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February 16, 2016

Subject: PUD HDL Rate Proposal

My name is West Mathison, the President of Stemilt Growers.

In regards to new High Density Loads (HDLs) I appreciate the vigor that the PUD is using in crafting policy. So far, the leadership of the PUD has guided our county through many challenges over the last 50 years and I am confident that we'll continue to enjoy a well-run PUD for the next 50 years.

The current issue of HDLs facing the PUD is on the order of magnitude equal to when the PUD was founded. I imagine the fortitude of our founding Commissioners to put a small county of 15,000 people into tens and tens of millions of dollars into debt, with the "hopes" to sell power in what was an up-and-coming State, before Boeing, Starbucks, Microsoft and Amazon. The leadership of our early Commissioners were guided with careful and conservative wisdom. Had one or two bad moves occurred back in the early days, then the entire landscape could have changed for the PUD, and to the detriment of Chelan Country citizens.

We, the citizens of Chelan County, took a risk, a big risk, 50 years ago and we must not forget that the citizens of Chelan County should benefit from the immense risk we took. Moreover, we need to steward and be mindful of the great power resource we own as a result of that risk, and not give it away without out vigilant consideration. Chelan County's resident rate power is a precious resource created by the work and risks of our predecessors. Allowing this new server farm industry to obtain that benefit by merely moving their power meters inside the County borders without more contribution seems to clearly justify an independent rate structure.

I am all for economic growth in Chelan County and we should use our power resource to attract businesses to the county. However, from the testimony given at your February 1<sup>st</sup> public hearing, the HDL users coming to Chelan County appear to bring very few jobs, below average wages, few or no employee benefits, and high risk of enterprise failure resulting in significant risk of unrecovered infrastructure costs, and a disproportionate consumption of our precious resource.

After studying the issue, I am concerned about HDLs, yet I am more concerned about who and what industry is using the HDL. Storing data and large computer processing facilities are not all bad.

However, I am most concerned about the HDLs that are involved in digital currency. Digital currencies like Bitcoin poise a great risk to those who participate and we should not be naive to their uses around the world.

New forms of currency are not new to the US. In fact, before 1913, some banks would issue their own currency at a local level. Looking back over history, these currencies did not last long because they lacked an underlying management system to handle commercial shocks to the economy like drought, war and stock market crashes that impacted commerce across state lines. The creation of the Federal

Reserve Bank, yet not perfect, has provided stable management of monetary policy through challenging times. Before the Fed was created, global trade was primarily denominated in the British Pound, French Francs and German Deutschmarks. This was because these countries has strong economies and a central banking system that managed the currency during times of uncertainty.

Before the Fed, the US economy would experience currency shortages in the fall when farmers would harvest their crops on credit, as they waited to sell their crops to would-be buyers. Literally, the currency would dry up. At times, this created runs on banks and an unstable environment for commerce.

Applying our history to the future, I am very skeptical about digital currencies. There is no central management and no oversight to which maligned actives could be managed. Moreover, it has been said that digital currencies are being used for global black market trade. Be it drugs, weapons, patents or trade secrets, these unregulated currencies do provide an effective and efficient way to transact business around the world. In addition, with China starting to trade its currency on the open market, most economists are forecasting significant devaluations. As a result, many Chinese investors are using digital currencies to extract money out of China and into the US. Circumventing investment regulations that limit currency from leaving the country. Some might call it money laundering. These new digital currencies threaten the legitimate right of sovereign governments, including the United States, to regulate their businesses and citizens. As much as none of us like paying taxes, taxes are a necessary part of a civilized world and fostering an industry that is primarily structured to allow wealth and economic transactions to avoid the jurisdiction of any nation is not good policy.

Yes, HDLs might provide a source of economic growth for Chelan County. However, I think we must apply careful and conservative wisdom on allowing our precious power to be used for activities that have little oversight and may be used in commerce aligned against the good of humanity. Imagine that if millions of dollars of investment come to Chelan County for HDLs to service digital currencies, then these digital currencies are banned or become worthless, what would happen? This type of shock could destabilize our power rates and cause further harm to the PUD. Is it worth it? What do you think Kirby Billingsley, one of our founding commissioners, would say if he were here today?

I would end my statement with a quote from the 2008 market collapse, "people never cease to find new ways to lose money."

Be vigilant,



West Mathison  
President  
Stemilt Growers LLC