

TUESDAY, JANUARY 26, 2016



PUD to delay vote on high-density power rate, moratorium

by Christine Pratt | Jan. 21, 2016, 10:19 a.m.

Business



MORE INFO

Bitcoin miners host public meeting Feb. 3

Bitcoin miners and their landlords will lead a public forum Feb. 3 at 5:30 p.m. at Wenatchee's Confluence Technology Center, 285 Technology Center Way.

The public is invited to hear what bitcoin is and how these dedicated data centers operate. Chelan County PUD commissioners and staff will also attend.



WENATCHEE — Chelan County PUD commissioners Monday decided to postpone their Feb. 1 vote on a higher electric rate for energy-intensive businesses. The delay will let them study alternatives and learn more about the businesses.

Commissioners heard a litany of concerns about the proposed new rate class at three recent public meetings in Wenatchee, Leavenworth and Chelan.

Business owners who have spoken out against the new rate — and the landlords who lease to them — have data centers filled with high-performance, specialized computers that “mine for” bitcoin, a digital currency.

They say the proposed new rate would put them out of business.

Bitcoin mining also uses so much electricity that it threatens to deplete the surplus electricity generated by the PUD's dams. The PUD sells this energy to buyers outside the county and uses the revenue to subsidize local rates to keep them low.

PUD officials say the higher rate is necessary so the extraordinarily large amount of electricity these businesses use won't force the utility to increase electric rates for its other residential, commercial and industrial customers.

The bitcoin miners and their landlords will lead a public forum Feb. 3.

The commission decision to take extra study time will also delay its vote on a moratorium currently in place on new applications for these types of high-energy-use businesses. That vote, originally planned March 7, will also be postponed.

The proposed new rate of 5.036 cents per kilowatt hour would be the PUD's highest paid by any customer outside of the isolated Lake Chelan hamlet of Stehekin or the orchardists who occasionally need electricity to power their orchard fans for frost protection. The proposed rate remains among the nation's lowest rates for electricity, according to PUD data.

The rate would apply to businesses that use more than 250 kilowatt hours of electricity per square foot of floor space per year, but less than 5 megawatts of electricity annually.

The affected businesses currently pay the PUD's the commercial rate of 3.40 cents per kilowatt hour or the industrial rate of 2.04 cents per kilowatt hour depending on the amount of electricity they use.

“I've heard not one word of support,” Commissioner Dennis Bolz said Monday, of a general lack of sympathy for the mining operations expressed by other members of the public.

Alternatives suggested at the three public meetings include allowing existing data-mining businesses to stay at the current, lower rate, phasing in the higher rate over time, keeping rates as they are but requiring the businesses to pay up front for the electrical equipment needed to supply their electricity — something Douglas and Grant County PUDs already do — and imposing energy limits on this class of customers.

Bolz questioned making rate concessions for a group of customers who use an extraordinarily large amount of electricity to process a product that is an experimental digital currency with an unpredictable future and a legitimacy that's hard to validate.

But Commissioner Carnan Bergren said the rate, as proposed, goes against an oft-repeated request from PUD customers that rate increases should be small and gradual.

“We're blessed to have this surplus,” Commissioner Garry Arseneault said Monday, adding that it comes as part of the legacy of those who took that early risk and built the dams and should

be preserved so low rates can continue into the future.

Correction: The value of the proposed high-density electric rate in comparison with other PUD rates was misstated in the original version of this story, as was the context of a comment by Commissioner Dennis Bolz. Both errors have been corrected in this version.

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