How does Grant PUD set power rates?

1. WE CONSIDER OUR COSTS TO SERVE ELECTRICITY.

We look at four factors when determining our costs to provide electrical service for each of our customer groups.

2. WE LOOK AT OUR COSTS TO SERVE CUSTOMERS VS. REVENUE FROM CUSTOMERS' RATES.

According to board policy, some classes pay above or below costs. Classes with high energy consumers pay more than Grant PUD’s costs to serve them, which makes it possible for the classes with low energy consumers (core customers) to receive a discounted rate.

Adjusted Energy Costs

How do we compare?

United States Residential Average

Washington Residential Average

Grant PUD Residential Average

*Source: U.S. Energy Information Administration May 2018 report
WHY DO RATES INCREASE EVERY YEAR?

1. ACHIEVING PREDICTABLE ENERGY PRICES

Our current price strategy implements small, predictable annual revenue increases of no more than 2 percent to keep up with rising costs. By doing so, we can try to avoid some of the larger increases we have experienced in the past decades.

2. ACCOUNTING FOR COST VS. REVENUE PROJECTIONS

These percentages reflect the difference between cost and revenue for each customer class. A negative percentage means the class has higher costs than the amount of money it’s bringing in. According to board policy, the projected rate increases will move each rate class by 2024 within set bands of paying above or below costs.

CORE CUSTOMERS RECEIVE BELOW-COST ELECTRICITY

By board policy, our Industrial customers pay for electricity above Grant PUD’s costs to serve them. The extra revenue will offset the rates of commission-defined core customers.

CORE CUSTOMER OFFSETS BY 2024:

<table>
<thead>
<tr>
<th>Residential</th>
<th>General Service/Small Business</th>
<th>Irrigation</th>
<th>Large General Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>20%</td>
<td>12.6%</td>
<td>20%</td>
<td>12.5%</td>
</tr>
</tbody>
</table>