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## Chelan County Utility Hikes Rates To Check Cryptocurrency Server Farms

By TOM BANSE • JULY 19, 2016



File photo. Bitcoin mining involves banks of computers at server farms that use huge amounts of electricity.

*Marko Ahtisaari / Flickr - [tinyurl.com/z7gay8n](http://tinyurl.com/z7gay8n)*

Some players in an emerging technology industry in central Washington state are about to face higher electric bills. That's because a major utility wants to protect itself from the uncertainties surrounding the trade in virtual currencies such as bitcoin.

Rock-bottom electricity rates attract the power-hungry industry of bitcoin "mining" to central Washington. This so-called mining involves banks of computers that maintain the electronic ledgers for virtual currencies to earn rewards in digital coins.

For more than a year, Chelan County Public Utility District staff have been worried that a surge in new server farms would create "unsustainable" demands. Now the Chelan PUD board has [voted in a new rate structure](#) targeted at this class of customer.

Energy-intensive tech businesses will be charged a higher monthly rate than traditional industrial or commercial customers pay. They will also have to pay for any needed infrastructure upgrades. That may end up acting as a deterrent according to a server farm developer in Wenatchee.

In light of the rate case and a temporary moratorium on large new loads, new cryptocurrency server farms have located on the other side of the Columbia River in the service territories of the Douglas and Grant County utility districts.

The Chelan County PUD board voted unanimously on Monday to approve the new rate structure for what it terms "high density load" customers. The utility said the new rate applies to server farms and similar technology operations with intense energy use of 250 kilowatt hours per square foot per year or more.

"There was a lot of individual and collective effort involved in bringing this proposal forward, and I think it's a good product," PUD Commissioner Dennis Bolz said in a statement after the vote. No entrepreneurs or opponents of the idea attended the meeting during which the final vote was held.

Server farm developer Malachi Salcido, who runs Wenatchee-based Salcido Connection, said in an interview Tuesday that the higher cost structure will have consequences, but he said he was at peace with the outcome.

"We believe they've come to as good and fair of a compromise as they can," Salcido said. The businessman said he has "a very long view of the opportunity" presented by the block chain technology that underlies the various cryptocurrencies in circulation. His company is establishing operations in both Chelan and Douglas counties in order to provide "mirrored redundancy" to potential customers.

The exchange rates to convert virtual currencies into dollars can be quite volatile. Currently [one bitcoin is worth about \\$670](#).