



2023 Annual Report



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Energy Northwest Facts

Headquarters

Richland, Wash.

Employment Figures

Approximately 1,000 full-time employees

Projects and Services

- Four power generation projects
- Environmental and analytical services
- Operations and maintenance services
- Equipment calibration services
- Power system solutions
- Project development
- Demand-side management services

To learn more visit our website:

www.energy-northwest.com

and our blog:

www.northwestcleanenergy.com



A Message to our Stakeholders

Energy Northwest is dedicated to addressing the Northwest's future energy requirements and leading the clean energy transformation by providing clean, reliable and predictable generation resources. Our diverse portfolio of clean energy assets, include hydroelectric, wind, solar and battery storage, as well as the Northwest's only nuclear energy facility.

We are also committed to innovative energy and business solutions to meet the needs of our 28 public power member utilities and the communities they serve.

To sustain our mission and achieve our vision, we have identified three strategic focus areas:



Bob Schuetz

Manage Energy Northwest as a joint operating agency, prioritizing business excellence and delivering value to our mission by anticipating and meeting the needs of the region.

Operate Columbia Generating Station safely, reliably, and cost-effectively for at least 80 years, ensuring a stable source of clean energy for the region.

Support the regional clean energy transformation, including preparing for the expansion of our nuclear portfolio.

As we push into the clean energy future, we acknowledge the challenges ahead but remain confident in our ability to find solutions. We have ambitious goals and are committed to maintaining and enhancing our existing portfolio of carbon-free assets while also embracing innovation in new clean energy resources, including next-generation nuclear energy.

We believe that success is not solely measured by financial performance but by the positive impact we have on our region. As a public power agency, we recognize the unique responsibility we have to the Environment, Social and Governance; and how we can positively influence all three.



Environment (E):

Our commitment to environmental responsibility is unwavering. We are taking actions to reduce our environmental impact including pursuing clean energy excellence agencywide; providing clean energy resources; and a key leader in the Energy Forward Alliance that is focusing on the transition to a reliable and resilient clean energy future in the Mid-Columbia region.

Social (S):

Our social responsibility is at the core of our business. We strive to create a positive impact on society through: diversity, inclusion and belonging; community engagement such as our Proud to Power, Proud to Serve initiative which supports local charities; and investing in our people – our most important asset.

Governance (G):

Strong governance is a foundation of our agency. We understand the importance of transparency and accountability; and we uphold the highest standards of governance through: ethical leadership; diverse experience and perspectives; and stakeholder engagement.

Much like Excellence, our ESG efforts are not a destination but a journey, and we are enthusiastic about the progress we have made and the road ahead.

Through our diligent efforts, strategic planning and substantial investments, we aim to meet the electricity demands in the region. By doing so, we will facilitate a clean energy transformation that benefits our members, our region and serves the public. We are excited about the future and the pivotal role we have in shaping the energy landscape in the Pacific Northwest.

Respectfully,

Bob Schuetz

Chief Executive Officer



Management Report On Responsibility For Financial Reporting

Energy Northwest management is responsible for preparing the accompanying financial statements and for their integrity. They were prepared in accordance with Generally Accepted Accounting Principles (GAAP) (applied on a consistent basis and include amounts that are based on management's best estimates and judgments).

The financial statements have been audited by Baker Tilly US, LLP, Energy Northwest's independent auditors. Management has made available to Baker Tilly US, LLP all financial records and related data, and believes that all representations made to Baker Tilly US, LLP during its audit were valid and appropriate.

Management has established and maintains internal control procedures that provide reasonable assurance as to the integrity and reliability of the financial statements, the protection of assets from unauthorized use or disposition, and the prevention and detection of fraudulent financial reporting. These control procedures provide appropriate division of responsibility and are documented by written policies and procedures.

Energy Northwest maintains an ongoing internal auditing program that provides for independent assessment of the effectiveness of internal controls, and for recommendations of possible improvements thereto. In addition, Baker Tilly US, LLP has considered the internal control structure in order to determine their auditing procedures for the purpose of expressing an opinion on the financial statements. Management has considered recommendations made by the internal auditor and Baker Tilly US, LLP concerning the control procedures and has taken appropriate action to respond to the recommendations. Management believes that, as of June 30, 2023, internal control procedures are adequate.

Bob Schuetz

Chief Executive Officer

Cristina M. Reyff

Vice President, Chief Financial Officer/Chief Risk Officer

Audit, Legal And Finance Committee Chair's Letter

The executive board's Audit, Legal and Finance Committee (committee) is composed of 11 independent directors. Members of the committee are:

July 1, 2022 - June 30, 2023: Chair Jack Janda, Arie Callaghan, Marc Daudon, Bill Gordon, Janet Herrin, Curt Knapp, Jim Malinowski, Jim Moss, Bill Pitesa, John Saven and Tim Sheldon.

The committee held seven meetings during the fiscal year ended June 30, 2023.

The committee oversees Energy Northwest's financial reporting process on behalf of the executive board. In fulfilling its responsibilities, the committee discussed with the performance auditors and the independent auditors the overall scope and specific plans for their respective audits, and reviewed Energy Northwest's financial statements and the adequacy of Energy Northwest's internal controls.

The committee met regularly with Energy Northwest's performance auditors and convened periodic meetings with the independent auditors to discuss the results of their audit, their evaluations of Energy Northwest's internal controls, and the overall quality of Energy Northwest's financial reporting. The meetings were designed to facilitate any private communications with the committee desired by the performance auditors or independent auditors.

Jack Janda

Chair,

Audit, Legal and Finance Committee

Independent Auditors' Report

To the Executive Board of
Energy Northwest

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities of Energy Northwest, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Energy Northwest's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Energy Northwest as of June 30, 2023, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit 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* issued by the Comptroller General of the United States (GAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Energy Northwest 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 opinions.

Emphasis of Matter

As discussed in Note 1, Energy Northwest adopted the provisions of GASB Statement No. 96, *Subscription Based Information Technology Arrangements*, effective July 1, 2022. Our opinions are 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 Energy Northwest'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.

Auditors' 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 auditors' report that includes our opinions. 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 GAS 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 GAS, 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 Energy Northwest'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 Energy Northwest'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 required supplementary information, as listed in the table of contents 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 other information included in the annual report but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic 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 September 25, 2023 on our consideration of Energy Northwest'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 Energy Northwest'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 Energy Northwest's internal control over financial reporting and compliance.

Baker Tilly US, LLP

Madison, Wisconsin
September 25, 2023

Energy Northwest Management's Discussion and Analysis (Unaudited)

Energy Northwest is a municipal corporation and joint operating agency of the state of Washington. Each Energy Northwest business unit is financed and accounted for separately from all other current or future business assets. The following discussion and analysis is organized by business unit. The management discussion and analysis of the financial performance and activity is provided as an introduction and to aid in comparing the basic financial statements for the fiscal year (FY) ended June 30, 2023, with the basic financial statements for the FY ended June 30, 2022.

Energy Northwest has adopted accounting policies and principles that are in accordance with Generally Accepted Accounting Principles (GAAP) in the United States of America. Energy Northwest's records are maintained as prescribed by the Governmental Accounting Standards Board (GASB). (See Note 1 to the Financial Statements.)

Because each business unit is financed and accounted for separately, the following section on financial performance is discussed by business unit to aid in analysis of assessing the financial position of each individual business unit. For comparative purposes only, the table on the following page represents a memorandum only total for Energy Northwest, as a whole, for FY 2023 and FY 2022.

The Financial Statements for Energy Northwest include the Statements of Net Position; Statements of Revenues, Expenses, and Changes in Net Position; and Statements of Cash Flows for each of the business units, and Notes to Financial Statements.

The Statements of Net Position present the financial position of each business unit on an accrual basis. The Statements of Net Position report financial information about construction work in progress, the amount of resources and

obligations, restricted accounts, and due to/from balances for each business unit. (See Note 1 to the Financial Statements.)

The Statements of Revenues, Expenses, and Changes in Net Position provide financial information relating to all expenses, revenues and equity that reflect the results of each business unit and its related activities over the course of the fiscal year. The financial information provided aids in benchmarking activities, conducting comparisons to evaluate progress, and determining whether the business unit has successfully recovered its costs.

The Statements of Cash Flows reflect cash receipts and disbursements and net changes resulting from operating, financing, and investing activities. The Statements of Cash Flows provide insight into what generates cash, where the cash comes from, and purpose of cash activity.

The Notes to Financial Statements present disclosures that contribute to the understanding of the material presented in the financial statements. This includes, but is not limited to, Schedule of Outstanding Long-Term Debt and Debt Service Requirements (See Note 4 to the Financial Statements), accounting policies, significant balances and activities, material risks, commitments and obligations, and subsequent events, if applicable.

The basic Financial Statements of each business unit along with the Notes to the Financial Statements and Management Discussion and Analysis should be used to provide an overview of Energy Northwest's financial performance. The following discussion provides comparative financial information for the years ended June 30, 2023, and 2022. Questions concerning any of the information provided in this report should be addressed to Energy Northwest at PO Box 968, Richland, WA, 99352.

Combined Financial Information - June 30, 2023 and 2022 (Dollars in thousands)

	2022		2023		Change
Assets					
Current Assets	\$	619,793	\$	571,771	\$ (48,022)
Net Plant*		1,719,729		1,741,001	21,272
Nuclear Fuel		477,304		421,933	(55,371)
Long-Term Receivables		2,440		1,939	(501)
Pension Asset restricted		127,200		44,440	(82,760)
Other non current restricted assets		145,269		143,399	(1,870)
Other Charges		3,910,131		4,024,089	113,958
TOTAL ASSETS		7,001,866		6,948,572	(53,294)
DEFERRED OUTFLOWS OF RESOURCES		798,094		858,306	60,212
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$	7,799,960	\$	7,806,878	\$ 6,918
Liabilities and Net Position					
Current Liabilities	\$	293,683	\$	247,366	\$ (46,317)
Restricted Liabilities					
Special Funds		-		-	-
Debt Service Funds		118,035		118,382	347
Long-Term Debt		5,446,783		5,512,261	65,478
Other Long-Term Liabilities*		1,761,085		1,831,366	70,281
Other Credits		9,141		9,434	293
Net Position					
Invested in capital assets, net of related debt		(14,661)		(19,186)	(4,525)
Restricted for debt service, net		20,796		19,476	(1,320)
Restricted for pension asset, net		7,733		2,073	(5,660)
Unrestricted, net		(5,292)		10,651	15,943
TOTAL LIABILITIES AND NET POSITION		7,637,303		7,731,823	94,520
DEFERRED INFLOWS OF RESOURCES		162,657		75,055	(87,602)
TOTAL LIABILITIES, NET POSITION AND DEFERRED INFLOWS	\$	7,799,960	\$	7,806,878	\$ 6,918
Operating Performance					
Operating Revenues	\$	460,048	\$	548,394	\$ 88,346
Operating Expenses		390,391		464,581	74,190
Net Operating Revenues		69,657		83,813	14,156
Other Income and Expenses		(65,446)		(81,295)	(15,849)
Capital Contribution		160		1,920	1,760
Beginning Net Position		4,205		8,576	4,371
ENDING NET POSITION	\$	8,576	\$	13,014	\$ 4,438

* Energy Northwest's 2022 Statement of Net Position were updated for the impacts of the required retroactive application of GASB 96 "Subscription Based Information Technology Arrangments" which became effective for Energy Northwest in fiscal year 2023. See Note 1 for a summary of this change in accounting principle.

Columbia Generating Station

Columbia Generating Station (Columbia) is wholly owned by Energy Northwest and its participants and operated by Energy Northwest. The plant is a 1,174-megawatt electric (MWe, Design Electric Rating, net) boiling water nuclear power plant located on the Department of Energy’s (DOE) Hanford Site north of Richland, Washington.

Columbia produced 8,630 gigawatt-hours (GWh) of electricity in FY 2023, which included 93 GWh of cost down credit, as compared to 9,990 GWh, with inclusion of credit for economic dispatch, of electricity in FY 2022. The 172 GWh of economic dispatch in FY 2022, was granted by the Bonneville Power Administration (BPA). The 93 GWh of coast down credit in FY 2023 was approved by the Executive Board (coast down credit is a prudent utility practice to optimize fuel efficiency as part of General Electric’s fuel design). The request by BPA is for grid reliability and supply and, in Columbia’s instance, was a result of high spring river runoff. BPA did not grant credit to Columbia in FY 2023 to overall generation as a result of management directed coast down decisions.

Columbia’s cost performance is measured by the cost of power indicator. The cost of power for FY 2023 was 5.04 cents per kilowatt-hour (kWh) as compared with 3.53 cents per kWh in FY 2022. The generating cost of power fluctuates year to year depending on various factors such as refueling outages and other planned activities. The FY 2023 cost of power increase of 42.8% was due to the decreased generation levels due to FY 2023 being an outage year, as compared to FY 2022 being a non-refueling outage year.

Assets, Liabilities, and Net Position Analysis

The net increase to Utility Plant (plant) and Construction Work in Progress (CWIP) from FY 2022 to FY 2023 (excluding nuclear fuel) was \$24.4 million. FY 2022 Plant has been restated for comparison purposes to include the retroactive application of GASB 96 “Subscription-Based Information Technology Arrangements”, which become effective for

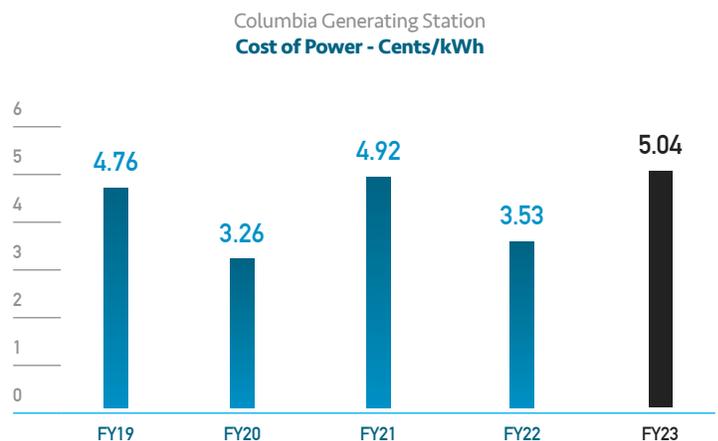
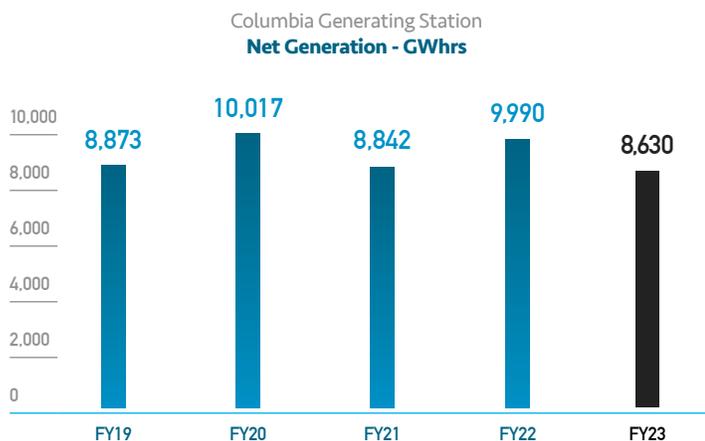
Energy Northwest at the beginning of FY 2023 (See Notes 1 and 14). The changes to plant and CWIP were comprised of additions to plant of \$72.3 million and an increase to CWIP of \$51.1 million. Remaining change was the period effect of depreciation of \$98.0 million of plant assets, \$0.8 million of lease asset amortization, and \$0.2 million of subscription asset amortization.

The FY 2023 CWIP balance of \$87.3 million consisted of seven major projects of at least \$0.5 million: Moisture Separator Reheater Internals Retrofitting, Replace Normal Transformer, Backup Transformer Circuit Breaker Replacement, High Pressure Turbine Replacement, Main Turbine Vibration Monitoring Replacement, Replace Plant Process Computer Replacement, and Adjustable Speed Drive Replacement. These projects over \$0.5 million result in 74.5% of the current CWIP balance. The remaining 25.5% of CWIP is comprised of 25 separate projects.

Nuclear fuel, net of accumulated amortization, decreased \$55.4 million from FY 2022 to \$421.9 million in FY 2023. During FY 2023 Columbia there was a reduction of \$67.1 million in capitalized fuel/reload activity with an additional decrease in fuel of \$44.7 million due to amortized fuel burnup. An increase to spent fuel of \$103.2 million reflects the original cost of fuel assemblies removed from the core during R-26 and placed in the Spent Fuel Pool to begin the cooling process (See Note 11). A decrease of \$46.8 million occurred related to TVA Fuel activity. (See Note 11).

Current assets decreased \$51.8 million in FY 2023 to \$451.5 million. The changes were decreases to current restricted assets of \$57.6 million due to the FY 2023 bond funding activities and bond restructuring associated with the regional cooperation debt program and receivables of \$45.1 million. The current asset decreases were offset by an increase to cash and investments of \$48.0 million, increase to materials and supplies of \$2.6 million and an increase in prepayments of \$0.3 million.

Non-current lease receivable decreased \$0.5 million to \$1.5 million in FY 2023.



Non-current restricted assets decreased \$76.4 million to \$175.0 million in FY 2023. The changes were a decrease to pension asset in accordance with GASB No. 68, of \$76.4 million (See Note 6).

Other charges increased \$116.5 million from \$1.988 billion in FY 2022 to \$2.105 billion in FY 2023. The increase was Costs in Excess of Billings related to the net effect of payment of current maturities and refunding activity associated with the regional cooperation debt program.

Deferred outflows increased \$58.2 million in FY 2023 from \$787.7 million to \$845.9 million. The changes were an increase of \$27.5 million due to the recognition of a deferred pension outflow in accordance with GASB No. 68 (See Note 6), a \$32.0 million asset retirement adjustment (\$31.9 million - Columbia, \$0.1 million - ISFSI) due to requirements of GASB No. 83. (See Note 9). The increases were offset by a decrease of \$1.3 million to unamortized loss on refunding associated with the 2023 bond activity.

Current liabilities decreased \$52.9 million in FY 2023 to \$190.0 million. The change included a decrease in current maturities of long-term debt of \$57.4 million per the maturity schedule for bonds, and a decrease in the current line of credit of \$39.0 million. A decrease in due to other business units of \$7.0 million, which is a timing result of year-end obligations. Offsetting the decreases were increases including accounts payable of \$19.9 million, and an increase in accrued expenses of \$3.6 million, which includes the current lease liability recognized due to GASB 87 (See Note 13), and the current Subscription-Based Information Technology Arrangements liability recognized due to the retroactive application of GASB 96 at the beginning of FY 2023. In addition, there was an increase from timing of \$27.0 million in due to participants.

Restricted liabilities stayed static in FY 2023 at \$74.1 million.

Long-term debt (Bonds Payable) increased \$71.2 million in FY 2023 from \$3.499 billion to \$3.570 billion due to the FY 2023 bond restructuring and funding activities associated with the regional cooperation debt program.

Other long-term liabilities increased \$74.5 million in FY 2023 to \$1.802 billion. The major driver was an increase to the asset retirement obligation due to GASB No. 83. Decommissioning liability increased \$67.3 million due to required yearly indexing of the obligation. Columbia accounted for \$67.0 million of the increase and ISFSI accounted for \$0.3 million of the increase. In addition, there was increase in pension liability of \$12.4 million in accordance with GASB No. 68. Offsetting the increases was a decrease in the other postemployment benefits liability of \$4.4 million in accordance with GASB No. 75 and a decrease in long-term lease liability of \$0.8 million in accordance with GASB 87. FY 2022 other long-term liabilities has been restated for

comparison purposes due to the retroactive application of GASB 96 at the beginning of FY 2023 (See Notes 1 and 14).

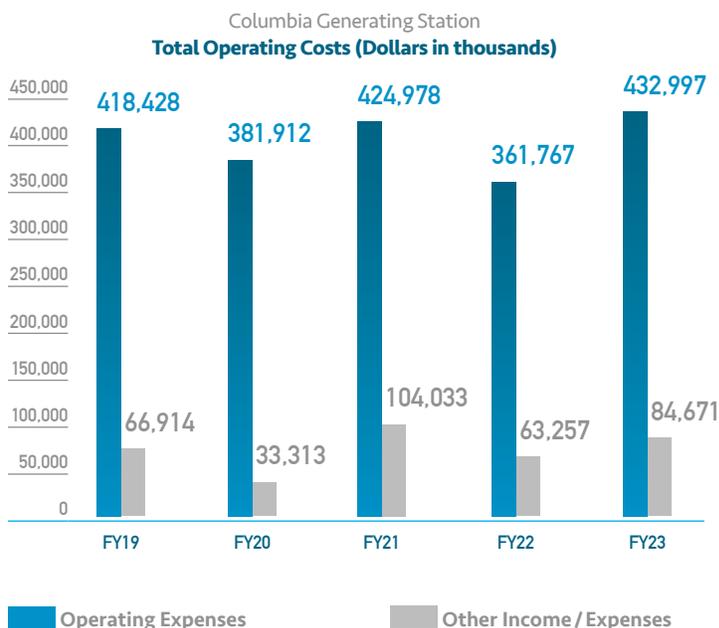
Costs associated with cask activity are no longer being recorded as a long-term liability as all costs have been deemed reimbursable under the agreement with DOE and reimbursements, per each approved submittal, will be offset against costs incurred (See Note 11).

Deferred inflows decreased \$77.7 million from \$134.1 million in FY 2022 to \$56.4 million in FY 2023. A decrease of \$80.4 million was in deferred pension inflow in accordance with GASB No. 68, a decrease in deferred lease inflows of \$0.5 million to \$1.9 million in FY 2023. A decrease to bond refunding inflows of \$1.0 million was due to the FY 2023 bond restructuring and funding activities associated with the regional cooperation debt program. Offsetting the decreases was an increase in other postemployment benefits inflow of \$4.1 million in accordance with GASB No. 75. Deferred credits for FY 2023 consisted of unclaimed bearer bonds and remained at the same level as FY 2022.

Revenue and Expenses Analysis

Columbia is a net-billed project. Energy Northwest recognizes revenues equal to expenses for each period on net-billed projects. No net revenue or loss is recognized, and no net position is accumulated.

Operating expenses increased \$71.2 million from FY 2022 costs of \$361.8 million to \$433.0 million in FY 2023. The major increase in costs was due to FY 2023 being a refueling year (R-26) as compared to FY 2022 being a non-refueling year. The increase in FY 2023 was in the operations and maintenance area (\$49.8 million) due to FY 2023 being a refueling year.



Administration and general expenses increased \$21.8 million in FY 2023. The administrative and general expenses changes include an increase in pension expenses of \$21.8 million related to GASB No. 68. Increase in decommissioning of \$6.2 million due to annual indexing requirements of the obligation related to GASB No. 83. Offsetting the increases were decreases in nuclear fuel and generation taxes of \$13.1 million and \$1.2 million, respectively, due to decreased generation because of FY 2023 being a refueling year. Finally, there was an increase of \$7.7 million for depreciation and amortization due to more plant assets being placed in-service.

Other Income and Expenses increased \$21.4 million from FY 2022 to \$84.7 million net expenses in FY 2023. A gain of \$2.2 million was recognized in FY 2023 on the spent fuel litigation settlement from the DOE, which was \$18.9 million less than FY 2022. The cask costs were never an intended cost for the facility and only resulted from a failure to perform from the Department of Energy (See Note 10). Fuel disposal is no longer being recognized as part of the DOE settlement for this reason and any future recoveries from the DOE will be recorded in similar fashion. Another component of the change was a gain on the scheduled Separative Work Units (SWU) sale related to the TVA fuel contract (See Note 11). The FY 2023 gain on SWU sale was \$19.0 million and is a decrease of \$4.5 million from FY 2022. In FY 2023, there was a one-time sale of operational procedures to the Business Development Fund for a gain of \$1.5 million. In FY 2023, there was a decrease of \$0.2 million in Build American Bonds revenue as compared to FY 2022. Bond interest expenses and amortization costs of \$116.8 million were incurred as part of the FY 2023 planned and approved regional cooperation debt program, however, these were higher in FY 2023 by \$3.6 million as compared to FY 2022. The FY 2023 net lease expense resulted in a decrease of \$0.1 million as compared to FY 2022 (See Note 13). There was \$0.3 million less in lease revenue for building leases not subject to GASB 87 as compared to FY 2022. In FY 2023, there was a \$0.1 million increase in subscription-based information technology arrangement expense due to retroactive implementation of GASB 96. The remaining change of \$4.6 million was due to increases in investment income for FY 2023 as compared to FY 2022.

Columbia’s total operating revenue increased from \$425.0 million in FY 2022 to \$517.7 million in FY 2023. The increase of \$92.7 million was due to the on-cycle year of the two-year refueling plan and the related effect of the net billing agreement on total revenue (See Note 5).

In FY 2023 Columbia received \$9 thousand of contributed capital towards the Advanced Remote Monitoring project as compared to \$11 thousand received in FY 2022. Energy Northwest entered into an agreement with the Utilities

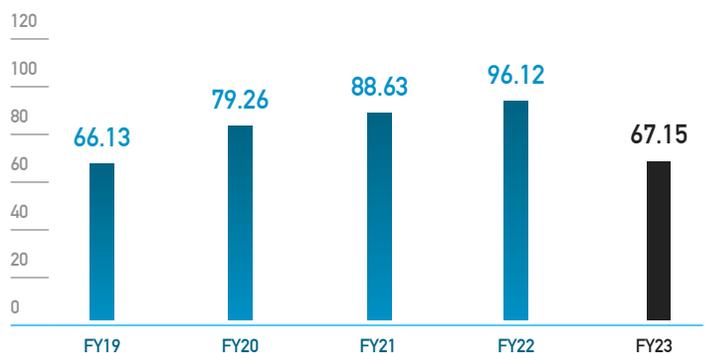
Service Alliance, who received a grant from the Department of Energy, to develop an Advanced Remote Monitoring system for nuclear plants.

Packwood Lake Hydroelectric Project

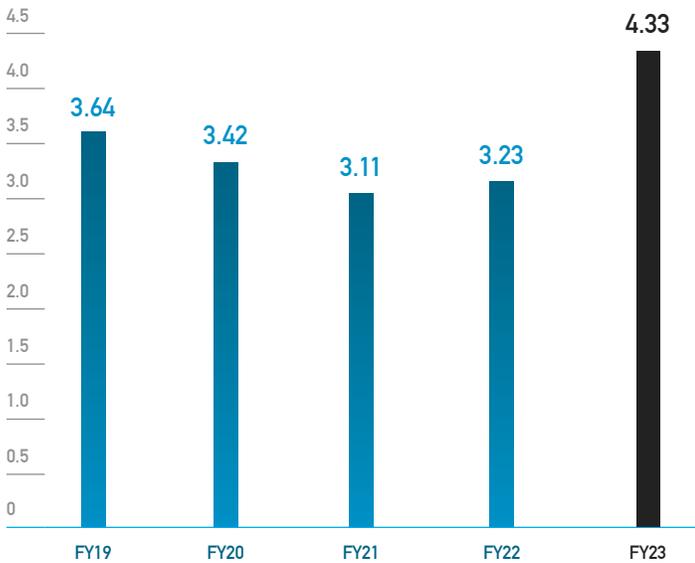
The Packwood Lake Hydroelectric Project (Packwood) is wholly owned and operated by Energy Northwest. Packwood consists of a diversion structure at Packwood Lake and a powerhouse located near the town of Packwood, Washington. The water is carried from the lake to the powerhouse through a five-mile long buried tunnel and drops nearly 1,800 feet in elevation. Packwood produced 67.15 GWh of electricity in FY 2023 versus 96.12 GWh in FY 2022. The generation decrease of 30.1% was due to lower water levels at Packwood Lake in FY 2023. In FY 2023, Packwood’s generation was lower than the last five-year average net generation of 85.95 GWh. The generation for FY 2023 was below the life to date average per year of 93.45 GWh.

Packwood had been operating under a fifty-year license issued by FERC, which expired on February 28, 2010. Energy Northwest submitted the Final License Application (FLA) for renewal of the operating license to FERC on February 22, 2008. On March 4, 2010, FERC issued a one-year extension to operate under the original license, which indefinitely extended for continued operations until a formal decision was issued by FERC and a new operating license granted. On March 21, 2018, the National Oceanic and Atmospheric Administration/National Marine Fisheries Service (NOAA/NMFS) filed to the FERC the Biological Opinion (BiOp) of the Endangered Species Act for the relicensing of Packwood. On October 11, 2018, FERC issued the forty-year operating license effective October 1, 2018 (See Note 1 to the Financial Statements). The relicensing cost of \$3.7 million incurred in previous years was transferred to intangible plant in FY 2019 and is being amortized over the forty-year license issued October 2018.

Packwood Lake Hydroelectric Project
Net Generation - GWhrs



Packwood Lake Hydroelectric Project
Cost of Power - Cents/kWh



Packwood’s cost performance is measured by the cost of power indicator. The cost of power for FY 2023 was 4.33 cents per kWh as compared to 3.23 cents per kWh in FY 2022. The cost of power fluctuates year-to-year depending on various factors such as outage, maintenance, generation, and other operating costs. The increase (34.1%) in the FY 2023 cost of power was driven by the decrease in generation noted above.

Assets, Liabilities, and Net Position Analysis

Total assets and deferred outflows decreased \$0.2 million in FY 2023 to \$10.2 million. The net increase to Plant from FY 2022 to FY 2023 was \$0.9 million. The increase to plant was offset by the period effect of depreciation of \$0.3 million. Current assets decreased \$0.6 million due to timing of due from other business units and cash and investment activities at the end of the fiscal year offset by the timing increase in accounts receivable. Restricted assets decreased \$0.3 million due to the adjustment of a pension asset in accordance with GASB No. 68 (See Note 6). Also, there was a \$0.1 million increase to deferred pension outflow as part of the requirements of GASB No. 68 (See Note 6) and there was no change to the recognition of other postemployment benefit outflow in accordance with GASB No. 75 in FY 2023.

Total liabilities, net position and deferred inflows decreased \$0.2 million in FY 2023 to \$10.2 million. There was an increase to other credits of \$0.3 million related to billings in excess of costs. Current liabilities decreased \$0.2 million, pension liability increased \$55 thousand, other postemployment benefit liability decreased \$20 thousand, and there was a decrease to deferred pension inflow of \$0.3 million. Pension deferrals and pension liability are recognized in accordance

with GASB No. 68 and the other postemployment benefit deferrals, and liability are recognized in accordance with GASB No. 75.

Revenue and Expenses Analysis

The agreement with Packwood participants obligates them to pay annual costs and to receive excess revenues. (See Note 1 to the Financial Statements.) Accordingly, Energy Northwest recognizes revenues equal to expenses for each period. No net revenue or loss is recognized, and no net position is accumulated. Operating expenses decreased \$47 thousand in FY 2023 as compared to FY 2022, mostly related to a reduction in operations and maintenance costs.

Other Income and Expense comprised of investment income increased \$25 thousand from FY 2022 to a total of \$29 thousand for FY 2023.

Packwood participants are obligated to pay annual costs of the project (including any applicable debt service), whether or not the project is operable. The Packwood participants also share project revenue to the extent that the amounts exceed costs. These funds can be returned to the participants or kept within the project. As of June 30, 2023, there is \$8.9 million recorded as other credits that are deferred billing in excess of costs being kept within the project. Packwood participants are currently taking 100% of the project generation; there are no additional agreements for power sales.

Packwood Lake Hydroelectric Project
Total Operating Costs (Dollars in thousands)



Nuclear Project No. 1

Energy Northwest wholly owns Nuclear Project No. 1, a 1,250-MWe plant, which was placed in extended construction delay status in 1982, when it was 65% complete. On May 13, 1994, Energy Northwest's Board of Directors adopted a resolution terminating Nuclear Project No. 1. All funding requirements are net-billed obligations of Nuclear Project No. 1. Termination expenses and debt service costs comprise the activity of Nuclear Project No. 1 and are net-billed (See Notes 5 and 10).

Assets, Liabilities, and Net Position Analysis

Assets and deferred outflows decreased \$2.6 million from \$915.5 million in FY 2022 to \$912.9 million in FY 2023. The change was due to a decrease of \$0.2 million in current restricted assets from bond activity, a decrease of \$0.3 million in recognition of a pension asset in accordance with GASB No. 68 (See Note 6), and a decrease of \$2.8 million in costs in excess of billings, offset by net increase of \$0.1 million in Plant, and an increase of \$0.4 million from cash and investment activity, and an increase of \$0.1 million in due from other business units. Deferred pension outflows increased \$0.1 million due to the recognition of a deferred pension outflow in accordance with GASB No. 68 (See Note 6).

Long-term debt increased \$16.4 million from \$792.7 million in FY 2022 to \$809.1 million in FY 2023 offset with a decrease related to debt discounts/premiums of \$13.0 million. The overall change in long-term debt was due to debt activity associated with the planned and approved regional cooperation debt program. Total restricted liabilities decreased \$0.1 million from \$19.7 million in FY 2022 to \$19.6 million in FY 2023, which is a decrease in total accrued interest payable on long-term debt (See Note 1). Current liabilities decreased \$0.3 million due to a decrease of \$0.4 million in current maturities of debt, offset by an increase \$0.1 million in accounts payable and accrued expenses. Total long-term liabilities decreased \$1.4 million, which mostly consisted of a decrease of \$1.6 million to decommissioning liability to \$2.4 million for the asset retirement obligation per GASB No. 83 (See Note 9), a decrease of \$21 thousand due to the recognition of other postemployment benefit outflow in accordance with GASB No. 75, offset by a \$59 thousand increase in pension liability per GASB No. 68 (See Note 6), and a \$0.1 million increase in long-term lease liability per GASB 87 (See Note 13). Deferred inflows decreased \$4.2 million from \$20.6 million in FY 2022 to \$16.4 million in FY 2023. The changes are due to a decrease of \$3.9 million in deferred inflows for unamortized gain on bond refunding and a \$0.3 million decrease in deferred pension inflows recognized in accordance with GASB 68 (See Note 6). There were no major changes in the balance for deferred credit.

Revenue and Expenses Analysis

Other Income and Expenses showed a net decrease to expenses of \$3.5 million from \$23.2 million in FY 2022 to \$19.7 million in FY 2023. Main driver for the change was a decrease to the decommissioning estimate of \$2.0 million. The decommissioning change in estimate was per GASB No. 83 (See Note 9). The other changes included an increase of \$0.1 million in plant preservation and termination costs and a decrease to bond related interest expense and amortization of \$1.6 million.

Nuclear Project No. 3

Nuclear Project No. 3, a 1,240-MWe plant, was placed in extended construction delay status in 1983, when it was 75% complete. On May 13, 1994, Energy Northwest's Board of Directors adopted a resolution terminating Nuclear Project No. 3. Energy Northwest is no longer responsible for any site restoration costs as they were transferred with the assets to the Satsop Redevelopment Project. The debt service-related activities remain the responsibility of Energy Northwest and are net-billed (See Notes 5 and 10).

Assets, Liabilities, and Net Position Analysis

Current assets increased \$2.6 million from \$26.1 million in FY 2022 to \$28.7 million in FY 2023, major driver was in cash. Current restricted assets increased \$0.5 million from \$22.9 million in FY 2022 to \$23.4 million in FY 2023 from bond activity. Other charges increased \$0.3 million from \$1.0311 billion in FY 2022 to \$1.0313 billion in FY 2023. The increase was costs in excess of billings related to the net effect of payment of current maturities and refunding activity associated with the regional cooperation debt program.

Long-term debt increased \$5.9 million from \$944.8 million in FY 2022 to \$950.7 million in FY 2023 offset by a decrease related to debt discounts/premiums on debt activity during the year of \$4.2 million. The overall change in long-term debt was due to debt activity associated with the planned and approved regional cooperation debt program. Total restricted liabilities increased \$0.7 million from \$23.0 million in FY 2022 to \$23.7 million in FY 2023, which is an increase in total accrued interest payable on long-term debt (See Note 1). Deferred inflows increased \$0.4 million for unamortized gain on bond refunding. There were no significant changes in deferred credits.

Revenue and Expenses Analysis

Overall expenses and revenues increased by \$1.5 million in FY 2023 due to increased interest expense and bond amortization costs.

Business Development Fund

Energy Northwest was created to enable Washington public power utilities and municipalities to build and operate generation projects. The Business Development Fund (BDF) was created by Executive Board Resolution No. 1006 in April 1997, for the purpose of holding, administering, disbursing, and accounting for Energy Northwest costs and revenues generated from engaging in new business opportunities.

The BDF is managed as an enterprise fund. Five business sectors have been created within the fund: Business Support, Energy & Professional Services, Laboratory Support, Nuclear Development and Operation & Maintenance Services. A separate line of activity is used as general business unit support. Each line may have one or more programs that are managed as a unique business line activity.

Assets, Liabilities, and Net Position Analysis

Total assets and deferred outflows decreased \$1.1 million from \$31.1 million in FY 2022 to \$30.0 million in FY 2023. There was a decrease of \$4.9 million to restricted assets for the recognition of a pension asset in accordance with GASB No. 68 (See Note 6) and a decrease to current assets of \$0.5 million. Offsetting the decreases was a net increase to Plant from FY 2022 to FY 2023 of \$3.3 million. The increase to plant was offset by the period effect of depreciation of \$0.8 million. There was an increase to deferred pension outflow of \$1.8 million in accordance with GASB No. 68 and there was no change to the recognition of other postemployment benefit outflow in accordance with GASB No. 75 in FY 2023.

Total liabilities, net position and deferred inflows decreased \$1.1 million. Current liabilities decreased \$0.4 million from FY 2022 due to timing of year-end outstanding items. Long-term liabilities increased \$0.5 million due to a \$0.8 million increase in net pension liability in accordance with GASB No. 68 offset by a \$0.3 million decrease in other postemployment benefit liability in accordance with GASB No. 75. Deferred inflows decreased \$4.9 million due to a \$5.2 million decrease in net pension liability offset by an increase of \$0.3 million in recognition of other postemployment benefit inflow in accordance with GASB No. 75. The increased change in net position of \$3.7 million is the net of \$2.8 million from operations in FY 2023 reflected in the activities described below, continuing margin achievement on business sector activity, \$0.4 million in contributed capital from a solar project and energy storage battery project, \$1.5 million in contributed capital from the electric vehicle projects, and a \$1.0 million impact due to the recognition of pension expense.

Revenue and Expenses Analysis

Operating Revenues in FY 2023 totaled \$12.6 million as compared to FY 2022 revenues of \$14.2 million, a decrease of \$1.6 million (11.3%). Various projects and timing of work were

drivers for the decrease in overall revenue for the BDF and the five business sectors.

- The Business Support sector revenues remained relatively steady in FY 2023, with a slight increase from \$47 thousand in FY 2022 to \$53 thousand in FY 2023. The sector remains steady based on continued rental agreements.
- The Energy & Professional Services sector revenues increased \$0.9 million in FY 2023 from \$1.2 million in FY 2022 to \$2.1 million. The increase in this sector was a result of additional activities in electrical vehicle charging station initiatives in FY 2023.
- The Laboratory Support sector increased \$0.4 million in FY 2023 from \$6.7 million in FY 2022 to \$7.1 million. The increase in revenue is a result of the Calibration Laboratory receiving additional work from existing customers and new customers. The Environmental Laboratory remained relatively steady in FY 2023.
- The Nuclear Development sector decreased \$3.0 million in FY2023. The decrease in this sector is due to reduced contract support services to X-energy in the development of its Advanced Reactor Demonstration Program (ARDP).
- The Operations & Maintenance sector supports public power in the areas of operations and maintenance of generating facilities and electric utility automation. Revenues from the Operations & Maintenance business sector increased \$0.1 million from \$3.3 million in FY 2022 to \$3.4 million in FY 2023.

Operating costs increased \$2.8 million from \$12.2 million in FY 2022 to \$15.0 million in FY 2023, which was a 23.0% increase in overall operating costs. The operating costs for Operations and Maintenance increased \$1.4 million (11.0%) from \$12.7 million in FY 2022 to \$14.1 million in FY 2023. Also, there was increase in depreciation expense of \$0.2 million from \$0.7 million in FY 2022 to \$0.9 million in FY 2023, this increase is due to plant placed in service increases at the end of FY 2022. In addition, there was an increase in administration and general expense of \$1.0 million due the recognition of pension expense related to GASB No. 68. There was also a \$0.2 million increase in allocated indirect costs.

Other Income and Expenses increased \$4.2 million in FY 2023 to a net income of \$4.2 million. There was a \$3.9 million increase in non-operating grant revenue due primarily to support of Terra Power's ARDP initiative. There was a \$0.3 million increase in investment income.

In FY 2023 there is \$1.8 million increase to capital contributions related to multiple grants (See Note 1).

Nine Canyon Wind Project

The Nine Canyon Wind Project (Nine Canyon) is wholly owned and operated by Energy Northwest. Nine Canyon is located in the Horse Heaven Hills area southwest of Kennewick, Washington. Electricity generated by Nine Canyon is purchased by Pacific Northwest Public Utility Districts (purchasers). Each of the purchasers of Phase I, Phase II, and Phase III have signed a power purchase agreement which are part of the 2nd Amended and Restated Nine Canyon Wind Project Power Purchase Agreement which now has an end date of 2030. Nine Canyon is connected to the BPA transmission grid via a substation and transmission lines constructed by Benton County Public Utility District.

Phase I of Nine Canyon, which began commercial operation in September 2002, consists of 37 wind turbines, each with a maximum generating capacity of approximately 1.3 MW, for an aggregate generating capacity of 48.1 MW. Phase II of Nine Canyon, which was declared operational in December 2003, includes 12 wind turbines, each with a maximum generating capacity of 1.3 MW, for an aggregate generating capacity of approximately 15.6 MW. Phase III of Nine Canyon, which was declared operational in May 2008, includes 14 wind turbines, each with a maximum generating capacity of 2.3 MW, for an aggregate generating capacity of 32.2 MW. The total Nine Canyon generating capability is 95.9 MW, enough energy for approximately 39,000 average homes.

Nine Canyon produced 199.75 GWh of electricity in FY 2023 versus 238.62 GWh in FY 2022. The decrease of 16.3% for generation was a direct result of a decreased average monthly capacity factor of 24.1% for FY 2023 versus 29.2% for FY 2022 (decrease of 17.5%) and a lower average wind speed of 5.6% (14.99 miles per hour) versus FY 2022 (15.88 miles per hour). Gross Generation for FY 2023 was below the five-year average gross generation for the project, but FY 2022 was above the five-year average gross generation.

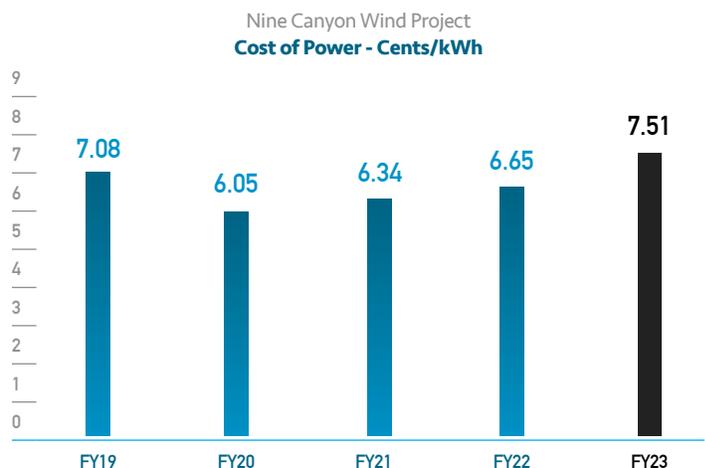
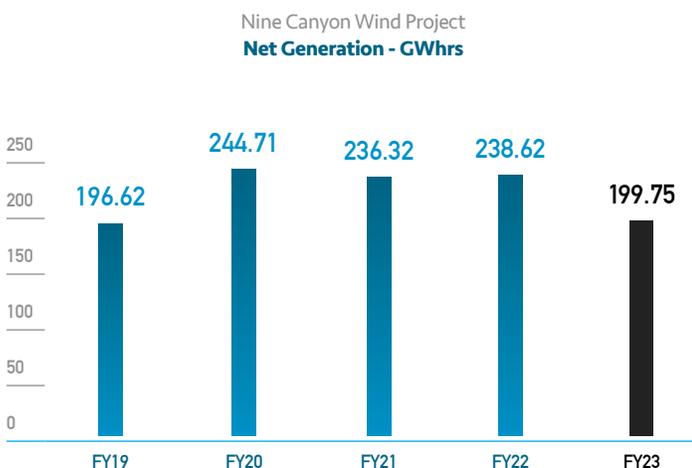
Nine Canyon's cost performance is measured by the cost of power indicator. The cost of power for FY 2023 was 7.51

cents per kWh as compared to 6.65 cents per kWh in FY 2022. The cost of power fluctuates year to year depending on various factors such as wind conditions and unplanned maintenance and is distinctly different than revenue billed cost of power discussed below in revenue and expense analysis. The cost of power does not include the Bonneville Power Administration's (BPA) Transmission costs, which are pass-through costs to the purchasers. The increase of 12.9% in cost of power for FY 2023 was attributable to decreased capacity factor and lower average wind speeds.

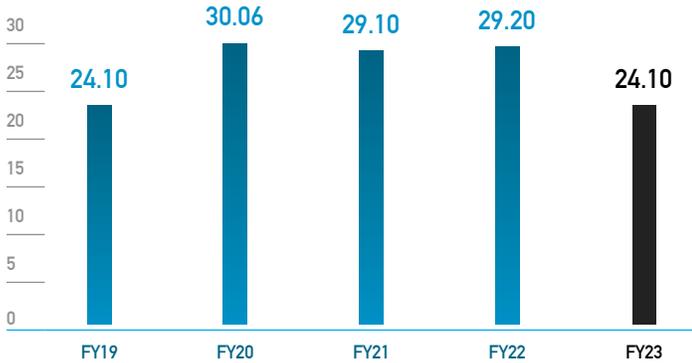
Assets, Liabilities, and Net Position Analysis

Total assets and deferred outflows decreased \$9.6 million from \$66.8 million in FY 2022 to \$57.2 million in FY 2023. There was a decrease of \$6.8 million in net plant due to accumulated depreciation. The remaining changes consisted of a decrease of current assets of \$0.2 million, a decrease to non-current restricted funds of \$1.8 million related to debt service funds, and a \$0.7 million decrease for the recognition of the pension asset as part of the requirements of GASB No. 68 (See Note 6). There was a \$0.3 million increase for the recognition of the deferred pension outflow as part of the requirements of GASB No. 68 (See Note 6). Unamortized debt expense decreased \$0.2 million, and a decrease to deferred outflows related to the asset retirement obligation of \$0.2 million due to the requirements of GASB No. 83 (See Note 9).

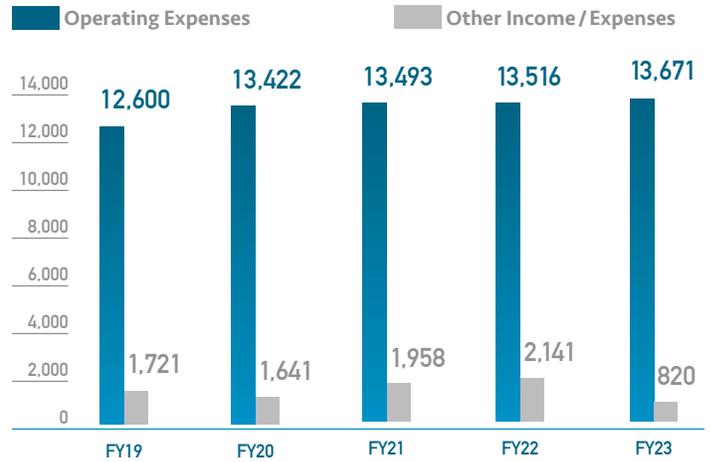
There was an overall decrease to liabilities, net position, and deferred inflows of \$9.6 million. Changes were a decrease to long-term debt (including unamortized bond discount/premium) of \$10.9 million to \$33.9 million for FY 2023, an increase to current maturities of debt of \$0.5 million, an increase of \$0.1 million to accounts payable and accrued expenses, and a decrease of \$0.2 million accrued debt service interest. Other long-term liability changes were an increase of \$0.1 million for pension liability, and an increase of \$0.8 million to the decommissioning liability, as



Nine Canyon Wind Project
Capacity Factor (%)



Nine Canyon Wind Project
Total Operating Costs (Dollars in thousands)



a result of indexing requirements in accordance with GASB No. 83 (See Note 9). There was a \$0.8 million decrease to the deferred pension inflow. Pension liability and deferrals are recognized in accordance with GASB No. 68 (See Note 6). The change in net position of \$0.8 million is the net of the total from net operations of \$1.0 million in FY 2023, and a \$0.2 million impact due to the recognition of pension expense. Although a decrease in the year-to-year operations, FY 2023 positive results continue to reflect the results of the debt financing efforts and cost reduction/stabilization efforts.

In previous years Energy Northwest has accrued, as income (contribution) from the Department of Energy, Renewable Energy Production Incentive (REPI) payments that enable Nine Canyon to receive funds based on generation as it applies to the REPI legislation. REPI was created to promote increases in the generation and utilization of electricity from renewable energy sources and to further the advances of renewable energy technologies. This program, authorized under Section 1212 of the Energy Policy Act of 1992, provides financial incentive payments for electricity produced and sold by new qualifying renewable energy generation facilities. The payment stream from Nine Canyon participants and the REPI receipts was projected to cover the total costs over the purchase agreement. Continued shortfalls in REPI funding for the Nine Canyon project led to a revised rate plan to incorporate the impact of this shortfall over the life of the project (2030 proposed end date) in FY 2008. Results of operations, debt refunding, and generation affect the yearly rate plan. In FY 2017 Nine Canyon Participants of all three phases realized a 3% decrease in rates driven by debt refinancing efforts and cost reduction/stabilization efforts. The current rate plan remains in effect; going forward the increase or decrease in rates will be based on cash requirements of debt repayment and the cost of operations.

Revenues and Expenses Analysis

Operating revenues in FY 2023 totaled \$15.3 million as compared to FY 2022 revenues of \$17.9 million, a decrease of \$2.6 million (14.5%). The decrease in revenues is due to reduced billings to participants based on utilizing bond cash reserves to pay debt maturities as opposed to billing for those costs. The project received revenue from the billing of the purchasers at an average rate of \$78.15 per MWh for FY 2023 as compared to \$74.36 per MWh for FY 2022. The increase in the billed rates reflects the less favorable wind conditions and lower average capacity and planned recovery of operating costs. The stabilization of revenue continues to reflect the implementation of the current rate plan account for costs of operations over the remaining life of the project, taking into account the REPI shortfalls in the early years of the project.

Operating expenses increased \$0.1 million in FY 2023 to \$13.7 million. Decommissioning expense increased \$0.2 million due to annual indexing requirements of the obligation related to GASB No. 83 (See Note 9). Also, there was a \$0.2 million increase in the pension expense related to GASB No. 68 (See Note 6) and a \$0.1 million increase in insurance expense. The increases were offset by a reduction of operation and maintenance expenses of \$0.4 million from FY 2022 to \$5.8 million in FY 2023. Other income and expenses decreased \$1.3 million from \$2.1 million in net expenses in FY 2022 to \$0.8 million in FY 2023. Bond interest expense and changes in amortized bond expenses decreased \$0.3 million and investment income increased \$1.0 million, resulting in a net \$0.6 million income. Net income or change in net position of \$0.8 million for FY 2023 was due to the reduction in operating revenues and keeping operating expenses relatively steady.

The original plan anticipated operating at a loss in the early years and gradually increasing the rate charged to

the purchasers to avoid a large rate increase after the REPI expires. The REPI incentive expires 10 years from the initial operation startup date for each phase. Reserves that were established are used to facilitate this plan. The rate plan in FY 2008 was revised to account for the shortfall experienced in the REPI funding and to provide a new rate scenario out to the 2030 project end date. Energy Northwest did not receive REPI funding in FY 2023 and is not anticipating receiving any future REPI incentives. The rate plan was revised In FY 2017 to reflect positive cash requirement coverage and remains in effect. Future rate adjustments may be necessary to cover the estimated costs incurred for the eventual decommissioning of the Nine Canyon Project.

Internal Service Fund

The Internal Service Fund (ISF) (formerly the General Fund) was established in May 1957. The ISF provides services to the other funds. This fund accounts for the central procurement of certain common goods and services for the business units on a cost reimbursement basis. (See Note 1).

Assets, Liabilities, and Net Position Analysis

FY 2022 Total assets and deferred outflows have been restated for comparison purposes to include the retroactive

application of GASB 96 “Subscription-Based Information Technology Arrangements”, which become effective for Energy Northwest at the beginning of FY 2023 (See Notes 1 and 14). Total assets and deferred outflows increased \$2.7 million from \$40.8 million in FY 2022 to \$43.5 million in FY 2023. There was an increase in net plant in service of \$0.6 million, mostly related to purchases of data processing equipment. Remaining major changes were an increase to current cash and investments of \$1.9 million, and a \$0.2 million increase in due from other business units.

FY 2022 Total net liabilities, net position and deferred inflows have been restated for comparison purposes to include the retroactive application of GASB 96 “Subscription-Based Information Technology Arrangements”, which become effective for Energy Northwest at the beginning of FY 2023 (See Notes 1 and 14). The total net liabilities, net position and deferred inflows increased \$2.7 million. The increase is due to an increase in due to other units of \$7.3 million offset by a decrease in accounts payable and accrued expenses of \$3.1 million and a decrease of \$1.5 million in long-term lease liability.

Revenues and Expenses Analysis

Overall results of operations held steady for FY 2023.

Current Debt Ratings

(Unaudited)

Energy Northwest (Long-Term)	Net-Billed Rating	Nine Canyon Rating
Fitch, Inc.	AA	A
Moodys Investors Service, Inc. (Moodys)	Aa1	A1
Standard and Poor’s Ratings Services (S & P)	AA-	NR

Statement of Net Position As of June 30, 2023 (Dollars in thousands)

	Columbia Generating Station	Packwood Lake Hydroelectric Project	Nuclear Project No. 1	Nuclear Project No. 3	Business Development Fund	Nine Canyon Wind Project	Internal Service Fund	2023 Combined Total
ASSETS								
CURRENT ASSETS								
Cash	\$ 76,512	\$ 626	\$ 3,464	\$ 5,133	\$ 7,892	\$ 5,922	\$ 8,647	\$ 108,196
Investments	32,035	525	-	-	2,838	8,098	18,361	61,857
Accounts and other receivables	50,601	222	-	-	2,518	239	86	53,666
Due from other business units	-	37	128	146	-	220	(531)	-
Materials and supplies	171,587	-	-	-	-	-	-	171,587
Prepayments and other	3,150	31	5	5	55	36	1,356	4,638
Current restricted assets	117,639	-	19,569	23,406	-	11,213	-	171,827
TOTAL CURRENT ASSETS	451,524	1,441	23,166	28,690	13,303	25,728	27,919	571,771
NON CURRENT ASSETS								
UTILITY PLANT (NOTE 2)								
In service	4,974,253	22,807	-	-	16,685	133,846	53,753	5,201,344
In service - leases and subscriptions	6,598	28	1,532	-	135	836	3,871	13,000
Construction work in progress	87,271	-	-	-	-	-	-	87,271
Accumulated depreciation	(3,374,003)	(14,467)	-	-	(5,367)	(121,561)	(41,568)	(3,556,966)
Accumulated depreciation - leases and subscriptions	(1,785)	(22)	(163)	-	(11)	(63)	(1,604)	(3,648)
Net utility plant	1,692,334	8,346	1,369	-	11,442	13,058	14,452	1,741,001
Nuclear fuel, net of accumulated depreciation	421,933	-	-	-	-	-	-	421,933
LONG TERM RECEIVABLES								
Long term lease receivables	1,486	-	-	-	453	-	-	1,939
TOTAL LONG TERM RECEIVABLES	1,486	-	-	-	453	-	-	1,939
OTHER NON-CURRENT ASSETS								
Pension asset restricted	42,015	220	132	-	1,623	450	-	44,440
Other non current restricted assets	133,030	-	-	-	-	9,221	1,148	143,399
TOTAL NONCURRENT ASSETS	2,290,798	8,566	1,501	-	13,518	22,729	15,600	2,352,712
OTHER CHARGES								
Cost in excess of billings	2,104,799	-	887,959	1,031,331	-	-	-	4,024,089
TOTAL OTHER CHARGES	2,104,799	-	887,959	1,031,331	-	-	-	4,024,089
TOTAL ASSETS	4,847,121	10,007	912,626	1,060,021	26,821	48,457	43,519	6,948,572
DEFERRED OUTFLOWS OF RESOURCES								
Deferred outflows - unamortized loss on bond refunding	2,262	-	1	-	-	466	-	2,729
Deferred pension outflows	50,284	230	226	-	3,042	484	-	54,266
Deferred OPEB outflow	1,241	6	5	-	69	12	-	1,333
Deferred decommissioning outflows	792,134	-	-	-	42	7,802	-	799,978
TOTAL DEFERRED OUTFLOWS OF RESOURCES	845,921	236	232	-	3,153	8,764	-	858,306
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 5,693,042	\$ 10,243	\$ 912,858	\$ 1,060,021	\$ 29,974	\$ 57,221	\$ 43,519	\$ 7,806,878

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

Statement of Net Position As of June 30, 2023 (Dollars in thousands)

	Columbia Generating Station	Packwood Lake Hydroelectric Project	Nuclear Project No. 1	Nuclear Project No. 3	Business Development Fund	Nine Canyon Wind Project	Internal Service Fund	2023 Combined Total
LIABILITIES AND NET POSITION								
CURRENT LIABILITIES								
Current maturities of long-term debt	\$ 45,220	\$ -	\$ -	\$ -	\$ -	\$ 10,255	\$ -	\$ 55,475
Current notes payable	26,850	-	-	-	-	-	-	26,850
Accounts payable and accrued expenses	59,883	119	504	4	1,006	649	49,491	111,656
Due to participants	52,557	828	-	-	-	-	-	53,385
Due to other business units	5,516	-	-	-	546	-	(6,062)	-
TOTAL CURRENT LIABILITIES	190,026	947	504	4	1,552	10,904	43,429	247,366
LIABILITIES-PAYABLE FROM RESTRICTED ASSETS (NOTE 1)								
Debt service funds								
Accrued interest payable	74,074	-	19,639	23,711	-	958	-	118,382
TOTAL RESTRICTED LIABILITIES	74,074	-	19,639	23,711	-	958	-	118,382
LONG-TERM DEBT (NOTE 5)								
Revenue bonds payable	3,137,845	-	809,145	950,745	-	31,965	-	4,929,700
Unamortized (discount)/premium on bonds - net	432,541	-	63,126	84,967	-	1,927	-	582,561
TOTAL LONG-TERM DEBT	3,570,386	-	872,271	1,035,712	-	33,892	-	5,512,261
OTHER LONG-TERM LIABILITIES								
Pension liability	23,661	108	107	-	1,426	228	-	25,530
OPEB liability	23,478	113	104	-	845	211	-	24,751
Decommissioning liability	1,750,779	-	2,361	-	45	21,504	-	1,774,689
Long term leases and subscriptions liability	4,008	-	1,330	-	120	750	88	6,296
Other	100	-	-	-	-	-	-	100
TOTAL OTHER LONG-TERM LIABILITIES	1,802,026	221	3,902	-	2,436	22,693	88	1,831,366
OTHER CREDITS								
Advances from members and others	-	8,922	-	-	-	-	-	8,922
Other	174	-	168	168	-	-	2	512
TOTAL OTHER CREDITS	174	8,922	168	168	-	-	2	9,434
TOTAL LIABILITIES	5,636,686	10,090	896,484	1,059,595	3,988	68,447	43,519	7,718,809
DEFERRED INFLOWS OF RESOURCES								
Deferred inflows - unamortized gain on bond refunding	2,530	-	16,314	426	-	-	-	19,270
Deferred pension inflows	47,828	135	40	-	533	452	-	48,988
Deferred OPEB inflows	4,096	18	20	-	265	38	-	4,437
Deferred lease inflow	1,902	-	-	-	458	-	-	2,360
TOTAL DEFERRED INFLOWS OF RESOURCES	56,356	153	16,374	426	1,256	490	-	75,055
NET POSITION								
Net investment in capital assets	-	-	-	-	11,437	(30,623)	-	(19,186)
Restricted for debt service	-	-	-	-	-	19,476	-	19,476
Restricted for pension asset	-	-	-	-	1,623	450	-	2,073
Unrestricted	-	-	-	-	11,670	(1,019)	-	10,651
NET POSITION	-	-	-	-	24,730	(11,716)	-	13,014
TOTAL LIABILITIES, NET POSITION, AND DEFERRED INFLOWS	\$ 5,693,042	\$ 10,243	\$ 912,858	\$ 1,060,021	\$ 29,974	\$ 57,221	\$ 43,519	\$ 7,806,878

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

Statements of Revenues, Expenses, and Changes in Net Position As of June 30, 2023 (Dollars in thousands)

	Columbia Generating Station	Packwood Lake Hydroelectric Project	Nuclear Project No. 1	Nuclear Project No. 3	Business Development Fund	Nine Canyon Wind Project	Internal Service Fund	2023 Combined Total
Operating revenues	\$ 517,659	\$ 2,855	\$ -	\$ -	\$ 12,597	\$ 15,265	\$ -	\$ 548,376
Lease revenues	-	-	-	-	18	-	-	18
OPERATING REVENUES	517,659	2,855	-	-	12,615	15,265	-	548,394
OPERATING EXPENSES								
Nuclear fuel, net	47,114	-	-	-	-	-	-	47,114
Decommissioning	35,356	-	-	-	2	996	-	36,354
Depreciation and amortization	103,406	331	-	-	903	6,888	-	111,528
Operations and maintenance	244,389	2,627	-	-	14,108	5,818	-	266,942
Administrative & general	(1,532)	(89)	-	-	17	(74)	-	(1,678)
Generation tax	4,264	14	-	-	-	43	-	4,321
Total operating expenses	432,997	2,883	-	-	15,030	13,671	-	464,581
OPERATING INCOME (LOSS)	84,662	(28)	-	-	(2,415)	1,594	-	83,813
OTHER INCOME & EXPENSE								
Other	24,918	-	19,561	28,017	-	-	-	72,496
Other lease revenue	515	-	-	-	-	-	-	515
Grant revenue non operating	-	-	-	-	3,982	-	-	3,982
Gain on DOE settlement	2,154	-	-	-	-	-	-	2,154
Investment income/(loss)	4,571	29	162	183	193	606	-	5,744
Interest expense and debt amortization	(116,829)	(1)	(19,247)	(27,918)	(7)	(1,426)	-	(165,428)
Plant preservation and termination costs	-	-	(460)	(282)	-	-	-	(742)
Depreciation and amortization	-	-	(88)	-	-	-	-	(88)
Decommissioning	-	-	72	-	-	-	-	72
TOTAL OTHER INCOME & EXPENSE	(84,671)	28	-	-	4,168	(820)	-	(81,295)
NET INCOME (LOSS) BEFORE CONTRIBUTIONS	(9)	-	-	-	1,753	774	-	2,518
CAPITAL CONTRIBUTIONS	9	-	-	-	1,911	-	-	1,920
NET INCOME (LOSS) AFTER CONTRIBUTIONS	-	-	-	-	3,664	774	-	4,438
TOTAL NET POSITION AS RESTATED, BEGINNING OF YEAR	-	-	-	-	21,066	(12,490)	-	8,576
TOTAL NET POSITION, END OF YEAR	\$ -	\$ -	\$ -	\$ -	\$ 24,730	\$ (11,716)	\$ -	\$ 13,014

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

Statements of Cash Flows As of June 30, 2023 (Dollars in thousands)

	Columbia Generating Station	Packwood Lake Hydroelectric Project	Nuclear Project No. 1	Nuclear Project No. 3	Business Development Fund	Nine Canyon Wind Project	Internal Service Fund	2023 Combined Total
CASH FLOWS FROM OPERATING ACTIVITIES								
Operating revenue receipts	\$ 474,112	\$ 3,254	\$ -	\$ -	\$ 9,605	\$ 15,106	\$ -	\$ 502,077
Cash payments for operating expenses	(263,789)	(2,783)	-	-	(11,181)	(5,830)	-	(283,583)
DOE Cash settlement	8,295	-	-	-	-	-	-	8,295
Cash received from TVA fuel activities	65,922	-	-	-	-	-	-	65,922
Cash payments for services net of cash received from other units	-	-	-	-	-	-	812	812
Net cash provided/(used) by operating activities	284,540	471	-	-	(1,576)	9,276	812	293,523
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
Proceeds from bond refundings	151,755	-	19,832	21,983	-	-	-	193,570
Principal paid on revenue bond maturities	(102,585)	-	(395)	-	-	(9,755)	-	(112,735)
Payment for bond issuance and financing costs	(3,183)	(13)	(421)	(781)	(32)	(37)	-	(4,467)
Interest paid on bonds	(148,127)	-	(39,292)	(46,393)	-	(2,160)	-	(235,972)
Interest paid on leases	(197)	-	(36)	-	(8)	(21)	-	(262)
Payment for capital items	(120,824)	(896)	-	-	(3,316)	-	(4,824)	(129,860)
Reimbursement for capital items	-	-	-	-	-	-	5,795	5,795
Capital grant received	13	-	-	-	1,202	-	-	1,215
Operating revenue receipts - lease	-	-	-	-	25	-	-	25
Non operating revenue receipts - lease	563	-	-	-	-	-	-	563
Nuclear fuel acquisitions	(36,143)	-	-	-	-	-	-	(36,143)
Payments received from BPA for terminated nuclear projects	-	-	20,587	27,733	-	-	-	48,320
Net cash provided/(used) by capital and related financing activities	(258,728)	(909)	275	2,542	(2,129)	(11,973)	971	(269,951)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES								
Proceeds from notes payable	53,645	-	9,936	10,798	-	-	-	74,379
Payment for notes payable	(92,675)	-	(9,936)	(10,798)	-	-	-	(113,409)
Interest paid on notes	(805)	-	(167)	(180)	-	-	-	(1,152)
Grant received non operating	-	-	-	-	3,827	-	-	3,827
Net cash provided/(used) by non-capital finance activities	(39,835)	-	(167)	(180)	3,827	-	-	(36,355)
CASH FLOWS FROM INVESTING ACTIVITIES								
Purchases of investment securities	(144,500)	(1,024)	(1,750)	(2,700)	(3,000)	(14,869)	(8,609)	(176,452)
Sales of investment securities	121,286	514	1,798	2,772	5,053	14,907	6,317	152,647
Interest on investments	1,842	14	114	111	118	285	202	2,686
Net cash provided/(used) by investing activities	(21,372)	(496)	162	183	2,171	323	(2,090)	(21,119)
NET INCREASE(DECREASE) IN CASH	(35,395)	(934)	270	2,545	2,293	(2,374)	(307)	(33,902)
CASH AT JUNE 30, 2022	246,978	1,560	22,763	25,994	5,599	21,214	8,954	333,062
CASH AT JUNE 30, 2023 (NOTE H)	\$ 211,583	\$ 626	\$ 23,033	\$ 28,539	\$ 7,892	\$ 18,840	\$ 8,647	\$ 299,160

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

Statements of Cash Flows As of June 30, 2023 (Dollars in thousands)

	Columbia Generating Station	Packwood Lake Hydroelectric Project	Nuclear Project No. 1	Nuclear Project No. 3	Business Development Fund	Nine Canyon Wind Project	Internal Service Fund	2023 Combined Total
Reconciliation of Direct Cash Flow to Statement of Net Position								
Cash unrestricted	\$ 76,512	\$ 626	\$ 3,464	\$ 5,133	\$ 7,892	\$ 5,922	\$ 8,647	\$ 108,196
Cash restricted special funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash restricted debt service funds	\$ 135,071	\$ -	\$ 19,569	\$ 23,406	\$ -	\$ 12,918	\$ -	\$ 190,964
Total Statement of Net Position cash	\$ 211,583	\$ 626	\$ 23,033	\$ 28,539	\$ 7,892	\$ 18,840	\$ 8,647	\$ 299,160
RECONCILIATION OF NET OPERATING REVENUES TO NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES								
Net income/loss from operations	\$ 84,662	\$ (28)	\$ -	\$ -	\$ (2,415)	\$ 1,594	\$ -	\$ 83,813
Adjustments to reconcile net operating revenues to cash provided by operating activities:								
Depreciation and amortization	150,383	331	-	-	903	6,888	-	158,505
Decommissioning	35,356	-	-	-	2	996	-	36,354
Non-operating Grant Revenues	-	-	-	-	(3,982)	-	-	(3,982)
Other	16,809	(41)	-	-	9,791	239	(1,534)	25,264
Change in operating assets and liabilities:								
Costs in excess of billings	(38,943)	524	-	-	-	-	-	(38,419)
Accounts receivable	43,353	(100)	-	-	(4,166)	(464)	(166)	38,457
Materials and supplies	(2,641)	-	-	-	-	-	-	(2,641)
Prepaid and other assets	(278)	(8)	-	-	(13)	(1)	1	(299)
Due from/to other business units	(7,023)	268	-	-	(237)	63	7,056	127
Change in net pension liability, OPEB Liability, and deferrals	(19,499)	(87)	-	-	(1,256)	(184)	-	(21,026)
Leases	(1,532)	(5)	-	-	(34)	(1)	(3,829)	(5,401)
Accounts payable	23,893	(383)	-	-	(169)	146	(716)	22,771
Net cash provided/(used) by operating activities	\$ 284,540	\$ 471	\$ -	\$ -	\$ (1,576)	\$ 9,276	\$ 812	\$ 293,523
Non-cash activities								
Capitalized interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Bond refunding	\$ 360,105	\$ -	\$ 9,972	\$ 79,373	\$ -	\$ -	\$ -	\$ 449,450
Decommissioning liability adjustment	\$ 67,338	\$ -	\$ (1,600)	\$ -	\$ 2	\$ 827	\$ -	\$ 66,567
Excise tax on nuclear fuel acquisitions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Market Adjustments on Investments	\$ 2,728	\$ 14	\$ 48	\$ 72	\$ 75	\$ 321	\$ (202)	\$ 3,056

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

Notes To Financial Statements

NOTE 1 - Summary of Operations and Significant Accounting Policies

Energy Northwest, a municipal corporation and joint operating agency of the state of Washington, was organized in 1957 to finance, acquire, construct and operate facilities for the generation and transmission of electric power.

Membership consists of 23 public utility districts and 5 municipalities. All members own and operate electric systems within the state of Washington.

Energy Northwest is exempt from federal income tax and has no taxing authority.

Energy Northwest maintains seven business units. Each unit is financed and accounted for separately from all other current or future business units and is accounted for as a major fund for governmental accounting purposes.

All electrical energy produced by Energy Northwest's net-billed business units is ultimately delivered to electrical distribution facilities owned and operated by Bonneville Power Administration (BPA) as part of the Federal Columbia River Power System. BPA in turn distributes the electricity to electric utility systems throughout the Northwest, including participants in Energy Northwest's business units, for ultimate distribution to consumers. Participants in Energy Northwest's net-billed business units consist of public utilities and rural electric cooperatives located in the western United States who have entered into net-billing agreements with Energy Northwest and BPA for participation in one or more of Energy Northwest's business units. BPA is obligated by law to establish rates for electric power which will recover the cost of electric energy acquired from Energy Northwest and other sources, as well as BPA's other costs (See Note 5).

Energy Northwest operates the Columbia Generating Station (Columbia), a 1,174-MWe (Design Electric Rating, net) generating plant completed in 1984. Energy Northwest has obtained all permits and licenses required to operate Columbia. Columbia was issued a standard 40-year operating license by the Nuclear Regulatory Commission (NRC) in 1983. On January 19, 2010 Energy Northwest submitted an application to the NRC to renew the license for an additional 20 years, thus continuing operations to 2043. A renewal license was granted by the NRC on May 22, 2012 for continued operation of Columbia to December 31, 2043.

Energy Northwest also operates the Packwood Lake Hydroelectric Project (Packwood), a 27.5-MWe generating plant completed in 1964. Packwood has been operating

under a 50-year license issued by the Federal Energy Regulatory Commission (FERC), which expired on February 28, 2010. Energy Northwest submitted the Final License Application (FLA) for renewal of the operating license to FERC on February 22, 2008. On October 11, 2018, FERC issued forty-year operating license effective October 1, 2018.

The electric power produced by Packwood is sold to 12 project participant utilities which pay the costs of Packwood. The Packwood participants are obligated to pay annual costs of Packwood including debt service, whether or not Packwood is operable. The participants also share Packwood revenue (See Note 5).

Nuclear Project No. 1, a 1,250-MWe plant, was placed in extended construction delay status in 1982, when it was 65 percent complete. Nuclear Project No. 3, a 1,240-MWe plant, was placed in extended construction delay status in 1983, when it was 75 percent complete. On May 13, 1994, Energy Northwest's Board of Directors adopted resolutions terminating Nuclear Projects Nos. 1 and 3. All funding requirements remain as net-billed obligations of Nuclear Projects Nos. 1 and 3. Energy Northwest is no longer responsible for site restoration costs for Nuclear Project No. 3. (See Note 10)

The Business Development Fund was established in April 1997 to pursue and develop new energy related business opportunities. There are five main business lines associated with this business unit: Business Support, Energy & Professional Services, Laboratory Support, Nuclear Development and Operation & Maintenance Services.

The Nine Canyon Wind Project (Nine Canyon) was established in January 2001 for the purpose of exploring and establishing a wind energy project. Phase I of the project was completed in FY 2003 and Phase II was completed in FY 2004. Phase I and II combined capacity is approximately 63.7 MWe. Phase III was completed in FY 2008 adding an additional 14 wind turbines to Nine Canyon and adding an aggregate capacity of 32.2 MWe. The total number of turbines at Nine Canyon is 63 and the total capacity is 95.9 MWe.

The Internal Service Fund was established in May 1957. It is currently used to account for the central procurement of certain common goods and services for the business units on a cost reimbursement basis.

Energy Northwest's fiscal year (FY) begins on July 1 and ends on June 30.

The following is a summary of the significant accounting policies:

A) Basis of Accounting and Presentation: The accounting policies of Energy Northwest conform to Generally Accepted Accounting Principles (GAAP) applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles this includes all GASB implementation guides, GASB technical Bulletins, and guidance from the American Institute of Certified Public Accountants (AICPA) that is cleared by GASB. The accounting and reporting policies of Energy Northwest are regulated by the Washington State Auditor's Office and are based on the Uniform System of Accounts prescribed for public utilities and licensees by FERC. Energy Northwest uses an accrual basis of accounting where revenues are recognized when earned and expenses are recognized when incurred. Revenues and expenses related to Energy Northwest's operations are considered to be operating revenues and expenses; while revenues and expenses related to capital, financing and investing activities are considered to be other income and expenses. Separate funds and books of accounts are maintained for each business unit. Payment of the obligations of one business unit with funds of another business unit is prohibited and would constitute violation of bond resolution covenants (See Note 4).

Energy Northwest maintains an Internal Service Fund for centralized control and accounting of certain capital assets such as data processing equipment, and for payment and accounting of internal services, payroll, benefits, administrative and general expenses, and certain contracted services on a cost reimbursement basis. Certain assets in the Internal Service Fund are also owned by this Fund and operated for the benefit of other projects. Depreciation relating to capital assets is charged to the appropriate business units based upon assets held by each project.

Liabilities of the Internal Service Fund represent accrued payroll, vacation pay, employee benefits, such as pensions and other post-retirement benefits, and common accounts payable which have been charged directly or indirectly to business units and will be funded by the business units when paid. Net amounts owed to, or from, Energy Northwest business units are recorded as Current Liabilities-Due to other business units, or as Current Assets-Due from other business units on the Internal Service Fund Statement of Net Position.

The combined total column on the financial statements is for presentation only as each Energy

Northwest business unit is financed and accounted for separately from all other current and future business units.

Issued but not Adopted Guidance:

GASB Statement No. 94, "Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs)." The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements and related payments providing guidance for those transactions. This statement is effective for Energy Northwest in fiscal year 2023. Energy Northwest has determined that it does not have any PPP or APA arrangements as of the end of fiscal year 2023.

GASB 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 is effective for Energy Northwest in fiscal year 2024. Energy Northwest is currently evaluating this statement.

GASB Statement No. 101, Compensated Absences. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for Energy Northwest in fiscal year 2025. Energy Northwest is currently evaluating the impact of the statement.

Change in Accounting Principle

In fiscal year 2023, Energy Northwest implemented GASB Statement No. 96 "Subscription-Based Information Technology Arrangements". GASB Statement No. 96 addresses accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. This Statement will improve financial

reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. The restatement of SBITA related balances is outlined in the table below. See financial statement Note 14 for further details on the impact to Energy Northwest.

Dollars in Thousands	Columbia	Internal Service Fund
7/1/22 Balances Previously Reported:		
SBITA Liability	\$ -	\$ -
SBITA Asset	-	-
7/1/22 Restated Balance:		
Lease/SBITA Liability	\$ (553)	\$ (3,871)
Lease/SBITA Asset	531	3,871
Changes in Current Year		
Lease/SBITA Liability	362	2,323
Lease/SBITA Asset	(207)	(1,604)
6/30/23 Balances		
Lease/SBITA Liability	(191)	(1,548)
Lease/SBITA Asset	324	2,267

B) Utility Plant and Depreciation: Utility plant is recorded at original cost which includes both direct costs of construction or acquisition and indirect costs.

Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

Buildings and Improvements	20 - 60 years
Generation Plant	40 years
Transportation Equipment	6 - 10 years
General Plant and Equipment	5 - 15 years

Group rates are used for assets and, accordingly, no gain or loss is recorded on the disposition of an asset unless it represents a major retirement. When operating plant assets are retired, their original cost together with removal costs, less salvage, is charged to accumulated depreciation.

The utility plant and net position of Nuclear Projects Nos. 1 and 3 have been reduced to their estimated net realizable values due to termination. A write-down of Nuclear Projects Nos. 1 and 3 was recorded in FY 1995 and included in Cost in Excess of Billings. Interest expense, termination expenses and asset disposition costs for Nuclear Projects Nos. 1 and 3 have been charged to other income and expense (See Note 10).

Projects are generally capitalized if they are over \$50 thousand and meet the improvement or extension criteria set forth in Energy Northwest's capitalization policy.

C) Capital Contributions: Energy Northwest (EN) is involved in various grants. Columbia received \$9 thousand in fiscal year 2023 related to a federal award for Advanced Remote Monitoring. Business Development received multiple grants attributable to various activities in fiscal year 2023. These included \$360 thousand from the Washington State Department of Commerce as a final close out on a solar project that is utilizing an energy storage battery for on demand power; \$726 thousand related to vehicle electrification through a Washington State Department of Commerce grant; \$52 thousand from the City of Grandview for vehicle electrification; three private grants totaling \$728 thousand for vehicle electrification stations; and a \$45 thousand grant from Washington Department of Commerce to complete a feasibility study for a Washington Grid-Interactive Efficient Building technology deployment models.

D) Nuclear Fuel: Energy Northwest has various agreements for uranium concentrates, conversion, and enrichment to provide for short-term enriched uranium product and long-term enrichment services. All expenditures related to the initial purchase of nuclear fuel for Columbia are carried at cost.

E) Decommissioning Liability: Energy Northwest has adopted GASB Statement No. 83 "Certain Asset Retirement Obligations". GASB No. 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. Legal obligations exist for Energy Northwest to perform future asset retirement activities related to certain tangible assets. Accordingly, GASB No. 83 requires recognizing a liability for this obligation. (See Note 9)

F) Decommissioning and Site Restoration: Energy Northwest established decommissioning and site restoration funds for Columbia and monies are being deposited each year in accordance with an established funding plan (See Note 9).

G) Restricted Assets: In accordance with bond resolutions, related agreements and laws, separate restricted accounts have been established. These assets are restricted for specific uses including debt service,

construction, capital additions, fuel purchases and workers' compensation. Short term restricted assets are included in current assets and longer-term restricted assets are shown as non-current assets. When both restricted and unrestricted resources are available for use, it is Energy Northwest's policy to use restricted resources first, then unrestricted resources as they are needed.

H) Cash and Investments: For purposes of the Statement of Cash Flows, cash includes unrestricted and restricted cash balances, and each business unit maintains its cash and investments. Short-term highly liquid investments are not considered to be cash equivalents; and are stated at fair value with unrealized gains and losses reported in investment income (See Note 3). Energy Northwest resolutions and investment policies limit investment authority to obligations of the United States Treasury, Federal National Mortgage Association and Federal Home Loan Banks. Safe keeping agents, custodians, or trustees hold all investments for the benefit of the individual Energy Northwest business units.

I) Accounts Receivable: The percentage of sales method is used to estimate uncollectible accounts. The reserve is then reviewed for adequacy against an aging schedule of accounts receivable. Accounts deemed uncollectible are transferred to the provision for uncollectible accounts on a yearly basis. Accounts receivable specific to each business unit are recorded in the residing business unit. In FY 2023 the evaluation of current accounts receivable resulted in no allowance for uncollectible accounts being recorded. The total balance for uncollectible receivables is zero.

J) Other Receivables: Other receivables include amounts related to the Internal Service Fund from miscellaneous outstanding receivables from other business units which have not yet been collected. The amounts due to each business unit are reflected in Due To/From other business units. Other receivables specific to each business unit are recorded in the residing business unit. No allowances were deemed necessary at the end of the fiscal year. Payments made by members in advance of expenses incurred are included as advances from members in the Statement of Net Position.

K) Materials and Supplies: Materials and supplies are valued at cost using the weighted average cost method.

L) Prepayments: Prepayments include amounts that have been paid for in advance of services being provided and are expensed over the period of service, which can be for more than one year. Prepayments include software maintenance fees and insurance premiums.

M) Leases: For long-term leases that have a present value of future payments over a certain dollar value for each business unit, which do not transfer ownership of the underlying asset, and EN is the lessee, a lease liability, and a lease asset have been established in accordance with GASB Statement No. 87 (See Note 13). The lease liability was established at the present value of payments expected to be made during the lease term (less any lease incentives). The lease asset was established at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs.

For long term leases that have a present value of future receipts over a certain dollar value for each business unit, which EN is the lessor, a lease receivable and a deferred inflow of resources have been established in accordance with GASB Statement No. 87 (See Note 13). The lease receivable was established at the present value of lease payments expected to be received during the lease term. The deferred inflow of resources was established at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods.

Energy Northwest has adopted a policy to recognize leases of which the present value of future payments exceeds \$100 thousand for Columbia, \$5 thousand for Business Development Fund, \$25 thousand for Internal Service Fund, \$50 thousand for Unit 1, \$5 thousand for Nine Canyon, and \$5 thousand for Packwood.

N) Long-Term Liabilities: Consist of obligations related to bonds payable and the associated premiums/discounts and gains/losses. Other noncurrent liabilities are pension liabilities recognized according to GASB Statement No. 68 (See Note 6), asset retirement obligations (See Note 9), OPEB liabilities (See Note 12), lease liability (See Note 13), and other immaterial liabilities. The table on the following page summarizes activities for all long-term liabilities excluding pension, OPEB, leases, and decommissioning liabilities.

Long-Term Liabilities (Dollars in thousands)

	Balance 6/30/2022	Increase	Decrease	Balance 6/30/2023
Columbia Generating Station				
Revenue bonds payable	\$ 3,096,640	\$ 416,180	\$ 374,975	\$ 3,137,845
Unamortized (discount)/premium on bonds - net	402,517	66,314	36,290	432,541
Current maturities of long-term debt	102,585	45,220	102,585	45,220
Other noncurrent liabilities	96	4	-	100
	\$ 3,601,838	\$ 527,718	\$ 513,850	\$ 3,615,706
Nuclear Project No.1				
Revenue bonds payable	\$ 792,710	\$ 16,435	\$ -	\$ 809,145
Unamortized (discount)/premium on bonds - net	76,130	3,397	16,401	63,126
Current maturities of long-term debt	395	-	395	-
	\$ 869,235	\$ 19,832	\$ 16,796	\$ 872,271
Nuclear Project No.3				
Revenue bonds payable	\$ 944,820	\$ 74,200	\$ 68,275	\$ 950,745
Unamortized (discount)/premium on bonds - net	89,174	15,778	19,985	84,967
	\$ 1,033,994	\$ 89,978	\$ 88,260	\$ 1,035,712
Nine Canyon Wind Project				
Revenue bonds payable	\$ 42,220	\$ -	\$ 10,255	\$ 31,965
Unamortized (discount)/premium on bonds - net	2,572	-	645	1,927
Current maturities of long-term debt	9,755	10,255	9,755	10,255
	\$ 54,547	\$ 10,255	\$ 20,655	\$ 44,147
Internal Service Fund				
Other noncurrent liabilities	\$ 4	\$ -	\$ 2	\$ 2
	\$ 4	\$ -	\$ 2	\$ 2

O) Debt Premium, Discount and Expense: Original issue and reacquired bond premiums, discounts relating to the bonds are amortized over the terms of the respective bond issues using the bonds outstanding method which approximates the effective interest method. Gains and losses on debt refundings have been deferred and amortized as a component of interest expense over the shorter of the remaining life of the old or new debt. Expenses related to debt issuance are expensed as incurred.

Senior Lien Bonds (Bearer Bonds) were issued for Project 1, Columbia, Project 3, and Packwood. At the time of issuance there were no registration requirements on the bonds. While the amount of the bearer bonds outstanding is unknown, Energy Northwest recognizes there is a contingency related to this debt that may be redeemed in the future. An estimated amount of cash required for the unrepresented bonds was calculated and the Energy Northwest Custodial Account Tracking is done by US Bank. The bank holds an estimate of cash required to pay claims on these bonds. Once the bond

has matured the cash is released to Energy Northwest. Once identified by the bank the designated maturity requirements have been met, the cash is provided to Energy Northwest. These escheated funds are then returned to Bonneville Power Administration. Energy Northwest maintains a \$500 thousand liability on the balance sheet for the unclaimed bearer bonds and related cash to pay for claims as necessary and annually replenishes the funds through a contract with Bonneville Power Administration.

P) Revenue and Expenses: Energy Northwest accounts for expenses and revenues on an accrual basis, and recovers, through various agreements, actual cash requirements for operations and debt service for Columbia, Packwood, Nuclear Project No. 1 and Nuclear Project No. 3. For these business units, Energy Northwest recognizes revenues equal to expenses for each period. Revenues of Nuclear Project No.1 and Nuclear Project No.3 are recorded under other income and expense, as these two business units are terminated nuclear projects. No net revenue or loss

is recognized, and no net position is accumulated. The difference between cumulative billings received and cumulative expenses is recorded as either billings in excess of costs (other credits) or as costs in excess of billings (other charges), as appropriate. Such amounts will be settled during future operating periods (See Note 5).

The difference between cumulative revenues and cumulative expenses for Packwood Hydroelectric, Nine Canyon and Business Development is recognized as net income or loss and included in Net Position for each period.

Energy Northwest distinguishes operating revenues and expenses from other income and expense items. Operating revenues and expenses generally result from the Net Billing agreements stated above or from services provided by EN's principal operations. Operating expenses for Energy Northwest include the costs of operating the generation producing facility, related administrative fees, and depreciation on utility plant. All revenues and expenses not meeting this definition are reported as other income or expense.

Q) Compensated Absences: Employees earn leave in accordance with length of service. Energy Northwest accrues the cost of personal leave in the year when earned. The liability for unpaid leave benefits and related payroll taxes was \$27 million at the end of this fiscal year and is recorded as a current liability under accounts payable and accrued expenses.

R) Use of Estimates: The preparation of Energy Northwest financial statements in conformity with GAAP requires management to make estimates and assumptions that directly affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. Certain incurred expenses and revenues are allocated to the business units based on specific allocation methods that management considers to be reasonable.

S) Deferred Inflows and Outflows: Deferred outflows of resources are defined as the consumption of net assets by Energy Northwest that are applicable to a future reporting period and are reported in the statement of financial position in a separate section following assets. Deferred inflows of resources are defined as acquisitions of net assets by Energy Northwest that is applicable to a future reporting period and are reported in the statement of financial position in a separate section following liabilities.

These amounts consist of losses and gains on bond refundings, subsequent contributions, difference between projected and actual investment income, decommissioning costs (See Note 9), OPEB cost (See Note 12), lease cost (See note 13) and other pension related costs (See Note 6) as labeled on the Statement of Net Position.

T) Short-Term Debt: A revolving loan agreement, Electric Revenue Bond Anticipation Note 2020A/B, was amended on April 30, 2021 to fund operations and maintenance expense and debt service for Columbia as well as a portion of debt service for Project 1 and Project 3. The 2020A/B Note agreement is not to exceed \$110 million with a final maturity of April 30, 2024. As of June 30, 2023, \$26.85 million was borrowed for Columbia. These balances are included in current notes payable in the Statement of Net Position.

No assets were directly pledged as collateral for the above-mentioned loan agreement. The loan agreement is supported by the Net Billing Agreements with the Bonneville Power Administration and the Project Participants. The 2020A/B Note is secured by revenues of the Columbia Generating Station; no assets secure the Notes. A portion of the Electric Revenue Bond Anticipation Note, 2020A/B is secured by revenues of Project 1 and Project 3. The covenants include covenants to (1) comply with laws and relevant resolutions, (2) maintain the facilities comprising and obtain insurance on Columbia, (3) collect sufficient rates and charges to repay the Notes and all other obligations of Columbia, and (4) not to rescind or amend the project related documents or authorizing documents in any material way. Events of default include failure to repay the Notes or any Columbia, Project 1, or Project 3 bonds when due, any representation is materially incorrect, covenant defaults, invalidity, insolvency, and a judgment in excess of \$15 million that is not satisfied or appealed. Remedies upon an event of default include (1) the Notes will bear interest at a default rate, (2) acceleration, but only if the Parity Bonds have been accelerated and such acceleration does not violate state law or the Columbia, Project 1, or Project 3 bond resolutions, and revenues will be turned over to the trustee for the Columbia, Project 1, or Project 3 bonds.

Short-term Liabilities (Dollars in thousands)

	Balance Outstanding at 6/30/2022	Increases	Decreases	Balance Outstanding 6/30/2023
Columbia Generating Station				
Non-Revolving Loan	\$ 65,880	\$ 53,645	\$ 92,675	\$ 26,850
Nuclear Project No.1				
Non-Revolving Loan	\$ -	\$ 9,936	\$ 9,936	\$ -
Nuclear Project No.3				
Non-Revolving Loan	\$ -	\$ 10,798	\$ 10,798	\$ -
Nine Canyon Wind Project				
Short-term debt	-	-	-	-
Packwood Lake Hydroelectric Project				
Short-term debt	-	-	-	-
Business Development Fund				
Short-term debt	-	-	-	-
Total	\$ 65,880	\$ 74,379	\$ 113,409	\$ 26,850

U) 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 the Washington State Public Employees Retirement System (PERS) and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, 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.

V) OPEB: For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB related to the implicit benefit of receiving medical through PERS have been recorded. Energy Northwest does not directly contribute to any post-employment benefit related to medical insurance.

W) SBITA: For long-term SBITAs as of July 1, 2022, that have a present value of future payments over a certain dollar value for each business unit, a SBTA liability, and a SBITA asset have been established in accordance with GASB Statement No. 96 (See Note 14). To be included the present value of future payments need to be for Columbia SBITAs of \$100 thousand or greater, for Business Development Fund SBITAs of \$5 thousand or greater, for Internal Service Fund SBITAs of \$25 thousand or greater, for Unit 1 SBITAs of \$50 thousand or greater, for Nine Canyon SBITAs of \$5 thousand or greater, and for Packwood SBITAs of \$5 thousand or greater. The SBITA liability was established at the present value of payments expected to be made during the SBITA term. The SBITA asset was established at the amount of the initial measurement of the SBITA liability.

NOTE 2 - Utility Plant

Utility plant activity for the year ended June 30, 2023, was as follows:

	Balance 6/30/2022	Capital Acquisitions	Sale or Other Dispositions	Balance 6/30/2023
Columbia Generating Station				
Generation	\$ 4,857,485	\$ 69,050	\$ -	\$ 4,926,535
Intangible Right-To-Use Lease Asset	6,067	-	-	6,067
Intangible Right-To-Use Subscription Asset	-	531	-	531
Intangible Plant	44,430	3,288	-	47,718
Construction Work in Progress	36,177	123,432	(72,338)	87,271
Accumulated Depreciation	(3,275,932)	(98,071)	-	(3,374,003)
Accumulated Depreciation Capital Leases	(778)	(800)	-	(1,578)
Accumulated Depreciation Subscription Leases	-	(207)	-	(207)
Utility Plant net*	\$ 1,667,449	\$ 97,223	\$ (72,338)	\$ 1,692,334
Packwood Lake Hydroelectric Project				
Generation	\$ 18,178	\$ 892	\$ -	\$ 19,070
Intangible Right-To-Use Lease Asset	28	-	-	28
Intangible Plant	3,737	-	-	3,737
Accumulated Depreciation	(14,177)	(290)	-	(14,467)
Accumulated Depreciation Capital Leases	(11)	(11)	-	(22)
Utility Plant net	\$ 7,755	\$ 591	\$ -	\$ 8,346
Business Development				
Generation	\$ 13,395	\$ 3,290	\$ -	\$ 16,685
Intangible Right-To-Use Lease Asset	136	(1)	-	135
Accumulated Depreciation	(4,620)	(747)	-	(5,367)
Accumulated Depreciation Capital Leases	(6)	(5)	-	(11)
Utility Plant net	\$ 8,905	\$ 2,537	\$ -	\$ 11,442
Nine Canyon Wind Project				
Generation	\$ 133,846	\$ -	\$ -	\$ 133,846
Intangible Right-To-Use Lease Asset	839	(3)	-	836
Accumulated Depreciation	(114,765)	(6,796)	-	(121,561)
Accumulated Depreciation Capital Leases	(32)	(31)	-	(63)
Utility Plant net*	\$ 19,888	\$ (6,830)	\$ -	\$ 13,058
Internal Service Fund				
Generation	\$ 48,894	\$ 5,121	\$ (262)	\$ 53,753
Intangible Right-To-Use Subscription Asset	-	3,871	-	3,871
Accumulated Depreciation	(38,866)	(2,964)	262	(41,568)
Accumulated Depreciation Subscription Leases	-	(1,604)	-	(1,604)
Utility Plant net	\$ 10,031	\$ 4,421	\$ -	\$ 14,452
Nuclear Project No.1				
Intangible Right-To-Use Lease Asset	\$ 1,378	\$ 154	\$ -	\$ 1,532
Accumulated Depreciation Capital Leases	(79)	(84)	-	(163)
Lease Plant net	\$ 1,299	\$ 70	\$ -	\$ 1,369

* Does not include nuclear fuel, net of amortization

NOTE 3 - Investments

Interest rate risk: In accordance with its investment policy, Energy Northwest manages its exposure to declines in fair values by limiting investments to those with maturities as designated in specific bond resolutions to coincide with expected use of the funds.

Credit risk: Energy Northwest's investment policy restricts investments to debt securities and obligations of the U.S. Treasury, U.S. government agencies Federal National Mortgage Association and the Federal Home Loan Banks, certificates of deposit and other evidences of deposit at financial institutions qualified by the Washington Public Deposit Protection Commission (PDPC), and general obligation debt of state and local governments and public authorities recognized with one of the three highest credit ratings (AAA, AA+, AA, or equivalent). This investment policy is more restrictive than the state law.

Concentration of credit risk: Energy Northwest's investment policy has restrictions on concentration of credit risk. No limits of concentration are set on U.S. Treasury related to securities or cash holdings. Excluding the exceptions noted, no more than 50% of the entity's total Investment portfolio will be invested in a single security type or with a single financial Institution.

Custodial credit risk, deposits: For a deposit, this is the risk that in the event of bank failure, Energy Northwest's deposits may not be returned to it. Energy Northwest's demand deposit interest bearing accounts and certificates of deposits are covered up to \$250,000 by Federal Depository Insurance (FDIC) while time and savings deposit non-interest-bearing accounts are covered up to an additional \$250,000 by FDIC. All interest and non-interest-bearing deposits are covered by collateral held in a multiple financial institution collateral pool administered by the Washington state Treasurer's Local Government Investment Pool (PDPC). Under state law, public depositories under the PDPC may be assessed on a prorated basis if the pool's collateral is insufficient to cover a loss. All deposits are insured by collateral held in the multiple financial institution collateral pool. State law requires deposits may only be made with institutions that are approved by the PDPC.

Custodial credit risk, investments: For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, Energy Northwest will not be able to recover the value of its investments or collateral securities in possession of an outside party. Energy Northwest's investment policy addresses this risk. All securities owned by Energy Northwest are held by a third-party custodian, acting as an agent for Energy Northwest under the terms of a custody agreement.

Fair Value: Energy Northwest investments have been adjusted to reflect available fair value as of June 30, 2023,

obtained from available financial industry valuation sources. Investments are valued using Bloomberg Investor Service by taking the information available on the last business day of each month. Energy Northwest categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. 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. All Energy Northwest fair market measurements are quoted at Level 2.

Investments (Dollars in thousands)

	Amortized Cost	Unrealized Losses	Fair Value (1) (2)
Columbia	\$ 147,687	\$ (76)	\$ 147,611
Packwood	525	-	525
Business Development Fund	3,028	(190)	2,838
Internal Service Fund	20,487	(978)	19,509
Nine Canyon Wind	16,083	(470)	15,613

(1) All investments are in U.S. Government backed securities including U.S. Government Agencies and Treasury Bills.

(2) The majority of investments have maturities of less than 1 year. Approximately \$16.84 million have a maturity beyond 1 year with the longest maturity being March 31st, 2026.

Investment Concentration

Investment Type	Rating	June 30, 2023
Federal Home Loan Bank	AA+	46%
Federal National Mortgage Assn.	AA+	4%
U.S. Treasury	AA+	50%
		100%

NOTE 4 - Long-Term Debt

Each Energy Northwest business unit is financed separately. The resolutions of Energy Northwest authorizing issuance of revenue bonds for each business unit provide that such bonds are payable from the revenues of that business unit. All bonds issued under resolutions Nos. 769, 775 and 640 for Nuclear Projects Nos. 1, 3 and Columbia, respectively, have the same priority of payment within the business unit (the "prior lien bonds"). No prior lien bonds remain outstanding related to Columbia authorized under resolution No. 640. No prior lien bonds remain outstanding related to Project 1 authorized under resolution No. 769. No prior lien bonds remain outstanding related to Project 3 authorized under resolution No. 775. All bonds issued under resolutions Nos. 835, 838 and 1042 (the "electric revenue bonds") for Nuclear Projects Nos. 1, 3 and Columbia, respectively, are subordinate to the prior lien bonds and have the same subordinated priority of payment within the business unit. Nine Canyon's bonds were authorized by the following resolutions: Resolution No. 1214

(2001 Bonds), Resolution No. 1299 (2003 Bonds), Resolution No. 1376 (2005 Bonds), Resolution No.1482 (2006 Bonds), Resolution No. 1722 (2012 Bonds), Resolution No. 1789 (2014 Bonds), and Resolution No. 1824 (2015 Bonds). No 2001, 2003, 2005, or 2006 Nine Canyon bonds remained outstanding as of June 30, 2023, under Resolution Nos. 1214, 1299, 1376, and 1482 respectively.

During the year ended June 30, 2023, Energy Northwest issued, for Project 1, Columbia, and Project 3 2023-A fixed-rate bonds. The Project 1 bonds were issued with a coupon interest rate of 5.00 percent. Columbia bonds were issued with a coupon interest rate ranging from 4.00 percent to 5.00 percent. Project 3 bonds were issued with a coupon interest rate of 5.00 percent.

The Series 2023-A bonds issued for Project 1, Columbia, and Project 3 are tax-exempt fixed-rate bonds. The 2023-A bonds were issued in majority to refund prior Project 1, Columbia, and Project 3 bonds and associated unamortized premium (represented as a portion of interest expense) along with the issuance of \$106.0 million to fund fiscal year 2024 capital related expenses. The 2023-A refunding bonds resulted in an economic gain of \$0.092 million for Project 1, \$3.99 million for Columbia, and \$0.338 million for Project 3.

Energy Northwest also defeased certain revenue bonds by placing the net proceeds from the refunding bonds in irrevocable trusts to provide for all required future debt service payments on the refunded bonds until the dates of redemption. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the financial statement. In FY 2023 total defeasements included \$329.76 million for Columbia and \$68.28 million for Project 3.

The Weighted Average Coupon Interest Rates and Total Defeased Bonds for 2023-A are presented in the following tables:

Weighted Average Coupon Interest Rate for Refunded Bonds

	2023A	2023B
Project 1	N/A	N/A
Columbia	4.73%	N/A
Project 3	4.81%	N/A
Total	4.74%	N/A

Weighted Average Coupon Interest Rate for New Bonds

	2023A	2023B
Project 1	5.00%	N/A
Columbia	4.88%	N/A
Project 3	5.00%	N/A
Total	4.91%	N/A

Total Defeased (Dollars in thousands)

	2023A
Columbia	\$ 329,755
Project 3	\$ 68,275
Total	\$ 398,030

2023 Refunding Results

Outstanding principal on revenue and refunding bonds as of June 30, 2023, and future debt service requirements for these bonds are presented in the following tables:

2023-A (Tax-Exempt) Transaction	Project 1	Columbia	Project 3
Cash flow difference			
Old debt service cash flows	\$ 19,836	\$ 413,844	\$ 89,986
New debt service cash flows	25,545	539,180	111,619
Net cash flow savings (dissavings)	\$ (5,709)	\$ (125,336)	\$ (21,633)
Economic gain / loss			
Present value of old debt service cash flows	\$ 19,812	\$ 385,750	\$ 89,806
Present value of new debt service cash flows	19,720	381,754	89,468
Economic Gain (Loss)	\$ 92	\$ 3,996	\$ 338

Source: Provided by JP Morgan (lead underwriting bank)

Columbia Generating Revenue and Refunding Bonds

(Dollars in thousands)

Series	Coupon Rate (%)	Serial or Term Maturities	Original Issue Amount	Amount Outstanding
2006D	5.80	7-1-2023	3,425	3,425
2009B	6.80	7-1-23/2024	18,515	5,050
2010C	4.82-5.12	7-1-23/2024	75,770	16,150
2010D	5.61-5.71	7-1-23/2024	155,805	155,805
2012E	2.80-4.14	7-1-22/2037	748,515	76,780
2014A	4.00-5.00	7-1-23/2040	517,720	244,110
2014B	4.05	7-1-2030	90,520	1,090
2015A	4.00-5.00	7-1-23/2038	330,460	270,970
2015B	2.81-3.84	7-1-24/2038	329,175	6,890
2015C	5.00	7-1-30/2031	38,525	38,525
2016A	5.00	7-1-23/2032	89,055	66,195
2016B	3.20	7-1-2028	4,085	1,985
2017A	5.00	7-1-23/2035	188,130	165,380
2017B	3.39	7-1-2029	3,795	3,285
2018A	4.00-5.00	7-1-23/2034	320,510	163,105
2018C	5.00	7-1-23/2034	229,025	211,360
2019A	5.00	7-1-23/2038	251,575	218,845
2019B	2.48-3.46	7-1-23/2035	18,300	17,640
2020A	4.00-5.00	7-1-22/2039	288,560	283,775
2020B	1.15-2.45	7-1-22/2032	14,830	13,220
2021A	4.00-5.00	7-1-22/2042	524,090	304,715
2021B	0.90-2.35	7-1-25/2034	100,750	100,750
2022A	5.00	7-1-32/2037	396,180	396,180
2022B	3.32	7-1-2025	1,655	1,655
2023A	4.00-5.00	7-1-29/2039	416,180	416,180

Revenue bonds payable	\$ 3,183,065
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Nuclear Project No. 1 Refunding Revenue Bonds

(Dollars in thousands)

Series	Coupon Rate (%)	Serial or Term Maturities	Amount	Outstanding
2014C	5.00	7-1-25/2027	197,110	197,110
2015A	5.00	7-1-27/2028	117,815	50,345
2015C	3.00-5.00	7-1-2025	44,005	44,005
2016A	5.00	7-1-2025	195,525	129,910
2017A	5.00	7-1-26/2028	237,685	148,070
2017B	2.94	7-1-2025	2,160	525
2020A	5.00	7-1-27/2028	52,760	52,760
2021A	5.00	7-1-26/2042	69,835	69,835
2021B	0.90	7-1-2025	375	375
2022A	5.00	7-1-26/2028/2035	99,215	99,215
2022B	3.32	7-1-2025	560	560
2023A	5.00	7-1-2034	16,435	16,435
Revenue bonds payable			\$	809,145

Nuclear Project No. 3 Refunding Revenue Bonds

(Dollars in thousands)

Series	Coupon Rate (%)	Serial or Term Maturities	Original Issue Amount	Amount Outstanding
2014C	5.00	7-1-2028	72,305	72,305
2015A	5.00	7-1-25/2026	79,040	74,585
2015C	5.00	7-1-2026	26,675	26,675
2016A	5.00	7-1-26/2027	198,535	190,110
2016B	3.05	7-1-2027	5,420	4,070
2017A	5.00	7-1-25/2028	154,435	141,780
2017B	2.94	7-1-2025	1,645	905
2018C	4.00-5.00	7-1-23/2028	399,155	330,880
2021A	4.00	7-1-2042	16,675	16,675
2022A	5.00	7-1-2035	18,560	18,560
2023A	5.00	7-1-2033	74,200	74,200
Revenue bonds payable			\$	950,745

Nine Canyon Wind Project Revenue and Refunding Bonds

(Dollars in thousands)

Series	Coupon Rate (%)	Serial or Term Maturities	Original Issue Amount	Amount Outstanding
2012	4.00-5.00	7-1-22/2023	13,750	1,550
2014	5.00	7-1-22/2023	36,750	4,930
2015	4.00-5.00	7-1-22/2030	54,895	35,740
Revenue bonds payable			\$	42,220

Debt Service Requirements As of June 30, 2023 (Dollars in thousands)

Columbia Generating Station

FISCAL YEAR*	PRINCIPAL	INTEREST	TOTAL
6/30/2023 Balance:**	\$ 45,220	\$ 72,323	\$ 117,543
2024	315,905	152,414	468,319
2025	19,585	134,428	154,013
2026	18,650	133,821	152,471
2027	14,960	133,167	148,127
2028	58,075	132,628	190,703
2029-2033	950,085	577,915	1,528,000
2034-2038	1,252,540	301,817	1,554,357
2039-2042	508,045	52,347	560,392
	\$ 3,183,065	\$ 1,690,860	\$ 4,873,925

Nuclear Project No. 1

FISCAL YEAR*	PRINCIPAL	INTEREST	TOTAL
6/30/2023 Balance:**	\$ -	\$ 19,568	\$ 19,568
2024	-	40,030	40,030
2025	237,900	39,960	277,860
2026	195,225	28,400	223,625
2027	171,730	18,639	190,369
2028	153,410	10,050	163,460
2029-2033	-	11,908	11,908
2034-2038	34,630	5,891	40,521
2039-2042	16,250	2,600	18,850
	\$ 809,145	\$ 177,046	\$ 986,191

* Fiscal year for this report indicates the cash funding requirement year.

** Principal and Interest due July 1, 2023.

* Fiscal year for this report indicates the cash funding requirement year.

** Principal and Interest due July 1, 2023.

Nuclear Project No. 3

FISCAL YEAR*	PRINCIPAL	INTEREST	TOTAL
6/30/2023 Balance:**	\$ -	\$ 23,391	\$ 23,391
2024	63,290	47,529	110,819
2025	120,440	44,078	164,518
2026	175,390	38,075	213,465
2027	173,690	29,324	203,014
2028	308,500	20,730	329,230
2029-2033	74,200	26,525	100,725
2034-2038	18,560	5,191	23,751
2039-2042	16,675	2,668	19,343
	\$ 950,745	\$ 237,511	\$ 1,188,256

* Fiscal year for this report indicates the cash funding requirement year.

** Principal and Interest due July 1, 2023.

Nine Canyon Wind Project

FISCAL YEAR*	PRINCIPAL	INTEREST	TOTAL
6/30/2023 Balance:**	\$ 10,255	\$ 958	\$ 11,213
2024	3,960	1,404	5,364
2025	4,160	1,205	5,365
2026	4,370	998	5,368
2027	4,585	779	5,364
2028	4,770	596	5,366
2029-2030	10,120	611	10,731
	\$ 42,220	\$ 6,551	\$ 48,771

* Fiscal year for this report indicates the cash funding requirement year.

** Principal and Interest due July 1, 2023.

NOTE 5 - Net Billing

Security - Nuclear Projects Nos. 1 and 3 and Columbia

The participants have purchased all the capability of Nuclear Projects Nos. 1 and 3 and Columbia. BPA has in turn acquired the entire capability from the participants under contracts referred to as net-billing agreements. Under the net-billing agreements for each of the business units, participants are obligated to pay Energy Northwest a pro-rata share of the total annual costs of the respective projects, including debt service on bonds relating to each business unit. BPA is then obligated to reduce amounts from participants under BPA power sales agreements by the same amount. The net-billing agreements provide that participants and BPA are obligated to make such payments whether or not the projects are completed, operable or operating and notwithstanding the suspension, interruption, interference, reduction or curtailment of the projects' output.

On May 13, 1994, Energy Northwest's Board of Directors adopted resolutions terminating Nuclear Projects Nos. 1 and 3. The Nuclear Projects Nos. 1 and 3 project agreements and the net-billing agreements, except for certain sections which relate only to billing processes and accrued liabilities and obligations under the net-billing agreements, ended upon termination of the projects. Energy Northwest previously entered into an agreement with BPA to provide for continuation of the present budget approval, billing, and payment processes. With respect to Nuclear Project No. 3, the ownership agreement among Energy Northwest and private companies was terminated in FY 1999 (See Note 10).

Security - Packwood Lake Hydroelectric Project

Power produced by Packwood is provided to the 12 member utilities. The member utilities pay the annual costs, including any debt service, of Packwood and are obligated to pay these annual costs whether Packwood is operational. The Packwood participants also share project revenue to the extent that the amounts exceed project costs.

NOTE 6 - Pension Plans

The following table represents the aggregate pension amounts for all plans as of and for the fiscal year ended June 30, 2023 (in thousands):

Pension Liabilities	\$	25,530
Pension Assets	\$	(44,440)
Deferred Outflows of Resources	\$	54,266
Deferred Inflows of Resources	\$	48,988
Pension Expense/(Revenue)	\$	(4,992)

State Sponsored Pension Plans - Substantially all of Energy Northwest'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 obtained by writing to:

Department of Retirement Systems
 Communications Unit
 PO Box 48380
 Olympia, WA 98540-8380

Or 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 the Supreme, Appeals and Superior Courts; employees of the legislature; employees of district and municipal courts; employees of local governments; and higher education employees not participating in higher education retirement programs. PERS is comprised of three separate pension plans for membership purposes. PERS plans 1 and 2 are defined benefit plans, and PERS plan 3 is a defined benefit plan with a defined contribution component.

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 member's 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 5 years of service. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and nonduty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PERS 1 members were vested after the completion of 5 years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions - The PERS Plan 1 member contribution rate is established by State statute at 6%. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18%. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates.

The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) were as follows for the fiscal year ended June 30, 2023:

PERS Plan 1 Actual Contribution Rates	Employer	Employee
July 2022 through August 2022		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	3.71%	-
Administrative Fee	0.18%	-
Total	10.25%	6.00%
September 2022 through June 2023		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	3.85%	-
Administrative Fee	0.18%	-
Total	10.39%	6.00%

Energy Northwest's actual contributions to the plan were \$5,822 thousand for the fiscal year ended June 30, 2023.

PERS Plan 2/3 - 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 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. There is no cap on years of service credit. 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 an 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 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

- With a benefit that is reduced by 3% for each year before age 65, or
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS Plan 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of 5% for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service credit. PERS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other PERS Plan 2/3 benefits include duty and nonduty disability payments, a cost-of-living allowance (based on the CPI), capped at 3% annually and a one-time duty related death benefit, if found eligible by the Department of Labor and Industries. PERS 2 members are vested after completing 5 years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after 10 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. PERS Plan 3 members choose their contribution rate upon joining membership and have a chance to change rates upon changing employers. As established by statute, Plan 3 required defined contribution rates are set at a minimum of 5% and escalate to 15% with a choice of 6 options. Employers do not contribute to the defined contribution benefits. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

Contributions - The PERS Plan 2/3 employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 unfunded actuarially accrued liability (UAAL) and an administrative expense that is currently set at 0.18%. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates.

The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) were as follows fiscal year ended June 30, 2023:

PERS Plan 2/3 Actual Contribution Rates	Employer 2/3	Employee 2	Employee 3
July 2022 through August 2022			
PERS Plan 1	6.36%	6.36%	Varies
PERS Plan 1 UAAL	3.71%	-	-
Administrative Fee	0.18%	-	-
Total	10.25%	6.36%	Varies
September 2022 through June 2023			
PERS Plan 1	6.36%	7.90%	Varies
PERS Plan 1 UAAL	3.85%	-	-
Administrative Fee	0.18%	-	-
Total	10.39%	7.90%	Varies

Energy Northwest’s actual contributions to the plan were \$9.7 million for the fiscal year ended June 30, 2023.

Actuarial Assumptions

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

Additional assumptions for subsequent events and law changes are current as of the 2021 actuarial valuation report. The TPL/A was calculated as of the valuation date and rolled

forward to the measurement date of June 30, 2022. Plan liabilities/(assets) were rolled forward from June 30, 2021, to June 30, 2022, reflecting each plan’s normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **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 promotions and longevity.
- **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, as the base table. The 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 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.

There were changes in the assumptions in the June 30, 2021 valuation which was used for the June 30, 2022 measurement, and the changes are as follows:

- OSA updated the Joint-and-Survivor Factors and Early Retirement Factors in the model. Those factors are used to value benefits for early retirement and survivors of members that are deceased prior to retirement. These factors match the administrative factors provided to DRS for future implementation that reflect current demographic and economic assumptions.
- OSA updated the economic assumptions based on the 2021 action of the Pension Funding Council. The investment return assumption was reduced from 7.5% to 7.0%, and the salary growth assumption was lowered from 3.5% to 3.25%. This action is a result of recommendations from OSA’s biennial economic experience study.

Discount Rate

The discount rate used to measure the total pension liability/(asset) for all DRS plans was 7%.

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% 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% was determined using a building-block-method. In selecting this assumption, OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered capital market assumptions and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns at various future times.

Estimated Rates of Return by Asset Class

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

Best estimates as of June 30, 2022:

Asset Class	Target Allocation	Percent Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20%	1.50%
Tangible Assets	7%	4.70%
Real Estate	18%	5.40%
Global Equity	32%	5.90%
Private Equity	23%	8.90%
Total	100%	

Sensitivity of Net Pension Liability/(Asset)

The table below presents Energy Northwest's proportionate share of the net pension liability/(asset) calculated using the discount rate of 7%, as well as what Energy Northwest'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 (in thousands).

	1% Decrease in Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
PERS 1	\$ 34,108	\$ 25,530	\$ 18,044
PERS 2/3	\$ 52,334	\$ (44,440)	\$ (123,947)

The pension liability/(asset) has been allocated to the business units based on the percentages listed in Note 1. The total pension liability/(asset) for each unit as of June 30, 2023, is as follow (in thousands):

	Energy Northwest's proportionate share of the PERS Plan 1 net pension liability:	Energy Northwest's proportionate share of the PERS Plan 2/3 net pension liability/(asset):	Total
Columbia	\$ 23,661	\$ (42,015)	\$ (18,354)
Packwood	108	(220)	(112)
Business Development	1,426	(1,623)	(197)
Nine Canyon	228	(450)	(222)
Nuclear Project No. 1	107	(132)	(25)
Total	\$ 25,530	\$ (44,440)	\$ (18,910)

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 June 30, 2023 Energy Northwest reported a total pension liability (asset) for its proportionate share of the net pension liabilities as follows (measured as of June 30, 2022 in thousands):

PERS 1	\$	25,530
PERS 2/3		(44,440)
Total	\$	(18,910)

Energy Northwest's proportionate share of the collective net pension assets, deferred outflows, liabilities, and deferred inflows was as follows:

	Proportionate Share 6/30/21	Proportionate Share 6/30/22	Change in Proportion
PERS 1	0.99%	0.92%	-0.07%
PERS 2/3	1.28%	1.20%	-0.08%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30 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

For the fiscal year ended June 30, 2023, Energy Northwest's recognized pension expense/(revenue) as follows (in thousands):

PERS 1	\$	9,794
PERS 2/3		(15,060)
Expenses		274
Total	\$	(4,992)

Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2023, Energy Northwest reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
PERS 1:		
Differences between expected and actual economic experience	\$ -	\$ -
Changes in actuarial assumptions	-	-
Net difference between projected and actual investment earnings on pension plan investments	-	4,231
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions paid to PERS subsequent to the measurement date	5,822	-
Total PERS 1	\$ 5,822	\$ 4,231
PERS 2/3:		
Differences between expected and actual economic experience	\$ 11,011	\$ 1,006
Changes in actuarial assumptions	24,769	6,486
Net difference between projected and actual investment earnings on pension plan investments	-	32,855
Changes in proportion and differences between contributions and proportionate share of contributions	2,970	4,410
Contributions paid to PERS subsequent to the measurement date	9,694	-
Total PERS 2/3	48,444	44,757
Total All Plans	\$ 54,266	\$ 48,988

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 in pension expense as follows (in thousands):

Fiscal Year Ended June 30	PERS 1	PERS 2/3
2024	(1,791)	(10,579)
2025	(1,626)	(9,745)
2026	(2,040)	(11,465)
2027	1,226	14,873
2028	-	5,563
Thereafter	-	5,346
Total	\$ (4,231)	\$ (6,007)

NOTE 7 - Deferred Compensation Plans

Energy Northwest provides a 401(k) deferred compensation plan (401(k) plan), and a 457 deferred compensation plan. Both plans are defined contribution plans that were established to provide a means for investing savings by employees for retirement purposes. All permanent, full-time employees are eligible to enroll in the plans. Participants are immediately vested in their contributions and direct the investment of their contribution. Each participant may elect to contribute pre-tax annual compensation, subject to current Internal Revenue Service limitations.

For the 401(k) plan, Energy Northwest may elect to make an employer matching contribution for each of its employees who is a participant during the plan year. The amount of such an employer match shall be 50 percent of the maximum salary deferral percentage. During FY 2023 Energy Northwest contributed \$4.5 million in employer matching funds while employees contributed \$13.3 million.

NOTE 8 - Nuclear Licensing and Insurance

Nuclear Licensing

Energy Northwest is a licensee of the Nuclear Regulatory Commission ("NRC") and is subject to routine licensing and user fees. Additionally, Energy Northwest may be subject to license modification, suspension, revocation, or civil penalties in the event regulatory or license requirements are violated.

Nuclear Insurance

Nuclear insurance includes liability coverage, property damage, decontamination and premature decommissioning coverage and accidental outage and/or extra expense coverage. The liability coverage is governed by the Price-Anderson Act (Act), while the property damage, decontamination and premature decommissioning coverage are defined by the Code of Federal Regulations. Energy Northwest continues to maintain all regulatory required limits as defined by the NRC, Code of Federal Regulations, and the Act. The NRC requires Energy Northwest to certify nuclear insurance limits on an annual basis. Energy Northwest intends to maintain insurance against nuclear

risks to the extent such insurance is available on reasonable terms and in an amount and form consistent with customary practice. Energy Northwest is self-insured to the extent that losses (i) are within the policy deductibles, (ii) are not covered per policy exclusions, terms and limitations, (iii) exceed the amount of insurance maintained, or (iv) are not covered due to lack of insurance availability. Such losses could have an effect on Energy Northwest's results of operations and cash flows. All dollar figures noted below are as of June 30, 2023.

American Nuclear Insurance (ANI) Coverage: The Act provides financial protection for the public in the event of a significant nuclear generation plant incident. The Act sets the statutory limit of public liability for a single nuclear incident at \$13.523 billion. Energy Northwest addresses this requirement through a combination of private insurance and an industry-wide retrospective payment program called Secondary Financial Protection (SFP). Energy Northwest has \$450 million of liability insurance as the first layer of protection. If any US nuclear generation plant has a significant event which exceeds the plant's first layer of protection, every operating licensed reactor in the US is subject to an assessment up to \$137.61 million. Assessments are limited to \$20.496 million per reactor, per year, per incident, excluding tax. The SFP is adjusted at least every 5 years to account for inflation and any changes in the number of operating plants. The SFP and liability coverage are not subject to any deductibles.

Nuclear Electrical Insurance Limited (NEIL) Coverage: The Code of Federal Regulations requires nuclear generation plant license-holders to maintain at least \$1.06 billion nuclear decontamination and property damage insurance and requires the proceeds thereof to be used to place a plant in a safe and stable condition, to decontaminate it pursuant to a plan submitted to and approved by the NRC before the proceeds can be used for plant repair or restoration or to provide for premature decommissioning. Energy Northwest has aggregate coverage in the amount of \$2.75 billion which is subject to a \$5 million deductible per accident.

The Agency anticipates exposure to a variety of risks of loss as a normal part of conducting business (for example: torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation). These anticipated risks of losses are covered through a combination of self-insurance, commercial property and liability insurance, nuclear property and liability insurance, professional services liability insurance, Directors & Officers (including employment practices liability) insurance, and fiduciary insurance. Claims for loss to the Agency are infrequent and have not exceeded the liability policy limits in the past three years.

NOTE 9 - Decommissioning and Site Restoration - Asset Retirement Obligation (ARO)

Energy Northwest implemented GASB Statement No. 83 - "Certain Asset Retirement Obligations" and applied the statement in fiscal year 2019. For the purposes of this statement, an ARO is a legally enforceable liability associated with the retirement of a tangible capital asset (that is, the tangible capital asset is permanently removed from service). The retirement of a tangible capital asset encompasses its sale, abandonment, recycling, or disposal in some manner; however, it does not encompass temporary idling of a tangible capital asset.

AROs result from the normal operations of a tangible capital assets, whether acquired or constructed, and include legally enforceable liabilities with all the following activities:

- 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 that capital asset

The measurement of Energy Northwest's AROs are based on the best estimate of the current value of outlays expected to be incurred. Current value is the amount that would be paid if all equipment, facilities, and services included in the estimate were acquired at the end of the accounting period. The current estimate is the basis for the ARO and corresponding liability. The recognition of the ARO at current value also results in a corresponding deferred outflow of resources.

Energy Northwest has identified the following AROs subject to GASB No. 83:

- Columbia Generating Station (includes related Columbia Site Restoration)
- Independent Spent Fuel Storage Installation (ISFSI)
- Nine Canyon Wind Farm
- Nuclear Project No. 1 site restoration
- Horn Rapid Battery Energy Storage System (BESS)
- Excluded from GASB No. 83 reporting is the Packwood Hydroelectric Project. The timing and extent of any liabilities associated with operations is not determinable at this time. Packwood remains operable with no foreseeable change in operations; assumptions is the current facility is not subject to the requirements of obtaining a current estimate of a liability with offset to deferred outflows. As such, Packwood's obligation has not been calculated because the time frame and extent of the obligation under this statement was considered indeterminate. As a result, no estimate of the ARO obligation was completed; an ARO will be recorded if future events warrant a change.

Decommissioning and site restoration requirements for Columbia, ISFSI are governed by the NRC regulations. Columbia, ISFSI and Nuclear Project No. 1 are also governed by site certification agreements between Energy Northwest and the state of Washington and regulations adopted by the Washington Energy Facility Site Evaluation Council (EFSEC) and a lease agreement with the Department of Energy ("DOE"). (See Notes 1 & 10). Nine Canyon decommissioning requirements are governed by participant agreements which are part of the 2nd Amended and Restated Nine Canyon Wind Project Power Agreement and associated land leases for location of the wind turbines. The BESS decommissioning requirements are governed by a participant agreement with the City of Richland.

Decommissioning Activity

Columbia Generation Station (Including Site Restoration)

Columbia is a 1,174-megawatt electric (MWe Design Electric rating, net) boiling water reactor located on the DOE Hanford Site north of Richland, Washington.

Columbia was issued a construction permit in March of 1973 and NRC licensing was completed in December of 1983. Columbia began commercial generation in December of 1984. The estimate for the ARO was updated in February of 2019 to account for the liability associated with the dismantling and decommissioning of the Columbia asset along with restoration of the leased DOE land. Both the asset decommissioning and site restoration are governed by agreements and regulations signed as part of construction and completion of Columbia.

The FY 2019 Columbia study was a joint effort between BPA and Energy Northwest to comply with the provisions of adopting GASB No. 83 to provide a current estimate for future accounting and funding requirements. The study was completed by a national firm that is involved with approximately 90% of cost studies completed in the United States nuclear industry. Original plan specifications and drawings were used as basis for costing estimates and mapped for design changes that have occurred since construction. Current estimates for labor and materials were obtained and used as basis for coming up with the estimates of work to be performed. Phasing of the costs were scheduled and flowed according to two scenarios currently accepted by the NRC, DECON and SAFSTOR.

- DECON - method in which structures, systems, and components that contain radioactive contamination are removed from a site and safely disposed at a commercially operated low-level waste disposal facility or decontaminated to a level that permits the site to be released for unrestricted use shortly after it ceases operation.

- SAFSTOR - method in which a nuclear facility is placed and maintained in a condition that allows the facility to be safely stored and subsequently decontaminated (deferred decontamination) to levels that permit release for unrestricted use.

Both DECON and SAFSTOR are acceptable methods of accounting for decommissioning estimates with differences in method and timing of when the expenditures will occur after termination of the plant (currently planned for December 2043). A joint decision between BPA and Energy Northwest was made to adopt the DECON method for accounting purposes.

The Columbia study estimate using DECON as the scenario has an estimated decommissioning activity completion date of June 2097. In FY 2023, \$35.1 million of amortization expense was recognized and the index adjustment for FY 2023 was \$67.0 million resulting in the overall increase in deferred outflow of \$31.9 million. The index adjustment increased the estimated liability as of June 30, 2023 from \$1.67 billion to \$1.74 billion.

Each year the ARO is evaluated to determine if there are any material changes in timing or costs. If there are material changes, the estimate will be adjusted accordingly. If there are no material changes impacting the estimate, then a standard index will be used each year to determine current changes to the estimated derived from the original study. The amount for both the liability and deferred outflow will be increased or decreased accordingly and change the out year straight line amount for decommissioning. There were no material changes in timing or costs related to the Columbia ARO.

At the time of termination of Columbia and commencing of decommissioning activities, the liability will be decreased as cash expenditures occur through the estimated completion date of FY 2097. Upon settlement of the liability, there is potential for variances from the original estimates. If there are differences from the estimate and actual payment a gain or loss on the ARO will be recorded for the difference. However, regarding the net-billed projects, BPA is obligated to provide for the entire cost of decommissioning and site restoration; therefore, any gain or loss recognized upon settlement of the ARO results in an adjustment to either the billings in excess of costs (liability) or costs in excess of billings (asset), as appropriate, as no net revenue or loss is recognized, and no net position is accumulated for the net-billed projects.

Independent Spent Fuel Storage Installation

Energy Northwest's Independent Spent Fuel Storage Installation (ISFSI) at the Columbia Generating Station is a temporary dry cask storage facility intended to store spent

nuclear reactor fuel in NRC-approved dry storage casks until the DOE completes its plan for a national repository. The ISFSI consists of two concrete pads storing a total of 36 casks and one additional pad with the capacity of 18 casks. The last ISFSI campaign, which began in March 2022, was completed in May 2022 for an additional nine casks. In order to accommodate spent fuel to be generated through the end of the plant's operating license period of December 20, 2043, Energy Northwest is expanding the ISFSI facility to store an additional 72 casks. The final phase of the ISFSI pad expansion project will be completed in the FY 2021-2024-time frame and commissioned in FY 2025, the four additional pads will have capacities of 18 casks each. Energy Northwest previously financed a portion of the cost for the construction of the existing ISFSI pads.

No additional issues are anticipated with the ISFSI expansion project. However, the NRC is in the process of developing additional security rulemaking that may potentially impose additional requirements beyond currently planned security controls. The extent of those additional requirements or when they will be imposed on Columbia are not known at this time but are not anticipated to become effective within the next two or three years.

Energy Northwest established a decommissioning and site restoration plan for the ISFSI in 1997. Annual payments to a fund established pursuant to this plan began in 2003 and were held by Energy Northwest. These payments were currently scheduled to occur annually through 2044. Adoption of asset retirement accounting for the ISFSI project took place in FY 2005. The Columbia cost study completed in February 2019 included the ISFSI and revised both the timing and estimate. ISFSI decommissioning is projected to be completed in a five-month period in 2097 under the DECON scenario and is estimated at \$7.5 million (in 2019 dollars). In FY 2023, \$246 thousand of amortization expense was recognized and the index adjustment for FY 2023 was \$348 thousand resulting in the overall increase in deferred outflow of \$102 thousand. The index adjustment increased the estimated liability as of June 30, 2023, from \$8.7 million to \$9.0 million.

Each year the ARO evaluation for the ISFSI is included as part of the Columbia review, as such, accounting and any eventual net-billed project impacts will follow the same process described above for the Columbia ARO and net-billed obligations.

The above estimates and timing do not consider any of the impacts of the current DOE litigation or potential changes in DOE handling of accumulated spent fuel being stored at the ISFSI. Note 10 - Commitments and Contingencies under other litigations and commitments describes the current status of the ISFSI settlement.

On March 21, 2021 Energy Northwest agreed to transfer

existing ownership of the ISFSI trust fund to Bonneville, allowing Bonneville to appropriately manage the ISFSI fund, and in addition, access investment options unavailable to Energy Northwest under current law. Similar to the Columbia trust fund agreement with Bonneville, Energy Northwest retains all rights duties and obligations related to the decommissioning and remediation of the ISFSI facility.

Nine Canyon Wind Project

The Nine Canyon Wind Farm Project (Nine Canyon) is wholly owned and operated by Energy Northwest on leased ground located in the Horse Heaven Hills area southwest of Kennewick, Washington in Benton County. Electricity generated by Nine Canyon is purchased undersigned agreements with an end date of 2030. Under the current agreement, Nine Canyon has the obligation to remove the generation facilities upon expiration of the lease agreement if requested by the lessors. The Nine Canyon Wind Project recorded the related original ARO in FY 2003 for Phase I and II. Phase III began commercial operation in FY 2008 and the original ARO was adjusted to reflect the change in scenario for the retirement obligation, with current lease agreements reflecting a 2030 expiration date. Previous scenarios for the ARO have been factored into the participant agreements, drives the rate plan, and drives the cash requirements for debt repayment and cost of operations. Possible adjustments may be necessary to future rates depending on operating costs and any changes to the ARO.

A cost estimate was completed in FY 2018 for Nine Canyon and revised both the timing and estimate of decommissioning activities. The Nine Canyon decommissioning is projected to be completed following the 2030 expiration date of the power purchase and lease agreements and was estimated at \$18.0 million (in 2019 dollars). In FY 2023, \$996 thousand of amortization expense was recognized and the index adjustment for FY 2022 was \$827 thousand resulting in the overall decrease in deferred outflow of \$169 thousand. The index adjustment increased the estimated liability as of June 30, 2023, from \$20.7 million to \$21.5 million.

Each year the ARO will be evaluated to determine if there are any material changes in timing or costs. If there are material changes, the estimate will be adjusted accordingly. If there are no material changes impacting the estimate, then a standard index will be used each year to determine current changes to the estimated derived from the original study. The amount for both the liability and deferred outflow will be increased or decreased accordingly and change the out year straight line amount for decommissioning. There were no material changes in timing or costs for the Nine Canyon ARO.

At the time of termination of Nine Canyon and commencing of decommissioning activities, the liability

will be decreased as cash expenditures occur through the estimated completion date of FY 2031. Upon settlement of the liability, there is potential for variances from the original estimates. If there are differences from the estimate and actual payment a gain or loss on the ARO will be recorded for the difference.

Nuclear Project No. 1

Project 1 is a partially completed nuclear electric generating project located on DOE's Hanford reservation, approximately one and one-half miles east of Columbia. Project 1 was terminated in May 1994. Energy Northwest has planned for the demolition and restoration of Nuclear Project No. 1 and is now maintaining the site to support re-use activities. The Nuclear Project No. 1 Post Termination agreement requires BPA to fund this site remediation plan. The current plan estimates final decommissioning (site remediation) to be complete in June 2024. The estimate from FY 2022 was updated to reflect a reduction in planned expenses; the remaining estimate was \$4.0 million as of June 30, 2022. The June 30, 2022 estimate was revised downward by \$72 thousand; FY 2023 costs incurred of \$1.5 million resulted in the remaining estimate of \$2.4 million. Total site remediation activity costs to date are \$20.0 million. Due to the re-valuation of the ARO estimate each year there are no prior year accounting impacts to the Nuclear Project No. 1 ARO as a result of adopting GASB No. 83. The asset retirement calculation has been adjusted yearly for actual costs incurred and yearly revised estimates. BPA has placed funds in an external interest-bearing trust account in order to have sufficient funds for ongoing remediation costs. The amount in the trust fund is approximately \$17.0 million as of June 30, 2023. Any funds remaining after final remediation efforts are complete will be returned to BPA.

Horn Rapids Battery Storage System

The Horn Rapids Battery Energy Storage System (BESS) is a collaborative effort between Energy Northwest and the City of Richland and is part of an overall project effort commonly known as the Horn Rapids Solar, Storage, and Training Project (HRSST). HRSST is a four MWdc Photovoltaic solar project (Energy Northwest does not own the solar portion) paired with a 1 MW/4 MWh basic lithium-ion battery storage system. Energy Northwest will operate and maintain the BESS portion of the project for the City of Richland. The City of Richland has signed a purchase power agreement for 100% of the power and reimbursement of construction and operating costs of the BESS. The BESS is located on leased property in Richland Washington. The BESS was essentially complete and operational June 30, 2021.

Total BESS projected costs totaled \$6.3 million as of June 30, 2023. Energy Northwest was the recipient of a

Washington State Department of Commerce (Commerce) grant in 2017. Commerce awarded up to \$3.0 million under the Clean Energy Funds' Grid Modernization Grant Program to offset the construction of the BESS. Grant proceeds received as of June 30, 2023, were \$3.0 million. Decommissioning costs are part of the agreement for reporting operating costs under the City of Richland participant agreement, therefore financial assurance is for total costs to be reimbursed by the City of Richland under the existing participant agreement. The decommissioning plan was finalized as part of the project deliverables prior to operation. Projected decommissioning costs are \$40 thousand in 2021 dollars and expected to be incurred after 25 years of operation. In FY 2023, \$1.7 thousand of amortization expense was recognized and the index adjustment for FY 2023 was \$1.7 thousand resulting in no change to the deferred outflow. The index adjustment increased the estimated liability as of June 30, 2023, from \$43 thousand to \$45 thousand.

ARO Financial Assurance

The NRC has issued rules to provide guidance to licensees of operating nuclear plants on providing financial assurance for decommissioning plants at the end of each plant's operating life. In September 1998, the NRC approved and published its "Final Rule on Financial Assurance Requirements for Decommissioning Power Reactors." As provided in this rule, each power reactor licensee is required to report to the NRC the status of its decommissioning funding for each reactor or share of a reactor it owns. This reporting requirement began March 31, 1999, and reports are required every two years thereafter. Energy Northwest submitted its most recent report to the NRC for Columbia decommissioning in March 2023. A separate requirement for providing financial assurance for ISFSI decommissioning states that a report must be provided at least every three years. Energy Northwest submitted its most recent report to the NRC for ISFSI decommissioning in November 2021.

Energy Northwest's assurance funding estimate (10 CFR 50.75 - Reporting and Recordkeeping for Decommissioning) of Columbia's plant decommissioning costs in FY 2022 dollars is \$622.2 million and assurance funding estimate (10 CFR 72.30 - Reporting and Recordkeeping for Decommissioning) of Columbia's ISFSI decommissioning costs in FY 2021 dollars is \$7.1 million. These estimates are updated biannually for the Columbia decommissioning and every three years for the ISFSI decommissioning with the last update for the Columbia occurring in fiscal year 2023 and for the ISFSI in fiscal year 2022. The estimates are based on the NRC minimum amount (NRC 2023 study for Columbia and the NRC 2021 study for ISFSI) required to demonstrate reasonable financial assurance for a boiling water reactor with the power level of Columbia.

Site restoration requirements for Columbia and Nuclear

Project No. 1 are governed by the site certification agreements between Energy Northwest and the state of Washington and by regulations adopted by the EFSEC. Energy Northwest submitted a site restoration plan that was approved by the EFSEC on June 12, 1995. Energy Northwest's funding estimate of Columbia's site restoration costs in FY 2022 dollars is \$177.2 million and is updated biannually along with the Columbia decommissioning estimate. Both decommissioning and site restoration estimates are used as the basis for establishing a funding plan that includes escalation and interest earnings until decommissioning activities occur. Payments to the decommissioning and site restoration funds have been made since January 1985.

The market value of cash and investment securities in the Columbia decommissioning, ISFSI decommissioning and site restoration funds as of June 30, 2023, totaled approximately \$416.4 million, \$3.0 million, and \$64.0 million, respectively. The market value of cash and investment securities in the site restoration fund for Nuclear Project No. 1 is \$17.0 million. Since September 1996, the Columbia and Nuclear Project No. 1 amounts have been held in an irrevocable trust that recognizes asset retirement obligations according to the fair value of the dismantlement and restoration costs of certain Energy Northwest assets. The ISFSI amounts were transferred from Energy Northwest to Bonneville as discussed above and are held in same manner as the trust funds mentioned for both Columbia and Nuclear Project No. 1. The trustee is a domestic U.S. bank that certifies the funds for use when needed to retire the asset. The trusts are funded by BPA ratepayers and managed by BPA in accordance with NRC requirements and site certification agreements; the balances in these external trust funds are not reflected on Energy Northwest's balance sheet.

Nine Canyon billing rates to power purchase participants are set to cover cash requirements of debt repayment and cost of operations. Any increases or decreases to rates will be based on cost of operations in the future. Starting in FY 2023 the power purchase participants approved applying a portion of the billed rates to be used to establish and fund a decommissioning trust. The market value of cash and investment securities in the Nine Canyon Decommissioning Trust as of June 30, 2023, totaled approximately \$3.2 million.

Financial assurance and estimates for Nuclear Project No. 1 are discussed in the previous section - Decommissioning - Nuclear Project No. 1.

Financial assurance and estimates for the BESS are discussed in the previous section - Decommissioning - Horn Rapids Battery Storage System.

NOTE 10 - Commitments and Contingencies

Nuclear Project No. 1 Termination

Since the Nuclear Project No. 1 termination, Energy

Northwest has been planning for the demolition of Nuclear Project No. 1 and restoration of the site, recognizing the fact that there is no market for the sale of the project in its entirety, and no viable alternative use has been found to-date. The final level of demolition and restoration will be in accordance with agreements discussed below under "Nuclear Project No. 1 Site Restoration."

Nuclear Project No. 3 Termination

In June 1994, the Nuclear Project No. 3 Owners Committee voted unanimously to terminate the project. In 1995, a group from Grays Harbor County, Washington, formed the Satsop Redevelopment Project (SRP). The SRP introduced legislation with the state of Washington under Senate Bill No. 6427, which passed and was signed by the governor of the state of Washington on March 7, 1996. The legislation enables local governments and Energy Northwest to negotiate an arrangement allowing such local governments to assume an interest in the site on which Nuclear Project No. 3 exists for economic development by transferring ownership of all or a portion of the site to local government entities. This legislation also provides for the local government entities to assume regulatory responsibilities for site restoration requirements and control of water rights. In February 1999, Energy Northwest entered into a transfer agreement with the SRP to transfer the real and personal property at the site of Nuclear Project No. 3. The SRP also agreed to assume regulatory responsibility for site restoration. Therefore, Energy Northwest is no longer responsible to the state of Washington and EFSEC for any site restoration costs.

Nuclear Project No. 1 Site Restoration

Site restoration requirements for Nuclear Project No. 1 are governed by site certification agreements between Energy Northwest and the state of Washington and regulations adopted by EFSEC, and a lease agreement with DOE. Energy Northwest submitted a site restoration plan for Nuclear Project No. 1 to EFSEC on March 8, 1995, which complied with EFSEC requirements to remove the assets and restore the sites by demolition, burial, entombment, or other techniques such that the sites pose minimal hazard to the public. EFSEC approved Energy Northwest's site restoration plan on June 12, 1995. In February 2016, a Memorandum of Understanding for final restoration of Site 1 was signed between Energy Northwest and Bonneville Power Administration. Site restoration activities have been ongoing since that time, and most restoration activities have been completed. Completion of restoration will require completion of the closure of the Site 1 landfill, which could take more than a year to demonstrate compliance with all environmental requirements. Full restoration is expected by or before the end of calendar year 2025.

Business Development Fund Interest in Northwest Open Access Network (NoaNet)

Energy Northwest, along with 9 other Washington State public entities, is a member of NoaNet, a Washington nonprofit mutual corporation. NoaNet was formed in February 2000 to provide broadband communications over public benefit fibers leased from Bonneville Power Administration throughout the Pacific Northwest. The network began commercial operation in January 2001.

As a member of NoaNet as allowed by RCW 54.16, Energy Northwest has guaranteed certain portions of NoaNet debt based on its proportionate membership share. In November 2020 NoaNet obtained bond funding for \$25 million with \$20.1 million outstanding in December 2022; EN backed this debt at 10%, which was based on Energy Northwest's membership share of 8.04% with a step-up provision of 25% of the membership share. In Calendar Year 2021 NoaNet met all the debt obligations through profitable operations. NoaNet reserves the right to assess the members to cover deficits from operations. There have been no assessments since 2011.

NoaNet did report a decrease in net position (excluding grant proceeds) of \$2.8 million for Calendar Year 2022. In accordance with GAAP, Energy Northwest did not record their proportionate share of these gains/losses.

Financial statements for NoaNet may be obtained by writing to: Northwest Open Access Network, Chief Financial Officer, 7195 Wagner Way, Suite 104, Gig Harbor, WA 98335.

Other Litigation and Commitments

Energy Northwest is a party to various claims and legal actions arising in the normal course of business. The following is a discussion of certain litigation and claims relating to the Net Billed Projects to which Energy Northwest is a party:

Energy Northwest v. United States of America (DOE). On August 28, 2014, Energy Northwest and the United States entered into a Settlement Agreement ("Settlement Agreement") under Energy Northwest v. United States, No. 11-447C (Fed. Cl. filed July 7, 2011). In addition to settling litigation for the U.S. Department of Energy's ("DOE") continuing breach of contract for its failure to dispose of spent nuclear fuel and high-level radioactive waste, the Settlement Agreement provided that Energy Northwest could be reimbursed by the government for its allowable expenses, as defined in the Settlement Agreement, related to DOE's continued failure to accept used nuclear fuel under the Standard Contract Energy Northwest signed with DOE in 1983. The Settlement Agreement also settled the litigation filed by Energy Northwest in the U.S. Court of Federal Claims in July 2011 for damages incurred between September 1, 2006, and June 30, 2012, in the amount of \$23.6 million.

Energy Northwest received \$48.7 million in 2011 under the first action that resulted in a Stipulation for Entry of Final Judgment in Favor of Plaintiff Energy Northwest which covered damages prior to September 1, 2006.

Under the Settlement Agreement, Energy Northwest is required to submit a claim for reimbursement to DOE annually for each year, fiscal year. The claim submission deadline is January 31 of the following calendar year. After submission, DOE has a set time to review and request additional information from Energy Northwest. At the end of the review period, Energy Northwest can accept DOE's determination and be paid the amount determined by DOE or Energy Northwest can reject the determination and proceed to binding arbitration.

The Settlement Agreement has been extended three times and currently covers costs incurred before December 31, 2025. Under the Settlement Agreement, Energy Northwest has submitted annual claims for Fiscal Years 2013 through June 2022 and has been reimbursed almost \$95 million for storage-related costs.

NOTE 11 - Nuclear Fuels

In May 2012, Energy Northwest entered into agreements with three other parties for processing high assay uranium tails. The Program consists of several agreements between the parties involved, entered into as a joint effort between the Department of Energy (DOE), Tennessee Valley Authority (TVA), United States Enrichment Corporation (USEC) and Energy Northwest to enrich approximately 9,082 metric tons (MTU) of Depleted Uranium Hexafluoride (DUF6) with an average assay of 0.44 weight percent U235 (wt%) that will yield approximately 482 MTU of enriched uranium product (EUP) with an average assay of 4.4 wt%.

DOE and Energy Northwest have entered into an agreement for the transfer of the DUF6 to Energy Northwest. The agreement addresses delivery and transfer of title of the DUF6, return of residual DUF6 after enrichment, storage of the EUP, and payment of DOE's costs. The costs for the handling of the DUF6 and storage of the EUP were anticipated to be \$5 million or less. As of December 31, 2015, Energy Northwest had removed all EUP stored with DOE to a commercial facility in New Mexico. Energy Northwest had recorded \$0.9 million in total charges to the DOE for delivery of the DUF6, storage and loading of the EUP, which is capitalized as cost of the fuel being purchased.

Under the Depleted Uranium Enrichment Program (DUEP), Energy Northwest purchased from USEC all of the Separative Work Units (SWU) contained in the EUP. Upon finalization of the program, Energy Northwest had purchased a total of 481.6 MTU of EUP from USEC at a cost of \$687.2 million, which is recorded in nuclear fuel, net of accumulated amortization,

as of June 30, 2013. There have been no additional purchases since the conclusion of the program in May of 2013.

Energy Northwest and TVA had entered into an agreement for the sale and purchase of a portion of the SWU and Feed Component of the EUP. The sales under the agreement totaled approximately \$730.2 million. The final sale under this agreement was made August 31, 2022 for \$65.9 million and the contract is complete.

Energy Northwest has a contract with Global Nuclear Fuel - Americas LLC valued at \$192.0 million for fuel fabrication services through FY 2027 with an option to extend for two additional reloads through 2031. The delivery of new fuel assemblies coincides with each refueling outage year, with the refueling complete in June 2023 (R-26).

Energy Northwest has a contract with DOE that requires DOE to accept title and dispose of spent nuclear fuel. Although the courts have ruled that DOE had the obligation to accept title to spent nuclear fuel by January 31, 1998, currently, there is no known date established when DOE will fulfill this legal obligation and begin accepting spent nuclear fuel. On November 19, 2013, the D.C. Circuit Court ordered the DOE to submit to Congress a proposal to reduce the current waste disposal fee to zero, unless and until there is a viable disposal program. On January 3, 2014, the DOE filed a petition for rehearing which was denied by the D.C. Circuit Court on March 18, 2014. Also, on January 3, 2014, the DOE submitted a proposal to Congress to reduce the current waste disposal fee to zero. On May 9, 2014, the DOE notified Energy Northwest that the waste disposal fee will remain in effect through May 15, 2014, after which time the fee will be set to zero. Until such time as a new fee structure is in effect, Energy Northwest will not accrue any further costs related to waste disposal fees. When the fuel is placed in the reactor the fuel cost is amortized to operating expense on the basis of quantity of heat produced for generation of electric energy. The amount moved to spent fuel for cooling decreased \$103.2 million.

The current period operating expense for Columbia was \$44.7 million for amortization of fuel used in the reactor. There were no DOE spent fuel disposal charges.

Energy Northwest has an Independent Spent Fuel Storage Installation (ISFSI), which is a temporary dry cask storage facility to be used until DOE completes its plan for a national repository. ISFSI will store the spent fuel in commercially available dry storage casks on a concrete pad at the Columbia site. There were 9 casks issued from inventory in fiscal year 2022. Spent fuel is transferred from the spent fuel pool to the ISFSI periodically to allow for future refueling. The FY 2022 ISFSI loading campaign filled a total of 9 casks. The next ISFSI loading campaign is scheduled for March of 2026 for a total of 8 casks.

NOTE 12 - Other Post-Employment Benefits

The following table represents the aggregate OPEB amounts for all plans subject to the requirements of GASB 75 for the year ended June 30, 2023 (in thousands):

OPEB Liabilities	\$	24,751
Deferred Outflows of Resources		1,333
Deferred Inflows of Resources		4,437
OPEB Expense		951

The Agency provides to its retirees employer subsidies for postemployment medical insurance benefits (OPEB) provided through the Public Employees Benefits Board (PEBB). The actual medical costs are paid through annual fees and premiums to the PEBB.

General Information about the OPEB Plan

Plan Description

The PEBB was created within the Washington State Health Care Authority to administer medical, dental and life insurance plans for public employees and retirees and their dependents as a single employer plan. Agency employees who end public employment are eligible to continue PEBB insurance coverage as a retiree if they retire under the public employees’ retirement system and are vested in that system.

Benefits Provided

The Washington State Health Care Authority (HCA) administers PEBB plan benefits. For medical insurance coverage, the HCA has two claims pools: one covering employees and non-Medicare eligible retirees, and the other covering retirees enrolled in Medicare Parts A and B. Each participating employer pays a portion of the premiums for active employees. For retirees, participating employers provide two different subsidies: an explicit subsidy and an implicit subsidy.

The explicit subsidies are monthly amounts paid per post-65 retiree and spouse. As of the valuation date of June 30, 2022, the explicit subsidy for post-65 retirees and spouses is the lesser of \$183 or 50% of the monthly premiums. The retirees and spouses currently pay the premium minus \$183 when the premium is over \$366 per month and pay half the premium when the premium is lower than \$366.

The implicit medical subsidy is the difference between the total cost of medical benefits and the premiums. For pre-65 retirees and spouses, the retiree pays the full premium amount, but that amount is based on a pool that includes active employees. Active employees will tend to be younger and healthier than retirees on average, and therefore can be expected to have lower average health costs. For post-65 retirees and spouses, the retiree does not pay the full premium due to the subsidy discussed above.

Employees Covered by Benefit Terms

At June 30, 2022 (measurement date), the following employees were covered by the benefit terms (dollars in thousands):

Inactive employees or beneficiaries currently receiving benefit payments	499
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	976

Funding Policy

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

Contributions

The OPEB relationship between PEBB employers and their employees and retirees is not formalized in a contract or plan document. Rather, the benefits are provided in accordance with a substantive plan. A substantive plan is one in which the plan terms are understood by the employers and plan members. This understanding is based on communications between the employers and plan members and the historical pattern of practice with regard to the sharing of benefit costs.

Total OPEB Liability

The Agency's total OPEB liability was measured as of June 30, 2022 and was determined by an actuarial valuation dated June 30, 2022.

The total OPEB liability was determined using the following actuarial assumptions and other inputs:

Methodology:	
Actuarial Cost Method	Entry Age Normal (Level Percent of Salary)
Assumptions:	
Discount Rate - Based on S&P Municipal Bond 20 Year High Grade Index	4.00%
Beginning of Measurement Year	2.25%
End of Measurement Year	4.00%
Projected Salary Changes	3.50%
	Plus Merit-Based Increases
Medical Care Trend	7.0% decreasing to 6.5%, then .10% per year down to 4.5% and level thereafter
Actuarial Assumptions - Based on experience study conducted in 2020 using Public Employees' Retirement System (PERS) experience from 2013-2018	
Mortality Assumptions - PubG.H-2010 mortality tables adjusted for future mortality improvements using the MP-2017 fully generational improvement scale.	
Inflation Rate	2.50%
Post Retirement Participation Percentage - 100% of active employees currently electing coverage. Upon exhaustion of HRA VEBA funds, 50% are assumed to self-pay premiums until reaching Medicare eligibility. 3% of covered retirees are assumed to let their coverage lapse each year, until Medicare eligibility.	
Percentage with Spouse Coverage	70.00%

Changes in the Total OPEB Liability

(in thousands)

Balance - July 1	\$	29,571
Service Cost		1,028
Interest		662
Differences Between Expected and Actual Experience		(363)
Changes of Assumptions or Other Inputs		(4,814)
Benefit Payments		(1,333)
Total	\$	24,751

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate and Discount Rate.

The following presents the total OPEB liability of the Agency calculated using a discount rate and healthcare cost trend rates that are 1-percentage point lower or 1- percentage-point higher than the current discount rate and health care cost trend rates (dollars in thousands):

	1% Decrease	Current Rate	1% Increase
Discount Rate	\$ 27,755	\$ 24,751	\$ 22,243
Healthcare Cost Trend Rate	22,035	24,751	28,107

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

The Agency recognized OPEB expense for the years ended December 31 as follows (dollars in thousands):

Service Cost	\$	1,028
Interest Cost		662
Recognition of Assumption Changes		(687)
Recognition of Experience Gains and Losses		(52)
Total	\$	951

At December 31, the Agency reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (dollars in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 311
Changes of Assumptions or Other Inputs	-	4,126
Contributions Subsequent to the Measurement Date	1,333	-
Total	\$ 1,333	\$ 4,437

Deferred outflows of resources resulting from payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the following year. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	
2024	\$ (740)
2025	(740)
2026	(740)
2027	(739)
2028	(739)
Thereafter	(739)
Total	\$ (4,437)

NOTE 13 - Leases

Lessee:

Energy Northwest (EN) under the following business units Nine Canyon Wind Project, Business Development, Internal Service Fund, Packwood Lake Hydroelectric Project, Columbia Generating Station, and Nuclear Project No. 1, have several leasing arrangements, summarized below:

The Nine Canyon Wind Project entered into a lease agreement to lease land space for three-hundred eighteen months beginning July 2021. The lease terminates December 2047. Under the terms of the lease, EN pays an annual base fee of \$42,400, with an increase scheduled in fiscal year 2024. The base fee will follow the fixed rent schedule outlined in the lease agreement. EN also pays a pro rata share of operating expenses which are not included in the measurement of the lease liability as they are variable in nature. EN paid \$15 during the fiscal year towards those variable costs. On June 30, 2023, EN recognized a right to use asset of \$773,149 and a lease liability of \$772,109. During the fiscal year, EN recorded \$31,449 in amortization expense and \$20,250 in interest expense for the right to use the land space. EN used an incremental borrowing rate of 2.57% based on the true interest cost for the most recent bond debt issuance for the same time periods.

The Business Development fund entered into a sublease agreement to lease land space for forty-eight months beginning July 2021. The lease terminates August 2025. Under the terms of the lease, EN pays an annual base fee of \$7,500, with a 3.0% increase for the immediately preceding Term or extension period. On June 30, 2023, EN recognized a right to use asset of \$124,279 and a lease liability of \$124,428. During the fiscal year, EN recorded \$5,589 in amortization expense and \$3,271 in interest expense for the right to use the land space. EN used an incremental borrowing rate of

2.57% based on the true interest cost for the most recent bond debt issuance for the same time periods.

The Internal Service Fund entered into a lease agreement to lease office space for thirteen months beginning July 2021. The lease agreement was renewed in August of 2023 for twelve months, resulting in a short-term lease. Under the terms of the lease, EN paid a monthly base fee of \$3,336 for July 2022. On June 30, 2023, EN terminated the lease and removed the right to use asset of \$42,751 and recognizing a lease liability of \$0. During the fiscal year, EN recorded \$3,288 in amortization expense and \$0 in interest expense for the right to use the office space. EN used an incremental borrowing rate of 2.57% based on the true interest cost for the most recent bond debt issuance for the same time periods.

The Packwood Hydroelectric Project entered into a lease agreement to lease equipment for thirty months beginning July 2021. The lease terminates January 2024. Under the terms of the lease, EN pays a monthly base fee of \$917. EN also pays a pro rata share of operating expenses which are not included in the measurement of the lease liability as they are variable in nature. EN paid \$76 during the fiscal year towards those variable costs. On June 30, 2023, EN recognized a right to use asset of \$5,767 and a lease liability of \$6,367. During the fiscal year, EN recorded \$10,890 in amortization expense and \$290 in interest expense for the right to use the equipment. EN used an incremental borrowing rate of 2.57% based on the true interest cost for the most recent bond debt issuance for the same time periods.

The Nuclear Project No.1 entered into a lease agreement to lease land space for three-hundred sixty-six months beginning July 2021. The lease terminates December 2052. Under the terms of the lease, EN pays an annual base fee of \$67,500, with an increase every 5 years during the Initial Term of the lease. On June 30, 2023, EN recognized a right to use asset of \$1,368,719 and a lease liability of \$1,362,442. During the fiscal year, EN recorded \$47,197 in amortization expense and \$35,582 in interest expense for the right to use the land space. EN used an incremental borrowing rate of 2.57% based on the true interest cost for the most recent bond debt issuance for the same time periods.

The Nuclear Project No.1 entered into a lease agreement to lease a building for twenty-four months beginning July 2021. The lease terminates June 2023. Under the terms of the lease, EN paid a monthly base fee of \$3,258. EN also pays a pro rata share of operating expenses which are not included in the measurement of the lease liability as they are variable in nature. EN paid \$978 during the fiscal year towards those variable costs. On June 30, 2023, EN recognized a right to use asset of \$0 and a lease liability of \$0. During the fiscal year, EN recorded \$37,073 in amortization expense and \$458 in interest expense for the right to use the building space. EN

used an incremental borrowing rate of 2.57% based on the true interest cost for the most recent bond debt issuance for the same time periods.

Columbia Generating Station entered into a lease agreement to lease land space for three-hundred-seventy-two months beginning July 2021. The lease terminates December 2052. Under the terms of the lease, EN pays an annual base fee of \$65,000. EN also pays a pro rata share of operating expenses which are not included in the measurement of the lease liability as they are variable in nature. EN paid \$600 during the fiscal year towards those variable costs. On June 30, 2023, EN recognized a right to use asset of \$964,315 and a lease liability of \$964,665. During the fiscal year, EN recorded \$51,983 in amortization expense and \$25,322 in interest expense for the right to use the land space. EN used an incremental discount rate of 2.57% based on the true interest cost for the most recent bond debt issuance for the same time periods.

Columbia Generating Station entered into a lease agreement to lease equipment for eighty-six months beginning July 2021. The lease terminates September 2028. Under the terms of the lease, EN pays a monthly base fee of \$20,030. On June 30, 2023, EN recognized a right to use asset of \$1,111,328 and a lease liability of \$1,126,565. During the fiscal year, EN recorded \$214,979 in amortization expense and \$31,450 in interest expense for the right to use the equipment. EN used an incremental borrowing rate of 2.57% based on the true interest cost for the most recent bond debt issuance for the same time periods.

Columbia Generating Station entered into a lease agreement to lease equipment for one-hundred eleven months beginning November 2021. The lease terminates February 2031. Under the terms of the lease, EN pays a monthly base fee of \$20,810, which is a fixed price for the duration of the performance period. EN also pays a pro rata share of operating expenses which are not included in the measurement of the lease liability as they are variable in nature. EN paid \$23,824 during the fiscal year towards those variable costs. On June 30, 2023, EN recognized a right to use asset of \$1,631,406 and a lease liability of \$1,735,783. During the fiscal year, EN recorded \$212,784 in amortization expense and \$46,955 in interest expense for the right to use the equipment. EN used an incremental borrowing rate of 2.57% based on the true interest cost for the most recent bond debt issuance for the same time periods.

Columbia Generating Station entered into a lease agreement to lease equipment for fifty months beginning July 2021. The lease terminates August 2025. Under the terms of the lease, EN pays a monthly base fee of \$20,490. EN does not have the option to terminate the lease at any time. On June 30, 2023, EN recognized a right to use asset of \$504,571 and a lease liability of \$517,604. During the fiscal year, EN

recorded \$234,040 in amortization expense and \$15,994 in interest expense for the right to use the equipment. EN used an incremental borrowing rate of 2.57% based on the true interest cost for the most recent bond debt issuance for the same time periods.

Columbia Generating Station entered into a lease agreement to lease equipment for sixty months beginning October 2021. The lease terminates September 2026. Under the terms of the lease, EN pays an annual base fee of \$69,544. EN also pays a pro rata share of operating expenses which are not included in the measurement of the lease liability as they are variable in nature. EN paid \$4,719 during the fiscal year towards those variable costs. EN does have the option to terminate the lease at any time provided, which EN will not exercise. EN does anticipate that Columbia Generating Station will purchase the equipment at the end of the lease Term. On June 30, 2023, EN recognized a right to use asset of \$278,032 and a lease liability of \$298,034. During the fiscal year, EN recorded \$85,563 in amortization expense and \$8,215 in interest expense for the right to use the equipment. EN used an incremental borrowing rate of 2.57% based on the true interest cost for the most recent bond debt issuance for the same time periods.

Nine Canyon Wind Project			
Fiscal Year Ended June 30	Principal		Interest
2024	\$	22	\$ 20
2025		23	19
2026		23	18
2027		24	18
2028		25	17
2029-2033		134	75
2034-2038		152	56
2039-2043		173	35
2044-2048		196	10
Total	\$	772	\$ 268

Business Development Fund			
Fiscal Year Ended June 30	Principal		Interest
2024	\$	4	\$ 3
2025		4	3
2026		4	3
2027		5	3
2028		5	3
2029-2033		26	11
2034-2038		29	8
2039-2043		33	4
2044-2048		14	-
Total	\$	124	\$ 38

Packwood Hydroelectric Project			
Fiscal Year Ended June 30		Principal	Interest
2024	\$	6	\$ -
2025		-	-
2026		-	-
Total	\$	6	\$ -

Columbia Generating Station			
Fiscal Year Ended June 30		Principal	Interest
2024	\$	758	\$ 109
2025		778	89
2026		592	71
2027		606	55
2028		511	42
2029-2033		882	101
2034-2038		272	46
2039-2043		244	12
Total	\$	4,643	\$ 525

Nuclear Project No.1			
Fiscal Year Ended June 30		Principal	Interest
2024	\$	32	\$ 35
2025		33	34
2026		34	33
2027		35	32
2028		36	31
2029-2033		192	141
2034-2038		218	114
2039-2043		248	83
2044-2048		282	48
2049-2053		253	10
Total	\$	1,362	\$ 560

Amortization Expenses (Dollars in thousands)

	Lessee activities	Balance at July 1, 2022	Additions	Deletions	Balance at June 30, 2023
Nine Canyon Wind Project Right to use assets	Office Space	\$ -	\$ -	\$ -	\$ -
	Land	836	-	-	836
	Equipment	-	-	-	-
	Building Space	-	-	-	-
Accumulated Amortization		(32)	(31)	-	(63)
Nine Canyon Wind Project Totals		\$ 804	\$ (31)	\$ -	\$ 773
Business Development Fund Right to use assets	Office Space	\$ -	\$ -	\$ -	\$ -
	Land	135	-	-	135
	Equipment	-	-	-	-
	Building Space	-	-	-	-
Accumulated Amortization		(6)	(5)	-	(11)
Business Development Fund Totals		\$ 129	\$ (5)	\$ -	\$ 124
Internal Service Fund Right to use assets	Office Space	\$ 43	\$ -	\$ (43)	\$ -
	Land	-	-	-	-
	Equipment	-	-	-	-
	Building Space	-	-	-	-
Accumulated Amortization		(40)	(3)	43	-
Internal Service Fund Totals		\$ 3	\$ (3)	\$ -	\$ -
Packwood Lake Hydroelectric Project Right to use assets	Office Space	\$ -	\$ -	\$ -	\$ -
	Land	-	-	-	-
	Equipment	28	-	-	28
	Building Space	-	-	-	-
Accumulated Amortization		(11)	(11)	-	(22)
Packwood Project Totals		\$ 17	\$ (11)	\$ -	\$ 6

	Lessee activities	Balance at July 1, 2022		Additions	Deletions	Balance at June 30, 2023	
Nuclear Project No.1 Right to use assets	Office Space	\$	-	\$	-	\$	-
	Land		1,299		159		1,458
	Equipment		-		-		-
	Building Space		74		-		74
Accumulated Amortization		(79)		(84)		(163)	
Nuclear Project No.1 Totals		\$	1,294	\$	75	\$	1,369
Columbia Generating Station Right to use assets	Office Space	\$	-	\$	-	\$	-
	Land		1,071		-	(3)	1,068
	Equipment		4,996		3	-	4,999
	Building Space		-		-	-	-
Accumulated Amortization		(778)		(800)		(1,578)	
Columbia Generating Station Totals		\$	5,289	\$	(797)	\$	4,489

Lessor:

Energy Northwest owns a multipurpose building in the City of Richland, Benton County, Washington known as the Applied Process Engineering Laboratory (APEL) which provides leased space of laboratory, validation testing, development facilities and associated offices for research and development. There are three lease agreements associated with the APEL building.

The first agreement was entered into in February of 2021 with a 3-year lease term. Contract rent will be evaluated on the anniversary date based on the Consumers Price Index. At termination, the lessee must remove any alterations and restore the premises to its original condition unless the lessor agrees to leaving the improvements in place. During the fiscal year, Energy Northwest recognized (in thousands) \$52 in lease revenue and \$5 in interest income related to this agreement. On June 30, 2023, Energy Northwest recorded \$109 in lease receivables and \$107 in deferred inflows of resources for this arrangement. Energy Northwest uses an interest rate of 3.65%, based on the 2021 bond interest rate.

The second agreement was entered into in May of 2021. Contract rent will be evaluated on the anniversary date based on the Consumers Price Index. At termination, the lessee has the right to remove any alterations and shall restore the premises to its original condition. During the fiscal year, Energy Northwest recognized (in thousands) \$191 in lease revenue and \$5 in interest income related to this agreement. On June 30, 2023, Energy Northwest recorded \$164 in lease receivables and \$163 in deferred inflows of resources for this arrangement. Energy Northwest uses an interest rate of 3.65%, based on the 2021 bond interest rate.

The third agreement leases 1/3 rack space referred to as Co-location space in the APEL building. This lease agreement exceeded the established policy threshold when a modification to the contract occurred extending the lease

term to April 30, 2026. At termination the lessee agrees to return the premises to the same condition as existed prior to the commencement of the use. During the fiscal year, Energy Northwest recognized (in thousands) \$0 in lease revenue and \$0 in interest income related to this agreement. On June 30, 2023, Energy Northwest recorded \$5 in lease receivables and \$5 in deferred inflows of resources for this arrangement. Energy Northwest uses an interest rate of 3.65%, based on the 2021 bond interest rate.

Energy Northwest leases a portion of the office space in the building known as the Multi-Purpose Facility in the City of Richland, Benton County, Washington. This agreement was entered into in July of 2019 with a 4-year lease term and contained 3 two-year option periods which Energy Northwest believes is reasonably certain to renew. Contract rent will increase annually based on the Consumers Price Index with a 3% cap. During the fiscal year, Energy Northwest recognized (in thousands) \$272 in lease revenue and \$65 in interest income related to this agreement. On June 30, 2023, Energy Northwest recorded \$1,683 in lease receivables and \$1,632 in deferred inflows of resources for this arrangement. Energy Northwest uses an interest rate of 3.65%, based on the 2021 bond interest rate.

Energy Northwest maintains a lease for the plot of land from the Department of Energy-Richland Operations located in Benton County, Washington. This agreement leases a portion of the property consisting of a room/cabinet space of approximately 92 square feet and space on the structure and such easements as are necessary for antennas. This agreement was entered into in June of 2019 with a 5-year lease term and contained 5 five-year option periods which Energy Northwest believes is reasonably certain to renew. Contract rent will increase 2.5% at the end of the initial lease term and 9% at each 5-year option renewal. During the fiscal year, Energy Northwest recognized (in thousands)

\$18 in lease revenue and \$12 in interest income related to this agreement. On June 30, 2023, Energy Northwest recorded \$463 in lease receivables and \$453 in deferred inflows of resources for this arrangement. Energy Northwest uses an interest rate of 2.57%, based on the 2020 bond interest rate.

NOTE 14 - Subscription-Based Information Technology Arrangements

Energy Northwest (EN) under the following business units Internal Service Fund and Columbia Generating Station, have several subscription-based information technology arrangements (SBITAs), summarized below:

Columbia Generating Station entered four separate SBITA contracts beginning July 2022. The SBITA contracts are all

related to software subscriptions that have terms ranging from fifteen months to sixty-two months. Initial payments totaling \$343K were made in July 2022. An incremental borrowing rate of 3.65% was applied to all the contracts, based on the true interest cost for the most recent bond debt issuance for the same time periods.

The Internal Service Fund entered ten separate SBITA contracts beginning July 2022. The SBITA contracts are all related to software subscriptions that have terms ranging from sixteen months to sixty-eight months. Initial payments totaling \$2.3 million were made in July 2022. An incremental borrowing rate of 3.65% was applied to all the contracts, based on the true interest cost for the most recent bond debt issuance for the same time periods.

	Balance at July 1, 2022		Additions		Deletions		Balance at June 30, 2023	
Internal Service Fund								
Right to use subscription assets	\$	3,871	\$	-	\$	-	\$	3,871
Accumulated amortization		-		(1,604)		-		(1,604)
Internal Service Fund Totals	\$	3,871	\$	(1,604)	\$	-	\$	2,267
Columbia Generating Station								
Right to use subscription assets	\$	531	\$	-	\$	-	\$	531
Accumulated amortization		-		(207)		-		(207)
Columbia Generating Station Totals	\$	531	\$	(207)	\$	-	\$	324

Internal Service Fund			
Fiscal Year Ended June 30	Principal		Interest
2024	\$ 1,460	\$	7
2025	88		-
2026	-		-
2027	-		-
2028	-		-
2029-2033	-		-
Total	\$ 1,548	\$	7

Columbia Generating Station			
Fiscal Year Ended June 30	Principal		Interest
2024	\$ 68	\$	6
2025	74		3
2026	24		1
2027	25		-
2028	-		-
2029-2033	-		-
Total	\$ 191	\$	10

Schedules of Required Supplementary Information (Unaudited)

Schedule of Energy Northwest's Proportionate Share of the Net Pension Liability/(Asset) (Dollars in thousands)

PERS 1										
Measurement Date Ended June 30	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Proportion of the net pension liability (asset)	0.92%	0.99%	0.89%	1.02%	1.08%	1.13%	1.08%	1.24%	1.22%	1.19%
Proportionate share of the net pension liability (asset)	\$ 25,530	\$ 12,128	\$ 31,376	\$ 39,358	\$ 48,192	\$ 53,781	\$ 58,147	\$ 65,005	\$ 61,291	\$ 71,094
Covered-employee payroll	\$ 150,964	\$ 146,520	\$ 134,853	\$ 143,601	\$ 143,282	\$ 142,483	\$ 128,944	\$ 154,431	\$ 144,597	\$ 140,409
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	16.91%	8.28%	23.27%	27.41%	33.63%	37.75%	45.09%	42.09%	42.39%	50.63%
Plan fiduciary net position as a percentage of the total pension liability (asset)	76.56%	88.74%	68.64%	67.12%	63.22%	61.24%	57.03%	59.10%	61.19%	55.70%

PERS 2/3										
Measurement Date Ended June 30	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Proportion of the net pension liability (asset)	1.20%	1.28%	1.16%	1.32%	1.38%	1.45%	1.38%	1.60%	1.55%	1.55%
Proportionate share of the net pension liability (asset)	\$ (44,440)	\$ (127,200)	\$ 14,795	\$ 12,831	\$ 23,584	\$ 50,411	\$ 69,510	\$ 57,017	\$ 31,410	\$ 66,351
Covered-employee payroll	\$ 150,964	\$ 146,520	\$ 134,852	\$ 143,502	\$ 143,015	\$ 142,140	\$ 128,634	\$ 154,080	\$ 144,158	\$ 139,637
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-29.44%	-86.81%	10.97%	8.94%	16.49%	35.47%	54.04%	37.00%	21.79%	47.52%
Plan fiduciary net position as a percentage of the total pension liability (asset)	106.73%	120.29%	97.22%	97.77%	95.77%	90.97%	85.82%	89.20%	93.29%	84.60%

Schedule of Energy Northwest's Contributions (Dollars in thousands)

PERS 1										
Fiscal year Ended June 30	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 5,822	\$ 5,619	\$ 7,397	\$ 6,441	\$ 7,339	\$ 7,213	\$ 6,818	\$ 6,141	\$ 5,711	\$ 5,385
Contributions in Relation to the Contractually Required Contribution Subtotal	(5,822)	(5,619)	(7,397)	(6,441)	(7,339)	(7,213)	(6,818)	(6,141)	(5,711)	(5,385)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-Employee Payroll	\$ 152,417	\$ 150,964	\$ 152,720	\$ 134,853	\$ 143,601	\$ 143,282	\$ 142,483	\$ 128,944	\$ 154,431	\$ 144,597
Contributions as a Percentage of Covered Employee Payroll	3.82%	3.72%	4.84%	4.78%	5.11%	5.03%	4.79%	4.76%	3.70%	3.72%

PERS 2/3										
Fiscal year Ended June 30	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 9,694	\$ 9,627	\$ 12,095	\$ 10,657	\$ 10,789	\$ 10,658	\$ 8,862	\$ 8,200	\$ 7,108	\$ 6,564
Contributions in Relation to the Contractually Required Contribution	(9,694)	(9,627)	(12,095)	(10,657)	(10,789)	(10,658)	(8,862)	(8,200)	(7,108)	(6,564)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-Employee Payroll	\$ 152,417	\$ 150,964	\$ 152,720	\$ 134,852	\$ 143,502	\$ 143,015	\$ 142,140	\$ 128,634	\$ 154,080	\$ 144,158
Contributions as a Percentage of Covered Employee Payroll	6.36%	6.38%	7.92%	7.90%	7.52%	7.45%	6.23%	6.37%	4.61%	4.55%

Notes to Schedules

Key valuation assumptions:

- DRS allocates certain portion of contributions from PERS Plan 2/3 to PERS Plan 1 in order to fund its unfunded actuarially accrued liability (UAAL).
- There were no changes in actuarial assumptions between the valuation date of June 30, 2013 and the measurement date of June 30, 2014.
- There were no changes in actuarial assumptions between the valuation date of June 30, 2014 and the measurement date of June 30, 2015.
- There were no changes in actuarial assumptions between the valuation date of June 30, 2015 and the measurement date of June 30, 2016.
- There were no changes in actuarial assumptions between the valuation date of June 30, 2016 and the measurement date of June 30, 2017.
- There were no changes in actuarial assumptions between the valuation date of June 30, 2017 and the measurement date of June 30, 2018.
- There were changes in actuarial assumptions between the valuation date of June 30, 2018 and the measurement date of June 30, 2019.
 - Lowered the valuation interest rate from 7.70% to 7.50% for all plans.
 - Lowered the assumed general salary growth from 3.75% to 3.50% for all plans.
 - Lowered assumed inflation from 3.00% to 2.75% for all plans.
 - Lowered assumed investment rate of return from 7.50% to 7.40% for all plans.
- There were no changes in actuarial assumptions between the valuation date of June 30, 2019 and the measurement date of June 30, 2020.
- There were no changes in actuarial assumptions between the valuation date of June 30, 2020 and the measurement date of June 30, 2021.
- There were no changes in actuarial assumptions between the valuation date of June 30, 2020 and the measurement date of June 30, 2022.
- There were changes in actuarial assumptions between the valuation date of June 30, 2021 and the measurement date of June 30, 2023.
 - Lowered the valuation interest rate from 7.5% to 7.00% for all plans.
 - Lowered the assumed general salary growth from 3.50% to 3.25% for all plans.

Schedules of Required Supplementary Information (Unaudited)

Schedule of the Energy Northwest's Changes in the Total OPEB Liability and Related Ratios (Dollars in thousands)

Measurement Date Ended June 30	PERS 1									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	
Total OPEB Liability - Beginning	\$ 29,571	\$ 29,254	\$ 28,850	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Service Cost	1,028	1,006	1,006	-	-	-	-	-	-	-
Interest	662	654	646	-	-	-	-	-	-	-
Differences Between Expected and Actual Experience	(363)	-	-	-	-	-	-	-	-	-
Changes of Assumptions or Other Inputs	(4,814)	-	-	-	-	-	-	-	-	-
Benefit Payments	(1,333)	(1,343)	(1,248)	-	-	-	-	-	-	-
Total OPEB Liability - Ending	\$ 24,751	\$ 29,571	\$ 29,254	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-Employee Payroll	\$ 115,381	\$ 102,720	\$ 113,576	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total OPEB Liability as a % of Covered-Employee Payroll	21.45%	28.79%	25.76%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Notes to Schedules

Key valuation assumptions:

- There were changes in actuarial assumptions as of the valuation and measurement date of June 30, 2022.
 - Increased the valuation discount rate from 2.25% to 4.00%.
 - Health Care Trend assumption was changed to 7.00% decreasing to 6.50%, then decreasing by 0.10% per year down to 4.50%, and level thereafter.
 - Inflation rate was increased from 2.00% to 2.50%.

Energy Northwest is a joint operating agency formed by the Washington state legislature in 1957, representing the convergence of small and big public power. Our consortium of 27 public utility districts and municipalities across Washington takes advantage of economies of scale and shared services to boost efficiency and effectiveness, all to the greater cost benefit of more than 1.5 million public power customers.

The agency owns and operates a diverse portfolio of electricity generating resources, including the Northwest's only nuclear energy facility, Columbia Generating Station. All of our generating resources produce carbon-free, at-cost energy for the Northwest.



Energy Northwest Facts

Headquarters

Richland, Wash.

Employment Figures

Approximately 1,000 full-time employees

Projects and Services

- Four power generation projects
- Environmental and analytical services
- Operations and maintenance services
- Equipment calibration services
- Power system solutions
- Project development
- Demand-side management services

- 1 Packwood Lake Hydroelectric Project
- 2 Columbia Generating Station
- 3 Nine Canyon Wind Project
- 4 White Bluffs Solar Station
- 5 Tieton Hydroelectric Project
- 6 Portland Hydroelectric Project
- 7 Horn Rapids Solar, Storage & Training Project
- 8 Stone Creek Hydroelectric Project

To learn more visit our website:

www.energy-northwest.com

and our blog:

www.NorthwestCleanEnergy.com

