



## **Chelan PUD Sets Proposed High-Density Load Rate at 5 cents/kWh**

Data processors and other businesses using 250 kWh or more per square foot annually would pay 5.036 cents/kWh if they want to locate in Chelan County PUD's service area. That's the price tag attached to the utility's proposed high-density load rate class, PUD staff told the board of commissioners during its Nov. 16 meeting. It's higher than Chelan PUD's commercial rate of 3.40 cents/kWh and its industrial rate of 2.04 cents/kWh. *PUD hopes to have the new rate in place by February, at [14].*

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Chelan PUD has been working on a new rate class for high-density loads since last December, when the utility board of commissioners adopted a moratorium on new loads of 1 aMW or more (CU No. 1677 [15]) after seeing an influx of requests for service from data-processing and bitcoin mining operations.

The moratorium was extended in July and modified to apply to any new loads with an Energy Use Intensity (EUI) of 250 kWh per square foot per year (CU No. 1705 [10.1]). Even with the moratorium in place, new data-processing loads have increased from just under 1 aMW in January 2015 to 3.5 aMW in October.

PUD staff refined most of the key elements for the new rate class by September (CU No. 1716 [10]), but continued working on the rate-design component for presentation to commissioners during their Nov. 16 meeting, with the goal of having the new rate proposal ready when the current moratorium expires Dec. 7.

"The primary consideration was looking at the customer and delivery charge components," Chelan Strategic Financial Director Mark O'Bryan told the PUD board during the meeting. High-density load customers are relatively diverse in size, but their customer-service needs and system requirements are similar to those of commercial and industrial customers, he said. "A cost-based customer delivery charge is the most appropriate until we have better information and more history related to the actual profiles, usage and impacts [of these customers] on the district's infrastructure," O'Bryan noted.

The customer-charge component of the proposed rate is 0.36 cents/kWh, and the delivery component is 1.47 cents/kWh. The supply component is set at 3.206 cents/

kWh, based on the cost of Chelan's slice products, which has averaged about 3.2 cents/kWh for the last five years, O'Bryan said.

The total rate of 5.036 cents/kWh would be less than the average rate charged to commercial customers in Washington state, which is 8.06 cents/kWh, but more than the average industrial rate of 4.51 cents/kWh. Chelan PUD's commercial rate is 3.40 cents/kWh and its industrial rate is 2.04 cents/kWh "We are looking at this high-density load class as a blend of those," said John Stoll, Chelan's managing director of customer utilities.

PUD staff is also recommending an increase in engineering and application fees for HDL, commercial and industrial applications for loads of 300 kW and above, to "better align cost recovery with resource requirements for application processing," the presentation indicated.

The PUD has scheduled a public hearing on the load moratorium for Dec. 7, the date it expires. Staff has suggested holding informational meetings on the new rate proposal during the first half of January 2016, with a rate hearing on Feb. 1 *[Jude Noland]*.