



Pend Oreille County Public Utility District

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Pend Oreille PUD Approves Interim Power Contract for Former Mill Site PUD working quickly to process larger load request

Newport, Washington – The Board of Commissioners for Public Utility District No. 1 of Pend Oreille County (“PUD”) unanimously approved an interim power supply agreement with Ponderay Real Estate, LLC (“Ponderay”), a subsidiary of Allrise Capital, which purchased the former Ponderay Newsprint Company (“PNC”) site earlier this year. The PUD’s Board approved the agreement at its August 3 meeting.

The interim agreement provides Ponderay up to 1.5 megawatts (“MW”) of power each hour during the term of the agreement, which runs through June 30, 2022. This represents the amount of power the PUD provided to the site throughout the first year of the PNC bankruptcy process, in order to maintain the site. The agreement provides contractual protections for the PUD, including two months of cash security totaling about \$100,000 to ensure timely payment. The interim agreement will likely be replaced with a more substantial power contract, once all the prerequisites to that transaction have been resolved, including arrangements with the Bonneville Power Administration (“BPA”), Avista Corporation (“Avista”), and power wholesalers.

Ponderay submitted a letter of intent to the PUD on June 23, 2021. The letter estimates Ponderay’s load to increase up to 125 MW by late 2021, up to 144 MW by January 2022, and up to 300 MW by July 2023. A 300 MW load would be approximately ten times the size of the rest of the PUD’s average load, and is more than three times the size of Ponderay Newsprint’s former load. Ponderay’s request contemplates both a restart of the paper mill and the addition of data center/cryptomining load.

All of the PUD’s work on behalf of Ponderay is done at Ponderay’s cost, under the terms of a Cost Reimbursement Agreement between the parties, which required an initial deposit of \$100,000. The PUD has already started multiple processes on behalf of Ponderay, including discussions with BPA and Avista. BPA’s transmission department is at the early stages of determining what, if any, engineering studies or equipment upgrades must be done before Ponderay can increase its load. BPA has indicated it may take up to four months for the studies necessary to bring the former mill load back online, and potentially longer for the additional load, as the site has been offline for over 12 months.

The PUD recently extended its balancing area services agreement with Avista, which ensures the PUD’s electrical loads and resources remain balanced throughout the day. As the PUD’s balancing authority, Avista plays a key role in determining how any load above the former mill usage can be brought online.

“The PUD is working expeditiously on all aspects of Ponderay’s load request,” said Colin Willenbrock, the PUD’s General Manager. “Given the enormous size and complexity of Ponderay’s request, it is critical that the PUD be working multiple processes in parallel. This is not just a contract negotiation between the PUD and Ponderay, and much of the project timing will depend on third parties. From transmission and engineering studies, to balancing authority services, to wholesale power negotiations and contract development, the PUD is moving this project forward as fast as possible.”

About Pend Oreille County Public Utility District

Pend Oreille County Public Utility District was established in 1936 and began operations in 1948. The PUD is governed by three locally elected Commissioners. A General Manager and staff operate the utility within policies set by the Board of Commissioners. The PUD has four operating systems: The electric system distributes electricity to the county, the production system produces power from the Box Canyon Hydroelectric Project, the water system consists of nine individual water distribution subdivisions, and the community network system provides wholesale broadband communication services. For more information visit: <http://popud.org>.

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