Jefferson County PUD No. 1

Narrative to Accompany Monthly Financial Statements

For the Period Ending November 30, 2017

Combined Income Statement – Page 1

This report provides an overview of the revenues and expenses from all sources of the PUD for the month of November 2017, and for the 11 months ended November 30, 2017. Overall, the District had Net Margins for the month in the amount of $428k. We budgeted Net Margins of $293k for the month. On a year to date basis, Net Margins are $4.7 million, which is $2.6 million better than last year and $3.1 million better than budget. November's financial results are discussed further and in more detail in the Income Statement Comparison below.

Income Statement Comparison Through November 2017 – Page 2

Line 1. Operating Revenue –The current year Operating Revenue of $34.4 million is ahead of last year by $4.2 million, or 14%.

Lines 3. & 4., Cost of Purchased Power and Transmission Expense – Included here is demand and kWh purchases from Bonneville Power Administration (BPA), cost of electricity to run the pumps for the water system, and wholesale water purchased for resale. Because electric sales are up and BPA increased its rates to the PUD, on a year to date basis the cost to provide wholesale power to the end users is $1.1 million higher in 2017 than in 2016. Wholesale Power Costs and related Transmission Expenses are 43% of Operating Revenue.

Line 7. Distribution Expense – Maintenance - This line represents the costs to prevent a breakdown of utility service or the costs to repair if a breakdown has occurred. Year to date expenses in 2017 continue to run less than last year by $763k. The reduction in costs is due to storm issues in 2016, a focus on capital work in 2017 with less scheduled maintenance projects, and less right of way clearing through November.

Line 11. Administrative & General Expense – This line represents the administrative and general costs of operating the PUD, including governance, management, administration, and goodwill which are not chargeable to a particular function. Year to date expenses in 2017 are higher than last year by $200k, or almost 9%. More labor and benefits were charged in 2017 but there has been less reliance on outside consultants. There have also been more office supplies, administrative building costs, and miscellaneous general expenses in 2017 than 2016.

Line 15. Tax Expense – Other – State B&O Excise Taxes and State Utility Privilege Taxes are both up in 2017 because these taxes are based on revenue and revenues are up.

Line 16 – Interest on Long Term Debt – Is lower because the principal amount on debt has been paid down. See the separate Schedule of Long Term Debt and Notes Payable (page 11) for details.

Line 19 – Other Deductions – Includes the costs of construction work orders previously planned but not carried through because customers changed their minds or the work was maintenance. Some of these abandoned costs were prior to 2017.

Operating and Non-Operating Margins – Year to date Operating Margins for 2017 are $2.4 million, which is $3.3 million better than 2016. Year to date Non-Operating Margins are $2.3 million, which is $714k less than 2016. The Non-Operating Margin variance is primarily due to debt forgiveness on water loans in 2016. With larger cash balances carried throughout 2017, interest income is up by $73k, or 51%.

Income Statement for November 2017 - Electric Utility – Page 3

For the Electric utility, Operating and Net Margins through November 2017 are $2.8 million and $4.2 million, respectively. Both of these margins are better than in 2016 and ahead of the 2017 Budget. Operation and Maintenance expenses (lines 6 and 7) for 2017 are $670k less than 2016 and $925k less than budget because of experiencing fewer storms and outages, as well as, less maintenance and right of way clearing jobs. Non-operating Margins are up by $1.3 million in 2017 primarily through cash and in-kind contributions provided by customers to support construction projects. Year to date for 2017, the Times Interest Earned Ratio (TIER) and the Operating TIER (OTIER) are 2.57 and 2.04, respectively. See the TIER and DSC – 12 Month Rolling Average – Electric report on Page 12 for the twelve-month rolling average TIER and OTIER ratios.

Income Statement for November 2017 – Water Utility – Page 4

Year to date Operating Revenues for the Water utility are $2.1 million. This is ahead of budget and last year. For the month of November, revenues were $173k, which is $15k less than predicted. A Net Loss of $3k was budgeted for November. The actual Net Loss was $22k. For the 11 months ended November 2017, the Water utility had an operating loss of $145k, which is lower than the operating loss in 2016 of $277k as well as the Net Loss budgeted at $255. Year to date Net Water Utility Margins were $142k, which is ahead of the budgeted loss of $59k but well below 2016's Net Margins of $1.3 million, which included debt forgiveness on water loans.

Income Statement for November 2017 – General Fund Division – Page 5

This schedule shows the revenues and expenses for the PUD that are to provide governance of the organization. Year to date through November 2017, the fund has Net Margins of $311k. Revenues from Property, Timber Harvest, and Leasehold Excise Taxes are included in this division.

Balance Sheet for November 2017 – Pages 6 &7

The Balance Sheet provides a snapshot of amounts owned, amounts due, and current and previous margins as of the last day of the month. The Variance column compares the balance of each as of November 30, 2017 with November 30, 2016.

We continue to focus on closing completed construction work orders which transfers amounts from Line 2. Construction Work in Progress to Line 1. Total Utility Plant in Service. Once the transfer is completed, we begin to apply depreciation expense. Net Utility Plant is $884 less in value over the past 12 months, indicating that the Depreciation and, especially Amortization Expense on the acquisition of PSE's electric system, is exceeding the rate of new plant constructed or added during the past year.

Cash balances have grown $3.7 million over the past 12 months through improved margins. See lines 13. Special Funds, Line 15. Cash-General Funds, and Line 18. Temporary Investments.

Long-Term Debt and Notes payable have decreased $4 million due to debt service payments made over the last 12 months. See Line 43. Total Long-Term Debt and Line 47. Notes Payable.

Statement of Cash Flows – Pages 8 & 9

Operating activities in November generated $1.1 million in cash. $206k of cash was invested in utility mass plant and equipment. Included was the return of the $80k deposit which had been paid on the Union Bank Building. $7k was used in financing activities. Overall cash increased $914k during the month. For the 11 months ended November 30, 2017, cash increased $4.15 million.

Schedule of Cash, Liquid Investments, and Special Funds – Page 10

This schedule provides the detail of amounts reported on the Balance Sheet (Page 6) Line 15. Cash-General Funds, Line 13. Restricted/Special Funds and Line 18. Temporary Investments. Interest earned by fund is also provided.

Schedule of Long Term Debt and Notes Payable – Page 11

This schedule provides the detail of amounts reported on the Balance Sheet (Page 7) Line 37. RUS Debt, Line 40. Other Long-Term Debt, and Line 47. Notes Payable. The weighted average cost of debt for 2017 is 2.7675%. The PUD has not borrowed on any new debt during 2017.

TIER and DSC – 12 Month Rolling Average – Electric – Page 12

This chart shows the trends in TIER and Debt Service Coverage (DSC) on a 12-month rolling average from November 2016 through November 2017 for the Electric utility. The RUS requires that we meet an average TIER and DSC each of 1.25 in the two best years out of the three most recent years. We are also

required to meet an average Operating TIER (OTIER) and Operating DSC (ODSC) of 1.10 in the two best years out of three most recent years.

As of November 30, 2017, the 12-month rolling average ratios are as follows:

- TIER = 2.90
- OTIER = 2.15
- DSC = 2.23
- ODSC = 1.87

Financial Analysis and Ratios – Pages 13 & 14

There are a large number of financial and statistical ratios that the PUD could report; however, these are some of the more important ones to watch.

The TIER and DSC ratios are also reported to and reviewed by the RUS per our loan covenants.

The Quick Ratio and 90 Days of Cash for Operations let us know whether our cash levels are adequate. Note that not all of our cash funds are considered in the 90 Days of Cash for Operations. In fact, $4.3 million is excluded because some type of restriction has been placed on it by others, usually the lender/bond holder.

The Average Accounts Receivable Collection Period shows that over the past 12 months, customers are becoming slower to pay their utility bill. It is now taking three days longer. We will be researching why this is happening.

The Accounts Payable to Average Daily Purchases shows that our Accounts Payable Department has been consistently taking 38 days to process payments. We want to ensure that this is reasonable for our vendors as we need them to help us provide utility services to customers.

The Days in Inventory is important to watch. We continue to make improvements in the length of time that an item is purchased, placed in inventory and then used. We have shortened the time by an average of 86 days since November 2016. Managing inventory is a balancing act: we want the item available when it is needed but having too much inventory can be costly. It can be subject to shrinkage, obsolescence, and added costs to store, handle and track. But, having too little inventory can be costly, too, by having delays in restoring power outages, delaying construction projects for customers, reduced productivity of linemen, and paying higher prices in products and the freight to get them here quickly.

Comparative Sales – Electric Division – Page 15

Our distribution system continues to grow in the number of customers served in almost every customer class, as well as, in revenue. The Total of Customer/Revenue Data provides detail behind Line 1. Operating Revenue in the Electric Division Income Statement (page 3).

The Purchases/Sales Data section reports kWh purchased, sold in each customer class, and what is unaccounted for and considered "Line Loss". The highest demand of energy that all customers placed on the distribution system at one time usually is experienced in January. During November 2017, the peak demand was 82,515 kW as reported by Bonneville Power Administration. Note that this demand was significantly greater than November 2016 of 68,401 kW and 88% of the highest peak demand in 2016. The PUD reports the kWh's as purchased during the month of November; however, the sales will not be billed and reported until December due to cycle meter readings. The line loss of 12.18% for the month is larger because of this mismatch of when purchases occur and when sales are reported. When purchases and sales are reviewed over 11 months, the line loss is more reasonable around 2%.

The Revenue per kWh Data section compares the price customers pay per kWh under each customer class. The price includes the customer charge, energy charge, demand charge, and horsepower charge but excludes any taxes and special services, such as collection fee. The price paid ranges from a large commercial customer paying an average of 5.52 cents per kWh year-to-date to 32.14 cents per kWh for a street lighting customer. Residential customers paid 10.85 cents per kWh year-to-date.

General Ledger

Unaudited-Subject to Change

Financial And Operating Report

COMBINED INCOME STATEMENT FOR NOVEMBER 2017

Item	Year - To - Date			Period - To - Date	
	Last Year	This Year	Budget	Current	Budget
1. Operating Revenue	30,186,225	34,406,328	33,061,794	3,335,397	3,280,860
2. Power Production Expense	880	101	1,936	0	176
3. Cost of Purchased Power	11,983,201	13,112,612	12,733,307	1,250,261	1,242,180
4. Transmission Expense	1,610,104	1,547,831	1,678,997	167,713	205,777
5. Regional Market Expense	0	0	0	0	0
6. Distribution Expense - Operation	1,100,441	1,178,698	1,323,403	147,220	113,548
7. Distribution Expense - Maintenance	2,677,312	1,914,360	2,667,665	218,290	241,196
8. Customer Accounts Expense	1,256,615	1,308,734	1,292,296	119,071	115,884
9. Customer Service and Informational Expense	73,419	76,722	147,246	7,210	13,064
10. Sales Expense	0	0	0	0	0
11. Administrative and General Expense	2,193,201	2,389,368	2,478,348	200,340	211,819
12. Total Operation & Maintenance Expense (2 thru 11)	20,895,173	21,528,426	22,323,198	2,110,105	2,143,644
13. Depreciation & Amortization Expense	5,225,046	5,305,994	4,892,305	490,953	444,755
14. Tax Expense - Property & Gross Receipts	0	0	0	0	0
15. Tax Expense - Other	1,799,104	1,969,282	1,844,200	189,898	183,690
16. Interest on Long-Term Debt	3,137,508	2,983,511	3,027,650	271,746	274,449
17. Interest Charged to Construction - Credit	0	0	0	0	0
18. Interest Expense - Other	168	0	0	0	0
19. Other Deductions	0	187,849	458,337	690	41,667
20. Total Cost of Utility Service (12 thru 19)	31,056,999	31,975,062	32,545,690	3,063,392	3,088,205
21. Operating Margins (1 minus 20)	-870,774	2,431,266	516,104	272,005	192,655
22. Non Operating Margins - Interest	143,266	216,671	126,916	14,788	11,312
23. Allowance for Funds Used During Construction	0	0	0	0	0
24. Income (Loss) from Equity Investments	0	0	0	0	0
25. Non Operating Margins - Other	2,829,222	2,033,174	944,482	141,063	89,129
26. Generation and Transmission Capital Credits	0	0	0	0	0
27. Other Capital Credits and Patronage Dividends	11,266	20,014	0	0	0
28. Extraordinary Items - Cumulative Effect of GASB 68	0	0	0	0	0
29. Net Margins (21 thru 28)	2,112,980	4,701,125	1,587,502	427,856	293,096
Operating - Margin	-870,774	2,431,266	516,104	272,005	192,655
Non Operating - Margin	2,983,754	2,269,859	1,071,398	155,851	100,441

General Ledger

Financial And Operating Report

INCOME STATEMENT COMPARISON THROUGH NOVEMBER 2017

Item	Year - To - Date Last Year	This Year	Amount Change	Percent Change
1. Operating Revenue	30,186,225	34,406,328	4,220,103	14.0%
2. Power Production Expense	880	101	-779	-88.5%
3. Cost of Purchased Power	11,983,201	13,112,612	1,129,411	9.4%
4. Transmission Expense	1,610,104	1,547,831	-62,273	-3.9%
5. Regional Market Expense	0	0	0	0.0%
6. Distribution Expense - Operation	1,100,441	1,178,698	78,257	7.1%
7. Distribution Expense - Maintenance	2,677,312	1,914,360	-762,952	-28.5%
8. Customer Accounts Expense	1,256,615	1,308,734	52,119	4.2%
9. Customer Service and Informational Expense	73,419	76,722	3,303	4.5%
10. Sales Expense	0	0	0	0.0%
11. Administrative and General Expense	2,193,201	2,389,368	196,167	8.9%
12. Total Operation & Maintenance Expense (2 thru 11)	20,895,173	21,528,426	633,253	3.0%
13. Depreciation & Amortization Expense	5,225,046	5,305,994	80,948	1.6%
14. Tax Expense - Property & Gross Receipts	0	0	0	0.0%
15. Tax Expense - Other	1,799,104	1,969,282	170,178	9.5%
16. Interest on Long-Term Debt	3,137,508	2,983,511	-153,997	-4.9%
17. Interest Charged to Construction - Credit	0	0	0	0.0%
18. Interest Expense - Other	168	0	-168	-100.0%
19. Other Deductions	0	187,849	187,849	0.0%
20. Total Cost of Utility Service (12 thru 19)	31,056,999	31,975,062	918,063	3.0%
21. Operating Margins (1 minus 20)	-870,774	2,431,266	3,302,040	-379.2%
22. Non Operating Margins - Interest	143,266	216,671	73,405	51.2%
23. Allowance for Funds Used During Construction	0	0	0	0.0%
24. Income (Loss) from Equity Investments	0	0	0	0.0%
25. Non Operating Margins - Other	2,829,222	2,033,174	-796,048	-28.1%
26. Generation and Transmission Capital Credits	0	0	0	0.0%
27. Other Capital Credits and Patronage Dividends	11,266	20,014	8,748	77.7%
28. Extraordinary Items	0	0	0	0.0%
29. Net Margins (21 thru 28)	2,112,980	4,701,125	2,588,145	122.5%
Operating - Margin	-870,774	2,431,266	3,302,040	
Non Operating - Margin	2,983,754	2,269,859	-713,895	

General Ledger

Unaudited-Subject to Change

Financial And Operating Report

ELECTRIC DIVISION INCOME STATEMENT FOR NOVEMBER 2017

Item	Year - To - Date			Period - To - Date	
	Last Year	This Year	Budget	Current	Budget
1. Operating Revenue	28,220,948	32,313,754	31,026,533	3,162,154	3,092,164
2. Power Production Expense	0	0	0	0	0
3. Cost of Purchased Power	11,862,616	13,003,360	12,625,589	1,242,184	1,227,383
4. Transmission Expense	1,610,104	1,547,831	1,678,997	167,713	205,777
5. Regional Market Expense	0	0	0	0	0
6. Distribution Expense - Operation	672,623	737,546	890,983	106,841	74,987
7. Distribution Expense - Maintenance	2,412,403	1,678,036	2,449,323	194,875	221,427
8. Customer Accounts Expense	1,110,110	1,174,359	1,142,125	105,685	102,485
9. Customer Service and Informational Expense	73,409	76,662	121,304	7,210	10,761
10. Sales Expense	0	0	0	0	0
11. Administrative and General Expense	1,636,349	1,864,393	1,774,028	140,650	152,148
12. Total Operation & Maintenance Expense (2 thru 11)	19,377,614	20,082,187	20,682,349	1,965,158	1,994,968
13. Depreciation & Amortization Expense	4,572,978	4,651,922	4,277,988	430,959	388,908
14. Tax Expense - Property & Gross Receipts	0	0	0	0	0
15. Tax Expense - Other	1,699,814	1,866,920	1,741,511	181,576	174,168
16. Interest on Long-Term Debt	2,806,484	2,704,136	2,704,806	245,814	245,814
17. Interest Charged to Construction - Credit	0	0	0	0	0
18. Interest Expense - Other	168	0	0	0	0
19. Other Deductions	0	187,850	458,337	690	41,667
20. Total Cost of Electric Service (12 thru 19)	28,457,058	29,493,015	29,864,991	2,824,197	2,845,525
21. Operating Margins (1 minus 20)	-236,110	2,820,739	1,161,542	337,957	246,639
22. Non Operating Margins - Interest	35,430	83,341	23,782	7,590	2,162
23. Allowance for Funds Used During Construction	0	0	0	0	0
24. Income (Loss) from Equity Investments	0	0	0	0	0
25. Non Operating Margins - Other	774,977	1,328,162	316,525	92,678	28,775
26. Generation and Transmission Capital Credits	0	0	0	0	0
27. Other Capital Credits and Patronage Dividends	9,350	16,611	0	0	0
28. Extraordinary Items	0	0	0	0	0
29. Net Electric Utility Margins (21 thru 28)	583,647	4,248,853	1,501,849	438,225	277,576
Operating - Margin	-236,110	2,820,739	1,161,542	337,957	246,639
Non Operating - Margin	819,757	1,428,114	340,307	100,268	30,937
Times Interest Earned Ratio - Operating	0.92	2.04			
Times Interest Earned Ratio - Net	1.21	2.57			
Times Interest Earned Ratio - Modified	1.20	2.57			

General Ledger

Unaudited-Subject to Change

Financial And Operating Report

WATER DIVISION INCOME STATEMENT FOR NOVEMBER 2017

Item	Year - To - Date			Period - To - Date	
	Last Year	This Year	Budget	Current	Budget
1. Operating Revenue	1,965,049	2,092,292	2,035,057	173,244	188,696
2. Power Production Expense	880	101	1,936	0	176
3. Cost of Wholesale Water and Power	120,586	109,252	107,718	8,077	14,797
4. Transmission Expense	0	0	0	0	0
5. Regional Market Expense	0	0	0	0	0
6. Distribution Expense - Operation	427,817	441,152	432,420	40,379	38,561
7. Distribution Expense - Maintenance	264,909	236,324	218,342	23,415	19,769
8. Customer Accounts Expense	146,505	134,375	150,171	13,386	13,399
9. Customer Service and Informational Expense	10	60	25,942	0	2,303
10. Sales Expense	0	0	0	0	0
11. Administrative and General Expense	269,362	345,175	378,503	33,150	32,615
12. Total Operation & Maintenance Expense (2 thru 11)	1,230,069	1,266,439	1,315,032	118,407	121,620
13. Depreciation & Amortization Expense	652,068	654,072	614,317	59,995	55,847
14. Tax Expense - Property & Gross Receipts	0	0	0	0	0
15. Tax Expense - Other	99,290	102,361	102,689	8,322	9,522
16. Interest on Long-Term Debt	260,919	214,667	258,373	20,262	22,774
17. Interest Charged to Construction - Credit	0	0	0	0	0
18. Interest Expense - Other	0	0	0	0	0
19. Other Deductions	0	0	0	0	0
20. Total Cost of Water Service (12 thru 19)	2,242,346	2,237,539	2,290,411	206,986	209,763
21.Operating Margins (1 minus 20)	-277,297	-145,247	-255,354	-33,742	-21,067
22. Non Operating Margins - Interest	98,963	109,496	97,460	5,414	8,860
23. Allowance for Funds Used During Construction	0	0	0	0	0
24. Income (Loss) from Equity Investments	0	0	0	0	0
25. Non Operating Margins - Other	1,511,902	174,066	98,813	5,805	8,983
26. Generation and Transmission Capital Credits	0	0	0	0	0
27. Other Capital Credits and Patronage Dividends	1,915	3,402	0	0	0
28. Extraordinary Items	0	0	0	0	0
29.Net Water Utility Margins (21 thru 28)	1,335,483	141,717	-59,081	-22,523	-3,224
Operating - Margin	-277,297	-145,247	-255,354	-33,742	-21,067
Non Operating - Margin	1,612,780	286,964	196,273	11,219	17,843

GENERAL FUND DIVISION INCOME STATEMENT FOR NOVEMBER 2017

Item	Year - To - Date			Period - To - Date	
	Last Year	This Year	Budget	Current	Budget
1. Operating Revenue	228	282	204	0	0
2. Power Production Expense	0	0	0	0	0
3. Cost of Purchased Power	0	0	0	0	0
4. Transmission Expense	0	0	0	0	0
5. Regional Market Expense	0	0	0	0	0
6. Distribution Expense - Operation	0	0	0	0	0
7. Distribution Expense - Maintenance	0	0	0	0	0
8. Customer Accounts Expense	0	0	0	0	0
9. Customer Service and Informational Expense	0	0	0	0	0
10. Sales Expense	0	0	0	0	0
11. Administrative and General Expense	287,489	179,800	325,817	26,540	27,056
12. Total Operation & Maintenance Expense (2 thru 11)	287,489	179,800	325,817	26,540	27,056
13. Depreciation & Amortization Expense	0	0	0	0	0
14. Tax Expense - Property & Gross Receipts	0	0	0	0	0
15. Tax Expense - Other	0	0	0	0	0
16. Interest on Long-Term Debt	70,105	64,708	64,471	5,670	5,861
17. Interest Charged to Construction - Credit	0	0	0	0	0
18. Interest Expense - Other	0	0	0	0	0
19. Other Deductions	0	0	0	0	0
20. Total Cost of General Fund (12 thru 19)	357,594	244,508	390,288	32,210	32,917
21. Operating Margins (1 minus 20)	-357,366	-244,226	-390,084	-32,210	-32,917
22. Non Operating Margins - Interest	8,873	23,834	5,674	1,784	290
23. Allowance for Funds Used During Construction	0	0	0	0	0
24. Income (Loss) from Equity Investments	0	0	0	0	0
25. Non Operating Margins - Other	542,343	530,947	529,144	42,579	51,371
26. Generation and Transmission Capital Credits	0	0	0	0	0
27. Other Capital Credits and Patronage Dividends	0	0	0	0	0
28. Extraordinary Items	0	0	0	0	0
29. Net General Fund Margins (21 thru 28)	193,850	310,555	144,734	12,153	18,744
Operating - Margin	-357,366	-244,226	-390,084	-32,210	-32,917
Non Operating - Margin	551,216	554,781	534,818	44,363	51,661

Unaudited-Subject to Change

Financial And Operating Report

BALANCE SHEET FOR NOVEMBER 2017

	Last Year	This Year	Variance
ASSETS AND OTHER DEBITS			
1. Total Utility Plant in Service	182,905,641	193,060,345	10,154,704
2. Construction Work in Progress	7,173,486	2,989,771	-4,183,715
3. Total Utility Plant (1 + 2)	190,079,127	196,050,116	5,970,989
4. Accum. Provision for Depreciation and Amort.	55,062,905	61,918,202	6,855,297
5. Net Utility Plant (3 - 4)	135,016,222	134,131,914	-884,308
6. Non-Utility Property (Net)	2,225,000	2,215,854	-9,146
7. Invest. in Subsidiary Companies	0	0	0
8. Invest. in Assoc. Org. - Patronage Capital	0	0	0
9. Invest. in Assoc. Org. - Other - General Funds	7,886	22,895	15,009
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	0	0	0
11. Invest. in Economic Development Projects	0	0	0
12. Other Investments	0	0	0
13. Special Funds	1,494,810	1,524,805	29,995
14. Total Other Property & Investments (6 thru 13)	3,727,696	3,763,554	35,858
15. Cash - General Funds	2,387,619	5,348,594	2,960,975
16. Cash - Construction Funds - Trustee	0	0	0
17. Special Deposits	0	0	0
18. Temporary Investments	11,640,606	12,353,435	712,829
19. Notes Receivable (Net)	0	0	0
20. Accounts Receivable - Sales of Energy (Net)	1,995,014	2,124,930	129,916
21. Accounts Receivable - Other (Net)	8,936,670	7,801,663	-1,135,007
22. Renewable Energy Credits	0	0	0
23. Material and Supplies - Electric & Other	1,498,050	1,776,974	278,924
24. Prepayments	1019	95,593	94,574
25. Other Current and Accrued Assets	2,147,309	2,285,313	138,004
26. Total Current and Accrued Assets (15 thru 25)	28,606,287	31,786,502	3,180,215
27. Regulatory Assets	0	0	0
28. Other Deferred Debits	477,230	752,496	275,266
29. Total Assets and Other Debits (5 + 14 + 26 thru 28)	167,827,435	170,434,466	2,607,031

Unaudited-Subject to Change

Financial And Operating Report

BALANCE SHEET FOR NOVEMBER 2017

	Last Year	This Year	Variance
LIABILITIES AND OTHER CREDITS			
30. Memberships	0	0	0
31. Patronage Capital	0	0	0
32. Operating Margins - Prior Years	0	0	0
33. Operating Margins - Current Year	-870,774	2,431,266	3,302,040
34. Non-Operating Margins	2,983,754	2,269,859	-713,895
35. Other Margins and Equities	31,221,026	34,843,314	3,622,288
36. Total Margins & Equities (30 thru 35)	33,334,006	39,544,439	6,210,433
37. Long-Term Debt - RUS (Net)	110,218,890	107,103,568	-3,115,322
38. Long-Term Debt - FFB - RUS Guaranteed	0	0	0
39. Long-Term Debt - Other - RUS Guaranteed	0	0	0
40. Long-Term Debt - Other (Net)	8,214,003	7,504,488	-709,515
41. Long-Term Debt - RUS Econ. Devel. (Net)	0	0	0
42. Payments - Unapplied	0	0	0
43. Total Long-Term Debt (37 thru 41 - 42)	118,432,893	114,608,056	-3,824,837
44. Obligations Under Capital Leases - Noncurrent	0	0	0
45. Accumulated Operating Provisions	2,381,676	3,176,777	795,101
46. Total Other Noncurrent Liabilities (44 + 45)	2,381,676	3,176,777	795,101
47. Notes Payable	1,576,511	1,425,409	-151,102
48. Accounts Payable	9,723,210	9,587,642	-135,568
49. Consumers Deposits	122,100	122,800	700
50. Current Maturities Long-Term Debt	0	0	0
51. Current Maturities Long-Term Debt - Econ. Devel.	0	0	0
52. Current Maturities Capital Leases	0	0	0
53. Other Current and Accrued Liabilities	1,889,795	1,912,140	22,345
54. Total Current & Accrued Liabilities (47 thru 53)	13,311,616	13,047,991	-263,625
55. Regulatory Liabilities	0	0	0
56. Other Deferred Credits	367,244	57,203	-310,041
57. Total Liab. & Other Credits (36+43+46+54 thru 56)	167,827,435	170,434,466	2,607,031
Current Assets To Current Liabilities	2.15 to 1	2.44 to 1	
Margins and Equities To Total Assets	19.86 %	23.20 %	
Long-Term Debt To Total Utility Plant	62.31 %	58.46 %	

Jefferson County PUD No. 1
STATEMENT OF CASH FLOWS
November 30, 2017

Unaudited and subject to change

CASH FLOW FROM OPERATING ACTIVITIES:		
Operating Revenue	$3,335,397	
Accounts Receivable - Electric & Water Utility Service (Net)	(229,852)	
Accounts & Notes Receivable - Other (Net)	(13,115)	
CASH RECEIVED FROM CUSTOMERS	$3,092,430	
Non Operating Margins-Interest	$14,788	
Non Operating Margins-Other	141,063	
Other Current & Accrued Assets	1	
Deferred Debits	425	
CASH RECEIVED FROM OTHERS	$156,277	
CASH RECEIVED FROM OPERATING ACTIVITIES		$3,248,707
Total Operating & Maintenance Expense	($2,110,105)	
Prepayments	(11,362)	
Accounts Payable	239,862	
Material & Supplies/Electric & Other	(9,258)	
CASH PAID (-) TO SUPPLIERS & EMPLOYEES	($1,890,863)	
Tax Expense, Other	($189,898)	
Interest Long Term Debt	(271,747)	
Other Deductions	(691)	
Other Current & Accrued Liabilities	232,202	
CASH PAID (-) FOR INTEREST, TAXES & OTHER	($230,134)	
CASH DISBURSED (-) FOR OPERATING ACTIVITIES		(2,120,997)
NET CASH - OPERATING ACTIVITIES		**$1,127,710**
CASH FLOW FROM INVESTING ACTIVITIES:		
Investment in Utility and General Plant	($282,522)	
Special Funds	76,244	
NET CASH - INVESTING ACTIVITIES		**($206,278)**
CASH FLOW FROM FINANCING ACTIVITIES:		
Long Term Debt	$0	
Notes Payable	($8,658)	
Consumer Deposits	1,250	
CHANGE IN LIABILITIES/DEBT	(7,408)	
NET CASH - FINANCING ACTIVITIES		**($7,408)**
NET INCREASE (DECREASE) IN CASH FOR THE MONTH		**$914,024**
PRIOR MONTH'S ENDING CASH BALANCE		**$16,788,005**
CURRENT MONTH'S ENDING CASH BALANCE:		
Cash - General Funds	$5,348,594	
Cash- Construction Fund	0	
Temporary Investments	12,353,435	
TOTAL - CURRENT MONTH'S ENDING CASH BALANCE		**$17,702,029**

JEFFERSON COUNTY PUBLIC UTILITY DISTRICT #1
STATEMENT OF CASH FLOWS
January - November 2017

Unaudited and subject to change

CASH FLOW FROM OPERATING ACTIVITIES:		
Operating Revenue	$34,406,328	
Accounts Receivable - Electric & Water Utility Service (Net)	309,649	
Accounts & Notes Receivable - Other (Net)	367,395	
CASH RECEIVED FROM CUSTOMERS	$35,083,372	
Non Operating Margins-Interest	$350,137	
Non Operating Margins-Other	2,033,174	
Other Capital Credits	20,014	
Deferred Debits	11,048	
CASH RECEIVED FROM OTHERS	$2,414,374	
CASH RECEIVED FROM OPERATING ACTIVITIES		$37,497,746
Total Operating & Maintenance Expense	($21,528,427)	
Prepayments	(68,179)	
Accounts Payable	102,727	
Material & Supplies/Electric & Other	(251,792)	
CASH PAID (-) TO SUPPLIERS & EMPLOYEES	($21,745,671)	
Tax Expense, Other	($1,969,282)	
Interest Long Term Debt	(2,983,511)	
Other Deductions	(187,850)	
Other Current & Accrued Liabilities	533,546	
CASH PAID (-) FOR INTEREST, TAXES & OTHER	($4,607,097)	
CASH DISBURSED (-) FOR OPERATING ACTIVITIES		($26,352,768)
NET CASH - OPERATING ACTIVITIES		**$11,144,978**
CASH FLOW FROM INVESTING ACTIVITIES:		
Investment in Utility and General Plant	($3,802,344)	
Investment in Assoc. Organizations-Patronage Capital	(14,009)	
Special Funds	(105,498)	
NET CASH - INVESTING ACTIVITIES		**($3,845,607)**
CASH FLOW FROM FINANCING ACTIVITIES:		
Payments on Long Term Debt	($3,007,693)	
Notes Payable	(134,670)	
Consumer Deposits	(2,300)	
CHANGE IN LIABILITIES / DEBT	(3,144,663)	
NET CASH - FINANCING ACTIVITIES		**($3,144,663)**
NET INCREASE (DECREASE) IN CASH DURING THE PERIOD		**$4,154,708**
PRIOR YEAR'S ENDING CASH BALANCE		**$13,547,321**
CURRENT MONTH'S ENDING CASH BALANCE:		
Cash - General Funds	$5,348,594	
Cash - Construction Fund	0	
Temporary Investments	12,353,435	
TOTAL - CURRENT MONTH'S ENDING CASH BALANCE		**$17,702,029**

Jefferson County PUD No. 1
SCHEDULE OF CASH, LIQUID INVESTMENTS, AND SPECIAL FUNDS
November 30, 2017

Account Description	Current Balance	YTD Interest Income
Operating Account - Jefferson Co. Treasurer	$4,134,204	$71,197
Operating Depository Account - Bank of America	966,725	0
Payroll Clearing Account - 1st Security Bank	131,570	0
1996 Bond LUD #8 - Jefferson Co. Treasurer	55,439	1,569
DOT Permit #U05-24 Account - Bank of America	29,343	4
1996 Bond LUD #6 - Jefferson Co. Treasurer	15,941	2,548
2009 Bond LUD #14 - Jefferson Co. Treasurer	11,590	82,870
Working Funds - Petty Cash and CSR Drawers	1,750	0
Payroll Clearing Account - Bank of America	1,504	0
2008 Bond LUD #15 - Jefferson Co. Treasurer	330	14,039
Cash Held in Trust by Property Manager	150	0
1999 Bond LUD #11 - Jefferson Co. Treasurer	29	1,981
1997 Bond LUD #13 - Jefferson Co. Treasurer	19	251
TOTAL LINE 15. BALANCE SHEET-CASH-GENERAL FUNDS	**$5,348,594**	**$174,458**
Operating Account Related Investment - Jefferson Co. Treasurer	$5,866,876	$0
LUD #14 Bond Investment - Jefferson Co. Treasurer	2,326,672	0
Tax Revenue Investment Fund - Jefferson Co. Treasurer	1,925,000	0
Tax Revenue Fund - Jefferson Co. Treasurer	1,820,695	23,337
LUD #15 Bond Investment - Jefferson Co. Treasurer	365,363	0
LUD #11 Bond Investment - Jefferson Co. Treasurer	28,013	0
LUD #13 Bond Investment - Jefferson Co. Treasurer	20,816	0
TOTAL LINE 18. BALANCE SHEET-TEMPORARY INVESTMENTS	**$12,353,435**	**$23,337**
TOTAL CASH AND LIQUID INVESTMENTS	**$17,702,029**	**$197,795**
RUS Bond Reserve Investment Fund - Jefferson Co. Treasurer	$1,094,959	$0
LUD #11 Water Reserve Investment Fund - Jefferson Co. Treasurer	224,868	0
Tri Area Bond Reserve Investment Fund - Jefferson Co. Treasurer	173,606	0
Other Special Funds	30,009	0
RUS Bond Reserve Fund - Jefferson Co. Treasurer	990	13,181
LUD #11 Water Reserve Fund - Jefferson Co. Treasurer	203	2,707
Tri Area Bond Reserve Fund - Jefferson Co. Treasurer	157	2,090
LUD #13 Reserve Fund - Jefferson Co. Treasurer	13	0
TOTAL LINE 13. BALANCE SHEET-RESTRICTED FUNDS	**$1,524,805**	**$17,978**

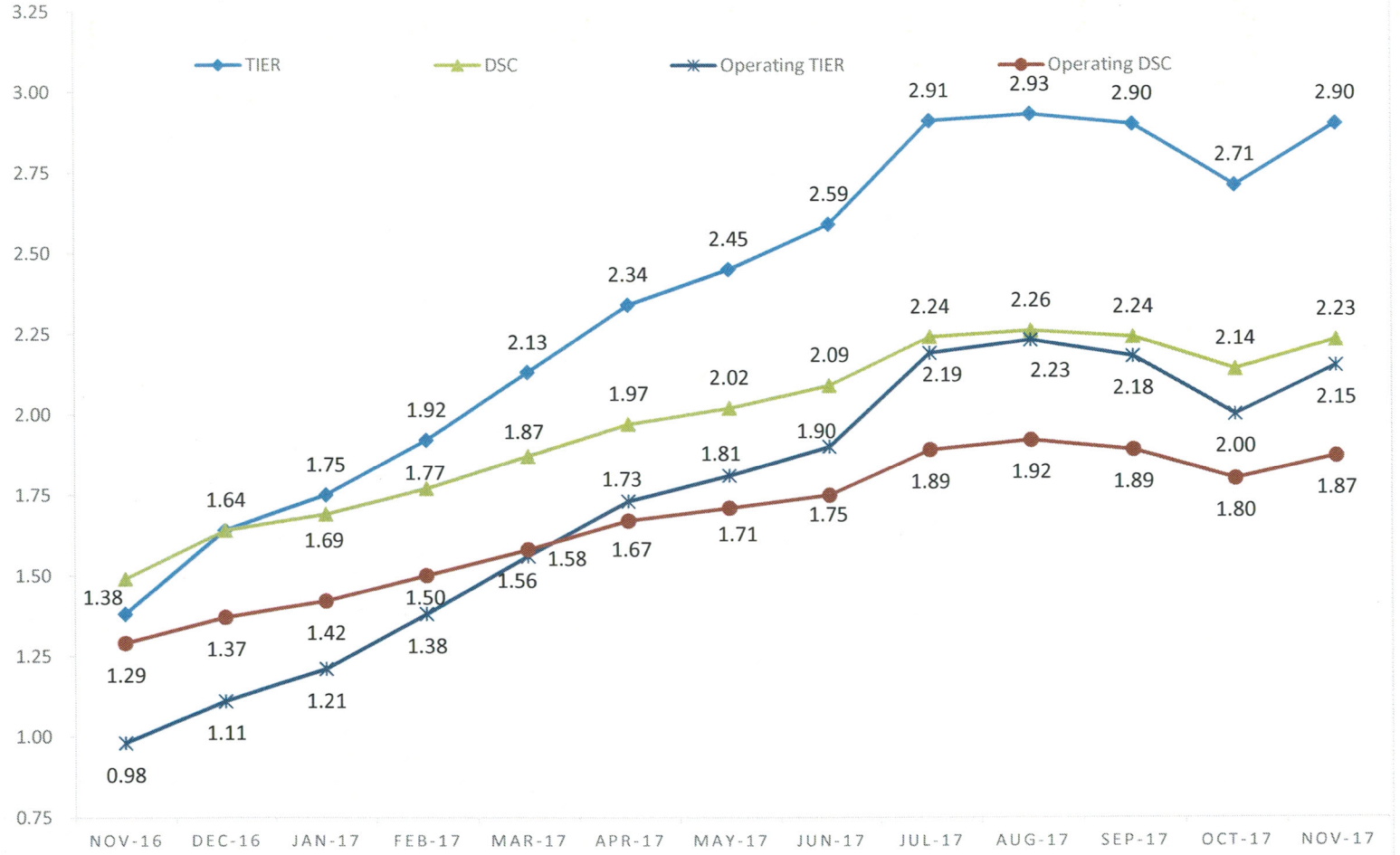
Jefferson County PUD No. 1
SCHEDULE OF LONG TERM DEBT and NOTES PAYABLE
November 30, 2017

Description	Note Name/Number	Interest Rate	Maturity Date	12/31/2016 Principal Balance	Y-T-D Principal Borrowings	Y-T-D Principal Payments	Current Principal Balance	Y-T-D Interest Expense	Y-T-D P&I Payments
RUS/FFB loan for PSE acquisition	H0010	2.728%*	Dec-41	$108,743,895		($2,353,879)	$106,390,016	$2,681,528	$4,547,894
RUS/FFB loan for PSE acquisition	H0015	3.433%*	Dec-41	727,906		(14,354)	713,552	22,608	32,847
LINE 37 BALANCE SHEET-RUS DEBT				**$109,471,801**	**$0**	**($2,368,233)**	**$107,103,568**	**$2,704,136**	**$4,580,741**
USDA Tri Area	2003 Revenue Bond	4.500%	Apr-43	$2,534,212		($51,293)	$2,482,919	$103,773	$138,830
LUD #14-Marrowstone Island Water System	2009 Revenue Bond	4.15% - 6.75%	Mar-26	1,353,000		(106,000)	1,247,000	69,869	185,728
LUD #14-Marrowstone Island Water System	PW-05-691-025	0.500%	Jul-25	979,257		(108,806)	870,451	4,624	113,703
SRF Loan-Sparling Water Treatment Plant	DM13-952-177	1.000%	Oct-37	801,183		(41,904)	759,279	8,205	50,179
SRF Loan-Treatment Sparling Well/Quimper System	DM10-952-018	1.000%	Oct-44	752,839		(26,887)	725,952	8,693	34,416
SRF Loan-Kala Pt Acquisition, Upgrade, Consolid.	DM12-952-091	1.000%	Oct-36	517,275		(27,225)	490,050	5,127	32,398
LUD #15-Beckett Pt Large On-Site Sewage System	PW-05-691-024	0.500%	Jul-25	456,982		(50,776)	406,206	2,158	53,061
LUD #11-Bywater Way & Shine	1999 Revenue Bond	5.250%	May-19	415,000		(50,000)	365,000	18,659	70,475
Transfer from City of Port Townsend	PW-02-691-066	1.000%	Jun-18	139,614		(69,807)	69,807	1,047	71,203
Snow Creek Ranch Water System Improvements	PW-00-65120-008	2.500%	Oct-21	41,360		(8,272)	33,088	1,000	9,306
LUD #15-Beckett Point	2008 Revenue Bond	3.990%	May-25	104,653		(82,299)	22,354	(10,181)	86,509
Kala Point Water Reservoir & Meters	98-78898-021	3.350%	Oct-19	33,154		(11,051)	22,102	1,049	12,162
Sound View Villa Emergency Loan	PW-99-691-ELP-301	5.000%	Jul-19	15,421		(5,140)	10,280	643	5,911
LINE 40 BALANCE SHEET-OTHER LTD				**$8,143,948**	**$0**	**($639,460)**	**$7,504,488**	**$214,667**	**$863,880**
Peterson Lake	B. Peterson Family LP	6.000%	Mar-26	$1,210,078		($84,670)	$1,125,408	$64,707	$143,286
Kala Point	Eric Thomas Note	0.000%	Oct-24	350,000		(50,000)	300,000	0	50,000
LINE 47 BALANCE SHEET-NOTES PAYABLE				**$1,560,078**	**$0**	**($134,670)**	**$1,425,408**	**$64,707**	**$193,286**
TOTAL LONG TERM DEBT AND RELATED EXPENDITURES				**$119,175,827**	**$0**	**($3,142,363)**	**$116,033,464**	**$2,983,510**	**$5,637,907**

WEIGHTED AVERAGE COST OF DEBT	**2.7675%**

*Interest rate includes 1/8% for Section 9 Fee

TIER AND DSC - 12 MONTH ROLLING AVERAGE-ELECTRIC



TIER: Net Margins + Interest on LTD / Interest on LTD

DSC: Net Margins + Interest on LTD + Depreciation / Principal & Interest Payments on LTD

RUS TIER & DSC Requirement = 1.25
RUS OTIER & ODSC Requirement = 1.1

JEFFERSON COUNTY PUBLIC UTILITY DISTRICT #1
Financial Analysis and Ratios
November 30, 2017

	2016	2017
Times Interest Earned Ratio (TIER) - Electric - YTD: Net Margins + Interest on Long Term Debt / Interest on Long Term Debt	1.21	2.57

Measures the PUD's ability to repay interest on long-term debt for the electric division. Minimum is 1.25 for the year but strive for higher.

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Operating Times Interest Earned Ratio (OTIER) - Electric - YTD: Operating Margins + Interest on Long Term Debt / Interest on Long Term Debt	0.92	2.04

Measures the PUD's ability to repay interest on long-term debt for the electric division. Minimum is 1.10 for the year.

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Debt Service Coverage (DSC) - Electric - YTD: Net Margins + Interest on Long Term Debt + Depreciation/Amortization / Total Long-Term Debt Service Billed	1.74	2.53

Measures the PUD's ability to generate sufficient funds from net margins to cover the annual debt service payments on the electric division. Minimum is 1.25 for the year.

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Operating Debt Service Coverage (ODSC) - Electric - YTD: Operating Margins + Interest on Long Term Debt + Depreciation/Amortization / Total Long-Term Debt Service Billed	1.56	2.22

Measures the PUD's ability to generate sufficient funds from operating margins to cover the annual debt service payments on the electric division. Minimum is 1.10 for the year.

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Quick Ratio: Cash and Accounts Receivable / Current Liabilities	1.35	1.64

Reveals the protection afforded short-term creditors by the most liquid current assets. The larger the ratio (and it should be above 1.0), the greater the liquidity.

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90 Days of Cash for Operations
12 Months of Actual Expenditures
4

Per Financial Policy, required to keep 90 days of available cash based on planned year's budget.	$9,539,373	$10,060,005
Surplus / (Deficit) in Available (Non-restricted) Funds	$1,889,079	$4,889,042

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JEFFERSON COUNTY PUBLIC UTILITY DISTRICT #1
Financial Analysis and Ratios
November 30, 2017

	2016	2017
Average Accounts Receivable Collection Period:		
365 / Accounts Receivable Turnover	20	23
Expresses the effectiveness of collections in days. Represents the number of days it takes for customers to pay their bill after it has been sent out.		
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Accounts Payable to Average Daily Purchases:		
Average Accounts Payable / Average Daily Purchases	38	38
Indicates the number of days required to pay creditors.		
--*-*-*-*		
Days in Inventory		
365 / Inventory Turnover	354	268
Indicates the average number of days that units are kept in inventory before being used.		

Jefferson County PUD No. 1
Comparative Sales - Electric Division

November 30, 2017

CUSTOMER/REVENUE DATA	YEAR-TO-DATE AVERAGE # LAST YEAR	YEAR-TO-DATE AVERAGE # THIS YEAR	YEAR-TO-DATE REVENUE LAST YEAR	YEAR-TO-DATE REVENUE THIS YEAR	YEAR-TO-DATE REVENUE BUDGET	MONTHLY NUMBER LAST YEAR	MONTHLY NUMBER THIS YEAR	MONTHLY REVENUE LAST YEAR	MONTHLY REVENUE THIS YEAR	MONTHLY REVENUE BUDGET
1. RESIDENTIAL	16,871	17,070	$17,581,330	$20,659,274	$19,388,259	16,998	17,163	$1,674,451	$2,060,261	$1,865,014
2. RESIDENTIAL SEASONAL	0	0	0	0	0	0	0	0	0	0
3. IRRIGATION	2	1	3,510	3,563	3,338	1	0	40	13	36
4. SM. COMMERCIAL	2,112	2,221	5,692,305	6,361,414	6,607,967	2,113	2,241	528,996	578,236	605,233
5. LG. COMMERCIAL	17	18	4,553,022	5,036,215	4,539,604	18	18	478,086	501,211	598,715
6. STREET LIGHTING	199	212	145,219	157,815	142,702	200	214	13,154	15,013	4,317
7. PUBLIC AUTHORITIES	0	0	0	0	0	0	0	0	0	0
8. TOTAL SALES	19,201	19,522	$27,975,386	$32,218,280	$30,681,870	19,330	19,636	$2,694,728	$3,154,734	$3,073,315
9. OTHER REVENUE			245,562	95,474	344,663			5,557	7,420	18,849
TOTAL (8+9)			**$28,220,948**	**$32,313,755**	**$31,026,533**			**$2,700,285**	**$3,162,154**	**$3,092,164**

PURCHASES/SALES DATA	YEAR-TO-DATE kWh LAST YEAR	YEAR-TO-DATE kWh THIS YEAR	YEAR-TO-DATE kWh BUDGET	YEAR-TO-DATE kWh CURRENT VS BUDGET	MONTHLY kWh LAST YEAR	MONTHLY kWh THIS YEAR	MONTHLY kWh BUDGET	MONTHLY kWh CURRENT VS BUDGET
PURCHASES	325,837,623	351,103,211	324,162,192	8.31%	33,346,903	37,682,184	36,255,487	3.94%
1. RESIDENTIAL	173,949,160	190,432,222	180,460,727	5.53%	16,493,694	19,034,550	17,268,648	10.23%
2. RESIDENTIAL SEASONAL	0	0	0	0.00%	0	0	0	0.00%
3. IRRIGATION	45,910	48,991	41,728	17.41%	0	0	450	-100.00%
4. SMALL COMMERCIAL	58,269,665	62,264,235	60,679,220	2.61%	5,256,005	5,624,272	5,557,695	1.20%
5. LARGE COMMERCIAL	88,509,848	91,162,910	76,942,441	18.48%	8,501,856	8,381,416	10,147,712	-17.41%
6. STREET LIGHTING	541,924	491,002	594,592	-17.42%	63,517	51,144	17,988	184.32%
7. PUBLIC AUTHORITIES	0	0	0	0.00%	0	0	0	0.00%
8. TOTAL SALES	**321,316,507**	**344,399,360**	**318,718,708**	**8.06%**	**30,315,072**	**33,091,382**	**32,992,493**	**0.30%**
9. OFFICE USE	0	0	0	0.00%	0	0	0	0.00%
10. UNACCOUNTED	4,521,116	6,703,851	5,443,484	23.15%	3,031,831	4,590,802	3,262,994	40.69%
11. PERCENT LOSS	1.39%	1.91%	1.68%	13.69%	9.09%	12.18%	9.00%	
12. COINCIDENT DEMAND (kW)	93,442	102,920			68,401	82,515		
13. MONTH OF MAXIMUM kW	January	January						

REVENUE PER kWh DATA	YEAR-TO-DATE REVENUE - CENTS PER kWh LAST YEAR	YEAR-TO-DATE REVENUE - CENTS PER kWh THIS YEAR	YEAR-TO-DATE REVENUE - CENTS PER kWh BUDGET	YEAR-TO-DATE REVENUE - CENTS PER kWh CURRENT VS BUDGET	MONTHLY REVENUE - CENTS PER kWh LAST YEAR	MONTHLY REVENUE - CENTS PER kWh THIS YEAR	MONTHLY REVENUE - CENTS PER kWh BUDGET	MONTHLY REVENUE - CENTS PER kWh CURRENT VS BUDGET
1. RESIDENTIAL	10.11	10.85	10.74	0.98%	10.15	10.82	10.80	0.22%
2. RESIDENTIAL SEASONAL	0.00	0.00	0.00	0.00%	0.00	0.00	0.00	0.00%
3. IRRIGATION	7.64	7.27	8.00	-9.07%	0.00	0.00	8.00	-100.00%
4. SMALL COMMERCIAL	9.77	10.22	10.89	-6.18%	10.06	10.28	10.89	-5.59%
5. LARGE COMMERCIAL	5.14	5.52	5.90	-6.37%	5.62	5.98	5.90	1.36%
6. STREET LIGHTING	26.80	32.14	24.00	33.92%	20.71	29.35	24.00	22.31%
7. PUBLIC AUTHORITIES	0.00	0.00	0.00	0.00%	0.00	0.00	0.00	0.00%
8. OVERALL	**8.71**	**9.35**	**9.63**	**-2.82%**	**8.89**	**9.53**	**9.32**	**2.34%**