

BEHIND THE CLOUD

EPISODE 3 | QUICK REFERENCE

**Who pays is not found in a ribbon-cutting announcement.
It is found in the tariffs, contracts, and regulatory orders.**

01 THE BIG IDEA

A data center's effect on a utility bill is not decided by its electricity use alone. It is decided by what gets built, how costs are assigned, and who carries the risk if the project changes.

STRANDED-ASSET RISK

infrastructure built for demand that never arrives
must still be paid for

02 FOLLOWING THE COST

Electricity and water figures are easy to misread without proper context.



SITE-SPECIFIC FACILITIES: dedicated lines and substations serving one project, often paid directly by the developer.



LOCAL SYSTEM UPGRADES: nearby grid improvements that can also benefit other customers.



REGIONAL SYSTEM COSTS: transmission and generation investments shared across a wider area.



COST CAUSATION: rates should reflect the costs actually caused by the customers who pay them.

03 TOOLS THAT PROTECT RATEPAYERS

- **LARGE-LOAD TARIFFS:** special rate rules with minimum payments, contract terms, and exit fees.
- **SERVICE AGREEMENTS:** contracts that set capacity, payment timing, and cost-overrun responsibility.
- **LOAD FORECASTS:** utility projections of future demand that shape what gets built and when.
- **RATE CASES:** the public process where regulators review costs and approve or reject rate changes.

The key question:

“Are the expected revenue, guarantees, and benefits reasonably matched to the costs and risks the project creates?”

04 THE BIG QUESTIONS TO ANSWER

1. **COST ASSIGNMENT:** Which costs are paid directly by the developer, and which enter shared utility rates?
2. **FORECASTS:** What assumptions about this project are built into the utility's load forecast?
3. **PROTECTIONS:** What minimum payments, collateral, and exit fees apply if the project changes or cancels?
4. **TRANSPARENCY:** Which contract terms are public record, and which remain confidential?

BOTTOM LINE A lower rate or a large investment does not tell the whole story. The real answer is in the tariffs, contracts, and regulatory orders that assign cost and risk.