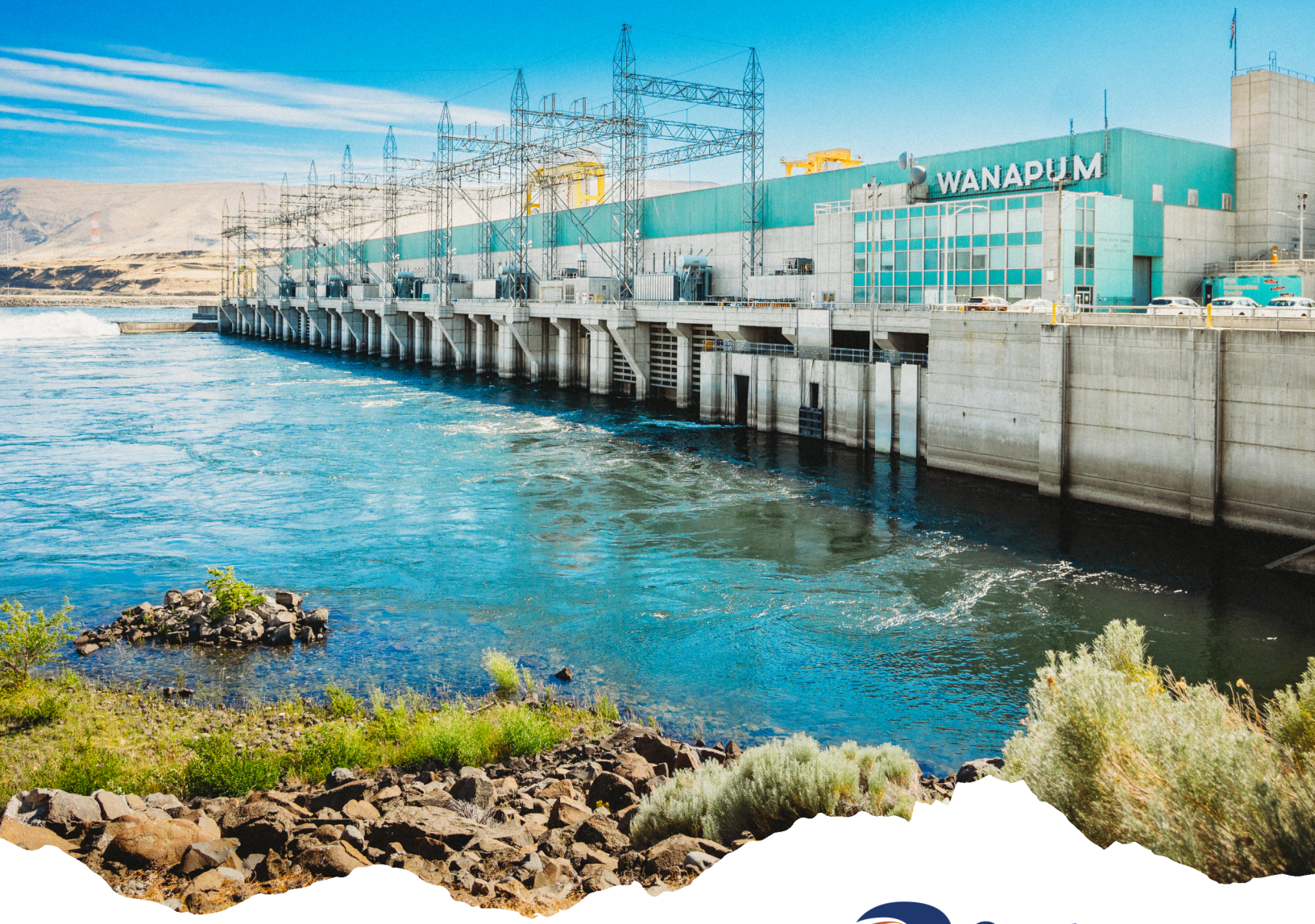
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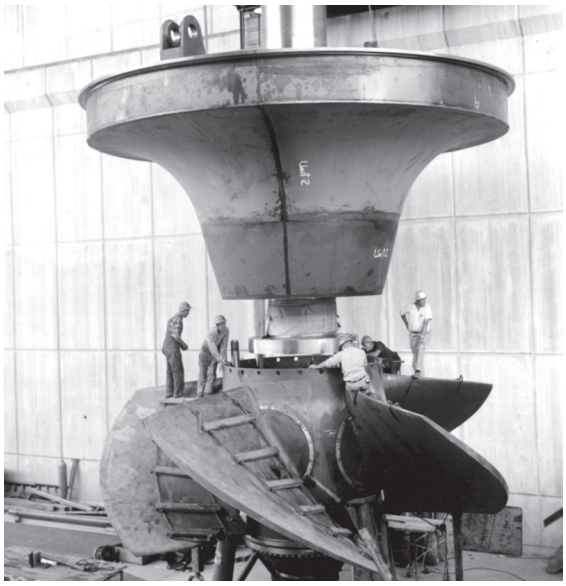
ANNUAL REPORT



Grant PUD

Grant PUD was established by local residents in 1938

to provide power service to all of the county's residents. We honor the resolve of our founders through our guiding vision, mission and values.



Our Mission

To safely, efficiently and reliably provide electric power and fiber optic broadband services to our customers.

Our Vision

Excellence in Service
And Leadership

We continually ask how we can improve safety, service quality, reliability and stewardship of our resources in the most cost-effective manner.



Our Values

SAFETY
We believe that employee and public safety is paramount.

INNOVATION
We make decisions that best serve present and future generations.

SERVICE
We are committed to excellent customer service.

TEAMWORK
We are one team with the same mission.

RESPECT
We honor the rights and beliefs of those we work with and serve.

INTEGRITY
We hold ourselves and others accountable to be professional in our actions and words.

HERITAGE
We protect, preserve, and perpetuate both the spirit of the Grant PUD and the Wanapum relationship.

Our power portfolio has a capacity of more than 2,200 MW of carbon-free generation



1 WANAPUM DAM

Generation Units 10
Rated Capacity . . . . . 1,222 MW
Concrete/Earthfill Length . . . . . 8,637 FT
Rated Head . . . . . 80 FT
Construction Started 1959
First Power Generation 1963

2 PRIEST RAPIDS DAM

Generation Units 10
Rated Capacity . . . . . 950 MW
Concrete/Earthfill Length . . . . . 10,103 FT
Rated Head . . . . . 78 FT
Construction Started 1956
First Power Generation 1959

3 QUINCY CHUTE HYDROELECTRIC PROJECT

Rated Capacity . . . . . 9.4 MW
First Power Generation 1985

4 POTHOLES EAST CANAL HEADWORKS PROJECT

Rated Capacity . . . . . 6.5 MW
First Power Generation 1990

5 NINE CANYON WIND PROJECT

12.5% of Project Peak Capacity . . . . . 12 MW
First Power Generation 2003

Substations

Distribution:
52

Transmission:
5

Transmission Switchyard:
2







Active Meters

Residential	Industrial	Commercial	Irrigation
42,485	301	8,091	5,066

Total Active Meters: **55,943**

Electric System

Overhead Distribution Lines
2,810 MILES*

Underground Distribution Lines
1,170 MILES

*Roughly the distance from Seattle, WA to New York, NY

Padmount Transformers
10,880

Overhead Transformers
25,068

115kV Transmission Lines
276 MILES

230kV Transmission Lines
201 MILES

High-Speed Network

Customers with fiber-optic availability
41,922

Customers using fiber-optic service
31,331

All Power System and Network statistics are as of Dec. 31, 2024.

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Commissioners' Report

At the start of 2024, our commission promised we would finish the buildout of Grant PUD's county-wide fiber-optic network, develop a long-term rate strategy to benefit our residential, agricultural, and small business customers, and maintain affordable and reliable power service for all. We are proud to say that our talented and dedicated staff and contractors achieved those directives, and we are now well positioned to move into the future based on last year's performance.

In 2000, we began a pilot project to prove we could connect our customers to the world wide web with incredibly fast fiber-optic service. The same can-do spirit that led to our creation as a public utility district with a mission to provide low-cost and reliable electrical service to everyone in Grant County -- no matter where they lived or did business -- was fundamental in how we approached building out our fiber network over the past quarter century. In November, we celebrated with staff, contractors, and customers the installation of the "last mile" of our fiber-optic network. With the initial buildout complete, we can now connect new homes and business, as needed, to the existing network in the coming years.

The desire for self-determination was the primary motivation behind our small, rural utility's decision, in the 1950s, to successfully build and license Priest Rapids and Wanapum dams. For decades, our utility was able to lean into the hydropower resources provided by these two Columbia River dams. Their low-cost output sustained growth and brought prosperity to our county. Prior commissions knew there would be an inevitable day when Grant County's power load would exceed the resources derived from our dams. That day is here. It is our duty to set the course on how we will balance the needs of all customers as we blend in new power resources to meet increasing demands in coming decades. Our fundamental philosophy is that growth must pay for itself. We also believe residential, agricultural, and small business customers, who make up the core of Grant PUD's customer base, should see the greatest benefit from growth.

Last year, after a significant public process seeking input and guidance from all sectors, our commission adopted a rate-making strategy codifying the concept that these "core" customers are entitled to the most favorable rates in relation to our costs to serve them. Our large power-consuming customers will continue to be offered rates designed to recover costs and address the overall impact their loads have on the rest of our customer base, while remaining competitive with other power providers.

We are very proud of the efforts made by our team to provide reliable power to our customers even under adverse conditions. Grant PUD's staff and contractors lived up to our values of safety, teamwork, service, and innovation in 2024 when they successfully repaired the fire-damaged Soap Lake substation in time for agricultural customers to have power for irrigation systems that water their thirsty crops. Keeping our power system reliable is mission number one and we are grateful for our workers who consistently do their best to keep power flowing.

Our staff gave us another reason to celebrate when they completed the new Wanapum Native American Discovery Unit. The mobile museum, which was created when our transportation, facilities and cultural resources staff transformed a new recreation vehicle, allows the Wanapum to share their culture with area schools and during community events. Our team showed their commitment to our values of heritage and respect in how they delivered this project. The discovery unit completion, our fiber network buildout, our adopted rate strategy, and the significant efforts by staff to make our power system reliable are all illustrative of Grant PUD's enduring vision to provide excellence in service and leadership to our customers.



Terry Pyle
Commission President



Larry Schaapman
Commission Vice President



Judy Wilson
Commission Secretary



Nelson Cox
Commissioner



Tom Flint
Commissioner



A Year Marked by Rapid Growth

A Year in Review -- Rich Wallen, General Manager & CEO

The debate over artificial intelligence (AI) went mainstream this year in much of the world, including here at Grant PUD. The enormous amount of electricity needed to power that silicon intelligence is nothing short of daunting. It comes at a time when our utility, even without the added pressure of AI, already needs more than Priest Rapids and Wanapum dams, alone, to power our county. We'll also need a greatly expanded electric system to deliver that power.

And we're not the only ones. Utilities across the region are now projecting a huge, 30% increase in demand for electricity between now and 2045, according to a forecast by the Pacific Northwest Utilities Conference Committee. That's in line with our own expectations over the same time period to grow from an average annual load of nearly 782 megawatts to nearly 1,010 megawatts.

I'm very proud of the work our staff has done this year, with support of our Board of Commissioners, to continue to address the challenge of rapid growth and balance it with our day-to-day need to provide reliable service at the lowest rates possible to all Grant PUD customers, especially the residential, farm and small business customers who make up our "core" business. A few milestones:

Our fiber-optic network buildout is now complete, making fast internet available everywhere in the county. This is an achievement 20 years in the making.

Turbine/generator upgrade work at Priest Rapids Dam is ahead of schedule. Upgrades will ensure we get the most efficiency and longevity out of one of our flagship energy producers.

We hooked up a new, cutting-edge customer in Moses Lake – Group 14, maker of a silicon component that improves battery capacity – and expanded electric service at both the Vantage and Sabey data centers in Quincy.

We assembled an expert "Energy Supply Management" team to build on years of work already underway to develop a "best mix" of reliable new sources of electricity to supplement our dams. We began purchasing land to develop new resources and are actively seeking agreements with the Bonneville Power Administration and private firms to expand our power supply.

Work continues to build new transmission lines and upgrade or expand our electric system to deliver more power to Quincy and other areas most in need.

Finances are stronger than ever thanks to careful oversight of our investment portfolio, timely sales of wholesale and contracted energy, responsible debt management and on-target budgeting.

We worked with our state and elected officials and regional, pro-hydropower lobbying groups to seek more regulatory flexibility in the types of energy we can secure to meet our growing demand and expand our power grid.

Advanced design work and land purchases for new service centers in Ephrata and Moses Lake will ensure faster response times and room to grow for decades. We added a first-in-the-state fiber-optic apprenticeship to our highly successful apprentice program to grow our own experts from within our ranks and pass on valuable, institutional knowledge to new generations.

When Grant PUD built our dams more than 60 years ago, we generated more electricity than we ever expected to need. Our future will require more precise forecasting tools, careful planning, expert analysis and big investments to stay ahead of growth without sacrificing reliable service to our customers. I'm confident we can achieve that continuing goal.





Rich Wallen
General Manager and CEO

Our History



1938 Grant County PUD No. 2 is established by a county-wide vote

1941 Rural Electrification Administration loans Grant PUD $600,000 for ~440 miles of electric distribution lines in Grant & Douglas counties and for Coulee City and Soap Lake electric systems.

1945 Grant PUD moves offices to Ephrata, county seat.

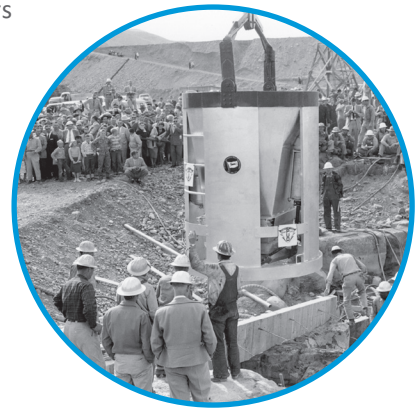


1949 Grant PUD arranges procedures with county and USBR to provide power to farmland being developed as part of the Columbia Basin Reclamation Project.

1951 County Chamber of Commerce Proposes Priest Rapids Dam Location to Grant PUD Commissioners



1955 Federal Power Commission issues Grant PUD license to build and operate two dams.



1957 First Concrete Pour at Priest Rapids Dam

1959 Construction Begins at Wanapum Dam

1962 Priest Rapids Dam dedication



1966 Wanapum Dam dedication



1982 Vera Claussen is elected as the first female commissioner.

1985 First commercial operation of Quincy Chute hydroelectric project.

1990 First commercial operation of Potholes East Canal Headworks hydroelectric project.

2000 Commissioners authorize construction and testing of full-size prototype of new advanced turbines for Wanapum Dam.



2001 Grant PUD's new fiber optic network begins serving customers.



2008 Federal Energy Regulatory Commission awards Grant PUD new 44-year license to operate Priest Rapids Project.





2013 Completion of Advanced Turbine Replacement Project at Wanapum Dam, replacing all 10 of the original turbines.

2014 Discovered and repaired 65-ft fracture in Wanapum Dam Spillway.

2015 Opened new Wanapum Heritage Center and Grant PUD Visitors Center

2019 Pay-it-Forward program established with two large industrial customers to provide funds from energy conservation rebates (~$500,000) toward programs benefiting county residents.



2020 Completed rehab of final generating unit at Wanapum Dam, a 20-year project.



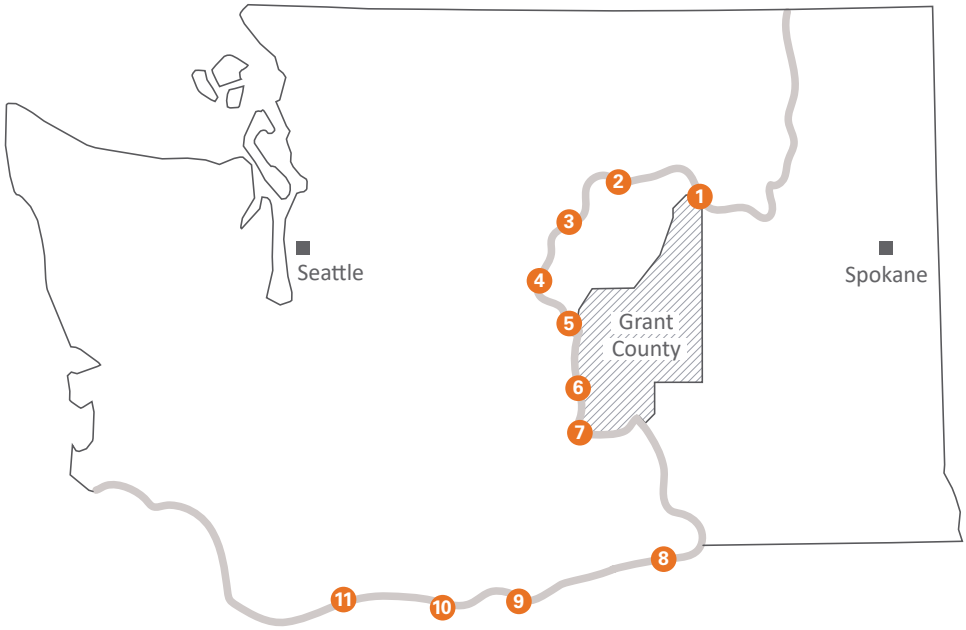
2023 Completion of a new, roller-compacted concrete right embankment at Priest Rapids Dam, greatly improving its seismic resistance.

2024 Grant PUD celebrates the completion of a two-decades long effort to build a county-wide wholesale fiber-optic network.

Powered by...
The Columbia

The Columbia is a river of unmatched proportions. The 11 U.S. dams that transform the power of the Columbia's flowing water into clean and renewable hydropower are equally unrivaled.

Dam operators each work to reduce the water flowing over spillways as much as possible to diminish dissolved gases that could be harmful to fish, provide optimal river levels and flows for fish passage and spawning conditions, keep reservoirs full so farmers can irrigate crops, and generate power in a concerted effort to ensure that the right amount of energy is available when it is needed by millions of customers.



1 **Grand Coulee Dam**
(River Mile 596.6)
Bureau of Reclamation

2 **Chief Joseph Dam**
(River Mile 541.1)
Corps of Engineers

3 **Wells Dam**
(River Mile 515.1)
Douglas PUD

4 **Rocky Reach Dam**
(River Mile 473.0)
Chelan PUD

5 **Rock Island Dam**
(River Mile 453.4)
Chelan PUD

6 **Wanapum Dam**
(River Mile 415.8)
Grant PUD

7 **Priest Rapids Dam**
(River Mile 397.1)
Grant PUD

8 **McNary Dam**
(River Mile 292.0)
Corps of Engineers

9 **John Day Dam**
(River Mile 215.8)
Corps of Engineers

10 **The Dalles Dam**
(River Mile 191.5)
Corps of Engineers

11 **Bonneville Dam**
(River Mile 145.5)
Corps of Engineers

Power demand and generation is measured

EVERY SECOND

of every day.

LENGTH OF THE COLUMBIA RIVER:

1,200 MILES

The Columbia River Basin touches

SEVEN STATES

2,700 FT

The approximate vertical drop of the river from the headwaters of the Columbia to its final resting place in the Pacific Ocean.



Clean Renewable Energy

Built more than a half a century ago, Priest Rapids and Wanapum dams are the economic engines that power Grant PUD's ability to provide low-cost, reliable electricity to our customers. We are now investing millions of dollars to rehabilitate our turbines and generators to ensure that they will continue to be a source of clean, renewable energy in our region for decades to come.

Green – and Getting Greener

Thanks to hydropower, Washington's energy is among the cleanest and least expensive in the nation. As we become even more green by bringing on variable energy sources, hydropower can help fill the role of being an on-demand energy provider. This ability ensures a clean, reliable and inexpensive energy for our growing region.

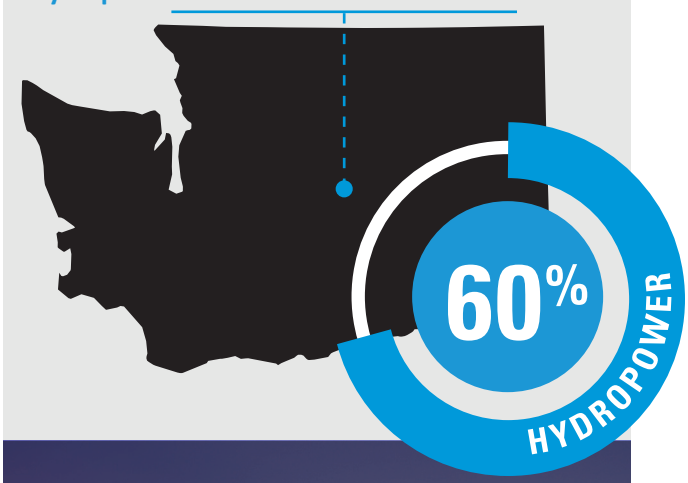
Washington's energy is among the cleanest and least expensive in the nation.

Keeping Washington Wired

Washington is a great place to live and our state's population continues to grow. As the population grows, so does energy consumption, especially in the more extreme winter and summer months. Luckily, hydropower enables a quick response to peak demands. In just a few seconds, hydro operators can increase or decrease power outputs to follow the need for power.

Leading Washington's Clean Energy Movement

Hydropower is an essential source of generation in our quest for carbon-free energy. According to the Washington State Energy Profile (April 18, 2024) at eia.gov, **60% of Washington's energy comes from hydropower.**





Courtesy NW River Partners



No Net Impact Hydropower

No Net Impact (NNI), an uncommonly high standard for power producers, is a standard Grant PUD achieves to make up for the losses of salmon, steelhead and Pacific lamprey that migrate through our hydropower project.

Hydropower Development/ Operation

Predators Eating Fish

FISH LOSS

FISH LOSS = FISH MITIGATION

Preserving/ Restoring Habitat

Fish Hatcheries

Fish Science

Predator Management

FISH MITIGATION

HIGH LEVEL OF REVIEW, OVERSIGHT AND COORDINATION

Grant PUD's NNI mitigation is overseen and approved by committees with representatives from:

- National Oceanic and Atmospheric Administration
- U.S. Fish and Wildlife Service
- Washington Department of Fish and Wildlife
- The Confederated Tribes and Bands of the Yakama Nation
- The Confederated Tribes of the Colville Reservation
- The Confederated Tribes of the Umatilla Indian Reservation

NNI contributions between 2006-2024

$25.2 MILLION +

GRANT PUD'S NNI FUND & HABITAT FUND CONTRIBUTIONS

The total amount of annual contributions into the NNI Fund and Habitat Fund made by Grant PUD so far (2006-2024):

$57.0 MILLION+

This money funds projects ranging from predator removal, adult fish passage, habitat restoration, instream flow enhancements, avian predator evaluations, land acquisitions, fish screen monitoring, and diversion assessment.

JUVENILE SALMON & STEELHEAD SURVIVAL RATES*

Studies are conducted regularly to estimate juvenile loss and are overseen and approved by the Priest Rapids Coordinating Committee.

Adult survival is nearly 100%.

86.6% Spring Chinook Salmon

91.7% Sockeye Salmon

87.0% Steelhead Trout

*For both Priest Rapids and Wanapum dams.

HATCHERY PRODUCTION

11 Grant PUD hatchery salmon and steelhead programs.

8 Chinook, 1 Sockeye, 1 Coho, 1 Steelhead

In 2024, Grant PUD's hatchery programs released approximately **7.7 million salmon and steelhead*** into the upper Columbia River and its tributaries. Hatchery programs are intended to aid in the restoration of salmon and steelhead listed under the Endangered Species Act, as well as mitigate for impacts to non-listed salmon. Fish produced via hatchery programs provide harvest opportunities from the Columbia River to Alaska.

*Source: Grant PUD (Public Utility District No. 2 of Grant County). 2024. Calendar Year 2024 Activities Under Priest Rapids Hydroelectric Project License FERC No. 2114, Ephrata, WA.

HABITAT PRESERVATION/RESTORATION

Most of the projects are conducted in habitats of the **Wenatchee, Entiat, Methow, and Okanogan basins** in areas that were impacted by non-hydro activities.

Habitat contributions between 2006-2024

$31.8 MILLION +

Funds have been used for projects such as:

- ✓ **Land Acquisition and Easements**
- ✓ **Fish Passage**
- ✓ **Habitat Enhancement**
- ✓ **Instream Flow**

FISH SCIENCE

Grant PUD generates and uses the best available science to ensure it is meeting the NNI standard.

The science allows for informed changes to improve programs.

It also contributes knowledge, tools, and approaches to scientists and resource managers throughout the world by publishing results.

OTHER MITIGATION

The clean and sustainable power we generate helps sustain climate conditions beneficial to native species.

Grant PUD also invests in a variety of other activities to avoid, reduce, monitor, and mitigate impacts to plants and animals.

These programs aim to benefit:

Sturgeon, Bull Trout, Rainbow Trout, Pacific Lamprey, Bald Eagles, Rare Plants

The Code of Excellence

Grant PUD confirmed its strong relationship with the IBEW Local 77 by formalizing its commitment to the IBEW's Code of Excellence in 2021. The IBEW launched the Code of Excellence in 2007. The code calls for a shared commitment between IBEW members and employers of high standards and mutual respect. The commitment emphasizes the vision of "One team, one family, better together." As part of Grant PUD's Commitment to the Code of Excellence, the utility and IBEW members have aligned and defined their values.

The words in the values of Grant PUD's commitment to the Code of Excellence empower us to embrace our culture, work with purpose, live our values, deliver on strategies and make an impact in our community.

SAFETY | Our Commitment: We believe that a safe workplace and community is founded upon an environment where all voices can and will speak up, ask questions, and be heard without reprisal. We will provide and maintain the proper training, tools, job layout, equipment and employees to perform work safely.

SERVICE | Our Commitment: We are all public service employees. As such, we commit to delivering results that have a high standard for quality and allow employees to enjoy a work-life balance. We come to work on time, fit for duty, and ready to work for our customers. We will utilize our training, tools, and equipment provided to pursue a higher standard of work and ethics that delivers a lasting benefit of productivity, professionalism and quality workmanship.

RESPECT | Our Commitment: We believe that every person has value and every role has purpose. As such, we will not insult or demean others and will offer feedback in a way that contributes to the success of individuals and the business. We believe that people are most effective when they have the confidence to try something new, communicate directly, professionally, and in alignment with Grant PUD & IBEW values.

INNOVATION | Our Commitment: We recognize that the best ideas often come from those closest to the work. We will approach our work with a sense of curiosity and embrace a mindset that values learning. No matter what our position is in the organization, we believe that every employee has the ability to identify solutions and influence positive outcomes.

TEAMWORK | Our Commitment: We are not all the same and believe that is what makes teams great. We value the differences in who we are, perspectives we hold and ways we think. We recognize that fulfilling our mission requires intense focus, so we believe it is important to make space for everyone, not take ourselves too seriously, and enjoy our time here with one another.



INTEGRITY | Our Commitment: As stewards of the public's trust, we are all accountable to the Code of Excellence. We will not allow others' failure to practice these commitments as an excuse for us to abandon ours. We believe that integrity is the basis for trust and requires courage, especially when it involves change.

HERITAGE | Our Commitment: We honor the contributions of those that came before us and find ways to actively maintain our public power connection to the communities we serve.

Heritage

For more than 60 years, the Wanapum and Grant PUD have worked together to protect, preserve and perpetuate the Wanapum culture, beliefs, and traditions. Located next to the Wanapum's ancestral village and Priest Rapids Dam, this 50,000 square-foot building is instrumental in perpetuating the importance of the culture, traditions and beliefs of the Wanapum. For more information about the Wanapum and the Wanapum Heritage Center, visit wanapum.org.







Service

At Grant PUD, community service is a core value. In 2024, we deepened our commitment to Grant County by engaging with residents, supporting local events, and expanding educational programs that promote energy awareness and innovation.

We proudly supported the Grant County Fair, the county's largest annual event, where over 82,500 fairgoers visited. Our booths provided interactive displays and conversations about public power. Additionally, we participated in key community celebrations, including Ephrata's Sage and Sun Festival, Moses Lake's Agriculture Parade, the Fourth of July celebration in George, Royal City's Summerfest, Grand Coulee's Colorama Rodeo, Coulee City's Last Stand Rodeo, and Desert Aire's golf tournament. These events allowed us to connect with residents and reinforce our role in the community.

Education remained a priority, with a focus on Science, Technology, Engineering, and Math (STEM). This year, we launched the Monster Detective Collective, a summer library program where characters like *Newton* and *Watt* helped children explore energy sources and conservation. We also continued key programs like 5th Grade Energy Science Days and FWEE Academies, providing hands-on learning opportunities.

To strengthen relationships with stakeholders, we hosted two tours for local, state, and federal lawmakers and community members. These tours showcased regional growth and developments at Priest Rapids Dam, reinforcing our leadership in public power. Through community engagement, education, and outreach, Grant PUD remains dedicated to enhancing the lives of our customers and shaping a strong future for Grant County.







Recreation

Grant PUD owns and operates 19 recreation sites with purpose-built recreation amenities, including boat launches, restrooms, campsites, and ADA accessible features.

At Grant PUD, hydropower is synonymous with recreation and river fun. We operate recreation sites on our project lands to provide public access and recreation on or near the Columbia River. Collectively these sites provide a wide variety of fun and educational activities for all ages and abilities, including water recreation, camping, hiking, fishing, hunting, wildlife watching and just relaxing. For a full list of all recreation sites, available amenities and campsite fees, visit: **509river.org**.

509RIVER



GRANT PUD OPERATES:

19

RECREATION SITES

5

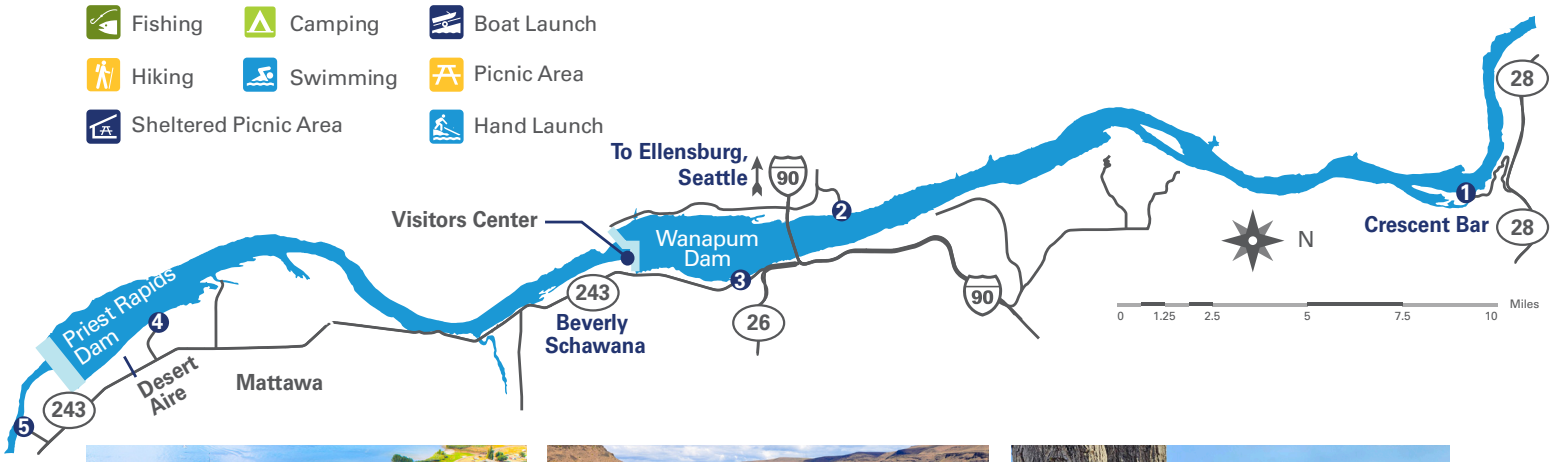
CAMPSITES

Areas within our project lands on the Columbia River shoreline.

9

BOAT LAUNCHES

Campsites operated by Grant PUD





1 Crescent Bar Recreation Area

Amenities include a 55 reservable campsites, (tent/RV and vehicle/boat trailer), golf course, two boat launches, day-use and commercial marina, a floating fuel station, walking/biking trails, picnic shelters, playground, sports courts (pickleball, basketball), and multiple beach areas.



2 Rocky Coulee Recreation Area

Amenities include day use opportunities, 10 primitive first come, first served walk in campsites, a hand boat launch and access to additional public land recreation opportunities.





3 Sand Hollow Recreation Area

Amenities include picnic areas, a swim beach, 30 reservable RV/Tent campsites, and 10 reservable walk-in only campsites.



4 Priest Rapids Recreation Area

Amenities include camping, boating and day-use opportunities, 14 reservable campsites suitable for tents or RVs, three-lane boat launch, walking/biking trails, picnic areas, and swim beach.



5 Jackson Creek Fish Camp

Amenities include camping and walk-in only campsites, 10 primitive first-come, first-served campsites, and walk-in fishing access. The campsites are spacious, offering ample room for parking both your boat and trailer.



Grant PUD Fiber

Fiber-optic service – county wide

Grant PUD hit a milestone in 2024 that's been 24 years in the making.

We and our contractor North Sky Communications have completed the buildout of the Grant PUD fiber-optic network, making the county's fastest, most reliable broadband internet service available throughout Grant County. This is a huge achievement that would have been impossible without decades of largely supportive boards of commissioners and careful, responsible budgeting.

This milestone honors the legacy of our public power pioneers, who recognized our county needed electricity to prosper. In today's world, that vision also includes fast internet, and Grant PUD's fiber-optic network is now our entire county's best and most reliable option.

The path to network completion wasn't always certain.

Grant PUD first installed a small fiber-optic network in the 1980s for faster communication between Priest Rapids and Wanapum dams and our dispatch control center in Ephrata. We later expanded the network to include communication with our electric substations. Along the way, we and other fiber-using PUDs discovered we had extra network capacity that could become an additional service for our customers – if the state legislature would grant us the authority.

That authority came in 2000 but only on a wholesale basis. That meant that PUDs could make our fiber networks available for use, but only to private companies, called "service providers," who could then sell internet and other

403 FIBER EXPANSION MILES ADDED IN 2024

3,158 FIBER EXPANSION MILES*

*Driving distance from Seattle, WA to Orlando, FL

31,331 CURRENT SUBSCRIBERS

41,922 POTENTIAL SUBSCRIBERS

fiber-based services to our customers. Even today, PUDs can only sell internet service directly to customers under very limited circumstances, and none of these apply to Grant PUD. We currently have wholesale relationships with about 25 service providers.

We began first by extending fiber service to schools and local government offices, and later built our network out to the most population-dense areas of the county. It soon became clear that expanding the fiber network was a very expensive endeavor, especially to the most rural areas of the county, which were also the most in need, for lack of other options for fast broadband.

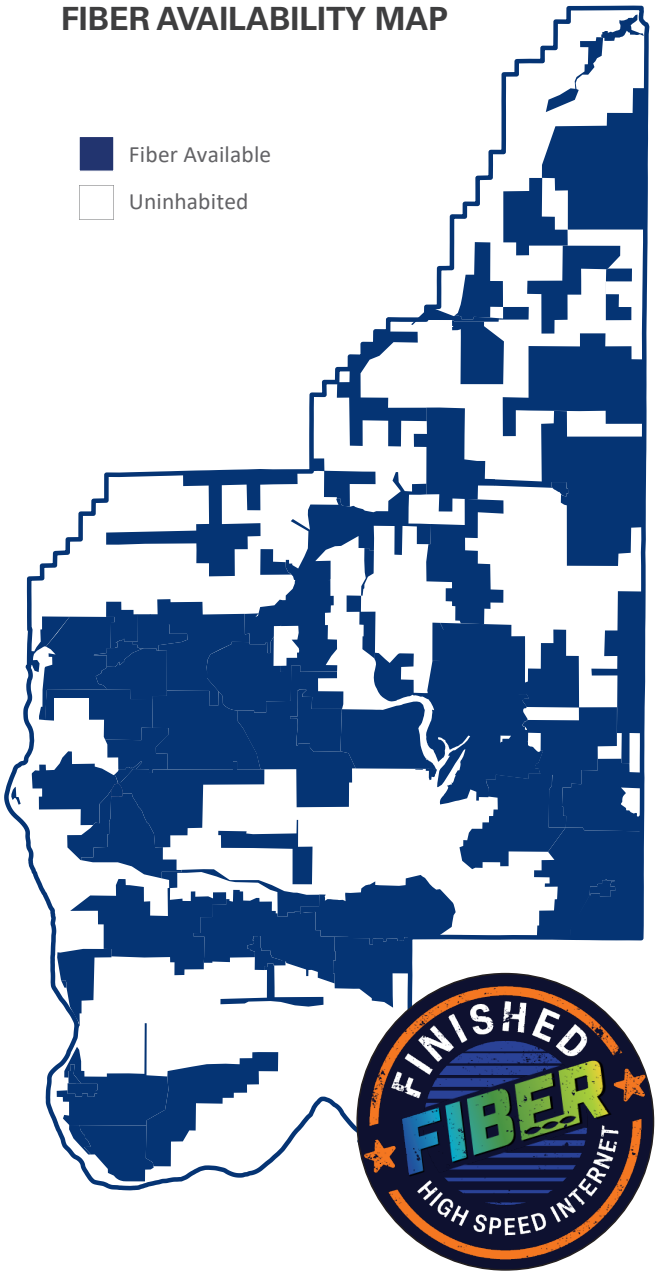
The cost of installation, compounded with the necessity of regular maintenance to our expanding network, gave more than a few of our staff and commissioners reason to pause and study whether we'd ever be able to afford to reliably provide fiber to the entire county.

In the meantime, our customers in the unserved areas remained insistent, and with good reason. Demand for fast internet had skyrocketed. Ecommerce, web-based services like banking, teleconferencing and remote learning had gone mainstream.

Efforts state-wide to narrow the "digital divide" — the "haves" versus the "have nots" of fast broadband — were in full swing.

By 2018 our fiber network was available to 70% of Grant PUD customers. Our board at the time, led by longtime fiber advocates Tom Flint and the now late Dale Walker, urged their fellow commissioners to equate our county's need for fiber with its early need for electricity. Grant PUD's mission, they insisted, is to provide its services equally to everyone. The board unanimously agreed and gave staff a directive to annually allocate funding for fiber expansion, providing our overall financial outlook remained strong. The goal? To make the network available to all Grant PUD customers by late 2024.

FIBER AVAILABILITY MAP



And so, here we are! Grant PUD and our contractor North Sky Communications have completed a network that now covers approximately 3,200 miles. The cost to complete the network from 2019 to the present, alone, totals nearly $118.7 million.

"Take rates" — the number of customers who actually sign up for broadband over Grant PUD fiber — exceeds an average of 75%, county wide, arguably making Grant County one of the best-connected rural counties in the entire United States.

The Grant PUD fiber buildout is a testament to our commissioners' and customers' desire to make fast, reliable broadband service accessible to all Grant County residents. It took us a while to get here, but we did it. And we did it together.

Finances

Grant County enjoys some of the lowest power prices in the nation. We have been able to maintain low power prices for our customers because we have always endeavored to make sound financial decisions with a long-term benefit.

We strive daily to make decisions to balance the investments we are making for the future, while also providing for the needs of the present. We believe the key to maintaining our high-quality, low-cost power service is by making decisions that will bring the greatest value to our customers.

To address inflation pressure, our commissioners approved an average 3% increase to electric rate revenue, effective April 1, 2024.

Historic Price Increases

by all classes 1973-2024*



ENERGY COSTS

How Do We Compare?

Monthly Residential Average Electricity Rates as of December 2024.

*Source: U.S. Energy Information Administration Annual as of Dec. 2024.

16.48¢ per kWh*
UNITED STATES*

11.90¢ per kWh*
WASHINGTON*

6.0¢ per kWh
GRANT PUD

2024 Financial Targets

Grant PUD uses a number of metrics to measure our goal of providing value to our customers. The selected metrics below help to show our financial strength.



Maintain a Strong Financial Position

	Target	Actual
Electric System Liquidity	≥ $150 MM	$353 MM
Consolidated Return on Net Assets	≥ 4.0%	13.0%
Consolidated Debt To Plant Ratio	≤ 60%	40%
Consolidated Debt Service Coverage	≥ 1.80x	5.83x



Provide Long-Term Low Rates

	2024 Target	Actual
Retail Operating Ratio - Adjusted	≤ 100%	108%
District Credit Rating	≥ Aa3 (Moody's equivalent)	Aa3

Our Bond Ratings

Grant PUD's financial health is measured in part by its bond ratings. Our latest ratings are below:

PRIEST RAPIDS HYDROELECTRIC PROJECT

Rating Agency	Rating	Outlook
Fitch Ratings	AA	STABLE
Moody's Investor Service	Aa3	POSITIVE
Standard & Poor's Rating Services	AA	STABLE

ELECTRIC SYSTEM

Rating Agency	Rating	Outlook
Fitch Ratings	AA	STABLE
Moody's Investor Service	Aa3	POSITIVE
Standard & Poor's Rating Services	AA+	STABLE

MOSSADAMS

Report of Independent Auditors

The Board of Commissioners
Public Utility District No. 2 of Grant County, Washington

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Public Utility District No. 2 of Grant County, Washington (the District), which comprise the statements of net position as of December 31, 2024 and 2023, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the District as of December 31, 2024 and 2023, and the changes in financial position and cash flows thereof for the years 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) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1 of the financial statements, the District adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, effective January 1, 2023. Our opinion is not modified with respect to this matter.

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.

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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of the District's proportionate share of the net pension liability, schedule of the District's contributions, and the schedule of changes in the total OPEB liability and related ratios (collectively, required supplementary information) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the commissioners' report, manager's report, and other information, such as the introductory information, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does 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 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 23, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Moss Adams LLP

Portland, Oregon
April 23, 2025

OVERVIEW OF GRANT PUD'S FINANCIAL STATEMENTS

As of December 31, 2024, Public Utility District No. 2 of Grant County, Washington ("Grant PUD", "the utility" or "the District") is comprised of two operating systems: the Electric System and the Priest Rapids Project. The Electric System maintains 4,457 transmission and distribution line miles and other related infrastructure to serve retail load in Grant County. The Priest Rapids Project is operated under Federal Energy Regulatory Commission ("FERC") License, Project No. 2114 authorizing both the Priest Rapids Hydroelectric Production Development ("Priest Rapids") and Wanapum Hydroelectric Production Development ("Wanapum") to operate through April of 2052 as long as license requirements continue to be met. Priest Rapids consists of a dam and hydroelectric generating station with a nameplate rating of 950 Megawatts ("MW") and Wanapum consists of a dam and hydroelectric generating station with a nameplate rating of 1,222 MW. Priest Rapids is located on the Columbia River in Grant and Yakima Counties about 150 air miles northeast of the City of Portland, 130 air miles southeast of the City of Seattle, and 18 miles downstream of Wanapum, which spans Grant and Kittitas Counties.

This annual financial report consists of a series of financial statements and reflects the self-supporting, proprietary activities of Grant PUD funded primarily by the sale of electrical power. Grant PUD reports business-type activities in a manner similar to private business enterprises. Grant PUD's financial statements presented in this report consist of the Statements of Net Position, Statements of Revenues and Expenses and Changes in Net Position, Statements of Cash Flows, and the Notes to the Financial Statements.

The Statements of Net Position include all of Grant PUD's assets, liabilities, deferred outflows and inflows, and net position and provide information about the nature and amounts of investments in assets and the obligations of Grant PUD.

All the revenues and expenses of Grant PUD are accounted for in the Statements of Revenues and Expenses and Changes in Net Position. These statements measure the success of operations over the year and can be used to determine whether Grant PUD has successfully recovered all its costs through retail revenues and other charges.

The primary purpose of the Statements of Cash Flows is to provide information about Grant PUD's cash receipts and cash disbursements during the year. These statements report cash receipts, cash payments, and net changes in cash resulting from operating, financing, and investing activities.

The Notes to the Financial Statements provide additional information that is essential for a full understanding of the information provided in the three statements described above.

FINANCIAL HIGHLIGHTS

The following discussion provides an overview of the financial activities for Grant PUD for the years ended December 31, 2024, 2023, and 2022. The discussion and analysis is designed to be used in conjunction with the financial statements, notes and other supplementary information, which follow this section.

Grant PUD produced a positive change in net financial position of $334.4 million in 2024, $352.7 million in 2023, and $90.9 million in 2022. Grant PUD continued to make the necessary investments in infrastructure, technology, and employees to ensure customers will continue to receive reliable power at long-term low prices.

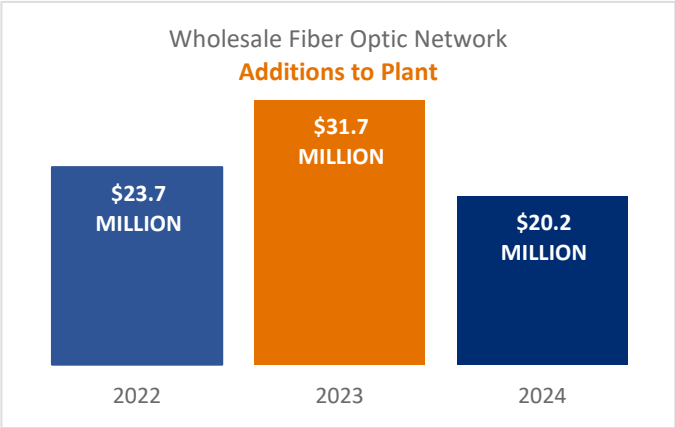
The Commission approved a 3% average annual rate increase to customers in both 2024 and 2023 to help offset the impacts of inflation-driven operational costs related to power generation and distribution, help fund necessary projects and ensure continued financial strength.

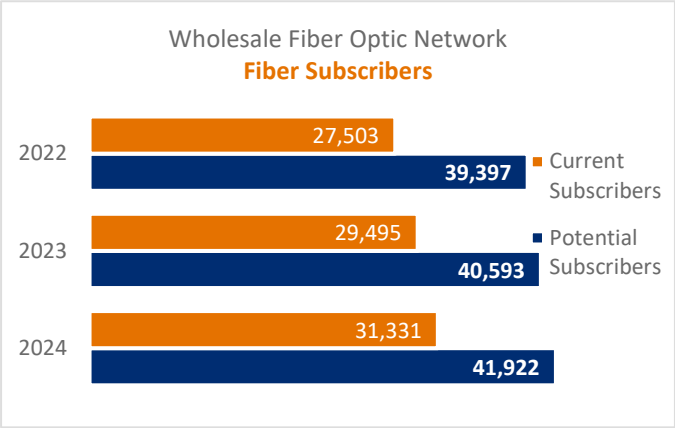
Electric System Significant Capital Projects: Grant PUD is undertaking capital improvements to improve electric system reliability and serve expected load growth primarily in the large commercial and industrial customer classes. These improvements include upgrading and expanding substation, transmission, and distribution infrastructure. The Design Build 2 ("DB2") Load Growth Project started in December 2019 with an estimated completion date of December 2025. In the course of this project, three new and four upgraded substations have been completed with the final two new substations, and an associated transmission line is scheduled for completion in 2025. The total cost for the project is $120.7 million as of December 31, 2024.

Grant PUD has completed the initiation phase of the Quincy Transmission Expansion Plan ("QTEP") and is now in the planning phase. The project will include six transmission line segments, one mile to 31 miles in length, one new switchyard with a high voltage capacitor bank (Monument Hill), expansion of the existing Mountain View substation, and expansion of existing Wanapum switchyard. This plan will increase the load limit in Quincy from approximately 300MW to 650MW, provide redundant transmission sources into the Quincy area, and provide a system configuration that allows the District to perform maintenance without requiring customer outages. The total budget for this project is estimated at $213.1 million with total costs of $18.4 million as of December 31, 2024. Estimated completion of the projects is anticipated to be in Q4 2028.

In addition to the significant projects for the Electric System mentioned above, Grant PUD purchased several parcels of land totaling $11.3 million in 2024 for the development of a new service center and the addition of new generation resources.

Grant PUD continued to expand its Wholesale Fiber Optic Network in 2024. The Wholesale Fiber Optic Network expansion resulted in total capital asset additions of $20.2 million, $31.7 million, and $23.7 million for years ended December 31, 2024, 2023, and 2022, respectively. Grant PUD continued to experience very high demand for new connections to open-access fiber on the premises network. Currently, 75% of potential subscribers are using the network. Grant PUD completed the Fiber Expansion project with the exception of Banks Lake and a few multi-home areas. Grant PUD will continue to build fiber in new construction sites and will sign up new subscribers in already released areas.





The Priest Rapids Project Significant Capital Projects: In August of 2016, on-site construction began for the turbine life extension and generator rewind work at the Priest Rapids Dam Development. The first of ten turbines and generators were placed in service in January 2018, followed by four additional units through 2023. The sixth unit was underway and slated to return to service, as scheduled, in January 2025. The seventh unit was scheduled to be taken out of service in January 2025, with an estimated outage of 14 months. Total cumulative costs through December 31, 2024, of $359.2 million included control system upgrade costs, turbine modeling and hydraulic design work, and other preliminary costs for all units completed and in progress.

Financial Ratings: Grant PUD maintains very high credit ratings, which are issued separately for the Electric System and the Priest Rapids Project and are as follows (Electric System/Priest Rapids Project): Fitch Rating Services AA/AA, Standard and Poor's Rating Services AA+/AA, and Moody's Investor Services Aa3/Aa3. The Electric System Ratings were published in July of 2024 (Fitch), August of 2024 (S&P), and May of 2024 (Moody's), and the Priest Rapids Project ratings were published in July of 2024 (Fitch), August of 2024 (S&P), and May of 2024 (Moody's) (refer to Note 6).

FINANCIAL RATINGS

Credit grade	MOODY'S	FITCH	S&P
HIGHEST	Aaa	AAA	AAA
VERY HIGH (Grant PUD)	Aa1, Aa2, Aa3	AA+, AA, AA-	AA+, AA, AA-
HIGH	A1, A2, A3	A+, A, A-	A+, A, A-
GOOD	Baa1, Baa2, Baa3, Baa4	BBB+, BBB, BB-	BBB+, BBB, BB-
SPECULATIVE	Ba1, Ba2, Ba3	BB+, BB, BB-	BB+, BB, BB-
VERY SPECULATIVE	B1, B2, B3	B+, B, B-	B+, B, B-
SUBSTANTIAL RISK	Caa1, Caa2, Caa3, Ca	CCC, CC, C, RD, D	CCC+, CCC, CCC-, CC, C, D

These high-grade credit ratings allow Grant PUD to acquire funding for capital investments at competitive interest rates. This reduces pressure on production costs at the Priest Rapids Project, which remains a very low-cost carbon free resource, and ultimately helps keep the Electric System's retail prices among the lowest in the nation.

In September 2024, Grant PUD issued $180.8 million in refunding revenue bonds to refinance the District's outstanding Build America Bonds ("BAB"s) upon determination that an "Extraordinary Event" occurred in respect to the 2010-L Priest Rapids Project Bonds. Concurrent with the BABs refunding, the District tendered $24.8 million of the applicable principal outstanding 2020-Z Priest Rapids Project Bonds and $38.2 million of the applicable principal outstanding 2020-Z-2 Priest Rapids Project Bonds. The issuance resulted in no incremental increase in outstanding debt and reduced the risk of Federal Rebate sequestration. See Note 6 for additional details.

In November 2023, Grant PUD issued $44.8 million in refunding revenue bonds to refinance the Electric System's Mandatory PUT bonds on the December 2023 Redemption Date. The issuance resulted in no incremental increase in outstanding debt and stabilized the interest rates thus avoiding the increased stepped interest rate.

In July 2023, Grant PUD issued $49.3 million in short-term refunding revenue bonds to refinance the Electric System's direct placement subordinate refunding bonds, which resulted in no incremental increase in outstanding debt and stabilized the debt service of the refunded debt. Grant PUD also issued $146.5 million in refunding and new money revenue bonds to refinance and reimburse the District for improvements to the Priest Rapids Project for capital project spending.

Priest Rapids Project Generation: During the years ended December 31, 2024, 2023, and 2022, the Priest Rapids Project provided the following net megawatt hours ("MWh") of electric energy at an average cost as follows:

	2024	2023	2022
Net Megawatt hours ("MWh")	7,029,402	6,965,606	9,258,486
Average Cost (per "MWh")	$ 28.31	$ 27.38	$ 20.74
Average Water Supply*	77%	74%	111%

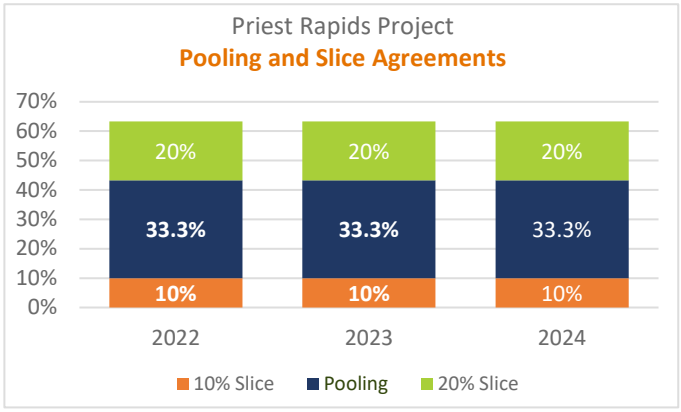
*Average water supply is based on Rock Island Dam water supply compared to a 30-year average (October through September). The timing of runoff and spill requirements factor into the water available for generation from year to year.

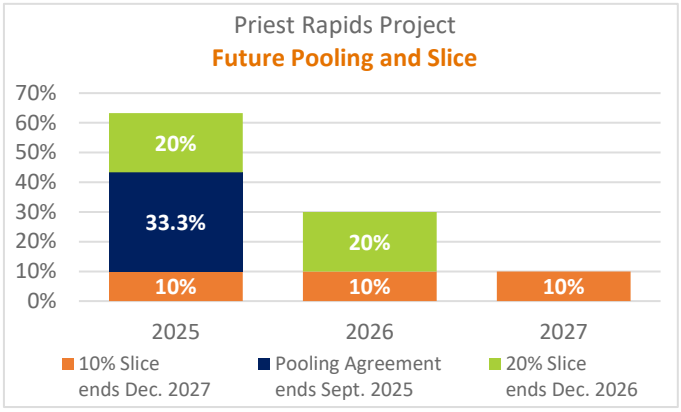
Net Megawatt hours generated are dependent on water supply, impacted by weather and the timing of runoff and spill requirements, as well as activities from upstream entities. 2024 was a slight improvement over 2023 for average water supply which resulted in an increase in Net Megawatt hours of generation.

The Electric System's energy risk management strategy capitalizes on the low cost of production of the Priest Rapids Project ("PRP"), without retaining an imprudent amount of water or price volatility risks as defined by our risk policies. Grant PUD enters into wholesale contracts that aim to increase the predictability of net wholesale revenues by mitigating the effect of fluctuation of wholesale power prices and water variability for generation, which directly contributes to Grant PUD's objective to maintain a strong financial position and have predictable retail prices well into the future.

Priest Rapids Project Output: As a strategy to hedge against water risks, Grant PUD has entered into various wholesale "slice" and pooling agreements to sell capacity and energy from its retained 63.3% share of the Priest Rapids Project output, resulting in predictable revenue and rate stability.

For the years ended December 31, 2024, 2023, and 2022, Grant PUD's 63.3% retained share of the Priest Rapids Project output was allocated to pooling and slice agreements as follows:





Slice Agreements: The slice agreements sell capacity and energy to buyers who assume the associated water and wholesale price risks. Grant PUD obtains stable revenue from these sales. The slice agreements are paid in monthly installments over the term of each agreement and include firm energy purchases from each entity to help meet Grant PUD's load. Grant PUD regularly monitors its exposure and retains the right to call for additional assurances at any time. Grant PUD has the right to curtail delivery in the event of nonpayment or non-delivery of the firm energy purchases.

Pooling Agreements: As noted above, pooling agreements greatly reduce the effect of variable water conditions at the Priest Rapids Project and fluctuations in wholesale power prices on revenues associated with Grant PUD's wholesale sales and purchases. Grant PUD's current pooling agreement is for a five-year term which began October 1, 2020, and will end September 29, 2025. Under a pooling agreement, the counterparty receives rights to the actual output of a portion of the Priest Rapids Project, which will vary with water conditions. In return, the counterparty provides firm power to meet Grant PUD's load, regardless of the actual output of the Priest Rapids Project, and certain scheduling services. Over the life of the agreement, the majority of these values will be offsetting and exchanged without cash payment; there will, however, be monthly payments owed by either the counterparty or Grant PUD due to the seasonal differences between capacity and energy amounts and loads. These payments are presented as a net sale or purchase. In addition, certain non-hydrological performance metrics are assumed at the beginning of the contract and monthly differences in these metrics are trued up and payment made by either the counterparty or Grant PUD. The amount of monthly payments over the term varies based upon actual performance versus the estimates at the time the pooling agreement was executed. Grant PUD is currently working on a replacement to the Pooling Agreement.

CONDENSED STATEMENTS OF NET POSITION (amounts in thousands)	2024	2023*	2022
Assets			
Current	$ 537,625	$ 435,944	$ 239,255
Utility plant, net	2,573,903	2,485,949	2,365,004
Noncurrent	432,834	332,593	329,899
Total assets	3,544,362	3,254,486	2,934,158
Total deferred outflows of resources	63,033	60,607	52,409
Total assets and deferred outflows of resources	3,607,395	3,315,093	2,986,567
Liabilities			
Current	227,535	176,443	183,577
Noncurrent	1,102,332	1,199,932	1,217,917
Total liabilities	1,329,867	1,376,375	1,401,494
Total deferred inflows of resources	84,749	80,368	79,399
Total liabilities and deferred inflows of resources	1,414,616	1,456,743	1,480,893
Net position			
Net investment in capital assets	1,504,852	1,327,962	1,196,380
Restricted	479,491	430,483	311,545
Unrestricted	208,436	99,905	(2,251)
Total net position	2,192,779	1,858,350	1,505,674
Total liabilities, deferred inflows of resources and net position	$ 3,607,395	$ 3,315,093	$ 2,986,567

CONDENSED STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN NET POSITION (amounts in thousands)	2024	2023	2022
Operating revenues			
Retail energy sales	$ 283,442	$ 269,355	$ 265,722
Wholesale revenues, net	286,466	310,808	99,238
Sales to power purchasers at cost	26,700	25,002	28,654
Other	18,548	16,653	16,165
Total operating revenues	615,156	621,818	409,779
Operating Expenses			
Depreciation and amortization	90,411	86,439	81,643
Other operating expenses	219,237	211,363	199,143
Total operating expenses	309,648	297,802	280,786
Net Operating Income	305,508	324,016	128,993
Other revenues (expenses)	4,609	(8,471)	(48,864)
Contributions in aid of construction	24,312	37,131	10,781
Change in net position	334,429	352,676	90,910
Total net position - beginning of year	1,858,350	1,505,674	1,414,764
Total net position - end of year	$ 2,192,779	$ 1,858,350	$ 1,505,674

* Certain items were reclassified to conform with the implementation of GASB 101.

FINANCIAL ANALYSIS

The following discussion provides comparative financial information for the years ended December 31, 2024, 2023, and 2022.

ASSETS AND DEFERRED OUTFLOWS

Total assets and deferred outflows increased by $292.3 million (8.8%) from 2023 to 2024 and $328.5 million (11.0%) from 2022 to 2023. The increase from 2023 to 2024 and 2022 to 2023 were primarily driven by continued investment in Utility plant and increases in cash and investments generated from increased revenues. The continued capital investments in 2024, 2023 and 2022 align with Grant PUD's Strategic Plan objectives, which include reliably delivering power at long-term low prices to customers.

Deferred outflows of resources related to losses on refunding were $32.2 million, $36.6 million, and $26.4 million as of December 31, 2024, 2023, and 2022 respectively. The decrease of $4.4 million (12.0%) from 2023 to 2024 is due to annual amortization while the increase of $10.2 million (38.6%) from 2022 to 2023 is associated with a $13.9 million loss recognized on the refunding of debt during 2023, offset by $3.7 million of annual amortization. Losses on refunding are being amortized over an average of 25 years. Deferred outflows of resources related to pensions were $28.7 million, $21.5 million, and $24.2 million as of December 31, 2024, 2023, and 2022, respectively. Deferred outflows of resources related to pensions fluctuate due to Grant PUD recording its proportionate share of the increase or decrease in collective deferred outflows each year for the PERS plans as provided by the Department of Retirement Systems, partially offset by associated amortization.

LIABILITIES AND DEFERRED INFLOWS

Total liabilities and deferred inflows decreased $42.1 million (2.9%) from 2023 to 2024 and $24.2 million (1.6%) from 2022 to 2023, respectively. The decrease is primarily associated with reductions in long-term debt of $44.2 million and $17.8 million, from 2023 to 2024 and 2022 to 2023, respectively, due to regularly scheduled payments offset by amortization of premiums and discounts, and debt issuances. During 2024 and 2023, Grant PUD refinanced several bonds to reduce interest rates on outstanding debt. Grant PUD had approximately $1.1 billion, $1.1 billion and $1.2 billion in bonded debt outstanding as of the year ended December 31, 2024, 2023, and 2022, respectively.

Deferred inflows of resources related to pensions, including the associated regulatory liability were $66.2 million, $61.4 million, and $59.5 million as of December 31, 2024, 2023, and 2022, respectively. Fluctuations occur from year to year due to the District's proportionate share of changes in pension plan actuarial assumptions. The increase of $4.8 million (7.8%) from 2023 to 2024 and $1.9 million (3.2%) from 2022 to 2023 is attributed to changes in the pension plans projected and actual investment earnings and changes in assumptions. Deferred inflows are amortized over future periods to the regulatory liability.

NET POSITION

Total net position was $2.2 billion, $1.9 billion, and $1.5 billion, as of December 31, 2024, 2023, and 2022, respectively. These increases were driven by positive net operating income related to higher sales to power purchasers at cost, retail energy sales, and interest income. Refer to 'Statement of Revenues and Expenses and Changes in Net Position' section below for further analysis.

STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN NET POSITION

Operating Revenues: Total operating revenues decreased by $6.7 million (1.1%) from 2023 to 2024 and increased by $212.0 million (51.7%) from 2022 to 2023, which was the net result of several items discussed below:

Retail energy sales increased from 2023 to 2024 by $14.1 million (5.2%) primarily driven by rate increases and continued load growth of commercial and industrial customers. Increases from 2022 to 2023 increased by $3.6 million (1.4%) primarily driven by continued load growth of residential, commercial, and industrial customers.

Wholesale revenues were $286.5 million, $310.8 million, and $99.2 million in 2024, 2023, and 2022 respectively. These revenues are reflective of the individual ebbs and flows of power consumption, market forces on wholesale power prices and the timing and terms of various agreements the utility has in place. Grant PUD receives proceeds on an annual basis in accordance with long-term power sales contracts for Grant PUD load that is above the reserve 63.3% physical share of the Priest Rapids Project. These proceeds are offset with other wholesale transactions, including a pooling agreement, slice agreements, and market sales and purchases. From 2023 to 2024 Grant PUD had increased proceeds from long-term power sales contracts of $2.5 million and overall decreases in all other net wholesale transactions of $26.9 million. From 2022 to 2023 Grant PUD had increased proceeds from long-term power sales contracts of $171.5 million and overall increases in all other net wholesale transactions of $40.1 million.

Sales to power purchasers at cost were $26.7 million, $25.0 million, and $28.7 million in 2024, 2023, and 2022, respectively. These revenues are directly tied to power costs as defined in the long-term power sales contracts and the proportion of the power costs that the power purchasers are responsible for per the contracts. Total contractual power costs were $207.9 million, $203.1 million, and $191.2 million in 2024, 2023, and 2022, respectively. The percentage of these costs covered by power purchasers was (12.9%, 13.2%, and 14.4% in 2024, 2023, and 2022, respectively) which drove the relative decrease and increase in revenues versus total power costs in 2024, 2023 and 2022, respectively.

Other revenues were $18.5 million, $16.7 million, and $16.2 million in 2024, 2023, and 2022, respectively. The largest driver of other revenues are Wholesale fiber optic network sales, which were $15.3 million, $13.7 million, and $12.8 million, in 2024, 2023, and 2022, respectively. The increase of $1.6 million (11.7%) from 2023 to 2024 and $0.9 million (7%) from 2022 to 2023 are driven by improved take rates (percentage of system subscribed versus unsubscribed) and continued build out of the network.

Operating Expenses: Total operating expenses increased by $11.8 million (4.0%) from 2023 to 2024 and $17.0 million (6.1%) from 2022 to 2023. These increases were the net result of items discussed below:

Depreciation and amortization expenses were $90.4 million, $86.4 million, and $81.6 million in 2024, 2023, and 2022, respectively. These increases are consistent with the investment in Utility plant and are affected by the timing of major units at the Priest Rapids Project being placed in service (two units were commissioned over a two-year period in September 2022 and November 2023).

Other operating expenses increased $7.9 million (3.7%) from 2023 to 2024 and $12.2 million (6.1%) from 2022 to 2023. Grant PUD has invested in its workforce to meet the demands of our growing load, customer needs, and changes in the energy and utility industry. This investment has resulted in higher labor and benefit costs, contributing to the overall increase in operating expenses.

Other Revenues (Expenses): Total other revenues (expenses) increased $13.1 million (154.4%) from 2023 to 2024 and $40.4 million (82.7%) from 2022 to 2023. Increases in both years were driven by an increase in interest and other income of $11.2 million (38.7%) from 2023 to 2024 and $42.3 million from 2022 to 2023, due to unrealized gains, and interest income fluctuations, and market volatility.

Contributions in aid of construction ("CIAC"s): Total CIAC revenues were $24.3 million, $37.1 million, and $10.8 million in 2024, 2023, and 2022 respectively. Revenues are earned as Grant PUD completes infrastructure requests funded by customers. Variability in numbers correlates with ongoing capital projects, percentage of completion, and customer requests.

CONTACTING GRANT PUD'S FINANCIAL MANAGEMENT

This report is designed to provide Grant PUD's customers, bondholders, creditors, and other interested parties with a general overview of Grant PUD's finances. For questions regarding this report or additional information, please contact Grant PUD's Chief Financial Officer, Bonnie Overfield, at Boverfi@gcpud.org, or at the Public Utility District No. 2 of Grant County, P.O. Box 878, Ephrata, Washington 98823.

STATEMENT OF NET POSITION

December 31, 2024 and 2023
(amounts in thousands)

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2024	2023
CURRENT ASSETS		
Cash	$ 1,095	$ 1,627
Investments	211,314	144,689
Restricted funds		
Cash	1,259	682
Investments	226,755	214,817
Accounts receivable, net	53,980	35,566
Materials and supplies	33,183	29,079
Due from power purchasers	205	-
Current lease receivable	508	495
Other current assets	9,326	8,989
Total current assets	537,625	435,944
NONCURRENT ASSETS		
Utility plant, net	2,573,903	2,485,949
Other noncurrent assets:		
Investments	22,953	1,280
Restricted funds		
Cash	439	215
Investments	368,346	284,388
Net pension assets	21,012	26,091
Long-term lease receivable	16,248	16,756
Conservation loans	109	137
Preliminary survey costs	3,727	3,726
Total other noncurrent assets	432,834	332,593
Total noncurrent assets	3,006,737	2,818,542
TOTAL ASSETS	3,544,362	3,254,486
DEFERRED OUTFLOWS OF RESOURCES		
Net pension, change in proportion	28,732	21,466
Other Post Employment Benefits	2,115	2,520
Unamortized refunding loss	32,186	36,621
Total deferred outflows	63,033	60,607
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 3,607,395	$ 3,315,093

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

STATEMENT OF NET POSITION (cont.)

December 31, 2024 and 2023
(amounts in thousands)

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	2024	2023*
CURRENT LIABILITIES		
Accounts payable		
Trade	$ 56,247	$ 44,957
Accrued salaries and compensated absences	17,066	14,169
Due to power purchasers	-	1,421
Accrued taxes	9,588	10,170
Customer deposits	6,960	6,066
Accrued bond interest	19,811	21,024
Unearned revenue	13,015	23,118
Habitat liability	21,980	20,515
Other current liabilities	88	85
Current portion of licensing obligations	2,877	2,800
Current portion of subscription liability	2,929	2,089
Current portion of long-term debt	76,974	30,029
Total current liabilities	227,535	176,443
NONCURRENT LIABILITIES		
Long-term debt, less current portion	1,011,931	1,103,114
Licensing obligations, less current portion	61,654	63,938
Net pension liability	8,738	11,354
Other post-employment benefits liability	9,499	9,628
Long-term unearned revenue	2,350	4,203
Long-term subscription liability, less current portion	3,048	3,784
Other long-term liability, less current portion	5,112	3,911
Total noncurrent liabilities	1,102,332	1,199,932
TOTAL LIABILITIES	1,329,867	1,376,375
DEFERRED INFLOWS OF RESOURCES		
Net pension	8,162	13,939
Regulatory Liability - Pension	58,055	47,475
Other post employement benefits	2,645	2,394
Leases	15,887	16,560
Total deferred inflows	84,749	80,368
Total liabilities and deferred inflows of resources	1,414,616	1,456,743
NET POSITION		
Net investment in capital assets	1,504,852	1,327,962
Restricted	479,491	430,483
Unrestricted	208,436	99,905
Total net position	2,192,779	1,858,350
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$ 3,607,395	$ 3,315,093

* Certain items were reclassified to conform with the implementation of GASB 101.

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

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Years Ended December 31, 2024 and 2023
(amounts in thousands)

	2024	2023
OPERATING REVENUES		
Sales to power purchasers at cost	$ 26,700	$ 25,002
Retail energy sales		
Residential	50,832	50,699
Irrigation	30,453	27,766
Commercial and industrial	199,346	189,634
Governmental and others	2,811	1,256
Wholesale revenues, net	286,466	310,808
Fiber optic network sales	15,317	13,669
Other	3,231	2,984
Total operating revenues	615,156	621,818
OPERATING EXPENSES		
Generation	54,461	49,395
Transmission	3,878	3,981
Distribution	38,908	38,392
Customer and information services	6,651	5,391
Fiber optic network operations	3,660	4,433
Administrative and general	76,768	70,569
License compliance and related agreements	13,709	16,580
Depreciation and amortization	90,411	86,439
Taxes	21,202	22,622
Total operating expenses	309,648	297,802
NET OPERATING INCOME	305,508	324,016
OTHER REVENUES (EXPENSES)		
Interest and other income (expense)	40,085	28,908
Interest on revenue bonds and other, net	(44,005)	(45,060)
Federal rebates on revenue bonds	9,507	10,454
Amortization of debt related costs	859	(1,116)
Cost of debt issuance	(1,837)	(1,657)
Total other revenue (expenses)	4,609	(8,471)
CONTRIBUTIONS IN AID OF CONSTRUCTION	24,312	37,131
CHANGE IN NET POSITION	334,429	352,676
NET POSITION		
Beginning of year	1,858,350	1,505,674
Total net position - end of year	$ 2,192,779	$ 1,858,350

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

STATEMENT OF CASH FLOWS

Years Ended December 31, 2024 and 2023
(amounts in thousands)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$ 785,539	$ 923,044
Other cash receipts	19,972	22,932
Cash payments to suppliers	(263,426)	(379,309)
Cash payments to employees	(123,559)	(113,624)
Taxes paid	(21,784)	(22,157)
Net cash provided by operating activites	396,742	430,886
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal paid on debt	(30,029)	(31,969)
Interest paid on debt	(44,968)	(45,765)
Federal interest rebates received	10,431	5,222
Bond proceeds	204,555	263,078
Payment on refunded debt	(213,471)	(260,301)
Bond issuance cost	(1,837)	(1,657)
Principal received on leases	495	482
Interest received on leases	467	479
Acquisition of subscription assets	(419)	(2,842)
Principal paid on subscription assets	(3,980)	(2,644)
Interest paid on subscription assets	(248)	(152)
Contributions in aid of construction received	13,323	19,092
Licensing obligation payments	(2,800)	(2,686)
Acquisition and construction of plant assets	(174,985)	(196,027)
Proceeds on sale of plant assets	156	614
Net cash used in capital and related financing activites	(243,310)	(255,076)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment securities	(2,218,302)	(1,601,241)
Sale of investment securities	2,039,689	1,401,300
Investment income proceeds	25,450	14,939
Net cash used by investing activities	(153,163)	(185,002)
NET INCREASE (DECREASE) IN CASH	269	(9,192)
CASH AT BEGINNING OF YEAR	2,524	11,716
CASH AT END OF YEAR	$ 2,793	$ 2,524

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

STATEMENT OF CASH FLOWS (cont.)

Years Ended December 31, 2024 and 2023
(amounts in thousands)

	2024	2023
Reconciliation of operating gain to net cash used for operating activities:		
Net operating income	$ 305,508	$ 324,016
Adjustments to reconcile net operating income to net cash provided by (used in) operating activities:		
Depreciation and amortization	90,411	86,439
Accretion expense	594	516
Miscellaneous income	2,503	2,313
Provision for uncollectible accounts	313	336
Cash provided by (used in) changes in operating assets:		
Accounts receivable	(13,168)	9,695
Materials and supplies	(4,104)	(2,083)
Conservation loan	28	38
Receivable from (payable to) power purchasers, net	(1,626)	3,016
Other current assets	(1,262)	(381)
Cash provided by (used in) changes in operating liabilities:		
Habitat funds	1,460	2,335
Trade and wages payable	16,353	2,336
Customer deposits	894	(2,590)
Accrued taxes	(582)	465
Unearned revenue on long-term contracts	(1,011)	4,024
Lease deferred inflows	(96)	(96)
Net OPEB	527	507
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 396,742	$ 430,886
Non-cash Investing, Capital and Related Financing Activities		
Changes in construction costs included in accounts payable	$ (967)	$ 3,443
Amortization of debt related costs, net	859	(1,116)
Unrealized gain/(loss) on investments	3,664	9,971

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

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY AND OPERATIONS OF GRANT PUD

Public Utility District No. 2 of Grant County, Washington ("Grant PUD" or "the utility") is a municipal corporation of the state of Washington established in 1938 to serve the people of Grant County. Grant PUD comprises two operating systems: the Electric System and the Priest Rapids Project. Grant PUD is governed by an elected five-member Board of Commissioners ("Commissioners" or "the Commission"). The Commissioners' responsibilities are to appoint the General Manager/Chief Executive Officer ("CEO"), approve budgets for Grant PUD's systems, and adopt regulations. In addition, the Commission sets policies guiding financial and operating principles for the activities reported in these financial statements.

The Electric System is made up of Grant PUD's electric transmission and distribution system in addition to a fiber-optic telecommunication system. The Priest Rapids Project is composed of Grant PUD's Wanapum Dam and Priest Rapids Dam. The Priest Rapids Project is operated under Federal Energy Regulatory Commission ("FERC") License, Project No. 2114. Grant PUD also maintains a Service System to provide administrative services to the operating systems. Internal transactions, which consist of intersystem loans and intercompany transactions between Grant PUD's reporting segments and the Service System, have been eliminated in the accompanying financial statements in accordance with accounting principles generally accepted in the United States of America. Grant PUD is required by its financing arrangements to maintain separate accounts and to report separately on each operating system (see Note 14).

SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Accounting Standards – Grant PUD maintains its accounts in accordance with accounting principles generally accepted in the United States of America for proprietary funds as prescribed by the Governmental Accounting Standards Board ("GASB"). Grant PUD's accounting records generally follow the Uniform System of Accounts for public utilities and licensees prescribed by FERC. Grant PUD's accounting records are further maintained in accordance with methods prescribed by the State Auditor under the authority of Chapter 43.09.

Grant PUD's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when incurred. Revenues and costs that are directly related to the generation, transmission, distribution, and purchases of electricity or fiber are reported as operating revenue and expenses. All other revenues and expenses are reported as non-operating revenues and expenses.

The accompanying financial statements are those of Grant PUD, which generates, transmits, and distributes electric energy and wholesale fiber optic network services within Grant County, Washington.

The significant accounting and financial policies followed by Grant PUD are outlined below.

Sales to power purchasers at costs – Sales to power purchasers at cost are revenues associated with power sales from the Priest Rapids Project under the long-term Power Sales Contracts described in Note 7 and are recorded on a cost-based formula specified in the contracts which include operation and maintenance costs, 115% of debt service, and adjustments related to other factors. Depreciation, amortization, charges paid by the Renewal, Replacement and Contingency Fund, and Construction Funds are not considered costs of producing and delivering power for this purpose.

Retail Sales – Grant PUD recognizes revenues associated with its retail customers when the power is delivered, which includes an estimate of revenue earned but not billed to customers as of year-end.

Wholesale Sales and Purchases – Grant PUD enters into various wholesale power purchase and sale agreements, for the purpose of securing a supply source that satisfies various peak load demand, to accommodate temporary outages, diversify supply and enhance reliability in accordance with prudent reliability standards, and to mitigate commercial risks arising from the potential change in values of owned assets due to hydrology fluctuations. Wholesale revenues, net is recognized when contractual obligations are met or ratably over the contract term (capacity payments) and presented net with simultaneously contracted energy purchases. Wholesale revenues, net includes slice agreements, pooling agreements, financial proceeds received for Grant PUD's Estimated Unmet District Load "EUDL" as defined by the long-term Power Sales Contracts, book-out transactions, and proceeds received from the sale of energy credits and allowances. When power purchases exceed the proceeds from the EUDL, the net difference is reported as Purchased power under operating expenses.

Cash – Grant PUD only classifies amounts held in demand deposit accounts as cash.

Deposits and Investments – Deposits and Investments of Grant PUD are stated at fair value (refer to Note 2 for additional details), except for investments in the Washington State Local Government Investment Pool ("LGIP") which are reported at amortized cost.

Realized and unrealized gains and losses on investments are included in interest and other income on the Statements of Revenues and Expenses and Changes in Net Position.

Short-term investments are defined as investments with a maturity of less than one year. The purchase and maturity of investment instruments are reported on a gross basis in the Statements of Cash Flows, with the exception of repurchase agreements, which are reported on a net basis.

Investments are made in accordance with allowable investments established by state statutes. Authorized investments include: 1) Bonds of the state of Washington and any local government in the state of Washington; 2) General obligation bonds of a state or local government of a state, of which bonds have at the time of investment, one of the three highest credit ratings of a nationally recognized rating agency; 3) Registered warrants of a local government in the same county as the government making the investment (subject to compliance requirements); 4) Obligations of the U.S. Government and its agencies; 5) Federal home loan and federal land bank bonds and federal national mortgage association obligations whose obligations are or may become eligible as collateral for advances to member banks as determined by the board of governors of the federal reserve system; 6) Commercial paper and Corporate notes purchased in the secondary market, provided that the investments are to adhere to the investment policies and procedures adopted by the state investment board; and 7) the WA State LGIP Pool ("State Investment Pool").

Materials and Supplies – Materials and supplies consist of hydroelectric generation, transmission, and distribution assets as well as fiber optic cable and fiber-related supplies. All inventory amounts are recorded at average cost and include overhead charges.

Accounts receivable, net – Accounts receivable, net includes balances for customers and related credit balances, vendors, employees, other governments, and provisions for uncollectible accounts. Accounts receivable, net as of December 31, 2024 and 2023 were as follows:

(amounts in thousands)	2024	2023
Customers	$ 46,982	$ 34,914
Vendors	5,898	182
Other governments	1,078	457
Employees	22	13
Total	$ 53,980	$ 35,566

Management conducts a review of accounts receivable on a regular basis to determine if any receivables will potentially be uncollectible. The allowance for uncollectible accounts includes amounts due from specific customers for which collection is in question. Such estimates are developed based on historical experience. The allowance for uncollectible accounts was approximately $1.4 million and $1.1 million, as of December 31, 2024 and 2023, respectively, and is included in Accounts receivable, net.

Additional credit balances exist for customers set up on budget pay plans and customers with prepayments on account for credit purposes. As of December 31, 2024 and 2023, total credit balances were approximately $4.0 million and $4.2 million, respectively.

Contributions in Aid of Construction – A portion of Grant PUD's Utility plant is financed through contributions from customers in accordance with the Customer Service and Interconnection policies. Additionally, a portion of Utility plant may be financed through contributions from other sources, such as other governmental organizations or Fiber Optic Network Customers. Grant PUD recognizes capital contributions from these sources as non-operating revenue at the point at which it becomes non-refundable. Grant PUD recognized $24.3 and $37.1 million of Contributions in Aid of Construction for each of the years ended December 31, 2024 and 2023, respectively.

Utility Plant – Utility plant assets are recorded at cost including an allocation of internal payroll and other administrative and general costs associated with construction of the assets. Depreciation is determined by the straight-line method over the estimated life of the asset. Meters and transformers begin depreciating when invoiced regardless of in-service date. Grant PUD's asset lives used for computing depreciation range from five to 100 years, with an average rate of 2.51 percent and 2.48 percent for 2024 and 2023, respectively. Depreciation is calculated using the following estimated useful lives:

Generation	5 to 100
Transmission and Distribution	5 to 65
General	5 to 55
Fiber	10 to 50

When Grant PUD retires portions of its Utility plant, retirements are recorded against Accumulated Depreciation and the retired portion of Utility plant is removed from the Plant in Service. When Utility plant assets are retired, their original cost, together with removal costs, less salvage, are charged to accumulated depreciation. The costs of maintenance and repairs are charged to operations as incurred. Renewals, replacements, and betterments are capitalized per Grant PUD's Asset Capitalization Policy. The Policy requires assets to have a minimum useful life of five years and minimum cost of $10,000, except for permanent additions to transmission and distribution or wholesale fiber plant, which are capitalized regardless of cost. Grant PUD assesses its assets for obsolescence and possible impairment on a periodic basis. Once an asset has been identified as impaired due to a significant and unexpected decline in usable capacity, it is written down to reflect its current service utility and the associated impairment loss is charged either to operations or an extraordinary item depending on its nature.

Preliminary Survey Costs – Certain preliminary costs are capitalized in accordance with FERC accounting guidance, which allows the capitalization of preliminary surveys, plans, designs, investigations, etc., incurred for the purpose of determining the feasibility of utility projects under contemplation. If construction results, these costs are transferred to construction work in progress. A project that is unfeasible or abandoned is expensed in the current period.

Habitat Liability – Per the Priest Rapid Salmon and Steelhead Settlement Agreement and 2008 NOAA Fisheries Biological Opinion which were incorporated into the FERC License Order (FERC No. 2114), Grant PUD is required to provide funds for habitat mitigation activities. Spending from these funds must be unanimously approved by independent committees composed of members from external agencies, tribal representatives, and Grant PUD. The Habitat Liability is recorded as a current liability on the Statements of Net Position. See Note 8 for additional details.

Due from/to Power Purchasers – This balance represents the difference between estimated power costs collected by the Priest Rapids Project from power purchasers versus actual power costs, which will be settled with power purchasers the following year.

Debt Discounts, Premiums, and Issuance Costs – Debt discounts and premiums relating to the sale of bonds are amortized over the lives of the related bonds using the constant yield method. Debt issuance costs are recognized in the period incurred. Debt issuance costs incurred prior to 2013 are being amortized over the life of the related debt.

Refunding of Debt – The gain or loss on refunding of debt is recognized as a deferred inflows or outflows of resources and amortized over the remaining life of the refunded or newly issued bond(s), whichever is shorter. If debt is extinguished using Grant PUD's existing resources, any resulting gain or loss is recognized during the current period.

Leases – As a lessee, Grant PUD recognizes a lease liability and an intangible right-to-use asset at the commencement of a lease, unless the lease is determined to be short-term, or it transfers ownership of the underlying asset(s). Right-to-use lease assets are measured based on the net present value of the payments to be made over the term of the agreement, using Grant PUD's incremental borrowing rate.

Amortization of the discount on the lease liability is reported as outflows of resources (interest expense) for the period. The lease asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset and is reported as an outflows of resources (amortization expense). A remeasurement of the lease liability occurs when there is a change in the lease term and/or other changes that are likely to have a significant impact on the lease liability.

Payments are allocated first to the accrued interest liability and then to the lease liability. Variable lease payments based on the usage of the underlying assets are not included in the lease liability calculations.

As a lessor, Grant PUD recognizes a lease receivable and a deferred inflow of resources at the commencement of the lease term. The lease receivable is measured using the present value of the lease payments expected to be received for the lease term, based on Grant PUD's incremental borrowing rate, which approximates the discount rate Grant PUD charges the lessee. Leases with provisions for rent changes based on the consumer price index ("CPI") or other market indexes, result in additional variable lease revenues that are not included in the measurement of the lease receivables. Deferred inflow of resources is measured at the value of the lease receivable in addition to any payments received at or before the commencement of the lease term related to future periods.

Amortization of the discount on the lease receivable is reported as interest revenue for the period. Deferred inflows of resources are recognized as lease revenue on a straight-line basis over the term of the lease. Any initial direct costs are reported as an outflows of resources for that period. Remeasurement of lease receivable occurs when there are modifications, including, but not limited to changes in the lease charges, lease term, and adding or removing an underlying asset to the lease agreements. In the case of partial or full lease termination, Grant PUD will reduce the carrying value of the lease receivable and the related deferred inflows of resources and include a gain or loss for the difference.

Leases identified by management as short-term (maximum possible term of 12 months or less), perpetual, variable in nature, or insignificant, are recognized as outflows of resources (expenses) or inflows of resources (revenue) based on the payment provisions of the lease agreement.

Subscription-Based Information Technology Arrangement (SBITA) – Grant PUD recognizes a subscription liability and an intangible right-to-use asset (subscription asset) when the subscription asset is placed into service (commencement of subscription term), except when the subscription is considered short-term or transfers ownership of the underlying asset(s).

A subscription asset is initially measured at the sum of 1) the initial measurement of the subscription liability, 2) payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, and 3) capitalizable initial implementation costs. The subscription asset is adjusted when the corresponding subscription liability is remeasured. The subscription asset is amortized on a straight-line basis over the subscription term and reported as an outflows of resources (amortization expense) beginning at the commencement of the subscription term.

A right-of-use subscription liability is measured at the net present value of the payments expected to be made during the subscription term, using Grant PUD's incremental borrowing rate. Remeasurement of the subscription liability occurs when there is a change in the subscription term and/or other changes that are likely to have a significant impact on the subscription liability. Amortization of the discount on the subscription liability is reported as an outflows of resources (interest expense). Payments are allocated first to the accrued interest liability and then to the subscription liability. Variable payments based on the usage of the underlying assets, future performance, or number of user seats are not included in the measurement of the subscription liability and are recognized as outflows of resources in the periods in which the obligation for the payments is incurred.

Subscriptions assessed by management as short-term, perpetual, or insignificant are recognized as outflows of resources (expenses) based on the payment provisions of the subscription agreement. See Note 3 for additional information regarding SBITAs.

Incremental Borrowing Rate ("IBR") – The incremental borrowing rate used in determining the present value of lease and SBITA payments is based on US Treasury rates, corresponding to the same term of the contract plus basis points ("BSP"), determined by Grant PUD's historical borrowing spread and similar entities in the utility industry.

Unearned Revenue – Contributions in aid of construction that are recorded as short-term or long-term unearned revenue depending on when construction associated with the contribution(s) is expected to take place. Additionally, Grant PUD has two long-term exchange contracts under which Grant PUD received collective prepayments of $2.0 million, set to expire 2027, that are being amortized into revenue on a straight-line basis over the life of these agreements.

Revenue Taxes – Utility revenue-based taxes assessed by governmental entities are accounted for as a separate cost collected from customers for remittance to those governmental entities. Therefore, revenue taxes paid to the taxing authorities are accounted for as an operating expense on the Statements of Revenues and Expenses and Changes in Net Position. Taxes collected from customers on behalf of other governmental entities are included in Retail energy sales in the Statements of Revenues and Expenses and Changes in Net Position.

Net Position – Grant PUD classifies net position into three components: Net investment in capital assets, Restricted, and Unrestricted. These classifications are defined as follows:

- *Net investment in capital assets* – This component of net position consists of capital assets, net of accumulated depreciation reduced by the outstanding debt balances, net of unamortized debt expenses, and related unspent project and debt service funds.
- *Restricted* – This component of net position consists of assets with constraints placed on their use. Constraints include those imposed by the Board of Commissioners, debt trust indentures, grants or laws and regulations of other governments, or by law through constitutional provisions or enabling legislation.
- *Unrestricted* – This component of net position consists of net assets and liabilities that do not meet the definition of "restricted" or "net investment in capital assets."

When Grant PUD restricts or designates funds for a specific purpose, and both restricted or designated and unrestricted resources are available for use, it is Grant PUD's policy to use restricted and designated funds first, then unrestricted resources as they are needed for the specific purpose.

Restricted Bond Funds – Grant PUD has established separate reserve fund accounts in accordance with certain bond issuances and related agreements. The assets in these funds are restricted for specific uses, including debt service and other reserve requirements.

Significant Risk and Uncertainties – Grant PUD is subject to certain business risks that could have a material impact on future operations and financial performance. These risks include weather and natural-disaster-related disruptions, collective bargaining labor disputes, fish and other Endangered Species Act ("ESA") issues, Environmental Protection Agency regulations, federal government regulations or orders concerning the operation, maintenance and/or licensing of hydroelectric facilities, and the changes to the regulatory environment of the electrical utility industry.

Grant PUD carries excess liability coverage with an annual aggregate limit of $70 million with a self-insured retention of $2 million per occurrence. It carries underlying liability policies for specific loss types such as foreign travel and non-owned aviation liability to protect Grant

PUD from losses associated with these risks. Grant PUD also maintains property insurance coverage with an aggregate limit of $200 million, protecting against significant losses at the Priest Rapids Project, the Electric System, and all of the various Grant PUD real properties, with deductibles up to $2.5 million per loss, and subject to policy terms and conditions.

Enterprise Risk Management – Grant PUD's Enterprise Risk Management activities are governed by its Enterprise Risk Management Policy. This policy directs how Grant PUD's risks are to be considered in terms of their effects on the uncertainty and predictability of its key objectives. The Enterprise Risk Management policy at Grant PUD focuses on strategy and planning, management of uncertainty, reporting processes, policies/procedures, as well as corporate values and culture. Grant PUD's governance structure and processes are centered on the management of risk. Effective risk management is regarded by employees as essential for the achievement of the organization's objectives. The Enterprise Risk Management Committee consists of senior management and the manager of Enterprise Risk Management. This body assists the Commission and CEO in fulfilling their corporate governance responsibilities regarding risk management for Grant PUD and its related entities.

Energy Risk Management – Grant PUD's power marketing activities are confined to balancing Grant PUD loads and resources and optimizing the value of the Priest Rapids Project for Electric System retail customers. The primary purpose of trading at the District is to meet the Electric System's project loads, mitigate power portfolio risk (including risks associated with tariffs among others) and stabilize power portfolio cost and revenue. The Energy Risk Oversight Committee consists of senior management in the areas of wholesale energy marketing, financial management, and risk management, and meets regularly to monitor marketing activities, corporate position, policies, and risk. The Energy Risk Oversight Committee has developed and maintains an Energy Risk Management Policy which has been adopted by Grant PUD. The policy outlines the parameters for transactions, trader and counterparty exposure, and establishes review protocols and reporting frequency for all power supply management activities. Grant PUD believes that its adherence to a periodic review of these policies and its controls assuring that they are pertinent and are being followed effectively limits the risk of substantial financial loss resulting from Grant PUD's power supply management activities.

Compensated Absences – With the adoption of GASB Statement No. 101 in fiscal year 2024, personal leave is recognized as a liability when earned and expected to be used or paid upon separation. The liability is measured using employees' current pay rates and includes salary-related costs. The portion expected to be paid within one year is classified as a current liability under Accrued salaries and compensated absences, while the remaining balance is reported as a noncurrent liability under Other long-term liabilities. Accrued personal leave benefit as of December 31, 2024, was $16.7 million and reflective of changes associated with the implementation of GASB 101 "*Compensated Absences"*. Accrued personal leave benefit as of December 31, 2023, was $14.1 million. Additions and reductions to the liability were $12.2 million and $9.6 million in 2024, and $9.4 million and $8.3 million for 2023, respectively.

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. Actual results could differ from these estimates. Grant PUD has used significant estimates in the determination of unbilled revenue, licensing obligations, allowance for uncollectible accounts, net pension and other postemployment benefits/liabilities, regulatory assets/liabilities, lease assets/liabilities, subscription assets/liabilities, compensated absences, and depreciable lives of Utility plant.

Pensions – For purposes of measuring the net pension liability/(asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans and additions to/deductions from those plans' fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. Accordingly, the balances are generally reported as of June 30 instead of December 31 because the DRS' fiscal year ends on June 30 of each year. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value at the state pension plan level.

Other Postemployment Benefits ("OPEB") – For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, the implicit and explicit benefit of medical subsidies paid on behalf of participants has been recorded in the financial statements. Net OPEB liability is calculated as the present value of future expected benefit payments considered to have already been earned by participants, plus or minus actuarial gains or losses for changes in actuarial assumptions. Unamortized actuarial gains or losses are recorded as deferred outflows and deferred inflows. OPEB expense is equal to changes in the net OPEB liability and changes in deferred outflows and deferred inflows, plus employer contributions. There are no assets held in a trust.

Deferred Outflows/Inflows of Resources – Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense) until that time. Deferred outflows of resources consist of losses on refunding of debt, the effects of economic/demographic gains or losses and assumption changes or inputs related to the OPEB liability, contributions to pension plans subsequent to the June 30 measurement date, Grant PUD's proportionate share of deferred outflows related to those plans, and effects of economic/demographic gains or losses and assumption changes or inputs. Pension plan contributions subsequent to the measurement date are recognized as a reduction of the net pension liability in the following year. Deferred outflows of resources for the net difference between projected and actual earnings on plan investments are amortized over a closed five-year period. The remaining deferred outflows of resources related to pensions are amortized over the average expected service lives of all employees provided with pensions through each plan.

Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as an inflows of resources (revenue) until that time. Deferred inflows of resources consist of Grant PUD's proportionate share of pension plans and related regulatory liabilities, OPEB, and deferred inflows related to leases. Pension deferred inflows of resources for the net difference between projected and actual earnings on plan investments are amortized over a closed five-year period. The remaining deferred inflows of resources related to pensions are amortized over the average expected service lives of all employees provided with pensions through each plan. OPEB inflows of resources are the effects of economic/demographic gains or losses, and assumption changes or inputs related to the OPEB liability. Deferred inflows of resources for leases are amortized over the term of the lease. Regulatory liabilities related to pensions are adjusted annually for changes in pension expense.

Regulated Operations – The Board of Commissioners establishes rates to be charged for Grant PUD services, which recover the costs of providing services to customers. Grant PUD follows industry accounting and capitalization principles for regulated operations. Accordingly, certain expenses and credits, normally reflected in the Statement of Revenues, Expenses and Changes in Net Position as incurred, are recognized when included in rates and recovered from, or refunded to, customers. Regulatory assets or liabilities are recorded to reflect rate-making actions of the Commissioners.

GASB 62 outlines the concept of regulatory accounting for entities or operations that are rate regulated, allowing certain expenses and revenues normally reflected in the Change in Net Position as incurred to be recognized when they are included in rates and recovered from, or refunded to, customers. Grant PUD utilizes regulatory accounting to account for changes in pension related balances. A regulatory liability account has been established, where the annual actuarially determined pension expense is deferred on the Statements of Net Position, rather than recognized as incurred on the Statements of Revenues and Expenses and Changes in Net Position. The annual pension expense reported in the Change in Net Position is equivalent to actual contributions made by Grant PUD to the pension plan, which is consistent with rate calculations.

Reclassifications – Certain reclassifications have been made to the 2023 financial statements to conform to the 2024 presentation.

Washington Climate Commitment Act ("CCA") – In 2021, the Washington Legislature adopted the Climate Commitment Act, which establishes greenhouse gas ("GHG") emissions cap-and-invest program that caps GHG emissions beginning January 1, 2023. In general, the program requires covered entities to obtain emission allowances or offset credits for covered emissions. As an electric utility subject to Washington's Clean Energy Transformation Act ("CETA"), Grant PUD receives an allocation of emission allowances at no cost each year through the year 2030. Grant PUD must annually report GHG emissions and once verified, transfer allocated allowances to cover the emissions. Grant PUD may participate in carbon allowance auctions, which allow Grant PUD to consign a certain amount of allowances for auction. Allowances are recognized using the Weighted Average Inventory Method, which has resulted in no impact to the financial statements, as allowances were allocated to Grant PUD at zero cost. Revenue received from the auction of allowances is recorded in Wholesale revenues, net in the period the auction occurs. Grant County PUD will continue to monitor legislation for impacts to the financial statements.

ACCOUNTING STANDARD CHANGES

In April 2022, GASB issued Statement No. 99, "*Omnibus 2022*." The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues identified during the implementation and application of multiple GASB statements including GASB 53, "*Accounting and Financial Reporting for Derivative Instruments*", GASB 87, "*Leases*", GASB 94, "*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*", GASB 96, "*SBITA*", and GASB 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*", as well as accounting and financial reporting for financial guarantees. The requirements of this Statement were effective at various dates, including upon issuance, fiscal periods beginning after June 15, 2022, and fiscal periods beginning after June 15, 2023. This statement did not and is not expected to have any additional impact other than those recognized with the original implementation of the referenced standards.

In June 2022, GASB issued Statement No. 100, "*Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*." The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. The requirements of Statement 100 are effective for reporting periods beginning after June 15, 2023. GASB 100 has been adopted with no material impacts to Grant PUD.

Change in Accounting Principle - Compensated Absences

In June 2022, GASB issued Statement No. 101, "*Compensated Absences*." This Statement addresses the accounting and financial reporting for compensated absences, and supersedes GASB 16, "*Accounting for Compensated Absences,*" and relevant implementation guides. The requirements of GASB 101 are effective for fiscal years beginning after December 15, 2023, and were adopted by Grant County PUD on January 1, 2024. The impact on prior years presented was determined to be immaterial; therefore, no restatement of the 2023 beginning net position was required. The 2023 financial statements have been reclassified to conform to the 2024 presentation of current and long-term compensated absences.

Impacts to the District's Statement of Net Position

(amounts in thousands)	Reclassified 2023 Balance	2023 Balance as previously reported
CURRENT LIABILITIES		
Accrued salaries and compensated absences	$ 14,169	$ 18,080
Total current liabilities	176,443	180,354
NONCURRENT LIABILITIES		
Other long-term liabilities, less current portion	3,911	-
Total noncurrent liabilities	$ 1,199,932	$ 1,196,021

ACCOUNTING STANDARDS IMPACTING THE FUTURE

Grant PUD is currently evaluating the financial statement impact of adopting the following Statements:

In December 2023, GASB issued Statement No. 102, "*Certain Risk Disclosures*". The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This statement defines these terms and outlines associated requirements and disclosures. The requirements of Statement 102 are effective for reporting periods beginning after June 15, 2024.

In April 2024, GASB issued Statement No. 103, "*Financial Reporting Model Improvements*". The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025,

In September 2024, GASB issued Statement No. 104, "*Disclosure of Certain Capital Assets*". The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

2. CASH AND INVESTMENTS

Grant PUD's cash deposits at December 31, 2024 and 2023, were either covered by federal depository insurance or protected against loss by being on deposit with financial institutions recognized as qualified public depositories of the state of Washington under the Revised Code of Washington ("RCW") Chapter 39. Subject to specific bond resolution limitations, management is permitted to invest as provided under the laws of the state of Washington.

Unspent cash and associated investments received in connection with bond offerings are maintained in funds as required by Grant PUD's bond indentures. Restricted assets represent funds that are restricted by bond covenants or third-party contractual agreements. Funds that are allocated by Commission resolution are considered to be restricted assets. However, their use may be redirected at any time with Commission approval. Additionally, the Electric System Reserve and Contingency Fund's board resolution explicitly includes the ability to transfer rate stabilization resources out of the fund to be available for debt service coverage in any given year, if required. There were no transfers to or from rate stabilization resources in 2024. During 2023, $45.0 million was transferred from the Electric System revenue fund to the rate stabilization fund.

As of December 31, 2024 and 2023, Grant PUD's unrestricted and restricted assets included on the Statement of Net Position as Cash and Investments, including accrued interest, consisted of the following:

(amounts in thousands)	2024	2023
Unrestricted assets:		
Revenue and Service System funds	$ 235,362	$ 147,596
Total unrestricted assets	235,362	147,596
Restricted assets:		
Board designated funds:		
Electric System Reserve and Contigency fund	145,133	202,280
Electric System Climate Commitment Act fund	92,068	
Self-Insurance Reserve fund	1,357	1,287
Total board designated funds	238,558	203,567
Restricted funds:		
Construction funds	60,779	15,043
Bond Sinking funds	227,711	206,733
Debt Service Reserve funds	33,132	41,594
Renewal, Replacement and Contigency fund	13,106	12,602
Habitat funds	23,513	20,563
Total restricted funds	358,241	296,535
Total restricted assets	596,799	500,102
Total cash and investments	$ 832,161	$ 647,698

Interest Rate Risk – Grant PUD's investment policy and investment oversight committee governs and monitors investment position limitations as a means of managing its exposure to fair value losses arising from increasing interest rates and to ensure compliance with state law. To further mitigate the risk of selling investments early to meet unexpected cash flow needs, a minimum of 20% of the total portfolio will consist of investments maturing within one year. To the extent possible, Grant PUD matches its investments with anticipated cash flow requirements such as operating, construction, habitat, and current-year debt service. Other funds such as reserves, and long-term sinking funds are invested within targeted effective duration parameters as determined by the investment oversight committee. With the exception of reserve and long-term sinking funds, Grant PUD will not invest in securities with an effective duration of more than six years from the date of purchase unless authorized by the investment oversight committee for specific transactions. Callable investments are assumed to be held to final maturity.

Below are Grant PUD's investment maturities as of December 31, 2024 and 2023:

2024		Investment Maturities (in Years)			
(amounts in thousands)	Total	Less Than 1	1-5	6-10	More Than 10
U.S. Treasuries	$ 214,395	$ 163,779	$ 48,599	$ 2,017	$ -
Municipal Bonds	179,614	20,935	79,977	56,019	22,683
U.S. Agencies Bonds	140,050	93,390	39,542	7,118	-
Supranational Institutions	99,476	79,165	15,951	4,360	-
Corporate Notes	44,097	16,041	28,056	-	-
State Investment Pool	146,852	146,852	-	-	-
Total	$ 824,484	$ 520,162	$ 212,125	$ 69,514	$ 22,683

2023		Investment Maturities (in Years)			
(amounts in thousands)	Total	Less Than 1	1-5	6-10	More Than 10
U.S. Treasuries	$ 92,477	$ 61,885	$ 30,314	$ 278	$ -
Municipal Bonds	142,337	10,864	76,369	30,523	24,581
U.S. Agencies Bonds	166,679	103,631	55,309	7,739	-
Supranational Institutions	19,187	8,471	10,716	-	-
Corporate Notes	25,148	6,315	18,833	-	-
State Investment Pool	196,379	196,379	-	-	-
Total	$ 642,207	$ 387,545	$ 191,541	$ 38,540	$ 24,581

Credit Risk – Grant PUD's investment policy complies with state law and specifies minimal credit rating acceptability criteria of potential investment issuers. Pursuant to the investment policy, the minimum credit rating requirement at the time of investment purchase is one of the three highest credit ratings of a nationally recognized rating agency. Additionally, state law limits investments in commercial paper and corporate notes to adhere to the investment policies and procedures adopted by the state investment board, which requires commercial paper to be rated with the highest short-term credit rating category of any two major Nationally Recognized Statistical Rating Organizations ("NRSRO"s) at the time of purchase and corporate notes to be rated at least weak single-A or better by all of the major rating agencies that rate the note at the time of purchase. Grant PUD did not hold any securities rated below Single "A" as December 31, 2024.

As of December 31, 2024 and 2023, investments in debt securities had credit quality ratings as follows:

2024	Total					
(amounts in thousands)	Fair Value	AAA	AA+	AA	AA-	A+
Municipal Bonds	$ 179,614	$ 56,545	$ 44,700	$ 60,545	$ 17,174	$ 650
U.S. Agencies Bonds	140,050	140,050	-	-	-	-
Supranational Institutions	99,476	99,476	-	-	-	-
Corporate Notes	44,097	13,108	-	16,988	14,001	-
Total	$ 463,237	$ 309,179	$ 44,700	$ 77,533	$ 31,175	$ 650

2023	Total					
(amounts in thousands)	Fair Value	AAA	AA+	AA	AA-	A+
Municipal Bonds	$ 142,337	$ 40,528	$ 35,137	$ 49,397	$ 16,624	$ 651
U.S. Agencies Bonds	166,679	166,679	-	-	-	-
Supranational Institutions	19,187	19,187	-	-	-	-
Corporate Notes	25,148	7,388	-	9,123	5,181	3,456
Total	$ 353,351	$ 233,782	$ 35,137	$ 58,520	$ 21,805	$ 4,107

Custodial Credit Risk – Grant PUD's investment policy requires that securities purchased are held by a master custodian or other entity legally allowed to act as an independent third party on behalf of Grant PUD within that entity's trust department.

Concentration of Credit Risk – Grant PUD's investment policy states that with the exception of direct U.S. Government obligations, repurchase agreements collateralized by the same, and the state investment pool, no more than 50% of the total portfolio par value will be invested in government sponsored agencies, supranational institutions, or municipal bonds, and no more than 25% of the total portfolio par value will be invested in corporate bonds and commercial paper. Credit concentration of Grant PUD's investment portfolio is actively monitored by Grant PUD's Investment Oversight Committee as required by Grant PUD's investment policy.

Grant PUD's investment oversight committee actively monitors portfolio composition and seeks to ensure prudent diversification is maintained. The following are the concentrations of risk greater than 5% in either year.

The credit ratings listed are from Moody's Rating Services as of December 31, 2024 and 2023.

Investments by Issuer	Credit Rating	2024	2023
Federal Farm Credit Banks Funding Corp	AAA	9%	8%
Federal Home Loan Bank	AAA	16%	14%

Grant PUD's investments at December 31, 2024 and 2023, as identified on the Statements of Net Position, are shown below by investment type. All investments are either issued or registered in the name of Grant PUD or are held by Grant PUD or by Grant PUD's agent in Grant PUD's name, except for funds held in the Washington State Local Government Investment Pool which are not evidenced by securities.

During 2024 and 2023, Grant PUD recognized $27.4 million and $16.0 million of interest income, respectively. The net gains or losses in the fair value of investments held at December 31, 2024 and 2023 were $3.7 million and $9.6 million, respectively. The table represents cash and investment balances, net of accrued interest of $4.9 million and $3.0 million for 2024 and 2023, respectively.

Investments by type as of December 31, 2024 and 2023, were as follows:

(amounts in thousands)	2024		2023	
U.S. Treasuries	$ 214,395	25.92%	$ 92,477	14.34%
Municipal Bonds	179,614	21.71%	142,337	22.08%
U.S. Agencies Bonds	140,050	16.93%	166,679	25.85%
Supranational Institutions	99,476	12.02%	19,187	2.98%
Corporate Notes	44,097	5.33%	25,148	3.90%
State Investment Pool	146,852	17.75%	196,379	30.46%
Total investments	824,484	99.66%	642,207	99.61%
Cash	2,793	0.34%	2,524	0.39%
Total cash and investments	$ 827,277	100.00%	$ 644,731	100.00%

Investments in Local Government Investment Pool – Grant PUD is a participant in the State Local Government Investment Pool authorized by Chapter 294, Laws of 1986, and is managed and operated by the Washington State Treasurer. The State Finance Committee is the administrator of the statute that created the pool and adopts rules. The State Treasurer is responsible for establishing the investment policy for the pool and reviews the policy annually and proposed changes are reviewed by the LGIP Advisory Committee.

Investments in the LGIP, a qualified external investment pool, are reported at amortized cost which approximates fair value. The pool portfolio is invested in a manner that meets the maturity, quality, diversification, and liquidity requirements set forth by GASB Statement 79 for external investments pools that elect to measure, for financial reporting purposes, investments at amortized cost. The LGIP is unrated and does not have any legally binding guarantees of share values. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals.

The Office of the State Treasurer prepares a stand-alone LGIP financial report. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, and online at http://www.tre.wa.gov.

Fair Value Measurements – Grant PUD's investments have been adjusted to reflect fair value measurements as of December 31, 2024, obtained from available financial industry valuation sources. Grant PUD categorizes its fair value measurements within the fair value hierarchy established by GASB Statement No. 72, "*Fair Value Measurement and Application.*" The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Grant PUD valued its U.S. Treasuries using quoted prices in active markets. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Below are Grant PUD's fair value measurements as of December 31, 2024 and 2023:

(amounts in thousands)	Total 2024	Fair Value Measurements Level 1	Level 2	Level 3	Not Leveled (amortized cost)
Debt Securities					
U.S. Treasuries	$ 214,395	$ 190,984	$ 23,411	$ -	$ -
Municipal Bonds	179,614	-	179,614	-	-
U.S. Agencies Bonds	140,050	-	140,050	-	-
Supranational Institutions	99,476	-	99,476	-	-
Corporate Notes	44,097	-	44,097	-	-
State Investment Pool	146,852	-	-	-	146,852
Total investments by fair value level	$ 824,484	$ 190,984	$ 486,648	$ -	$ 146,852

(amounts in thousands)	Total 2023	Fair Value Measurements Level 1	Level 2	Level 3	Not Leveled (amortized cost)
Debt Securities					
U.S. Treasuries	$ 92,477	$ 66,066	$ 26,411	$ -	$ -
Municipal Bonds	142,337	-	142,337	-	-
U.S. Agencies Bonds	166,679	45,888	120,791	-	-
Supranational Institutions	19,187	-	19,187	-	-
Corporate Notes	25,148	-	25,148	-	-
State Investment Pool	196,379	-	-	-	196,379
Total investments by fair value level	$ 642,207	$ 111,954	$ 333,874	$ -	$ 196,379

3. UTILITY PLANT

Utility plant as of December 31, 2024 and 2023, is summarized as follows:

(amounts in thousands)	Balance 2023	Additions	Retirements/ Transfers	Balance 2024
Land and land rights	$ 31,181	$ -	$ 11,334	$ 42,515
Construction in progress	302,487	169,255	(228,644)	243,098
Total nondepreciable assets	333,668	169,255	(217,310)	285,613
Distribution facilities	723,909	5,061	70,305	799,275
Transmission facilities	273,090	-	527	273,617
Hydro facilities				
Power plant structures	147,433	-	(7)	147,426
Reservoirs, dams, waterways	517,927	-	86,599	604,526
Power plant equipment	979,073	-	1,943	981,016
General facilities				
Quincy Chute (Note 7)	19,799	(180)	411	20,030
Potholes East Canal (Note 7)	16,491	-	44	16,535
Other generation	30	-	-	30
Right to Use Subscriptions	13,227	4,476	(3,070)	14,633
General plant	686,469	-	55,600	742,069
FERC License	141,863	-	-	141,863
Other intangible assets	60,863	(5)	109	60,967
Total depreciable assets	3,580,174	9,352	212,461	3,801,987
Accumulated Amortization Right to Use Subscriptions	(5,648)	(3,711)	3,070	(6,289)
Accumulated depreciation and amortization	(1,422,245)	(86,787)	1,624	(1,507,408)
Total depreciable assets, net	2,152,281	(81,146)	217,155	2,288,290
Total net utility plant	$ 2,485,949	88,109	$ (155)	$ 2,573,903

(amounts in thousands)	Balance 2022	Additions	Retirements/ Transfers	Balance 2023
Land and land rights	$ 31,181	$ -	$ -	$ 31,181
Construction in progress	213,353	164,306	(75,172)	302,487
Total nondepreciable assets	244,534	164,306	(75,172)	333,668
Distribution facilities	708,170	3,385	12,354	723,909
Transmission facilities	269,021	-	4,069	273,090
Hydro facilities				
Power plant structures	147,205	-	228	147,433
Reservoirs, dams, waterways	517,927	-	-	517,927
Power plant equipment	933,376	31,807	13,890	979,073
General facilities				
Quincy Chute (Note 7)	19,799	-	-	19,799
Potholes East Canal (Note 7)	16,491	-	-	16,491
Other generation	30	-	-	30
Right to Use Subscriptions	4,706	8,521	-	13,227
General plant	652,974	58	33,437	686,469
FERC License	141,863	-	-	141,863
Other intangible assets	55,487	-	5,376	60,863
Total depreciable assets	3,467,049	43,771	69,354	3,580,174
Accumulated Amortization Right to Use Subscriptions	(1,336)	(4,312)	-	(5,648)
Accumulated depreciation and amortization	(1,345,243)	(82,151)	5,149	(1,422,245)
Total depreciable assets, net	2,120,470	(42,692)	74,503	2,152,281
Total net utility plant	$ 2,365,004	$ 121,614	$ (669)	$ 2,485,949

SBITA

Grant PUD has several SBITAs, related to software subscription that have terms ranging from 13 months to 60 months. Grant PUD used an incremental borrowing rate between 3.97 percent and 4.97 percent in 2024 and 4.43 percent and 5.01 percent in 2023, based on US Treasury rates, corresponding to the same term of the lease contract plus BSP. During the years ended December 31, 2024 and 2023, Grant PUD recognized $4.0 million and $2.6 million in principal payments and $0.3 million and $0.2 million in interest expense in 2024 and 2023, respectively. Activity related to SBITA's are documented in the above table.

Scheduled SBITA requirements to maturity for subscriptions are as follows:

(amounts in thousands)	Principal	Interest	Total
2025	$ 2,929	$ 251	$ 3,180
2026	2,090	122	2,212
2027	848	44	892
2028	110	5	115
Total	$ 5,977	$ 422	$ 6,399

4. LEASES

Grant PUD is both a lessor and a lessee. For insignificant or short-term leases, leases that at the commencement of the lease term have a maximum possible term under the lease contract of 12 months or less, the District recognizes revenue or expense based on the provisions in each contract. For all other leases (i.e., those that are not short-term), as a lessee or lessor, the District recognizes a right-to-use asset and lease liability, or a lease receivable and a deferred inflows of resources, respectively, in accordance with GASB Statement No. 87.

Grant PUD as Lessee

Grant PUD, as lessee, has entered into various agreements for land, buildings, equipment, vehicles and access rights for land and infrastructure. As of December 31, 2024 and 2023, these agreements were determined to be insignificant, perpetual, or short-term and not recognized as right-to-use assets under GASB Statement No. 87.

Grant PUD as Lessor

Grant PUD leases land and land access rights, buildings and facilities, as well as infrastructure connection points under various agreements. A large majority of these agreements are insignificant, perpetual or short-term and were not recognized as lease receivables under GASB Statement No. 87. Contracts recognized are non-cancellable with provisions that provide fixed rental payments and expire between 2026 and 2052. Grant PUD, as lessor, recognizes a lease receivable and deferred inflow of resources at the commencement of the lease term, with certain exceptions as discussed in Note 1.

Land Leases

Grant PUD leases land under various agreements. As of December 31, 2024 and 2023, the terms for land agreements are more than thirty years, expiring in 2052. The agreements allow for annual CPI increases and require an appraisal every 10 years. CPI increases result in additional variable lease revenues that are not included in the measurement of the lease receivables. Grant PUD used an interest rate of 2.75%, for the leases listed in the table below, based on US Treasury rates, corresponding to the same term of the lease contract plus BSP. During the years ended December 31, 2024 and 2023, Grant PUD recognized $0.6 million in lease revenue and $0.5 million in interest income each year.

General Plant Leases

Grant PUD leases pole attachments under a general plant lease. The agreement has a term of five years, expiring in 2026. Grant PUD used an interest rate of 2.02%, based on US Treasury rates, corresponding to the same term of the lease contract plus BSP. During the years ended December 31, 2024 and 2023, Grant PUD recognized $95.6 thousand in lease revenue each year and $5.7 thousand and $7.5 thousand in interest income, respectively.

Remeasurement

For the fiscal years ended December 31, 2024 and 2023, remeasurement of lease liabilities and receivables were not required.

Grant PUD recognized the following activity related to the leases as lessor for the fiscal year ended December 31, 2024:

(amounts in thousands)	Balance at December 31, 2023	Additions	Receipts	Balance at December 31, 2024
Land & land rights	$ 16,876	$ -	$ (401)	$ 16,475
General plant	375	-	(94)	281
Total	$ 17,251	$ -	$ (495)	$ 16,756

Grant PUD recognized the following activity related to the leases as lessor for fiscal year ended December 31, 2023:

(amounts in thousands)	Balance at December 31, 2022	Additions	Receipts	Balance at December 31, 2023
Land & land rights	$ 17,266	$ -	$ (390)	$ 16,876
General plant	467	-	(92)	375
Total	$ 17,733	$ -	$ (482)	$ 17,251

Future lease revenues are as follows:

	Land & Land Rights		General Plant		
(amounts in thousands)	Lease Revenue	Lease Interest	Lease Revenue	Lease Interest	Total
2025	$ 412	$ 448	$ 96	$ 5	$ 961
2026	423	436	185	6	1,050
2027	435	425	-	-	860
2028	447	413	-	-	860
2029	460	400	-	-	860
2030-2034	2,498	1,801	-	-	4,299
2035-2039	2,866	1,433	-	-	4,299
2040-2044	3,288	1,011	-	-	4,299
2045-2049	3,772	527	-	-	4,299
2050-2054	1,874	61	-	-	1,935
Total	$ 16,475	$ 6,955	$ 281	$ 11	$ 23,722

5. LICENSING

The Priest Rapids Project is operated under a 44-year FERC license that expires in 2052. Costs associated with the relicensing efforts, totaling $57.1 million, were recorded as an intangible asset included in Utility plant and are being amortized over the term of the license. Accumulated amortization related to the relicensing efforts totaled $34.9 million and $33.1 million as of December 31, 2024 and 2023, respectively.

Under the license, Grant PUD is committed to numerous obligations related to fish and habitat protection that require payments to other organizations using funds provided by Grant PUD. The present value of these obligations totaled $64.5 million as of December 31, 2024, of which approximately $2.9 million is expected to be paid within one year. The present value of the obligations for December 31, 2023, was $66.7 million. These amounts are the FERC Licensing Obligations reflected as liabilities in the Statement of Net Position. The elements of these obligating payments, comprising the Salmon and Steelhead Agreement, Part A (Hatchery Renovation) and Part B (Resident Fish Monitoring and Trout Purchase), are further discussed in Note 8.

Grant PUD's FERC License also contains requirements related to recreation sites, cultural resources, and various other requirements. Grant PUD has achieved compliance with many of these license terms and is actively implementing plans to comply with the remaining requirements in a cost-effective manner in consultation with various stakeholders.

6. LONG-TERM LIABILITIES

Long-term Debt

Grant PUD's total principal of outstanding debt and coupon interest rate is presented below:

(amounts in thousands)

Issue	Final Maturity	Interest Rate	2024	2023
Electric System Revenue Bonds				
2017-O Bonds	1/1/2047	5.00%	$ 54,610	$ 55,865
2020-Q Bonds	1/1/2041	1.83%-3.34%	69,120	72,360
2020-R Bonds [1]	1/1/2044	2.00%-8.00%	47,190	47,190
2023-U Bonds [2]	1/1/2026	4.00%	49,265	49,265
2023-V Bonds [2]	1/1/2044	5.00%	43,545	44,845
Priest Rapids Project Revenue Bonds				
2010-L Bonds	1/1/2040	4.96%-5.83%	-	154,195
2010-M Bonds	1/1/2027	5.63%	90,000	90,000
2012-M Bonds	1/1/2032	3.91%	42,395	42,395
2015-M Bonds	1/1/2040	4.58%	90,000	90,000
2017-B Bonds	1/1/2031	2.65%	4,330	4,890
2020-Z Bonds	1/1/2043	1.79%-3.31%	86,415	117,155
2020-Z2 Bonds	1/1/2044	1.52%-3.05%	142,420	189,215
2023-A Bonds [2]	1/1/2043	5.00%	141,160	146,535
2024-B Bonds [3]	1/1/2044	4.00%-5.00%	180,805	-
Direct Placement and Direct Borrowing				
PWB Broadband Loan	10/31/2036	0.44%	584	632
Total bonds, direct placement and direct borrowing outstanding			$ 1,041,839	$ 1,104,542

[1] The 2020-R bond was issued as a mandatory put bond bearing interest at a fixed term interest rate of 2.00% for the initial term interest rate period ending on the mandatory tender date of December 1, 2025. If the purchase price of the bond is not paid on the mandatory tender date, a delayed remarketing period will commence on such date. During the delayed remarketing period, the bond will bear interest at the "Stepped Interest Rate," which equals 6.00% per annum for 90 days, then 8.00% per annum thereafter.

[2] PRP PR 2005-Z, PR 2006-Z, PRP 2010-Z and WAN 2006-Z were refunded with the issuance of PRP 2023-A. ES 2021-T was refunded with the issuance of ES 2023-U. ES 2020-S was refunded with the issuance of ES 2023-V. See *Refunded Debt* below for additional information.

[3] PRP 2010-L, portions of 2020 Z and 2020 Z-2 were refunded with the issuance of PRP 2024-B. See *Refunded Debt* below for additional information.

Scheduled debt service requirements to maturity for debt are as follows:

	Revenue Bonds		Direct Borrowing and Direct Placement		
(amounts in thousands)	Principal	Interest	Principal	Interest	Total
2025	$ 76,925	$ 40,902	$ 49	$ 2	$ 117,878
2026	78,895	39,428	49	2	118,374
2027	119,725	34,881	49	2	154,657
2028	36,925	31,123	49	2	68,099
2029	38,205	29,734	48	2	67,989
2030-2034	421,805	114,402	243	5	536,455
2035-2039	42,605	48,073	97	1	90,776
2040-2044	215,150	14,456	-	-	229,606
2045-2049	11,020	844	-	-	11,864
Total	$ 1,041,255	$ 353,843	$ 584	$ 16	$ 1,395,698

Interest on revenue bonds in the preceding tables includes interest requirements for fixed rate debt at their stated rates.

During the years ended December 31, 2024 and 2023, the following changes occurred in Grant PUD's long-term liabilities:

(amounts in thousands)	End Balance 2023 [1]	Additions	Reductions	End Balance 2024	Due Within One Year
Revenue bonds payable	$ 1,103,910	$ 180,805	$ (243,460)	$ 1,041,255	$ 76,925
Unamortized premiums and discounts, net	28,601	23,720	(5,254)	47,067	-
Compensated absences	14,120	12,168	(9,637)	16,651	11,539
Direct borrowing loans	632	-	(48)	584	49
Total	$ 1,147,263	$ 216,693	$ (258,399)	$ 1,105,557	$ 88,513

(amounts in thousands)	End Balance 2022	Additions [1]	Reductions	End Balance 2023 [1]	Due Within One Year [1]
Revenue bonds payable	$ 1,091,635	$ 240,645	$ (228,370)	$ 1,103,910	$ 29,980
Unamortized premiums and discounts, net	8,714	22,433	(2,546)	28,601	-
Subordinate direct placement revenue bonds	50,000	-	(50,000)	-	-
Compensated absences [1]	13,003	9,460	(8,343)	14,120	10,209
Direct borrowing loans	681	-	(49)	632	49
Total	$ 1,164,033	$ 272,538	$ (289,308)	$ 1,147,263	$ 40,238

1) Certain items were reclassified to conform with implementation of GASB 101 and are presented as net amounts.

Refunded Debt

In September 2024, Grant PUD refunded the entirety of the PRP 2010-L (BABs), and portions of the 2020 Z and 2020 Z-2 into a new PRP senior revenue debt series, PRP 2024-B. The PRP 2024-B was issued with a par of $180.8 million and $23.7 million premium. The District originally issued the BABs in April 2010 under the American Recovery and Reinvestment Act of 2009. BABs are taxable bonds that are eligible for an interest rate subsidy payment paid from the U.S. Treasury equal to 35% of the interest due on each interest payment date. However, after the District issued the BABs, certain federal budget control legislation modified and amended the relevant sections of the Federal Tax Code in a manner pursuant to which the District's cash subsidy payments from the U.S. Treasury could be reduced due to sequestration (reduction and permanent cancellation). As a result of the budget sequestration and reduction in subsidy, the District concluded (in Resolution 9060) that an "Extraordinary Event" had occurred which qualified the BABs to be redeemed at an "Extraordinary Optional Redemption Price." A portion of the 2020Z and 2020 Z-2 were eligible for refunding from taxable debt to tax-exempt debt (interest rate savings). The District realized a refunding loss of $0.6 million that was expensed in the current year. To increase savings, the District released $10.8 million in excess reserves for a present value savings of $13.3 million. The net present value savings, or economic gain, from the refunding is $2.5 million.

In November 2023, Grant PUD issued the ES 2023-V senior revenue debt series with a par of $44.8 million and premium of $3.6 million to refund the ES 2020-S on its mandatory tender date of December 1, 2023, avoiding the increased Stepped Interest Rate of 8.00%. There were no gains or losses recognized on this refunding.

In July 2023, Grant PUD refunded the subordinate direct placement bond (ES 2021-T) with a short-term senior revenue debt series, ES 2023-U. The ES 2023-U was issued with a par of $49.3 million and $1.1 million premium with a 4.00% coupon offering the District consistent debt service compared to the variable rate of the ES 2021-T. Originally, the ES 2021-T refunded the $50.0 million 2019-P issuance and had a floating interest rate of 100% of SIFMA plus 0.39% fee and original maturity date of June 10, 2024. There were no gains or losses recognized on this refunding.

In July 2023, Grant PUD refunded the remaining PR 2005-Z, PR 2006-Z, Wanapum 2006-Z, and the outstanding PRP 2010-Z into a new PRP senior revenue debt series, PRP 2023-A. The PRP 2023-A was issued with a par of $146.5 million and $17.7 million premium which included a total of $24.3 million of new project money to reimburse applicable capital expenditures. The refunding resulted in a difference between the reacquisition price and net carrying amount of the old debt of $13.9 million and is reported as a deferred outflow of resources and is being amortized over the remaining life of the debt. The net present value savings, or economic gain, from the refunding is $9.8 million.

In June 2023, Grant PUD cash redeemed $21.9 million of make-whole bonds for the entirety of the PRP 2012-Z, and a portion of the PR 2005-Z, PR 2006-Z, and Wanapum 2006-Z.

Credit Agreement

During March of 2024, Grant PUD entered into a Credit Agreement with JPMorgan Chase Bank, National Association in the initial amount of $20.0 million with the option to increase to $50.0 million to contract indebtedness or borrow money for any corporate purpose on credit or on the revenues of the Electric System. The Commission established a line of credit to a) obtain the delivery of letters of credit to satisfy the District's collateral obligations under power purchase contracts, energy hedge agreements, and other contracts of the District in connection with the purchase and sale of energy, and b) be available to provide loans to the District. As of December 31, 2024, this line of credit was unused.

Broadband Loan/Grant

This contract is a special, limited revenue-secured obligation payable from the State of Washington's Public Works Board Broadband Program. Grant PUD pledged net revenue of the Electric System to the repayment of its obligations under the contract on a subordinate basis to all payments related to Grant's parity bonds and Junior Lien Bonds ("JLB"s). The contract award amount received was $680,743 congruent to the required loan amount of $680,743. Terms of the loan are 15 years at a rate of 0.44% due with a final maturity of October 31, 2036.

Covenants

Grant PUD's bond resolutions (senior lien parity bonds and subordinate lien bonds) contain various covenants that include requirements to maintain minimum annual debt service coverage ratios, stipulated minimum funding of revenue bond reserves for certain bonds, and various other requirements. These covenants require Grant PUD to establish, maintain, and collect rates or charges for electric energy and all other commodities, services and facilities sold, furnished, or supplied or through the Priest Rapids Project and Electric Systems to provide adequate net revenues in each system sufficient for the payment of principal and interest and all payments which the District is obligated to set aside in the bond funds in addition to operating costs. Costs of the Priest Rapids Project, including debt service and operating costs, are an obligation of the Electric System.

For the years ended December 31, 2024 and 2023, Grant PUD met the minimum debt service coverage of 1.15x and 1.25x for the Priest Rapids Project and Electric System senior bonds, respectively. The Electric System's direct placed bank products are subordinate and have a coverage requirement of 1.10x.

Collateral

The principal and interest on Grant PUD's revenue bonds are payable exclusively from, and are collateralized by a pledge of, the net revenues of Grant PUD. Neither the credit nor the taxing power of Grant PUD is pledged to the payment of the bonds.

7. POWER PURCHASER COMMITMENTS

Priest Rapids Project

Under the Priest Rapids Power Sales Contracts, the amount of net Priest Rapids Project power costs incurred by Grant PUD in serving its load changes on an annual basis in relation to its firm power requirements. Grant PUD incurred 87.1% and 86.8% of Priest Rapids Project power costs with the long-term contract power purchasers funding the remaining 12.9% and 13.2% for 2024 and 2023, respectively. Each purchaser is obligated to pay its share of the cost (excluding depreciation and amortization) of producing and delivering power, plus 115% of its share of the amounts required for debt service payments in accordance with the power purchase agreement.

Bonneville Power Administration ("BPA")

Grant PUD is a statutory preference customer of BPA. Grant PUD signed a BPA preference contract during 2008 to serve its Grand Coulee load of approximately 5 average megawatts ("aMW", defined as the continuous operation of one megawatt of capacity over a period of one year) that expires September 30, 2028. In addition, Grant PUD has purchased from BPA the transmission required to deliver the power associated with this load through September 30, 2028. Grant PUD has 12 megawatts ("MW") of transmission for the delivery of power from the Nine Canyon Wind Project with a term expiring on October 1, 2030.

Grant PUD management estimates Grant PUD's minimum commitments to BPA for the next five years are as follows:

Estimated Contractual Payments		
(amounts in thousands)		
2025	$	3,551
2026		3,654
2027		3,760
2028		3,102
2029		818

Nine Canyon Wind Power Purchase Agreement

Grant PUD participates in a power purchase agreement with Energy Northwest for Phase I of the Nine Canyon Wind Project (the "Project") which consists of 37 wind turbines with an aggregate generating capacity of approximately 48 MW. Energy Northwest is a municipal corporation and a joint operating agency of the State of Washington (formerly known as the Washington Public Power Supply System).

The project was constructed in phases. Grant PUD is one of nine public agencies participating in the original project power purchase agreement for Phase I of the Project. Grant PUD's purchaser share of Phase I of the project output was 25% of output up to a maximum of 12 MW. Since Grant PUD did not participate in either Phase II or Phase III of the Project, its amended share of the combined Project is 12.54% through the expiration of the agreement in 2030. In exchange for the output, Grant PUD pays its 12.54% share of certain Project costs and its 25% share of Phase I debt service (principal and interest) issued by Energy Northwest to finance the construction of the Project, which was estimated to be a total of $1.6 million annually. Phase I debt was paid off July 1, 2023. Grant PUD does not participate in the two other phases of the Project. The phases are operated together as a single project under an amended power purchase agreement.

Complete financial statements for Energy Northwest, including the Nine Canyon Project, are available from the Energy Northwest, PO Box 968, Richland, Washington, 99352-0968, and online at http://www.energy-northwest.com.

Yakama Nation Agreement

In 2007, Grant PUD entered into an agreement with the Yakama Nation that provides mutual benefits to both parties. In exchange for physical benefits from the Priest Rapids Project, the Yakama Nation works collaboratively with Grant PUD on environmental issues affecting the project and in the development of new generation resources. The Yakama Nation is responsible to pay the costs associated with producing the benefit received.

A primary consideration for the agreement is an allocation of the benefit from the Priest Rapids Project to the Yakama Nation. The financial equivalent of 15 aMW was paid during 2010-2015 less the associated power costs. Per the agreement, the financial benefit will be 10 aMW net of cost of production from 2017 through the remainder of the agreement. The net payments to the Yakama Nation totaled $2.7 million and $4.9 million during 2024 and 2023, respectively. The agreement expires at the end of the FERC license term (2052).

The projected annual cost for this agreement is listed in the table below.

Estimated Contractual Payments		
(amounts in thousands)		
2025	$	1,982
2026		2,992
2027		3,510
2028		3,671
2029		3,544

Other Sources

Pursuant to agreements with three irrigation districts, Grant PUD constructed, operates, and maintains both the Quincy Chute and Potholes East Canal hydroelectric generation facilities in return for the right to all output from the projects. The construction costs of Quincy Chute and Potholes East Canal are included in Net Utility plant and are being amortized over the terms of the agreements, which expire October 1, 2025, and September 1, 2030, respectively. The irrigation districts hold title to the project facilities.

8. NONPOWER COMMITMENTS

Capital Projects

Grant PUD has contractual commitments relating to several Electric System capital improvement projects including the fiber buildout, electrical system upgrades, transformer purchases, power cable purchases, and substation and distribution line construction projects. As of December 31, 2024, the expenditures to date for open Electric System major capital contracts totaled $234.1 million. The remaining commitment for these contracts as of December 31, 2024, was $199.1 million.

Grant PUD's improvement programs for the Priest Rapids Project include refurbishment or replacement of generators, turbine upgrades, unit controls, and station service and substation circuit breakers. Grant PUD is also committed to reducing risk with ongoing dam safety initiatives, which include the Priest Rapids Dam's right embankment upgrade, assessment of Wanapum Dam's left embankment, and installation of post-tension anchors in Priest Rapids spillway. Grant PUD intends to, or has committed by contract or regulatory requirement to, fulfill these programs, which are projected to be substantially complete by 2029. As of December 31, 2024, the expenditures to date for open Priest Rapid Project major capital contracts totaled $277.5 million. The remaining commitments for these contracts as of December 31, 2024, were $200.4 million.

Asset Retirement Obligations ("ARO")

An asset retirement obligation is a legally enforceable liability associated with the retirement of a tangible capital asset. ARO's result from the normal operations of a tangible capital asset, whether acquired or constructed, and include legally enforceable liabilities associated with the retirement of a tangible capital asset, disposal of a replaced part that is a component of a tangible capital asset, environmental remediation associated with the retirement of a tangible capital asset that results from the normal operation of the asset.

Grant PUD has identified several assets with ARO's incurred but has determined the timing and extent of any liabilities associated with asset operations is not determinable at this time, as the assets are expected to operate in perpetuity. As of December 31, 2024 and 2023, no ARO's have been recorded. Assets identified are as follows:

Distribution, Transmission and Fiber Optic Lines - Grant PUD currently maintains 3,980 miles of overhead and underground distributions lines, 477 miles of transmission lines and 3,158 miles of fiber optic cable lines. Numerous licenses, permits, easements and leases exist allowing Grant PUD to construct these lines on various parcels of land. The removal of Grant PUD assets and site restoration is required upon termination of many of the agreements. Grant PUD expects to maintain these distribution, transmission, and fiber optic lines for the foreseeable future and to renew land use agreements perpetually due to the essential nature of this infrastructure. As such, an obligation has not been calculated because the time frame and extent of the obligation under this statement was considered indeterminate. As a result, an ARO was not recorded; an ARO will be recorded if future events warrant a change.

Wanapum and Priest Rapids Barge Landings - Grant PUD has entered into aquatic lands leases with the Washington State Department of Natural Resources to operate and maintain public access and boat launch sites on the Columbia River. The leases each have terms of 12 years. Under the leases, Grant PUD made several leasehold improvements including replacing three boat launch ramps with new ramps, which are referred to as the Wanapum and Priest Rapids Barge Landings. Grant PUD maintains these boat launch sites for the public and occasionally uses them to launch District boats to support dive inspections for the dams. The barge landings would have significant environmental and cultural considerations if the agreements expired, and removal was enforced. Grant PUD expects to maintain the barge landings for the foreseeable future and to renew the land use agreements perpetually. As such, an obligation has not been calculated because the time frame and extent of the obligation under this statement was considered indeterminate. As a result, an ARO was not recorded; an ARO will be recorded if future events warrant a change.

Environmental Matters

In 2006, Grant PUD entered into a Salmon and Steelhead Settlement Agreement ("Agreement") with U.S. Fish and Wildlife Service ("USFWS"), the National Marine Fisheries Service of the National Oceanic and Atmospheric Administration ("NOAA"), the Washington Department of Fish and Wildlife ("WDFW"), Yakama Nation ("YN"), and the Confederated Tribes of the Colville Reservation ("CCT") for the purpose of resolving all issues between Grant PUD and the other signatories related to anadromous salmonid fish species.

This agreement is intended to constitute a comprehensive and long-term adaptive management program for the protection, mitigation, and enhancement of anadromous fish (both listed and not listed species under the Endangered Species Act) that pass or may be affected by the Priest Rapids Project.

Under the Agreement, Grant PUD is obligated to establish a habitat conservation account and a no-net-impact fund (referred herein as "Habitat funds") into which Grant PUD deposits payments for further distribution in accordance with the requirements of the Salmon and

Steelhead Agreement. The purpose of the Habitat funds are two-fold: a) to establish and shepherd a habitat restoration program that promotes the rebuilding of self-sustaining and harvestable populations of anadromous species and to mitigate for a portion (2%) of unavoidable losses resulting from the Priest Rapids Project operations and b) to provide near-term compensation for annual survivals that are less than the survival objectives in the performance standards for the Priest Rapids Project for spring Chinook, steelhead, summer Chinook, and sockeye. The parties that oversee the distribution of these funds include the signatories to the Priest Rapids Salmon and Steelhead Settlement Agreement (USFWS, NOAA Fisheries, WDFW, CCT, YN, and Grant PUD). Per the Agreement, when performance standards have been achieved on a species-by-species basis, the no-net-impact fund annual contributions for that species will be terminated.

Per Part XV of the Priest Rapids Salmon and Steelhead Settlement Agreement, Grant PUD has achieved the condition of No-Net-Impact for spring Chinook, sockeye, and steelhead. On December 16, 2022, the Parties to the Agreement identified above approved a statement of agreement (SOA-2022-04), which reflects consensus on performance standards being achieved for yearling Chinook salmon, juvenile sockeye salmon, and juvenile steelhead, and that NNI Fund contributions for these species had been terminated in 2005, 2017 and 2011, respectively. Grant PUD is currently achieving the No-Net-Impact requirement for coho salmon by providing hatchery compensation for the Upper Columbia River at a rate equivalent to 14% (7% per development).

Currently, the no-net-impact requirements have not been achieved for sub-yearling summer Chinook, nor has consensus been acquired from Priest Rapids Coordinating Committee regarding other potential means to achieve the no-net-impact standard for this species.

In addition to the Habitat funds discussed above, Grant PUD is obligated to establish a habitat account into which Grant PUD deposits payments for further distribution in accordance with the requirements of the NOAA Fisheries 2008 Biological Opinion (“2008 BiOp”) for the Priest Rapids Project. Funds from this account are used for habitat actions that directly benefit Upper Columbia River (“UCR”) spring-run Chinook salmon and UCR steelhead. The previous parties identified, and the Confederated Tribes of the Umatilla Reservation have been identified in the 2008 BiOp as responsible for overseeing distribution of these funds.

Habitat funds are restricted and cannot be spent without unanimous consent. Interest earned by the Habitat funds increases the balance of these funds and is not recognized as income by Grant PUD. Expenditures of these funds are made in accordance with the Agreement and the 2008 BiOp for the protection and restoration of habitats along the mainstream and tributaries within the UCR watershed including the Okanogan, Methow, Entiat, and Wenatchee watersheds. Grant PUD anticipates funding these accounts up to and through the term of its FERC license (2052).

In October 2006, Grant PUD filed a request for a 401 Water Quality Certification (“401 WQC”) from the Washington State Department of Ecology (“Ecology”), pursuant to the provisions of section 401 of the Clean Water Act. A 401 WQC for the operation of the Priest Rapids Project was issued by Ecology on April 3, 2007, and amended on March 6, 2008.

In order to fulfill requirements of the 401 WQC related to native resident fish, Grant PUD is required to provide funds to track native resident fish species diversity and provide mitigation for impacts to and loss of resident fish and harvest opportunities by compliance with Parts A and B. Grant PUD has met all requirements of Part A as of December 31, 2018. Part B requirements are described in further detail below.

Under Part B (“Resident Fish Monitoring and Trout Purchase”), Grant PUD is obligated to establish and administer a fund for resident fish monitoring and fish purchase. Funds from Part B are specifically directed toward the monitoring of native resident fish species within the Priest Rapids Project area. Grant PUD is required to make contributions to the fund annually on or before February 15 of each year in the amount of $0.1 million per year, based upon 2003 dollars and annually adjusted for inflation.

In a FERC Order (issued on August 31, 2010) approving the Wildlife Habitat Management Plan (Article 409), Grant PUD is required to assist the Washington Department of Fish and Wildlife in fire suppression by contributing $40,000 annually, for the term of the order, to an account. Funds from the account are to be designated for: 1) revegetating burned areas; 2) revegetating areas known to burn frequently with species carrying lesser fuel loads; 3) creating fire breaks in appropriate locations; and 4) paying for firefighting activities.

Grant PUD’s total contributions to these Habitat funds for the years ended December 31, 2024 and 2023 were $2.8 and $2.7 million each year, respectively. The following table shows Grant PUD’s estimate of the remaining fixed contributions to the Habitat funds as of December 31, 2024, representing required contributions through the FERC License term (2052).

(amounts in thousands)		
2025	$	2,877
2026		2,999
2027		3,127
2028		3,259
2029		3,398
2030 through 2052		133,962
Total	$	149,622

9. REGULATORY DEFFERALS

Grant PUD utilizes regulatory accounting to account for changes in pension related balances, which results in differences between the recognition of pension expense for rate-making purposes and their treatment under generally accepted accounting principles of non-regulated entities. Pension expense is recognized in accordance with the required employer contributions rates set by the Washington State Pension Funding Council and the difference from the actuarially determined expense is recognized as a regulatory liability (See Note 10). The regulatory liability for pensions was $58.1 million and $47.5 for the years ended December 31, 2024 and 2023, respectively.

10. RETIREMENT AND DEFERRED COMPENSATION PLANS

The following table represents the aggregate pension amounts for all plans as of and for the years ended December 31, 2024 and 2023:

(amounts in thousands)	2024	2023
Net Pension liabilities	$ 8,738	$ 11,354
Net Pension assets	21,012	26,091
Deferred outflows of resources	28,732	21,466
Deferred inflows of resources	8,162	13,939
Pension expense/expenditures	9,358	9,199

Substantially all Grant PUD's full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans. The state Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems ("DRS"), a department within the primary government of the State of Washington, issues a publicly available annual comprehensive financial report ("ACFR") that includes financial statements and required supplementary information for each plan.

The DRS ACFR may be downloaded from the DRS website at www.drs.wa.gov.

Public Employees' Retirement System (PERS)

PERS members include elected officials; state employees; employees of local governments; and higher education employees not participating in higher education retirement programs.

PERS is composed of and reported as three separate plans for accounting purposes: Plan 1, Plan 2/3 and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although employees can be a member of only Plan 2 or Plan 3, the defined benefits of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of Plan 2/3 may legally be used to pay the defined benefits of any Plan 2 or Plan 3 members or beneficiaries.

PERS Plan 1 provides retirement, disability, and death benefits. Retirement benefits are determined as 2% of the member's average final compensation ("AFC") times the member's years of service. The AFC is the average of the members' 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. PERS Plan 1 retirement benefits are actuarially reduced if a survivor benefit is chosen. Members retiring from active status prior to the age of 65 may also receive actuarially reduced benefits. Other benefits include an optional cost-of-living adjustment ("COLA") PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

PERS Plan 2/3 provides retirement, disability, and death benefits. Retirement benefits are determined as 2% of the member's AFC times the member's years of service for Plan 2 and 1% of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 retirement benefits are actuarially reduced if a survivor benefit is chosen. Other PERS Plan 2/3 benefits a COLA based on the CPI, capped at 3% annually. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

PERS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. Members are eligible to withdraw their defined contributions upon separation. Members have multiple withdrawal options, including purchase of an annuity. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

PERS Contributions

The **PERS Plan 1** member contribution rate is established by State statute at 6%. The PERS 1 employer and PERS 2/3 employer and employee contribution rates are developed by the Office of the State Actuary, adopted by the Pension Funding Council and is subject to change by the legislature. The **PERS Plan 2/3** employer rate includes a component to address the PERS Plan 1 Unfunded Actuarial Accrued Liability ("UAAL").

As established by Chapter 41.34 RCW, Plan 3 defined contribution rates are set at a minimum of 5% and a maximum of 15%. PERS Plan 3 members choose their contribution rate from six options when joining membership and can change rates only when changing employers. Employers do not contribute to the defined contribution benefits.

The PERS Plans defined benefit required contribution rates (expressed as a percentage of covered payroll) for the fiscal year were as follows:

Employer Contribution Rates				
2024	**Contribution Rate**	**PERS 1 UAL**	**Admin Fee**	**Total Employer**
January - June	6.36%	2.97%	0.20%	9.53%
July - August	6.36%	2.47%	0.20%	9.03%
September - December	6.36%	2.55%	0.20%	9.11%
2023				
January - June	6.36%	3.85%	0.18%	10.39%
July - August	6.36%	2.85%	0.18%	9.39%
September - December	6.36%	2.97%	0.20%	9.53%

Employee Contribution Rate	**2024**	**2023**
Plan 1	6.00%	6.00%
Plan 2	6.36%	6.36%
Plan 3	Varies: 5% - 15%	Varies: 5% - 15%

Grant PUD's actual PERS plan contributions were $2.8 million and $3.2 million to PERS Plan 1 and $6.5 million and $6.0 million to PERS Plan 2/3 for the years ended December 31, 2024 and 2023, respectively.

Actuarial Assumptions

The 2024 total pension liability/(asset) (TPL/A) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2024 with a valuation date of June 30, 2023. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's ("OSA") 2013-2018 Demographic Experience Study and the 2023 Economic Experience Study.

The 2023 total pension liability/(asset) (TPL/A) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2023 with a valuation date of June 30, 2022. The actuarial assumptions used in the valuation were based on the results of the OSAs *2013-2018 Demographic Experience Study* and the *2021 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2024 and 2023 actuarial valuation report. The TPL/A was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2024 and June 30, 2023. Plan liabilities/(assets) for 2024 were rolled forward from June 30, 2023, to June 30, 2024, and Plan liabilities/(assets) for 2023 were rolled forward from June 30, 2022, to June 30, 2023, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

Inflation: 2.75% total economic inflation; 3.25% salary inflation

Salary increases: In addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by service-based salary increase.

Investment rate of return: 7.0%

Mortality rates were developed using the Society of Actuaries' Pub. H-2010 mortality rates, which vary by member status (e.g. active, retiree, or survivor), as the base table. OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

Assumptions for 2024 did not change from the prior contribution rate setting June 30, 2022, Actuarial Valuation Report ("AVR"). OSA adjusted their methods for calculating UAAL contribution rates in PERS 1 to reflect the delay between the measurement date of calculated Plan 1 rates and when the rates are collected. OSA made an adjustment to their model to reflect past inflation experience when modelling future COLAs for current annuitants in all plans except PERS 1.

For 2023, methods did not change from the prior contribution rate setting June 30, 2021, AVR.

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.0%.

To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on OSA's assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.0% was used to determine the total liability/(asset).

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.0% was determined using a building-block-method. In selecting this assumption, the OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions ("CMA"s) and simulated expected investment returns provided by the Washington State Investment Board ("WSIB"). The WSIB uses the CMA's and their target asset allocation to simulate future investment returns at various future times.

Estimated Rates of Return by Asset Class

The table below summarizes the best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2024, and June 30, 2023. The inflation component used to create the table is 2.5% for 2024 and 2.2% for 2023 and represents the WSIB's most recent long-term estimate of broad economic inflation.

	2024		2023	
Asset Class	**Target Allocation**	**% Long-Term Expected Real Rate of Return Arithmetic**	**Target Allocation**	**% Long-Term Expected Real Rate of Return Arithmetic**
Fixed Income	19%	2.10%	20%	1.50%
Tangible Assets	8%	4.50%	7%	4.70%
Real Estate	18%	4.80%	18%	5.40%
Global Equity	30%	5.60%	32%	5.90%
Private Equity	25%	8.60%	23%	8.90%
	100%		100%	

Sensitivity of Net Pension Liability NPL/(Asset)

The tables below present Grant PUD's proportionate share of the net pension liability/(asset) calculated using the applicable discount rate of 7%, as well as what Grant PUD's proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate that is 1-percentage point lower (6%) or 1-percentage point higher (8%) than the current rate.

2024	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
(amounts in thousands)			
PERS 1	$ 12,854	$ 8,738	$ 5,129
PERS 2/3	37,878	(21,012)	(69,378)

2023	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
(amounts in thousands)			
PERS 1	$ 15,862	$ 11,354	$ 7,061
PERS 2/3	28,377	(26,091)	(70,840)

Pension Plan Fiduciary Net Position

Detailed information about the State's pension plans' fiduciary net position is available in the separately issued DRS financial report.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2024 and 2023, Grant PUD reported total pension liability (asset) for its proportionate share of the net pension liabilities/(assets) as follows (measured as of June 30, 2024 and 2023):

(amounts in thousands)	2024	2023
PERS 1	$ 8,738	$ 11,354
PERS 2/3	(21,012)	(26,091)
Total	$ (12,274)	$ (14,737)

Grant PUD's proportionate share of the collective net pension liabilities was as follows:

	Proportionate Share 6/30/2023	Proportionate Share 6/30/2024	Change in Proportion
PERS 1	0.497376%	0.491786%	-0.005590%
PERS 2/3	0.636570%	0.637393%	0.000823%

	Proportionate Share 6/30/2022	Proportionate Share 6/30/2023	Change in Proportion
PERS 1	0.498965%	0.497376%	-0.001589%
PERS 2/3	0.646521%	0.636570%	-0.009951%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30, 2024, are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the Schedules of Employer and Nonemployer Allocations.

Pension Expense

Pension expense for the year ended December 31, 2024 and 2023 were as follows:

(amounts in thousands)	2024	2023
PERS 1	$ 2,835	$ 3,214
PERS 2/3	6,523	5,985
Total	$ 9,358	$ 9,199

The District utilizes regulatory accounting to recognize the non-cash portion of pension expense in conjunction with the actual required employer contributions (See Note 9).

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2024 and 2023, respectively, Grant PUD reported deferred outflows of resources and deferred inflows of resources related to pensions from the following:

PERS Plan 1	2024		2023	
(amounts in thousands)	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings on pension plan investments	$ -	$ 699	$ -	$ 1,281
Contributions subsequent to measurement date	1,342	-	1,451	-
Total	$ 1,342	$ 699	$ 1,451	$ 1,281

PERS Plan 2/3	2024		2023	
(amounts in thousands)	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 11,939	$ 49	$ 5,315	$ 291
Net difference between projected and actual investment earnings on pension plan investments	-	6,022	-	9,833
Changes of assumptions	11,603	1,331	10,954	2,388
Changes in proportion and differences between contributions and proportionate share of contributions	507	61	654	146
Contributions subsequent to measurement date	3,341	-	3,092	-
Total	$ 27,390	$ 7,463	$ 20,015	$ 12,658

Deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability or an addition to the net pension asset in the following year. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized as an addition/reduction of the regulatory liability as follows:

(amounts in thousands) Year ended December 31:	PERS 1	PERS 2/3
2025	$ (1,157)	$ (4,506)
2026	594	9,350
2027	(63)	4,111
2028	(73)	4,019
2029	-	1,977
Thereafter	-	1,635
	$ (699)	$ 16,586

DEFERRED COMPENSATION PLANS

Grant PUD offers its employees a deferred compensation plan created under Internal Revenue Code Section 457(b), which permits employees to defer a portion of their compensation until future years. The plan is available to all active employees. Grant PUD has no liability for losses under the plan; it is completely funded with employee contributions.

Grant PUD also administers a 401(a) governmental money purchase plan and trust. Eligible employees are enrolled in the 401(a) defined contribution plan upon becoming eligible to receive the employer contribution. Employees may also elect to contribute to the plan and the election must be made at the time the employee becomes eligible to participate. Employee elections cannot be changed during the time of their employment. Eligible employees can also elect to contribute to the 457(b) plan as discussed above. Grant PUD contributed into employees' 401(a) 3% of straight-time wages for the pay period and contributions by the employee were not required. Grant PUD made contributions of approximately $2.6 million as of December 31, 2024 and 2023, respectively.

11. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS ("OPEB")

Plan Description

Grant PUD administers a single employer defined benefit premium program ("the retiree subsidy plan"). The retiree subsidy plan may be amended through collective bargaining (for bargaining unit employees) and ratified by Grant PUD's Commission or changed without bargaining for non-bargaining unit employees. The retiree subsidy plan does not issue a publicly available financial report.

Benefits Provided

Grant PUD provides retirees with two different subsidies: an explicit subsidy and an implicit subsidy.

The explicit subsidy results from premium payments made for certain retirees. Grant PUD pays a portion of the medical premiums for eligible retirees and their spouses from age 59 ½ until age 65. Retirees younger than 59 ½ may continue to receive coverage on a self-pay basis. The percentage of the medical premiums paid is based upon years of full-time service of the retirees. At the age of 59 ½, the retiree is eligible for a subsidy of 3% of their premium cost for each year of service (years x 3% x retiree premium). The subsidy cannot be more than the premium amount paid for active employees and is effective until the retiree turns 65. The monthly cap for 2023 was $556.15 for employee coverage and $1,279.11 for employee and spouse coverage. The monthly cap for 2024 was $611.77 for employee coverage and $1,407.01 for employee and spouse coverage. The monthly cap for 2025 is $669.89 for employee coverage and $1,540.68 for employee and spouse coverage.

The implicit subsidy is the difference between the total cost of medical benefits and the premiums. Retirees may seek COBRA coverage (subject to all COBRA provisions) through Grant PUD's group health insurance plan, the Central Washington Public Utilities Unified Insurance Program Trust (Trust) or find independent coverage. However, in some cases the premium itself does not represent the full cost of covering these retirees since they are older than the active population and can be expected to generate higher medical claims and therefore higher premiums than the active population.

Employees Covered by Benefit Terms

At December 31, 2024 and 2023, the following employees were covered by the benefit terms:

	2024	2023
Inactive employees or beneficiaries currently receiving benefit payments	31	23
Active employees	850	757
Total number of participants	881	780

Funding Policy

The plan is funded on a pay-as-you-go basis and there are no assets accumulating in a qualifying trust.

Contributions

Grant PUD paid approximately $0.4 million and $0.3 million in retiree subsidies for each of the years ended December 31, 2024 and 2023, respectively.

Total OPEB Liability

The OPEB liability as of December 31, 2024 and 2023, was determined by an actuarial valuation dated December 31, 2023. The OPEB liability as of December 31, 2024 was based on the 2023 actuarial valuation and rolled forward to the December 31, 2024 measurement date.

The following table represents the aggregate OPEB amounts for all plans subject to the requirements of GASB 75 for the years 2024 and 2023:

(amounts in thousands)	2024	2023
OPEB liabilities	$ 9,499	$ 9,628
Deferred Outflows of Resources	2,115	2,520
Deferred Inflows of Resources	2,645	2,394
OPEB expense	926	841

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's ("OSA") *2013-2018 Demographic Experience Study*.

Actuarial Cost Method: Entry Age Normal, level percent of salary

Under this cost method, each participant's normal cost is determined as a level percentage of salary by amortizing the present value of future benefits at entry age (i.e., hire age) over expected future service to retirement. The normal cost for the Plan is the sum of each participant's individual normal cost.

The accrued liability is equal to the accumulated value of the prior normal costs (i.e., the excess of the present value of future benefits over the present value of future normal costs).

Interest Rate for Discounting Future Liabilities Rate: 4.0% and 3.25% for 2024 and 2023, respectively (based on Bond Buyer 20-Bond General Obligation Index as of December 31, 2024)

General Inflation: 2.00 % and 2.00% per year for 2024 and 2023, respectively

Wage Growth: 2.75 % and 2.75% per year for 2024 and 2023, respectively

Salary Merit Scale: Total payroll increase is overall payroll growth plus the merit table below. Merit rates are as developed for the valuation of benefits under Plan 2 of PERS:

Service	Rate	Service	Rate
1	6.00%	11	0.50%
2	4.50%	12	0.50%
3	3.70%	13	0.50%
4	3.00%	14	0.30%
5	2.20%	15	0.30%
6	1.70%	16	0.30%
7	1.50%	17	0.30%
8	1.00%	18	0.10%
9	1.00%	19	0.10%
10	0.70%	20	0.10%
		21+	0.00%

This assumption reflects the Office of the State Actuary's ("OSA") *2013-2018 Demographic Experience Study*.

Annual Premium Increase Rate: The assumed increases for medical plans and annual caps are:

Year	Rate	Year	Rate
2025	6.50%	2034	5.30%
2026	6.20%	2035	5.20%
2027	6.00%	2036	5.10%
2028	5.90%	2037	5.00%
2029	5.80%	2038	4.90%
2030	5.70%	2039	4.80%
2031	5.60%	2040	4.70%
2032	5.50%	2041	4.60%
2033	5.40%	2042+	4.50%

The initial rates in the table above are based in part on the 2024 Segal Health Plan Cost Trend Survey, tempered by our expectation of the impact of ORS 243.866, as amended in 2017. Rates are trended down in subsequent years in accordance with prevalent actuarial practice, based in part on the Society of Actuaries – Getzen Long-Term Healthcare Trends Resource Model, as updated November 2021.

Mortality Rates:

General Service active employees: PUB 2010 Employee Tables for General Employees, sex distinct, projected generationally.

General Service healthy retirees: PUB 2010 Retiree Tables for General Employees, sex distinct, projected generationally.

Beneficiaries:

For beneficiaries less than 70 years old, PUB 2010 Retiree Tables for General Employees. For beneficiaries 80 years or older, PUB 2010 Retiree Tables for Contingent Annuitants. For beneficiaries 70 – 79 years old, linear interpolation between the two above published tables. Rates for are all ages are sex distinct and projected generationally.

Improvement scale:

Long-term MP-2017 rate of improvement.

Turnover Rates

Sample rates, as developed for the valuation of benefits under Plan 2 of PERS:

Service	Rate
0	26.00%
5	6.00%
10	4.00%
15	3.00%
20	2.00%
25	1.50%
30+	1.00%

This assumption reflects the Office of the State Actuary's ("OSA") *2013-2018 Demographic Experience Study*.

Disability Rates

Sample rates, as developed for the valuation of benefits under PERS:

Age	Rate
20 - 24	0.00%
40 - 44	0.02%
60 - 64	0.60%
80+	0.00%

This assumption reflects the Office of the State Actuary's ("OSA") *2013-2018 Demographic Experience Study*.

Retirement Rates

Eligible Employees are assumed to delay retirement until reaching the eligibility requirements for the Retiree Subsidy. Employees participating in PERS are assumed to delay retirement until reaching PERS eligibility, if later. Rates are as developed for the valuation of benefits under Plan 2 of PERS:

	Years of Service			
	Hired Before May 1, 2013		Hired After May 1, 2013	
Age	<30	30+	<30	30+
<55	0.00%	0.00%	0.00%	0.00%
55	1.00%	8.00%	1.00%	1.00%
56	1.00%	8.00%	1.00%	2.00%
57	2.00%	8.00%	2.00%	3.00%
58	2.00%	8.00%	2.00%	3.00%
59	4.00%	10.00%	4.00%	6.00%
60	5.00%	15.00%	5.00%	10.00%
61	8.00%	20.00%	8.00%	12.00%
62	15.00%	40.00%	15.00%	20.00%
63	20.00%	30.00%	20.00%	25.00%
64	40.00%	35.00%	40.00%	35.00%
65	35.00%	45.00%	35.00%	45.00%
66	30.00%	40.00%	30.00%	40.00%
67	27.00%	30.00%	27.00%	30.00%
68 - 79	25.00%	30.00%	25.00%	30.00%
80	100.00%	100.00%	100.00%	100.00%

This assumption reflects the Office of the State Actuary's ("OSA") *2013-2018 Demographic Experience Study*.

Participation

100% of actives eligible for District-paid medical benefits are assumed to be enrolled in a medical plan at retirement.

75% of retirement-eligible activities are assumed to remain on UIP medical insurance through COBRA coverage.

This assumption reflects the actuary's best estimate of future plan experience.

Plan Enrollment

Current and future retirees are assumed to remain enrolled in the plans in which they are currently enrolled, if any.

This assumption reflects the actuary's best estimate of future plan experience.

Lapse

Of the current and future retirees assumed to enroll in coverage, none are assumed to drop coverage each year.

This assumption reflects the actuary's best estimate of future plan experience.

Marital Status

65% of future retirees electing coverage are assumed to cover a spouse as well. Males are assumed to be three years older than their female spouses. Actual marital status and ages as of the valuation date are used for current retirees, if available.

This assumption reflects the actuary's best estimate of future plan experience.

Coverage of Eligible Children

We have assumed no impact of dependent children on the implicit rate subsidy.

Health Care Claims Costs

Claim costs for an age 64 retiree or spouse are assumed to be $17,061 for PPO and $12,712 for CDHP.

Aging Factors

Sex-distinct morbidity factors are used to adjust the age 64 per capita claims cost. Percentages below show the claim costs reduction per year of age:

Attained Age	Factor
Under 40	4.00% per year
40-44	3.75% per year
45-49	3.50% per year
50-54	3.00% per year
55-64	3.25% per year

This assumption reflects the Office of the State Actuary's ("OSA") *2013-2018 Demographic Experience Study*.

Change Since Prior Valuation

The interest rate for discounting future liabilities was changed to reflect current municipal bond rates, as outlined in GASB Statement 75.

Premium increase rates were modified to better reflect anticipated experience.

Health care claims costs were revised to reflect current demographics and total premiums.

Changes in Total OPEB Liability

(amounts in thousands)	2024 Increase (Decrease) Total OPEB Liability	2023 Increase (Decrease) Total OPEB Liability
Total OPEB Liability at January 1	$ 9,628	$ 8,101
Service Cost	541	407
Interest	324	313
Differences between expected and actual experience	-	658
Changes of assumptions	(595)	482
Benefit payments	(399)	(333)
Net change in total OPEB liability	(129)	1,527
Total OPEB Liability at December 31	$ 9,499	$ 9,628

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of Grant PUD calculated using the discount rate of 4.00 percent and 3.25 percent as of December 31, 2024 and 2023, respectively, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate.

2024 (amounts in thousands)	1% Decrease 3.00%	Current Discount Rate 4.00%	1% Increase 5.00%
Total OPEB liability	$ 10,312	$ 9,499	$ 8,737

2023 (amounts in thousands)	1% Decrease 2.25%	Current Discount Rate 3.25%	1% Increase 4.25%
Total OPEB liability	$ 10,447	$ 9,628	$ 8,856

Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the total OPEB liability of Grant PUD calculated using the current healthcare cost trend rate of 7.0 percent as of December 31, 2024 and 2023, respectively, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate.

2024 (amounts in thousands)	1% Decrease 6.00% Graded Down to 3.50%	Current Discount Rate 7.00% Graded Down to 4.50%	1% Increase 8.00% Graded Down to 5.50%
Total OPEB liability	$ 8,345	$ 9,499	$ 10,867

2023 (amounts in thousands)	1% Decrease 6.00% Graded Down to 3.50%	Current Discount Rate 7.00% Graded Down to 4.50%	1% Increase 8.00% Graded Down to 5.50%
Total OPEB liability	$ 8,499	$ 9,628	$ 10,968

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

As of December 31, 2024 and 2023, Grant PUD reported a liability of $9.5 million and $9.6 million, respectively. The total OPEB liability is based on the present value of the portion of future expected benefit payments that is considered to have been already earned by the participants. In future years, changes in the total OPEB liability due to actuarial gains or losses or changes in assumptions will be amortized over the average expected future working lifetime of participants, with unamortized amounts treated as deferred outflows or inflows of resources.

Deferred Outflows of Resources and Deferred Inflows of Resources

As of December 31, 2024 and 2023, Grant PUD recognized deferred outflows of resources and deferred inflows of resources related to other postemployment benefits form the following sources:

	2024		2023	
(amounts in thousands)	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 629	$ 859	$ 720	$ 981
Change in assumptions	1,486	1,786	1,800	1,413
Total	$ 2,115	$ 2,645	$ 2,520	$ 2,394

The deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

(amounts in thousands)	
Year ended December 31:	
2025	$ 61
2026	61
2027	61
2028	61
2029	(194)
Thereafter	(580)
Total	$ (530)

OPEB Expense

Grant PUD's annual OPEB cost (expense) is equal to the change in total OPEB liability, plus or minus changes in deferred outflows or inflows, plus employer contributions. For the years ended December 31, 2024 and 2023, Grant PUD recognized OPEB expense of $0.9 million and $0.8 million, respectively.

12. CONTINGENCIES

Grant PUD is involved in various claims arising in the normal course of business. Grant PUD does not believe that the ultimate outcome of these matters will have a material impact on its financial position, results of operations, or cash flows.

13. WHOLESALE FIBER OPTIC NETWORK

Grant PUD is installing a wholesale fiber optic network to the premises in its service area. This fiber optic network is interconnected with multiple regional and national telecommunications carriers. The wholesale fiber optic network is available to retail and wholesale providers of Internet, telephone, and video services. Grant PUD has also implemented a wholesale wireless network which is available to retail wireless providers.

The following is a summary of the results of operations of the wholesale fiber optic and wireless networks, and the related Utility plant balances and related additions, as of and for the years ended December 31, 2024 and 2023:

(amounts in thousands)	2024	2023
Operating revenues		
Wholesale fiber services	$ 14,799	$ 13,168
Dark fiber revenue	507	483
Wireless fiber revenue	11	18
Wholesale fiber optic network sales	$ 15,317	$ 13,669
Operating expenses		
Administrative and general	$ 1,934	$ 2,765
Repairs and maintenance	1,726	1,667
Depreciation	12,513	11,635
Total operating expenses	$ 16,173	$ 16,067
Nonoperating revenues		
Contributions in aid of construction	$ 336	$ 60
Utility plant		
Additions to utility plant	$ 20,188	$ 31,700
Utility plant, net of accumulated depreciation	$ 179,235	$ 171,456

14. SEGMENTS

Grant PUD has outstanding revenue bonds used to finance the Electric System and the Priest Rapids Project. As described in Note 6, all the outstanding bond issues are secured by a pledge of the net revenues of Grant PUD. The Electric System has committed to cover, without limitation, any costs incurred by the Priest Rapids Project that are not covered by purchasers other than Grant PUD.

Each system is required to be accounted for separately according to external contractual requirements. The following condensed financial statements of the operating segments of Grant PUD include the Electric System and the Priest Rapids Project. Grant PUD's Service System, as well as eliminating internal transactions, is presented as "Other" in order to reconcile to the consolidated Grant PUD's results. "Other" is not considered a segment of Grant PUD.

CONDENSED STATEMENT OF NET POSITION

DECEMBER 31, 2024 **(amounts in thousands)**	Electric System	Priest Rapids Project	Other	Total
ASSETS				
Other current assets	$ 407,286	$ 116,836	$ 13,503	$ 537,625
Intersystem receivables	735	1	(736)	-
Intersystem loan receivable	43,289	-	(43,289)	-
Utility plant, net	883,564	1,690,339	-	2,573,903
Noncurrent intersystem loan receivable	644,055	-	(644,055)	-
Other noncurrent assets	168,025	264,809	-	432,834
TOTAL ASSETS	2,146,954	2,071,985	(674,577)	3,544,362
Deferred outflows of resources	45,994	44,008	(26,969)	63,033
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2,192,948	2,115,993	(701,546)	3,607,395
LIABILITIES				
Other current liabilities	124,307	85,502	17,726	227,535
Intersystem payables	7,938	2,418	(10,356)	-
Accrued interest intersystem loan payable	-	11,995	(11,995)	-
Intersystem loan payable	-	15,305	(15,305)	-
Noncurrent intersystem loan payable	-	660,044	(660,044)	-
Other noncurrent liabilities	232,357	864,863	5,112	1,102,332
TOTAL LIABILITIES	364,602	1,640,127	(674,862)	1,329,867
Deferred Inflows of resources	31,009	80,709	(26,969)	84,749
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	395,611	1,720,836	(701,831)	1,414,616
NET POSITION				
Net investment in capital assets	596,455	231,339	677,058	1,504,852
Restricted	255,083	210,940	13,468	479,491
Unrestricted	945,799	(47,122)	(690,241)	208,436
TOTAL NET POSITION	1,797,337	395,157	285	2,192,779
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 2,192,948	$ 2,115,993	$ (701,546)	$ 3,607,395

(Internal transactions are eliminated based on Generally Accepted Accounting Principles)

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEAR ENDED DECEMBER 31, 2024 (amounts in thousands)	Electric System	Priest Rapids Project	Other	Total
OPERATING REVENUES				
Retail energy sales	$ 283,442	$ -	$ -	$ 283,442
Wholesale revenues, net	286,466	-	-	286,466
Sales to power purchasers at cost	-	196,329	(169,629)	26,700
Other	18,548	-	-	18,548
Total operating revenues	588,456	196,329	(169,629)	615,156
OPERATING EXPENSES				
Depreciation and amortization	48,304	42,107	-	90,411
Other operating expenses	279,134	109,691	(169,588)	219,237
Total operating expenses	327,438	151,798	(169,588)	309,648
NET OPERATING INCOME	261,018	44,531	(41)	305,508
OTHER REVENUES (EXPENSES)				
Interest and other income (expense)	43,919	18,095	(21,929)	40,085
Interest on revenue bonds and other, net	(9,954)	(57,246)	23,195	(44,005)
Federal rebates on revenue bonds	-	9,507	-	9,507
Amortization of debt related costs	1,687	314	(1,142)	859
Cost of debt issuance	-	(1,837)	-	(1,837)
Total other revenue (expenses)	35,652	(31,167)	124	4,609
CONTRIBUTIONS IN AID OF CONSTRUCTION	24,312	-	-	24,312
CHANGE IN NET POSITION	320,982	13,364	83	334,429
NET POSITION				
Beginning of year	1,476,355	381,793	202	1,858,350
End of year	$ 1,797,337	$ 395,157	$ 285	$ 2,192,779

(Internal transactions are eliminated based on Generally Accepted Accounting Principles)

CONDENSED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2024

(amounts in thousands)	Electric System	Priest Rapids Project	Other	Total
Net cash provided by (used in) operating activities	$ 292,429	$ 96,908	$ 7,405	$ 396,742
Net cash provided by (used in) capital and related financing activities	(181,089)	(55,998)	(6,223)	(243,310)
Net cash provided by (used in) investing activities	(110,473)	(44,310)	1,620	(153,163)
NET INCREASE (DECREASE) IN CASH	$ 867	$ (3,400)	$ 2,802	$ 269
CASH AT END OF YEAR	$ 2,197	$ (2,721)	$ 3,317	$ 2,793
CASH AT BEGINNING OF YEAR	1,330	679	515	2,524
NET INCREASE (DECREASE) IN CASH	$ 867	$ (3,400)	$ 2,802	$ 269

(Internal transactions are eliminated based on Generally Accepted Accounting Principles)

CONDENSED STATEMENT OF NET POSITION

DECEMBER 31, 2023

(amounts in thousands)	Electric System	Priest Rapids Project	Other*	Total*
ASSETS				
Other current assets	$ 312,569	$ 111,065	$ 12,310	$ 435,944
Intersystem receivables	5,208	463	(5,671)	-
Intersystem loan receivable	40,639	-	(40,639)	-
Utility plant, net	809,610	1,676,339	-	2,485,949
Noncurrent intersystem loan receivable	564,360	-	(564,360)	-
Other noncurrent assets	114,469	218,124	-	332,593
TOTAL ASSETS	1,846,855	2,005,991	(598,360)	3,254,486
Deferred outflows of resources	37,660	44,335	(21,388)	60,607
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	1,884,515	2,050,326	(619,748)	3,315,093
LIABILITIES				
Other current liabilities	78,474	84,066	13,903	176,443
Intersystem payables	9,129	2,248	(11,377)	-
Accrued interest intersystem loan payable	-	10,513	(10,513)	-
Intersystem loan payable	-	12,995	(12,995)	-
Noncurrent intersystem loan payable	-	581,491	(581,491)	-
Other noncurrent liabilities	291,878	904,143	3,911	1,199,932
TOTAL LIABILITIES	379,481	1,595,456	(598,562)	1,376,375
Deferred inflows of resources	28,679	73,077	(21,388)	80,368
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	408,160	1,668,533	(619,950)	1,456,743
NET POSITION				
Net investment in capital assets	518,010	219,980	589,972	1,327,962
Restricted	218,015	200,678	11,790	430,483
Unrestricted	740,330	(38,865)	(601,560)	99,905
TOTAL NET POSITION	1,476,355	381,793	202	1,858,350
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 1,884,515	$ 2,050,326	$ (619,748)	$ 3,315,093

* Certain items were reclassified to conform with the current year implementation of GASB 101.

(Internal transactions are eliminated based on Generally Accepted Accounting Principles)

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEAR ENDED DECEMBER 31, 2023 (amounts in thousands)	Electric System	Priest Rapids Project	Other	Total
OPERATING REVENUES				
Retail energy sales	$ 269,355	$ -	$ -	$ 269,355
Wholesale revenues, net	152,304	-	158,504	310,808
Sales to power purchasers at cost	-	191,553	(166,551)	25,002
Other	16,653	-	-	16,653
Total operating revenues	438,312	191,553	(8,047)	621,818
OPERATING EXPENSES				
Depreciation and amortization	45,710	40,729	-	86,439
Other operating expenses	115,116	104,335	(8,088)	211,363
Total operating expenses	160,826	145,064	(8,088)	297,802
NET OPERATING INCOME	277,486	46,489	41	324,016
OTHER REVENUES (EXPENSES)				
Interest and other income (expense)	30,676	17,144	(18,912)	28,908
Interest on revenue bonds and other, net	(8,846)	(56,387)	20,173	(45,060)
Federal rebates on revenue bonds	-	10,454	-	10,454
Amortization of debt related costs	981	(890)	(1,207)	(1,116)
Cost of debt issuance	(770)	(887)	-	(1,657)
Total other revenue (expenses)	22,041	(30,566)	54	(8,471)
CONTRIBUTIONS IN AID OF CONSTRUCTION	37,131	-	-	37,131
CHANGE IN NET POSITION	336,658	15,923	95	352,676
NET POSITION				
Beginning of year	1,139,697	365,870	107	1,505,674
End of year	$ 1,476,355	$ 381,793	$ 202	$ 1,858,350

(Internal transactions are eliminated based on Generally Accepted Accounting Principles)

CONDENSED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023

(amounts in thousands)	Electric System	Priest Rapids Project	Other	Total
Net cash provided by (used in) operating activities	$ 337,112	$ 104,802	$ (11,028)	$ 430,886
Net cash provided by (used in) capital and related financing activities	(153,947)	(108,837)	7,708	(255,076)
Net cash provided by (used in) investing activities	(185,034)	4,335	(4,303)	(185,002)
NET INCREASE/(DECREASE) IN CASH	$ (1,869)	$ 300	$ (7,623)	$ (9,192)
CASH AT END OF YEAR	$ 1,331	$ 679	$ 514	$ 2,524
CASH AT BEGINNING OF YEAR	3,200	379	8,137	11,716
NET INCREASE/(DECREASE) IN CASH	$ (1,869)	$ 300	$ (7,623)	$ (9,192)

(Internal transactions are eliminated based on Generally Accepted Accounting Principles)

Schedule of the District's Proportionate Share of the Net Pension Liability

Measurement Date Ended June 30	PERS 1									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
(amounts in thousands)										
Proportion of the net pension liability	0.491786%	0.497376%	0.498965%	0.515673%	0.497050%	0.489144%	0.493735%	0.509107%	0.524928%	0.544648%
Proportionate share of the net pension liability	$ 8,738	$ 11,354	$ 13,893	$ 6,298	$ 17,549	$ 18,809	$ 22,050	$ 24,158	$ 28,191	$ 28,490
Covered-employee payroll	98,811	88,207	81,590	78,618	72,226	68,079	65,002	63,510	61,646	56,606
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	8.84%	12.87%	17.03%	8.01%	24.30%	27.63%	33.92%	38.04%	45.73%	50.33%
Plan fiduciary net position as a percentage of the total pension liability	84.05%	80.16%	76.56%	88.74%	68.64%	67.12%	63.22%	61.24%	57.03%	59.10%

	PERS 2/3									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
(amounts in thousands)										
Proportion of the net pension liability	0.637393%	0.636570%	0.646521%	0.654458%	0.639436%	0.620593%	0.622917%	0.639308%	0.650080%	0.679264%
Proportionate share of the net pension liability(asset)	$ (21,012)	$ (26,091)	$ (23,978)	$ (65,195)	$ 8,178	$ 6,028	$ 10,636	$ 22,213	$ 32,731	$ 24,271
Covered-employee payroll	98,644	87,972	81,345	78,278	71,878	67,595	64,541	62,862	60,733	55,717
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	-21.30%	-29.66%	-29.48%	-83.29%	11.38%	8.92%	16.48%	35.34%	53.89%	43.56%
Plan fiduciary net position as a percentage of the total pension liability	105.17%	107.02%	106.73%	120.29%	97.22%	97.77%	95.77%	90.97%	85.82%	89.20%

Schedule of the District's Contributions

	PERS 1									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
(amounts in thousands)										
Contractually Required Contribution	$ 2,835	$ 3,214	$ 3,136	$ 3,497	$ 3,645	$ 3,510	$ 3,385	$ 3,222	$ 2,985	$ 2,653
Contributions in Relation to the Contractually Required Contribution Subtotal	(2,835)	(3,214)	(3,136)	(3,497)	(3,645)	(3,510)	(3,385)	(3,222)	(2,985)	(2,653)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-Employee Payroll	$ 102,718	$ 94,284	$ 83,158	$ 80,806	$ 75,385	$ 70,371	$ 66,174	$ 64,999	$ 61,575	$ 59,113
Contributions as a Percentage of Covered Employee Payroll	2.76%	3.41%	3.77%	4.33%	4.84%	4.99%	5.12%	4.96%	4.85%	4.49%

	PERS 2/3									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
(amounts in thousands)										
Contractually Required Contribution	$ 6,523	$ 5,985	$ 5,277	$ 5,756	$ 5,942	$ 5,403	$ 4,927	$ 4,418	$ 3,788	$ 3,293
Contributions in Relation to the Contractually Required Contribution	(6,523)	(5,985)	(5,277)	(5,756)	(5,942)	(5,403)	(4,927)	(4,418)	(3,788)	(3,293)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-Employee Payroll	$ 102,564	$ 94,072	$ 82,964	$ 80,480	$ 75,031	$ 69,956	$ 65,702	$ 64,444	$ 60,809	$ 58,216
Contributions as a Percentage of Covered Employee Payroll	6.36%	6.36%	6.36%	7.15%	7.92%	7.72%	7.50%	6.86%	6.23%	5.66%

Notes to Schedule

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

Schedule of Changes in Total OPEB Liability and Related Ratios

(amounts in thousands)	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability at January 1	$ 9,628	$ 8,101	$ 8,956	$ 10,364	$ 9,705	$ 6,977	$ 6,806	$ 6,525
Service Cost	541	407	550	620	550	372	362	351
Interest	324	313	187	243	274	249	237	229
Differences between expected and actual experience	-	658	-	(1,350)	-	255	-	-
Changes of assumptions	(595)	482	(1,252)	(534)	368	2,291	-	-
Benefit payments	(399)	(333)	(340)	(387)	(533)	(439)	(428)	(299)
Net Change in Total OPEB Liability	(129)	1,527	(855)	(1,408)	659	2,728	171	281
Total OPEB Liability - Ending	$ 9,499	$ 9,628	$ 8,101	$ 8,956	$ 10,364	$ 9,705	$ 6,977	$ 6,806
Estimated Covered-Employee Payroll	$102,718	$ 94,284	$ 83,158	$ 80,806	$ 69,978	$ 67,940	$ 68,629	$ 66,630
Total OPEB Liability as a Percentage of Covered-Employee Payroll	9.25%	10.21%	9.74%	11.08%	14.81%	14.28%	10.17%	10.21%

Notes to Schedule

Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, Grant PUD will present information for only those years for which information is available.

During fiscal year 2019, assumptions pertaining specifically to the implicit medical benefit (participation, coverage of eligible children, health care claims costs, and aging factor) were introduced.

Grant PUD implemented GASB 75 effective January 1, 2017.

There are no assets accumulated in a qualified trust to provide benefits under the plan.







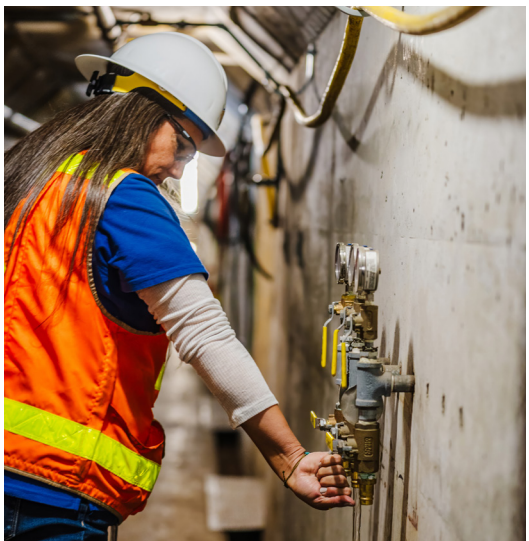
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