Grant County
PUBLIC UTILITY DISTRICT

Powering Our Way of Life.

MEMORANDUM **September 22, 2026**

TO: John Mertlich, General Manager/CEO

VIA: Bonnie Overfield, Chief Financial Officer Bonnie Overfield

Jennifer Sager, Senior Manager Accounting

FROM: Jessica Aloysius, Financial Reporting Analyst

SUBJECT: Preliminary Unaudited July 2026 Financial Statements

Monthly Financial Summary — July 2026 (Preliminary, Unaudited) with comparison to July 2025.

Overall Financial Performance

July financial performance remained strong however, results were below prior year as higher operating expenses and lower revenues resulted in a $59.4M decrease in net position compared to the prior year. Net position increased $14.6M from the prior month.

Operating Revenues

- Operating revenues decreased $30.1M, driven primarily due to lower net wholesale market revenues. Contributing factors included a $32.6M reduction in CCA revenue recognition, a $26.4M decrease in Estimated Unmet District Load auction proceeds, and increased wholesale market purchase costs of $16.5M. These decreases were partially offset by a $38.6M increase in surplus wholesale sales driven by higher market sales volumes and increased slice revenues.

Operating Expenses

- Operating expenses increased $21.0M, primarily due to higher A&G and Distribution expenses related to labor and benefits, purchased services, IT related services, and risk management activities.

Other Revenues (Expenses)

- Other revenues (expenses) decreased $10.4M, driven by unrealized investment losses offset by interest on revenue bonds.

Capital-Related Items

- Contributions in Aid of Construction (CIAC) increased $2.1M, driven by increased CIAC billings and receivables, partially offset by lower line extension true ups.

Assets

- Cash & investments increased $226.7M, largely due to increased investment of CCA proceeds of $147.4M from prior year, investment in TEA in Mar. 2026, and Large Power Solution application fees.
- Current assets (excluding cash & investments) increased $6.8M primarily due to increased materials & supplies, accounts receivable and transmission service request deposits.
- Utility plant, net increased $153.5M, reflecting continued investment in the turbine/generator replacements, the new service center, QTEP, DB2, and the PRP and WAN Station Service Switchgear projects.

Liabilities / Deferred Inflows

- Current liabilities increased to $59.4M, primarily due to the transfer of 2010-M bond to current portion in anticipation of the upcoming bullet payment, payment timing of trade payables, and increased labor costs in comparison to prior year, offset by the payoff of the 2020-R bond in 2025, and lower unearned revenue.
- Noncurrent liabilities decreased $165.0M due to the payoff of the 2023-U bond, the transfer of 2010-M to current liabilities, and principal payments partially offset by increased unearned revenues primarily related to Large Power Solution application fees.
- Deferred inflows increased $331.1M primarily related to the timing of the implementation of Regulatory Accounting for CCA proceeds.

Change in Net Position

- Net position increased $229.3M in the first seven months of 2026, reflecting continued growth in financial position; however, the increase was 20.6% lower than the prior year period.
- The lower year-over-year increase was primarily driven by an 8.2% decrease in operating revenues and a 13.0% increase in operating expenses, partially offset by a 26.9% increase in Contributions in Aid of Construction (CIAC).

Notable Trends or Items to Watch

- CCA proceed revenue recognized as expenditures are incurred and the timing of regulatory accounting changes related to the restatement of financials at year-end.
- Continued investment in major generation, transmission, and facilities projects.
- Changes to wholesale power revenue and expenses as energy operations implement changes and bring on new resources.

PUBLIC UTILITY DISTRICT NO. 2 OF GRANT COUNTY
UNAUDITED
STATEMENT OF NET POSITION
July 31, 2026 and 2025
(amounts in thousands)

	2026	2025	Difference
CURRENT ASSETS			
Cash	$ 2,469	$ 3,162	$ (693)
Investments	341,357	257,498	83,859
Restricted funds			
Cash	1,417	720	697
Investments	175,991	212,657	(36,665)
Accounts receivable, net	54,286	52,433	1,853
Materials and supplies	42,079	38,628	3,452
Due from power purchasers	-	1	(1)
Current lease receivable	517	516	1
Other current assets	4,896	3,400	1,496
Total current assets	623,012	569,013	54,000
NONCURRENT ASSETS			
Investments	71,749	83,856	(12,107)
Restricted funds			
Cash	447	157	290
Investments	663,166	471,868	191,298
Net pension assets	24,356	21,012	3,344
Long-term lease receivable	15,387	15,905	(517)
Conservation loans	66	94	(27)
Preliminary survey costs	3,726	3,726	-
Total other noncurrent assets	778,899	596,619	182,279
Utility plant, net	2,760,394	2,606,936	153,458
Total noncurrent assets	3,539,293	3,203,555	335,738
DEFERRED OUTFLOWS			
Net pension, change in proportion	30,822	28,732	2,090
Other Post Employment Benefits	3,874	2,115	1,759
Unamortized refunding loss	26,239	29,912	(3,672)
Total deferred outflows	60,935	60,759	177
TOTAL ASSETS AND DEFERRED OUTLFOWS OF RESOURCES	$ 4,223,240	$ 3,833,326	$ 389,914

PUBLIC UTILITY DISTRICT NO. 2 OF GRANT COUNTY
UNAUDITED
STATEMENT OF NET POSITION
July 31, 2026 and 2025
(amounts in thousands)

	2026	2025	Difference
CURRENT LIABILITIES			
Accounts payable			
Trade	$ 58,278	$ 45,738	$ 12,540
Accrued salaries and compensated absences	23,382	17,138	6,244
Due to Power Purchasers	2,555	1,387	1,168
Accrued taxes	7,104	6,650	454
Customer deposits	9,081	7,721	1,360
Accrued bond interest	3,166	3,489	(323)
Unearned revenue	6,562	13,123	(6,560)
Habitat liability	23,582	22,818	764
Other current liabilities	81	160	(80)
Current portion of licensing obligations	2,953	2,877	76
Current portion of subscription liability	4,069	3,215	854
Current portion of long-term debt	119,774	76,869	42,905
Total current liabilities	260,586	201,185	59,402
NONCURRENT LIABILITIES			
Long-term debt, less current portion	803,097	978,234	(175,138)
Licensing obligations, less current portion	56,418	58,777	(2,359)
Net pension liability	5,827	8,738	(2,912)
Other post-employment benefits liability	11,051	9,499	1,553
Long-term unearned revenue	17,557	3,344	14,213
Long-term subscription liability, less current portion	2,950	2,644	306
Other long-term liabilities, less current portion	4,524	5,112	(588)
Total noncurrent liabilities	901,424	1,066,349	(164,925)
DEFERRED INFLOWS			
Regulatory Liability CCA	322,593	-	322,593
Net pension	6,628	8,162	(1,534)
Regulatory Liability - Pension	67,934	58,055	9,879
Other post employemnt benefits	3,445	2,645	800
Leases	14,824	15,496	(672)
Total deferred inflows	415,424	84,357	331,067
Total liabilities and deferred inflows of resources	1,577,434	1,351,891	225,544
NET POSITION			
Net investment in capital assets	1,875,554	1,562,734	312,820
Restricted	406,542	610,915	(204,373)
Unrestricted	363,710	307,787	55,923
Total net position	2,645,806	2,481,436	164,370
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 4,223,240	$ 3,833,326	$ 389,914

PUBLIC UTILITY DISTRICT NO. 2 OF GRANT COUNTY
UNAUDITED
STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN NET POSITION
For the Seven Months Ended July 31, 2026 and 2025
(amounts in thousands)

	2026	2025	Difference
OPERATING REVENUES			
Sales to power purchasers at cost	$ 17,739	$ 15,578	$ 2,161
Retail energy sales			
Residential	31,654	32,564	(910)
Irrigation	13,756	13,460	296
Commercial and industrial	120,064	117,418	2,646
Governmental and others	965	994	(29)
Wholesale revenues, net	227,631	262,157	(34,526)
Fiber optic network sales	9,956	9,523	433
Other	1,629	1,751	(122)
Total operating revenues	423,393	453,445	(30,052)
OPERATING EXPENSES			
Generation	30,635	30,387	249
Transmission	4,095	3,202	893
Distribution	29,965	23,869	6,097
Customer and information services	4,163	3,849	314
Fiber optic network operations	2,586	1,737	849
Administrative and general	56,870	44,523	12,347
License compliance and related agreements	4,098	4,880	(782)
Depreciation and amortization	55,181	54,383	798
Taxes	13,807	13,605	201
Total operating expenses	201,401	180,435	20,966
NET OPERATING INCOME	221,993	273,011	(51,018)
OTHER REVENUES (EXPENSES)			
Interest and other income (expense)	14,170	26,402	(12,232)
Interest on revenue bonds and other, net	(22,318)	(24,551)	2,233
Federal rebates on revenue bonds	4,361	4,333	29
Amortization of debt discount/premium	1,328	1,853	(525)
Cost of debt issuance	-	(60)	60
Total other revenue (expenses)	(2,458)	7,976	(10,434)
CONTRIBUTIONS IN AID OF CONSTRUCTION	9,731	7,670	2,061
CHANGE IN NET POSITION	229,266	288,657	(59,391)
NET POSITION			
Beginning of year	2,416,540	2,192,778	223,761
End of year	$ 2,645,806	$ 2,481,436	$ 164,370

July 2026 Accounting Memo

Final Audit Report 2026-09-10

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