



# Big-name fruit companies favor PUD rate proposal

by Christine Pratt | Feb. 1, 2016, 6:06 p.m.

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The proposed rate, 5.036 cents per kilowatt hour, would be among the PUD's highest rates. It would apply to customers who use 250 kilowatts per square foot of floor space per year.

The rate is two-to-three times higher the PUD's existing commercial and industrial rates and would currently apply only to data centers dedicated to high-capacity processing of the digital currency, bitcoin. About a dozen "bitcoin-mining" operations are thought to be in the county.

PUD officials say the 5.036-cent rate would cover the cost to supply the bitcoin operations without a need to raise rates on other customers or jeopardize its financial position.

About 10 other community members said they either agreed with Brown and Spadoni or otherwise favored the proposed new rate.

Developers who lease space to these high-intensity energy users defended the local jobs they create and the economic development they bring to the county in payments to local electricians, air-conditioning companies and other services to keep their data centers running.

"The presence of our industry in Chelan County has benefits that immediately outweigh the costs that the PUD staff have brought up in the past," Jared Richardson of Dedicated Hosting Services said in a prepared statement, pointing to more than \$400,000 in payroll for the 12 full and part-time employees and other benefits.

Richardson expressed skepticism in PUD claims that the 5.036-cent rate was really necessary, calling instead for a cost of service study to nail down the real costs of high-intensity customers.

He also criticized the PUD for attempting to use a rate structure to pick and choose the types of businesses that they consider bring enough value to the valley, and for allowing bitcoin and bitcoin-dependent businesses to invest and set up here without mentioning that their power rate could be doubled or tripled.

"If this proposed rate were to be declared discriminatory in a court of law, and damages awarded by the court, who would the ratepayers blame?" Richardson asked.

He added, "Our industry presents the very economic diversification that the county leaders felt was needed, and we do so while providing more jobs per megawatt than Alcoa did."

Commissioner Garry Arseneault challenged Richardson on the comparison to Alcoa, asking if Richardson provided his employees health insurance, or pension benefits. Richardson said he didn't but hoped to one day.

Commissioner Ann Congdon said she was concerned about the high-intensity bitcoiners because they seemed to seek all the electricity they could get with no incentive to conserve.

Malachi Salcido, owner of a heating and air conditioning company that has expanded into development of data center space that he leases to high-intensity tenants, all bitcoin miners, urged the PUD to turn to one of its alternatives to the higher rate. The alternatives include asking data center developers to pay for all the power infrastructure needed to supply their businesses — something that the Douglas and Grant County PUDs already require.

"We don't want to do anything to jeopardize anything that we have here in Chelan County," said Salcido, who has about 1,000 specialized computers that mine for bitcoin. "We need economic development. We need more family-wage jobs in this county. How do we do that... without jeopardizing the resource?"

He added, "Whatever form economic development takes in this county it will require more power. I believe these emerging technologies can be part of that solution."

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