2026
ANNUAL REPORT

ENERGY NORTHWEST

Contents

3 A Message to our Stakeholders

4 Management Report on Responsibility for Financial Reporting

4 Audit, Legal and Finance Committee Chair's Letter

5 Independent Auditor's Report

8 Energy Northwest Management's Discussion and Analysis (Required Supplementary Information)

20 Current Debt Ratings

21 Statement of Net Position

23 Statements of Revenues, Expenses and Changes in Net Position

24 Statements of Cash Flows

26 Notes to Financial Statements

53 Schedules of Required Supplementary Information

Energy Northwest Facts

Headquarters

Richland, Wash.

Employment Figures

Approximately 1,200 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

Bob Schuetz

Energy Northwest is committed to delivering reliable, carbon free energy that supports communities throughout the Northwest. As regional energy needs increase and infrastructure continues to modernize, our mix of hydroelectric, wind, solar, battery storage, and nuclear resources provides a balanced foundation that meets today's requirements and positions the region for future demand.

As a public power, joint operating agency, we emphasize practical planning, steady operations, and clear communication. We work alongside our members and partners to understand priorities, anticipate challenges, and align resources with the region's evolving energy landscape.

Manage Energy Northwest as a JOA – We manage Energy Northwest as a joint operating agency by prioritizing efficiency, consistent performance, and meaningful service to our members. This approach strengthens coordination across our portfolio and helps utilities navigate new technologies, system updates, and shifting customer expectations with confidence.

Operate Columbia Generating Station for 80+ years – Columbia Generating Station remains one of the Northwest's most valuable sources of carbon free baseload power. Operating Columbia safely, predictably, and cost effectively through an extended lifespan provides a dependable anchor for the regional grid and supports a resource mix that remains steady during periods of change.

Support Clean Energy Transformation – We contribute to the region's clean energy transformation by advancing responsible nuclear development and expanding additional clean energy solutions and services. Our work emphasizes practical, scalable resources that strengthen grid reliability, diversify resources, and reinforce the region's long range energy outlook.

We remain committed to leadership in Environmental, Social, and Governance (ESG) stewardship:

Environment - We advance carbon free energy development, reduce environmental impacts, and strengthen responsible resource management. Collaborative efforts drive projects that support regional environmental objectives and long lasting benefits.

Social - We invest in workforce development, expand access to energy sector careers, and collaborate with communities on initiatives that reflect local priorities. These efforts support strong talent pathways and contribute to enduring community wellbeing.

Governance - We maintain transparent, accountable, and ethical governance with decision making informed by diverse perspectives and steady stakeholder engagement. Clear oversight and open communication guide our operations and planning.

Our mission is to deliver safe, reliable, and cost effective carbon free energy supported by innovation, strategic planning, and strong partnerships. With a long-term view and a solid foundation, we will continue advancing dependable energy solutions that serve the people of the Northwest today and strengthen the region's resilience for generations to come.

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, 2026, internal control procedures are adequate.

Bob Schuetz
Chief Executive Officer

Marcus Harris
Senior Vice President, Chief Financial Officer

Audit, Legal And Finance Committee Chair's Letter

The executive board's Audit, Legal and Finance Committee (ALF committee) is composed of four independent directors. Membership of the committee is outlined below:

- July 1, 2025 – January 21, 2026: Arie Callaghan, Bill Gordon, Jack Janda, and Dave McKenzie.
- January 21, 2026 – June 30, 2026: Arie Callaghan, Bill Gordon, Dave McKenzie, and Jerry Asmussen.
- The committee held six meetings during the fiscal year ended June 30, 2026.

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.

Arie Callahan
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, each major fund and the remaining fund information of Energy Northwest, as of and for the year ended June 30, 2026, 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 accompanying financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities, each major fund and the remaining fund information of Energy Northwest as of June 30, 2026, 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 (*Government Auditing Standards).* 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. 103, *Financial Reporting Model Improvements* effective July 1, 2025. 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.

Baker Tilly Advisory Group, LP and Baker Tilly US, LLP, trading as Baker Tilly, are members of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities. Baker Tilly US, LLP is a licensed CPA firm that provides assurance services to its clients. Baker Tilly Advisory Group, LP and its subsidiary entities provide tax and consulting services to their clients and are not licensed CPA firms.

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 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 *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 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.

Additional Information

Management is responsible for the accompanying Energy Northwest Facts, A Message to our Stakeholders, Management Report on Responsibility for Financial Reporting, and Audit, Legal And Finance Committee Chair's Letter (the additional information), which is presented for purposes of additional analysis and is not a required part of the basic financial statements. Our opinions on the basic financial statements do not cover the additional information, and we do not express an opinion or any form of assurance thereon.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2026 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 28, 2026

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, including Energy Northwest New Nuclear LLC, 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 to aid readers to understand what comparing the basic financial statements and notes in this financial report say about the financial position of the separate business units for the fiscal year (FY) ended June 30, 2026, as compared with the basic financial statements for the FY ended June 30, 2025. The management discussion and analysis contains information drawn from other parts of the financial statements and notes, accompanied by explanations based on the finance staff's knowledge of the business units' activities.

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 2026 and FY 2025.

Overview of the Financial Statements

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 assets including short-term assets like cash to long-term assets like plant equipment and construction work in progress; liabilities amounts owed from short-term liabilities such as accounts payable to long-term liabilities such as outstanding debt. Also, included are deferred outflows of resources and deferred inflows of resources, which are flows that occurred during the year, or in prior years, which will not be reported as expenses and revenues until the future year that they relate to. (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 (MD&A) 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, 2026, and 2025. Questions concerning any of the information provided in this report should be addressed to Energy Northwest at PO Box 968, Richland, WA, 99352.

Financial Summary - COMBINED FINANCIAL INFORMATION - June 30, 2026 and 2025 (Dollars in thousands)

	2025 Restated	2026	Change
Assets			
Current Assets	$ 616,692	$ 718,432	$ 101,740
Net Plant	1,917,834	2,077,400	159,566
Nuclear Fuel	517,545	499,560	(17,985)
Preliminary Survey and Investigation	21,421	76,027	54,606
Cost in excess of billings	3,869,244	3,773,464	(95,780)
Long-Term Receivables	3,036	2,552	(484)
Pension Asset restricted	32,296	43,556	11,260
Other non current restricted assets	253,821	675,666	421,845
Other unrestricted assets designated for decommissioning	8,570	9,380	810
TOTAL ASSETS	7,240,459	7,876,037	635,578
DEFERRED OUTFLOWS OF RESOURCES	957,324	994,010	36,686
TOTAL ASSETS AND DEFERRED OUTFLOWS	$ 8,197,783	$ 8,870,047	$ 672,264
Current Liabilities	$ 265,271	$ 292,296	$ 27,025
Restricted Liabilities			
Debt Service Funds	124,096	130,674	6,578
Long-Term Debt	5,668,757	6,163,336	494,579
Other Long-Term Liabilities	2,013,038	2,089,679	76,641
Net Position			
Invested in capital assets, net of related debt	13,977	70,526	56,549
Restricted for debt service, net	11,012	11,476	464
Restricted for pension asset, net	1,264	2,335	1,071
Unrestricted, net	24,903	25,922	1,019
TOTAL LIABILITIES AND NET POSITION	8,122,318	8,786,244	663,926
DEFERRED INFLOWS OF RESOURCES	75,465	83,803	8,338
TOTAL LIABILITIES, NET POSITION AND DEFERRED INFLOWS	$ 8,197,783	$ 8,870,047	$ 672,264
Operating Revenues*	$ 687,366	$ 608,125	$ (79,241)
Operating Expenses*	539,389	532,993	(6,396)
Net Operating Revenues	147,977	75,132	(72,845)
Non Capital Subsidies*	6,680	89,791	83,111
Other Nonoperating Income and Expenses*	(130,005)	(105,820)	24,185
Beginning Net Position	26,504	51,156	24,652
ENDING NET POSITION	$ 51,156	$ 110,259	$ 59,103

* Energy Northwest's 2025 Statements of Revenues, Expenses, and Changes in Net Position have been restated for comparison purposes as a result of the impacts of the implementation of GASB 103 "Financial Reporting Model Improvements" which became effective for Energy Northwest in fiscal year 2026. See Note 1 for a summary of the changes to the financial statements.

The table above shows that as of June 30, 2026, Energy Northwest's combined net position – assets and deferred outflows minus liabilities and deferred inflows was $110.3 million, an increase of $59.2 million or 115.7 percent increase compared to FY 2025. This increase is primarily due to a $56.5 million or 404.6 percent increase investment in capital assets, net of related debt. The majority of this increase is a result of the increased capital spending for Energy Northwest New Nuclear, LLC, see the section on significant capital asset and long-term financing activity section later in this MD&A. The following sections of the MD&A analyze the finances of the business units of Energy Northwest.

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 is a net-billed project (see Note 5) in that the participants have purchased all the power generated by Columbia at cost.

Columbia produced 9,788 gigawatt-hours (GWh) of electricity in FY 2026 as compared to 7,851 GWh in FY 2025, which included 150 GWh of coast down credit. The 150 GWh of coast down credit in FY 2025 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). Bonneville Power Administration did not grant credit to Columbia in FY 2025 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 2026 was 5.91 cents per kilowatt-hour (kWh) as compared with 7.89 cents per kWh in FY 2025. The generating cost of power fluctuates year to year depending on various factors such as refueling outages and other planned activities. The FY 2026 cost of power decrease of 33.5 percent was due to decreased costs and increased generation levels due to FY 2025 being a refueling outage year, as compared to FY 2026 being a non-refueling outage year.

Assets, Liabilities, and Net Position Analysis

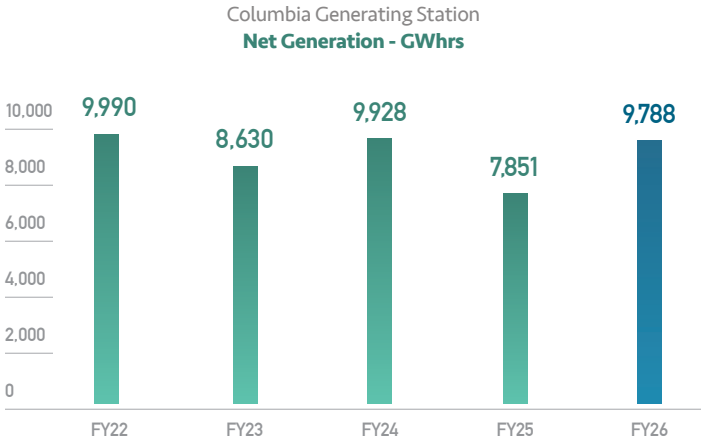
The net Utility Plant (plant) and Construction Work in Progress (CWIP) (excluding nuclear fuel) as of June 30, 2026, was $2.0 billion, which was a net increase of $162.5 million or 8.7 percent as compared to FY 2025. The increase was due to additional capital investment in Columbia that is further explained later in the significant capital asset and long-term financing activity section later in this MD&A.

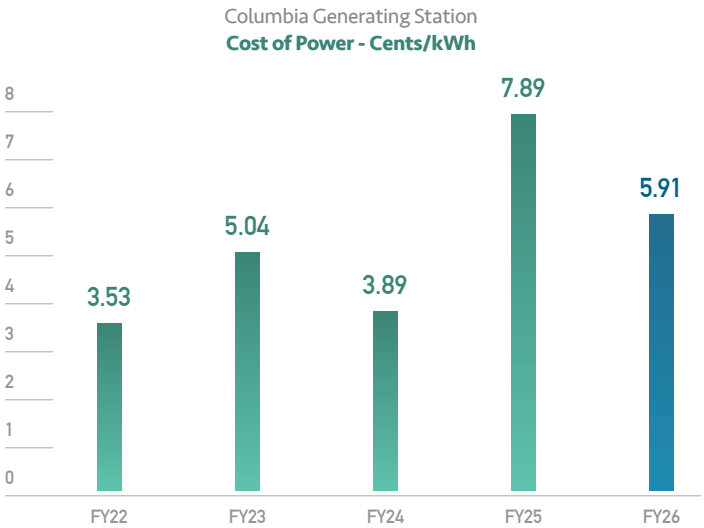
Nuclear fuel, net of accumulated amortization, decreased $18.0 million or 3.5 percent from FY 2025 to $499.6 million in FY 2026. The decrease is a result of normal operations for a nuclear plant related to reducing nuclear fuel for the net cost of fuel assemblies removed from the reactor during R-27 and placed in the Spent Fuel Pool to begin the cooling process per the Federal Energy Regulatory Commission (FERC) guidelines (See Note 11), offset by the capitalized fuel activity in preparation for R-28. (See Note 11).

Current assets increased $98.9 million or 20.8 percent in FY 2026 to $573.5 million. The primary changes were an increase in receivables of $93.8 million or 302.3 percent due to accruals for production tax credits under the Inflation Reduction Act (IRA) Direct Pay provision and an increase to current restricted assets of $37.7 million or 39.6 percent due to the FY 2026 bond funding activities and bond restructuring associated with the regional cooperation debt program, which is discussed in the significant capital asset and long-term financing activity section later in this MD&A. The increases were offset by a net decrease in other current assets, such as cash and investments of $32.6 million or 9.4 percent as a result of normal operations.

Non-current lease receivable decreased $0.5 million or 18.7 percent to $2.1 million in FY 2026 as a function of lease activity in accordance with GASB No. 87. (See Note 13).

Non-current restricted assets increased $425.9 million or 154.2 percent to $702.1 million in FY 2026. The changes were a result of an increase to long-term debt service funds due to the FY 2026 bond funding activities related to additional capital investment and bond restructuring associated with the regional cooperation debt program, which are both





discussed more in the significant capital asset and long-term financing activity section later in this MD&A. Also, an increase to pension assets in accordance with GASB No. 68 (See Note 6).

Other Assets decreased $54.4 million or 2.7 percent from $2.03 billion in FY 2025 to $1.98 billion in FY 2026. The decrease 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, which is discussed more in the significant capital asset and long-term financing activity section later in this MD&A. (See Note 5).

Deferred outflows increased $36.7 million or 3.9 percent in FY 2026 from $945.7 million to $982.4 million. The changes were increases in deferred decommissioning outflow due to the yearly indexing requirements of GASB No. 83 (See Note 9), and an increase in recognition of a deferred pension outflow in accordance with GASB No. 68 (See Note 6), offset by a decrease in other postemployment benefits inflow in accordance with GASB No. 75 (See Note 12).

Current liabilities increased $22.4 million or 12.2 percent in FY 2026 to $206.5 million. The primary change was a result of an increase in current maturities of long-term debt per the maturity schedule for bonds, offset by decreases in other current liabilities, such as accounts payable, as a result of normal operations.

Restricted liabilities increased $7.3 million or 9.4 percent in FY 2026 to $85.3 million due to the FY 2026 bond restructuring and funding activities associated with the regional cooperation debt program, which is discussed more in the significant capital asset and long-term financing activity later in this MD&A.

Long-term debt (Bonds Payable) increased $533.7 million or 14.0 percent in FY 2026 from $3.82 billion to $4.36 billion due to the FY 2026 bond restructuring and funding activities associated with the regional cooperation debt program, which is discussed more in the significant capital asset and long-term financing activity later in this MD&A.

Other long-term liabilities increased $76.6 million or 3.9 percent in FY 2026 to $2.05 billion. The primary driver was an increase in the Asset Retirement Obligation (ARO) due to the yearly indexing of the obligation required by GASB No. 83 (See Note 9). Offsetting the increase were decreases in the pension liability in accordance with GASB No. 68 (See Note 6), in the other postemployment benefits liability in accordance with GASB No. 75 (See Note 12) and in long-term lease liability in accordance with GASB 87 (See Note 13).

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 increased $11.1 million or 18.4 percent from $60.0 million in FY 2025 to $71.1 million in FY 2026. The primary drivers of the increase were increases in bond refunding inflows due to the FY 2026 bond restructuring and funding activities associated with the regional cooperation debt program, which is discussed more in the significant capital asset and long-term financing activity section later in this MD&A, and in deferred pension inflow in accordance with GASB No. 68 (See Note 6), an increase in other postemployment benefits inflow in accordance with GASB No. 75 (See Note 12).

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. (See Notes 1(P) and 5).

Operating expenses decreased $14.9 million or 3.0 percent from FY 2025 costs of $500.3 million to $485.4 million in FY 2026 after being restated for comparison purposes due to the implementation of GASB 103: Financial Reporting Model Improvements. The primary decrease in costs was due to FY 2025 being a refueling year (R-27) as compared to FY 2026 being a non-refueling year. Offsetting the decrease were increases in administration and general expenses, decommissioning due to annual indexing requirements of the obligation related to GASB No. 83, nuclear fuel amortization, and generation taxes due to increased generation because of FY 2026 being a non-refueling year. Finally, there was an increase in depreciation and amortization due to additional plant assets becoming capitalized after the refueling outage in FY 2025.

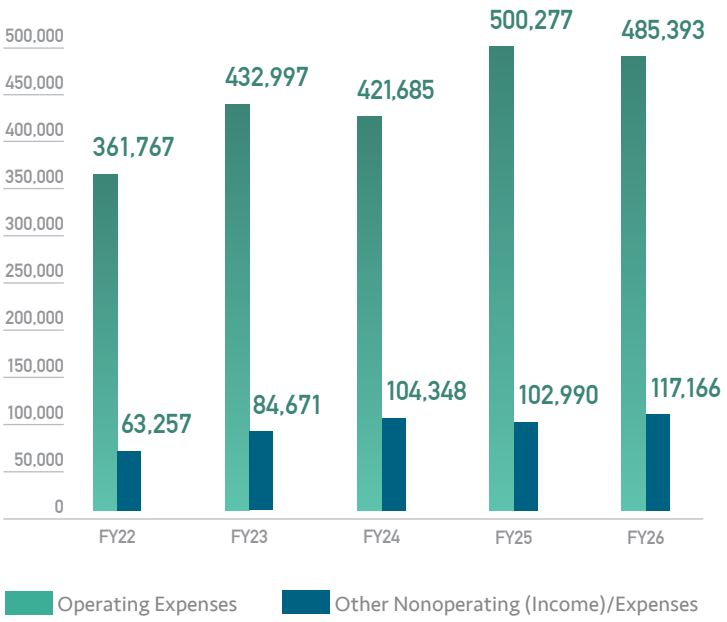
Other Nonoperating Income and Expenses decreased $14.2 million or 13.8 percent from FY 2025 after being restated for comparison purposes due to the implementation of GASB 103: Financial Reporting Model Improvements, to $117.2 million net expenses in FY 2026. The primary driver of the decrease was increased bond interest expenses and amortization costs incurred as part of the FY 2026 planned and approved regional cooperation debt program, due to higher borrowing rates. In addition, there was a decrease in investment income for FY 2026 as compared to FY 2025 as part of normal operations.

Noncapital subsidies in FY 2026 Columbia recognized $89.9 million in intergovernmental revenue from the Internal Revenue Service. This amount represents IRA production tax credits that Columbia Generating Station is eligible for under that law, but this is the first year that Columbia has applied

for the credit.

Columbia's total operating revenue decreased from $603.3 million in FY 2025, which has been restated for comparison purposes due to the implementation of GASB 103 in FY 2026, to $512.6 million in FY 2026. The decrease of $90.7 million or 15.0 percent is due to FY 2025 being a refueling outage year in the two-year refueling plan and the related effect of the net billing agreement on total revenue (See Note 5). Offsetting the decrease in operating revenue is an increase in the gain on the spent fuel litigation settlement from the DOE. The cask costs were never an intended cost for the facility and only resulted from a failure to perform by 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.

Columbia Generating Station
Total Operating Costs (Dollars in thousands)

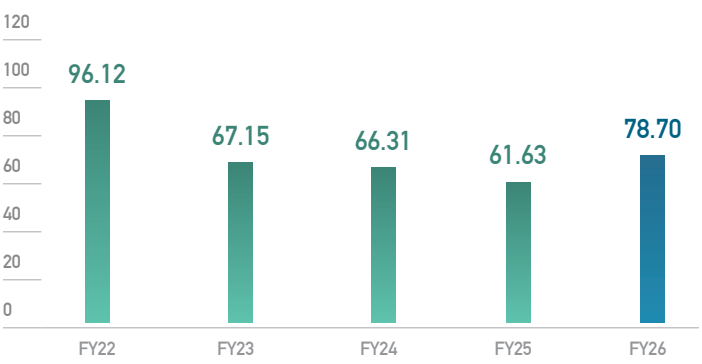


Packwood Lake Hydroelectric Project

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 78.70 GWh of electricity in FY 2026 versus 61.63 GWh in FY 2025. The generation increase of 27.7 percent was due to higher water supply levels at Packwood Lake in FY 2026. In FY 2026, Packwood's generation was higher than the last five-year average net generation of 73.98 GWh. The generation for FY 2026 was below the life to date average per year of 92.26 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.

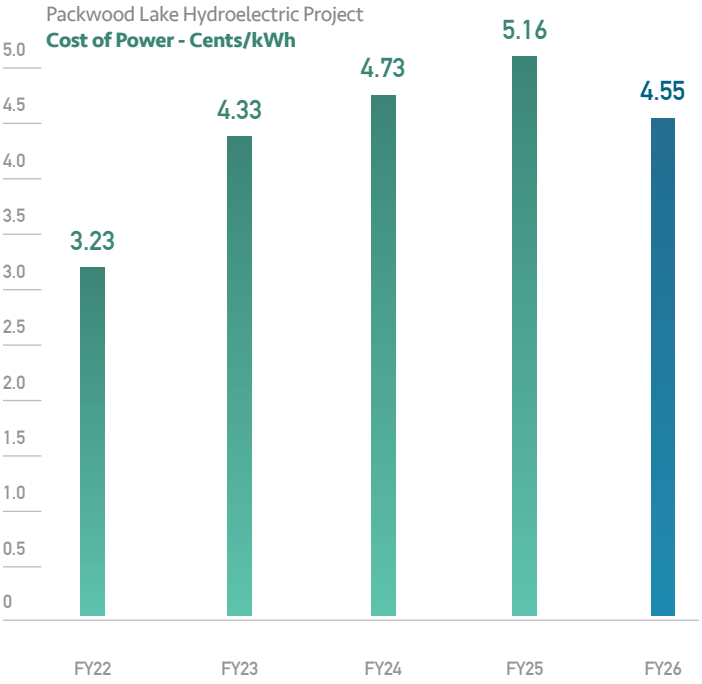
Packwood Lake Hydroelectric Project
Net Generation - GWhrs

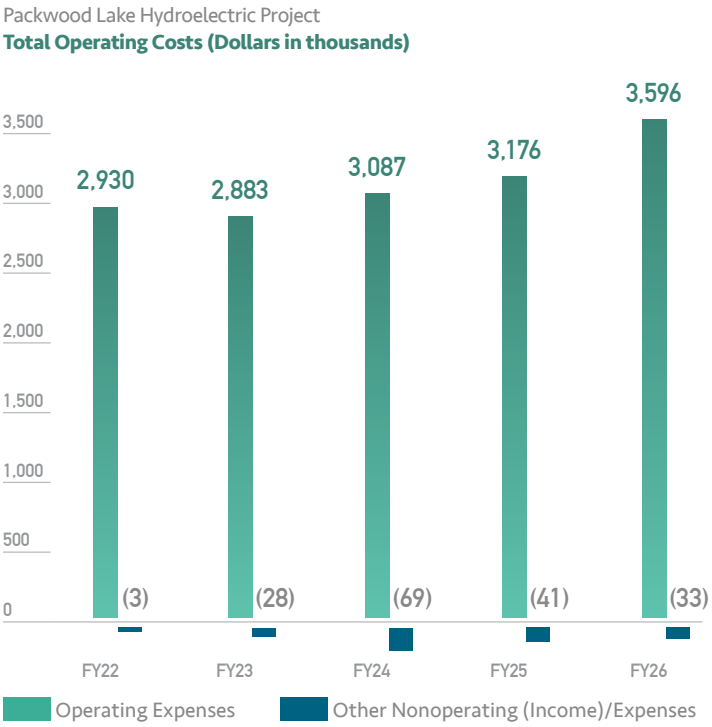


Packwood's cost performance is measured by the cost of power indicator. The cost of power for FY 2026 was $4.55 cents per kWh as compared to $5.16 cents per kWh in FY 2025. The cost of power fluctuates year-to-year depending on various factors such as outage, maintenance, generation, and other operating costs. The decrease (13.4 percent) in FY 2026 cost of power was driven by the increase in generation noted above.

Assets, Liabilities, and Net Position Analysis

Total assets and deferred outflows increased $0.1 million or 0.5 percent in FY 2026 to $11.2 million. The net increase to Plant less depreciation from FY 2025 to FY 2026 was $0.4 million or 4.8 percent, which will be discussed more in the significant capital asset and long-term financing activity section later in this MD&A. Current assets decreased $0.4





million or 28.8 percent due to operational activities, which impacted cash and investment at the end of the fiscal year. Restricted assets and deferred outflows remained static for FY 2026 as compared to FY 2025.

Total liabilities, net position and deferred inflows increased $0.1 million or 0.5 percent in FY 2026 to $11.2 million. There was a decrease to current liabilities of $0.4 million or 35.4 percent due to a decrease in due to participants, which is offset by an increase in other liabilities of $0.5 million or 4.7 percent related to advances from members and others, which are both results of the net billing agreement (See Note 5)

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 increased $0.4 million or 13.2 percent in FY 2026 as compared to FY 2025, mostly related to an increase in operations and maintenance costs resulting from an unplanned pipe repair and associated activities.

Other Nonoperating Income and Expense comprised of interest expense and debt amortization and investment income remained essentially static for FY 2026.

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, 2026, there is $10.2 million recorded as other liabilities that are advances from members and others being kept within the project. Packwood participants are currently taking 100% of the project generation; there are no additional agreements for power sales.

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 $22.2 million or 2.6 percent from $870.6 million in FY 2025 to $848.4 million in FY 2026. The change was due to decreases of $23.7 million or 2.8 percent in costs in excess of billings as a result of the normal activities associated to being a net billed project (See Note 5), a $2.0 million or 9.5 percent decrease in current restricted assets from bond activity, offset by a $3.6 million or 88.7 percent increase in unrestricted cash and investments, through the disposal of fully expensed property as part of

the termination process.

Total liabilities, net position, and deferred inflows decreased $22.2 million or 2.6 percent. Total long-term debt decreased $14.0 million or 1.7 percent from $831.6 million in FY 2025 to $817.6 million in FY 2026. The overall change in long-term debt was due to debt activity associated with the planned and approved regional cooperation debt program, which will be discussed in the significant capital asset and long-term financing activity section later in this MD&A. Total restricted liabilities decreased $0.9 million or 4.5 percent from $21.2 million in FY 2025 to $20.3 million in FY 2026, as a result of a decrease in total accrued interest payable on long-term debt (See Note 1). Current liabilities decreased $1.9 million or 64.5 percent due to decreases in current maturities of debt associated with the planned and approved regional cooperation debt program, and in accounts payable and accrued expenses from a decline in termination activities. Total other long-term liabilities increased $0.2 million or 7.7 percent, which consisted primarily of an increase in decommissioning liability for the asset retirement obligation per GASB No. 83 (See Note 9). Deferred inflows decreased $5.5 million or 47.8 percent from $11.5 million in FY 2025 to $6.0 million in FY 2026. The changes are primarily due to a decrease in deferred inflows for unamortized gain on bond refunding.

Revenue and Expenses Analysis

Nuclear Project No. 1's total operating revenue decreased $2.4 million or 11.6 percent from $20.7 million in FY 2025 to $18.3 million in FY 2026, which has been restated for comparison purposes due to the implementation of GASB 103. The reduction in operating revenue is a result of the net billing agreement and the overall expenditure activity. 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 (See Note 5). Operating expenses increased $1.2 million or 145.0 percent from $0.8 million in FY 2025 to $2.0 million in FY 2026, which has been restated for comparison purposes due to the implementation of GASB 103. The increase in operating expenses is primarily due to increases in decommissioning expense and plant preservation and termination expenses, which are both results of the activities to receive state and federal regulatory approval for final close out of termination activities (See Note 9). Other nonoperating income and expenses decreased $3.6 million or 18.2 percent in FY 2026 from $19.8 million in FY 2025 to $16.2 million in FY 2026, which has been restated for comparison purposes due to the implementation of GASB 103. The decrease in nonoperating income and expenses is primarily due to gain on disposal of fully expensed property as part of the termination process.

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 decreased $1.1 million or 4.0 percent from $27.6 million in FY 2025 to $26.5 million in FY 2026. The primary driver was a decrease in current restricted assets from bond activity. Other assets decreased $17.7 million or 1.8 percent from $992.7 million in FY 2025 to $975.0 million in FY 2026. The decrease was in 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.

Total long-term debt decreased $20.4 million or 2.1 percent from $990.5 million in FY 2025 to $970.2 million in FY 2026. The overall change in long-term debt was due to debt activity associated with the planned and approved regional cooperation debt program, which will be discussed in the significant capital asset and long-term financing activity section later in this MD&A. Total restricted liabilities increased $0.3 million or 1.4 percent in FY 2026, as a result of an increase in accrued interest payable on long-term debt (See Note 1). Deferred inflows increased $2.2 million or 49.5 percent for unamortized gain on bond refunding.

Revenue and Expenses Analysis

Nuclear Project No. 3's total operating revenue increased $1.7 million or 6.1 percent from $28.0 million in FY 2025 to $29.7 million in FY 2026, which has been restated for comparison purposes due to the implementation of GASB 103. The increase in operating revenue is a result of the net billing agreement and the overall expenditure activity. 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 (See Note 5). Operating expenses decreased $0.1 million or 21.6 percent from $0.4 million in FY 2025 to $0.3 million in FY 2026, which has been restated for comparison purposes due to the implementation of GASB 103. The decrease in operating expenses is a result of a decline in the costs of managing the finance activities. Other nonoperating income and expenses increased $1.8 million or 6.5 percent from $27.6 million in FY 2025 to $29.4 million in FY 2026, which has been restated for comparison purposes due to the implementation of GASB

103. The primary driver of the increase is a result of increased debt expense related to bond activity.

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 increased $1.0 million or 2.0 percent from $48.4 million in FY 2025 to $49.5 million in FY 2026. There was a decrease to net plant from FY 2025 to FY 2026 of $0.4 million or 2.6 percent, which will be discussed in the significant capital asset and long-term financing activity section later in this MD&A. Current assets remained essentially static in FY 2026 as compared to FY 2025. Preliminary survey and investigation remained unchanged for the feasibility of building an advanced nuclear reactor on the land originally planned for Nuclear Project No. 1. There was an increase in deferred pension outflow of $0.4 million or 10.8 percent in accordance with GASB No. 68. The pension restricted asset increased $1.0 million or 109.9 percent in FY 2026 to $1.9 million the increase was based on the revised actuarial calculations (See Note 6).

Total liabilities, net position and deferred inflows increased $1.0 million or 2.0 percent. Current liabilities decreased $1.3 million or 31.9 percent from FY 2025 due to timing of normal operations for accounts payable and accrued expenses. Long-term liabilities decreased $0.4 million or 22.2 percent primarily due to decreases in net pension liability in accordance with GASB No. 68 (See Note 6) and in net other postemployment benefit liability in accordance with GASB No. 75 (See Note 12), both decreases were based on revised actuarial calculations. Deferred inflows increased $0.6 million or 76.0 percent due to an increase in net pension inflow. In FY 2026 there is an increase in net position of $2.0 million as a result of activities discussed below.

Revenue and Expenses Analysis

Operating revenues in FY 2026 increased $13.0 million or 70.0 percent totaling $31.6 million as compared to FY 2025 revenues of $18.6 million. Various projects and timing of work were drivers for the overall revenue in the BDF and the five business sectors.

- The Business Support sector revenues remained relatively steady in FY 2026, with a slight increase from $55 thousand in FY 2025 to $59 thousand in FY 2026. The sector remains steady based on continued rental agreements.

- The Energy & Professional Services sector revenues increased by $0.4 million in FY 2026 to $1.9 million. The revenues in this sector do not include activities for grant funded electrical vehicle charging stations. The revenues for grant funded electrical vehicle charging stations are included in other nonoperating income/expense and noncapital subsidies.

- The Laboratory Support sector increased $0.2 million in FY 2026 from $8.4 million in FY 2025 to $8.6 million. The increase in revenue is a result of the Calibration and Environmental Laboratories receiving additional work from existing customers and new customers.

- The Nuclear Development sector in FY 2026 provided support to ENNN LLC's predevelopment work for the potential building of a small modular reactor, which resulted in $16.5 million in revenue, which is an increase of $12.0 million as compared to FY 2025.

- 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 $0.4 million in FY2026 to $4.5 million.

Operating costs increased $6.5 million from $23.6 million in FY 2025 to $30.1 million in FY 2026, which was a 27.5 percent increase in overall operating costs. The operating costs increase was primarily driven by the increased support to the Nuclear Development sector in FY 2026, offset by a reduction in the development of electric vehicle charging stations.

Noncapital subsidies decreased $6.8 million from $6.7 million or 102.2 percent in FY 2025 to a $0.1 million expense in FY 2026 after being restated for comparison purposes due to the implementation of GASB 103: Financial Reporting Model Improvements. The primary driver for the decrease in noncapital subsidies is a reduction in grant revenue received for development of electric vehicle stations for others. During FY 2026 $24.3 million in intergovernmental revenue was received from a State of Washington budget provision in support of the work being done to potentially build a small

modular reactor. The $24.3 million was transferred to Energy Northwest New Nuclear LLC in FY 2026.

Other Nonoperating Income and Expenses decreased $7.8 million in FY 2026 to a net income of $0.7 million after being restated for comparison purposes due to the implementation of GASB 103: Financial Reporting Model Improvements. The primary decrease was a result of a reduction in capital grants received for electric vehicle charging stations to be owned by Energy Northwest.

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.

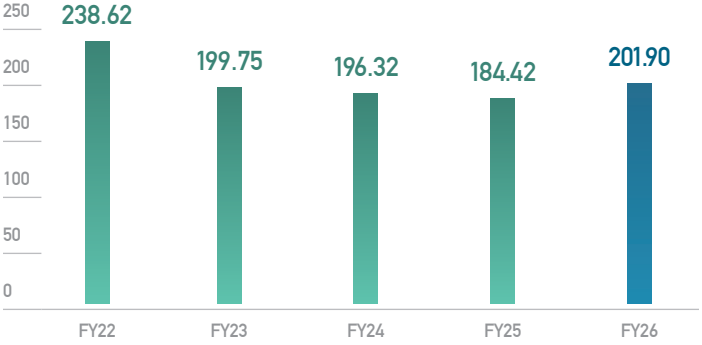
Nine Canyon produced 201.90 GWh of electricity in FY 2026 versus 184.42 GWh in FY 2025. The increase of 9.5 percent for generation was a direct result of an increased average monthly capacity factor of 24.5 percent for FY 2026 versus 22.5 percent for FY 2025 (increase of 2.0 percent); in addition, average wind speed increased slightly at 16.10 miles per hour for FY 2026 compared to 15.21 miles per hour in FY 2025. Gross Generation for FY 2026 and FY 2025 have been below the five-year average gross generation for the project.

Nine Canyon's cost performance is measured by the cost of power indicator. The cost of power for FY 2026 was $5.28 cents per kWh as compared to $5.54 cents per kWh in FY 2025. 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 in the revenue and expense analysis section. The cost of power does not include the Bonneville Power Administration's (BPA) Transmission costs, which are pass-through costs to the purchasers. The decrease of 4.7 percent in cost of power for FY 2026 was attributable to increased generation discussed above.

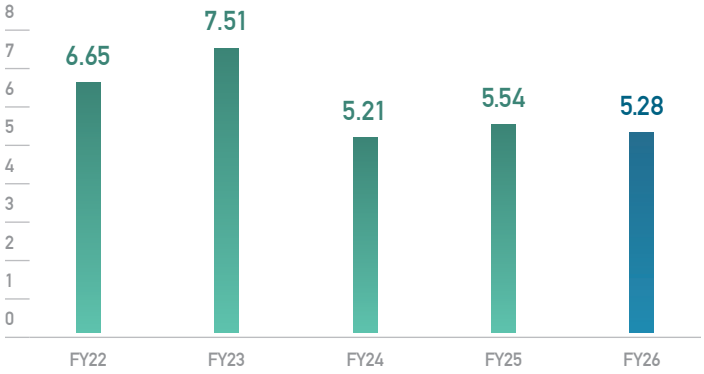
Assets, Liabilities, and Net Position Analysis

Total assets and deferred outflows decreased $1.0 million or 1.9 percent from $50.7 million in FY 2025 to $49.7 million in FY 2026. There was a decrease of $2.7 million in net plant due to normal depreciation, offset by an increase in construction work-in-progress, which will be discussed in the significant capital asset and long-term financing activity section later in this MD&A. There was an increase in current assets of $1.0 million, which was primarily driven by an increase in cash from normal operations. There was an increase to non-current restricted funds of $0.2 million or 3.7 percent related to debt service funds and an increase to other unrestricted

Nine Canyon Wind Project
Net Generation - GWhrs



Nine Canyon Wind Project
Cost of Power - Cents/kWh

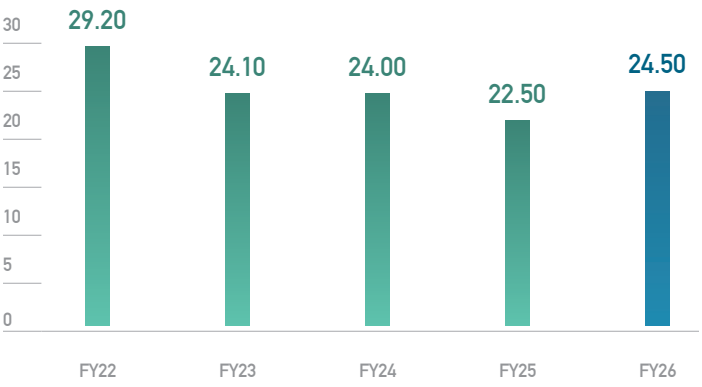


assets designated for decommissioning of $0.8 million or 9.4 percent related to funds deposited for decommissioning. Deferred outflows decreased $0.4 million or 5.8 percent primarily driven by the asset retirement obligation due to the requirements of GASB No. 83 (See Note 9).

There was an overall decrease in liabilities, net position, and deferred inflows of $1.0 million or 1.9 percent. Changes were a decrease to long-term debt (including unamortized bond discount/premium) of $4.7 million or 18.9 percent to $20.2 million for FY 2026, which will be discussed in the significant capital asset and long-term financing activity section later in this MD&A. Current liabilities increased $1.1 million or 21.1 percent due to an increase to current maturities of debt as part of the maturity schedule, and an increase in accounts payable and accrued expenses as part of normal operations, offset by a decrease in accrued debt service interest. Other long-term liabilities increased $0.9 million or 4.0 percent primarily due to an increase to the decommissioning liability, as a result of indexing requirements in accordance with GASB No. 83 (See Note 9). There was a $46 thousand increase 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 $1.8 million is the net of the total from net operations of $0.9 million in FY 2026, and a $0.9 million net of investment income, interest expense, debt amortization, and capital contributions. FY 2026 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.

Nine Canyon Wind Project
Capacity Factor (%)



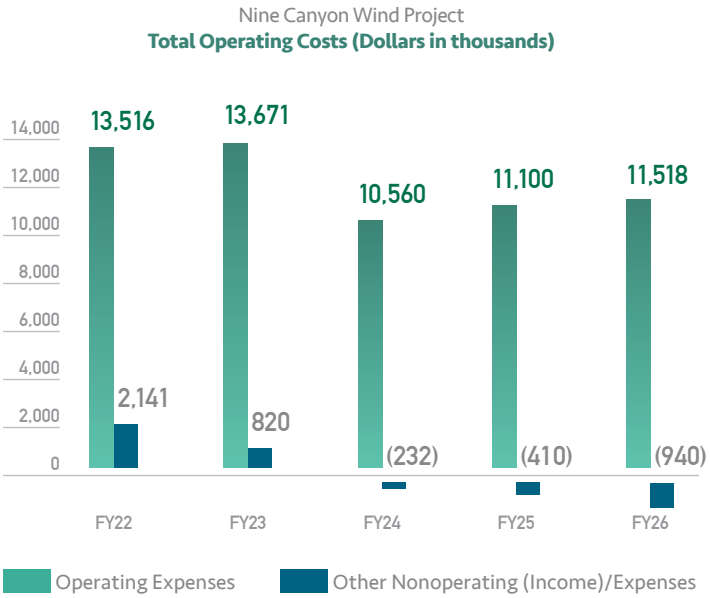
Revenues and Expenses Analysis

Operating revenues in FY 2026 totaled $12.4 million as compared to FY 2025 revenues of $13.7 million, a decrease of $1.3 million (9.5 percent). The decrease in revenues is due to the participant approved repurposing of operating revenue to contributed capital. This contributed capital is being used toward project life extension. The project received revenue from the billing of the purchasers at an average rate of $60.38 per MWh for FY 2026 as compared to $72.33 per MWh for FY 2025. 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 $0.4 million or 3.8 percent in FY 2026 to $11.5 million primarily in operations and maintenance as a result of turbine major maintenance and increase in regulatory fees as compared to FY 2025. There was also an increase in decommissioning expenses due to annual indexing requirements of the obligation related to GASB No. 83 (See Note 9). Other nonoperating income and expenses increased $0.5 million from $0.4 million in net income in FY 2025 to net income of $0.9 million in FY 2026 primarily due to $0.5 million in capital contributions received. There was net income or change in net position of $1.8 million for FY 2026.

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 2026 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

Total assets and deferred outflows increased $9.0 million or 17.8 percent from $50.6 million in FY 2025 to $59.6 million in FY 2026. There was a decrease in net plant in service of $0.8 million, which will be discussed in the significant capital asset and long-term financing activity section later in this MD&A. Current assets increased $4.0 million or 14.2 percent primarily due to increases in cash and investments, due from other business units, and prepaid assets from normal activities. Non-current restricted assets increased $5.8 million due to a requirement from the State of Washington to increase the workers' compensation escrow that Energy Northwest holds due to self-insuring for workers' compensation.

The total net liabilities, net position and deferred inflows increased $9.0 million or 17.8 percent. Current liabilities increased $10.5 million or 22.6 percent due to an increase in accounts payable and accrued expenses and due to other business units as part of normal activities. Other long-term liabilities decreased $1.5 million due to a decrease in long term SBITA liability as a result of information technology SBITA activity in accordance with GASB 96.

Revenues and Expenses Analysis

Overall results of operations remained steady for FY 2026.

Energy Northwest New Nuclear, LLC

Energy Northwest New Nuclear, LLC (ENNN LLC) was established in July 2024. The establishing of ENNN LLC was authorized by Energy Northwest Executive Board Resolution No. 2164 authorizing the Energy Northwest Chief Executive Officer to take all further steps reasonably necessary to form Energy Northwest New Nuclear, LLC to begin the predevelopment activities for a potential carbon-free nuclear generating resource to be sited at the location of Nuclear Project 1. In October 2024, ENNN LLC signed a funding agreement with Amazon Energy LLC towards the development and construction of a small modular reactor project. During FY 2026 activities have included predevelopment activities in preparation for requesting a site construction permit from the Nuclear Regulatory Commission within the next two years. The plan is to have four 80 MW small modular reactors combining for 320 MW operational by the early to mid 2030's.

Assets, Liabilities, and Net Position Analysis

Total assets and deferred outflows increased $53.1 million or 168.3 percent in FY 2026 from $31.6 million in FY 2025 to $84.7 million. That increase was primarily due to an increase in preliminary survey and investigation asset, which will be discussed in the significant capital asset and long-term financing activity section later in this MD&A.

Total net liabilities, net position and deferred inflows increased $53.1 million or 168.3 percent from $31.6 million in FY 2025 to $84.7 million in FY 2026. Current liabilities decreased $2.4 million or 11.7 percent due to a decrease in accounts payable and accrued expenses as part of normal operations. Net position increased $55.2 million primarily due to capital contributions received to fund the preliminary survey and investigation activity.

Revenues and Expenses Analysis

ENNN LLC had no operating revenue in FY 2026. Other nonoperating income and expenses increased $43.9 million for a total of $55.3 million, which was primarily driven by capital contributions and intercomponent transfer from the Business Development Fund, related to funding received from the State of Washington. The total change in net position for FY 2026 was $55.2 million. This increase was largely due in the capital contributions and intercomponent transfers received for capital purposes.

Significant Capital Asset and Long-Term Financing Activity

Capital Asset

Overall, the net utility plant – original cost minus accumulated depreciation increased $159.6 million or 8.3 percent over FY 2025. The capital investment is outlined below by business unit. Also, there was an increase in preliminary survey and investigation of $54.6 million or 254.9 percent, which is explained below.

Columbia Generating Station

The Columbia net utility plant increased $162.5 million or 8.7 percent as a part of a multi-year capital investment to plant equipment for life-cycle management and a larger extended power uprate that is expected to result in an additional 170 MW of generation upon completion. Some of the larger projects that were worked on during FY 2026 include Moisture Separator Reheater Tube Bundles, Extended Power Uprate Safety Analysis, Plant Processing Computer Replacement, Extended Power Uprate, Replace Medium Voltage Switchgear 1,2,3, Extended Power Uprate Steam Dryer, High Pressure Turbine Replacement, Feedwater level control upgrade, 115kv Substation, and Exciter Replacement. The planned outage in FY 2027 will be an extended outage for additional planned capital work related to the projects listed above.

Packwood Lake Hydroelectric Project

The Packwood' net utility plant increased $0.4 million or 4.8 percent due to three key areas of spending: 1) Regulatory for FERC required dam-break study work; 2) Equipment reliability in which design work has been started for an upgraded control system to strengthen long-term operational stability; 3) Mitigation continuing progress on stream restoration requirements from the commitments made to receive the extended operating license.

Business Development Fund

Even though the Business Development Fund's net utility plant decreased $0.4 million or 2.6 percent because of net depreciation, there was $1.6 million of capital investment during FY 2026. The capital investment was in several areas, which included construction of electric vehicle charging stations; construction of an advanced nuclear reactor simulator located at a local college to train students in the operations of an advanced nuclear reactor; purchase of equipment for the calibration and environmental laboratories; a company vehicle; and SBITAs.

Nine Canyon Wind Project

Even though Nine Canyon's net utility plant decreased $2.7 million or 40.3 percent because of net depreciation, there was a $0.5 million capital investment in FY 2026, which was the initial spending on a life extension project.

Energy Northwest New Nuclear LLC

The Energy Northwest New Nuclear' s net utility plant increased $0.6 million or 100 percent due to the purchase of an office trailer located at the site where the small modular nuclear reactor is projected to be built and SBITA.

In addition, the preliminary survey and investigation increased $54.6 million due to the work to prepare a submittal package to the NRC to obtain a construction permit for a small modular nuclear reactor and loan submittal package to provide to DOE to apply for a construction loan.

Internal Service Fund

Even though the Internal Service Fund's net utility plant decreased $0.8 million or 4.0 percent because of net depreciation, there was $6.2 million of capital investment for information technology equipment, software and SBITAs.

Long-Term Financing

Overall net long-term debt increased $494.6 million or 8.7 percent due to the issuance of new debt for planned capital spending in FY 2027 as explained below.

Columbia Generating Station

In FY 2026, Energy Northwest issued $681.4 million of tax-exempt bonds for Columbia, of which $32.8 million was for FY 2026 capital investment in the extended power uprate projects, $42.8 million to repay a short-term loan line of credit balance in FY 2026, $554.7 million for FY 2027 capital investment in extended power uprate projects, life-cycle projects and other capital projects, and $51.1 million for refunding of prior issued debt as part of the regional cooperation debt program. Also, there was $81.2 million of premium received at issuance of the bonds. Columbia's bonds are paid by BPA as part of the net billing agreement, but BPA passes the costs to the Columbia Participants, who receive the power, as part of their power bill. Under the regional cooperation debt program, Energy Northwest will refund maturing and/or higher interest debt, which releases funds that BPA can utilize to repay higher interest United States Treasury debt, thus helping to keep BPA's power rates charged to its customers lower. Offsetting the issuance was the payoff of long-term debt and amortization of premium on bonds, which resulted in an overall increase in net long-term debt in FY 2026 of $533.7 million.

Nuclear Project No. 1

In FY 2026, Energy Northwest issued $171.4 million of tax-exempt bonds for Nuclear Project No. 1, which was for refunding of prior issued debt as part of the regional cooperation debt program, which has previously been discussed. Also, there was $22.6 million of premium received at issuance of the bonds. Nuclear Project No. 1's bonds are paid by BPA as part of the net billing agreement, but BPA passes the costs to Nuclear Project No. 1's Participants as part of their power bill, even though Nuclear Project No. 1, never operated. Offsetting the issuance was the payoff of long-term debt and amortization of premium on bonds, which resulted in an overall decrease in net long-term debt of $14.0 million.

Nuclear Project No. 3

In FY 2026, Energy Northwest issued $278.5 million of tax-exempt bonds for Nuclear Project No. 3, which was for refunding of prior issued debt as part of the regional cooperation debt program, which has previously been discussed. Also, there was $22.3 million of premium received at issuance of the bonds. Nuclear Project No. 3's bonds are paid by BPA as part of the net billing agreement, but BPA passes the costs to Nuclear Project No. 3's Participants as part of their power bill, even though Nuclear Project No. 3, never operated. Offsetting the issuance was the payoff of long-term debt and amortization of premium on bonds, which resulted in an overall decrease in net long-term debt of $45.7 million.

Nine Canyon Wind Project

Nine Canyon's net long-term debt decreased $4.7 million as part of normal payoff of bond maturities and the amortization of premiums on bonds. Nine Canyon's Participants' power bills include billing to cover the payment of the Nine Canyon bonds.

Current Debt Ratings (Unaudited)

Energy Northwest (Long-Term)	Net-Billed Rating	Nine Canyon Rating
Fitch, Inc.	AA	A+
Moodys Investors Service, Inc. (Moodys)	Aa2	Aa3
Standard and Poor's Ratings Services (S & P)	AA-	NR

Currently Known Facts, Decisions, or Conditions

Energy Northwest is aware of four situations that will have an impact on the company's finances in the near future and were incorporated into next year's budget:

1. Columbia capital investment and extended power uprate
2. Columbia extended outage
3. Unit 1 site restoration closeout
4. Energy Northwest New Nuclear capital investment

Columbia Capital Investment and Extended Power Uprate

Columbia will be continuing significant capital investment in life cycle and extended power upright projects through FY 2031, of which in FY 2027, there is currently $569.3 million budgeted for capital investment. This investment will upgrade and replace equipment to ensure that Columbia can operate through at least 2043.

Columbia Extended Outage

The refueling and maintenance outage in FY 2027, is planned on being more than 80 days due to the amount of capital project work that is planned. Energy Northwest plans on bringing on more than 2,000 temporary and contractor workers to support the outage activities. Energy Northwest has budgeted an additional $54.2 million for the operations and maintenance portion of the outage.

Unit 1 Site Restoration Closeout

During FY 2027, it is anticipated that Energy Northwest will receive regulatory approval to close out the Unit 1 site restoration activities, which will end the primary ARO activities for Unit 1. Energy Northwest will then proceed to work with Department of Energy to transfer the land lease agreement from Unit 1 to Columbia. There are requirements to continue to monitor ground wells after restoration close-out, which will be budgeted for in future years.

Energy Northwest New Nuclear Capital Investment

During FY 2027, Energy Northwest New Nuclear will be continuing to invest in the small modular nuclear reactor project. The continued work will be on preparing the documents needed to apply for a construction permit with the NRC and submitting for a Department of Energy Loan. The FY 2027 approved budget includes over $210 million of planned capital investment.

Statement of Net Position As of June 30, 2026 (Dollars in thousands)

	Major Funds								
	Columbia Generating Station	Packwood Lake Hydroelectric Project	Nuclear Project No. 1	Nuclear Project No. 3	Business Development Fund	Nine Canyon Wind Project	Energy Northwest New Nuclear	Internal Service Fund	Total Business-Type Activities
ASSETS									
CURRENT ASSETS									
Cash	$ 115,374	$ 291	$ 4,725	$ 387	$ 4,991	$ 6,270	$ 103	$ 9,920	$ 142,061
Investments	10,013	544	2,956	2,751	4,968	10,007	-	21,331	52,570
Accounts and other receivables	124,765	208	-	-	2,954	203	-	246	128,376
Due from other business units	-	10	162	157	-	392	-	(721)	-
Due to/from intercomponent	-	-	-	-	4,600	-	(4,600)	-	-
Materials and supplies	186,881	-	-	-	3	-	-	-	186,884
Prepayments and other	3,543	22	6	6	107	15	82	1,664	5,445
Current restricted assets	132,880	-	19,416	23,174	-	4,869	22,757	-	203,096
TOTAL CURRENT ASSETS	573,456	1,075	27,265	26,475	17,623	21,756	18,342	32,440	718,432
NON CURRENT ASSETS									
In service	5,294,010	25,006	-	-	23,441	133,803	188	60,124	5,536,572
In service - leases and subscriptions	9,139	75	1,458	-	198	881	455	14,226	26,432
Not in service									
Construction work in progress	388,112	-	-	-	-	511	-	-	388,623
Accumulated depreciation	(3,659,633)	(15,412)	-	-	(8,428)	(131,087)	-	(46,596)	(3,861,156)
Accumulated amortization - leases and subscriptions	(4,611)	(43)	(231)	-	(41)	(160)	(26)	(7,959)	(13,071)
NET UTILITY PLANT	2,027,017	9,626	1,227	-	15,170	3,948	617	19,795	2,077,400
Nuclear fuel, net of accumulated amortization	499,560	-	-	-	-	-	-	-	499,560
Preliminary survey and investigation	-	-	-	-	10,295	-	65,732	-	76,027
Cost in excess of billings	1,978,955	-	819,494	975,015	-	-	-	-	3,773,464
Long term lease receivables	2,116	-	-	-	436	-	-	-	2,552
TOTAL LONG TERM RECEIVABLES	2,116	-	-	-	436	-	-	-	2,552
Pension asset restricted	40,875	218	128	-	1,888	447	-	-	43,556
Other non current restricted assets	661,210	-	-	-	-	7,106	-	7,350	675,666
Other unrestricted assets designated for decommissioning	-	-	-	-	-	9,380	-	-	9,380
TOTAL NONCURRENT ASSETS	5,209,733	9,844	820,849	975,015	27,789	20,881	66,349	27,145	7,157,605
TOTAL ASSETS	5,783,189	10,919	848,114	1,001,490	45,412	42,637	84,691	59,585	7,876,037
DEFERRED OUTFLOWS OF RESOURCES									
Unamortized loss on bond refunding	604	-	-	-	-	161	-	-	765
Pension	61,087	256	269	-	3,881	554	-	-	66,047
OPEB	1,621	7	7	-	91	15	-	-	1,741
Decommissioning	919,103	-	-	-	41	6,313	-	-	925,457
TOTAL DEFERRED OUTFLOWS OF RESOURCES	982,415	263	276	-	4,013	7,043	-	-	994,010
TOTAL ASSETS AND DEFERRED OUTFLOWS	$ 6,765,604	$ 11,182	$ 848,390	$ 1,001,490	$ 49,425	$ 49,680	$ 84,691	$ 59,585	$ 8,870,047

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

Statement of Net Position As of June 30, 2026 (Dollars in thousands)

	Major Funds								
	Columbia Generating Station	Packwood Lake Hydroelectric Project	Nuclear Project No. 1	Nuclear Project No. 3	Business Development Fund	Nine Canyon Wind Project	Energy Northwest New Nuclear	Internal Service Fund	Total Business-Type Activities
LIABILITIES AND NET POSITION									
CURRENT LIABILITIES									
Current restricted maturities of long-term debt	$ 51,015	$ -	$ -	$ -	$ -	$ 4,370	$ -	$ -	$ 55,385
Accounts payable and accrued expenses	97,079	111	902	12	2,653	1,670	17,819	68,570	188,816
Other	176	-	170	170	-	-	-	-	516
Due to participants	46,912	667	-	-	-	-	-	-	47,579
Due to other business units	11,331	-	-	-	60	-	-	(11,391)	-
TOTAL CURRENT LIABILITIES	206,513	778	1,072	182	2,713	6,040	17,819	57,179	292,296
LIABILITIES-PAYABLE FROM RESTRICTED ASSETS (NOTE 1)									
Debt service funds									
Accrued interest payable	85,307	-	20,281	24,587	-	499	-	-	130,674
TOTAL RESTRICTED LIABILITIES	85,307	-	20,281	24,587	-	499	-	-	130,674
LONG-TERM DEBT (NOTE 4)									
Revenue bonds payable	3,903,180	-	753,700	904,175	-	19,475	-	-	5,580,530
Unamortized (discount)/premium on bonds - net	452,223	-	63,877	65,989	-	717	-	-	582,806
TOTAL LONG-TERM DEBT	4,355,403	-	817,577	970,164	-	20,192	-	-	6,163,336
OTHER LONG-TERM LIABILITIES									
Pension liability	9,680	53	55	-	453	105	-	-	10,346
OPEB liability	20,596	103	94	-	626	187	-	-	21,606
Decommissioning liability	2,013,410	-	2,042	-	50	23,702	-	-	2,039,204
Long term leases and subscriptions liability	3,473	15	1,229	-	119	720	-	2,406	7,962
Advances from members and others	-	10,197	-	-	-	-	-	-	10,197
Other	113	-	-	-	-	-	251	-	364
TOTAL OTHER LONG-TERM LIABILITIES	2,047,272	10,368	3,420	-	1,248	24,714	251	2,406	2,089,679
TOTAL LIABILITIES	6,694,495	11,146	842,350	994,933	3,961	51,445	18,070	59,585	8,675,985
DEFERRED INFLOWS OF RESOURCES									
Unamortized gain on bond refunding	42,594	-	6,074	6,557	-	-	-	-	55,225
Pension	21,337	16	(56)	-	(923)	199	-	-	20,573
OPEB	4,724	20	22	-	310	43	-	-	5,119
Lease	2,454	-	-	-	432	-	-	-	2,886
TOTAL DEFERRED INFLOWS OF RESOURCES	71,109	36	6,040	6,557	(181)	242	-	-	83,803
NET POSITION									
Net investment in capital assets	-	-	-	-	25,350	(21,173)	66,349	-	70,526
Restricted for debt service	-	-	-	-	-	11,476	-	-	11,476
Restricted for pension asset	-	-	-	-	1,888	447	-	-	2,335
Unrestricted	-	-	-	-	18,407	7,243	272	-	25,922
NET POSITION	-	-	-	-	45,645	(2,007)	66,621	-	110,259
TOTAL LIABILITIES, NET POSITION, AND DEFERRED INFLOWS	$ 6,765,604	$ 11,182	$ 848,390	$ 1,001,490	$ 49,425	$ 49,680	$ 84,691	$ 59,585	$ 8,870,047

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

Statements of Revenues, Expenses, and Changes in Net Position For the Year Ended June 30, 2026 (Dollars in thousands)

	Major Funds								
	Columbia Generating Station	Packwood Lake Hydroelectric Project	Nuclear Project No. 1	Nuclear Project No. 3	Business Development Fund	Nine Canyon Wind Project	Energy Northwest New Nuclear	Internal Service Fund	Total Business-Type Activities
OPERATING REVENUES									
Operating revenues	$ 492,390	$ 3,563	$ 18,231	$ 29,712	$ 31,556	$ 12,391	$ -	$ -	$ 587,843
Gain on DOE settlement	17,563	-	-	-	-	-	-	-	17,563
Lease revenues	2,668	-	28	-	23	-	-	-	2,719
Total operating revenues	512,621	3,563	18,259	29,712	31,579	12,391	-	-	608,125
OPERATING EXPENSES									
Nuclear fuel, net	61,895	-	-	-	-	-	-	-	61,895
Decommissioning	47,883	-	917	-	2	1,340	-	-	50,142
Depreciation and amortization	100,871	406	71	-	2,000	3,273	26	-	106,647
Operations and maintenance	236,513	2,960	-	-	24,029	6,645	-	-	270,147
Plant preservation and termination	-	-	1,059	316	-	-	-	-	1,375
Administrative & general	31,453	213	-	-	4,066	217	-	-	35,949
Generation tax	6,778	17	-	-	-	43	-	-	6,838
Total operating expenses	485,393	3,596	2,047	316	30,097	11,518	26	-	532,993
OPERATING INCOME (LOSS)	27,228	(33)	16,212	29,396	1,482	873	(26)	-	75,132
NONCAPITAL SUBSIDIES									
Intergovernmental Revenue	89,938	-	-	-	24,103	-	-	-	114,041
Transfer - Out	-	-	-	-	(24,250)	-	-	-	(24,250)
Total noncapital subsidies	89,938	-	-	-	(147)	-	-	-	89,791
OPERATING INCOME (LOSS) AND NONCAPITAL SUBSIDIES	117,166	(33)	16,212	29,396	1,335	873	(26)	-	164,923
OTHER NONOPERATING INCOME & EXPENSE									
Gain/loss from sale of assets and inventory	225	-	3,805	-	(82)	-	-	-	3,948
Other lease gain/loss	(4)	-	-	-	-	-	-	-	(4)
Capital Contributions	-	-	-	-	497	511	30,648	-	31,656
Transfer In - Capital	-	-	-	-	-	-	24,250	-	24,250
Investment income/(loss)	10,976	35	139	145	304	1,185	373	-	13,157
Investment income/(loss) - lease	95	-	-	-	12	-	-	-	107
Interest expense and debt amortization	(128,458)	(2)	(20,156)	(29,541)	(19)	(756)	(2)	-	(178,934)
TOTAL OTHER NONOPERATING INCOME & EXPENSE	(117,166)	33	(16,212)	(29,396)	712	940	55,269	-	(105,820)
CHANGE IN NET POSITION	-	-	-	-	2,047	1,813	55,243	-	59,103
TOTAL NET POSITION, BEGINNING OF YEAR	-	-	-	-	43,598	(3,820)	11,378	-	51,156
TOTAL NET POSITION, END OF YEAR	$ -	$ -	$ -	$ -	$ 45,645	$ (2,007)	$ 66,621	$ -	$ 110,259

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

Statements of Cash Flows For the Year Ended June 30, 2026 (Dollars in thousands)

	Major Funds								
	Columbia Generating Station	Packwood Lake Hydroelectric Project	Nuclear Project No. 1	Nuclear Project No. 3	Business Development Fund	Nine Canyon Wind Project	Energy Northwest New Nuclear	Internal Service Fund	Total Business-Type Activities
CASH FLOWS FROM OPERATING ACTIVITIES									
Operating revenue receipts	$ 537,855	$ 3,650	$ -	$ -	$ 48,085	$ 13,431	$ -	$ -	$ 603,021
Cash payments for operating expenses	(322,598)	(3,208)	-	-	(49,056)	(6,630)	-	-	(381,492)
DOE Cash settlement	13,871	-	-	-	-	-	-	-	13,871
Cash payments for preservation, termination expense	-	-	43,959	47,352	-	-	-	-	91,311
Cash payments for services net of cash received from other units	-	-	-	-	-	-	-	6,102	6,102
Net cash provided/(used) by operating activities	229,128	442	43,959	47,352	(971)	6,801	-	6,102	332,813
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES									
Proceeds from notes payable	42,800	-	-	-	-	-	-	-	42,800
Payment for notes payable	(42,800)	-	-	-	-	-	-	-	(42,800)
Interest paid on notes	(738)	-	-	-	-	-	-	-	(738)
Transfer - Out	-	-	-	-	(24,250)	-	-	-	(24,250)
Intergovernmental revenue	-	-	-	-	28,075	-	-	-	28,075
Net cash provided/(used) by non-capital finance activities	(738)	-	-	-	3,825	-	-	-	3,087
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES									
Proceeds from bond refundings	633,754	-	809	1,259	-	-	-	-	635,822
Principal paid on revenue bond maturities	(19,585)	-	(1,460)	(905)	-	(4,160)	-	-	(26,110)
Payment for bond issuance and financing costs	(4,250)	(17)	(1,310)	(1,692)	(45)	(25)	-	-	(7,339)
Interest paid on bonds	(159,429)	-	(40,539)	(47,259)	-	(1,102)	-	-	(248,329)
Interest paid on leases	(308)	(2)	(33)	-	(19)	(21)	(2)	-	(385)
Payment for capital items	(236,150)	(867)	-	-	(1,452)	(471)	(188)	(3,966)	(243,094)
Payment for pre capital items	-	-	-	-		-	(47,949)	-	(47,949)
Reimbursement for capital items	-	-	-	-	-	-	-	4,237	4,237
Contribution for capital items	-	-	-	-	60	-	24,403	-	24,463
Contribution for capital items - transfer	-	-	-	-	-	-	24,250	-	24,250
Capital grant received	-	-	-	-	1,713	-	-	-	1,713
Operating revenue receipts - lease	672	-	-	-	30	-	-	-	702
Nuclear fuel acquisitions	(37,419)	-	-	-	-	-	-	-	(37,419)
Net cash provided/(used) by capital and related financing activities	177,285	(886)	(42,533)	(48,597)	287	(5,779)	514	271	80,562
CASH FLOWS FROM INVESTING ACTIVITIES									
Purchases of investment securities	(720,603)	(549)	(6,547)	(5,498)	(5,096)	(45,799)	-	(42,648)	(826,740)
Sales of investment securities	389,255	860	3,664	5,350	3,570	51,766	-	33,826	488,291
Interest on investments	8,870	25	66	43	313	320	374	594	10,605
Net cash provided/(used) by investing activities	(322,478)	336	(2,817)	(105)	(1,213)	6,287	374	(8,228)	(327,844)
NET INCREASE (DECREASE) IN CASH	83,197	(108)	(1,391)	(1,350)	1,928	7,309	888	(1,855)	88,618
CASH AT JUNE 30, 2025	259,241	399	25,532	24,911	3,063	14,077	21,972	19,075	368,270
CASH AT JUNE 30, 2026 (NOTE 1H)	$ 342,438	$ 291	$ 24,141	$ 23,561	$ 4,991	$ 21,386	$ 22,860	$ 17,220	$ 456,888

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

Statements of Cash Flows (continued) For the Year Ended June 30, 2026 (Dollars in thousands)

	Major Funds								
	Columbia Generating Station	Packwood Lake Hydroelectric Project	Nuclear Project No. 1	Nuclear Project No. 3	Business Development Fund	Nine Canyon Wind Project	Energy Northwest New Nuclear	Internal Service Fund	Total Business-Type Activities
Reconciliation of Direct Cash Flow to Statement of Net Position									
Current cash unrestricted	$ 115,374	$ 291	$ 4,725	$ 387	$ 4,991	$ 6,270	$ 103	$ 9,920	$ 142,061
Current cash restricted	132,880	-	19,416	23,174	-	4,869	22,757	-	203,096
Current unrestricted non cash equivalents	10,013	544	2,956	2,751	4,968	10,007	-	21,331	52,570
Non current unrestricted assets designated for decommissioning cash	-	-	-	-	-	8,552	-	-	8,552
Non current unrestricted assets designated for decommissioning non cash equivalents	-	-	-	-	-	827	-	-	827
Non current restricted cash special funds	-	-	-	-	-	-	-	7,300	7,300
Non current restricted cash debt service funds	94,185	-	-	-	-	1,695	-	-	95,880
Non current restricted non cash equivalents	567,025	-	-	-	-	5,411	-	-	572,436
Total Cash and non cash equivalents	$ 919,477	$ 835	$ 27,097	$ 26,312	$ 9,959	$ 37,631	$ 22,860	$ 38,551	$ 1,082,722
less non cash equivalents	577,039	544	2,956	2,751	4,968	16,245	-	21,331	625,834
Total Statement of Net Position Cash	$ 342,438	$ 291	$ 24,141	$ 23,561	$ 4,991	$ 21,386	$ 22,860	$ 17,220	$ 456,888
RECONCILIATION OF NET OPERATING REVENUES TO NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES									
Net income/loss from operations	$ 27,228	$ (33)	$ 16,212	$ 29,396	$ 1,482	$ 873	$ (26)	$ -	$ 75,132
Adjustments to reconcile net operating revenues to cash provided by operating activities:									
Depreciation and amortization	155,341	388	24	-	1,981	3,240	-	-	160,974
Decommissioning	47,883	-	917	-	2	1,340	-	-	50,142
Non-operating revenues	(225)	-	(3,805)	-	-	-	-	-	(4,030)
Non-operating grant revenues	-	-	-	-	(241)	-	-	-	(241)
Other	(29,180)	14	(1,012)	(101)	693	719	210	(54)	(28,711)
Change in operating assets and liabilities:									
Costs in excess of billings	143,374	129	32,125	18,118	-	-	-	-	193,746
Accounts receivable	(101,730)	(25)	(66)	(43)	(680)	(424)	(373)	(682)	(104,023)
Materials and supplies	(4,588)	-	-	-	(2)	-	-	-	(4,590)
Prepaid and other assets	296	2	-	-	(65)	22	(82)	(541)	(368)
Due from/to other business units	(7,356)	15	53	6	(1,608)	260	3,070	5,558	(2)
Change in net pension liability, OPEB liability, and deferrals	(12,420)	(39)	(45)	-	(1,155)	(96)	-	-	(13,755)
Leases	(392)	1	45	-	(46)	26	(427)	97	(696)
Accounts payable	10,897	(10)	(489)	(24)	(1,332)	841	(2,372)	1,724	9,235
Net cash provided/(used) by operating activities	$ 229,128	$ 442	$ 43,959	$ 47,352	$ (971)	$ 6,801	$ -	$ 6,102	$ 332,813
Non-cash activities									
Bond refunding	$ 129,295	$ -	$ 193,199	$ 300,032	$ -	$ -	$ -	$ -	$ 622,526
Decommissioning liability adjustment	$ 81,155	$ -	$ 293	$ -	$ 2	$ 955	$ -	$ -	$ 82,405
Market adjustments on investments	$ 2,106	$ 10	$ 73	$ 103	$ (9)	$ 865	$ -	$ (713)	$ 2,435

The accompanying notes are an integral part of these combined 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 and a limited liability company that is considered a component unit for financial statement purposes. Columbia Generating Station, Packwood Lake Hydroelectric Project, Nuclear Project No. 1, Nuclear Project No. 3, Business Development Fund, Nine Canyon Wind Project, and Energy Northwest New Nuclear LLC are all major funds for governmental accounting purposes and with the Internal Service Fund all are business-type activities, which are accounted for separately.

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. Columbia is a net-billed project (see Note 5).

Energy Northwest also operates the Packwood Lake Hydroelectric Project (Packwood), a 27.5-MWe generating plant completed in 1964. Packwood had originally operated 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 a forty-year operating license effective October 1, 2018, and will expire on September 30, 2058.

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. Packwood is a net-billed project (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 (BDF) 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 BDF is not a net-billed project, all excess revenues received from operations are kept within the BDF to further its mission of developing new energy related business opportunities.

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 fiscal year 2003 and Phase II was completed in fiscal year 2004. Phase I and II combined capacity is approximately 63.7 MWe. Phase III was completed in fiscal year 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 electric power produced by Nine Canyon is sold to 10 project participant utilities based on an agreed upon billing amount, whether or not Nine Canyon is operating, which is adjusted prior to each fiscal year. The original plan

for Nine Canyon was for the participants to pay a lower billing rate in the first years of the project and the difference between the billings and costs was planned to be covered by the Department of Energy, Renewable Energy Production Incentive (REPI) payments. In FY 2008, a revised billing rate plan was established to address shortfalls in REPI payments, which would allow the shortfalls to be recovered over the life of the project, which is currently projected in FY 2030. The current billings to the participants covers the annual costs of Nine Canyon, including debt service and payments to a decommissioning trust fund (see Note 9.)

In July 2024, Energy Northwest's Executive Board of Directors authorized the establishment of Energy Northwest New Nuclear LLC (ENNN LLC), which is wholly owned by Energy Northwest and named the Energy Northwest Chief Executive Officer (CEO) as the CEO of ENNN LLC. ENNN LLC was established to begin predevelopment activities for a potential carbon-free nuclear generating resource to be sited at the location of Energy Northwest's Nuclear Project No. 1. In October 2024, ENNN LLC signed a funding and development agreement with Amazon Energy LLC towards the development and construction of a small modular reactor project in which they agree to fund up to $333.95 million (See Note 1 (C) Capital Contributions, Note 1 (G) Restricted Assets, Note 1 (X) Preliminary Survey and Investigation and Note 10). Currently it is planned for ENNN LLC to operate and sell the power from the small modular reactor when completed. While ENNN LLC is a legally separate entity it is considered a component unit and included in Energy Northwest's financial statements, because exclusion could be misleading or incomplete.

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 and is not a net-billed project.

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. 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, 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.

In FY 2026, Energy Northwest implemented GASB Statement No. 103, Financial Reporting Model Improvements, which revised the MD&A to include sections on overview of the financial statements, financial summary, and significant capital asset and long-term financing activity, and impacted the classification of revenues and expenses on the Statement of Revenues, Expenses and Changes in Net Position. Revenues and expenses related to Energy Northwest's operations and not classified as noncapital subsidies or other nonoperating income & expense are considered to be operating revenues and expenses; revenues received from other governmental entities, such as grants, which are not designated for capital purchases are classified as noncapital subsidies; while revenues and expenses related to capital, financing and investing activities are considered to be other nonoperating income and expenses.

GASB Statement No. 104, Disclosure of Certain Capital Assets was implemented in FY 2026, which requires certain types of capital assets to be disclosed separately. See Note 2, Note 13 and Note 14.

Issued but not Adopted Guidance:
GASB Statement 105, Subsequent Events. The objective of the Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. This statement is effective for Energy Northwest in FY 2027. Energy Northwest is currently evaluating the impact of the statement.

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 non-operating income and expense (See Note 10).

Projects are generally capitalized if they are over $50 thousand for Columbia Generating Station and $25 thousand for all other business units 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 and other non-grant funded projects. Business Development received multiple grants and other non-grant funds attributable to various activities in fiscal year 2026. These included $314 thousand related to the development of a small modular reactor simulator located at a local college; $123 thousand related to vehicle electrification through six grants from third party entities; and $60 thousand in contributions from a third-party entity towards a feasibility study for an advanced nuclear reactor. The Nine Canyon participants contributed $511 thousand towards a project to extend the life of the wind turbines. ENNN LLC received $24.3 million in contributions from the Washington Department of Commerce through a transfer from the Business Development Fund and $30.6 million in contributions from a third-party entity towards the development and construction for the small modular reactor project (See Note 1(G) Restricted Assets, Note 1 (X) Preliminary Survey and Investigation and Note 10).

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. ENNN LLC's cash received in advance from the Amazon funding agreement is restricted for the development and construction of the small modular reactor project (See Note 1 (C) Capital Contributions, Note 1 (X) Preliminary Survey and

Investigation and Note 10). Also, a restricted unearned revenue of $11.7 million, which is recorded within accounts payable and accrued expenses, is recorded until revenues are recognized as expenses are incurred for the development and construction of the small modular reactor project. ENNN LLC is required to repay any unspent Amazon funds if a decision is made to discontinue the activities towards the development and construction of the small modular reactor project (See Note 1 (C) Capital Contributions, Note 1 (X) Preliminary Investigation and Survey and Note 10). Additional payments from Amazon under the funding agreement require completing specific milestones (See Note 1 (C) Capital Contributions, Note 1 (X) Preliminary Survey and Investigation and Note 10).

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, which mature in a year or less, 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 2026 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), ARO (See Note 9), other postemployment benefits (OPEB) liabilities (See Note 12), lease liability (See Note 13), and other immaterial liabilities. The table below summarizes activities for all long-term liabilities excluding pension, OPEB, leases, and decommissioning liabilities.

Long-Term Liabilities (Dollars in thousands)

	Balance 7/1/2025	Increase	Decrease	Balance 6/30/2026
Columbia Generating Station				
Revenue bonds payable	$ 3,399,040	$ 681,415	$ 177,275	$ 3,903,180
Unamortized (discount)/premium on bonds - net	422,690	81,199	51,666	452,223
Current maturities of long-term debt	19,585	51,015	19,585	51,015
Other noncurrent liabilities	109	4	-	113
Total	$ 3,841,424	$ 813,633	$ 248,526	$ 4,406,531
Packwood Lake Hydroelectric Project				
Advances from members and others	$ 9,702	$ 495	$ -	$ 10,197
Nuclear Project No.1				
Revenue bonds payable	$ 775,445	$ 171,360	$ 193,105	$ 753,700
Unamortized (discount)/premium on bonds - net	56,144	22,569	14,836	63,877
Current maturities of long-term debt	1,460	-	1,460	-
Total	$ 833,049	$ 193,929	$ 209,401	$ 817,577
Nuclear Project No.3				
Revenue bonds payable	$ 925,570	$ 278,490	$ 299,885	$ 904,175
Unamortized (discount)/premium on bonds - net	64,963	22,315	21,289	65,989
Current maturities of long-term debt	905	-	905	-
Total	$ 991,438	$ 300,805	$ 322,079	$ 970,164
Nine Canyon Wind Project				
Revenue bonds payable	$ 23,845	$ -	$ 4,370	$ 19,475
Unamortized (discount)/premium on bonds - net	1,060	-	343	717
Current maturities of long-term debt	4,160	4,370	4,160	4,370
Total	$ 29,065	$ 4,370	$ 8,873	$ 24,562
Energy Northwest New Nuclear LLC				
Other noncurrent liabilities	$ -	$ 251	$ -	$ 251

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. In accordance with GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities", 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 unpresented 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 statement of net position 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. 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 advances from members and others (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 Nine Canyon, Business Development and ENNN LLC is recognized as net income or loss and included in Net Position for each period.

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 $32.1 million at the end of this fiscal year and is recorded as a current liability under accounts payable and accrued expenses. Any unpaid leave is settled by either payment to employees or to employees controlled voluntary employee beneficiary association account at termination and there are not any funds transferred to other post-employment benefits under GASB 75.

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 2024A/B, was adopted on December 11, 2024, to fund capital expenditures, operations and maintenance expenses, and debt service for Columbia. The 2024A/B Note agreement is not to exceed $120 million with a final maturity of December 16, 2026. There was no outstanding balance related to the note as of June 30, 2026.

No assets were directly pledged as collateral for the above-mentioned loan agreement. The loan agreement is supported by the Net Billing Agreement with the Bonneville Power Administration and the Project Participants. The 2024A/B Note is secured by revenues of the Columbia Generating Station; no assets secure the Notes. 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 bonds when due, any materially incorrect representation, 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 Note 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 bond resolution, and revenues will be turned over to the trustee for the Columbia bonds.

Short-term Liabilities (Dollars in thousands)

	Balance Outstanding 6/30/2025	Increases	Decreases	Balance Outstanding 6/30/2026
Columbia Generating Station				
Revolving Loan	$ -	$ 42,800	$ 42,800	$ -

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) Subscription-Based Information Technology Arrangements (SBITA): For long-term SBITAs that have a present value of future payments over a certain dollar value for each business unit, a SBITA 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, for Packwood SBITAs of $5 thousand or greater, and for Energy Northwest New Nuclear LLC 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.

X) Preliminary Survey and Investigation: The balance represents initial project engineering and feasibility study costs related to the construction of an advanced nuclear reactor. The balance will be capitalized upon commencement of the project. During FY 2024, Energy Northwest entered into a joint development agreement with X-energy establishing the schedule, framework and responsibilities necessary for development of an Xe-100 project on the location of Unit 1. The agreement details a project consisting of up to a dozen 80 megawatt Xe-100 modules, with a potential total output of 960 MW, with commercial operation for the first module by December 31, 2032. However, this agreement does not bind Energy Northwest to any future financial or contractual obligations, but provides Energy Northwest with the exclusive option to develop the second Xe-100 plant. Also, during FY 2024, Energy Northwest BDF signed an agreement with Puget Sound Energy, to provide up to $10 million toward Energy Northwest's feasibility study for the Xe-100 project. This agreement does not commit Puget Sound Energy to any future financial commitment nor signify an ownership interest in a developed project (See Note 10). In addition, in March 2024, Washington state legislators included a $24 million provision in the states 2023-2025 supplemental capital budget to support the feasibility study. The budget was signed by the Governor of Washington in March 2024. As of the June 30, 2026, Energy Northwest has received the entire $24 million from the State of Washington Department of Commerce (See Note 10). The small modular reactor project is planned to be developed by ENNN LLC and the costs incurred in the Energy Northwest BDF will be transferred to an intangible asset when the project is completed. In October 2024, ENNN LLC signed a funding and development agreement with Amazon Energy LLC (Amazon) towards the development and construction for the first phase of four small modular reactors. Amazon agrees to fund up to $333.95 million towards the project and is granted a right to purchase electricity, capacity, ancillary services, and Environmental Attributes upon completion of the project (See Note 1 (C) Capital Contributions, Note 1(G) Restricted Assets, and Note 10). The Energy Northwest BDF is providing services to ENNN LLC in support of the small modular reactor and has recognized $16.4 million in revenue in FY 2026.

Y) At-Risk Compensation: Energy Northwest has an At-Risk Compensation incentive plan to promote excellence and continuous improvement in all areas of endeavor at Energy Northwest. All regular and project employees are eligible to earn the At-Risk Compensation incentive based on criteria identified prior to the beginning of the fiscal year and based on parameters identified in the At-Risk Compensation Plan. The payout of the At-Risk Compensation incentive is made after the fiscal year ends and the results of the criteria have been finalized. Energy Northwest accrues an estimated amount for the At-Risk Compensation based on information available on June 30th each fiscal year and reported as a current liability under accounts payable and accrued expenses.

NOTE 2 - Utility Plant

Utility plant activity for the year ended June 30, 2026, was as follows (Dollars in thousands):

	Balance 7/1/2025	Capital Acquisition	Sale or Other Disposition	Balance 6/30/2026
Columbia Generating Station				
Capital Assets Not being Depreciated:				
Construction Work in Progress	$ 201,475	$ 256,243	$ (69,606)	$ 388,112
Total capital assets not being depreciated	$ 201,475	$ 256,243	$ (69,606)	$ 388,112
Capital Assets Being Depreciated:				
Generation	$ 5,176,173	$ 69,606	$ (208)	$ 5,245,571
Intangible Plant	48,439	-	-	48,439
Intangible Right-To-Use Lease Assets				
Land	1,069	-	-	1,069
Building Space	-	468	-	468
Equipment	6,840	-	-	6,840
Intangible Right-To-Use Subscription Assets	627	303	(168)	762
Total capital assets being depreciated	$ 5,233,148	$ 70,377	$ (376)	$ 5,303,149
Less Accumulated Depreciation for:				
Generation	$ (3,554,194)	$ (91,694)	$ 208	$ (3,645,680)
Intangible Plant	(12,266)	(1,687)	-	(13,953)
Intangible Right-To-Use Lease Asset				
Land	(209)	(52)	-	(261)
Building Space	-	(234)	-	(234)
Equipment	(2,945)	(719)	-	(3,664)
Intangible Right-To-Use Subscription Asset	(441)	(179)	168	(452)
Total accumulated depreciation	$ (3,570,055)	$ (94,565)	$ 376	$ (3,664,244)
Utility Plant net*	$ 1,864,568	$ 232,055	$ (69,606)	$ 2,027,017
Packwood Lake Hydroelectric Project				
Capital Assets Not being Depreciated:				
Land and Land Rights	$ 46	$ -	$ -	$ 46
Construction Work in Progress	10	828	(838)	-
Total capital assets not being depreciated	$ 56	$ 828	$ (838)	$ 46
Capital Assets Being Depreciated:				
Generation	$ 20,431	$ 838	$ (46)	$ 21,223
Intangible Plant	3,737	-	-	3,737
Intangible Right-To-Use Lease Assets				
Equipment	75	-	-	75
Total capital assets being depreciated	$ 24,243	$ 838	$ (46)	$ 25,035
Less Accumulated Depreciation for:				
Generation	$ (14,461)	$ (273)	$ 46	$ (14,688)
Intangible Plant	(631)	(93)	-	(724)
Intangible Right-To-Use Lease Assets				
Equipment	(24)	(19)	-	(43)
Total accumulated depreciation	$ (15,116)	$ (385)	$46	$ (15,455)
Utility Plant net	$ 9,183	$ 1,281	$ (838)	$ 9,626

* Does not include nuclear fuel, net of amortization

NOTE 2 - Utility Plant (Dollars in thousands) (continued)

	Balance 7/1/2025	Capital Acquisition	Sale or Other Disposition	Balance 6/30/2026
Business Development				
Capital Assets Not being Depreciated:				
Construction Work in Progress	$ -	$ 1,531	$ (1,531)	$ -
Land and Land Rights	713	-	-	713
Total capital assets not being depreciated	$ 713	$ 1,531	$ (1,531)	$ 713
Capital Assets Being Depreciated:				
Generation	$ 21,979	$ 1,531	$ (782)	$ 22,728
Intangible Right-To-Use Lease Assets				
Land	135	-	-	135
Vehicles	-	26	-	26
Intangible Right-To-Use Subscription Assets	-	37	-	37
Total capital assets being depreciated	$ 22,114	$ 1,594	$ (782)	$ 22,926
Less Accumulated Depreciation for:				
Generation	$ (7,232)	$ (1,364)	$168	$(8,428)
Intangible Right-To-Use Lease Assets				
Land	(22)	(6)	-	(28)
Vehicles	-	(5)	-	(5)
Intangible Right-To-Use Subscription Assets	-	(8)	-	(8)
Total accumulated depreciation	$ (7,254)	$ (1,383)	$ 168	$ (8,469)
Utility Plant net	$ 15,573	$ 1,742	$ (2,145)	$ 15,170
Nine Canyon Wind Project				
Capital Assets Not being Depreciated:				
Construction Work in Progress	$ -	$ 511	$ -	$ 511
Total capital assets not being depreciated	$ -	$ 511	$ -	$ 511
Capital Assets Being Depreciated:				
Generation	$ 133,803	$ -	$ -	$ 133,803
Intangible Right-To-Use Lease Assets				
Land	836	45	-	881
Total capital assets being depreciated	$ 134,639	$ 45	$ -	$ 134,684
Less Accumulated Depreciation for:				
Generation	$ (127,898)	$ (3,189)	$ -	$ (131,087)
Intangible Right-To-Use Lease Assets				
Land	(126)	(34)	-	(160)
Total accumulated depreciation	$ (128,024)	$ (3,223)	$ -	$ (131,247)
Utility Plant net	$ 6,615	$ (2,667)	$ -	$ 3,948
Internal Service Fund				
Capital Assets Not being Depreciated:				
Construction Work in Progress	$ -	$ 3,776	$ (3,776)	$ -
Total capital assets not being depreciated	$ -	$ 3,776	$ (3,776)	$ -
Capital Assets Being Depreciated:				
Generation	$ 58,227	$ 3,776	$ (1,879)	$ 60,124
Intangible Right-To-Use Lease Assets				
Building Space	126	-	-	126
Intangible Right-To-Use Subscription Assets	12,007	2,418	(325)	14,100
Total capital assets being depreciated	$ 70,360	$ 6,194	$ (2,204)	$ 74,350
Less Accumulated Depreciation for:				
Generation	$ (43,970)	$ (4,505)	$ 1,879	$ (46,596)
Intangible Right-To-Use Lease Assets				
Building Space	(81)	(42)	-	(123)
Intangible Right-To-Use Subscription Assets	(5,689)	(2,472)	325	(7,836)
Total accumulated depreciation	$ (49,740)	$ (7,019)	$ 2,204	$ (54,555)
Utility Plant net	$ 20,620	$ 2,951	$ (3,776)	$ 19,795

NOTE 2 - Utility Plant (Dollars in thousands) (continued)

	Balance 7/1/2025	Capital Acquisition	Sale or Other Disposition	Balance 6/30/2026
Nuclear Project No.1				
Capital Assets Being Depreciated:				
Intangible Right-To-Use Lease Assets				
Land	$ 1,458	$ -	$ -	$ 1,458
Total capital assets being depreciated	$ 1,458	$ -	$ -	$ 1,458
Less Accumulated Depreciation for:				
Intangible Right-To-Use Lease Assets				
Land	$ (183)	$ (48)	$ -	$ (231)
Total accumulated depreciation	$ (183)	$ (48)	$ -	$ (231)
Lease Plant net	$ 1,275	$ (48)	$ -	$ 1,227
EN New Nuclear				
Capital Assets Not being Depreciated:				
Construction Work in Progress	$ -	188	$ (188)	$ -
Total capital assets not being depreciated	$ -	$ 188	$ (188)	$ -
Capital Assets Being Depreciated:				
Generation	$ -	$ 188	$ -	$ 188
Intangible Right-To-Use Subscription Assets	-	455	-	455
Total capital assets being depreciated	$ -	$ 643	$ -	$ 643
Less Accumulated Depreciation for:				
Generation	$ -	$ -	$ -	$ -
Intangible Right-To-Use Subscription Assets	-	(26)	-	(26)
Total accumulated depreciation	$ -	$ (26)	$ -	$ (26)
Utility Plant net	$ -	$ 805	$ (188)	$ 617

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, 2026, obtained from available financial industry valuation sources. Investments are valued using Bloomberg Investor Service by using 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 Gains	Unrealized Losses	Fair Value (1) (2)
Columbia	$ 575,187	$ 3	$ (508)	$ 574,682
Packwood	544	-	-	544
Nuclear Project No. 1	2,957	-	(1)	2,956
Nuclear Project No. 3	2,751	-	-	2,751
Business Development Fund	4,972	-	(3)	4,969
Internal Service Fund	21,355	-	(24)	21,331
Nine Canyon Wind	16,239	-	(8)	16,231

(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 $1.96 million have a maturity beyond 1 year with the longest maturity being July 15th, 2027.

Investment Concentration FY 2026

Investment Type	Rating	June 30, 2026
Federal Home Loan Bank	A-1+	37%
Federal National Mortgage Assn.	A-1+	8%
U.S. Treasury	A-1+	55%
		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, 2006, 2012, or 2014 Nine Canyon bonds remain outstanding as of June 30, 2026, under Resolution Nos. 1214, 1299, 1376, 1482, 1722, and 1789 respectively.

During the year ended June 30, 2026, Energy Northwest issued, for Project 1, Columbia, and Project 3 2026-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 of 5.00 percent. Project 3 bonds were issued with a coupon Interest rate of 5.00 percent.

The Series 2026-A bonds issued for Project 1, Columbia, and Project 3 are tax-exempt fixed-rate bonds. The 2026-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 $554.674 million to fund fiscal year 2027 capital related expenses, $32.778 million to fund fiscal year 2026 extended power uprate at Columbia, and $42.800 million to repay the balance drawn on the FY 2026 short-term line of credit at Columbia. The 2026-A refunding bonds resulted in an economic gain of $0.152 million for Project 1, $5.987 million for Columbia and $1.538 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 2026 total defeasements included $193.105 million for Project 1, $126.260 million for Columbia, and $299.885 million for Project 3.

The Weighted Average Coupon Interest Rates and Total Defeased Bonds for 2026-A are presented in the following tables:

Weighted Average Coupon Interest Rate for Refunded Bonds

	2026A
Project 1	5.00%
Columbia	4.47%
Project 3	4.99%
Total	4.89%

Weighted Average Coupon Interest Rate for New Bonds

	2026A
Project 1	5.00%
Columbia	5.00%
Project 3	5.00%
Total	5.00%

Total Defeased (Dollars in thousands)

	2026A	Total
Project 1	$ 193,105	$ 193,105
Columbia	$ 126,260	$ 126,260
Project 3	$ 299,885	$ 299,885
Total	$ 619,250	$ 619,250

2026 Refunding Results

Outstanding principal on revenue and refunding bonds as of June 30, 2026, and future debt service requirements for these bonds are presented in the following tables:

2026-A (Tax-Exempt) Transaction	Project 1	Columbia	Project 3
Cash flow difference (Dollars in thousands)			
Old debt service cash flows	$ 193,105	$ 161,258	$ 306,177
New debt service cash flows	254,291	153,316	388,260
Net cash flow savings (dissavings)	$ (61,186)	$ 7,942	$ (82,083)
Economic gain / loss (Dollars in thousands)			
Present value of old debt service cash flows	$ 192,347	$ 131,653	$ 300,013
Present value of new debt service cash flows	192,195	125,666	298,475
Economic gain (loss)	$ 152	$ 5,987	$ 1,538

Source: Provided by JP Morgan (lead underwriting bank)

Nine Canyon Wind Project Revenue and Refunding Bonds (Dollars in thousands)

Series	Coupon Rate (%)	Serial or Term Maturities	Original Issue Amount	Amount Outstanding
2015	4.00-5.00	7/1/2026-7/1/2030	54,895	23,845
Revenue bonds payable				$ 23,845

Columbia Generating Revenue and Refunding Bonds (Dollars in thousands)

Series	Coupon Rate (%)	Serial or Term Maturities	Original Issue Amount	Amount Outstanding
2012E	3.5-3.6	7/1/2026-7/1/2027	748,515	33,610
2014B	4.05	7/1/2030	90,520	1,090
2016B	3.20	7/1/2028	4,085	1,985
2017A	5.00	7/1/2029-7/1/2035	188,130	159,415
2017B	3.39	7/1/2029	3,795	3,285
2018A	5.00	7/1/2028-7/1/2034	320,510	87,745
2018C	5.00	7/1/2030-7/1/2034	229,025	203,975
2019A	5.00	7/1/2035-7/1/2038	251,575	214,415
2019B	3.46	7/1/2035	18,330	15,445
2020A	4.00-5.00	7/1/2030-7/1/2039	288,560	282,035
2020B	2.45	7/1/2032	14,830	13,220
2021A	4.00-5.00	7/1/2040-7/1/2042	524,090	304,715
2021B	2.06-2.35	7/1/2031-7/1/2034	100,750	98,440
2022A	5.00	7/1/2032-7/1/2037	396,180	396,180
2023A	4.00-5.00	7/1/2029-7/1/2039	416,180	416,180
2024A	5.00	7/1/2030-7/1/2040	517,755	517,755
2024B	5.00	7/1/2032	10,130	10,130
2025A	5.00	7/1/2029-7/1/2043	404,135	404,135
2025B	4.22-4.32	7/1/2026-7/1/2030	109,025	109,025
2026A	5.00	7/1/2028-7/1/2043	681,415	681,415
Revenue bonds payable				$ 3,954,195

Nuclear Project No. 1 Refunding Revenue Bonds (Dollars in thousands)

Series	Coupon Rate (%)	Serial or Term Maturities	Original Issue Amount	Amount Outstanding
2017A	5.00	7/1/2027-7/1/2028	237,685	107,500
2020A	5.00	7/1/2027-7/1/2028	52,760	52,760
2021A	4.00	7/1/2042	69,835	16,250
2022A	5.00	7/1/2028-7/1/2035	99,215	63,795
2023A	5.00	7/1/2034	16,435	16,435
2024B	5.00	7/1/2027	189,770	66,710
2025A	5.00	7/1/2027-7/1/2040	258,890	258,890
2026A	5.00	7/1/2031-7/1/2040	171,360	171,360
Revenue bonds payable				$ 753,700

Nuclear Project No. 3 Refunding Revenue Bonds (Dollars in thousands)

Series	Coupon Rate (%)	Serial or Term Maturities	Original Issue Amount	Amount Outstanding
2016B	3.05	7/1/2027	5,420	4,070
2017A	5.00	7/1/2028	154,435	100,000
2018C	4.00-5.00	7/1/2027-7/1/2028	399,155	179,985
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
2024A	5.00	7/1/2031-7/1/2037	55,650	55,650
2024B	5.00	7/1/2028	66,900	66,900
2025A	5.00	7/1/2031-7/1/2039	173,185	109,645
2026A	5.00	7/1/2027-7/1/2042	278,490	278,490
Revenue bonds payable				$ 904,175

Debt Service Requirements As of June 30, 2026

(Dollars in thousands)

Columbia Generating Station

FISCAL YEAR*	PRINCIPAL	INTEREST	TOTAL
6/30/26 Balance:**	$ 51,015	$ 81,427	$ 132,442
2027	14,960	193,140	208,100
2028	56,920	188,721	245,641
2029	108,445	185,911	294,356
2030	221,820	180,759	402,579
2031	213,780	170,461	384,241
2032-2036	1,435,925	670,607	2,106,532
2037-2041	1,368,605	305,310	1,673,915
2042-2046	482,725	32,739	515,464
	$ 3,954,195	$ 2,009,075	$ 5,963,270

* Fiscal year for this report indicates the cash funding requirement year.
** Principal and Interest due July 1, 2026.

Nuclear Project No. 1

FISCAL YEAR*	PRINCIPAL	INTEREST	TOTAL
6/30/26 Balance:**	$ -	$ 19,305	$ 19,305
2027	168,355	38,498	206,853
2028	152,205	29,105	181,310
2029	-	21,495	21,495
2030	-	21,495	21,495
2031	19,620	21,495	41,115
2032-2036	296,820	71,422	368,242
2037-2041	100,450	23,340	123,790
2042-2046	16,250	650	16,900
	$ 753,700	$ 246,805	$ 1,000,505

* Fiscal year for this report indicates the cash funding requirement year.
** Principal and Interest due July 1, 2026.

Nuclear Project No. 3

FISCAL YEAR*	PRINCIPAL	INTEREST	TOTAL
6/30/26 Balance:**	$ -	$ 23,001	$ 23,001
2027	170,670	46,538	217,208
2028	303,095	36,509	339,604
2029	-	21,354	21,354
2030	-	21,354	21,354
2031	70,000	21,354	91,354
2032-2036	142,760	72,211	214,971
2037-2041	145,295	40,984	186,279
2042-2046	72,355	3,451	75,806
	$ 904,175	$ 286,756	$ 1,190,931

* Fiscal year for this report indicates the cash funding requirement year.
** Principal and Interest due July 1, 2026.

Nine Canyon Wind Project

FISCAL YEAR*	PRINCIPAL	INTEREST	TOTAL
6/30/26 Balance:**	$ 4,370	$499	$4,869
2027	4,585	779	5,364
2028	4,770	596	5,366
2029	4,960	405	5,365
2030	5,160	206	5,366
	$ 23,845	$ 2,485	$ 26,330

* Fiscal year for this report indicates the cash funding requirement year.
** Principal and Interest due July 1, 2026.

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, 2026 (in thousands):

Pension Liabilities	$	10,346
Pension Assets	$	(43,556)
Deferred Outflows of Resources	$	66,047
Deferred Inflows of Resources	$	20,573
Pension Expense	$	(1,674)

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, multiemployer 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 local governments; and higher education employees not participating in higher education retirement programs.

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

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

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, adopted by the Pension Funding Council and is subject to change by the legislature.

The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) were as follows for the fiscal year ended June 30, 2026:

PERS Plan 1 Actual Contribution Rates	Employer	Employee
July through June:		
PERS Plan 1	5.38 %	6.00 %
Administrative Fee	0.20	-
Total	5.58 %	6.00 %

Energy Northwest's actual contributions to the plan were $114 thousand for the fiscal year ended June 30, 2026.

PERS Plan 2/3 - Provides retirement, disability and death benefits. Retirement benefits are determined as 2% of the member's AFC times the member's years of service for Plan 2 and 1% of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered 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 retirement benefits are actuarially reduced if a survivor benefit is chosen. Other PERS Plan 2/3 benefits include a COLA based on the CPI, capped at 3% annually. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after 10 years of service; or after 5 years of service if 12 months of that service are earned after age 44.

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

Contributions - The PERS Plan 2/3 employer and employee contribution rates are developed by the Office of the State Actuary, adopted by the Pension Funding Council and are subject to change by the Legislature.

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

The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) were as follows fiscal year ended June 30, 2026:

PERS Plans 2/3 Actual Contribution Rates	Employer	Employee 2	Employee 3
July through June			
PERS Plan 2/3	5.38 %	5.38 %	Varies
Administrative Fee	0.20	-	-
Total	5.58 %	5.38 %	Varies

Energy Northwest's actual contributions to the plan were $10.4 million for the fiscal year ended June 30, 2026.

Actuarial Assumptions

The total pension liability/(asset) (TPL/A) for each of the DRS plans was determined by an actuarial valuation completed as of June 30, 2024, with with the results rolled forward to June 30, 2025. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) 2013-2018 Demographic Experience Study and the 2023 Economic Experience Study.

Additional assumptions for subsequent events and law changes are current as of the 2024 actuarial valuation report. The TPL/A was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2025. Plan liabilities/(assets) were rolled forward from June 30, 2024, to June 30, 2025, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 2.75% total economic inflation; 3.25% salary inflation
- **Salary increases:** In addition to the base salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7%

Mortality rates were developed using the Society of Actuaries' Pub. H-2010 mortality rates, which vary by member status (e.g. active, retiree, or survivor), as the base table. OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society 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. Changes in Assumptions and Methods: OSA improved their modeling of benefits paid to retirees and beneficiaries in their month of death to better match current administrations.

Discount Rate

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

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

Long-Term Expected Rate of Return

OSA selected a 7.0% long-term expected rate of return on plan investments, OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMAs) and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the CMA's and their target asset allocation to simulate future investment returns at various future times.

Estimated Rates of Return by Asset Class

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

Asset Class	Target Allocation	Percent Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	19%	2.10%
Tangible Assets	8%	4.50%
Real Estate	18%	4.80%
Global Equity	30%	5.60%
Private Equity	25%	8.60%
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 (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
PERS 1	$ 17,458	$ 10,346	$ 4,109
PERS 2/3	70,679	(43,556)	(137,373)

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, 2026, is as follow (in thousands):

	Energy Northwest's proportionate share of the PERS Plan 1 net pension liability/(asset):	Energy Northwest's proportionate share of the PERS Plan 2/3 net pension liability/(asset):	Total
Columbia	$ 9,680	$ (40,875)	$ (31,195)
Packwood	53	(218)	(165)
Business Development	453	(1,888)	(1,435)
Nine Canyon	105	(447)	(342)
Nuclear Project No. 1	55	(128)	(73)
Total	$ 10,346	$ (43,556)	$ (33,210)

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, 2026, Energy Northwest reported a total pension liability (asset) for its proportionate share of the net pension liabilities as follows (measured as of June 30, 2025, in thousands):

PERS 1	$ 10,346
PERS 2/3	(43,556)
Total	$ (33,210)

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

	Proportionate Share 6/30/24	Proportionate Share 6/30/25	Change in Proportion
PERS 1	0.75%	0.88%	0.13%
PERS 2/3	0.98%	1.14%	0.16%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30. 2025, 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, 2026, Energy Northwest's recognized pension expense/(revenue) as follows (in thousands):

PERS 1	$ 1,491
PERS 2/3	(3,165)
Total	$ (1,674)

Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2026, 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	-	711
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions paid to PERS subsequent to the measurement date	114	-
Total PERS 1	$ 114	$ 711
PERS 2/3:		
Differences between expected and actual economic experience	$ 31,845	$ -
Changes in actuarial assumptions	16,832	1,203
Net difference between projected and actual investment earnings on pension plan investments	-	9,808
Changes in proportion and differences between contributions and proportionate share of contributions	6,833	8,851
Contributions paid to PERS subsequent to the measurement date	10,423	-
Total PERS 2/3	65,933	19,862
Total All Plans	$ 66,047	$ 20,573

Deferred outflows of resources related to pensions resulting from Energy Northwest'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 (Dollars in thousands):

Fiscal Year Ended June 30	PERS 1	PERS 2/3
2027	$ 679	$ 15,040
2028	(494)	6,194
2029	(514)	5,964
2030	(382)	2,152
2031	-	4,986
Thereafter	-	1,312
Total	$ (711)	$ 35,648

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 2026 Energy Northwest contributed $5.4 million in employer matching funds while employees contributed $15.2 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, 2026.

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 $16.3 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 $500 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 $165.927 million. Assessments are limited to $24.714 million per reactor, per year, per incident, excluding tax. The SFP combines the contribution from 95 operating reactors to create the secondary layer of protection at $15.763 billion with maximum coverage $16.263 billion. 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)

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
- Business Development Fund 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; assumption 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. An updated estimate for the ARO was completed in April of 2024 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 2024 Columbia study was a joint effort between BPA and Energy Northwest to provide an updated estimate for future accounting and funding requirements to comply with GASB No. 83. The study was completed by the same national firm, who completed an original ARO estimate for Columbia in 2019. The national firm is involved with approximately 90% of cost studies completed in the United States nuclear industry. Updated design changes to the plan specifications and drawings were used as basis for the updated costing estimates. 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 FY 2024 Columbia study estimate using DECON as the scenario has an estimated decommissioning activity completion date of June 2099. In FY 2026, $46.8 million of amortization expense was recognized, and the index adjustment for FY 2026 was $80.1 million resulting in the overall increase in deferred outflow of $33.3 million. The index adjustment increased the estimated liability as of June 30, 2026, from $1.91 billion to $1.99 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 estimate 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. A decision was made to do the updated ARO estimate in FY 2024 based on increased labor and materials costs following the Covid-19 pandemic. Also, a decision was made to do an updated estimate approximately every five years going forward.

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 2099. 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 originally consisted 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 2026, was completed in May 2026 for an additional eight 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 expanded the ISFSI facility to store an additional 72 casks. The final phase of the ISFSI pad expansion project was completed and commissioned in FY

2025, the four additional pads 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 April 2024 included the ISFSI and revised both the timing and estimate. The FY 2024 ISFSI study estimate using DECON as the scenario has an estimated decommissioning activity completion date of June 2099. In FY 2026, $1.1 million of amortization expense was recognized and the index adjustment for FY 2026 was $1.1 million resulting in no change in the deferred outflow. The increase from the index adjustment increased the estimated liability as of June 30, 2026, from $25.7 million to $26.8 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 2026, $1.3 million of amortization expense was recognized and the index adjustment for FY 2026 was $955 thousand resulting in the overall decrease in deferred outflow of $384 thousand. The index adjustment increased the estimated liability as of June 30, 2026, from $22.7 million to $23.7 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 estimate 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 2027. The estimate from FY 2025 was updated to reflect an increase in planned expenses; the remaining estimate was $1.7 million as of June 30, 2025. The June 30, 2026, estimate was revised upward by $0.9 million; FY 2026 costs incurred of $0.6 million resulted in the remaining estimate of $2.0 million. Total site remediation activity costs to date are $23.8 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 $14.9 million as of June 30, 2026. 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 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 2026, $1.9 thousand of amortization expense was recognized and the index adjustment for FY 2026 was $2.0 thousand resulting in an overall increase to the deferred outflow of $0.1 thousand. The index adjustment increased the estimated liability as of June 30, 2026, from $47.7 thousand to $49.7 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 2025. 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 December 2024.

Energy Northwest's assurance funding estimate (10 CFR 50.75 - Reporting and Recordkeeping for Decommissioning) of Columbia's plant decommissioning costs in FY 2025 dollars is $707.9 million and assurance funding estimate (10 CFR 72.30 - Reporting and Recordkeeping for Decommissioning) of Columbia's ISFSI decommissioning costs in FY 2025 dollars is $25.5 million. These estimates are updated biannually for the Columbia decommissioning and every three years for the ISFSI decommissioning with the last update for both Columbia and ISFSI occurring in fiscal year 2025. The estimates are based on the NRC minimum amount (NRC 2025 studies for both Columbia and 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 2025 dollars is $144.7 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, 2026, totaled approximately $702.8 million, $5.9 million, and $102.1 million, respectively. The market value of cash and investment securities in the site restoration fund for Nuclear Project No. 1 is $14.9 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 the 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, 2026, totaled approximately $9.4 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 unusable Nuclear Project No. 1 structures 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 identified. 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 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, and most restoration activities have been completed. Completion of restoration will require final closure of the Site 1 landfill. In FY 2024, EFSEC changed the Site 1 landfill requirements from an inert landfill to a special purpose landfill. A revised landfill closure plan was submitted to EFSEC in October 2024 and approved by EFSEC in December 2024. In April 2026, EFSEC additionally approved updates to the closure design to address newly discovered waste encountered during construction activities. These updates, including excavation and consolidation of the waste and extension of the closure system, must be incorporated into the final closure plan. Energy Northwest is currently awaiting U.S. Department of Energy (DOE) approval of the updated closure design before moving forward with revising the closure plan. Closure of the Site 1 landfill is in progress and, pending DOE approval and closure plan revision, remains on track for completion by the end of FY 2027.

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

Through FY 2023, Energy Northwest, along with 9 other Washington State public entities, was 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. In FY 2024, Energy Northwest notified the other members of NoaNet that it was reducing its participation from a member to an affiliate.

While a member of NoaNet, as allowed by RCW 54.16, Energy Northwest guaranteed certain portions of NoaNet debt based on its proportionate membership share. In November 2020, NoaNet obtained bond funding for $25 million with $12.8 million outstanding in December 2025; EN guaranteed 10% of this debt, which was based on Energy Northwest's membership share of 8.04% and a step-up provision of 25% of the membership share. In Calendar Year 2025, NoaNet met all the debt obligations through operations. NoaNet reserves the right to assess the members to cover deficits from operations. There have been no assessments since 2011. Energy Northwest is not liable for future assessments due to reducing its participation.

NoaNet reported an increase in net position of $6.3 million for Calendar Year 2025. In accordance with GAAP, Energy Northwest did not record their proportionate share of these gains/losses.

Financial statements for NoaNet may be obtained by emailing info@noanet.net or writing to: Northwest Open Access Network, 11707 E Sprague Ave., Suite 201, Spokane Valley, WA 99206.

Energy Northwest New Nuclear Project

In FY 2025, ENNN LLC signed an agreement with Amazon in which they agreed to pay up to $334 million towards a small modular reactor project for four tranches. As of June 30, 2026, Amazon had made payments totaling $53.2 million (See Note 1).

Business Development Fund New Nuclear Feasibility Study

In FY 2024, the Energy Northwest Executive Board of Directors approved the commitment of up to $5.3 million of the BDF cash reserves to provide bridging funding to ensure that continued progress was made on the new nuclear feasibility study. Also, in FY 2024, Energy Northwest signed an agreement with Puget Sound Energy in which Puget Sound Energy agreed to pay up to $10 million towards the feasibility study. As of June 30, 2025, Puget Sound Energy had made payments totaling the full $10 million. (See Note 1). In addition, in March 2024, Washington state legislators included a $24 million provision in the states 2023-2025 supplemental capital budget to support the feasibility study. The budget was signed by the Governor of Washington in March 2024. As of the June 30, 2026, the State of Washington Department of Commerce had made payments totaling the full $24 million (see Note 1).

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 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). 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 the DOE's continued failure to accept used nuclear fuel under the Standard Contract for Disposal of Spent Nuclear Fuel that 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 Judgement 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 fiscal year before 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 2025 and has been reimbursed approximately $111.1 million for storage-related costs. Energy Northwest has requested a fourth extension of the settlement agreement from DOE for an additional three-year term.

On July 11, 2025, two Plaintiffs, on behalf of themselves and similarly situated Individuals, brought a class action lawsuit in the U.S. District Court for the District of Maryland, Dorrell et al. v. Constellation Energy et al. The complaint

alleges an industry-wide antitrust conspiracy among U.S. nuclear utilities from May 2003 to the present to suppress both unionized and non-unionized employee compensation, in violation of Section 1 of the Sherman Act. All US nuclear utilities and two consulting firms are named Defendants. The complaint alleges that the Defendants participated in a conspiracy to fix and suppress wages and benefits for employees in the nuclear power generation industry. This was allegedly achieved through the exchange of sensitive compensation data via a digital repository and compensation comparison reports, as well as through annual meetings where compensation rates were discussed and aligned. The Plaintiffs claim that this conspiracy resulted in artificially low compensation for workers. Energy Northwest is accused of directly participating in these practices. Plaintiffs seek class-wide damages, treble damages (3X actual damages) under federal antitrust laws, injunctive relief, and attorneys' fees. Federal anti-trust statutes provide for joint and several liability amongst the defendants (every defendant found liable in the conspiracy can be held responsible for the entire amount of damages regardless of their individual role or share of conduct), meaning that even if Energy Northwest employed less than 1% of the industry's workforce over the period in question, it could be responsible for 100% of the damages if other defendants settle, are insolvent, or escape liability. Energy Northwest has retained outside counsel to assist in this litigation. The court dismissed this matter on August 5, 2026. The Plaintiffs have until September 21, 2026, to move for leave to amend the complaint.

On June 2, 2026, Brian Rogers, a former employee, brought a class action lawsuit against Energy Northwest in Benton County Superior Court for the state of Washington as Brian Rogers et. al. v. Energy Northwest et. al. The complaint alleges that Energy Northwest did not pay Plaintiff and the class for all regular and overtime hours worked. Plaintiff claims on behalf of the class that Energy Northwest failed to pay one and a half times the regular rate of pay for overtime, arguing that his non-discretionary premiums were not factored into the overtime pay equation. Plaintiff also claims on behalf of the class that Energy Northwest failed to keep accurate payroll records and failed to provide sick pay. Energy Northwest is represented by Summit Law Group, a Seattle based employment law firm. Currently, Summit Law Group is discussing potential early mediation with opposing counsel.

The Internal Service Fund has a variety of workers' compensation claims that could result in an aggregate loss above the minimum reporting threshold for the Internal Service Fund of $1,080,000. As of June 30, 2026, none of these workers' compensation claims have exceeded the $500,000 deductible of Energy Northwest's insurance policy.

Although some suits, claims and commitments are significant in amount, final disposition is not determinable. In the opinion of management, the outcome of such litigation, claims or commitments will not have a material adverse effect on the financial positions of the business units or Energy Northwest as a whole. The future annual cost of the business units, however, may either be increased or decreased as a result of the outcome of these matters.

NOTE 11 - Nuclear Fuels

Energy Northwest has a large volume of inventory to support future reactor operations that were purchased well below current published market valuation. Energy Northwest completed its last delivery from Louisiana Enrichment Services, LLC for delivery of enrichment service in July 2025. This delivery will provide sufficient Inventory to satisfy the 2035 and 2037 refueling at current projected reactor requirement for Columbia Generating Station.

Energy Northwest has a contract with Global Nuclear Fuel - Americas LLC valued at $192.0 million for fuel fabrication services through FY 2027, Energy Northwest made the decision in May 2024 to exercise the two optional reloads to extend the contract through 2031. The delivery of new fuel assemblies coincides with each refueling outage year, with the refueling complete in June 2025 (R-27).

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 of 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 based on quantity of heat produced for generation of electric energy. The amount moved to spent fuel for cooling decreased $98.1 million.

The current period operating expense for Columbia was $61.9 million, which consists of $55.7 million for amortization of fuel used in the reactor and $6.2 million of O&M expenses for the ISFSI and milestone O&M expenses for spent fuel multi-purpose canisters. There was no DOE spent fuel disposal charges. Nuclear fuel inventory was $667.6 million

and accumulated fuel amortization was $168.0 million for a net nuclear fuel inventory of $499.6 million as of June 30, 2026.

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. Spent fuel is transferred from the spent fuel pool to the ISFSI periodically to allow for future refueling. The last ISFSI loading campaign was completed in May 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, 2026 (in thousands):

OPEB Liabilities	$	21,606
Deferred Outflows of Resources		1,741
Deferred Inflows of Resources		5,119
OPEB Expense		579

Energy Northwest 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, 2025, 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, 2025 (measurement date), the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	845
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	1,091

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

Energy Northwest's total OPEB liability was measured as of June 30, 2025, and was determined by an actuarial valuation dated June 30, 2024.

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

Methodolgy:	
Actuarial Cost Method	Entry Age Normal (Level Percent of Salary)
Assumptions:	
Discount Rate - Based on S&P Municipal Bond 20 Year High Grade Index	4.81%
Beginning of Measurement Year	4.21%
End of Measurement Year	4.81%
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	$ 22,761
Service Cost	888
Interest	944
Changes of Assumptions or Other Inputs	(1,421)
Benefit Payments	(1,566)
Total	$ 21,606

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 Energy Northwest 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 (in thousands):

	1% Decrease	Current Rate	1% Increase
Discount Rate	$ 24,310	$ 21,606	$ 19,325
Healthcare Cost Trend Rate	19,134	21,606	24,636

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

Energy Northwest recognized OPEB expense for the years ended June 30 as follows (in thousands):

Service Cost	$ 888
Interest Cost	944
Recognition of Assumption Changes	(906)
Recognition of Experience Gains and Losses	(347)
Total	$ 579

At June 30, 2026, Energy Northwest reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ -	$ 1,634
Changes of Assumptions or Other Inputs	175	3,485
Contributions Subsequent to the Measurement Date	1,566	-
Total	$ 1,741	$ 5,119

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	
2027	$ (1,254)
2028	(1,254)
2029	(1,254)
2030	(515)
2031	(464)
Thereafter	(203)
Total	$ (4,944)

NOTE 13 - Leases

Lessee:

Energy Northwest as a lessee, leases land, building space, vehicles, and equipment. EN recognized 13 Lease assets with remaining term balances ranging from 1 to 27 years. Energy Northwest recognized a total lease amortization expense of $1.2 million and lease interest expense of $209 thousand. The following tables details the lease obligations by business unit and activity in thousands.

Nine Canyon Wind Project

Fiscal Year Ended June 30	Principal	Interest
2027	$ 26	$ 19
2028	26	19
2029	27	18
2030	28	17
2031	28	17
2032 - 2036	153	72
2037 - 2041	174	51
2042 - 2046	198	27
2047 - 2049	86	3
Total	$ 746	$ 243

Business Development Fund

Fiscal Year Ended June 30	Principal	Interest
2027	$ 12	$ 4
2028	12	3
2029	9	3
2030	5	3
2031	5	2
2032 - 2036	28	10
2037 - 2041	31	6
2042 - 2046	29	2
Total	$ 131	$ 33

Internal Service Fund

Fiscal Year Ended June 30	Principal	Interest
2027	$ 4	$ -
Total	$ 4	$ -

Packwood Hydroelectric Project

Fiscal Year Ended June 30	Principal	Interest
2027	$ 19	$ 1
2028	15	-
Total	$ 34	$ 1

Nuclear Project No.1

Fiscal Year Ended June 30	Principal	Interest
2027	$ 35	$ 33
2028	36	32
2029	36	31
2030	37	30
2031	38	29
2032 - 2036	207	130
2037 - 2041	236	102
2042 - 2046	268	69
2047 - 2051	305	33
2052 - 2053	66	2
Total	$ 1,264	$ 491

Columbia Generating Station

Fiscal Year Ended June 30	Principal	Interest
2027	$ 1,030	$ 125
2028	703	98
2029	481	80
2030	495	65
2031	427	50
2032 - 2036	1,010	113
2037 - 2041	293	32
2042 - 2046	64	2
Total	$ 4,503	$ 565

Lessor:

Energy Northwest , as a lessor, leases property, office space, lab space, rack space and dark fiber to others. The terms of the leases are from 1 to 24 years. EN recognized $616 thousand in lease revenue and $107 thousand in lease interest revenue on 7 leases during Fiscal Year 2026.

NOTE 14 - Subscription-Based Information Technology Arrangements

Energy Northwest recognized 23 subscription-based information technology arrangements (SBITA) with remaining term balances ranging from 1 to 6 years. Energy Northwest recognized a total SBITA amortization expense of $2.7 million and SBITA interest expense of $176 thousand. The following tables detail the SBITA obligations by business unit in thousands.

Columbia Generating Station

Fiscal Year Ended June 30	Principal	Interest
2027	$ 25	$ 1

Internal Service Fund

Fiscal Year Ended June 30	Principal	Interest
2027	$ 2,667	$ 179
2028	1,369	89
2029	543	38
2030	494	18
Total	$ 5,073	$ 324

Business Development Fund

Fiscal Year Ended June 30	Principal	Interest
2027	$ 18	$ 1

Energy Northwest New Nuclear

Fiscal Year Ended June 30	Principal	Interest
2027	$ 98	$ 15
2028	110	11
2029	66	6
2030	75	3
Total	$ 349	$ 35

Schedules of Required Supplementary Information (Unaudited)

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

PERS 1

Measurement Date Ended June 30	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Proportion of the net pension liability (asset)	0.88%	0.75%	0.85%	0.92%	0.99%	0.89%	1.02%	1.08%	1.13%	1.08%
Proportionate share of the net pension liability (asset)	$ 10,346	$ 13,338	$ 19,502	$ 25,530	$ 12,128	$ 31,376	$ 39,358	$ 48,192	$ 53,781	$ 58,147
Covered-employee payroll	190,494	151,619	152,417	150,964	146,520	134,853	143,601	143,282	142,483	128,944
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	5.43%	8.80%	12.80%	16.91%	8.28%	23.27%	27.41%	33.63%	37.75%	45.09%
Plan fiduciary net position as a percentage of the total pension liability	89.07%	84.05%	80.16%	76.56%	88.74%	68.64%	67.12%	63.22%	61.24%	57.03%

PERS 2/3

Measurement Date Ended June 30	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Proportion of the net pension liability (asset)	1.14%	0.98%	1.10%	1.20%	1.28%	1.16%	1.32%	1.38%	1.45%	1.38%
Proportionate share of the net pension liability (asset)	$ (43,555)	$ (32,296)	$ (45,190)	$ (44,440)	$ (127,200)	$ 14,795	$ 12,831	$ 23,584	$ 50,411	$ 69,510
Covered-employee payroll	190,494	151,619	152,417	150,964	146,520	134,852	143,502	143,015	142,140	128,634
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-22.86%	-21.30%	-29.65%	-29.44%	-86.81%	10.97%	8.94%	16.49%	35.47%	54.04%
Plan fiduciary net position as a percentage of the total pension liability	105.53%	105.17%	107.02%	106.73%	120.29%	97.22%	97.77%	95.77%	90.97%	85.82%

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

PERS 1

Measurement Date Ended June 30	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually Required Contribution	$ 114	$ 4,839	$ 4,494	$ 5,822	$ 5,619	$ 7,397	$ 6,441	$ 7,339	$ 7,213	$ 6,818
Contributions in Relation to the Contractually Required Contribution Subtotal	(114)	(4,839)	(4,494)	(5,822)	(5,619)	(7,397)	(6,441)	(7,339)	(7,213)	(6,818)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-Employee Payroll	$ 6,447	$ 190,494	$ 151,619	$ 152,417	$ 150,964	$ 152,720	$ 134,853	$ 143,601	$ 143,282	$ 142,483
Contributions as a Percentage of Covered Employee Payroll	1.77%	2.54%	2.96%	3.82%	3.72%	4.84%	4.78%	5.11%	5.03%	4.79%

PERS 2/3

Measurement Date Ended June 30	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually Required Contribution	$ 10,423	$ 12,113	$ 9,643	$ 9,694	$ 9,627	$ 12,095	$ 10,657	$ 10,789	$ 10,658	$ 8,862
Contributions in Relation to the Contractually Required Contribution	(10,423)	(12,113)	(9,643)	(9,694)	(9,627)	(12,095)	(10,657)	(10,789)	(10,658)	(8,862)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-Employee Payroll	$ 192,917	$ 190,494	$ 151,619	$ 152,417	$ 150,964	$ 152,720	$ 134,852	$ 143,502	$ 143,015	$ 142,140
Contributions as a Percentage of Covered Employee Payroll	5.40%	6.36%	6.36%	6.36%	6.38%	7.92%	7.90%	7.52%	7.45%	6.23%

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, 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.
- There were no changes in actuarial assumptions between the valuation date of June 30, 2022 and the measurement date of June 30, 2024.
- There were changes in actuarial assumptions between the valuation date of June 30, 2023 and the measurement date of June 30, 2025.
    - Adjusted the valuation for calculating the UAAL contribution rates in PERS 1 to reflect the delay between the measurement date of calculated Plan 1 rates and when the rates are collected.
- There were changes in actuarial assumptions between the valuation date of June 30, 2024 and the measurement date of June 30, 2026.
    - Eliminated the UAAL contribution to PERS Plan 1 starting July 1, 2025.

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	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability - Beginning	$ 22,761	$ 24,453	$ 24,751	$ 29,571	$ 29,254	$ 28,850	$ -	$ -	$ -
Service Cost	888	754	745	1,028	1,006	1,006	-	-	-
Interest	944	992	972	662	654	646	-	-	-
Differences Between Expected and Actual Experience	-	(2,069)	-	(363)	-	-	-	-	-
Changes of Assumptions or Other Inputs	(1,421)	245	(356)	(4,814)	-	-	-	-	-
Benefit Payments	(1,566)	(1,614)	(1,659)	(1,333)	(1,343)	(1,248)	-	-	-
Total OPEB Liability - Ending	$ 21,606	$ 22,761	$ 24,453	$ 24,751	$ 29,571	$ 29,254	$ -	$ -	$ -
Covered-Employee Payroll	$ 158,795	$ 141,376	$ 124,982	$ 115,381	$ 102,720	$ 113,576	$ -	$ -	$ -
Total OPEB Liability as a % of Covered-Employee Payroll	13.61%	16.10%	19.57%	21.45%	28.79%	25.76%	0.00%	0.00%	0.00%

Notes to Schedules
No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.
Until a full 10-year trend is compiled, only information for those years available is presented.

Key valuation assumptions:

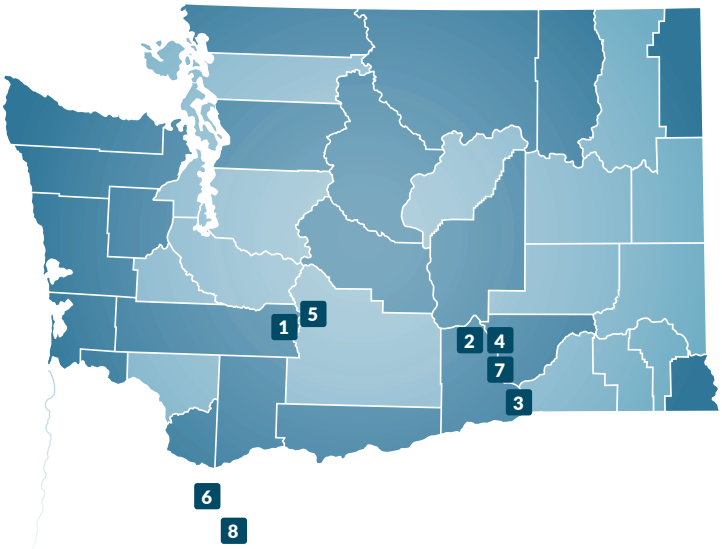
- There were changes in actuarial assumptions as of the valuation and measurement date of June 30, 2022.
  - Increased the valuation discount rate from 2.25% to 4.00%.
  - Health Care Trend assumption was changed to 7.00% decreasing to 6.50%, then decreasing by 0.10% per year down to 4.50%, and level thereafter.
  - Inflation rate was increased from 2.00% to 2.50%.
- There were no changes in actuarial assumptions as of the valuation and measurement date of June 30, 2023.
- There were changes in actuarial assumptions as of the valuation and measurement date of June 30, 2024.
  - Increased the valuation discount rate from 4.13% to 4.21%.
- There were changes in actuarial assumptions as of the valuation and measurement date of June 30, 2025.
  - Increased the valuation discount rate from 4.21% to 4.81%.

Notes

ENERGY NORTHWEST

Energy Northwest is a Washington state public power joint operating agency and a premier provider of carbon-free electricity. Energy Northwest comprises public power member utilities serving more than 1.5 million customers, and provides its members and regional customers with safe, reliable, cost-effective, responsible power generation and innovative energy and business solutions.

The agency owns and operates hydroelectric, solar, battery storage, wind and the Northwest's only nuclear power facility. Energy Northwest also actively supports transportation electrification and new generation projects to the benefit of public power.



Energy Northwest Facts

Headquarters

Richland, Wash.

Employment Figures

Approximately 1,200 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