

Regional News

Bitcoin mining facility in Pend Oreille Co. draws questions about power use, zoning

Spokane Public Radio | By [Steve Jackson](#)

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Ponderay Newsprint, LinkedIn /

The former Ponderay Newsprint plant in Usk, Washington, is seen in this file photo.

A California-based company has purchased the old Ponderay newsprint mill in the town of Usk, northwest of Newport. The company, Merkle Standard, hopes it can ramp up the plant to hire more workers. The company specializes in what is known as cryptocurrency mining, something that will require an enormous amount of electrical power.

Merkle Standard says it has big plans for the former newsprint facility. On the main agenda, Merkle wants to use sophisticated computers to do what is called bitcoin mining. It's not mining in the traditional sense – the computers will monitor bitcoin sales and make sure they are secure.

"Bitcoin mining is just using computers to verify the validity of a very secure database, and also make new entries into that database," Merkle's COO, Monte Stahl, said.

Stahl says using the most advanced computers to do the mining requires a great deal of electrical power, more than the original newsprint facility used. He says his company feels Washington is an ideal location for the plant, because the state has such a surplus of power it is able to export power to other states.

Initial plans call for a phase one development that would hire 40 employees and use 100 megawatts of power. And Merkle Standard doesn't want to stop there.

"We hope we can get 500 megawatts total of data center load," Stahl said. "And hopefully that will be data center load and hopefully some mill load in there as well. But that would be about 100 plus employees here."

500 megawatts is a lot of juice. For comparison, all 13,400 residents in Pend Oreille County use about 30 megawatts of electricity a month.

Pend Oreille Public Utility District general manager Colin Willenbrock says getting that much power to the Usk facility is likely to require some major infrastructure improvements to the plant.

"The transmission, the pathways, are they robust enough to carry that amount of electrical energy? And the presumption is probably not, to be able to carry 600 megawatts without some pretty substantial capital investments," he said.

Willenbrock says the Bonneville Power Administration is currently studying that specific question. The utility wants to know how much infrastructure improvements will be necessary to feed the bitcoin mining facility. And when they get that answer, the current thinking is that Merkle Standard will have to pay for the improvements.

The proposed bitcoin mining facility's thirst for power will likely require larger transmission conductors and powers, and the permitting will take some time. Willenbrock says he believes the larger quantities of electricity could be eventually delivered to the Usk facility, but the actual amount would be far greater than any previous project in Pend Oreille County – or the state.

Phyllis Kardos, of the group Responsible Growth Northeast Washington, is opposed to Merkle Standard's plans. She says using 500 megawatts of power to eventually hire 100 employees seems like a lot of resources that could be better used by other industries that might hire more people.

"I feel it will also prevent other companies from coming in here. I think it will prevent that from happening because of the large power use that this facility is going to be using," Kardos said.

Monte Stahl says he feels there is enough electrical power to go around, should any other industry choose to come in to the area.

"If she has a better business plan and she can hire more employees with this power I definitely encourage her to do that," Stahl said. "Anyone with a good business plan I would encourage to start a business, hire the employees and go for it."

Kardos also takes issue with the current zoning where the plant is located. The former newsprint facility was grandfathered into the current zoning, as it was built before Washington's Growth Management Act was enacted. It's categorized as "legal non-conforming use." But Kardos believes using the same site for a new business does not meet the letter of the law.

Stahl says Merkle Standard does intend to eventually reopen the mill and once again produce paper materials. But he sees the argument of mis-zoning as a false one.

"It's quite disingenuous to on one hand say, 'Hey we're not making enough jobs,' so here we are starting a site with multiple lines of business, and we're making jobs, and then have them come back and say, 'Oh, it's improperly zoned, so you shouldn't make any jobs there,' it's kind of disingenuous," Stahl said.

Kardos also worries about how the bitcoin facility will affect wildlife and birds in the area. A Merkle Standard spokesman says the plant will adhere to all environmental regulations required by the state.

The bitcoin-mining computers won't last forever. They have a shelf life of about five years. What to do with the old machines is another environmental concern. Monte Stahl says there is a good secondary market for the machines, and that parts can be recycled. He says an E-waste standard will be adopted to prevent filling up a landfill with junk computers.

Phyllis Kardos has filed her concerns with the Pend Oreille County Community Development Department.

Merkle Standard is awaiting approval from the Bonneville Power Administration on its request to be able to get additional power to expand its data center and bring the paper mill back online.

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Steve Jackson

Steve was part of the Spokane Public Radio family for many years before he came on air in 1999. His wife, Laurie, produced Radio Ethiopia in the late 1980s through the '90s, and Steve used to "lurk in the shadowy world" of Weekend SPR. Steve has done various on air shifts at the station, including nearly 15 years as the local Morning Edition host. Currently, he is the voice of local weather and news during All Things Considered, editing, producing and/or delivering newscasts and features for both KPBX and KSFC. Aside from SPR, Steve, who lives in the country, enjoys gardening, chickens, playing and listening to music, astronomy, photography, sports cars and camping.

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