



State of Alabama

ALABAMA PUBLIC SERVICE COMMISSION

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ALABAMA'S DATA CENTER BOOM: A CHANCE TO GET IT RIGHT

Every day, we read about massive data centers coming to the Southeast. Billions of dollars. Thousands of construction jobs. The promise of economic transformation. But as President of the Alabama Public Service Commission, I want to talk about what's really at stake beyond the headlines: your electric bill, the reliability of your power, and whether Alabama families will end up paying for infrastructure built for big tech.

Data centers are the backbone of our digital world. When you stream a movie, send an email, or use artificial intelligence, massive facilities somewhere are processing that data around the clock. The smallest ones occupy 50,000 square feet. The largest, called hyperscale centers, can exceed 4 million square feet, larger than 18 Walmart Supercenters combined. They consume power equivalent to a small city and use millions of gallons of water daily.

Right here in Alabama, we're seeing this transformation firsthand. Meta's Montgomery facility represents a \$1.5 billion investment spanning 1.3 million square feet. The proposed Bessemer campus, if it comes to fruition, would dwarf even that, with \$14 billion invested across 18 buildings, consuming more power and water than any site in our state's history.

I want to be clear about the benefits these projects can bring. Construction employment reaches into the thousands. Permanent operational jobs follow. Ad valorem and education tax revenues flow to local governments and schools. Meta's Montgomery facility alone is projected to generate \$224 million in state taxes and \$382 million in payroll over thirty years. Many of these companies pursue renewable energy additions, such as wind and solar, to offset their load, potentially expanding Alabama's generation mix at no cost to ratepayers. When aligned with smart planning, new load can expand the customer base and create opportunities to keep electricity costs competitive for everyone.

The challenge is ensuring those benefits are realized and lasting, especially for the communities asked to host these projects and for Alabama Power customers who could be affected.

We are watching what is happening around us. Cities like Atlanta have become national data center hubs. Projects in Georgia, South Carolina, Louisiana, and Mississippi are scaling into the tens of billions of dollars, but not without controversy. Concerns over power consumption, water use, and community impacts are growing. Utility bills have spiked in some states as residential and small business customers subsidize the infrastructure investments needed to accommodate big tech.

We have a chance to learn from their challenges and avoid them here. Alabama's main challenge and my priority is clear: make sure our families and small businesses don't get stuck with the bill.

To meet our reliability requirements, we require Alabama Power to have sufficient resources to serve any data center contract. If additional resources are necessary, the Commission requires the data center to cover the costs of those resources. This isn't just about infrastructure. It's about your wallet.

One of the biggest risks we face is overbuilding, approving new plants and transmission lines for data centers that never fully materialize. If that happens, families and businesses could be left paying for unused infrastructure for decades.

We're avoiding these risks by requiring contractual terms and conditions that shield other customers from cost and risk shifting. Alabama is already requiring demonstrations to verify proposed demand, long-term contracts, minimum building requirements, upfront reimbursement of direct costs, and even termination fees to ensure that hyperscale projects pay their own way and communities are protected.

While keeping these costs off the backs of Alabama families, we must also ensure that these massive developments don't threaten the reliability of service to the rest of our customers. Large data centers put sudden and significant stress on the electric grid, water supplies, and natural gas demand. Our role is to ensure that Alabama Power plans for and manages such spikes so that service to other customers isn't impacted or interrupted.

The bottom line is simple: no project should ever compromise reliability for existing customers.

Alabama is not behind other states. We're at a moment where we can set the standard. This is a rare window for Alabama to adopt best practices before the expected buildout accelerates, protecting ratepayers while still welcoming investment.

Our standards: no free rides for big tech. The entities driving up the costs must be the entities covering the costs

This is a pivotal moment for our state. Data centers will be part of Alabama's future, but that future must work for everyone, not just the companies building these facilities. I'm committed to working with my fellow commissioners, utility providers, and the public to get this right for our ratepayers, our communities, and future generations.

The mission of the Alabama Public Service Commission is to ensure a regulatory balance between regulated companies and consumers in order to provide consumers with safe, adequate and reliable services at rates that are equitable and economical. For more information, visit psc.alabama.gov.

**The above press release is of the thoughts and opinions of President Cynthia Lee Almond and does not reflect those of Commissioner Jeremy H. Oden, Place 1, or Commissioner Chris V. Beeker III, Place 2, or the Alabama Public Service Commission.*

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