



Pend Oreille County Public Utility District

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The Facts About Data Centers and Your Electric Rates

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It's no secret that data centers have become a topic of conversation and controversy across the country. Whether we realize it or not, nearly all of us rely on them every day. They support online banking, streaming services, cloud storage, email, online shopping, social media, and increasingly, artificial intelligence. As demand for these digital services continues to grow, so does the need for facilities that power them.

That naturally raises questions about what this means for Pend Oreille County and, more importantly, whether residential customers will end up paying the bill.

At Pend Oreille PUD, we believe it's important to separate two very different questions. One is whether a particular business should locate to our community, which is a discussion for residents, business owners, property owners and local governments. The other is how the PUD provides electric service if that business becomes a customer. This second question is the PUD's responsibility, and it's governed by long-standing policies designed to protect all ratepayers.

The most important fact to understand is this: **large industrial customers like data centers do not increase electric rates for residential and small-business customers.**

That's because they are served differently than homes and small businesses.

Large industrial customers (the customer class that receives more than two average megawatts per hour) receive electric service under separate agreements tailored for high electric loads. Those agreements determine how electricity is supplied, how costs are assigned, and the customer's financial responsibilities.

If new substations, transmission facilities, or other infrastructure are needed to serve a large customer, those costs are paid by the customer requesting the service, not by existing residential or small-business customers.

The electricity itself is handled differently as well.

Your PUD's low-cost, long-term power resources are reserved for homes and small businesses under PUD policy. Large industrial customers do not receive that power. Instead, they purchase electricity on the wholesale market and pay the full cost of the energy they use. They also provide assurances for those purchases, such as prepaying for power, providing deposits, or securing a letter of credit. That means the financial risk of those purchases does not fall on other PUD customers.

Another question we've heard recently is whether Pend Oreille PUD should decide which types of businesses move into our county.

The answer is simple: that is not the PUD's role.

Our responsibility is to provide safe, reliable electric service to eligible customers who meet our requirements and pay the costs associated with the service they request. Whether the customer is a family building a new home, a grocery store, a coffee shop, a manufacturer, or a data center, we apply the same policies fairly and consistently.

Every request for new or expanded electric service is carefully reviewed by our engineering staff to ensure the electric system can safely and reliably serve the additional load without negatively affecting other customers. If upgrades are required, the customer requesting the service is wholly responsible for those costs.

Finally, it's important to understand what actually drives electric rates for residential and small business customers.

Like utilities across the country, Pend Oreille PUD faces rising operating costs, inflation, future power supply expenses, infrastructure investments, and increasing state and federal regulatory requirements. These are the factors that influence residential electric rates. Public utilities work best when customers, who are the true owners of this utility, understand how decisions are made. That's why we believe in being transparent about our policies and explaining how they protect the people we serve.

The bottom line is straightforward. Large industrial customers pay for their own electricity, pay for the infrastructure required to serve them, and operate under separate agreements designed for their unique energy needs. They do not receive the PUD's low-cost power reserved for homes and small businesses, and their electric usage does not increase residential electric rates.

Regardless of what anyone thinks about a particular business or industry, your PUD's responsibility remains the same: to provide safe, reliable, and affordable electric service while treating customers fairly and protecting the interests of all of our ratepayers. If you have questions about how our electric system works or how these policies protect your electric rates, we encourage you to contact us.