

FYI Items

Robbie Noga

To: Randalynn Hovland
Subject: RE: Phase-in of new Evolving Industry rate to begin April 1

From: Chuck Allen
Sent: Friday, August 31, 2018 9:03 AM
To: Randalynn Hovland <Rhovla1@gcpud.org>
Subject: FW: Phase-in of new Evolving Industry rate to begin April 1

FYI for commissioners.

Chuck

From: Schminky, Jon [<mailto:Jon.Schminky@nttdata.com>]
Sent: Friday, August 31, 2018 9:02 AM
To: Public Affairs <PublicAffairs@gcpud.org>
Subject: RE: Phase-in of new Evolving Industry rate to begin April 1

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Good morning:

In response to this letter:

I whole heartedly agree and applaud the commission's findings. I am glad that GCPUD has taken this direction based upon the statement: "Flint's fellow commissioners agreed and differentiated cryptocurrency mining from the data centers in Quincy and elsewhere, which own land and buildings, pay taxes, have solid credit records, store customer information and provide internet-based services". To me, this statement points out the very important difference between the two types of data related businesses competing for power resources within Grant County and that the GCPUD commission understands the nature of both businesses. I also agree with the statement: "I don't view miners as villains," Commissioner Larry Schaapman said. "You have likened yourselves to the data centers, but you can only do one thing — mine bitcoin.". There is a distinct difference between these two types of businesses, what they do and the services they currently provide.

I believe the new rate schedule 17 correctly separates data mining and other new emerging businesses from tradition businesses, and rightly puts the cost, as it relates to potential risk, in the right place and scale. This letter tells me that GCPUD has put lots of time and thought into this process, getting to know and understand the businesses, what they do and the products they produce in order to make a sound decision based upon the various risks each business, both current and emerging, present to both the financial soundness and distribution reliability of the communities and customers within Grant County.

Best regards,
Jon Schminky
Facility Operations Manager

From: Large Customer Care [<mailto:LargeCustomerCare2@gcpud.org>]
Sent: Thursday, August 30, 2018 3:07 PM
To: 'Jon Schminky' <Jon_Schminky@DellTeam.com>
Subject: Phase-in of new Evolving Industry rate to begin April 1



FOR IMMEDIATE RELEASE

August 28, 2018

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Phase-in of new Evolving Industry rate to begin April 1

New rate responds to large influx of high-power cryptocurrency miners, protects Grant PUD and its customers from risk.

Starting April 1, cryptocurrency miners and other “evolving-industry” firms will pay the first of a three-year, graduated increase to a new, above-cost electric rate designed to protect Grant PUD from risk and preserve below-cost rates for core customers.

Commissioners Tuesday (Aug. 28) unanimously approved the new Rate 17 for evolving industries, following nearly a year of analysis, staff outreach to the county’s cryptocurrency firms and public comment on the new rate at every commission meeting since the rate’s initial proposal in early May.

“Your industry is unregulated and high-risk,” said Commissioner Tom Flint to a handful of cryptocurrency miners who attended the meeting. “This is the best way to ensure our ratepayers are not impacted by this unregulated, high-risk business.”

Flint’s fellow commissioners agreed and differentiated cryptocurrency mining from the data centers in Quincy and elsewhere, which own land and buildings, pay taxes, have solid credit records, store customer information and provide internet-based services.

“I don’t view miners as villains,” Commissioner Larry Schaapman said. “You have likened yourselves to the data centers, but you can only do one thing — mine bitcoin.”

Rate 17 customers will receive a 15-percent increase next year, a 35-percent increase in 2020 and a 50-percent increase in 2021, when the new rate will be fully in effect. Any new evolving-industry customers would come in at the rate-phase in effect at the time they begin operations. Each annual increase will be calculated on the difference between what the evolving-industry customer is paying now (per kilowatt hour) and the higher, target rate.

The new rate compensates Grant PUD for extra risk and obliges evolving-industry customers to pay more than the cost to supply their power — just as Grant PUD’s other big power-users do — to subsidize sustainable below-cost rates for residential, irrigation and small and medium-sized business customers.

Two examples: How the new rate applies:

- For evolving-industry customers who would otherwise be considered residential (former Rate 1), with monthly energy use that averages 5,000 kWh, Rate 17-A would increase the energy charge from an all-in rate of 4.9 cents per kWh to 13.7 cents per kWh. This example anticipates that average monthly energy use within this customer class would increase to 20,000 kWh over the three-year phase in.
- For larger evolving-industry customers (former Rate 7), whose billing demand is 2 MW and a load factor of 92.5 percent, Rate 17-B would increase the customer's all-in rate from 2.6 cents per kWh to 7.9 cents per kWh. This example anticipates that average billing demand within this customer class would increase to 5 MW at the same load factor over the three-year phase-in.

In both examples, the impact of Rate 17 will vary by customer, depending on energy use above or below the average load of their customer class as a whole. Increased energy use could also require out-of-pocket costs to pay for higher-capacity transformers or other equipment.

By recently-adopted board policy, evolving-industry applicants for new power hookups are placed in their own waiting queue. Power applicants from ag, manufacturing or other traditional-type industries are in a separate queue that must be fully addressed before Grant PUD will consider hooking up new evolving-industry customers. Evolving-industry customers must pay up-front the cost for lines, poles, transformers, studies and other equipment needed to expand or connect.

Grant PUD staff recommended a gradual phase-in for the new rate to limit rate shock for existing evolving-industry firms, while giving Grant PUD staff time to see how prospective evolving-industry customers respond to the new rate.

At this time, all Grant PUD customers in the evolving-industry profile are miners of cryptocurrency, including bitcoin, each with very high energy demand. Grant PUD will evaluate the rate class annually and adjust it, based on the anticipated change in total megawatts needed by existing and incoming evolving-industry customers.

Evolving-industry firms present three main types of risk for Grant PUD:

- **Regulatory Risk.** They are vulnerable to potential changes in regulation that could render the industry unviable within the foreseeable future.
- **Business Risk.** They are an unproven industry with higher potential for cessation due, in part, to large swings in the value of their primary output.
- **Concentration Risk.** They pose the potential for significant concentration of electrical load and revenue risk to Grant PUD if one or all stop operating in a short period of time.

Since summer 2017, Grant PUD has received new service inquiries for more than 2,000 megawatts of power — more than three times the electricity needed to power all Grant County homes, farms, businesses and industry. Approximately 75 percent of those requests are from cryptocurrency miners.

Established by local residents over 75 years ago, Grant PUD generates and delivers energy to millions of customers throughout the Pacific Northwest. What began as a grassroots movement of public power has evolved into one of the premiere providers of renewable energy at some of the most affordable rates in the nation. For more information visit www.grantpud.org or follow us on [Facebook](#) and [Twitter](#).

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Robbie Noga

From: Tim Swanson <tim@postoaklabs.com>
Sent: Sunday, September 02, 2018 3:47 PM
To: Commissioners
Subject: Please forward to Tom Flint

Please take care when opening links, attachments or responding to this email as it originated outside of Grant.

Hi Tom, I don't believe we have ever met but just saw news regarding the increased price in electricity for cryptocurrency mining.

This is a very prudent thing to do because of the negative externality miners place on society as a whole.

If you're interested, I recently published a detail article breaking down the electricity consumption of several cryptocurrencies:

<https://www.ofnumbers.com/2018/08/26/how-much-electricity-is-consumed-by-bitcoin-bitcoin-cash-ethereum-litecoin-and-monero/>

Have a nice Labor Day tomorrow,
Tim

Randalynn Hovland

From: Chuck Allen
Sent: Wednesday, September 05, 2018 4:39 PM
To: Commissioners
Subject: RE: Must watch on Smart Meters

Jerry,

Thank you for reaching out to us with your concerns. We appreciate the opportunity to inform you about our Advanced Metering Program (AMP). We are excited about the Advanced Metering Program we are bringing to Grant County. It will help us to provide better service to our customers and allow us to efficiently read our customers' meters because we will no longer have to send someone to each customers' property to read their meters each month.

We understand that you have expressed concerns about "Smart Meters" and we want to assure you that the meters we are installing are not smart meters because they will only provide meter reads and will not tell us what is going inside a customer's building. We believe that our Advanced Metering Program will actually enhance the privacy of our customers because we will no longer have to regularly send a Grant PUD employee to our customers' property to read meters.

You can read more about our Advanced Metering Program on our website here:

<http://grantpud.org/advanced-metering-program-amp>

Would like to visit with you to discuss our program further, as well as your options regarding our Advanced Metering Program. Please contact Annette, our AMP project manager at 509-754-5092 as soon as possible.

Thank you,
Chuck Allen
Grant PUD Public Affairs Supervisor
P: (509) 766-2513
C: (509) 398-5196
Email: callen@gcpud.org

From: Jerrylee [<mailto:jerry007@protonmail.com>]
Sent: Tuesday, September 04, 2018 11:58 AM
To: Commissioners <Commissioners@gcpud.org>
Subject: Must watch on Smart Meters

Weather you call them advanced or smart meters, it is totally irresponsible to allow these things to be used as meters, they are not meters they are weapons. This is only one video and there are hundreds of videos on the dangers of these weapons. You need to make sure every one of these so called advanced smart meters are returned and get refunds for them. This is the very least that you should be doing right now.

https://www.youtube.com/watch?v=gRR_u30ooHw

Jerry