



# Ponderay Industries Press Release

422767 Highway 20  
Usk, Washington 99810  
509-550-7300

Contact:  
Laura Verity, Director of External Affairs  
lverity@ponderayindustries.com

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## Ponderay Industries Finalizing Plans for Papermill Restart – In Advanced Negotiations with Key Industry Partners

For Immediate Release

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Ponderay Industries, LLC is moving forward with plans for a restart of its papermill located in Usk, Washington and has announced it is in advanced negotiations with key industry partners. Idled since bankruptcy in 2020, the papermill has been meticulously maintained and preserved by a team of former mill employees. Irvine, California based Allrise Capital, parent company of Ponderay Industries, purchased the papermill at a bankruptcy auction in 2021. The site is also home to a Merkle Standard digital asset mining data center that shares the industrial campus with Ponderay Industries.

Ponderay Industries has begun coordinating with the Pend Oreille Public Utility District #1 to request an additional 70MW of power be supplied to the onsite substation. An additional electrical grid load study by the Bonneville Power Administration (BPA) will be needed to determine the timeline and cost of supplying this power, necessary for restarting mill operations. Final feasibility and timing of the papermill restart will be contingent on the outcome of this BPA study and subsequent power supply agreement.

Ponderay Industries CEO Todd Behrend commented, *“A lot of hard work and diligent business planning has gotten us to this point in the process. We can essentially begin mill operations as soon as additional power can be made available to the site. Time is of the essence to restart the operation while the market is strong for Newsprint paper. If we can quickly obtain the needed additional power, the goal would be a full restart of employment and operations in the fourth quarter of 2022. We look forward to cooperatively working with the Pend Oreille PUD and BPA to complete this load study as soon as possible.”*

As a part of developing a restart plan for the papermill, Ponderay Industries has been in conversation with several key players in the newsprint industry, including other manufacturers, suppliers, and newsprint purchasers. While still too early to provide specifics about these negotiations, it is clear there is strong interest to formalize a partnership with at least one of these parties.

The papermill historically provided direct employment to more than 150 people and served as a cornerstone of the regional economy in rural Northeastern Washington. Ponderay Industries expects to return to a similar staffing level of about 150 employees to support mill operations.

Merkle Standard began data center operations on the shared industrial campus earlier this year. Todd Behrend also serves as the Merkle Standard Data Center General Manager.



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Behrend commented further, *“Restarting papermill operations with Ponderay Industries while operating the Merkle Standard Data Center on this site represents the best possible outcome for Pend Oreille County and the entire region. We believe the return of the skilled trades and papermaking process will integrate well with the data center operation and technology jobs, directly supporting many critical aspects of the regional economy. This includes the local forest products industry and the Pend Oreille Valley Railroad, operated by the Port of Pend Oreille.”*

## **About Ponderay Industries:**

Ponderay Industries, LLC was formed following the purchase of the site in 2021, in anticipation of restarting the legacy papermill operation. At the time of its closure, the mill was one of the most modern and efficient mills in North America, capable of producing more than 220,000 metric tonnes per year of top-quality Newsprint paper. Since site closure and under the new ownership team, the paper machine has been maintained in a “run-ready” condition. Publication paper markets have since recovered strongly and there is robust demand for the products the mill produced historically. In addition, just before closing in 2020, the paper machine had conducted several successful trials for paper grades outside of newsprint. Ponderay Industries will continue developing this important product diversification strategy.