

**A G E N D A**  
**GRANT COUNTY PUBLIC UTILITY DISTRICT**  
**30 C Street SW – Commission Meeting Room**  
**Ephrata, Washington**  
**COMMISSION MEETING**  
**Tuesday, January 10, 2023**

An Executive Session may be called at any time for purposes authorized  
by the Open Public Meetings Act

- 9:00 a.m.** Commission Convenes  
Review and Sign Vouchers
- 9:30 a.m.** Reports from staff
- 12:00 Noon** Lunch
- 1:00 p.m.** Safety Briefing  
Pledge of Allegiance  
Swearing in of Commissioners Cox and Pyle – Honorable Judge Hill  
Attendance  
Public requests to discuss agenda items/non-agenda items  
Correspondence  
Business Meeting

**1. Consent Agenda**

Approval of Vouchers

Meeting minutes of December 13, 2022

**2. Regular Agenda**

**3. Review Items For Next Business Meeting**

XXXX – Resolution Amending Rate Schedule No. 17

**4. Calendar**

**5. Reports from Staff (if applicable)**

**Adjournment**

# **CONSENT AGENDA**

# Draft – Subject to Commission Review

## REGULAR MEETING OF PUBLIC UTILITY DISTRICT NO. 2 OF GRANT COUNTY

December 13, 2022

The Commission of Public Utility District No. 2 of Grant County, Washington, convened at 9:00 a.m. at Grant PUD's Main Headquarters Building, 30 C Street SW, Ephrata, Washington and via Microsoft Teams Meeting / +1 509-703-5291 Conference ID: 596 502 173# with the following Commissioners present: Judy Wilson, President; Nelson Cox, Vice-President; Tom Flint, Secretary; Terry Pyle, Commissioner and Larry Schaapman, Commissioner.

The Commission convened to review vouchers and correspondence.

A round table discussion was held regarding the following topics: power house flags have been reinstated into the routine maintenance schedule; monitoring national and local level substation attacks; PacifiCorp has announced plans to rejoin WRAP; appreciation noted to employees working under extreme weather conditions; correspondence received from crypto customer and request for an audience with the Board; correspondence received from customer regarding transmission line that may impact customers in the Beverly Burke area and request for staff to reach out directly to irrigators; correspondence received from Grant County Commissioner Rob Jones regarding fiber service issues for irrigator customers; customer inquiry and expressed concern regarding move from Rate Schedule No. 7 to Rate Schedule No. 17; concerns with state contract process and ensuring Grant is receiving the best price as well as the opportunity to include local businesses in the bid process; Snap On Tools and Faber invoice inquiry; Bond Refunding clarification; request for fiber buildout schedule in the area south of I-90 and Road K; and inquiry into ham radio customer service opportunity.

Chris Steinmetz, Engineer IV; Zach Ruby, Chief Dam Safety Engineer; and Dale Campbell, Senior Manager Power Production Engineering, provided the IMCO Change Order Report.

Tom Dresser, Manager of Fish & Wildlife, presented the Fish and Wildlife Report.

Andrew Murphy, Archaeology Supervisor; Lela Buck, Cultural Resource Specialist; and Brett Lenz, Manager of Cultural Resources, provided the Cultural Resources Program Report.

Chuck Allen, Senior Manager of External Affairs and Communications, and Annette Lovitt, Public Affairs Officer, presented the Community Engagement Activity Report.

An executive session was announced at 12:00 p.m. to last until 12:55 p.m. to review performance of a public employee with legal counsel present pursuant to RCW 42.30.110(1)(g) and to discuss pending litigation with legal counsel present pursuant to RCW 42.30.110(1)(i). The executive session concluded at 12:55 p.m. and the regular session resumed.

Tanya Dion, Energy NW, spoke in opposition to Rate Schedule No. 19 – Commercial Fast Charging Electric Vehicle Service.

Jonathan Toomim, Moses Lake, spoke in opposition to the rate increase included in the proposed amendment of Rate Schedule No. 17.

AJ Scalia, Moses Lake, expressed support for the Bitcoin mining industry and spoke in opposition to Rate Schedule No. 17.

Yuriy Polunets, Moses Lake, addressed the Board regarding employment opportunities provided to him as a result of the bitcoin industry.

Ryan Reed, Moses Lake, spoke in opposition to Rate Schedule No. 17.

Miguel Segura, Moses Lake, spoke in support of both job and community opportunities as a result of employment in the Cryptocurrency industry.

Commission Schaapman noted a phone call received from Chris Vizena, Quincy regarding Mr. Vizena’s opposition to Rate Schedule No 17.

Correspondence was noted from: Jaden Perry regarding Evolving Industry Rate Schedule & Cryptocurrency education; Grant County Commissioner Rob Jones referencing ongoing complaints received from George landowners regarding cellular interference in the Gorge area impacting irrigation; Larson Fowles, PLLC representing their client’s opposition to the proposed Wanapum to Mountain View 230 kV Transmission Line Project; Tanya Dion, Energy NW, regarding opposition to new Rate Schedule No. 19; and Estella Rodeback inquiring when the Quincy local office, and all local offices, would re-open full time.

Consent agenda motion was made Mr. Flint and seconded by Mr. Cox to approve the following consent agenda items:

Payment Number	126741	through	127408	\$15,668,281.52
Payroll Direct Deposit	207656	through	208405	\$2,208,250.11
Payroll Tax and Garnishments	20221130A	through	20221209A	\$855,817.82

Meeting minutes of November 22, 2022.

RESOLUTION NO. 9001

A RESOLUTION APPOINTING A REPRESENTATIVE AND ALTERNATES TO THE BOARD OF DIRECTORS OF THE WASHINGTON PUBLIC UTILITY DISTRICTS' ASSOCIATION

BE IT RESOLVED by the Commission of Public Utility District No. 2 of Grant County, Washington, that Commissioner Terry Pyle is hereby appointed as representative of Grant PUD to the Board of Directors of the Washington Public Utility Districts' Association, effective January 1, 2023, and will serve until his successor is appointed.

BE IT FURTHER RESOLVED that Commissioners Nelson Cox, Tom Flint, Larry Schaapman and Judy Wilson are hereby appointed as alternate representatives to said Board of Directors to serve in the absence or disability of Commissioner Terry Pyle. Other Commissioners will not be precluded.

BE IT FURTHER RESOLVED that the above-named representative and alternates shall serve until a successor or successors have been appointed by resolution adopted by the Commission.

PASSED AND APPROVED by the Commission of Public Utility District No. 2 of Grant County, Washington, this 13<sup>th</sup> day of December, 2022.

RESOLUTION NO. 9002

A RESOLUTION APPOINTING A REPRESENTATIVE AND ALTERNATES TO THE BOARD OF DIRECTORS OF ENERGY NORTHWEST

BE IT RESOLVED by the Commission of the Public Utility District No. 2 of Grant County, Washington, that Commissioner Tom Flint is hereby appointed as the representative of Grant PUD to the Board of Directors of Energy Northwest, effective January 1, 2023 and will serve until his successor is appointed.

BE IT FURTHER RESOLVED that Commissioners Nelson Cox, Judy Wilson, Terry Pyle and Larry Schaapman are appointed as alternate representatives to said Board of Directors to serve in the absence or disability of Commissioner Tom Flint.

BE IT FURTHER RESOLVED that the above named representative and alternates shall serve until a successor or successors have been appointed by resolution adopted by the Commission; and, provided further, that the members of the Commission may from time to time, by resolution, appoint other members of the Board as representative or alternate in the place and stead of those above named.

PASSED AND APPROVED by the Commission of Public Utility District No. 2 of Grant County, Washington, this 13<sup>th</sup> day of December, 2022.

RESOLUTION NO. 9003

A RESOLUTION APPOINTING A REPRESENTATIVE AND ALTERNATES TO THE BOARD OF DIRECTORS OF THE CENTRAL WASHINGTON POWER AGENCY

BE IT RESOLVED by the Commission of Public Utility District No. 2 of Grant County, Washington, that Commissioner Larry Schaapman is hereby appointed as representative of Grant PUD to the Board of Directors of the Central Washington Power Agency, effective January 1, 2023 and will serve until his successor is appointed.

BE IT FURTHER RESOLVED that Commissioners Terry Pyle, Nelson Cox, Judy Wilson and Tom Flint are appointed as alternate representatives to said Board to serve in the absence or disability of Commissioner Larry Schaapman.

BE IT FURTHER RESOLVED that the above named representative and alternates shall serve until a successor or successors have been appointed by resolution adopted by the Commission; and, provided further, that the members of the Commission may from time to time, by resolution, appoint other members of the Board as representative or alternate in the place and stead of those above named.

PASSED AND APPROVED by the Commission of Public Utility District No. 2 of Grant County, Washington, this 13<sup>th</sup> day of December, 2022.

After consideration, the above consent agenda items were approved by unanimous vote of the Commission.

Motion was made by Mr. Flint and seconded by Mr. Schaapman to table Resolution No. 9004 – establishing New Rate Schedule No. 19 – Commercial Fast Charging Electric Vehicle Service. The motion to table Resolution No. 9004 passed by unanimous vote of the Commission.

Motion was made by Mr. Flint to table Resolution No. 9005. The motion to table failed for lack of a second.

Motion was made by Mr. Schaapman and seconded by Mr. Pyle to approve Resolution No. 9005 – Amending Rate Schedule No. 17. After discussion, motion was made by Mr. Flint and seconded by Mr. Pyle to table Resolution No. 9005 and was approved by unanimous vote of the Commission.

Resolution No. 9006 relative to amending rate schedules was presented to the Commission. Motion was made by Mr. Flint and seconded by Mr. Cox to approve Resolution No. 9006. Motion was made by Mr. Schaapman and seconded by Mr. Cox to amend Resolution No. 9006 by removing all references to Resolution No. 9005 and Rate Schedule 17 and was approved by unanimous vote of the Commission. After consideration, Resolution No. 9006, as amended, passed by unanimous vote of the Commission.

RESOLUTION NO. 9006

A RESOLUTION SUPERSEDING RESOLUTION NOS. 8879 AND 8944 RELATING TO AMENDING RATE SCHEDULE NOS. 1, 2, 3, 6, 7, 14, 15, 16, AND 85

Recitals

1. 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;
2. The Commission directed staff to allocate an overall 3% retail revenue increase among Grant PUD rate schedules beginning April 1, 2023, with consideration to the rate policy set previously in Resolution No. 8768;
3. Resolution No. 8879 previously adopted Rate Schedule Nos. 1, 3, 7, 14, 15, 16, and 85; Resolution No. 8944 previously adopted Rate Schedule Nos. 2 and 6; and

4. The General Manager and Grant PUD Staff recommend amending Grant PUD Rate Schedule Nos. 1, 2, 3, 6, 7, 14, 15, 16, and 85 as set forth in Exhibit A.

NOW, THEREFORE, BE IT RESOLVED by the Commission of Public Utility District No. 2 of Grant County, Washington, that effective April 1, 2023, Rate Schedule Nos. 1, 2, 3, 6, 7, 14, 15, 16, and 85 are hereby effective as set forth in Exhibit A.

BE IT FURTHER RESOLVED that as of April 1, 2023, Resolution No. 8879 as it relates to Rate Schedule Nos. 1, 3, 7, 14, 15, 16, and 85 is hereby superseded.

BE IT FURTHER RESOLVED that as of April 1, 2023, Resolution No. 8944 as it relates to Rate Schedule Nos. 2 and 6 is hereby superseded.

PASSED AND APPROVED by the Commission of Public Utility District No. 2 of Grant County, Washington, this 13<sup>th</sup> day of December, 2022.

Resolution No. 9007 relative to execution of a collective bargaining agreement was presented to the Commission. Motion was made by Mr. Cox and seconded by Mr. Schaapman to approve Resolution No. 9007. After consideration, the motion passed by unanimous vote of the Commission.

#### RESOLUTION NO. 9007

#### A RESOLUTION AUTHORIZING THE EXECUTION OF A COLLECTIVE BARGAINING AGREEMENT BETWEEN THE GRANT PUD AND LOCAL UNION 77 OF THE INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS

#### Recitals

1. RCW 54.04.170 and RCW 54.04.180 authorize Grant PUD and its employees to enter into collective bargaining;
2. Central Washington Public Utilities (CWPU) is an association organized for the purpose of collective bargaining on behalf of several public utilities including the District;
3. Local Union 77 of the International Brotherhood of Electrical Workers (IBEW Local 77) is the sole and exclusive bargaining agency with respect to rates of pay, hours of work and other conditions of employment for those employees covered by the classifications set forth in Article 9 of the existing collective bargaining agreement;
4. Representatives of Grant PUD and IBEW Local 77 have been negotiating over wages, hours and working conditions for bargaining unit personnel and during the course of negotiations, Grant PUD's Supervisor of Human Resources, and Chief Operations Officer, entered into the following tentative agreements with the IBEW Local 77 Business Manager in order to facilitate settlement: Grant PUD Tentative Agreement dated 11/01/2022;
5. On 11/17/2022, a majority of the bargaining unit employees ratified a new collective bargaining agreement proposal consisting of the changes outlined in the tentative agreement referred to above, which will become effective April 1, 2023;
6. Notice has been given of the excess compensation provisions of this Contract pursuant to RCW 41.50.152; and
7. Grant PUD's Supervisor of Human Resources and the negotiating team are of the opinion that the proposal should be approved in consideration of future services to be provided by the bargaining unit after the date of ratification, that further negotiations are not cost-effective, and that the contract proposal ratified by the bargaining unit employees is reasonable and in the best interests of Grant PUD.

NOW, THEREFORE, BE IT RESOLVED as follows:

The President and Secretary of the Commission are authorized to sign on behalf of Grant PUD a three (3) year collective bargaining agreement with IBEW Local 77 (Contract No. 430-503) consistent with the attached tentative agreement effective April 1, 2023 through March 31, 2026.

PASSED AND APPROVED by the Commission of Public Utility District No. 2 of Grant County, Washington, this 13th day of December, 2022.

Motion was made by Mr. Schaapman and seconded by Mr. Flint naming the following slate of officers effective January 1, 2023 and shall remain in effect until the next election of officers:

President	Nelson Cox
Vice President	Tom Flint
Secretary	Terry Pyle
Commissioner	Larry Schaapman
Commissioner	Judy Wilson

After consideration, the motion passed by unanimous vote of the Commission.

Motion was made by Mr. Cox and seconded by Mr. Schaapman authorizing the General Manager/CEO, on behalf of Grant PUD, to execute Change Order No. 19 to Contract 230-08636 with IMCO General Construction, Inc., increasing the not-to-exceed contract amount by \$3,131,666.00 for a new contract total of \$60,981,690.20 and resetting the delegated authority levels to the authority granted to the General Manager/CEO per Resolution No. 8609 for charges incurred as a result of Change Order No. 19. After consideration, the motion passed by unanimous vote of the Commission.

The Commission calendar was reviewed.

The Commission recessed at 2:48 p.m.

The Commission resumed at 3:00 p.m.

An executive session was announced at 3:00 p.m. to last until 4:00 p.m. to review performance of a public employee pursuant to RCW 42.30.110(1)(g). The executive session concluded at 4:00 p.m. and the regular session resumed.

An additional executive session was announced at 4:00 p.m. to last until 5:00 p.m. to review performance of a public employee pursuant to RCW 42.30.110(1)(g). The executive session concluded at 5:00 p.m. and the regular session resumed.

There being no further business to discuss, the Commission adjourned at 5:00 p.m. on December 13 and reconvened on Thursday, December 15 at 8:00 a.m. at Grant PUD’s Main Headquarters Building, Conference Room E, 30 C Street SW, Ephrata, Washington for the purpose of holding an executive session and any other business that may come before the Commission with the following Commissioners present: Judy Wilson, Nelson Cox, Tom Flint, Terry Pyle and Larry Schaapman. A copy of the notice of adjournment was posted to the Grant PUD website.

An additional executive session was announced at 12:00 p.m. to last until 12:15 p.m. to review performance of a public employee with legal counsel present pursuant to RCW 42.30.110(1)(g). The executive session concluded at 12:15 p.m. and the regular session resumed.

There being no further business to discuss, the December 13, 2022 meeting officially adjourned at 12:15 p.m. on December 15, 2022.

\_\_\_\_\_  
Judy Wilson, President

ATTEST:

\_\_\_\_\_  
Tom Flint, Secretary

\_\_\_\_\_  
Nelson Cox, Vice President

\_\_\_\_\_

\_\_\_\_\_

Terry Pyle, Commissioner

Larry Schaapman, Commissioner



# **REGULAR AGENDA**

# For Commission Review – 01/10/2023

RESOLUTION NO. XXXX

A RESOLUTION AMENDING RATE SCHEDULE NO. 17

Recitals

1. 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;
2. The Commission established Rate Schedule No. 17 with the adoption of Resolution 8891 on August 28, 2018;
3. The Commission revised Rate Schedule No. 17 most recently with the adoption of Resolution 8940 on March 10, 2020; and
4. The General Manager and Grant PUD staff recommend amending Grant PUD Rate Schedule No. 17 as set forth in Exhibit A.

NOW, THEREFORE, BE IT RESOLVED by the Commission of Public Utility District No. 2 of Grant County, Washington that effective February 1, 2023 Rate Schedule No. 17 is hereby effective as set forth in Exhibit A.

BE IT FURTHER RESOLVED that as of February 1, 2023, Resolution No. 8940 is hereby superseded.

PASSED AND APPROVED by the Commission of Public Utility District No. 2 of Grant County, Washington, this 24<sup>th</sup> day of January, 2023.

\_\_\_\_\_  
President

ATTEST:

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Vice President

\_\_\_\_\_  
Commissioner

\_\_\_\_\_  
Commissioner



**RATE SCHEDULE NO. 17**  
**EVOLVING INDUSTRY SERVICE**

*Rates shown on the Rate Schedules are set by the Grant PUD Commission and are subject to change at the discretion of the Commission.*

**AVAILABLE:** To accounts whose load activity and / or industry is classified as an Evolving Industry. If any part of a load is classified as Evolving Industry, all loads measured by that meter are subject to this rate.

**MONTHLY BILLING RATES: Customer's monthly billing will consist of the following charges:**

**17-A:** For retail customers that would otherwise be served as Residential, Rate Schedule 1, and other retail customers with service less than 200 KW Billing Demand.

**EFFECTIVE:** With meter readings after ***February 1, 2023.***

Basic Charge: \$1.04 per day

Energy Charge: \$0.08535 per kWh

Minimum Charge: \$1.04 per day

**17-B:** For retail customers with service of 200KW or greater Billing Demand.

**EFFECTIVE:** With meter readings after ***February 1, 2023.***

Basic Charge: \$1,000.00 per month

Energy Charge: \$0.00389 per kWh

Demand Charge: \$28.18 per kW of Billing Period

Minimum Charge: The Minimum shall be computed as Demand Charge times 75% of the Customer's Maximum Billing Demand during the most recent 12-month period.

**BILLING DEMAND:** The Billing Demand under this schedule shall be the larger of the following demand factors:


- a. The contract demand, if any, or;
- b. The highest 15-minute demand during the month as determined by demand meter, adjusted up to 95 percent power factor.

**TAX ADJUSTMENT:** The amounts of any tax levied by any city or town, in accordance with RCW 54.28.070 of the Laws of the State of Washington, will be added to the above charges.

**SERVICE:** Service under this Schedule is subject to the terms and conditions in the District's Customer Service Policies, as the same may be amended from time to time.

# MEMORANDUM

November 22, 2022

**TO:** Richard Wallen, General Manager  
**VIA:** Dave Churchman, Chief Customer Officer  
**FROM:** Louis Szablya, Sr. Mgr. Large Power Solutions   
Baxter Gillette, Large Power Solutions Manager  
**Subject:** Rate Schedule No. 17, Evolving Industry Service, 2022 Update

## I. Problem Statement

On August 28, 2018, the Grant PUD Commission approved Resolution No. 8891, A RESOLUTION ESTABLISHING RATE SCHEDULE NO. 17, creating a new customer class for Evolving Industry customers operating within the Grant PUD service territory. The rates were subsequently superseded in Resolution No. 8940 on March 10, 2020.

The Customer Service Policy (CSP) requires that no less than annually Grant PUD will "...assess business conditions and risks that indicate which Industries should be included or excluded from the Evolving Industry Rate Class."

## II. Background

### A. The Process and Committee

The Customer Service Policy update process requires a multidiscipline and multidepartment team to review the Evolving Industry (EI) Class to determine if it is appropriate for a customer's use or industry to move into, or out of the EI Rate Class.

In the Fall of 2022, the RS17 2022 Update Team was formed consisting of six members and two subject matter experts (SMEs), listed below:

Name	Department	Role	Type
Dave Churchman	CCO	Executive Sponsor	Member
Louis Szablya	Large Power Solutions		Member
Julio Aguirre Carmona	Rates and Pricing	Lead	Member
Baxter Gillette	Large Power Solutions	Update Manager	SME
Paul Dietz	Risk Management	Analytics	SME
Cary West	Customer Service		Member
John Mertlich	Finance/Accounting		Member
Jesus Lopez	Engineering		Member

### B. Scope of Update

The RS17 2022 Update includes two specific tasks:

#### 1. Assessment

Assessment of Grant PUD's existing customers to identify any uses or industries that may need to be included as an EI, assess if they should be included, and recommend which uses or industries should be included in the EI Class.

2. Review Rates

Review changes in both electric power markets and the Evolving Industries' markets for changes that have occurred since the prior RS17 Update to refresh the models and recommend any changes to the rates.

**C. The Work**

1. Risk Assessment

The risk assessment process is intended to identify nascent Evolving Industries which may cause volatility in Grant PUD's retail revenues that would adversely impact other customers.

To be deemed Evolving Industry, an industry or energy load activity must have Concentration Risk and either Business Risk or Regulatory Risk.

a) Identification of New Industries or Energy Load Activities

Staff evaluated hydrogen production, electrified fleet transportation, solar panel manufacturing and novel battery materials as potential evolving industries. Staff determined the new technologies did not currently qualify as a new industry on the basis that they either: 1) are not explicitly part of a request for interconnection to Grant PUD's system (hydrogen production and large scale electrified fleet transportation), 2) are not nascent (solar panel manufacturing), or 3) it is not clear that the activity should be split apart from generalized Manufacturing (novel battery materials). In the last case, fragmenting to an individual component of a technology, in this case, silicon anodes for batteries, would reduce the industry classification to a particular company or handful of competitors as opposed to evaluating an industry or even a whole product (e.g. batteries).

b) Concentration Risk

Only those nascent uses or industries that represent 5% or more of Grant PUD's existing and forecasted energy load are considered to have enough volume to require further assessment of the risk of losing retail revenues due to business or regulatory risks.

Staff performed a Concentration Risk calculation (see Attachment A) using the same methodology that was used in previous years. Data Centers, Manufacturing, Utility/Government and Cryptocurrency surpassed the 5% threshold, primarily driven by queue (connection) requests.

c) Business and Regulatory Risk

Staff performed a Porter's Five-Forces analysis on Manufacturing and Cryptocurrency. Manufacturing in the U.S. is not nascent and ~~is~~ has been largely in decline except for the Research & Development and Design sub-sectors.

Cryptocurrency exhibits nascent characteristics in both Business Risk and Regulatory Risk. Transitions to Proof of Stake in lieu of Proof of Work protocols, stablecoin failures, and potential Central Bank Digital Currency (CBDC) competition, as well as persistent market volatility and spot price manipulation are some of the factors that present business risk. Over the last year there has been increasing attention and pressure on international, federal, state, and local fronts to legislate and regulate crypto exchanges, digital assets, including cryptocurrencies, and cryptocurrency mining. Although clearer rules should bring less risk and more certainty in the future, at this point in time the unknown treatment of different digital assets in different jurisdictions presents substantial regulatory risk. The Update Team concurred with the assessment and categorization of cryptocurrency mining as Evolving Industry.

## 2. Rate Target Update

The rate target update is based on the uses and industries in the EI Class, in this case, cryptocurrency mining, bifurcated into Rate Schedule 17-A for monthly loads less than 200 kW, and 17-B for monthly loads equal to and greater than 200 kW.

The rate target update incorporates direct, risk-based and additional assessment elements. Direct costs are baseline costs needed to serve a rate schedule or class. Risk-based costs are potential costs that would be borne by Grant PUD and its other ratepayers arising from atypical attributes of an Evolving Industry that are not addressed in the Cost-of-Service process as Direct Costs. Finally, the additional assessment is a cost adder set by the Commission that has historically been informed by the percentage of retail sales over the cost to serve for other rate schedules.

### a) Direct Costs

Direct costs are baseline costs needed to serve a rate schedule or class, which are best characterized currently by the Cost-of-Service analysis. Included in the Cost of Service are transmission, distribution (including customer-related) and generation costs allocated to serve retail customers. Rate Schedule 17-A uses a blended rate from Rate Schedules 1 (Residential) and 2 (General Service) as estimated in the Cost of Service (\$0.06310 per kWh) because Grant PUD has historically had both residential and commercial sized cryptocurrency customers in the sub-200 kW monthly load range. Rate 17-B uses Rate Schedule 7 Cost of Service (\$0.3158 per kWh), which encompasses the 200 to 5,000 kW load sizes, and represents historically more than 99% of current cryptocurrency loads. This is a change from previous studies that baselined Rate Schedule 17-B with the Rate Schedule 14 (serving 5 to 15 megawatt loads), as it was previously anticipated that the majority of cryptocurrency loads would grow to this size range.

### b) Risk-Based Costs

Risk-based costs are associated with the peculiarities of industries or energy load activities that are not captured in Direct Costs rate element. In the case of cryptocurrency mining, the following ~~risk-based~~risk-based elements were incorporated into the target rate:

#### 1) Transmission Acceleration Adder

The Transmission Acceleration Adder covers investment acceleration costs and risk of subsequent non-arrival or departure of customers. In this study, it was determined that the cryptocurrency queue is not accelerating the transmission build schedule and consequently there is no charge for this cost element in the rate target.

#### 2) Distribution Adder

The Distribution Adder covers potential incremental distribution costs above typical operations captured in the Cost of Service. In previous studies, we used engineering risk estimates based on professional judgement. In this case, we used actual Grant PUD 3-year event experience with cryptocurrency loads and then adjusted the figures for risk. Within the last several years, Grant PUD has had a couple of callouts for protective equipment resets, but has not identified any asset damage or impairment. The total Distribution Adder was figured to be \$0.00001 per kWh in this study. This figure can be adjusted in future rate assessments if Grant PUD experiences a different cost or loss profile.

#### 3) Departure Liquidation Cost Adder

The Departure Liquidation Cost Adder covers the potential costs associated with highly mobile customers leaving, causing Grant PUD to adjust wholesale positions at a financial loss. Damages are characterized as being incurred: 1) when a customer leaves, and 2) when

Grant PUD has to unwind positions in the wholesale market at less than the price at which the position was established. In general, Grant PUD enters wholesale transactions to meet forecasted load based on when the Reasonable Portion from the Power Sales Contract is priced (each November) for the following January to December timeframe. The Departure Liquidation Cost was calculated as a series of at the money put options, the “exercise” of which is contingent on the probabilistic departure of customers. This is a different methodology than in previous annual assessments and may be further refined in the future. The calculation yielded \$0.00329 per kWh for both 17-A and 17-B.

4) State Renewable Compliance Adder

Compliance with Washington’s Energy Independence Act (I-937) renewable portfolio standard requires utilities to meet 15% of its previous two-years’ average electricity usage with “green” power. Since the portfolio requirements are driven by history, Grant PUD cannot liquidate or resell attributes in the event of customer departure. Green attributes are priced above the wholesale price of unspecified energy and if a load departs during a given year, the costs associated with covering green attributes will fall to Grant PUD and eventually, remaining ratepayers.

We calculated the adder using the customer departure monthly probabilities described in the Departure Liquidation Cost Adder section, above, and matched the volumes at risk with the projected market purchase price for the green attributes (Washington Renewable Energy Certificates) per MWh for calendar year 2023. This yielded a \$0.00035 per kWh adder for both Rate Schedules 17-A and 17-B.

c) Additional Assessment

The additional assessment was set at 31% for Rate Schedules 17-A and 17-B, as in previous rate target calculations, memorialized most recently in Resolution 8940. Staff has no basis to recommend a different percentage at this time.

d) Other Supply Costs

Currently Staff is not proposing other additional cost adders at this time. However, other supply costs will cover direct or potential (risk) losses associated with non-wholesale market commitments or exposures that are not currently expressed in the target rate because they have not yet been identified or valued. The State Renewable Compliance Adder is an example of a cost that was incorporated in this target rate calculation, but was not a part of previous calculations.

Likely sources of new supply costs include but are not limited to new resource commitments (e.g. generation, purchase power agreements, and/or wholesale purchases and related marginal integration and delivery costs) and ‘greening’ requirements (e.g. CETA, Climate Commitment Act, Federal Laws and regulations).

e) Proposed Target Rate

The proposed target rate for Rate Schedule 17-A (Figure 1) and 17-B (Figure 2), by element, is as follows:



	As proposed \$/kWh (2022)
RS1 & RS2 Cost to Serve (blended)	\$0.06310
Transmission Acceleration Adder	\$0.00000
Distribution Adder	\$0.00001
Departure Liquidation Cost Adder	\$0.00329
State Renewable Compliance Adder	\$0.00035
Additional Assessment (31%)	\$0.02069
<b>Proposed Target Rate</b>	<b>\$0.08744</b>

Figure 1: Rate Schedule 17-A Proposed Target Rate

	As proposed \$/kWh (2022)
RS7 Cost to Serve	\$0.03158
Transmission Acceleration Adder	\$0.00000
Distribution Adder	\$0.00001
Departure Liquidation Cost Adder	\$0.00329
State Renewable Compliance Adder	\$0.00035
Additional Assessment (31%)	\$0.01092
<b>Proposed Target Rate</b>	<b>\$0.04615</b>

Figure 2: Rate Schedule 17-B Proposed Target Rate

### 3. Rate Calculations

The rate structure for Rate Schedule 17-A includes a basic charge and an energy charge, analogous to the billing components found in Rate Schedules 1 and 2. The rate structure for Rate Schedule 17-B includes a basic charge, a demand charge and an energy charge similar to the billing components found in Rate Schedule 7.

Target rates are translated into billing components by taking a representative load and then balancing the various price per unit for each component until an equivalent cents per kWh breakeven value is found between the target rate and the billing components.

Rate Schedule 17-A used a 30 kW load with a 69.3% load factor as the representative load, which results in an average electric usage of 15,182 kWh per billing period. The basic charge was set equal to the Rate Schedule 2 basic charge of \$31.63 per month and the energy charge was calculated to be \$0.08535 per kWh as can be seen in Figure 3.

Billing Component	Billing Rate	Units	Billing Determinant	Bill
Basic Charge	\$31.63	per month	1	\$31.63

Energy Charge	\$0.08535*	per kWh	15,182	\$1,295.84
			<b>Total Bill</b>	<b>\$1,327.47</b>
*Rounded figure			<b>Effective Rate per kWh</b>	<b>\$0.08744</b>

Figure 3: Proposed Billing Rates for Rate Schedule 17-A

Rate Schedule 17-B used a 2,144 kW monthly load with a 92.85% load factor as the representative load, which results in an average 1,453,242 kWh per billing period. The basic charge of \$1,000 per month and energy charge of \$0.00389 per kWh are unchanged from their current Rate Schedule 17-B rates. The demand charge was calculated to be \$28.18 per kW to breakeven with the proposed target rate of \$0.04615 per kWh as can be seen in Figure 4.

Billing Component	Billing Rate	Units	Billing Determinant	Bill
Basic Charge	\$1,000.00	per month	1	\$1,000.00
Energy Charge	\$0.00389*	per kWh	1,453,242	\$5,653.11
Demand Charge	\$28.18*	per kW	2,144	\$60,407.45
			<b>Total Bill</b>	<b>\$67,407.56</b>
*Rounded figures			<b>Effective Rate per kWh</b>	<b>\$0.04615</b>

Figure 4: Proposed Billing Rates for Rate Schedule 17-B

The proposed billing rates in Figures 3 and 4 can be found in the Exhibit attached to the proposed Commission Resolution filed in this case.

### III. Team Findings and Recommendations

#### A. No new energy load activities and/or industries

The RS17 Update Team has reviewed the study and concurs with the findings that no new energy load activities and/or industries have been identified within Grant PUD's service territory that meet the criteria to be considered an Evolving Industry.

#### B. Cryptocurrency mining industry does currently meet EI criteria

The RS17 Update Team reviewed the Concentration Risk (load and queue) of current EI energy load activities and/or industries and concluded that cryptocurrency mining does currently meet the EI criteria as defined in the CSP.

**C. Revise RS17 rates as proposed in Resolution XXXX**

The RS17 Update Team recommends that the Commission adopt RS17 rates, as currently proposed in the proposed Resolution filed in this case.

**D. Revise Customer Service Policy to extend review periods to no less than biennially instead of no less than annually**

The RS17 Update Team recommends that Evolving Industry review periods be extended to no less than once every two years instead of the current no less than annual review period in the Customer Service policy. This still allows for more frequent inspection of Evolving Industry as needed, but conserves resources in periods of low concern and low analytic value.

**E. Revise Customer Service Policy to change Evolving Industry exit criteria**

The RS17 Update Team recommends the Customer Service Policy remove the Concentration Risk as a factor for an industry to exit Rate Schedule ~~17, and 17 and~~ require that both Business Risk and Regulatory Risk be no longer applicable for an industry to exit Rate Schedule 17. This action prevents industries or energy uses from repeatedly entering and exiting Evolving Industry status on the basis of Concentration Risk while Business and Regulatory Risks are still nascent.

**Attachment A -- 2022 Concentration Assessment**

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	
	<b>Total</b>	<b>634.9</b>	<b>2028.9</b>	<b>2663.8</b>	<b>100%</b>	<b>51,411</b>
			<b>Concentration Risk Threshold:</b>	<b>133.2</b>		

**RATE SCHEDULE No. 17**  
**EVOLVING INDUSTRY SERVICE**

*Rates shown on the Rate Schedules are set by the Grant PUD Commission and are subject to change at the discretion of the Commission.*

**AVAILABLE:** To accounts whose load activity and / or industry is classified as an Evolving Industry. If any part of a load is classified as Evolving Industry, all loads measured by that meter are subject to this rate.

**MONTHLY BILLING RATES:** Customer’s monthly billing will consist of the following charges:

**17-A:** For retail customers that would otherwise be served as Residential, Rate Schedule 1, and other retail customers with service less than 200 KW Billing Demand.

~~**EFFECTIVE:** With meter readings on and after **April 1, 2020**, usage will be prorated to the new rates based on number of days after March 31, 2020.~~

~~Basic Charge: ————— \$7.50 per day~~

~~Energy Charge: ————— \$0.07559 per kWh~~

~~Minimum Charge: ————— \$7.50 per day~~

~~**EFFECTIVE:** With meter readings ~~on and~~ after ~~April 1, 2021~~**February 1, 2023**, usage will be prorated to the new rates based on number of days after March 31, 2021.~~

Basic Charge:                    \$~~10.00~~1.04 per day

Energy Charge:                \$~~0.09663~~0.08535 per kWh

Minimum Charge:            \$~~10.00~~1.04 per day

**17-B:** For retail customers with service of 200KW or greater Billing Demand.

~~**EFFECTIVE:** With meter readings on and after **April 1, 2020**, usage will be prorated to the new rates based on number of days after March 31, 2020.~~

~~Basic Charge: ————— \$750.00 per month~~

~~Energy Charge: ————— \$0.01304 per kWh~~

~~Demand Charge: ————— \$19.00 per kW of Billing Period~~

~~Minimum Charge: The Minimum shall be computed as Demand Charge times 75% of the Customer's Maximum Billing Demand during the most recent 12-month period.~~

**EFFECTIVE:** With meter readings ~~on and~~ after ~~February 1, 2023, April 1, 2021,~~ usage will be prorated to the new rates based on number of days after March 31, 2021.

Basic Charge: \$1,000.00 per month

Energy Charge: \$0.00389 per kWh

Demand Charge: ~~\$30.00~~ 28.18 per kW of Billing Period

Minimum Charge: The Minimum shall be computed as Demand Charge times 75% of the Customer's Maximum Billing Demand during the most recent 12-month period.

**BILLING DEMAND:** The Billing Demand under this schedule shall be the larger of the following demand factors:

- a. The contract demand, if any, or;
- b. The highest 15-minute demand during the month as determined by demand meter, adjusted up to 95 percent power factor.

**TAX ADJUSTMENT:** The amounts of any tax levied by any city or town, in accordance with RCW 54.28.070 of the Laws of the State of Washington, will be added to the above charges.

**SERVICE:** Service under this Schedule is subject to the terms and conditions in the District's Customer Service Policies, as the same may be amended from time to time.

**RATE SCHEDULE No. 17**  
**EVOLVING INDUSTRY SERVICE**

*Rates shown on the Rate Schedules are set by the Grant PUD Commission and are subject to change at the discretion of the Commission.*

**AVAILABLE:** To accounts whose load activity and / or industry is classified as an Evolving Industry. If any part of a load is classified as Evolving Industry, all loads measured by that meter are subject to this rate.

**MONTHLY BILLING RATES:** Customer’s monthly billing will consist of the following charges:

**17-A:** For retail customers that would otherwise be served as Residential, Rate Schedule 1, and other retail customers with service less than 200 KW Billing Demand.

**EFFECTIVE:** With meter readings after ***February 1, 2023.***

Basic Charge: \$1.04 per day

Energy Charge: \$0.08535 per kWh

Minimum Charge: \$1.04 per day

**17-B:** For retail customers with service of 200KW or greater Billing Demand.

**EFFECTIVE:** With meter readings after ***February 1, 2023.***

Basic Charge: \$1,000.00 per month

Energy Charge: \$0.00389 per kWh

Demand Charge: \$28.18 per kW of Billing Period

Minimum Charge: The Minimum shall be computed as Demand Charge times 75% of the Customer’s Maximum Billing Demand during the most recent 12-month period.

**BILLING DEMAND:** The Billing Demand under this schedule shall be the larger of the following demand factors:

- a. The contract demand, if any, or;
- b. The highest 15-minute demand during the month as determined by demand meter, adjusted up to 95 percent power factor.

**TAX ADJUSTMENT:** The amounts of any tax levied by any city or town, in accordance with RCW 54.28.070 of the Laws of the State of Washington, will be added to the above charges.

**SERVICE:** Service under this Schedule is subject to the terms and conditions in the District's Customer Service Policies, as the same may be amended from time to time.