash and investments presently in the control of the refunding trustees are insufficient to meet debt service requirements. All refunded revenue bonds are excluded from the financial statements because the likelihood of additional funding requirements is considered remote. As of December 31, 2025, 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, 2025, the District had the following cash, cash equivalents and investments at amortized cost:

| Fair Value (in thousands) | 2025 | 2024 |
|--|------------|------------|
| State investment pool (LGIP) | \$ 438,476 | \$ 385,516 |
| Cash | 51,153 | 60,783 |
| Total cash, cash equivalents and sinking funds | \$ 489,629 | \$ 446,299 |

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.

The state investment pool balance included the restricted District bond reserve amounts of \$40.3 million and \$42.4 million as of December 31, 2025 and 2024 respectively. (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, 2025 Annual Comprehensive Financial Report.

Note 11:

Subscription-Based Information Technology Arrangements

The District's SBITAs are primarily subscription software used throughout its Electric System operations. Total subscription assets and related accumulated amortization at December 31, 2025 are as follows:

| (in thousands) | 2025 |
|--------------------------|--------|
| SBITA assets | \$ 683 |
| Accumulated amortization | (247) |
| Net SBITA assets | \$ 436 |

SBITA assets and liabilities are reported at present value using the District's incremental borrowing rate unless a discount rate is specified in the contract terms. Amortization is recorded on a yearly basis. Principal and interest requirements to maturity for SBITAs are as follows:

| (in thousands) | Principal | Interest |
|----------------|-----------|----------|
| 2026 | \$ 132 | \$ 19 |
| 2027 | 116 | 25 |
| Total | \$ 248 | \$ 44 |

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)

| | 2025 | 2024 | 2023 | 2022 | 2021 |
|---|-------------|-------------|-------------|-------------|-------------|
| PERS 1 | | | | | |
| Proportion of the net pension liability | 0.232328% | 0.240811% | 0.253830% | 0.261638% | 0.269690% |
| Proportionate share of the net pension liability | \$ 2,739 | \$ 4,279 | \$ 5,794 | \$ 7,285 | \$ 3,293 |
| Covered payroll PERS 1 | \$ - | \$ - | \$ 84 | \$ 85 | \$ 64 |
| Covered payroll PERS 2/3 | 50,431 | 51,623 | 45,038 | 42,421 | 41,264 |
| Total covered payroll | \$ 50,431 | \$ 51,623 | \$ 45,122 | \$ 42,506 | \$ 41,328 |
| Proportionate share of the net pension liability as a percentage of its covered payroll | 5.4% | 8.3% | 12.8% | 17.1% | 8.0% |
| Plan fiduciary net position as a percentage of the total pension liability | 89.1% | 84.1% | 80.2% | 76.6% | 88.7% |
| PERS 2/3 | | | | | |
| Proportion of the net pension liability | 0.300534% | 0.311085% | 0.325792% | 0.339363% | 0.344998% |
| Proportionate share of the net pension liability (asset) | \$ (11,469) | \$ (10,255) | \$ (13,353) | \$ (12,586) | \$ (34,367) |
| Covered payroll | \$ 50,431 | \$ 51,623 | \$ 45,038 | \$ 42,421 | \$ 41,264 |
| Proportionate share of the net pension liability (asset) as a percentage of its covered payroll | (22.7)% | (19.9)% | (29.6)% | (29.7)% | (83.3)% |
| Plan fiduciary net position as a percentage of the total pension liability | 105.5% | 105.2% | 107.0% | 106.7% | 120.3% |

Schedule of Contributions

As of December 31

(in thousands, except percentages)

| | 2025 | 2024 | 2023 | 2022 | 2021 |
|--|-----------|-----------|-----------|-----------|-----------|
| PERS 1 | | | | | |
| Contractually required contribution | \$ 687 | \$ 1,407 | \$ 1,586 | \$ 1,702 | \$ 1,828 |
| Covered payroll | \$ 52,167 | \$ 50,939 | \$ 46,623 | \$ 45,163 | \$ 41,992 |
| Contributions as a percentage of covered payroll | 1.3% | 2.8% | 3.4% | 3.8% | 4.4% |
| PERS 2/3 | | | | | |
| Contractually required contribution | \$ 3,064 | \$ 3,241 | \$ 2,963 | \$ 2,866 | \$ 3,021 |
| Covered payroll | \$ 52,167 | \$ 50,939 | \$ 46,594 | \$ 45,067 | \$ 41,917 |
| Contributions as a percentage of covered payroll | 5.9% | 6.4% | 6.4% | 6.4% | 7.2% |

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'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)

| | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|-----------|-----------|-----------|-----------|-----------|
| PERS 1 | | | | | |
| Proportion of the net pension liability | 0.260725% | 0.272053% | 0.278681% | 0.283048% | 0.295011% |
| Proportionate share of the net pension liability | \$ 9,205 | \$ 10,461 | \$ 12,446 | \$ 13,431 | \$ 15,843 |
| Covered payroll PERS 1 | \$ 302 | \$ 410 | \$ 490 | \$ 333 | \$ 382 |
| Covered payroll PERS 2/3 | 38,790 | 37,220 | 35,871 | 34,926 | 34,306 |
| Total covered payroll | \$ 39,092 | \$ 37,630 | \$ 36,361 | \$ 35,259 | \$ 34,688 |
| Proportionate share of the net pension liability as a percentage of its covered payroll | 23.5% | 27.8% | 34.2% | 38.1% | 45.7% |
| Plan fiduciary net position as a percentage of the total pension liability | 68.6% | 67.1% | 63.2% | 61.2% | 57.0% |
| PERS 2/3 | | | | | |
| Proportion of the net pension liability | 0.332973% | 0.342022% | 0.346350% | 0.356236% | 0.368815% |
| Proportionate share of the net pension liability (asset) | \$ 4,259 | \$ 3,322 | \$ 5,914 | \$ 12,377 | \$ 18,570 |
| Covered payroll | \$ 38,790 | \$ 37,220 | \$ 35,871 | \$ 34,926 | \$ 34,306 |
| Proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 11.0% | 8.9% | 16.5% | 35.4% | 54.1% |
| Plan fiduciary net position as a percentage of the total pension liability | 97.2% | 97.8% | 95.8% | 91.0% | 85.8% |

Schedule of Contributions

As of December 31

(in thousands, except percentages)

| | 2020 | 2019 | 2018 | 2017 | 2016 |
|--|-----------|-----------|-----------|-----------|-----------|
| PERS 1 | | | | | |
| Contractually required contribution | \$ 1,917 | \$ 1,944 | \$ 1,901 | \$ 1,791 | \$ 1,676 |
| Covered payroll | \$ 39,879 | \$ 38,584 | \$ 36,941 | \$ 35,942 | \$ 34,681 |
| Contributions as a percentage of covered payroll | 4.8% | 5.0% | 5.1% | 5.0% | 4.8% |
| PERS 2/3 | | | | | |
| Contractually required contribution | \$ 3,153 | \$ 2,937 | \$ 2,739 | \$ 2,419 | \$ 2,139 |
| Covered Payroll | \$ 39,817 | \$ 38,131 | \$ 36,525 | \$ 35,474 | \$ 34,331 |
| Contributions as a percentage of covered payroll | 7.9% | 7.7% | 7.5% | 6.8% | 6.2% |

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)

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|--|-----------|-----------|------------|-----------|------------|-----------|-----------|-----------|
| Total OPEB Liability | | | | | | | | |
| Service cost | \$ 696 | \$ 751 | \$ 663 | \$ 878 | \$ 838 | \$ 1,015 | \$ 958 | \$ 870 |
| Interest on total OPEB liability | 503 | 535 | 323 | 313 | 406 | 772 | 603 | 631 |
| Changes of benefit terms | - | - | - | - | - | - | - | - |
| Effect of economic/demographic gains (losses) | 1,517 | - | 783 | - | (724) | - | 1,280 | - |
| Effect of assumption changes or inputs | (1,065) | 556 | (2,263) | 73 | (3,688) | 559 | (452) | 490 |
| Expected benefit payments | (731) | (840) | (769) | (763) | (826) | (1,171) | (1,126) | (1,379) |
| Net change in total OPEB liability | \$ 920 | \$ 1,002 | \$ (1,263) | \$ 501 | \$ (3,994) | \$ 1,175 | \$ 1,263 | \$ 612 |
| Total OPEB liability, beginning | \$ 15,802 | \$ 14,800 | \$ 16,063 | \$ 15,562 | \$ 19,556 | \$ 18,381 | \$ 17,118 | \$ 16,506 |
| Total OPEB liability, ending | 16,722 | 15,802 | 14,800 | 16,063 | 15,562 | 19,556 | 18,381 | 17,118 |
| Covered employee payroll | \$ 49,616 | \$ 46,663 | \$ 43,122 | \$ 41,674 | \$ 40,265 | \$ 38,704 | \$ 37,074 | \$ 36,009 |
| Total OPEB liability as a percentage of covered employee payroll | 33.70% | 33.86% | 34.32% | 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 2016 | | Series 2018 | | Series 2020 | | Series 2022 | | Series 2024 | | 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 | | |
| 2026 | \$ 8,300 | 5.000 | \$ 1,445 | 5.000 | \$ 1,490 | 5.000 | \$ 1,765 | 5.000 | \$ 7,000 | 5.000 | \$ 20,000 | \$ 254,115 |
| 2027 | 8,715 | 5.000 | 1,515 | 5.000 | 1,565 | 5.000 | 1,850 | 5.000 | 5,435 | 5.000 | 19,080 | 235,035 |
| 2028 | 6,175 | 5.000 | 1,590 | 5.000 | 1,645 | 5.000 | 1,945 | 5.000 | 5,695 | 5.000 | 17,050 | 217,985 |
| 2029 | 6,485 | 5.000 | 1,670 | 5.000 | 1,730 | 5.000 | 2,040 | 5.000 | 5,990 | 5.000 | 17,915 | 200,070 |
| 2030 | 3,660 | 5.000 | 1,755 | 5.000 | 1,815 | 5.000 | 2,140 | 5.000 | 6,285 | 5.000 | 15,655 | 184,415 |
| 2031 | 3,845 | 5.000 | 1,845 | 5.000 | 1,905 | 5.000 | 2,250 | 5.000 | 6,605 | 5.000 | 16,450 | 167,965 |
| 2032 | 2,220 | 5.000 | 1,935 | 5.000 | 2,000 | 5.000 | 2,360 | 5.000 | 6,930 | 5.000 | 15,445 | 152,520 |
| 2033 | 2,335 | 5.000 | 2,030 | 5.000 | 2,100 | 5.000 | 2,480 | 5.000 | 7,275 | 5.000 | 16,220 | 136,300 |
| 2034 | 2,450 | 5.000 | 2,135 | 5.000 | 2,205 | 5.000 | 2,605 | 5.000 | 5,385 | 5.000 | 14,780 | 121,520 |
| 2035 | 2,575 | 5.000 | 2,240 | 5.000 | 2,315 | 5.000 | 2,735 | 5.000 | 5,655 | 5.000 | 15,520 | 106,000 |
| 2036 | 2,700 | 5.000 | 2,350 | 5.000 | 2,430 | 5.000 | 2,870 | 5.000 | 3,690 | 5.000 | 14,040 | 91,960 |
| 2037 | 2,835 | 5.000 | 2,470 | 5.000 | 2,550 | 5.000 | 3,015 | 5.000 | 3,870 | 5.000 | 14,740 | 77,220 |
| 2038 | | | 2,595 | 5.000 | 2,680 | 5.000 | 3,165 | 5.000 | 4,065 | 5.000 | 12,505 | 64,715 |
| 2039 | | | 2,720 | 5.000 | 2,815 | 5.000 | 3,325 | 5.000 | 4,270 | 5.000 | 13,130 | 51,585 |
| 2040 | | | | | 2,955 | 5.000 | 3,490 | 5.000 | 4,480 | 5.000 | 10,925 | 40,660 |
| 2041 | | | | | 3,100 | 5.000 | 3,665 | 5.000 | 4,705 | 5.000 | 11,470 | 29,190 |
| 2042 | | | | | | | 3,850 | 5.000 | 4,940 | 5.000 | 8,790 | 20,400 |
| 2043 | | | | | | | 4,040 | 5.000 | 5,190 | 5.000 | 9,230 | 11,170 |
| 2044 | | | | | | | | | 5,450 | 5.000 | 5,450 | 5,720 |
| 2045 | | | | | | | | | 5,720 | 5.000 | 5,720 | - |
| Total | \$ 52,295 | | \$28,295 | | \$ 35,300 | | \$ 49,590 | | \$ 108,635 | | \$ 274,115 | |

Bonds Maturity Schedules - Unaudited

Public Utility District No. 1 of Clark County

Generating System

In thousands, except for interest rates

| Maturity Date | Series 2016 | | Series 2018 | | Series 2022 | | Total | Remaining Bonds Outstanding |
|---------------|------------------|---------------|-----------------|---------------|------------------|---------------|------------------|-----------------------------|
| | Principal Jan 1 | Interest Rate | Principal Jan 1 | Interest Rate | Principal Jan 1 | Interest Rate | | |
| 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 | \$ 16,230 | | \$ 3,150 | | \$ 21,550 | | \$ 40,930 | |

Bonds Maturity Schedules - Unaudited

Public Utility District No. 1 of Clark County

Water System

In thousands, except for interest rates

| Maturity Date | Series 2017 | | Series 2019 | | Series 2021 | | Series 2023 | | Series 2025 | | 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 | | |
| 2026 | \$ 2,645 | 5.000 | \$ 435 | 5.000 | \$ 460 | 5.000 | \$ 1,735 | 5.000 | - | - | \$ 5,275 | \$122,680 |
| 2027 | 2,775 | 5.000 | 455 | 5.000 | 485 | 5.000 | 1,820 | 5.000 | \$ 1,330 | 5.000 | 6,865 | 115,815 |
| 2028 | 2,335 | 5.000 | 480 | 5.000 | 505 | 5.000 | 1,910 | 5.000 | 1,590 | 5.000 | 6,820 | 108,995 |
| 2029 | 2,455 | 5.000 | 500 | 5.000 | 535 | 5.000 | 2,005 | 5.000 | 1,670 | 5.000 | 7,165 | 101,830 |
| 2030 | 1,535 | 5.000 | 525 | 5.000 | 560 | 5.000 | 2,100 | 5.000 | 1,755 | 5.000 | 6,475 | 95,355 |
| 2031 | 930 | 5.000 | 555 | 5.000 | 585 | 5.000 | 2,210 | 5.000 | 1,845 | 5.000 | 6,125 | 89,230 |
| 2032 | 980 | 5.000 | 580 | 5.000 | 615 | 4.000 | 2,320 | 5.000 | 1,935 | 5.000 | 6,430 | 82,800 |
| 2033 | 1,025 | 5.000 | 610 | 5.000 | 640 | 4.000 | 2,435 | 5.000 | 2,030 | 5.000 | 6,740 | 76,060 |
| 2034 | 1,080 | 5.000 | 640 | 5.000 | 665 | 4.000 | 2,560 | 5.000 | 2,135 | 5.000 | 7,080 | 68,980 |
| 2035 | 1,135 | 5.000 | 670 | 5.000 | 695 | 4.000 | 1,495 | 5.000 | 2,240 | 5.000 | 6,235 | 62,745 |
| 2036 | 1,190 | 5.000 | 705 | 5.000 | 720 | 4.000 | 1,570 | 5.000 | 2,350 | 5.000 | 6,535 | 56,210 |
| 2037 | 1,250 | 5.000 | 740 | 5.000 | 750 | 4.000 | 1,650 | 5.000 | 2,470 | 5.000 | 6,860 | 49,350 |
| 2038 | | | 780 | 5.000 | 780 | 4.000 | 1,730 | 5.000 | 2,595 | 5.000 | 5,885 | 43,465 |
| 2039 | | | 815 | 5.000 | 810 | 4.000 | 1,815 | 5.000 | 2,725 | 5.000 | 6,165 | 37,300 |
| 2040 | | | 860 | 5.000 | 845 | 4.000 | 1,905 | 5.000 | 2,860 | 5.000 | 6,470 | 30,830 |
| 2041 | | | | | 875 | 4.000 | 2,000 | 5.000 | 3,000 | 5.000 | 5,875 | 24,955 |
| 2042 | | | | | 915 | 4.000 | 2,100 | 5.000 | 3,150 | 5.000 | 6,165 | 18,790 |
| 2043 | | | | | | | 2,205 | 5.000 | 3,310 | 5.000 | 5,515 | 13,275 |
| 2044 | | | | | | | 2,320 | 5.000 | 3,475 | 5.000 | 5,795 | 7,480 |
| 2045 | | | | | | | | | 3,650 | 5.000 | 3,650 | 3,830 |
| 2046 | | | | | | | | | 3,830 | 5.000 | 3,830 | - |
| Total | \$ 19,335 | | \$ 9,350 | | \$ 11,440 | | \$ 37,885 | | \$ 49,945 | | \$ 127,955 | |

Selected Financial Data and Statistics - Unaudited

Public Utility District No. 1 of Clark County

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

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|-----------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Operating revenues | \$ 473,880 | \$ 499,494 | \$ 457,627 | \$ 446,017 | \$ 421,493 | \$ 359,562 | \$ 374,051 | \$ 370,902 | \$ 382,722 | \$ 374,647 |
| Operating expenses | 453,439 | 495,403 | 454,812 | 417,818 | 373,018 | 340,118 | 352,844 | 343,936 | 344,539 | 339,617 |
| Operating income | 20,441 | 4,091 | 2,815 | 28,199 | 48,475 | 19,444 | 21,207 | 26,966 | 38,183 | 35,030 |
| Non-operating revenues (expenses) | (4,032) | (3,083) | (1,384) | (6,665) | (12,460) | (12,803) | (10,964) | (12,054) | (12,699) | (15,701) |
| Net income (loss) | \$ 16,409 | \$ 1,008 | \$ 1,431 | \$ 21,534 | \$ 36,015 | \$ 6,641 | \$ 10,243 | \$ 14,912 | \$ 25,484 | \$ 19,329 |

Electric System Statistics

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Electric energy delivered megawatt hours (in thousands) | | | | | | | | | | |
| Residential | 2,633 | 2,653 | 2,671 | 2,692 | 2,584 | 2,483 | 2,438 | 2,365 | 2,525 | 2,289 |
| Commercial | 1,335 | 1,344 | 1,342 | 1,358 | 1,312 | 1,237 | 1,312 | 1,310 | 1,335 | 1,292 |
| Industrial | 703 | 738 | 750 | 763 | 758 | 731 | 740 | 765 | 749 | 720 |
| Off-system sales | 618 | 854 | 585 | 720 | 677 | 727 | 699 | 796 | 593 | 907 |
| Miscellaneous | 25 | 22 | 23 | 21 | 21 | 23 | 25 | 25 | 29 | 28 |
| Total | 5,314 | 5,611 | 5,371 | 5,554 | 5,352 | 5,201 | 5,214 | 5,261 | 5,231 | 5,236 |

Average revenue per kWh (in cents)

| | | | | | | | | | | |
|-----------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Residential | 10.63 | 10.41 | 9.25 | 9.22 | 9.24 | 9.25 | 9.26 | 9.27 | 9.17 | 9.25 |
| Commercial | 8.62 | 8.38 | 7.45 | 7.39 | 7.40 | 7.46 | 7.41 | 7.41 | 7.37 | 7.38 |
| Industrial | 6.11 | 6.04 | 5.57 | 5.56 | 5.56 | 5.57 | 5.56 | 5.56 | 5.57 | 5.57 |
| Miscellaneous | 16.13 | 16.82 | 15.15 | 15.54 | 14.82 | 14.20 | 14.21 | 14.10 | 12.15 | 13.68 |
| Average - all classes | 9.41 | 9.19 | 8.19 | 8.16 | 8.15 | 8.18 | 8.14 | 8.12 | 8.09 | 8.07 |

Average number of customers

| | | | | | | | | | | |
|---------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Residential | 221,439 | 217,653 | 213,069 | 207,817 | 203,039 | 197,577 | 193,221 | 188,131 | 183,880 | 180,241 |
| Commercial | 18,943 | 18,670 | 18,263 | 17,798 | 17,599 | 17,240 | 16,924 | 16,527 | 16,130 | 15,703 |
| Industrial | 30 | 31 | 31 | 28 | 28 | 29 | 29 | 29 | 29 | 29 |
| Miscellaneous | 1,631 | 1,611 | 1,587 | 1,580 | 1,555 | 1,545 | 1,530 | 1,524 | 1,484 | 1,448 |
| Total - all classes | 242,043 | 237,965 | 232,950 | 227,223 | 222,221 | 216,391 | 211,704 | 206,211 | 201,523 | 197,421 |

Average annual kWh used per customer

| | | | | | | | | | | |
|---------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Residential | 11,888 | 12,191 | 12,538 | 12,952 | 12,729 | 12,568 | 12,615 | 12,570 | 13,734 | 12,698 |
| Commercial | 70,493 | 71,968 | 73,466 | 76,316 | 74,531 | 71,746 | 77,518 | 79,272 | 82,764 | 82,263 |
| Industrial | 23,437,968 | 23,805,620 | 24,206,113 | 27,246,419 | 27,063,714 | 25,192,395 | 25,530,416 | 26,365,602 | 25,830,198 | 24,842,179 |
| Miscellaneous | 15,184 | 13,481 | 14,009 | 13,313 | 13,821 | 15,101 | 15,940 | 16,687 | 19,379 | 19,027 |

Selected Financial Data and Statistics - Unaudited

Public Utility District No. 1 of Clark County

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

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|-----------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Operating revenues | \$ 22,520 | \$ 23,350 | \$ 21,431 | \$ 22,302 | \$ 22,462 | \$ 20,991 | \$ 19,430 | \$ 20,966 | \$ 18,685 | \$ 17,389 |
| Operating expenses | 20,769 | 20,080 | 18,397 | 18,515 | 18,059 | 16,302 | 15,606 | 15,001 | 14,268 | 13,324 |
| Operating income | 1,751 | 3,270 | 3,034 | 3,787 | 4,403 | 4,689 | 3,824 | 5,965 | 4,417 | 4,065 |
| Non-operating revenues (expenses) | (1,546) | (752) | (443) | (1,564) | (1,616) | (1,868) | (1,507) | (1,484) | (2,375) | (1,964) |
| Net income (loss) | \$ 205 | \$ 2,518 | \$ 2,591 | \$ 2,223 | \$ 2,787 | \$ 2,821 | \$ 2,317 | \$ 4,481 | \$ 2,042 | \$ 2,101 |

Water System Statistics

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Cubic feet delivered (in thousands) | | | | | | | | | | |
| Residential | 477,582 | 457,820 | 473,418 | 433,378 | 467,058 | 416,535 | 390,893 | 412,919 | 382,318 | 357,535 |
| Commercial | 97,081 | 86,969 | 86,583 | 71,828 | 72,953 | 61,319 | 66,246 | 67,174 | 60,565 | 56,742 |
| Miscellaneous | 112,919 | 114,596 | 119,160 | 112,238 | 110,540 | 87,240 | 76,365 | 84,273 | 77,882 | 72,996 |
| Total | 687,582 | 659,385 | 679,161 | 617,444 | 650,551 | 565,094 | 533,504 | 564,366 | 520,765 | 487,273 |

Average revenue per cubic foot (in cents)

| | | | | | | | | | | |
|-----------------------|------|------|------|------|------|------|------|------|------|------|
| Residential | 2.92 | 2.96 | 2.89 | 2.94 | 2.86 | 2.92 | 2.94 | 2.90 | 2.92 | 2.92 |
| Commercial | 2.82 | 2.88 | 2.84 | 2.86 | 2.83 | 2.87 | 2.81 | 2.83 | 2.78 | 2.75 |
| Miscellaneous | 2.76 | 2.76 | 2.75 | 2.75 | 2.71 | 2.75 | 2.73 | 2.73 | 2.72 | 2.70 |
| Average - all classes | 2.88 | 2.91 | 2.86 | 2.90 | 2.83 | 2.89 | 2.89 | 2.86 | 2.87 | 2.87 |

Average number of customers

| | | | | | | | | | | |
|---------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Residential | 39,510 | 38,781 | 37,960 | 37,172 | 36,278 | 35,271 | 34,376 | 33,373 | 32,276 | 31,384 |
| Commercial | 1,586 | 1,537 | 1,502 | 1,413 | 1,365 | 1,327 | 1,294 | 1,253 | 1,167 | 1,104 |
| Miscellaneous | 711 | 736 | 743 | 747 | 750 | 752 | 756 | 758 | 761 | 760 |
| Total - all classes | 41,807 | 41,054 | 40,205 | 39,332 | 38,393 | 37,350 | 36,426 | 35,384 | 34,204 | 33,248 |

Average annual cubic feet used per customer

| | | | | | | | | | | |
|---------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|--------|
| Residential | 12,088 | 11,805 | 12,471 | 11,659 | 12,874 | 11,810 | 11,371 | 12,373 | 11,845 | 11,392 |
| Commercial | 61,211 | 56,584 | 57,645 | 50,834 | 53,446 | 46,209 | 51,195 | 53,610 | 51,898 | 51,397 |
| Miscellaneous | 158,817 | 155,702 | 160,377 | 150,252 | 147,387 | 116,010 | 101,012 | 111,178 | 102,342 | 96,047 |



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