



## **Chelan PUD Plans Forum With Customers Subject to Proposed HDL Rate**

Chelan County PUD is planning a public forum involving data-processing and bitcoin customers that would be affected by a new high-density load rate the district has been developing for more than a

year. At their Jan. 18 board meeting, PUD commissioners also directed staff to gather additional information on several issues identified during three informational meetings the utility held on the proposal, which would charge a higher rate to customers that use 250 kWh or more per square foot annually. **Feb. 1 public hearing is also scheduled.**

## **Chelan PUD Plans Customer Forum on Proposed HDL Rate o from [2]**

Chelan County PUD is planning a public forum involving data-processing and bitcoin customers that would be affected by the new high-density load (HDL) rate the PUD has been working on for more than a year (CU No. 1724 [14]). The suggestion for a forum—or focus group— was among the six main issues that arose in three informational meetings and other public comments on the proposal, which would charge a higher rate— 5.036 cents/kWh—to customers that use 250 kWh or more per square foot annually.

“The listening sessions led to six issues we think are important to address,” PUD General Manager Steve Wright told the utility’s commissioners during their Jan. 18 board meeting. At the meeting, commissioners directed staff to gather more information on the issues, for further discussion during a Feb. 1 public hearing on the proposed HDL rate.

That hearing is the next step in the PUD’s approval process for new rates, which also included three informational meetings earlier in January and a two-week waiting period prior to the public hearing. If approved, the new rate class could be implemented in March.

The PUD hopes to hold the forum during the first week of February. A number of the PUD’s current data-processing and bitcoin-mining customers attended the informational meetings, said Chelan Customer Service Director Andrew Wendell. Some of them suggested the PUD facilitate a focus group or forum so they as a group could provide other community stakeholders with information about their business model and how the proposed rates would impact them, Wendell told *Clearing Up*.

“It would be interesting if they could provide a nexus between their businesses and economic development in the community,” he said. “The overarching consideration is how these Customers enhance the quality of life in Chelan County,” Wendell said in a presentation during the board meeting.

The number-one issue from the informational meetings was a suggestion that the PUD look at options to grandfather existing data-processing and bitcoin customers in their current rate class, rather than transferring them to a new HDL rate. Some of those customers are now charged the PUD's commercial rate and others are on its industrial rate, Wendell said. There are substantial legal issues associated with charging different rates to customers in the same rate class, he told the board, but staff is conducting a thorough legal evaluation of applying different rates to new and existing customers.

Another issue was consideration of alternative ways to structure an HDL rate, including different approaches to the energy and delivery components. Staff has already conducted considerable analysis of such alternatives and is prepared to bring them to commissioners if requested, Wendell said.

Somewhat related is consideration of increasing the PUD's up-front recovery of costs. "Some customers suggested this in lieu of the HDL rate entirely," Wendell told commissioners. "Whether upfront costs alone would help mitigate the risk of system costs and would be sufficient to achieve the board's directive of not impacting other rate classes" is unclear, he added. Staff would evaluate alternative approaches to implementing up-front capital cost recovery and its impacts on delivery charges.

Customers also suggested the PUD consider alternative approaches for implementing the new rates—primarily, phasing in the higher rates incrementally over time. The concept of small, incremental increases in rates is one of the PUD's ratemaking values, Wendell noted.

"It's been on our radar anyway, and this drives that home." Staff will gather additional information on how rate increases impact HDL customers' business models and their tolerance to rate increases, as well as how the rates would apply and impact new HDL customers. Staff will also prepare rate-implementation alternatives.

"We always talk about raising rates by small increments over time, and in a way this [HDL proposal] is outside those directives that we've had," said Commission VP Carnan Bergren. "People made investments in their businesses with certain expectations," he noted.

Another suggestion—also from a current HDL customer— was that the PUD allocate a fixed amount of energy to the HDL rate class in lieu of establishing a new rate class. There are substantial legal issues associated with such a limitation, and staff will continue to thoroughly evaluate them, Wendell said **[Jude Noland]**.