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IDAHO PUBLIC
UTILITIES COMMISSION

Attorney for 2140 Labs LLC

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION
OF THE IDAHO POWER COMPANY FOR
AUTHORITY TO ESTABLISH A NEW
SCHEDULE TO SERVE SPECULATIVE
HIGH-DENSITY LOAD CUSTOMERS.

Case No. IPC-E-21-37

COMMENTS OF 2140 LABS LLC

2140 Labs LLC (“2140 Labs”), by and through its attorneys of record, Givens Pursley LLP, respectfully submits the following comments.

INTRODUCTION

On November 4, 2021, Idaho Power Company (“IPC”) submitted an application (“Application”) to the Idaho Public Utilities Commission to establish a new schedule “to Serve Speculative High-Density Load Customers” (the “Schedule”). IPC referenced “[s]urging customer interest” from “17 viable and unique inquiries totaling over 1,950 MW” as the impetus for this Application.¹ However, discovery has revealed that no apparent demand is driving this schedule nor is there fully developed research to support it.

Customer demand does not necessitate this Schedule. None of the 17 inquiries are pursuing service.² Nor are there “any existing customers who would qualify for Schedule 20.”³

¹ Application at 1, 5.

² Company’s Response to Second Production Request of the Commission Staff to the Company at 2.

³ Application at 16.

Moreover, research does not support the negative light in which IPC has painted cryptocurrency or the Schedule itself. IPC has stated that it “has not researched an exhaustive list of similar tariffs or commission orders in other jurisdictions.”⁴ Instead, the Company relies on a single public utility district in the State of Washington.⁵ IPC has characterized blockchain as highly volatile and “speculative” but provides little support for this negative framing of the industry.

2140 Labs respectfully requests that the Commission consider renaming the Schedule as “Emerging Industry” as it more accurately reflects the state of the industry and positions Idaho to benefit from the economic development opportunities presented by cryptocurrency.

COMMENT

1. Labeling the industry as “Emerging” rather than “Speculative” would help position Idaho as a blockchain-friendly state, poised to benefit from the industry.

IPC has not provided any rationale for labeling the load consumption, the currency (bitcoin), and the mining industry as “speculative”: an adjective that signals a negative sentiment to mining businesses and the industry as a whole. In response to the request to explain why the adjective “speculative” is used in an imprecise manner throughout the Application, IPC referred to its “evaluation and classification of industry and commodity as speculative . . . to include factors such as volatility, lack of credit history, or ability to demonstrate financial viability.”⁶ These characterizations are not borne out by the facts.

Cryptocurrency mining is one of the most consistent and predictable types of load. Unlike residential users, whose load fluctuates based on certain hours (like using the air conditioning, cooking dinner, and doing laundry during peak hours), mining computers consistently run around

⁴ Company’s Response to First Production Request of the Industrial Customers of Idaho Power to the Company at 3.

⁵ *Id.*

⁶ Company’s Response to First Production Request of 2140 Labs LLC to the Company at 2–3.

the clock at a constant power draw.⁷ Because of this consistency, it is possible to predict a miner's power consumption today, next month, and for the foreseeable future with a very high level of accuracy. The load consumption is not speculative; it is consistent and predictable.

Labeling bitcoin as “speculative” is also inaccurate. IPC states that the price of bitcoin has proven “highly volatile.”⁸ But IPC relies on specific snapshots from relatively short timeframes. The historical compound annual growth rate (“CAGR”) over the last ten years reveals that bitcoin's rate is 125%—significantly higher than Gold (6%) and the S&P 500 (17%).⁹ This longer time frame is a better indicator of bitcoin's performance than the short windows on which IPC relies. Additionally, the CAGR indicates that bitcoin has outperformed other commodities over a longer timeframe.

Moreover, a commodity should not be labeled as speculative simply because it is speculated on. In the case of bitcoin, although speculation has risen as a share of bitcoin trading, the level of overall speculation on bitcoin trading is relatively low compared to traditional markets. In 2021, the estimated exchange volume (speculative trading) was around \$2 trillion, while the amount of bitcoin actually used as a payment network was around \$800 billion. Accordingly, the ratio of speculation to actual use was around 2.5. In the same year, the estimated exchange volume of oil was around \$81 trillion, while the annual consumption hovered around \$2.6 trillion: a ratio of 31.¹⁰ Despite this, no one would argue that the oil as a commodity is speculative, simply because the commodity price was speculated on. IPC's

⁷ See S19j series specifications, Bitmain, April 11, 2022, [S19j series Specifications – BITMAIN Support](#). These run at around 3000W +5%, 24/7/365. See Bitcoin Mining, Investopedia, [Bitcoin Mining Definition \(investopedia.com\)](#).

⁸ Company's Application at 5–6.

⁹ *Bitcoin Macro Charts*, The Case for Bitcoin, April 11, 2022, <https://casebitcoin.com/charts>.

¹⁰ See *Today in Energy*, U.S. Energy Information Administration, April 11, 2022, [Today in Energy - Daily Prices - Prices - U.S. Energy Information Administration \(EIA\)](#); CME Exchange Volume Report – Monthly, April 11, 2022, https://www.cmegroup.com/daily_bulletin/monthly_volume/Web_Volume_Report_CMEG.pdf; Statistics, World Federation of Exchanges, April 11, 2022, <https://www.world-exchanges.org/our-work/statistics>; CoinMarketCap, April 11, 2022, <https://coinmarketcap.com>; Coinmetrics, April 11, 2022, <https://coinmetrics.io>.

characterization of bitcoin as “highly volatile” does not accurately capture the facts about this commodity.

Finally, the industry—while new—presents the same risks as all other emerging industries. Mining is a new type of business that has been growing rapidly since the inception of Bitcoin in 2009. While there are inherent risks to any new venture, this does not equate to speculation. The economics of mining depend on miners who can run their operation with the lowest costs; these miners will be the most successful. Entrepreneurs take a calculated risk to start a mining operation, like every other type of emerging industry.

2140 Labs suggests renaming the schedule “Emerging Industry” rather than “Speculative High-Density Load.” Cryptocurrency mining presents strategic economic development opportunities. Setting up a mining operation requires work from electricians, electrical contractors, construction teams for perimeter fencing, security, building contractors, land surveyors, HVAC contractors, and design work supported by the power company itself. Miners are an ideal customer for the power company because they are customers who consistently function with a high load. Additionally, any new mining operations necessarily operate as businesses, which require a host of administrative overhead, including legal, HR, and accounting and payroll services. In 2140 Labs’ case, it is growing this business in Boise, using local talent to manage its operations. As the industry continues to grow, Idaho can and will benefit from this uptick in economic activity. Other states, such as Wyoming, are currently positioning themselves as blockchain-friendly. Idaho would benefit from positioning itself as a blockchain-friendly state as well.

DATED this 12th day of April, 2022.

GIVENS PURSLEY LLP

/s/ Elizabeth A. Koeckeritz

Elizabeth A. Koeckeritz

Attorney for 2140 Labs LLC

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 12th day of April, 2022, a true and correct copy of the within and foregoing WRITTEN COMMENT OF 2140 LABS LLC in Docket No. IPC-E-21-37 was served electronically to:

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