











Data Centers Are Coming: Who Pays?

What Ohio Association of Public Treasurers Should Know About Utility Infrastructure, Cost Allocation and Consumer Risk

Office of the Ohio Consumers' Counsel
"Your Residential Utility Consumer Advocate"
www.occ.ohio.gov

OCC ADVOCACY

OCC is a strong, independent voice advocating for Ohio consumers.

REPRESENTING CONSUMERS
at PUCO and More...

EDUCATING AND ADVISING
Legislators

OUTREACH AND EDUCATION





OCC: GOVERNING, FUNDING & IMPACT

PROTECTING OHIO CONSUMERS SINCE 1976

GOVERNING

Created in
1976
by the Ohio
General Assembly

Nine-member Governing Board

FUNDING



Funded by assessments on Ohio's investor-owned utilities.

Authority:
Ohio Revised Code
Section 4911.18

IMPACT



$1.5 BILLION
CONSUMER SAVINGS
2019 – 2024

DATA CENTERS

> *It's almost a Dr. Seuss headline: 'Here, there, everywhere.'*

Ohio Consumers' Counsel
Maureen Willis
Referring to Data Center Projects



100,000
Homes = 1
Hyperscale Facility

Up to $40 Billion
additional planned
Ohio investment by 2030

Data Center Growth in Ohio

A RAPIDLY EXPANDING FOOTPRINT



4,767
DATA CENTERS IN THE U.S.



240
DATA CENTERS IN OHIO

Central Ohio remains the hub, with development expanding across the state.



Beyond Economic Development

- Electric Infrastructure
- Water, land, roads, emergency services, tax incentives
- Will load materialize? If not, $ infrastructure
- Who bears the risk?

A data center deal is not only an economic development decision.

It is also a long-term infrastructure and risk-allocation decision.



Financial Risks for Utility Consumers

WHERE COST EXPOSURE CAN OCCUR



Infrastructure Costs

New substations and lines may be needed.



Capacity & Supply Costs

Rapid demand growth can raise costs.



Stranded Costs

Investments may still need to be paid for.



Cost Shifting

Without safeguards, costs can reach other consumers.

Why Data Centers are Different



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Not Just Another Customer

- Extraordinary Scale
- Round the Clock Demand
- Dedicated Infrastructure
- Large Water Requirements
- Long lead times
- Project uncertainty

Load Forecasts are Getting Very Large



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What Growth Means for the Electric Grid

NEW LOAD CAN REQUIRE NEW INVESTMENT



Generation • Transmission • Distribution

The key issue is not whether infrastructure costs exist. It is who should be responsible for them.


Follow the Money:
What must be built and who pays?
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A Simplified Data Center Infrastructure Stack



- Different entities regulate, finance and recover these costs.
- A community may see economic-development benefits while households simultaneously face utility-system costs.

The Cost-Allocation Test

1. 

   Who caused the cost?

2. 

   Who benefits?

3. 

   Who controls the risk?

4. 

   Who pays if wrong?

> “Cost causation is the bridge between utility regulation and public financial stewardship.”

Ohio Case Study:
AEP Ohio's Data Center Tariff



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AEP Ohio tariff: putting “skin in the game”

85%
minimum contracted-capacity payment

Up to 12 years
duration of obligation

2025
PUCO approval

- Qualifying data-center customers must pay for at least 85% of contracted capacity even if actual use is lower.
- The AEP tariff also includes financial guarantees and consequences if projects fail to materialize.
- Recent AES Settlement builds on AEP tariff agreement.

Why a minimum-demand commitment matters

WITHOUT A COMMITMENT



Utility may build for the requested load; if demand disappears, unrecovered costs can migrate to other customers.

WITH A COMMITMENT



Large-load customer remains financially responsible for much of the capacity it requested.

“The tariff does not eliminate risk. It changes who carries more of it.”

Ohio's policy debate is continuing

1



OCC testified in 2026 in support of **minimum standards for data-center arrangements,** including long-term commitments, financial assurances, stranded-cost protections and clearer cost allocation.

2

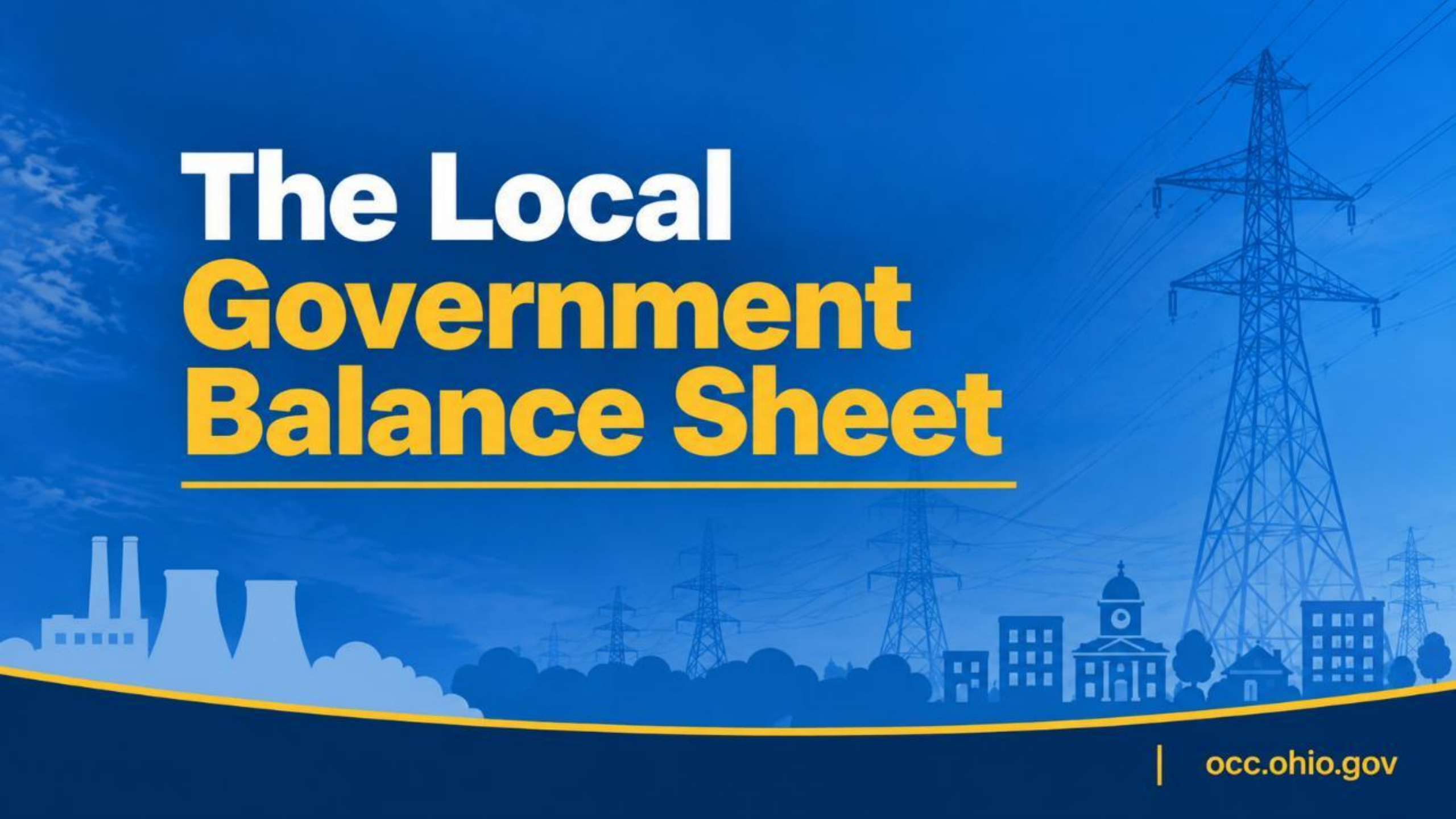


OCC has also advocated that large-load customers pay an **appropriate share** of transmission and power-supply costs.

3



Data-center policy is **evolving** across PUCO, FERC, PJM, the courts and the General Assembly.


The Local
Government
Balance Sheet
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Questions to Ask Before the Announcement

- How much electric load is being requested—and on what timeline?
- What dedicated electric infrastructure is required, and who pays if the project changes?
- What water and sewer capacity is required, and who finances expansion?
- What tax incentives or abatements are proposed, and for how long?
- What permanent jobs and recurring revenues are expected after construction?
- What financial security, guarantees or clawbacks protect the community?
- What information is subject to confidentiality—and why?

Transparency is a Financial-Control Issue



Non-disclosure requests

Developers may request non-disclosure agreements during early negotiations.



Limited information can limit oversight

Some proprietary information may warrant protection, but overly broad confidentiality can constrain public oversight.



Legal review is essential

OCC recommends careful legal review of NDAs and attention to public-participation obligations.



Transparency helps treasurers

For treasurers: transparency supports independent review of assumptions, commitments and long-term exposure.

Water Belongs in the Same Conversation

Cooling technology can create **substantial water demand,** depending on facility design.

Some facilities may use **millions of gallons of fresh water per day.**

Communities should **evaluate source capacity,** treatment, infrastructure expansion, drought resilience and cost recovery.

The public-finance question is familiar: **are one-time and recurring costs being assigned to the customer that creates them?**



Transmission — Data Centers



DATA CENTER

Large new electric demand



PJM

Plans regional reliability upgrades



TRANSMISSION

New high-voltage investment



CUSTOMERS

Costs allocated through rates



OCC is actively **challenging transmission cost increases** and advocating that large-load customers pay an appropriate share.



A project located in one community can create **cost consequences well beyond that community.**

A Treasurer's Due Diligence Checklist

Demand
What is committed versus merely projected?

Capital
What infrastructure must be built before revenue arrives?

Security
What guarantees back the customer's commitments?

Exit risk
What happens if the project is delayed, downsized or leaves?

Cost allocation
Are existing residents insulated from project-specific costs?

Public return
What recurring revenue and employment remain after construction?

Transparency
Can elected officials and the public evaluate the transaction?



Five questions to keep on the screen during Q&A

1. Who caused the cost?
2. Who receives the benefit?
3. What assumptions support the investment?
4. Who bears the risk if those assumptions are wrong?
5. Is the person paying the bill the person who caused the cost?



Ohio can pursue growth and protect consumers.

The discipline is to make costs visible, assign them to the parties that cause them, and make sure extraordinary risks do not quietly migrate to households.



Discussion

QUESTIONS • PERSPECTIVES • IDEAS

We look forward to your questions.



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Thank you!

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