

Internal Audit Report

Semi-Annual Report

Dmitriy Turchik, Senior Manager of Internal Audit



Powering our way of life.

Meeting Agenda

- Status of the 2024 Audit Plan
- Internal Audit Overview
- Audit Plan Development
- Review 2025 audit plan
- Additional discussion and questions

2024 Audit Plan

- Vendor Payments – *drafting report*
- Human Resource Policy Compliance
 - Employee recognition policy (management leave recognition) – *report published*
 - Hiring practices – *co-sourcing*
- Inventory – *drafting report*
- Payroll Processing – *emerging risk*
 - *Continuous monitoring / follow-up work*
- Small and Attractive Assets – *field work*
- Overtime
- Customer Billing and Adjustments – (included in external audit)
- System Access – Roles and Responsibilities – (included in external audit)
- Purchase Cards (P-Card) – (included in external audit)

Internal Audit Overview

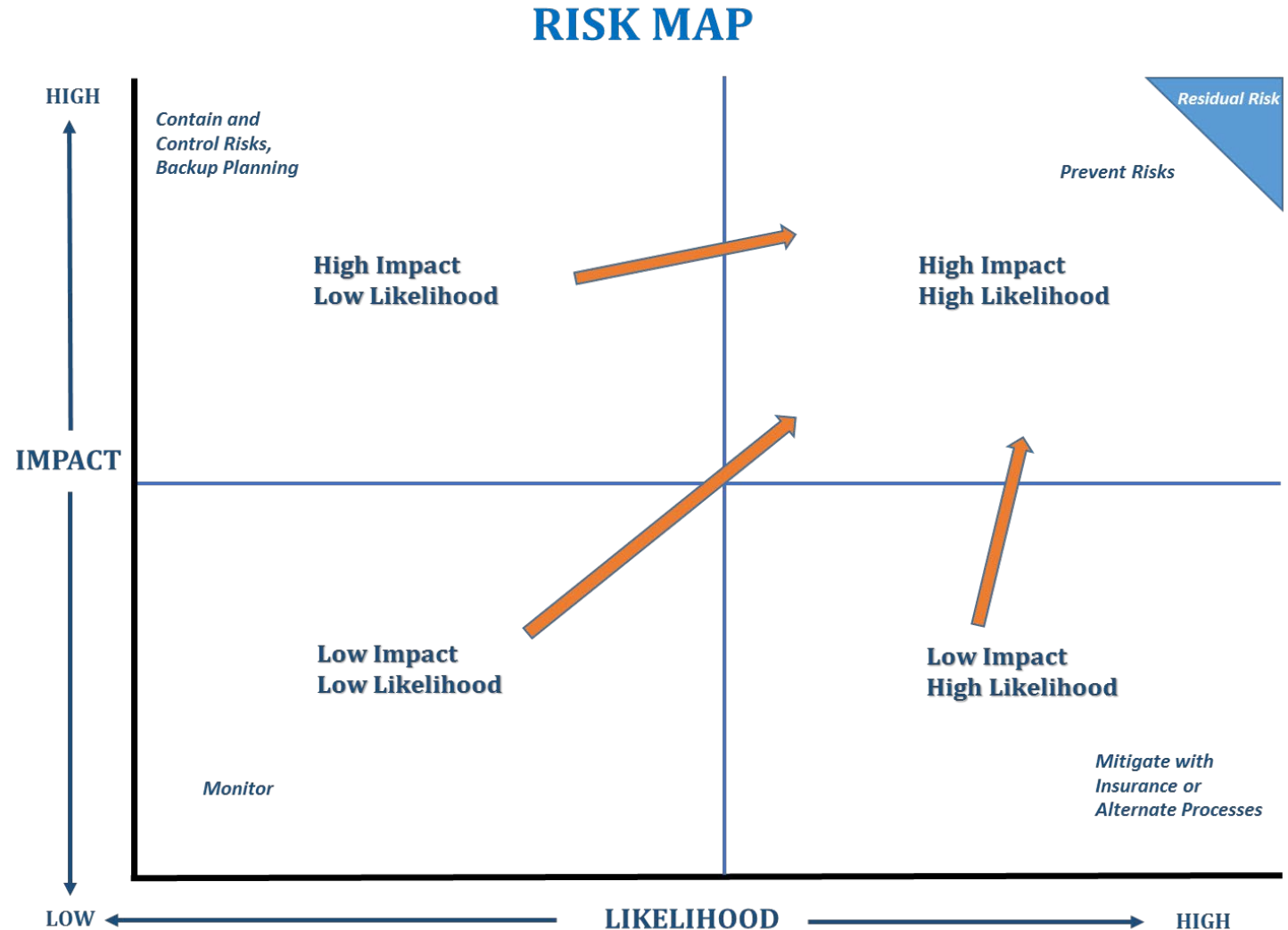
- Internal Audit department operates under:
 - Internal Audit Charter
 - Red Book Standards – “International Professional Practices Framework”
 - In 2025 adopting – “Global Internal Audit Standards”
 - Structured into five domains that together incorporate 15 principles and 53 Standards
 - One of the most significant changes is the need for internal audit functions to align with the strategic objectives of the organization.
 - SAO BARS Manual and RCWs
- Ensure that Internal Audit Activities
 - Consistent with organizational goals
 - Within the risk appetite and risk tolerance set by the Commission and District Management
- Evaluation of internal controls for adequacy, effectiveness, and efficiencies

New Standards Overview

- Domain I: **Purpose of Internal Auditing** - provides a unified description of the profession.
- Domain II: **Ethics and Professionalism** - incorporates the profession's Code of Ethics and Standards on practitioner conduct, including Standards on due professional care.
- Domain III: **Governing the Internal Audit Function** - clarifies the board's role and responsibilities in supporting an effective internal audit function and addresses how the CAE can support the board in carrying out its responsibilities.
- Domain IV: **Managing the Internal Audit Function** clarifies the CAE role and responsibilities for effectively managing an internal audit function.
- Domain V: **Performing Internal Audit Services** codifies requirements and considerations to help internal auditors perform internal audit engagements with consistency and quality

Internal Audit Plan Development

- Risk Based Audit Approach
- Annual audit plan development
 - Risk assessments
 - Analytical Procedures
 - Review work performed by others



2025 Audit Plan

- Third Party Risk
- Contribution in aid of Construction
- Customer billing and adjustments
- Compensation
- Payroll Processing
- Energy Supply Management
- Enterprise Resource Planning
- System Access – Roles and Responsibilities

2025 Audit Plan – continued

- Statutory Expenditure Review & Other Requests
 - Weekly voucher review
 - Bi-weekly payroll review
 - Policy review
- Washington State Auditor's Office
 - 2021 and 2022 compliance audit
 - 2023 compliance audit is scheduled for November 2024
- Deferred Compensation Plan Audit
 - Engagement will be conducted by MossAdams
- Follow-up: Monitor Audit Recommendations

Moving Forward

- Washington State Auditor's Office
 - 2021 and 2022 compliance audit
- Internal Audit Program Development
 - Audit Charter Updates – new standards will be applicable beginning of 2024
 - Improve audit department framework
- Deferred Compensation Plan Audit
- Co-sourcing Audit Engagements
 - Relying on the work of others

Thank You



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POWER UNBUNDLING PROPOSAL

Presented by:

Julio Aguirre – Program Manager -Rates & Pricing

Lisa Stites – Lead Financial Analyst

Craig Kunz – Senior Manager Net Power Reporting

November 12th, 2024



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Agenda

1. Problem Statement
2. Proposed Power Unbundling Mechanism
3. Benefits of the Proposed Mechanism
4. Power Supply CAR Example
5. Next Steps
6. Q&As

1. Problem Statement

1. Problem Statement

- For many years, the Commission has considered the implementation of a cost recovery mechanism that would allow for the recovery of incremental power costs above and beyond those from the Priest Rapids Project (“PRP”)
- The current solution is the Estimated Unmet District Load Cost Recovery Adjustment Clause (EUDL CRAC, Rate Rider No. 18)
- However, the EUDL CRAC:
 - It is confusing to customers and other impacted stakeholders
 - It was developed only as a temporary solution
 - It does not show clearly how Core Customers will preserve their preferential access to PRP’s low-cost power

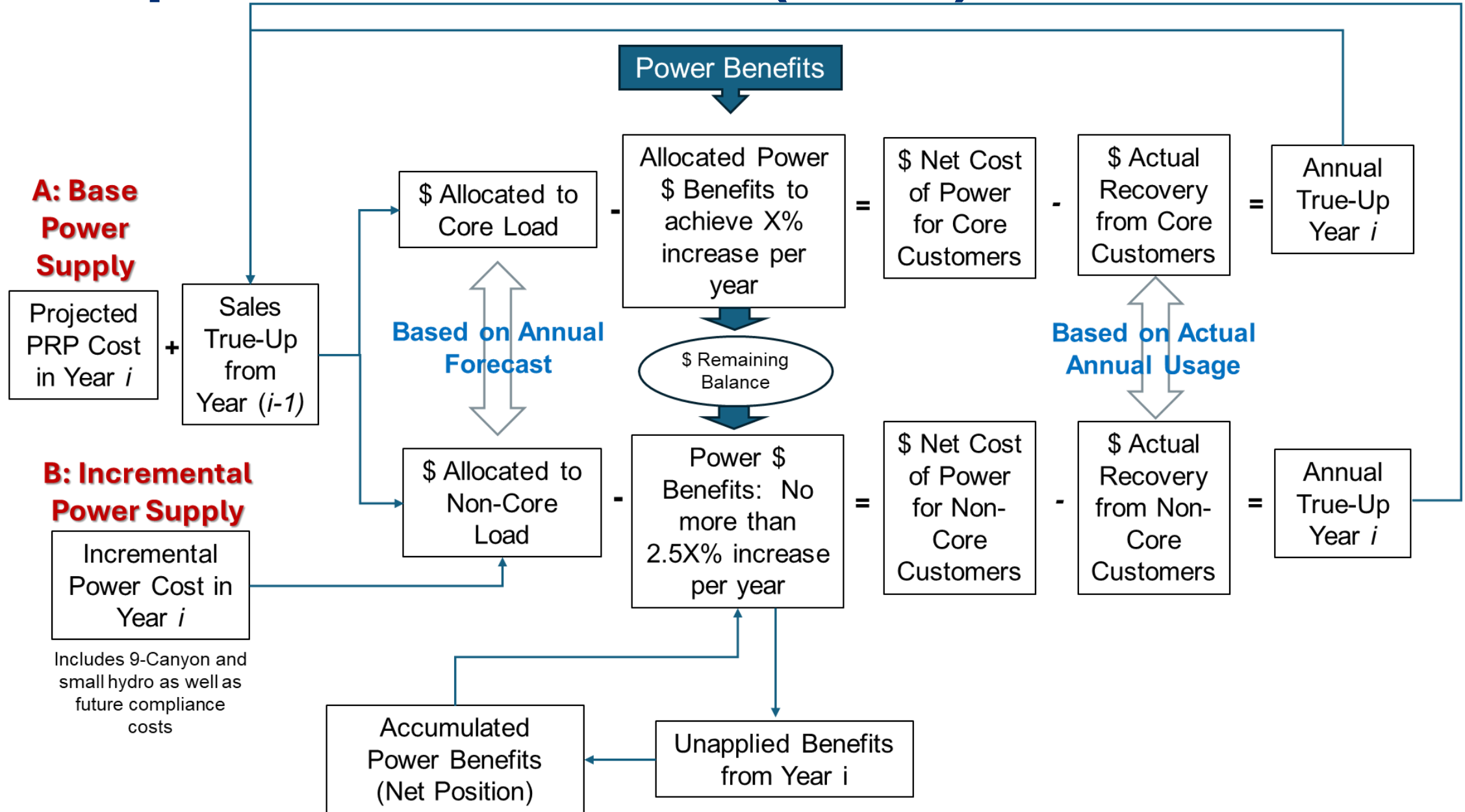
1. Problem Statement (cont.)

- Grant PUD's accounting process for PRP and the Retail Electric System presents certain challenges for the calculation of revenue requirements in the Cost-of-Service Study:
 - Cost of financing (i.e., Debt) embedded in PRP market prices (inc. those charged to retail customers)
 - Financing transactions between Electric System and PRP
 - PRP's contractual and financial obligations with external entities
 - Power costs cannot be easily identified in customers bills
- Grant PUD Staff estimates that this mechanism could be implemented (at the earliest) in CY2026, when significant new generation resources will be required to meet the growing retail load

2. Proposed Power Unbundling Mechanism

- Staff proposes the “*unbundling*” of all power generation costs paid by retail customers and the creation a separate billing mechanism to track, allocate, bill, and recover these costs
- This mechanism (and tariff) shall also include any and all incremental (over PRP) generation costs (formerly addressed through the EUDL CRAC), and be called: *Power Supply Cost Adjustment Rider (“CAR”)*
 - A. *Base Power Supply Costs (i.e., Annual PRP costs)*
 - B. *Incremental Power Supply Costs (i.e., Any additional cost incurred to produce or procure energy to serve the retail load)*
- In concept, this mechanism should work as a traditional *Fuel and Purchased Power Cost Adjustment Clause*, where power costs are essentially passed-through and recovered from retail customers (i.e., from core and non-core)

2. Proposed Mechanism (cont.)



2. Proposed Mechanism (cont.)

Power Benefits for Allocation:



Benefits to Share: Derived from ownership of Priest Rapids Project. Core customers first in line to receive benefits. Used to mitigate rising costs of power and control pace of rate increases.

EUDL Dollars: Based on PRP market value determined by annual auction. Limited to Reasonable Portion Proceeds.

Slice Sales Net Revenue: Net of both sales revenue and buy-back costs. Subject to contract terms and periodic renewals.

Slice True Ups: May be positive or negative based on annual system conditions and operations.

Other Trading Revenue: Represents net revenue of trading operations outside of slice contracts.

3. Benefits of the Proposed Mechanism



Preserves and protects preferential access to PRP power for all core customers



More timely recovery (or refund) of power costs to/from customers



Better matching of costs and benefits associated with power costs and other compliance requirements (inc. partial true-up)



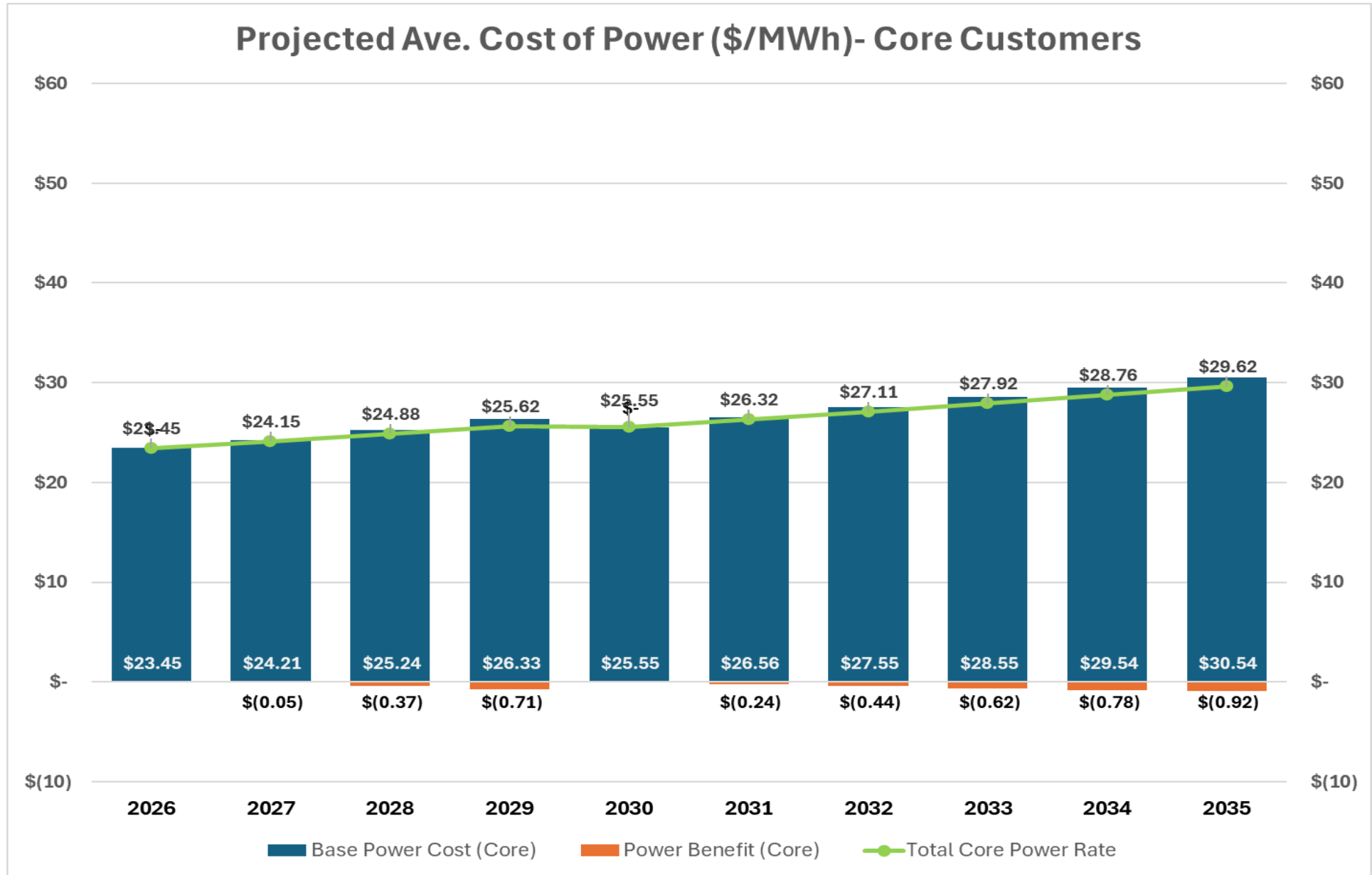
More transparency around power costs charged to retail customers. Provides more granularity regarding the different functional cost components

4. Power Supply CAR Example

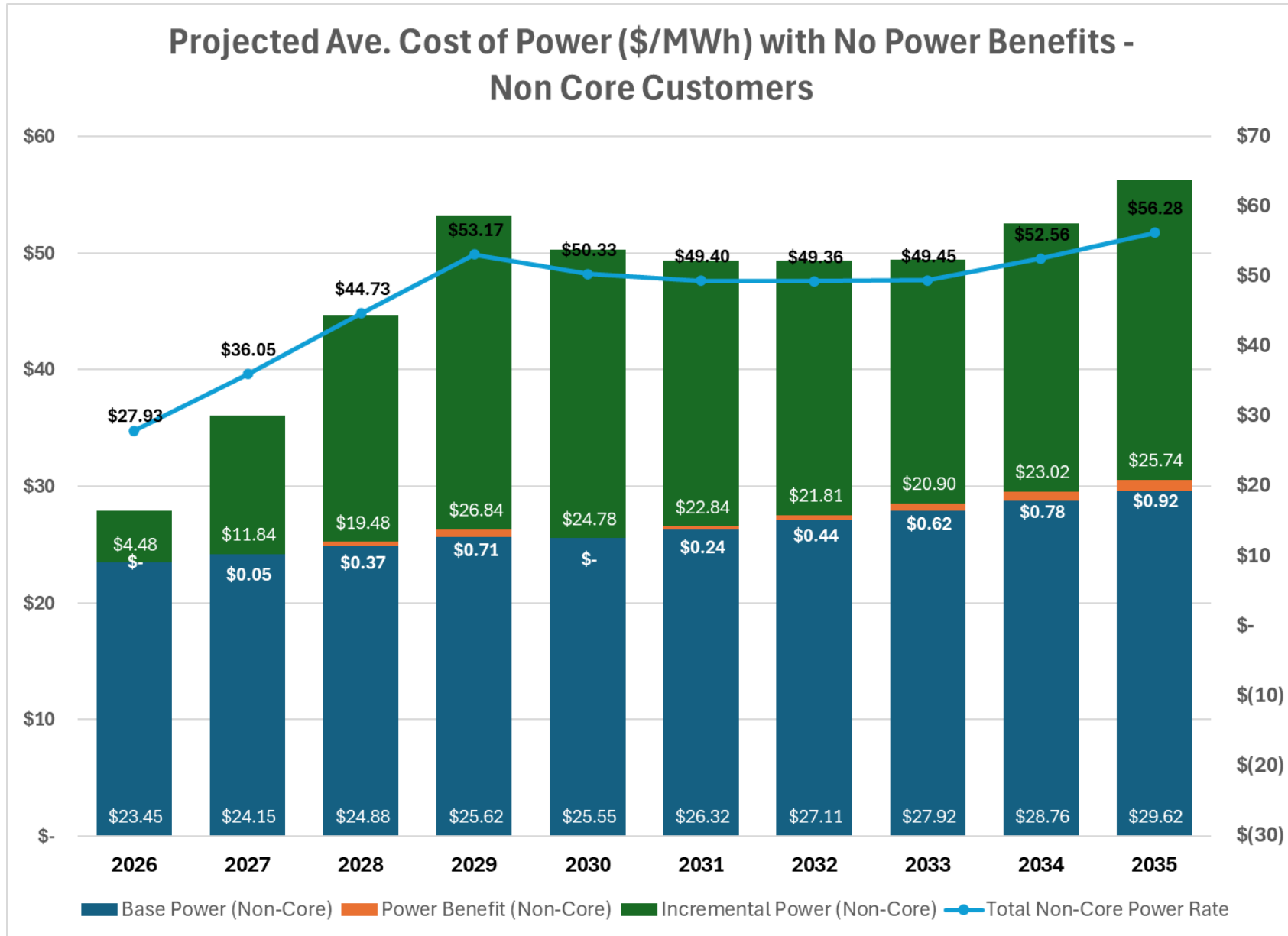
■ Main Assumptions

- Period analyzed: 2026-2035 (10 years)
- Average annual increase to PRP costs of 3.00%
- Average annual increase to Core Power Costs of 3.00%
- Average annual increase to Non-Core Power Costs (Base + Incremental) of 2.5X Core increase, i.e., 7.5%.
- Load and cost projections as of 9/2024.
- Annual increase to delivery charges of 2.0%

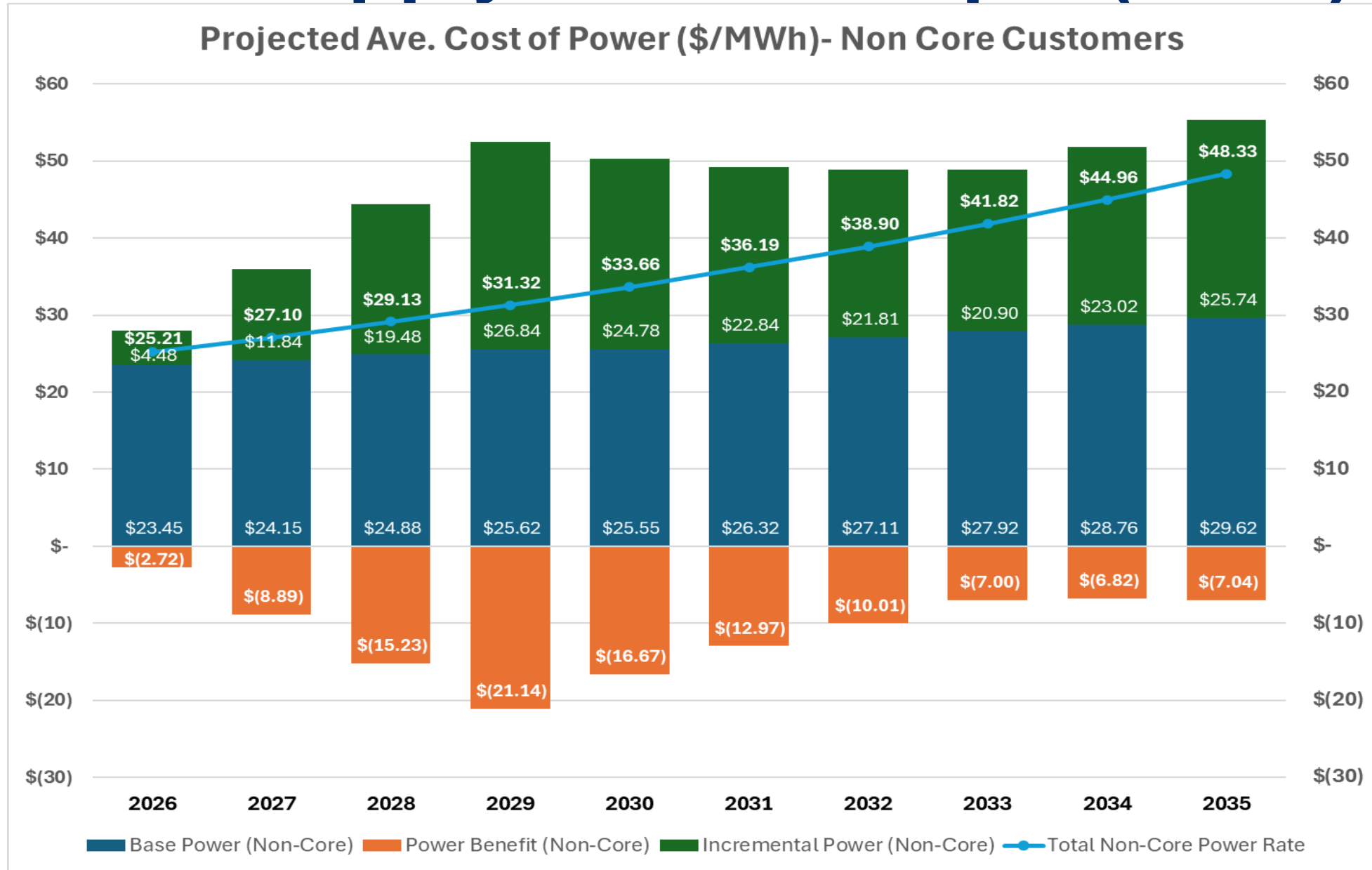
4. Power Supply CAR Example (cont.)



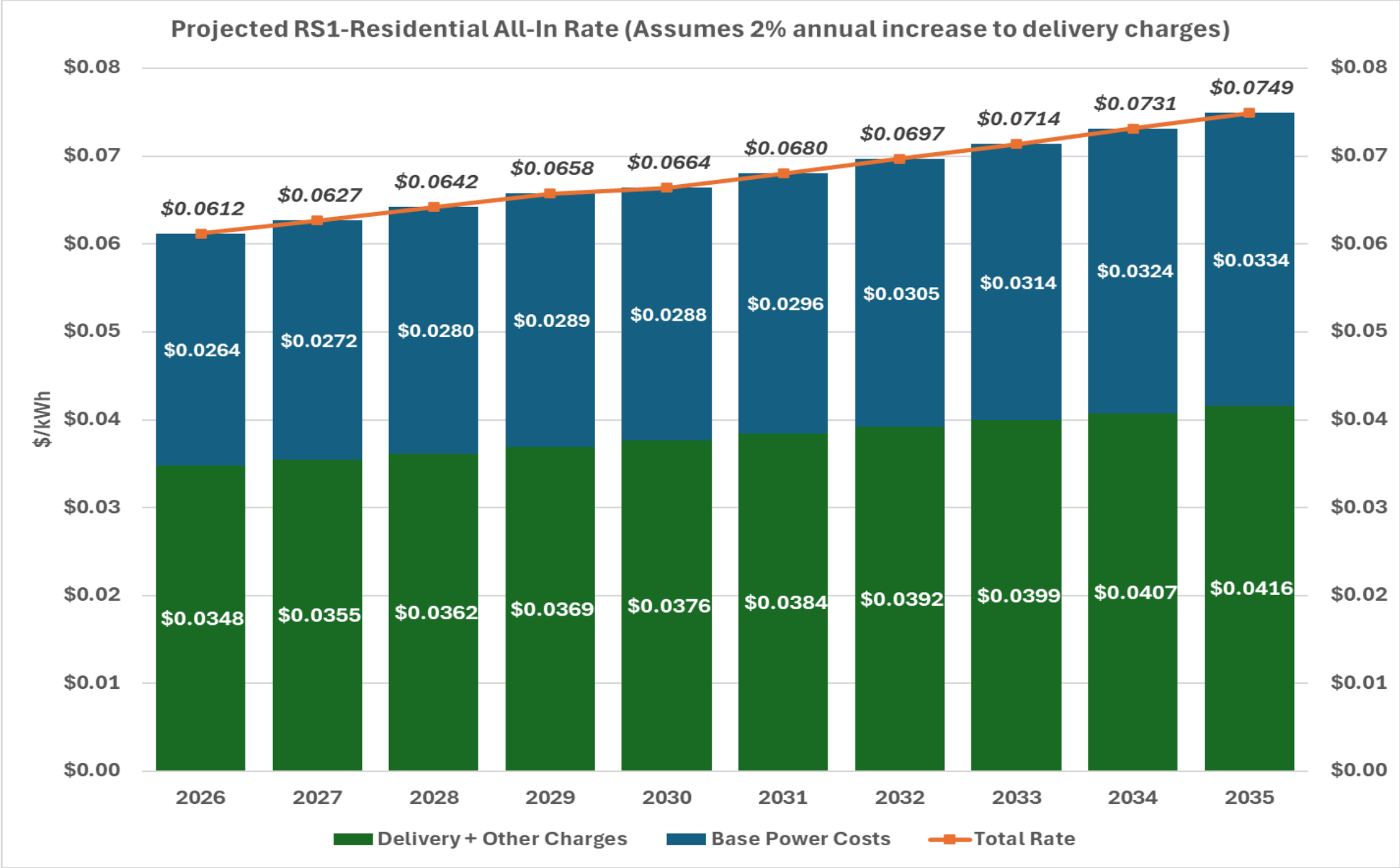
4. Power Supply CAR Example (cont.)



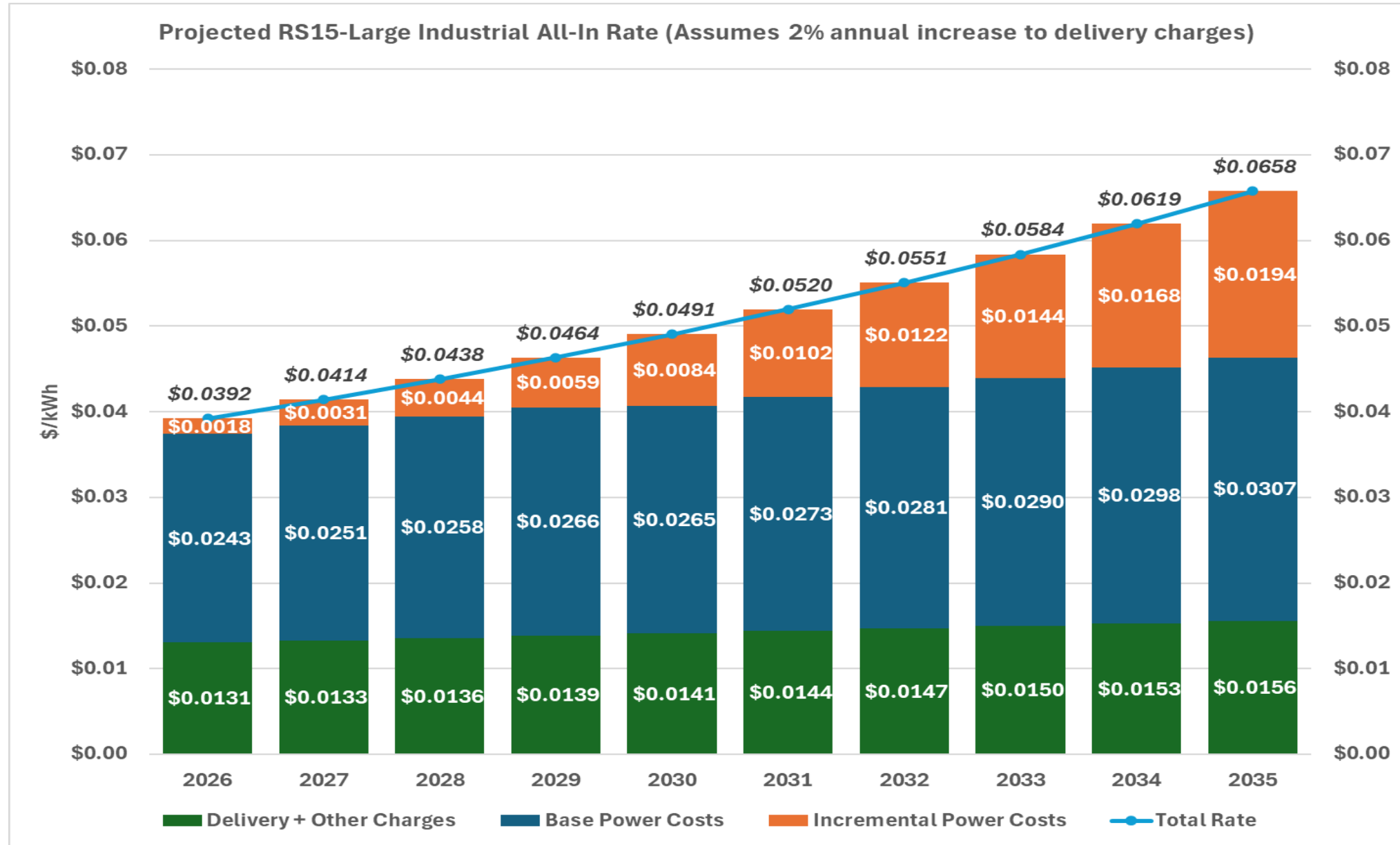
4. Power Supply CAR Example (cont.)



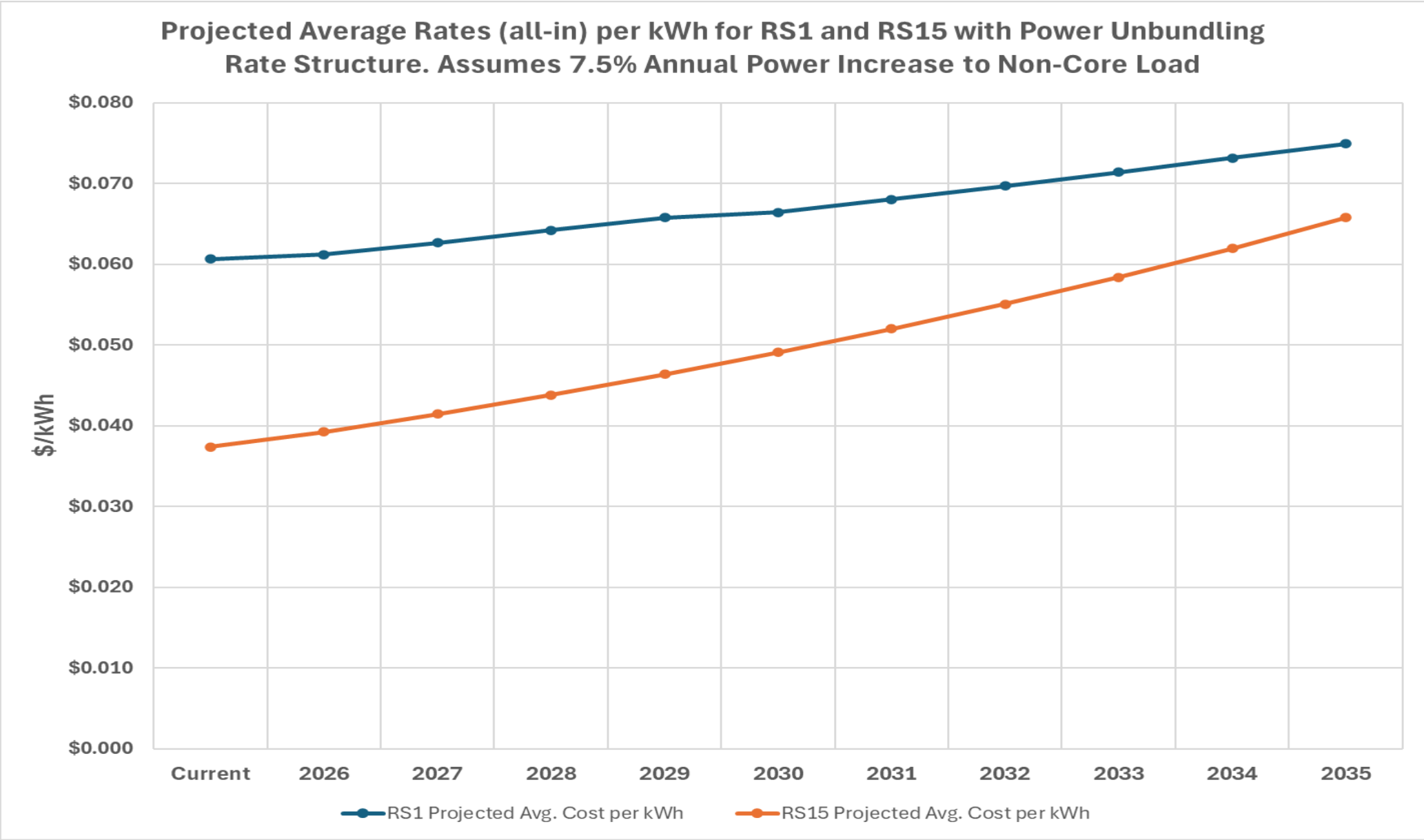
4. Power Supply CAR Example (cont.)



4. Power Supply CAR Example (cont.)



4. Power Supply CAR Example (cont.)



5. Next Steps

- Presentation of unbundling rate proposal before the Board – Q4 2024 (Nov. 12th, 2024)
- Commission's Approval of Rate Making Policy - Q4 2024
- Regulatory Approval – Q1 2025
- First projected Power Supply CAR for 2026 – Q3 2025
- Final tariff and rates approval - Q4 2025
- Implementation - Q1 2026



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Appendix

Calculation of Core Customer Power Rate

<u>Formula</u>	<u>PRP Power Cost</u>	<u>Units</u>	<u>2026</u>	<u>2027</u>
a	PRP Production Cost	\$	219,531,952	226,617,142
b	PRP Generation *	MWh	9,361,863	9,361,863
c = a/b	PRP Power Rate	\$/MWh	23.45	24.21
<u>Benefits to Share</u>				
			<u>Year</u>	<u>Year 2</u>
d	EUDL Dollars	\$	276,354,121	257,749,642
e	Purchased Power Costs	\$	183,168,079	178,813,890
f	Net Slice Revenue	\$	92,066,238	59,933,082
g	Slice True-Ups	\$	0	0
h	Other Net Market Rev	\$	0	0
i	Benefits Bank	\$	0	170,282,178
j = d-e+f+g+h+i	Total Benefits to Share	\$	185,252,280	309,151,012
<u>Target Base Rate</u>				
k	Target Base Rate	\$/MWh	<u>Year 1</u> 23.45	<u>Year 2</u> 24.15
<u>Benefit Required to Meet Target Core Rate</u>				
			<u>Year 1</u>	<u>Year 2</u>
l = c-k	Req'd Reduction from PRP Production Cost	\$/MWh	0.00	0.05
m	Core + Non-Core Load	MWh	8,262,452	8,619,732
n = l*m	Benefit Use Required for Reduction	\$	0	459,657
o = j-n	Benefits Remaining	\$	185,252,280	308,691,355

For example,
set max annual
increase to 3%

* less Canadian Entitlement and Encroachment

Calculation of Core Customer Power Rate (cont.)

<u>Formula</u>	<u>Non-Core Incremental Power Cost</u>	<u>Units</u>	<u>Year 1</u>	<u>Year 2</u>
p	Remaining PRP Production Cost **	\$	11,094,061	2,803,644
q	Net Cost of New Assets	\$	9,508,252	61,681,355
r	Cost of Nine Canyon and Small Hydro	\$	4,051,208	4,009,375
s	Other Future Compliance Costs	\$	0	0
t = p+q+r+s	Incremental Power Cost	\$	24,653,522	68,494,374
u	Non-Core Load	MWh	5,500,696	5,837,530
v = t/u	Incremental Power Rate	\$/MWh	4.48	11.73
Target Non-Core Rate			<u>Year 1</u>	<u>Year 2</u>
w	Target Non-Core Rate	\$/MWh	25.21	27.10
Benefit Required to Meet Target Non-Core Rate			<u>Year 1</u>	<u>Year 2</u>
x = k+v	Base + Incremental Rate	\$/MWh	27.93	35.89
y = x-w	Req'd Reduction from Core + Incremental	\$/MWh	2.72	8.79
z	Non-Core Load	MWh	5,500,696	5,837,530
aa = y*z	Benefit Use Required for Reduction	\$	14,970,102	51,291,693
bb = o-aa	Benefits Remaining, to Bank	\$	170,282,178	257,399,662

For example,
set max annual
increase to 7.5%

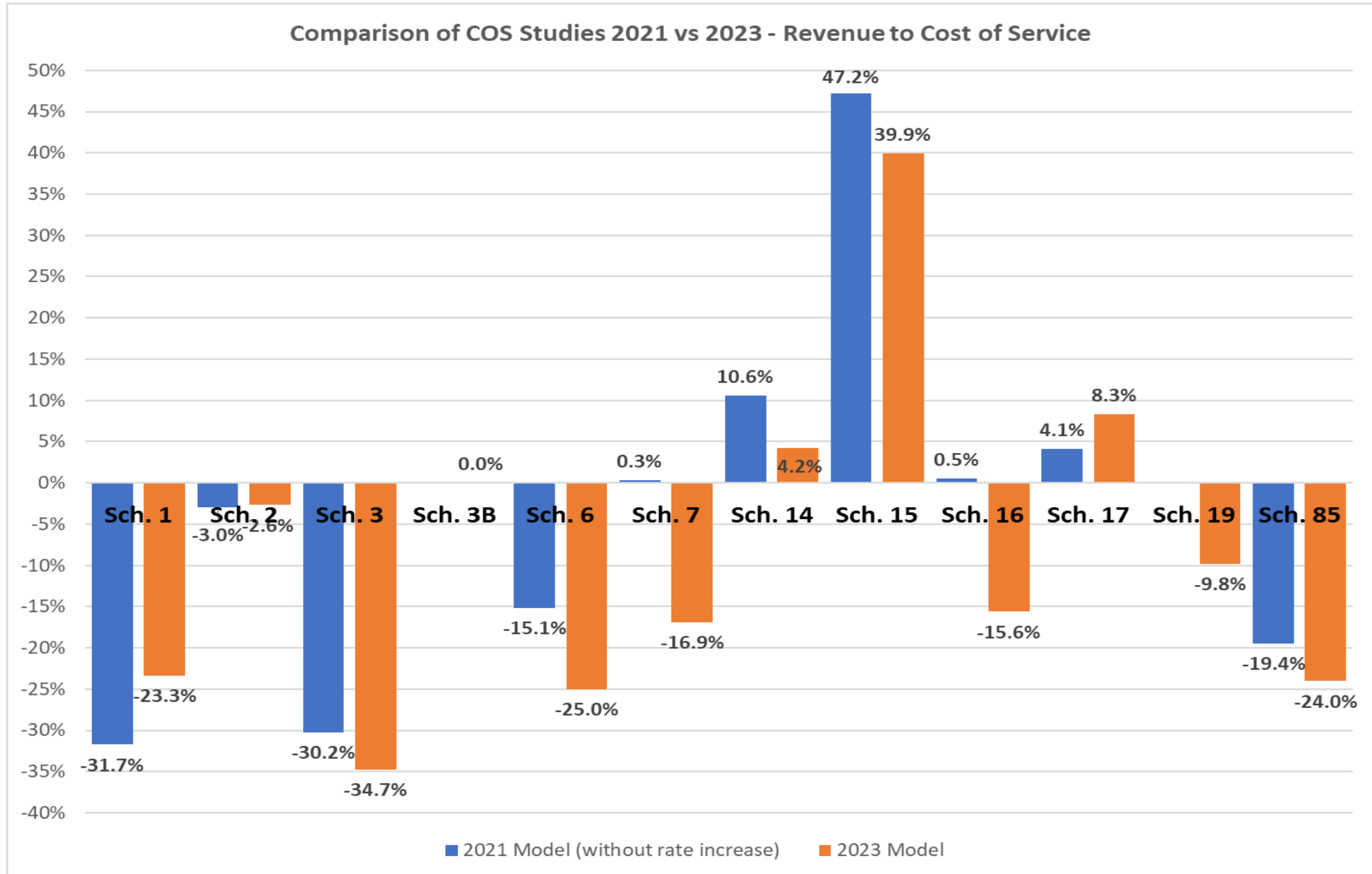
Core Customers:		<u>Year 1</u>	<u>Year 2</u>
k	Base Rate	23.45	24.15
Non-Core Customers:		<u>Year 1</u>	<u>Year 2</u>
k	Base Rate	23.45	24.15
v-y	Adjusted Incremental Rate	1.76	2.95
w	Total Non-Core Rate	25.21	27.10

Base Rate is PRP Power Rate + Benefit

Adjusted Incremental Rate is
Incremental Power Rate + Benefit Share

** after recovery in Core Rate and from Conversion & Exchange (6.69%)

2023 vs. 2024 COSS



Appendix (cont.)

Grant PUD retail schedules:

Rate Schedule	Basic Charge	Flat Energy Charge	Block Energy Charge	Demand Charge	Power Factor Adj.
1. Residential Service	✓	✓			
2. General Service	✓		✓		
3. Irrigation Service	✓	✓		✓*	
3B. Agricultural Service (<i>tbd</i>)	✓		✓	✓	
6. Street Lighting Service	✓				
7. Large General Service	✓		✓	✓	✓
14. Industrial Service	✓		✓	✓	✓
15. Large Industrial Service	✓		✓	✓	✓
16. Ag. Food Processing Service	✓		✓	✓	✓
17. Evolving Industry	✓	✓		✓	✓
19. Electric Vehicle Charging (Commercial)	✓	✓		✓	✓
85. Ag. Food Processing Boiler	✓		✓	✓	✓

Rates & Pricing Workshop Alternatives for Implementation of 2025 Revenue Increase

Presented by:

Julio Aguirre, Rates and Pricing, Program Manager

November 12th, 2024



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Agenda

1. Background
2. Review of Alternatives for the Class Cost Allocation in 2025
3. Comparison of Scenarios to Cost-of-Service Study
4. Q&A
5. Next Steps

1. Background

1. Background

- Pursuant to RCW 54.16.040, Grant PUD is authorized to regulate and control the use, distribution, rates, service, charges, and price of electric energy
- Staff would like the Commission to consider alternative class cost allocations among the retail rate schedules for a potential revenue increase effective in 2025 as part of the 2025 Budget Process
- Last rate increase applied to retail rate schedules was approved with an effective date of April 1, 2024, as part of Resolution No. 9041
- Revenue increase is necessary to continue mitigating increasing operational costs resulting from inflationary effects as well as to maintain a strong long term financial position and acceptable financial metrics

2. Review of Class Cost Allocation for 2025

2. Review of Class Cost Allocation for 2025

- Staff has considered three potential alternatives for a revenue increase in 2025:
 1. *Across-the-board increase/pro rata allocation*
 2. *Partial movement towards most recent Cost of Service Study*
 3. *Adjusted Across-the-board increase*
- Staff is assuming 3 potential scenarios: 2%, 2.5% and 3% overall retail revenue increase in 2025. Preliminary 2025 budget assumes a 2% increase to retail revenue.
- Staff's scenarios are not final and are presented for discussion purposes only

2. Review of Class Cost Allocation for 2024 (cont.)

Alternative 1: Across-the-board increase/pro rata allocation

1. Provides an equitable increase for all customer classes, where all classes' revenue requirement are increased by the same percentage amount (i.e., 2%, 2.5% or 3%)

2. Review of Class Cost Allocation for 2024 (cont.)

Alternative 2: Partial movement towards most recent COSS

Proposed rate increases comply with current parameters set in Resolution No. 9039 as follows:

- I. Non-Core Classes: Rate increase proposed for the “non-core” rate classes (excluding RS15) capped at 2X the system average
 - a) RS6, RS16, RS19 and RS85 are currently below cost-of-service, which warrants a higher-than-average rate increase
 - b) RS14 and RS17, above but close to cost-of-service, therefore, can increase their margin contributions
- II. Core Classes: Equitable rate increase proposed for “core” rate classes & RS15, set at 0.83X the system average
 - a) RS1, RS2 and RS3 set below system average to maintain rate affordability
 - b) RS15 set equal to core classes to avoid higher deviation from cost-of-service
- III. Special Cases:
 - a) RS3b: New rate, set initially at a level that is more favorable than RS2
 - b) RS7: Proposed increase higher than system average to align relative economics with other schedules and move gradually towards cost-of-service

2. Review of Class Cost Allocation for 2024 (cont.)

Alternative 3: Adjusted Across-the-board increase

1. Similar to Alternative 1 (either 2,%, 2.5% or 3%)
2. Includes an upward and equal adjustment to all rate schedules to allow for a below cost-of-service rate for newly created RS3b – Agricultural Service
3. Adjustment is necessary to offer a more advantageous rate to Agricultural Service (initially 9% below cost of service or ~10% below proposed average RS2 rate)

2. Review of Class Cost Allocation for 2024 (cont.)

- Alternative 1: Pro rata Allocation @ 2.0% overall retail increase

Alternative 1		Proposed Increase		2.00%				
Rate Class	Baseline (Current) Revenue Requirement (2021)	Proposed Revenue	\$ Revenue Increase	Current Ave. Monthly \$ Bill/Revenue per Customer	Proposed Ave. Monthly \$ Bill/Revenue Increase	Proposed Ave. Monthly \$ Bill/Revenue per Customer	% Revenue Increase	X times system ave. increase
Residential (Sch. 1)	\$ 51,520,910	\$ 52,551,328	\$ 1,030,418	\$ 103.09	\$ 2.06	\$ 105.15	2.00%	1.00
General Service (Sch. 2)	\$ 27,393,844	\$ 27,941,721	\$ 547,877	\$ 296.01	\$ 5.92	\$ 301.93	2.00%	1.00
Irrigation (Sch. 3)	\$ 30,265,512	\$ 30,870,823	\$ 605,310	\$ 510.08	\$ 10.20	\$ 520.28	2.00%	1.00
Agriculture (Sch. 3b)	\$ 1,178,606	\$ 1,202,178	\$ 23,572	\$ 732.96		\$ 747.62	2.00%	1.00
Street Lights (Sch. 6)	\$ 1,134,775	\$ 1,157,471	\$ 22,696	N/A	N/A	N/A	2.00%	1.00
Large General Service (Sch. 7)	\$ 12,851,600	\$ 13,108,632	\$ 257,032	\$ 6,490.71	\$ 129.81	\$ 6,620.52	2.00%	1.00
Industrial (Sch. 14)	\$ 9,727,308	\$ 9,921,854	\$ 194,546	\$ 90,067.67	\$ 1,801.35	\$ 91,869.02	2.00%	1.00
Large Industrial (Sch. 15)	\$ 99,973,545	\$ 101,973,016	\$ 1,999,471	\$ 1,041,391.10	\$ 20,827.82	\$ 1,062,218.92	2.00%	1.00
Agricultural Processing (Sch. 16)	\$ 9,786,318	\$ 9,982,044	\$ 195,726	\$ 81,552.65	\$ 1,631.05	\$ 83,183.70	2.00%	1.00
Evolving Industry (Sch. 17)	\$ 10,385,759	\$ 10,593,474	\$ 207,715	\$ 36,061.66	\$ 721.23	\$ 36,782.90	2.00%	1.00
Electric Charging (Sch. 19)	\$ 201,200	\$ 205,224	\$ 4,024	\$ 3,353.33	\$ 67.07	\$ 3,420.40	2.00%	1.00
Agricultural Boiler (Sch. 85)	\$ 16,020	\$ 16,340	\$ 320	\$ 1,334.97	\$ 26.70	\$ 1,361.67	2.00%	1.00
Total Retail	\$ 254,435,398	\$ 259,524,106	\$ 5,088,708				2.00%	1.00

2. Review of Class Cost Allocation for 2024 (cont.)

- Alternative 2: Partial movement towards most recent COSS @ 2.0% overall retail increase

Alternative 2		Proposed Increase		2.00%				
Rate Class	Baseline (Current) Revenue Requirement (2021)	Proposed Revenue	\$ Revenue Increase	Current Ave. Monthly \$ Bill/Revenue per Customer	Proposed Ave. Monthly \$ Bill/Revenue Increase	Proposed Ave. Monthly \$ Bill/Revenue per Customer	% Revenue Increase	X times system ave. increase
Residential (Sch. 1)	\$ 51,520,910	\$ 52,379,588	\$ 858,678	\$ 103.09	\$ 1.72	\$ 104.80	1.67%	0.83
General Service (Sch. 2)	\$ 27,393,844	\$ 27,850,407	\$ 456,562	\$ 296.01	\$ 4.93	\$ 300.94	1.67%	0.83
Irrigation (Sch. 3)	\$ 30,265,512	\$ 30,769,936	\$ 504,423	\$ 510.08	\$ 8.50	\$ 518.58	1.67%	0.83
Agriculture (Sch. 3b)	\$ 1,178,606	\$ 1,072,532	\$ (106,075)	\$ 732.96	\$ (65.97)	\$ 667.00	-9.00%	-4.50
Street Lights (Sch. 6)	\$ 1,134,775	\$ 1,180,166	\$ 45,391	N/A	N/A	N/A	4.00%	2.00
Large General Service (Sch. 7)	\$ 12,851,600	\$ 13,310,444	\$ 458,844	\$ 6,490.71	\$ 231.74	\$ 6,722.45	3.57%	1.79
Industrial (Sch. 14)	\$ 9,727,308	\$ 10,116,400	\$ 389,092	\$ 90,067.67	\$ 3,602.71	\$ 93,670.37	4.00%	2.00
Large Industrial (Sch. 15)	\$ 99,973,545	\$ 101,639,764	\$ 1,666,219	\$ 1,041,391.10	\$ 17,356.45	\$ 1,058,747.55	1.67%	0.83
Agricultural Processing (Sch. 16)	\$ 9,786,318	\$ 10,177,771	\$ 391,453	\$ 81,552.65	\$ 3,262.11	\$ 84,814.76	4.00%	2.00
Evolving Industry (Sch. 17)	\$ 10,385,759	\$ 10,801,189	\$ 415,430	\$ 36,061.66	\$ 1,442.47	\$ 37,504.13	4.00%	2.00
Electric Charging (Sch. 19)	\$ 201,200	\$ 209,248	\$ 8,048	\$ 3,353.33	\$ 134.13	\$ 3,487.47	4.00%	2.00
Agricultural Boiler (Sch. 85)	\$ 16,020	\$ 16,660	\$ 641	\$ 1,334.97	\$ 53.40	\$ 1,388.37	4.00%	2.00
Total Retail	\$ 254,435,398	\$ 259,524,106	\$ 5,088,708				2.00%	1.00

2. Review of Class Cost Allocation for 2024 (cont.)

- Alternative 3: Adjusted Pro rata Allocation @ 2% overall retail increase

Alternative 3 (Adjusted)		Proposed Increase		2.00%				
Rate Class	Baseline (Current) Revenue Requirement (2021)	Proposed Revenue	\$ Revenue Increase	Current Ave. Monthly \$ Bill/Revenue per Customer	Proposed Ave. Monthly \$ Bill/Revenue Increase	Proposed Ave. Monthly \$ Bill/Revenue per Customer	% Revenue Increase	X times system ave. increase
Residential (Sch. 1)	\$ 51,520,910	\$ 52,577,703	\$ 1,056,793	\$ 103.09	\$ 2.11	\$ 105.20	2.05%	1.03
General Service (Sch. 2)	\$ 27,393,844	\$ 27,955,745	\$ 561,900	\$ 296.01	\$ 6.07	\$ 302.08	2.05%	1.03
Irrigation (Sch. 3)	\$ 30,265,512	\$ 30,886,316	\$ 620,804	\$ 510.08	\$ 10.46	\$ 520.54	2.05%	1.03
Agriculture (Sch. 3b)	\$ 1,178,606	\$ 1,072,532	\$ (106,075)	\$ 732.96		\$ 667.00	-9.00%	-4.50
Street Lights (Sch. 6)	\$ 1,134,775	\$ 1,158,051	\$ 23,276	N/A	N/A	N/A	2.05%	1.03
Large General Service (Sch. 7)	\$ 12,851,600	\$ 13,115,210	\$ 263,611	\$ 6,490.71	\$ 133.14	\$ 6,623.84	2.05%	1.03
Industrial (Sch. 14)	\$ 9,727,308	\$ 9,926,834	\$ 199,526	\$ 90,067.67	\$ 1,847.46	\$ 91,915.13	2.05%	1.03
Large Industrial (Sch. 15)	\$ 99,973,545	\$ 102,024,194	\$ 2,050,649	\$ 1,041,391.10	\$ 21,360.93	\$ 1,062,752.03	2.05%	1.03
Agricultural Processing (Sch. 16)	\$ 9,786,318	\$ 9,987,054	\$ 200,736	\$ 81,552.65	\$ 1,672.80	\$ 83,225.45	2.05%	1.03
Evolving Industry (Sch. 17)	\$ 10,385,759	\$ 10,598,791	\$ 213,032	\$ 36,061.66	\$ 739.69	\$ 36,801.36	2.05%	1.03
Electric Charging (Sch. 19)	\$ 201,200	\$ 205,327	\$ 4,127	\$ 3,353.33	\$ 68.78	\$ 3,422.12	2.05%	1.03
Agricultural Boiler (Sch. 85)	\$ 16,020	\$ 16,348	\$ 329	\$ 1,334.97	\$ 27.38	\$ 1,362.35	2.05%	1.03
Total Retail	\$ 254,435,398	\$ 259,524,106	\$ 5,088,708				2.00%	1.00

2. Review of Class Cost Allocation for 2024 (cont.)

- Alternative : Pro rata Allocation @ 2.5% overall retail increase

Alternative 1		Proposed Increase		2.50%				
Rate Class	Baseline (Current) Revenue Requirement (2021)	Proposed Revenue	\$ Revenue Increase	Current Ave. Monthly \$ Bill/Revenue per Customer	Proposed Ave. Monthly \$ Bill/Revenue Increase	Proposed Ave. Monthly \$ Bill/Revenue per Customer	% Revenue Increase	X times system ave. increase
Residential (Sch. 1)	\$ 51,520,910	\$ 52,808,933	\$ 1,288,023	\$ 103.09	\$ 2.58	\$ 105.66	2.50%	1.00
General Service (Sch. 2)	\$ 27,393,844	\$ 28,078,691	\$ 684,846	\$ 296.01	\$ 7.40	\$ 303.41	2.50%	1.00
Irrigation (Sch. 3)	\$ 30,265,512	\$ 31,022,150	\$ 756,638	\$ 510.08	\$ 12.75	\$ 522.83	2.50%	1.00
Agriculture (Sch. 3b)	\$ 1,178,606	\$ 1,208,071	\$ 29,465	\$ 732.96		\$ 751.29	2.50%	1.00
Street Lights (Sch. 6)	\$ 1,134,775	\$ 1,163,144	\$ 28,369	N/A	N/A	N/A	2.50%	1.00
Large General Service (Sch. 7)	\$ 12,851,600	\$ 13,172,890	\$ 321,290	\$ 6,490.71	\$ 162.27	\$ 6,652.97	2.50%	1.00
Industrial (Sch. 14)	\$ 9,727,308	\$ 9,970,491	\$ 243,183	\$ 90,067.67	\$ 2,251.69	\$ 92,319.36	2.50%	1.00
Large Industrial (Sch. 15)	\$ 99,973,545	\$ 102,472,884	\$ 2,499,339	\$ 1,041,391.10	\$ 26,034.78	\$ 1,067,425.87	2.50%	1.00
Agricultural Processing (Sch. 16)	\$ 9,786,318	\$ 10,030,976	\$ 244,658	\$ 81,552.65	\$ 2,038.82	\$ 83,591.47	2.50%	1.00
Evolving Industry (Sch. 17)	\$ 10,385,759	\$ 10,645,403	\$ 259,644	\$ 36,061.66	\$ 901.54	\$ 36,963.20	2.50%	1.00
Electric Charging (Sch. 19)	\$ 201,200	\$ 206,230	\$ 5,030	\$ 3,353.33	\$ 83.83	\$ 3,437.17	2.50%	1.00
Agricultural Boiler (Sch. 85)	\$ 16,020	\$ 16,420	\$ 400	\$ 1,334.97	\$ 33.37	\$ 1,368.34	2.50%	1.00
Total Retail	\$ 254,435,398	\$ 260,796,283	\$ 6,360,885				2.50%	1.00

2. Review of Class Cost Allocation for 2024 (cont.)

- Alternative 2: Partial movement towards most recent COSS @ 2.5% overall retail increase

Alternative 2		Proposed Increase		2.50%				
Rate Class	Baseline (Current) Revenue Requirement (2021)	Proposed Revenue	\$ Revenue Increase	Current Ave. Monthly \$ Bill/Revenue per Customer	Proposed Ave. Monthly \$ Bill/Revenue Increase	Proposed Ave. Monthly \$ Bill/Revenue per Customer	% Revenue Increase	X times system ave. increase
Residential (Sch. 1)	\$ 51,520,910	\$ 52,594,262	\$ 1,073,352	\$ 103.09	\$ 2.15	\$ 105.23	2.08%	0.83
General Service (Sch. 2)	\$ 27,393,844	\$ 27,964,549	\$ 570,705	\$ 296.01	\$ 6.17	\$ 302.18	2.08%	0.83
Irrigation (Sch. 3)	\$ 30,265,512	\$ 30,896,044	\$ 630,531	\$ 510.08	\$ 10.63	\$ 520.71	2.08%	0.83
Agriculture (Sch. 3b)	\$ 1,178,606	\$ 1,072,532	\$ (106,075)	\$ 732.96	\$ (65.97)	\$ 667.00	-9.00%	-3.60
Street Lights (Sch. 6)	\$ 1,134,775	\$ 1,191,514	\$ 56,739	N/A	N/A	N/A	5.00%	2.00
Large General Service (Sch. 7)	\$ 12,851,600	\$ 13,398,621	\$ 547,021	\$ 6,490.71	\$ 276.27	\$ 6,766.98	4.26%	1.70
Industrial (Sch. 14)	\$ 9,727,308	\$ 10,213,674	\$ 486,365	\$ 90,067.67	\$ 4,503.38	\$ 94,571.05	5.00%	2.00
Large Industrial (Sch. 15)	\$ 99,973,545	\$ 102,056,327	\$ 2,082,781	\$ 1,041,391.10	\$ 21,695.64	\$ 1,063,086.74	2.08%	0.83
Agricultural Processing (Sch. 16)	\$ 9,786,318	\$ 10,275,634	\$ 489,316	\$ 81,552.65	\$ 4,077.63	\$ 85,630.28	5.00%	2.00
Evolving Industry (Sch. 17)	\$ 10,385,759	\$ 10,905,047	\$ 519,288	\$ 36,061.66	\$ 1,803.08	\$ 37,864.75	5.00%	2.00
Electric Charging (Sch. 19)	\$ 201,200	\$ 211,260	\$ 10,060	\$ 3,353.33	\$ 167.67	\$ 3,521.00	5.00%	2.00
Agricultural Boiler (Sch. 85)	\$ 16,020	\$ 16,821	\$ 801	\$ 1,334.97	\$ 66.75	\$ 1,401.72	5.00%	2.00
Total Retail	\$ 254,435,398	\$ 260,796,283	\$ 6,360,885				2.50%	1.00

2. Review of Class Cost Allocation for 2024 (cont.)

- Alternative 3: Adjusted Pro rata Allocation @ 2.5% overall retail increase

Alternative 3 (Adjusted)		Proposed Increase		2.50%				
Rate Class	Baseline (Current) Revenue Requirement (2021)	Proposed Revenue	\$ Revenue Increase	Current Ave. Monthly \$ Bill/Revenue per Customer	Proposed Ave. Monthly \$ Bill/Revenue Increase	Proposed Ave. Monthly \$ Bill/Revenue per Customer	% Revenue Increase	X times system ave. increase
Residential (Sch. 1)	\$ 51,520,910	\$ 52,836,506	\$ 1,315,596	\$ 103.09	\$ 2.63	\$ 105.72	2.55%	1.02
General Service (Sch. 2)	\$ 27,393,844	\$ 28,093,351	\$ 699,507	\$ 296.01	\$ 7.56	\$ 303.57	2.55%	1.02
Irrigation (Sch. 3)	\$ 30,265,512	\$ 31,038,348	\$ 772,835	\$ 510.08	\$ 13.02	\$ 523.10	2.55%	1.02
Agriculture (Sch. 3b)	\$ 1,178,606	\$ 1,072,532	\$ (106,075)	\$ 732.96		\$ 667.00	-9.00%	-3.60
Street Lights (Sch. 6)	\$ 1,134,775	\$ 1,163,752	\$ 28,977	N/A	N/A	N/A	2.55%	1.02
Large General Service (Sch. 7)	\$ 12,851,600	\$ 13,179,767	\$ 328,168	\$ 6,490.71	\$ 165.74	\$ 6,656.45	2.55%	1.02
Industrial (Sch. 14)	\$ 9,727,308	\$ 9,975,697	\$ 248,389	\$ 90,067.67	\$ 2,299.89	\$ 92,367.56	2.55%	1.02
Large Industrial (Sch. 15)	\$ 99,973,545	\$ 102,526,388	\$ 2,552,843	\$ 1,041,391.10	\$ 26,592.11	\$ 1,067,983.21	2.55%	1.02
Agricultural Processing (Sch. 16)	\$ 9,786,318	\$ 10,036,214	\$ 249,895	\$ 81,552.65	\$ 2,082.46	\$ 83,635.11	2.55%	1.02
Evolving Industry (Sch. 17)	\$ 10,385,759	\$ 10,650,961	\$ 265,202	\$ 36,061.66	\$ 920.84	\$ 36,982.50	2.55%	1.02
Electric Charging (Sch. 19)	\$ 201,200	\$ 206,338	\$ 5,138	\$ 3,353.33	\$ 85.63	\$ 3,438.96	2.55%	1.02
Agricultural Boiler (Sch. 85)	\$ 16,020	\$ 16,429	\$ 409	\$ 1,334.97	\$ 34.09	\$ 1,369.06	2.55%	1.02
Total Retail	\$ 254,435,398	\$ 260,796,281	\$ 6,360,884				2.50%	1.00

2. Review of Class Cost Allocation for 2024 (cont.)

- Alternative 1: Pro rata Allocation @ 3% overall retail increase

Alternative 1		Proposed Increase		3.00%				
Rate Class	Baseline (Current) Revenue Requirement (2021)	Proposed Revenue	\$ Revenue Increase	Current Ave. Monthly \$ Bill/Revenue per Customer	Proposed Ave. Monthly \$ Bill/Revenue Increase	Proposed Ave. Monthly \$ Bill/Revenue per Customer	% Revenue Increase	X times system ave. increase
Residential (Sch. 1)	\$ 51,520,910	\$ 53,066,537	\$ 1,545,627	\$ 103.09	\$ 3.09	\$ 106.18	3.00%	1.00
General Service (Sch. 2)	\$ 27,393,844	\$ 28,215,660	\$ 821,815	\$ 296.01	\$ 8.88	\$ 304.89	3.00%	1.00
Irrigation (Sch. 3)	\$ 30,265,512	\$ 31,173,478	\$ 907,965	\$ 510.08	\$ 15.30	\$ 525.38	3.00%	1.00
Agriculture (Sch. 3b)	\$ 1,178,606	\$ 1,213,964	\$ 35,358	\$ 732.96		\$ 754.95	3.00%	1.00
Street Lights (Sch. 6)	\$ 1,134,775	\$ 1,168,818	\$ 34,043	N/A	N/A	N/A	3.00%	1.00
Large General Service (Sch. 7)	\$ 12,851,600	\$ 13,237,148	\$ 385,548	\$ 6,490.71	\$ 194.72	\$ 6,685.43	3.00%	1.00
Industrial (Sch. 14)	\$ 9,727,308	\$ 10,019,127	\$ 291,819	\$ 90,067.67	\$ 2,702.03	\$ 92,769.70	3.00%	1.00
Large Industrial (Sch. 15)	\$ 99,973,545	\$ 102,972,752	\$ 2,999,206	\$ 1,041,391.10	\$ 31,241.73	\$ 1,072,632.83	3.00%	1.00
Agricultural Processing (Sch. 16)	\$ 9,786,318	\$ 10,079,908	\$ 293,590	\$ 81,552.65	\$ 2,446.58	\$ 83,999.23	3.00%	1.00
Evolving Industry (Sch. 17)	\$ 10,385,759	\$ 10,697,332	\$ 311,573	\$ 36,061.66	\$ 1,081.85	\$ 37,143.51	3.00%	1.00
Electric Charging (Sch. 19)	\$ 201,200	\$ 207,236	\$ 6,036	\$ 3,353.33	\$ 100.60	\$ 3,453.93	3.00%	1.00
Agricultural Boiler (Sch. 85)	\$ 16,020	\$ 16,500	\$ 481	\$ 1,334.97	\$ 40.05	\$ 1,375.02	3.00%	1.00
Total Retail	\$ 254,435,398	\$ 262,068,460	\$ 7,633,062				3.00%	1.00

2. Review of Class Cost Allocation for 2024 (cont.)

- Alternative 2: Partial movement towards most recent COSS @ 3% overall retail increase

Alternative 2		Proposed Increase		3.00%				
Rate Class	Baseline (Current) Revenue Requirement (2021)	Proposed Revenue	\$ Revenue Increase	Current Ave. Monthly \$ Bill/Revenue per Customer	Proposed Ave. Monthly \$ Bill/Revenue Increase	Proposed Ave. Monthly \$ Bill/Revenue per Customer	% Revenue Increase	X times system ave. increase
Residential (Sch. 1)	\$ 51,520,910	\$ 52,808,933	\$ 1,288,023	\$ 103.09	\$ 2.58	\$ 105.66	2.50%	0.83
General Service (Sch. 2)	\$ 27,393,844	\$ 28,078,691	\$ 684,846	\$ 296.01	\$ 7.40	\$ 303.41	2.50%	0.83
Irrigation (Sch. 3)	\$ 30,265,512	\$ 31,022,150	\$ 756,638	\$ 510.08	\$ 12.75	\$ 522.83	2.50%	0.83
Agriculture (Sch. 3b)	\$ 1,178,606	\$ 1,072,532	\$ (106,075)	\$ 732.96	\$ (65.97)	\$ 667.00	-9.00%	-3.00
Street Lights (Sch. 6)	\$ 1,134,775	\$ 1,202,862	\$ 68,087	N/A	N/A	N/A	6.00%	2.00
Large General Service (Sch. 7)	\$ 12,851,600	\$ 13,486,808	\$ 635,208	\$ 6,490.71	\$ 320.81	\$ 6,811.52	4.94%	1.65
Industrial (Sch. 14)	\$ 9,727,308	\$ 10,310,947	\$ 583,638	\$ 90,067.67	\$ 5,404.06	\$ 95,471.73	6.00%	2.00
Large Industrial (Sch. 15)	\$ 99,973,545	\$ 102,472,884	\$ 2,499,339	\$ 1,041,391.10	\$ 26,034.78	\$ 1,067,425.87	2.50%	0.83
Agricultural Processing (Sch. 16)	\$ 9,786,318	\$ 10,373,497	\$ 587,179	\$ 81,552.65	\$ 4,893.16	\$ 86,445.81	6.00%	2.00
Evolving Industry (Sch. 17)	\$ 10,385,759	\$ 11,008,905	\$ 623,146	\$ 36,061.66	\$ 2,163.70	\$ 38,225.36	6.00%	2.00
Electric Charging (Sch. 19)	\$ 201,200	\$ 213,272	\$ 12,072	\$ 3,353.33	\$ 201.20	\$ 3,554.53	6.00%	2.00
Agricultural Boiler (Sch. 85)	\$ 16,020	\$ 16,981	\$ 961	\$ 1,334.97	\$ 80.10	\$ 1,415.07	6.00%	2.00
Total Retail	\$ 254,435,398	\$ 262,068,460	\$ 7,633,062				3.00%	1.00

2. Review of Class Cost Allocation for 2024 (cont.)

- Alternative 3: Adjusted Pro rata Allocation @ 3% overall retail increase

Alternative 3 (Adjusted)		Proposed Increase		3.00%				
Rate Class	Baseline (Current) Revenue Requirement (2021)	Proposed Revenue	\$ Revenue Increase	Current Ave. Monthly \$ Bill/Revenue per Customer	Proposed Ave. Monthly \$ Bill/Revenue Increase	Proposed Ave. Monthly \$ Bill/Revenue per Customer	% Revenue Increase	X times system ave. increase
Residential (Sch. 1)	\$ 51,520,910	\$ 53,095,309	\$ 1,574,399	\$ 103.09	\$ 3.15	\$ 106.24	3.06%	1.02
General Service (Sch. 2)	\$ 27,393,844	\$ 28,230,958	\$ 837,114	\$ 296.01	\$ 9.05	\$ 305.05	3.06%	1.02
Irrigation (Sch. 3)	\$ 30,265,512	\$ 31,190,380	\$ 924,867	\$ 510.08	\$ 15.59	\$ 525.67	3.06%	1.02
Agriculture (Sch. 3b)	\$ 1,178,606	\$ 1,072,532	\$ (106,075)	\$ 732.96		\$ 667.00	-9.00%	-3.00
Street Lights (Sch. 6)	\$ 1,134,775	\$ 1,169,452	\$ 34,677	N/A	N/A	N/A	3.06%	1.02
Large General Service (Sch. 7)	\$ 12,851,600	\$ 13,244,325	\$ 392,725	\$ 6,490.71	\$ 198.35	\$ 6,689.05	3.06%	1.02
Industrial (Sch. 14)	\$ 9,727,308	\$ 10,024,560	\$ 297,251	\$ 90,067.67	\$ 2,752.33	\$ 92,820.00	3.06%	1.02
Large Industrial (Sch. 15)	\$ 99,973,545	\$ 103,028,582	\$ 3,055,037	\$ 1,041,391.10	\$ 31,823.30	\$ 1,073,214.40	3.06%	1.02
Agricultural Processing (Sch. 16)	\$ 9,786,318	\$ 10,085,373	\$ 299,055	\$ 81,552.65	\$ 2,492.12	\$ 84,044.77	3.06%	1.02
Evolving Industry (Sch. 17)	\$ 10,385,759	\$ 10,703,132	\$ 317,373	\$ 36,061.66	\$ 1,101.99	\$ 37,163.65	3.06%	1.02
Electric Charging (Sch. 19)	\$ 201,200	\$ 207,348	\$ 6,148	\$ 3,353.33	\$ 102.47	\$ 3,455.81	3.06%	1.02
Agricultural Boiler (Sch. 85)	\$ 16,020	\$ 16,509	\$ 490	\$ 1,334.97	\$ 40.79	\$ 1,375.76	3.06%	1.02
Total Retail	\$ 254,435,398	\$ 262,068,459	\$ 7,633,061				3.00%	1.00

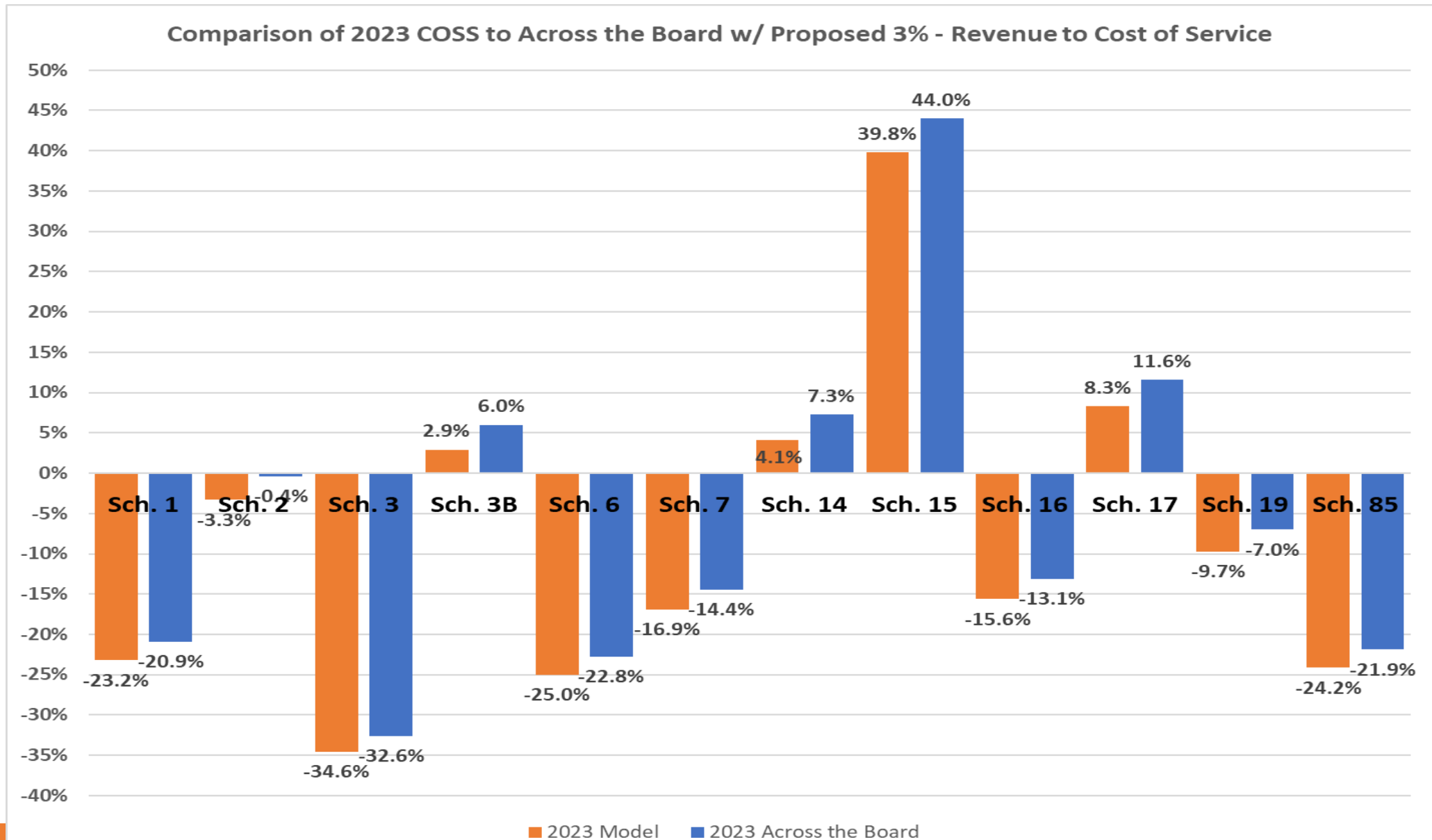
2. Review of Class Cost Allocation for 2024 (cont.)

- Comparison of Overall Retail Increase Alternatives

	Alternative 1 Across-the-board			Alternative 2 Partial Movement			Alternative 3 Adjusted Across-the-board		
	2.00%	2.50%	3.00%	2.00%	2.50%	3.00%	2.00%	2.50%	3.00%
Rate Class	% Rate Increase								
Residential (Sch. 1)	2.00%	2.50%	3.00%	1.67%	2.08%	2.50%	2.05%	2.55%	3.06%
General Service (Sch. 2)	2.00%	2.50%	3.00%	1.67%	2.08%	2.50%	2.05%	2.55%	3.06%
Irrigation (Sch. 3)	2.00%	2.50%	3.00%	1.67%	2.08%	2.50%	2.05%	2.55%	3.06%
Agriculture (Sch. 3b)	2.00%	2.50%	3.00%	-9.00%	-9.00%	-9.00%	-9.00%	-9.00%	-9.00%
Street Lights (Sch. 6)	2.00%	2.50%	3.00%	4.00%	5.00%	6.00%	2.05%	2.55%	3.06%
Large General Service (Sch. 7)	2.00%	2.50%	3.00%	3.57%	4.26%	4.94%	2.05%	2.55%	3.06%
Industrial (Sch. 14)	2.00%	2.50%	3.00%	4.00%	5.00%	6.00%	2.05%	2.55%	3.06%
Large Industrial (Sch. 15)	2.00%	2.50%	3.00%	1.67%	2.08%	2.50%	2.05%	2.55%	3.06%
Agricultural Processing (Sch. 16)	2.00%	2.50%	3.00%	4.00%	5.00%	6.00%	2.05%	2.55%	3.06%
Evolving Industry (Sch. 17)	2.00%	2.50%	3.00%	4.00%	5.00%	6.00%	2.05%	2.55%	3.06%
Electric Charging (Sch. 19)	2.00%	2.50%	3.00%	4.00%	5.00%	6.00%	2.05%	2.55%	3.06%
Agricultural Boiler (Sch. 85)	2.00%	2.50%	3.00%	4.00%	5.00%	6.00%	2.05%	2.55%	3.06%
Total Retail Increase	2.00%	2.50%	3.00%	2.00%	2.50%	3.00%	2.00%	2.50%	3.00%

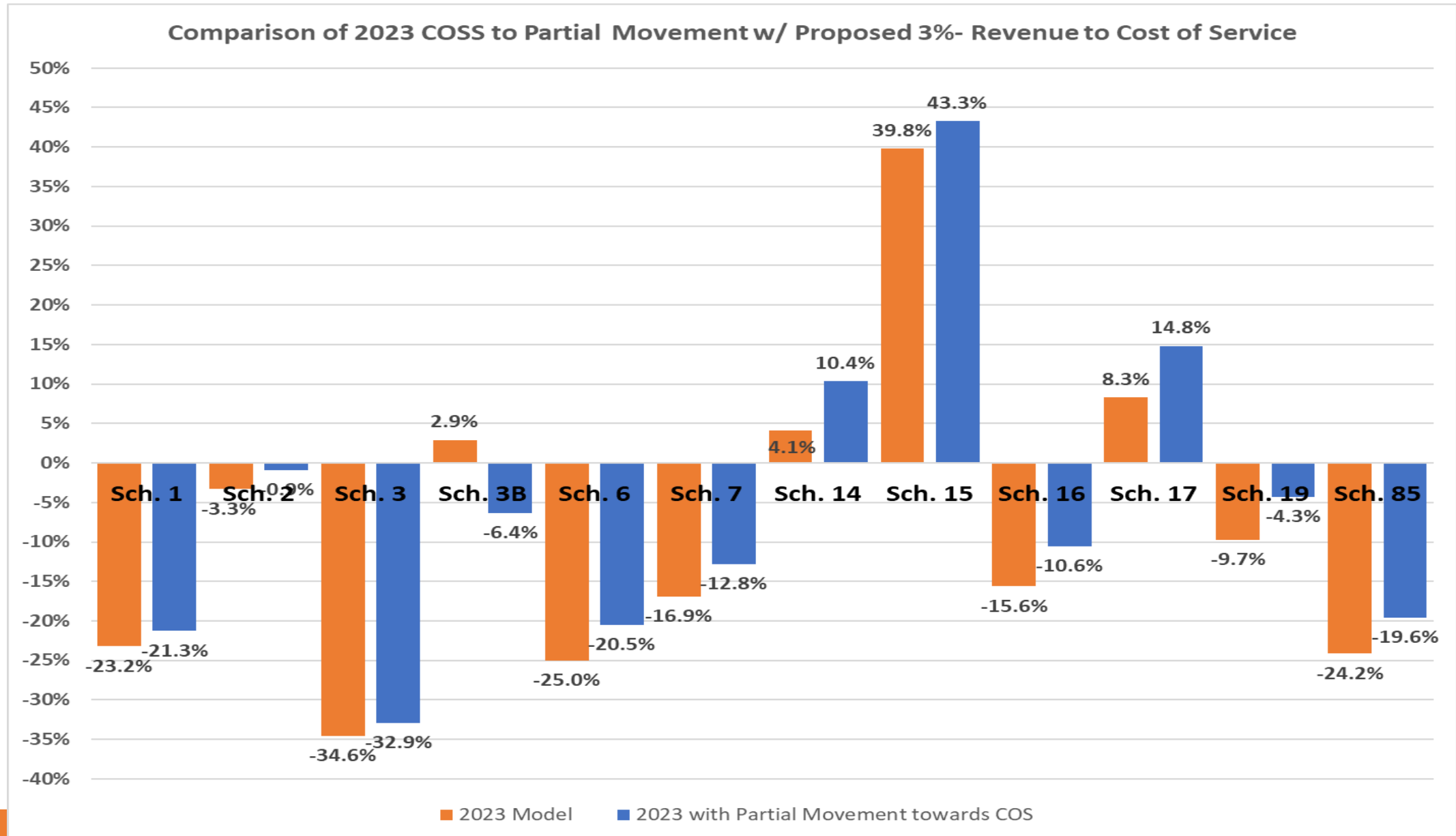
3. Comparison of Scenarios to COSS

- Comparison to COSS to Proposed Alternative 1



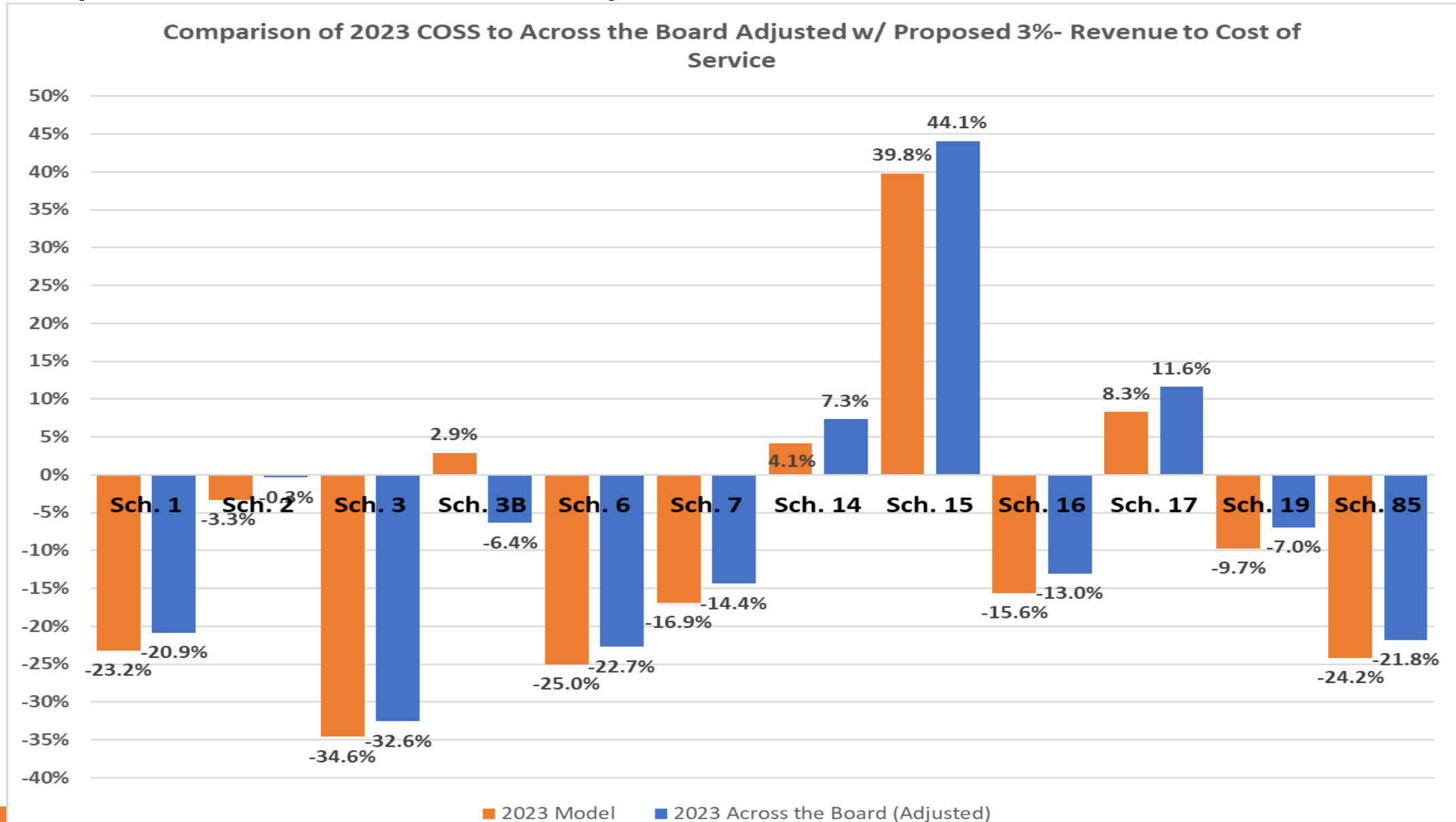
3. Comparison of Scenarios to COSS (cont.)

- Comparison to COSS to Proposed Alternative 2



3. Comparison of Scenarios to COSS (cont.)

- Comparison to COSS to Proposed Alternative 3



4. Q&A

5. Next Steps

5. Next Steps

- Final approval of 2025 Annual Budget.
- Upon approval, R&P will present final recommendation for class cost allocation
- R&P will then prepare and present revised tariffs and final packet for Commission's review before the end of the year
- Proposed implementation date: April 1, 2025.
- Next retail rate review process most likely will be guided by new rate making policy replacing Resolution No. 9039.



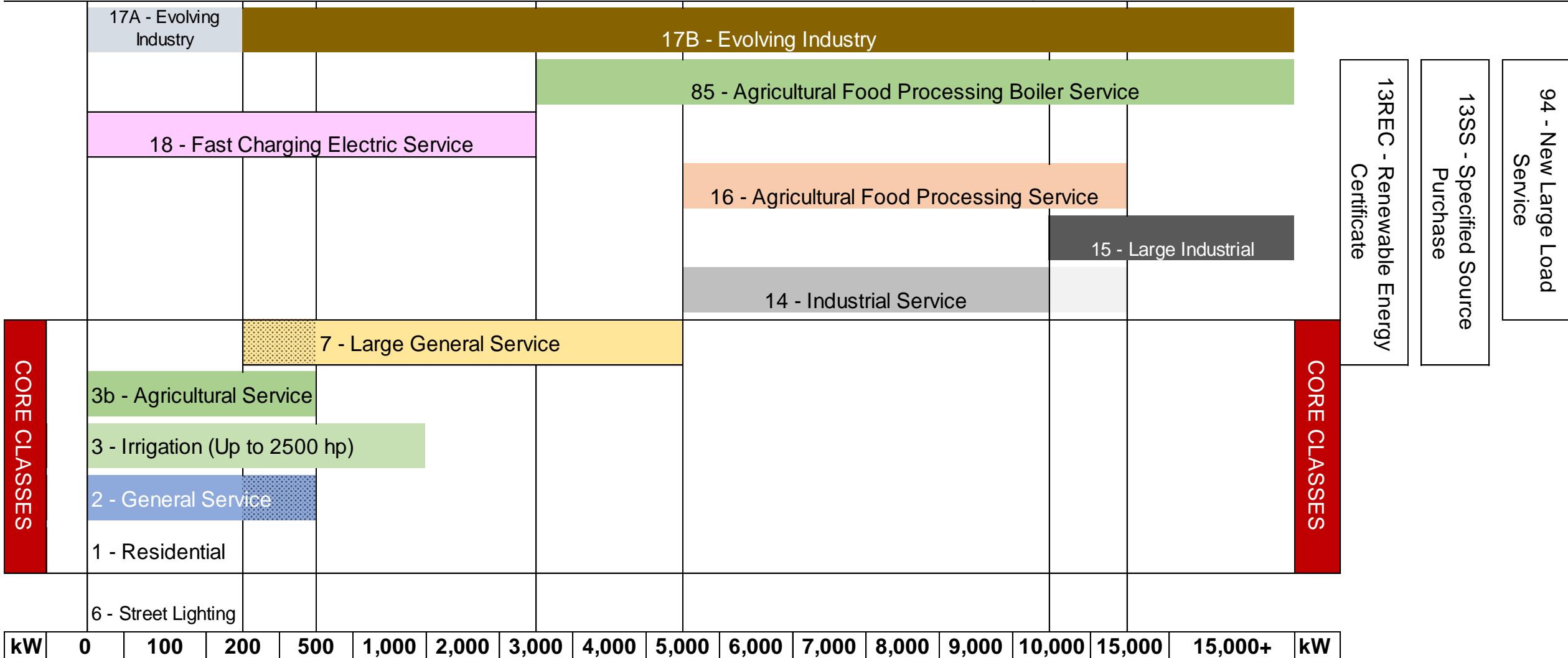
Powering our way of life.

Thank you!

Appendix

Appendix

Grant PUD Class Qualification Criteria - Standard Retail Rates By Size and End-Use



CORE CLASSES

CORE CLASSES

RATE SCHEDULE 17 2024 UPDATE

Commission Presentation

Large Power Solutions

Baxter Gillette

November 12, 2024



Powering our way of life.

Update on Rate Schedule 17 (RS17)

- RS17 purpose and process refresher
- Evolving Industry (EI) candidate update
- Concentration risk, threshold, and load activity and / or industry¹
- Business risk – Porter’s Five Forces
- Regulatory risk
- RS17 rate analysis, review, and findings
- Next steps

01

Rate Schedule 17 (RS17)

Refresher

RS17 Evolving Industry Assessment Team

Name	Role
Ty Ehrman	Executive Sponsor*
Andy Wendell	Large Power Solutions
Julio Aguirre Carmona	Rates and Pricing
Baxter Gillette	Update Manager*
Paul Dietz	Business Intelligence and Market Analytics*
Cary West	Customer Service
Angelina Johnson	Finance / Accounting
Jesus Lopez	Engineering

* Not required per the Customer Service Policy

Evolving Industry (EI) Update

- Identify new industries or energy load activities
- Assess industries or energy load activities for:
 - Concentration Risk
 - Business Risk
 - Regulatory Risk
- Classify industries or energy load activities that meet the Concentration Risk as EI if they also exhibit Business or Regulatory Risk
- Remove existing EI customers from RS17 if they no longer exhibit high Business or Regulatory Risk
- Determine the incremental costs associated with providing electric power to EI
- Update RS17 as needed

02

Evolving Industry (EI)

Candidate Assessment

Potential New Industries

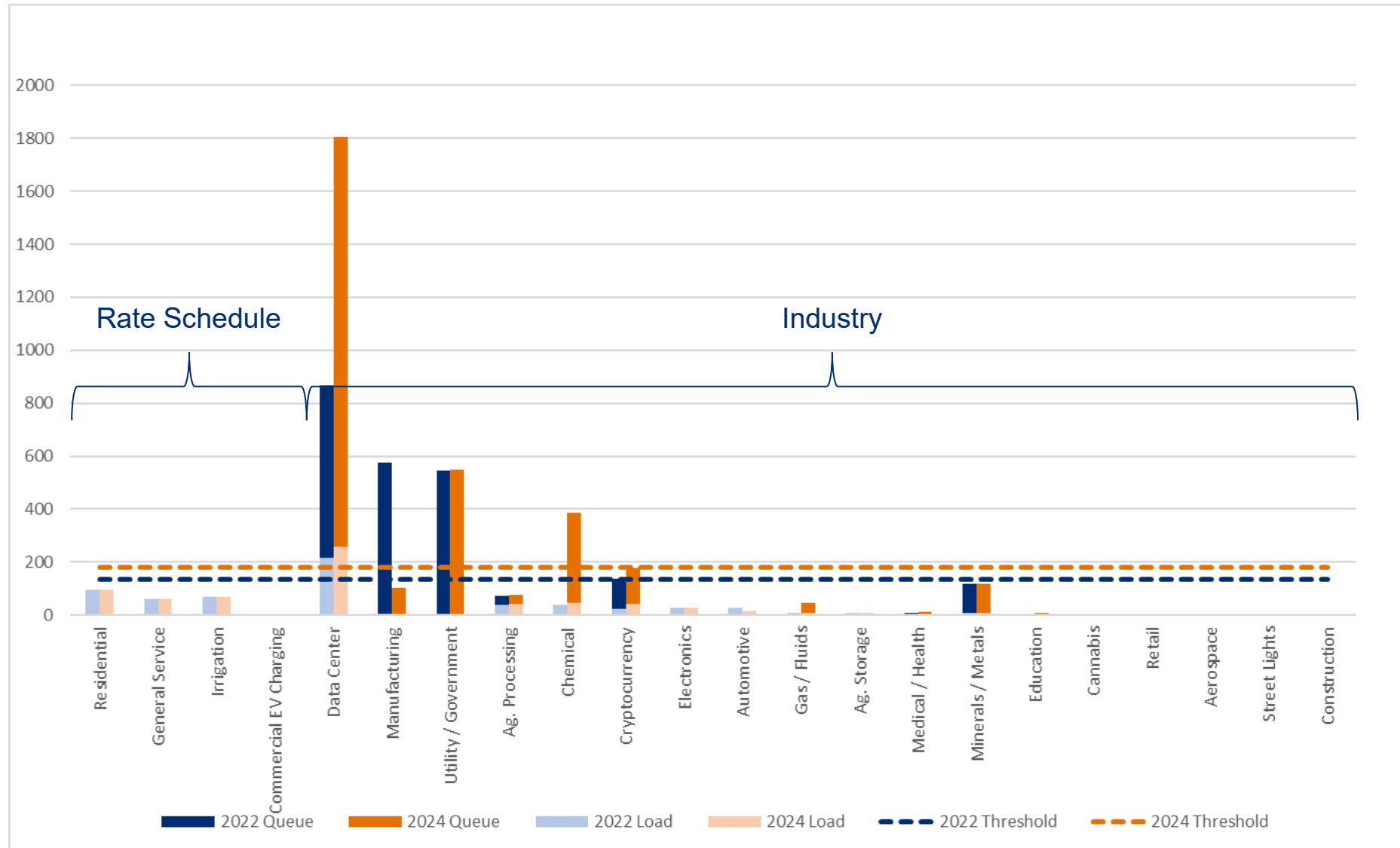
- None identified for particular reasons
- Candidates
 - Not explicitly a request in for a specific industry
 - Hydrogen Production (potentially now under Utility/Government)
 - Electrified Fleet Transportation (commercial charging stations under RS19), but we could see applications for trucking and industrial-sized loads
 - Currently very small, but potential for large growth
 - Electrofuels (Hydrogen, “Green” Aviation Fuel)
 - Difficult to assess; no data in terms of how they operate
 - Have a regulatory tailwind

03

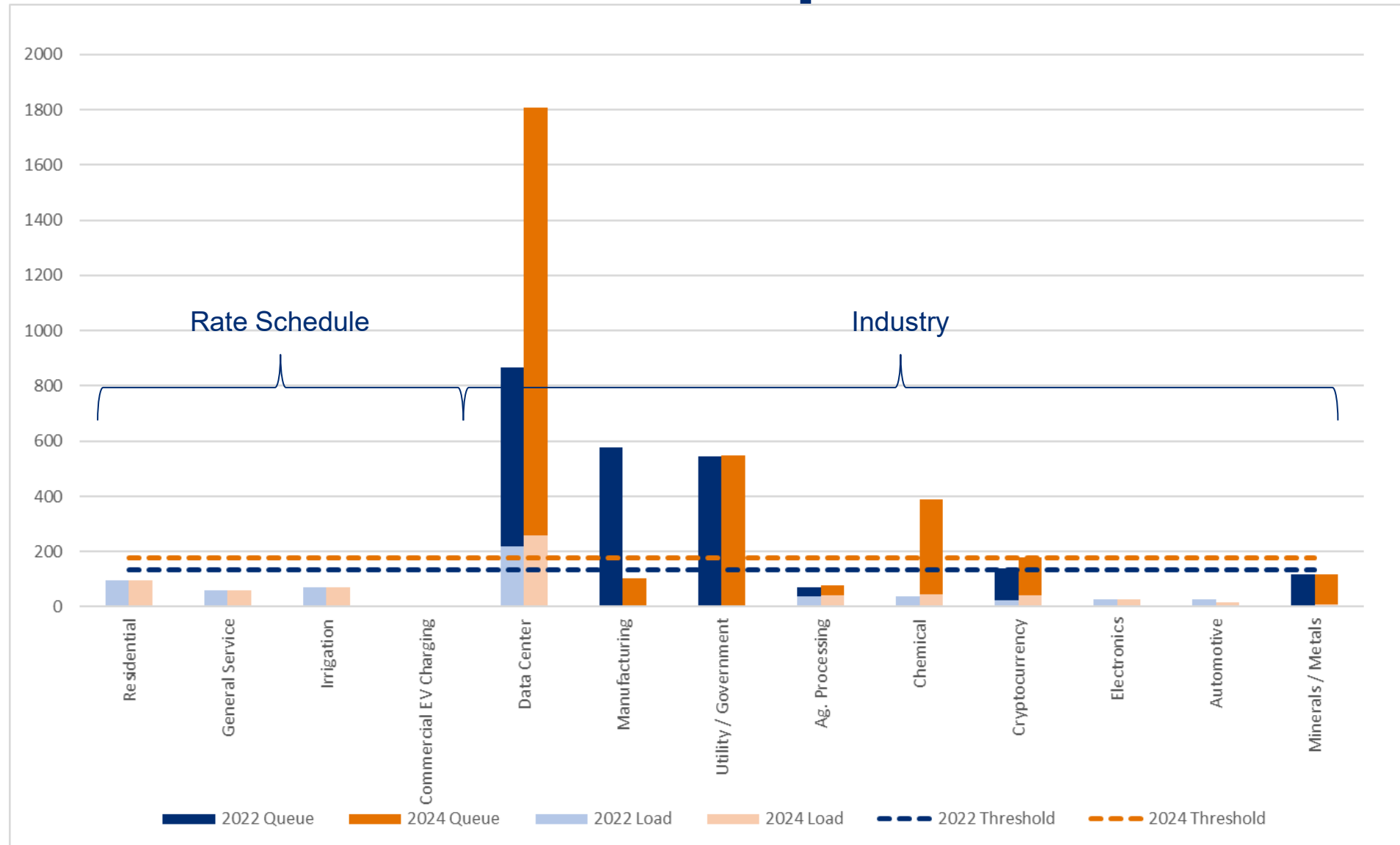
Concentration Risk, threshold, and load activity and / or industry¹

Is the EI Material?

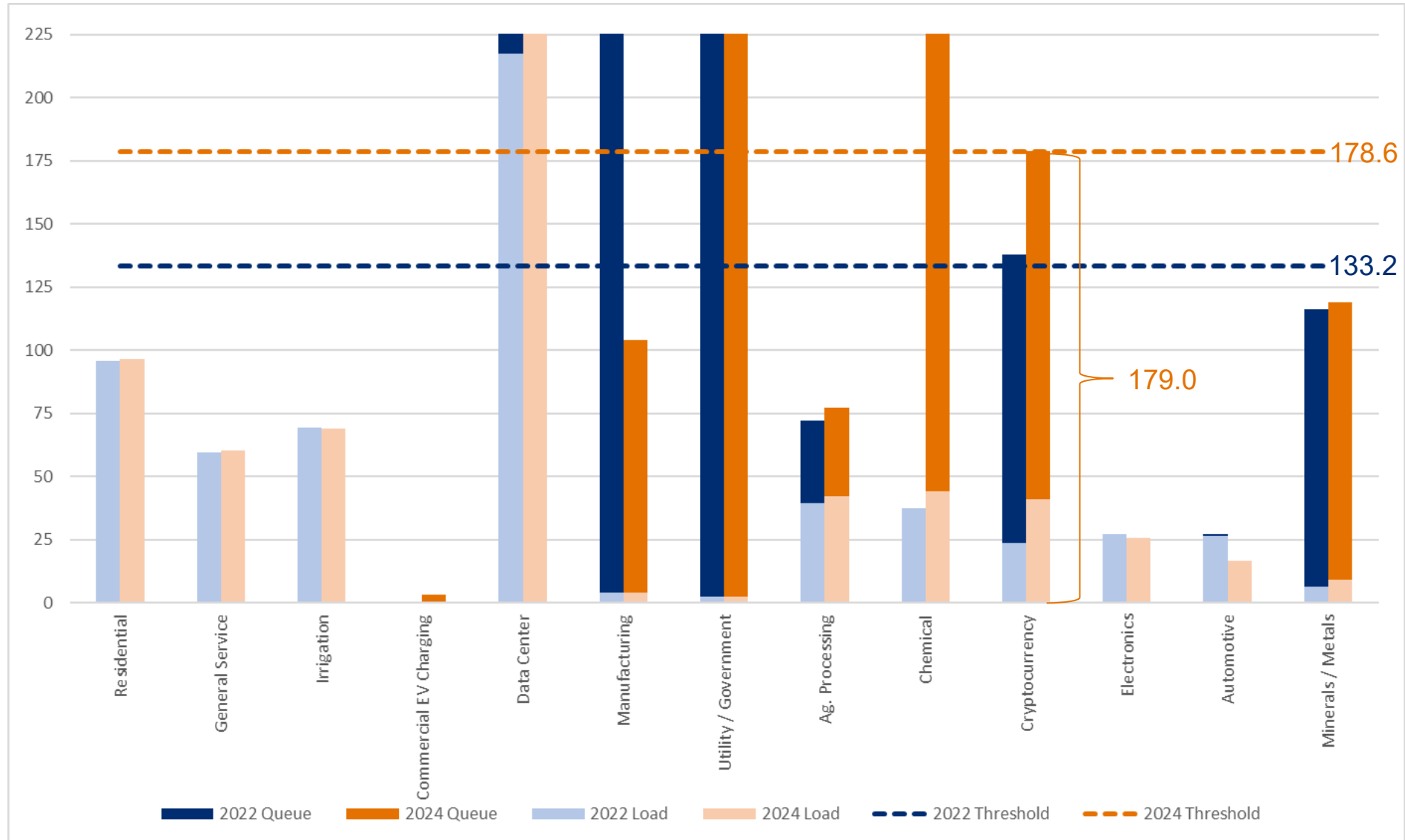
Concentration Risk – All Load Activities



Concentration Risk – Top Load Activities



Concentration Risk – A Closer Look



Data Centers and Utility/Government

- Data Centers continue to be a growth industry
 - Augmented by AI growth
 - Servers and storage outstripping network growth
 - 2024 to 2029 revenue Compound Annual Growth Rate projections are 11.5% in the U.S.¹
- Utility/Government are the Ports
 - Ports are seeking businesses and loads, but the loads will not be Utility or Governmental in nature
 - No basis for analysis
 - Hydrogen production has been mentioned, but no specific requests or load characteristics have been identified

Manufacturing Overview

- Manufacturing definition is broad
- Grant has already assigned many manufacturing subsectors into their own industries
- Drivers of change:
 - Chemical: Battery anode material (343 MVA) reclassified from general manufacturing
 - Solar Panel manufacturing (from 410 MVA in 2022 to 80 MVA in 2024)

National Institute of Standards and Technology, US Dept. of Commerce. Manuf. Subsectors

1. Computer and electronic products
2. Chemical products
3. Food and beverage and tobacco products
4. Petroleum and coal products
5. Motor vehicles, bodies, trailers and parts
6. Fabricated metal products
7. Machinery
8. Other transportation equipment
9. Miscellaneous manufacturing
10. Primary metals
11. Plastics and rubber products
12. Elect. equip., appliances, and components
13. Paper products
14. Non-metallic mineral products
15. Printing and related support activities
16. Furniture and related support activities
17. Textile mills and textile production mills
18. Apparel and leather and allied products
19. Wood Products

Grant Industrial Classifications

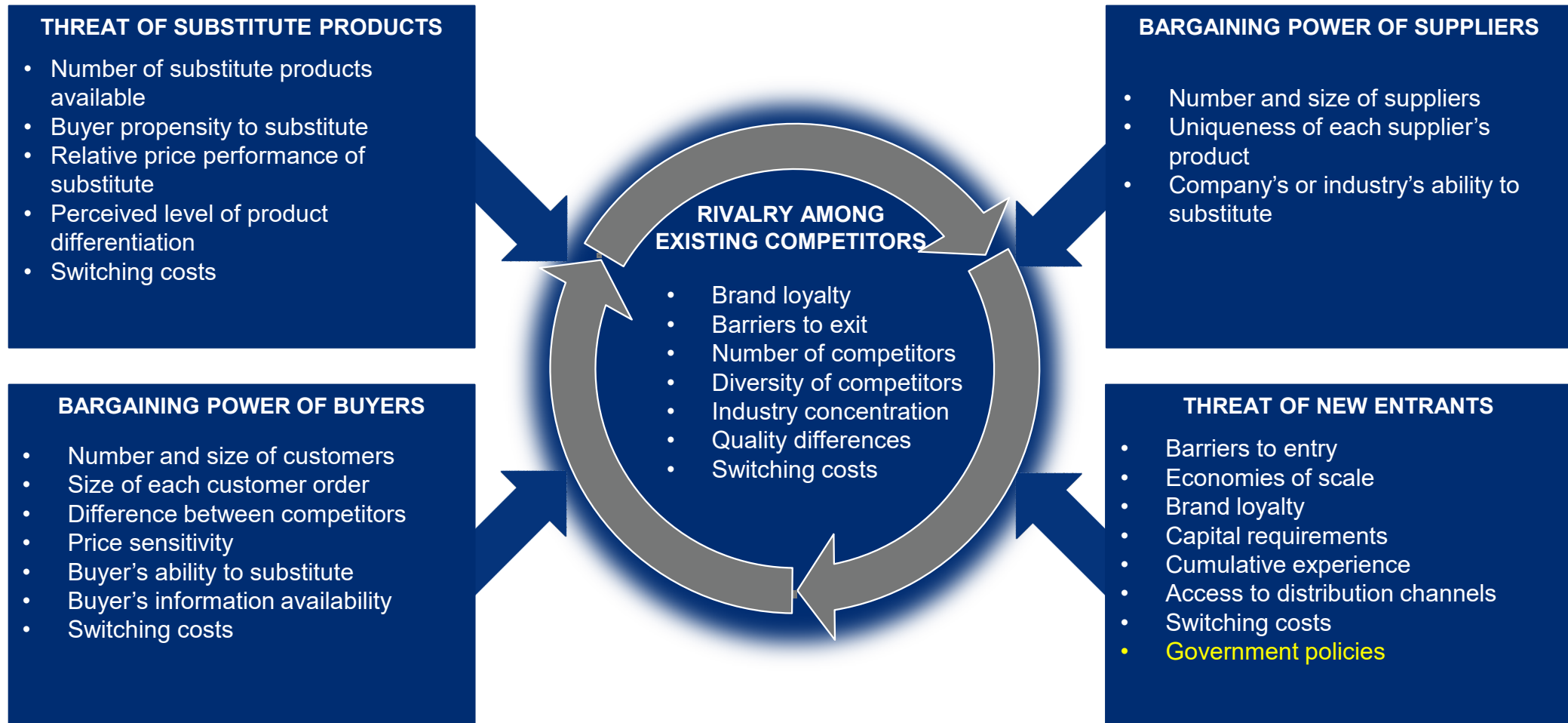
1. Aerospace
2. Ag. Processing
3. Ag. Storage
4. Automotive
5. Cannabis
6. Chemical
7. Construction
8. Cryptocurrency
9. Data Center
10. Education
11. Electronics
12. Gas / Fluids
13. Manufacturing
14. Medical / Health
15. Minerals / Metals
16. Retail
17. Utility / Government

04

Business Risk

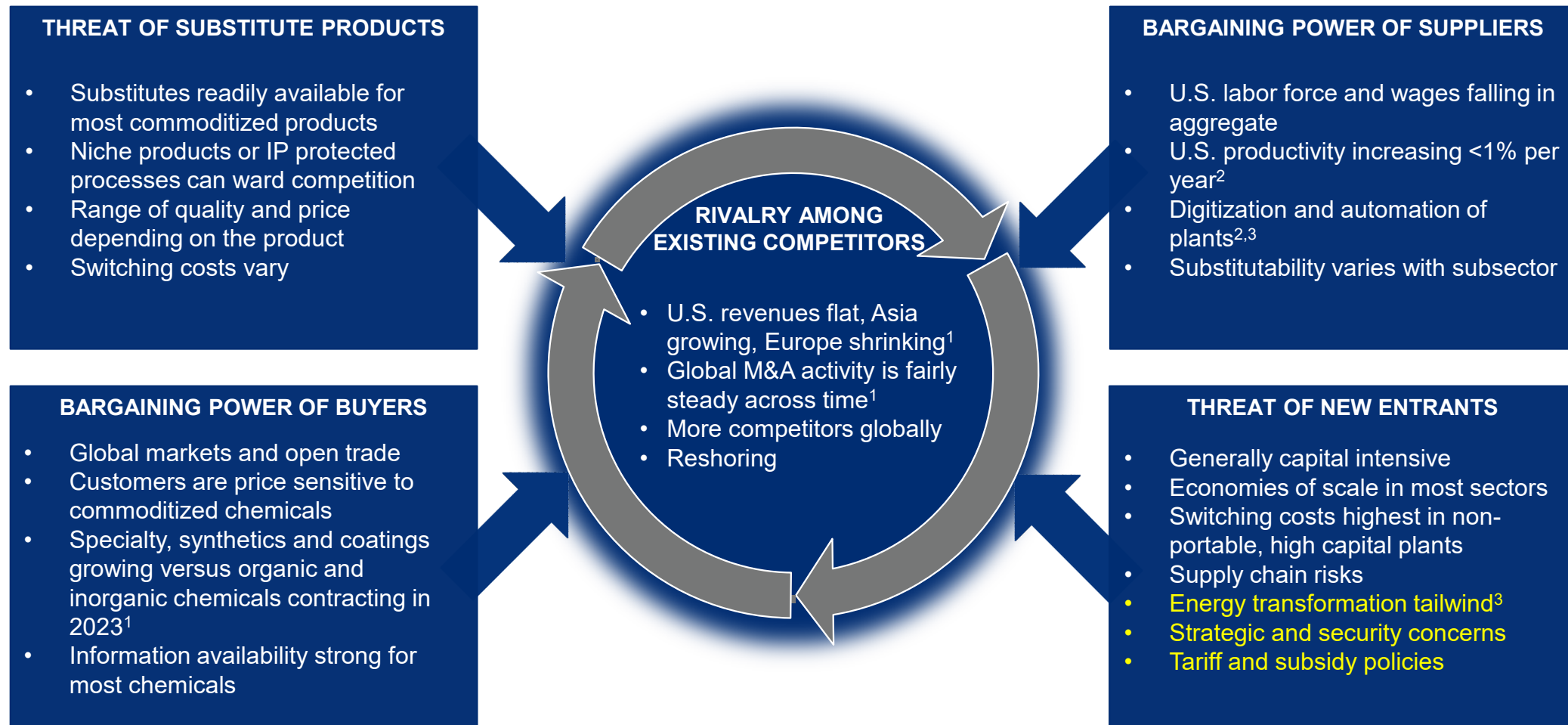
Porter's Five Forces

Porter's Five Forces



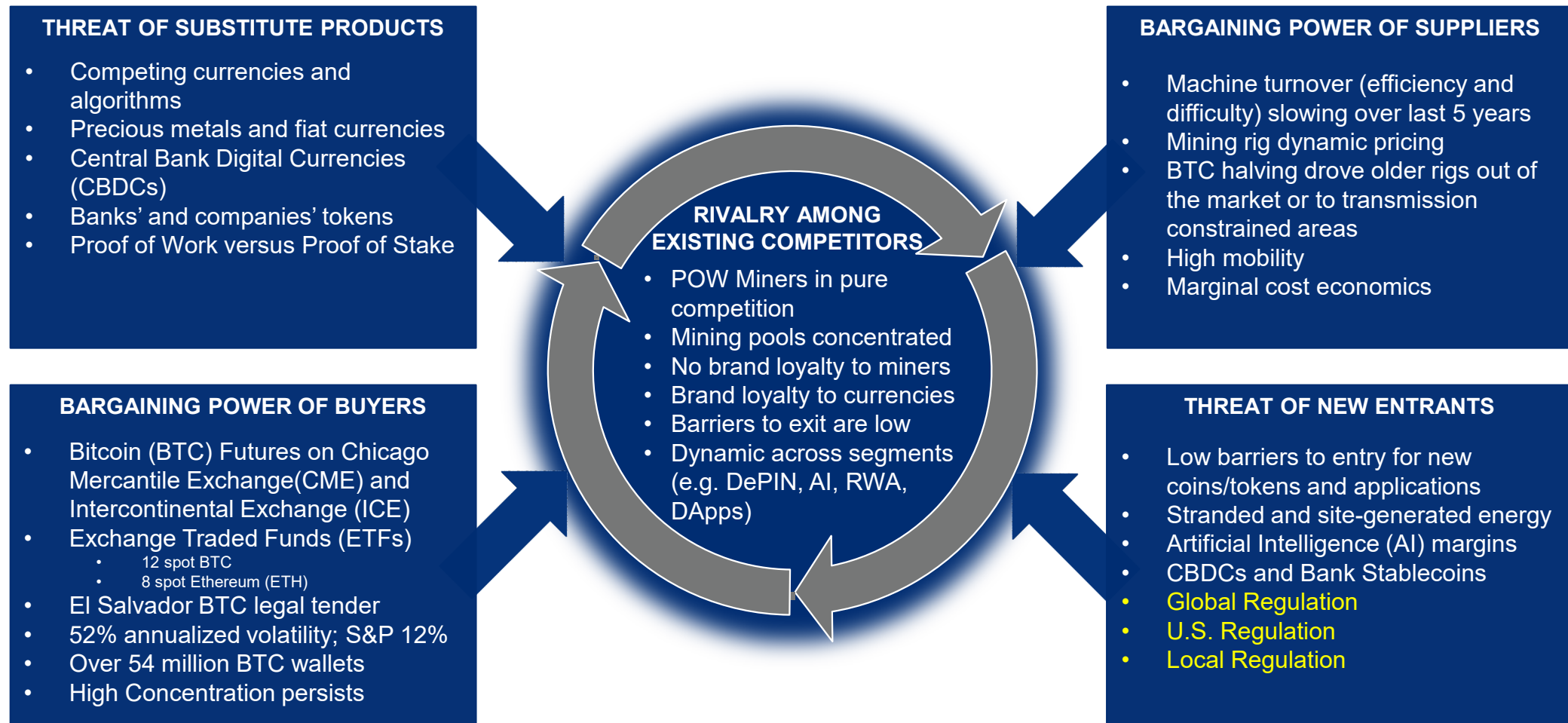
Porter's Five Forces - Chemical

Although the global chemical industry is largely mature, there are some sub-sectors that are growing.



Porter's Five Forces - Cryptocurrencies

Cryptocurrencies are converging with traditional financial activities and computing loads, but face persistent, high regulatory risk.



05

Regulatory Risk

Are regulations mature?

Cryptocurrency Regulatory Risk

- Global Legislation and Regulation
 - In a 60-country survey, legal in 33, partially banned in 17, generally banned in 10¹
 - EU Markets in Crypto Assets (MiCA) being implemented through December 2024
 - Does not cover CBDC, insurance, crypto financial instruments, Non-Fungible Tokens (NFTs)
 - European Central Bank “The distributional consequences of Bitcoin”²
 - Federal Reserve “Unique Implementation of Permanent Primary Deficits?”³
 - Financial Action Task Force (FATF) focus on Anti-Money Laundering (AML) and Know Your Customer (KYC)
 - Scamming and Stealing down, Ransomware and Darknet growing in 2023⁴
 - International Monetary Fund (IMF) working paper \$0.047 to \$0.089 per kWh global tax⁵
 - Venezuela and Iran ban mining due to energy shortages
- US Legislation and Regulation
 - Marked-to-Market taxation for high-net-worth individuals
 - Biden administration budget proposed 30% tax on electricity cost used by miners
 - Lummis-Gillibrand crypto bill– Responsible Financial Innovation Act still proposed, not passed
 - FBI NexFundAI Token– Wash trades, pump & dump, 18 people and companies charged
- State and Local Regulations
 - Most local action around noise and impacts to health and property values
 - State fuel source restrictions

¹<https://www.atlanticcouncil.org/programs/geoeconomics-center/cryptoregulationtracker/> ²https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4985877

³<https://www.minneapolisfed.org/research/working-papers/unique-implementation-of-permanent-primary-deficits> ⁴<https://www.chainalysis.com/blog/2024-crypto>

⁵<https://www.imf.org/en/Blogs/Articles/2024/08/15/carbon-emissions-from-ai-and-crypto-are-surging-and-tax-policy-can-help>

RS17 Update Team Findings

- Cryptocurrency mining currently meets the Evolving Industry (EI) criteria for business risk (marginally) and regulatory risk (definitely) and should be retained as EI
- No other industries or energy load activities were identified for EI criteria analysis
- Enforce EI attestations per CSP section 9.8
 - Customer will need to attest that they are not an Evolving Industry
 - Customers with load profiles that are similar to other EI loads shall be placed into the EI until the customer can provide assurances to Grant PUD that it is not
 - Customers who misrepresent their industry or load activity shall be pursued subject to section 2.15, Revenue Protection and Power Diversion, and the EI sections 9.6 through 9.10 of the Customer Service Policy

06

Rate Schedule 17 (RS17) Assessment

Rate inputs

How the Elements Stack Up

Element	Type	Input / Formula (in cents per kWh)
Cost to Serve	Direct	A
Transmission Acceleration Adder	Risk	B
Distribution Adder	Risk	C
Departure Liquidation Cost Adder	Risk	D
Supply Adder	Risk	E
Additional Assessment (X%)	Add. Assessment	$F=X*(A+B+C+D+E)$
Proposed Target Rate	Total	=sum(A:F)

Risk Elements Assessment

- Transmission Acceleration Adder – the need to construct transmission facilities earlier than would have been needed but for the EI loads
- Distribution Adder – the potential cost of incremental damage or accelerated consumption of distribution assets and distribution costs due to the EI load characteristics above those covered in cost of service or policies for direct recovery
- Departure Liquidation Cost Adder -- the ability of a customer to either move to another utility, or to cease operations without consequence
 - Departure Risk – probability of departure driven by the differential between retail rates in different parts of the US
 - Liquidation Cost – the potential cost of unwinding hedges associated with serving EI customers when one departs Grant PUD's system
- Supply Adder – the potential costs associated with a broad range of current and future costs that can include wholesale power commodity costs, new resource costs, impact of ratcheting load on the Power Sales Agreement cost obligation, 1937 obligations, CETA, carbon, changes in future Columbia River water allocations or uses, etc.
 - State Renewable Compliance Adder

Next Steps

- Commission feedback
- Complete incremental risk assessment and calculate costs of incremental risks
- Cost of service and additional assessment
- Revisit allocation between demand and energy in rate design
- Submit revised rate schedule
- Present resolution draft

Thank You!

Appendix 1: 2024 Concentration Risk

Industries / Energy Load Activities, July 2023 - June 2024 Loads						
		July 2023 - June 2024 MWh	Queue Request	Total	Percent Concentration	Avg. No. of Service Agreements
Rate 1	Residential	96.5	0.0	96.5	2.7%	41,694
Rate 2	General Service	60.3	0.0	60.3	1.7%	7,533
Rate 3	Irrigation	68.9	0.0	68.9	1.9%	4,849
Rate 6	Street Lights	0.5	0.0	0.5	0.0%	113
Rate 19	Commercial EV Charging	0.2	3.0	3.2	0.1%	4
Rate 85	Ag Food Process Boiler	0.0	0.0	0.0	0.0%	1
Rate Schedules 7, 14, 15, 16, 17, 94	Aerospace	1.6	0.0	1.6	0.0%	4
	Ag. Processing	42.2	35.0	77.2	2.2%	67
	Ag. Storage	6.8	0.0	6.8	0.2%	13
	Automotive	16.5	0.0	16.5	0.5%	3
	Cannabis	1.4	1.2	2.6	0.1%	12
	Chemical	44.3	343.0	387.3	10.8%	6
	Construction	0.5	0.0	0.5	0.0%	9
	Cryptocurrency	41.0	138.0	179.0	5.0%	28
	Data Center	258.1	1548.0	1806.1	50.6%	23
	Education	2.1	4.4	6.5	0.2%	17
	Electronics	25.5	0.0	25.5	0.7%	1
	Gas / Fluids	9.9	37.0	46.9	1.3%	4
	Manufacturing	3.9	100.0	103.9	2.9%	5
	Medical / Health	6.0	6.0	12.0	0.3%	6
	Minerals / Metals	9.2	110.0	119.2	3.3%	7
	Retail	2.1	0.0	2.1	0.1%	11
	Utility / Government	2.5	547.0	549.5	15.4%	21
	Total	700.0	2872.6	3572.6	100%	54,430
			Concentration Risk Threshold:	178.6		

Appendix 2: 2022 Concentration Risk

Industries / Energy Load Activities, July 2021 - June 2022 Loads						
		July 2021 - June 2022 MWa	Queue Request	Total	Percent Concentration	Avg. No. of Service Agreements
Rate 1	Residential	95.7	0.0	95.7	3.6%	39,035
Rate 2	General Service	59.4	0.0	59.4	2.2%	7,200
Rate 3	Irrigation	69.2	0.0	69.2	2.6%	4,871
Rate 6	Street Lights	0.5	0.0	0.5	0.0%	109
Rate 85	Ag Food Process Boiler	0.0	0.0	0.0	0.0%	1
Rate Schedules 7, 14, 15, 16, 17, 94	Aerospace	1.4	2.0	3.4	0.1%	4
	Ag. Processing	39.6	32.5	72.1	2.7%	59
	Ag. Storage	6.4	0.0	6.4	0.2%	12
	Automotive	26.4	1.0	27.4	1.0%	3
	Cannabis	0.9	0.0	0.9	0.0%	6
	Chemical	37.4	0.0	37.4	1.4%	6
	Construction	0.2	0.0	0.2	0.0%	4
	Cryptocurrency	23.9	114.0	137.9	5.2%	20
	Data Center	217.5	648.0	865.5	32.5%	13
	Education	1.8	2.4	4.2	0.2%	14
	Electronics	27.4	0.0	27.4	1.0%	1
	Gas / Fluids	7.4	0.0	7.4	0.3%	3
	Manufacturing	3.9	573.0	576.9	21.7%	6
	Medical / Health	4.9	2.0	6.9	0.3%	6
	Minerals / Metals	6.3	110.0	116.3	4.4%	7
	Retail	2.3	3.0	5.3	0.2%	12
	Utility / Government	2.4	541.0	543.4	20.4%	19
	Total	634.9	2028.9	2663.8	100%	51,411
				Concentration Risk Threshold:	133.2	

Customer Service Policy Update

— and Related Fee and Deposit Schedules

November 12, 2024

Cary West | [Senior Manager Customer Solutions](#)

Christopher Buchmann | [Customer Programs Supervisor](#)

Bob Kakaley | [Customer Service Engineering Supervisor](#)



Powering our way of life.

Agenda

Customer Service Policy Update

- Overview
- Highlighted Changes | Energy Services
- Highlighted Changes | Customer Engineering

Customer Service Deposit Schedule

- Highlighted Changes | Customer Solutions

Customer Service Fee Schedule

- Highlighted Changes | Customer Solutions



Overview

Customer Service Policy

- Customer Service Policy and Fee Schedule were last updated September 2023
- Has been recently reviewed and updated (as proposed) by cross-departmental stakeholders including:
 - Accounting, Customer Solutions, Enterprise Risk, Internal Audit, Finance, Large Power Solutions, Power Delivery (Customer Engineering), Rates and Treasury
- Corresponding Commission Resolution is drafted to adopt the proposed changes with an effective date of December 1, 2024.



Customer Service Policy Update
Energy Services

Highlighted Changes

Energy Services Related

Customer Service Policy

- Modified *Interconnection of Customer-Owned Net Metering Systems* (**Section 5.6**)
 - Increased the *Net Metering Application Fee for New Installation*.
Fee Schedule - from \$300 to \$700
 - Added a *Net Metering Application Fee for Modification of Existing Facilities*.
Fee Schedule - \$300

Highlighted Changes

Energy Services Related, cont.

Customer Service Policy

- Modified *Eligibility for Special Low-Income Rate Discounts* ([Section 6.19](#))
 - Renaming “Low-Income” households to “Income-Qualified” households.
 - Removing qualification requirement for Disabled and Senior Citizens for discount eligibility to all Income-Qualified households.
 - In doing so, advances compliance with CETA requirements on Energy Burden for qualifying customers.

Impact of Expanded Discounts to Income-Qualified Households

CETA Compliance

Total Low-Income Customers in Grant County (per Commerce/Census Data)	4781
60% Customers by 2030 CETA Requirement	2869

Current Discount Program (20%)	Disabled Customers	Senior Customers	Other Low-Income	Total Month	Annualized
Accounts (July, 2024)	253	543	-	796	
Discounts Applied (July, 2024)	\$ 3,278	\$ 7,067	\$ -	\$ 10,345	\$ 124,140
Average Discount/Bill	\$ 12.96	\$ 13.01	\$ -	\$ 13.00	

Additional Discount or Credits Needed to meet CETA Requirement for 2030:

	Other Low-Income	Total Month	Annualized
Add'l Baseline Low-Income Household Discounts	2,073	\$ 26,949	\$ 323,388
Add'l Support Needed to Meet 6% Energy Burden Requirement (TBD)	1,037	\$ 13,481	\$ 161,772

* Estimated - We currently don't know what the Energy Burden is for our Low-Income Customers.

Our current 20% Discount will not be enough support to meet the requirement for all low-income customers.

\$ 485,160

- An estimated 11% of households (4,781) in Grant County meet the criteria to be Income-Qualified
- Grant PUD has over 42,200 active residential meters as of 9/30/24

02

Customer Service Policy Updates
Customer Engineering

Highlighted Changes

Customer Engineering Related

Customer Service Policy

- *Underground Line Extensions (Section 4.2)*
 - Added pull rope requirement
 - Ownership of secondary service wire
 - Clarity on irrigation service ownership
- *Construction Temporary Service (Section 4.3.3)*
 - Eighteen-month requirement

Highlighted Changes

Customer Engineering Related, cont.

Customer Service Policy

- *Service Requirements by Rate Class* ([Section 4.4](#))
 - Clarity on irrigation service's secondary service work
- *Line Extension Fees* ([Section 4.5.1](#))
 - Simple service fee clarification
- *Extensions to Residential/Comm Subdivisions* ([Sec 4.11](#))
 - Added subdivision information
- *Manufactured Home/Mobile Home Parks* ([Section 4.12](#))
 - Added ownership of conduit and secondary wire

03

Customer Deposits Update
Customer Solutions

Highlighted Changes

Customer Solutions

Customer Deposit Schedule

Increase Tier 1 Deposit for Rate Schedule 1 – Residential Service to \$200 from \$150.

- Represents 2 months of average residential bills which aligns with arrearages subject to disconnection for nonpayment (typically 2 months past due).

Removal of Tier 2 Deposit for Rate Schedule 1 – Residential Service of for 350% of actual or estimated monthly bill for the past 12 months.

- Removes complexity of manual calculation and no longer necessary with more timely remote disconnections for nonpayment following the District's deployment of advanced meters.

Updates minimum deposits for Landlords and Rate Schedule 2 – Small General Service to \$200 per Service Agreement (was previously \$150).

04

Customer Fee Schedule Update
Customer Solutions

Highlighted Changes

Customer Solutions

Customer Fee Schedule

Page 1 of 3
(no changes)



Resolution ####

Exhibit C

Effective 11/1/2024

CUSTOMER SERVICE POLICIES FEE SCHEDULE

Fees shown on the Fee Schedule are set by the Grant PUD Commission and are subject to change at the discretion of the Commission.

Customer Service Policy Section	Item	Fee
2.14	Revenue Protection and Power Diversion Fees	Actual Damages
2.14 B	Meter Resealing Fee	\$100.00
4.5.1 A	Line Extension Fee If the Design cost is \$20,000 or greater, a true-up provision applies pursuant to a Time and Materials Contract. If actual costs are above the Design cost, the Customer will be billed for the difference. If the actual costs are below the Design cost, the Customer will receive an account credit for the difference.	Actual Fee per Design A 25% discount, up to a maximum \$2,500 discount, is available to Residential Customers on Rate Schedule 1, <i>excluding plat developers</i> . A 25% discount, up to a maximum \$10,000 discount, is available to Irrigation Customers on Rate Schedule 3.
4.5.1 B	Underground Simple Service Fee (if moped and fiber handhole are already installed) Overhead Simple Service Extension Fee (if transformer is already on pole and pole is within 100' of new meter base/mast)	Electric - \$850.00 Fiber - \$400.00 Electric - \$450.00 Fiber - \$430.00
4.5.1 D	Overhead Temporary Service Underground Temporary Service	\$380.00 \$340.00
5.3.5	False Call Fee	\$215.00
5.4.7	Meter Obstruction Fee	Basic Charge

Highlighted Changes

Customer Solutions

Customer Fee Schedule

Page 2 of 3

(Changes to Net Metering)



Resolution ####

Exhibit C

Effective 12/1/2024

CUSTOMER SERVICE POLICIES FEE SCHEDULE

Fees shown on the Fee Schedule are set by the Grant PUD Commission and are subject to change at the discretion of the Commission.

Customer Service Policy Section	Item	Fee
5.6.1	Net Metering Application Fee for New Installation	\$700.00
	Net Metering Application Fee for Modification of Facilities	\$300.00
6.1	Manual Meter Read	Installation Cost - \$250.00 Meter Read - \$65.00 per month
	Return Check Fee	\$25.00
6.8	Late Payment Charge	Refer to CS110042-POL
6.10	Account Service Charge	\$15.00
6.11	After-Hours Fee (Call Center)	\$250.00
	After-Hours Fee (On-Site) <i>(Combined fees apply when both call-outs are applicable)</i>	\$450.00
6.12	Disconnect Fee	\$50.00
6.17.1	Door Tag Fee	\$50.00
6.18		

Highlighted Changes

Customer Solutions

Customer Fee Schedule

Page 3 of 3
(no changes)



Resolution ####

Exhibit C

Effective 12/1/2024

CUSTOMER SERVICE POLICIES

FEE SCHEDULE

Fees shown on the Fee Schedule are set by the Grant PUD Commission and are subject to change at the discretion of the Commission.

Customer Service Policy Section	Item	Fee
8.1	Application Fee	New Demand Load Request
		0.5 MW to 2 MW \$2,500
		Up to 10 MW \$6,500
		Up to 20 MW \$15,000
		Up to 40 MW \$52,000
Over 40 MW \$21,000 (*requires different process)		
8.5	Redundant Capacity Charge	Monthly charge of \$0.85 per kW

Thank You



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