CLEARING UP
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# Chelan County PUD Tweaks Rate Proposal for High-Density Loads

Chelan County PUD has revised a proposed new rate for high-density loads, including staff's recommendation that new customers using it make an up-front payment to cover Chelan's capital costs for connecting them to the PUD's system. The new proposal also calls for a per-kWh charge of about 4.57 cents, compared to about 5.036 cents under the initial proposal. Chelan may phase in the rate increase for existing HDL customers.

Chelan County PUD has revised a proposed new rate for high-density loads, opting to include staff's recommendation that new customers using it make an up-front payment to cover Chelan's capital costs for connecting them to the PUD's system, along with a lower per-kilowatt-hour rate of about 4.57 cents Under this approach, adopted at the PUD commission's March 21 meeting, the utility would bear the market risk for the cost of power by charging the production cost of power, rather than the market price. Customer and delivery costs would be fully recovered, however.

The proposal differs from staff's initial recommendation, which would have charged customers using 250 kWh or more of electricity per square foot annually a rate of 5.036 cents/kWh (CU No. 1724 [14])—a figure based on the market cost of power.

The revised proposal would tie the up-front charge to the marginal rate of capital, Customer Utilities Business Adviser Lindsey Mohns told commissioners. This "helps keep existing customers neutral" regarding the cost of accelerated capital investment and"also addresses the risk of potential asset abandonment" if an HDL customer leaves the system early. Staff has estimated the required investment for a new HDL customer is about $420,000/MW. The PUD's current cost-of-service rates include about $215,000/MW, recovered over 30 years, Mohns said, so the marginal cost to be charged to HDL customers is about $200,000/MW. The rate would apply to new connection requests, but staff is still evaluating the possibility of a multiyear phase-in for existing HDL customers.

**The PUD has received** lots of input on this issue from existing customers, said John Stoll, Chelan's managing director of customer utilities. "We have been asked to consider their unique characteristics, given they are here" and have already made some investments, he told the board. "We will continue the conversation with the commission about that."

Staff also presented commissioners with an updated definition of the high-density load class. Under this update, the schedule would apply to "server farms and similar high density technological operations with average electrical loads up to and including 5 annual aMWs at a single point of delivery," at the meter. High-density operations that would be subject to the

schedule typically have an energy-use intensity (EUI) of 250 kWh or more per square foot annually. Energy use intensity is defined as the annual kilowatt-hours of energy use divided by the operating space square footage used by the energy-consuming activity, as determined by the PUD.

Also, a server farm would be defined as an entity whose energy use "serves mostly one or more computer server machines and any ancillary loads including HVAC, UPS, power systems, and lighting."

Eric Salcido of Salcido Connection, an existing HDL customer, called the proposal a good balance that shares the risk. "I would of course like you to continue to consider phasing in capital costs for those of us in unique positions" as customers under current rate structures, he told the board.

The PUD still hopes to have a final rate recommendation by June 6, with new rates effective when the moratorium on new HDLs ends Oct. 3. ***[Jude Noland].***