



# Data Centers

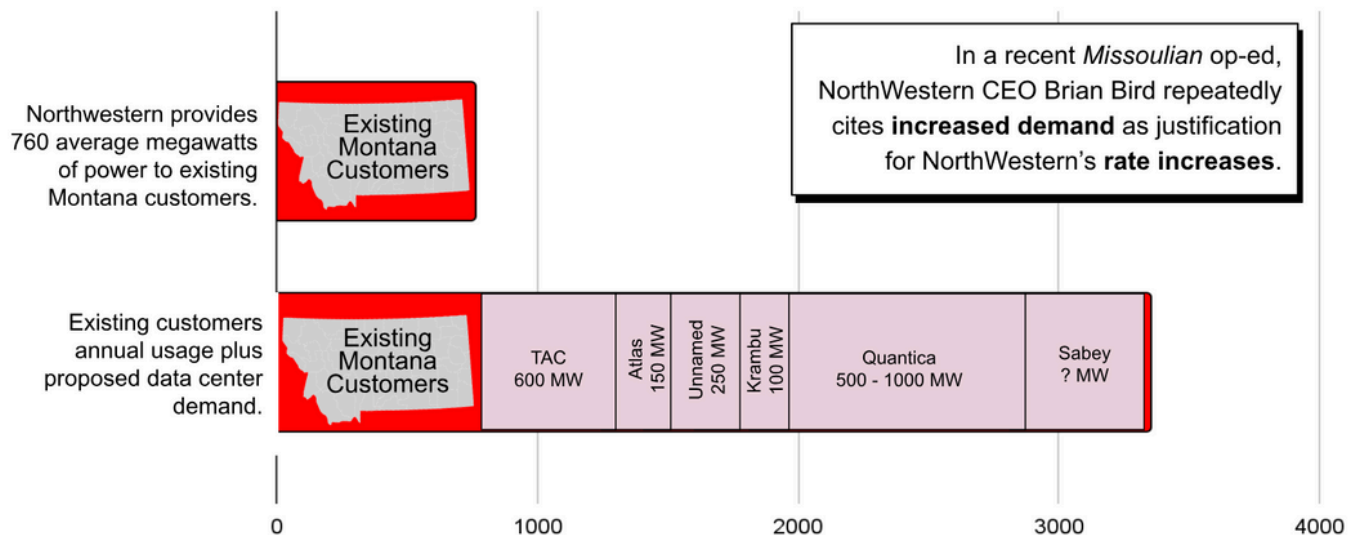


In rapid fire over the first half of 2025, data center developers and NorthWestern Energy rattled off plans for **six data centers across Montana**. If executed, the current proposals would **quadruple the energy load** that NorthWestern Energy currently serves Montana customers in an average year.

## Summary of Rising Demand



### New Data Centers Would More Than Triple NorthWestern Energy's Demand



What will our bills look like when NorthWestern welcomes another 2100+ MW of data center demand onto the grid?

Beyond NorthWestern Energy's service territory, **two more large-scale projects** are proposed. Upper Badlands Energy Project in Lindsay and HFI Green Energy Park in Whitehall are both advertising that they want to attract hyper-scale data centers.

Montana is not the first state to see rapid change from data center development. There are lessons to be learned from states that went first. Virginia, Texas, Idaho, Utah, Georgia, and many others use **large load tariffs** and **legislation** to ensure data centers are not subsidized by existing customers and that they bring public benefit rather than harm.

The Montana Public Service Commission should protect residential ratepayers by regulating data centers through a separate rate class and the use of large load tariffs.

# How Do Data Centers Impact Communities?



## Jobs --- Data center developers make optimistic predictions about job creation, but the reality is disappointing.

- Data centers often underdeliver and **create substantially fewer jobs than promised**. Michigan Live reported that The Switch Inc. data center near Grand Rapids received tax breaks in 2015 after promising to create [1,000 jobs in 10 years](#).<sup>1</sup> But according to BridgeMichigan, **by 2022 the company had only hired 26**,<sup>2</sup> and those 26 jobs average wage was below \$38,000 per year.
- In a [Wall Street Journal article](#) titled “The AI Data-Center Boom Is a Job-Creation Bust,” John Johnson, the chief executive of data-center operator Patmos Hosting shares that, “Data centers have rightly earned a dismal reputation of **creating the lowest number of jobs per square foot** in their facilities”<sup>3</sup>
- NPR’s The Indicator on Planet Money showed why billions of dollars in data center investments **will lead to a lot fewer permanent jobs** than you might think... In fact, when Apple created a **\$1 billion data center** in North Carolina, the news stories reported that there were **less than 100 permanent jobs created** as a result.<sup>4</sup>

## Boom and Bust --- There is a real threat of boom-and-bust in Artificial Intelligence and Cryptocurrency ventures.

- In China, data center developers overbuilt, “jumping on the hype train, building facilities that aren’t optimal for today’s needs” and now **facilities are sitting unused**, especially in rural areas<sup>5</sup> as author [Skye Jacobs writing for TechSpot](#) explains. In China, “initial fervor has given way to a **sobering reality as the country grapples with an oversupply of underutilized data centers** and shifting market dynamics.”<sup>5</sup> Is the US about to crash into the same market dynamic? Regulators need to protect consumers against being left paying the bills for data center developers’ future **stranded assets**.
- “Eric Gimon, a senior fellow at the think tank Energy Innovation, said **the hype surrounding AI (has) many of the signs of an investment bubble**, and the arrival of (Chinese developed) DeepSeek shows that U.S. dominance on this front (is) threatened... [He compared the situation to the dot com bubble](#) that expanded in the late 1990s and burst in 2000... The big change is that the **growth is likely to be more erratic—some projects won’t get completed and some companies might fail.**”<sup>7</sup>
- **Cryptocurrencies and crypto exchanges**, like [FTX or Celsius](#), have proven to be **full-fledged Ponzi schemes** that eventually collapse,<sup>8</sup> and the regulatory policies around cryptocurrency are unstable and potential consequences of expanded inclusion of crypto into our financial system are real and growing.<sup>9</sup>
- Many formally announced data center projects never get built. As [Brian Martucci reports for Utility Dive](#), “**80% to 90% of proposed data centers in the U.S. interconnection queue will never get built**, in part because they duplicate requests made in other utility territories.”<sup>6</sup> Many interconnection queue requests are empty promises fishing for the cheapest power.<sup>10</sup>

## Cost Shifting --- How the public foots the bill for data center energy and infrastructure.

- Some data centers are **scoring behind-the-meter deals and below-market rates** with public utilities through [special contracts and terms that are not publicly available](#), **severely disadvantaging other ratepayers**.<sup>10</sup> Data center **developers are shopping for the cheapest power**, pitting utility companies against one another in bidding wars. If your utility “scores” a data center deal, it could be because **you’ll be subsidizing their investment with your energy bill**.<sup>10</sup>
- Regulators have recently **exposed utilities for filing false or misleading information in regulated proceedings**.<sup>10</sup> For example, data centers and special contract generating stations (often subsidiaries of the monopoly utilities) are making bids for colocation **deals that would place them behind the grid interconnection and then [arguing that they shouldn't bear any costs of transmission](#)**, even though their operations dramatically impact transmission needs.<sup>10</sup>
- State legislators in Idaho ran a bill in 2025 that would have protected utility customers from cost-shifting, “How are you going to **tell Grandma** it’s OK for her — on a fixed, limited income — that **she’s going to subsidize the next major AI plant** somewhere?” asked [Rep. Stephanie Mickelsen, R-Idaho Falls](#).<sup>11</sup> The bill did not pass. Meta plans to build an \$800 million data center in Idaho, but forecasts it will only employ about 100 workers.

## Public Budgets --- Tax breaks and infrastructure burdens damage public budgets.

- “At least 10 states already **lose more than [\\$100 million per year](#) in tax revenue** to data centers” according to a study by policy think tank Good Jobs First.<sup>12</sup>
- States are crafting policy to attract data centers, including slashing their tax rates. “But [some economists and policy experts](#) have started to question this logic. ...(they) find that **data center tax breaks have swelled to billions of dollars in lost revenue** for states a year — and that those losses, for some states, **actually outweigh the tax revenue that the data centers bring in**.”<sup>13</sup>
- State [legislators around the nation](#) are having second thoughts about incentives for data centers, “But, considering factors such as water and electric use, he said the return on the state’s investment ‘is not there’ and that ‘initial findings **do not support credits from the state level**.’”<sup>14</sup>
- “Frustration with data centers’ preferential energy rates, climate impacts and poor return on investment has **led lawmakers in South Carolina, Georgia and Connecticut to [rethink their tax breaks](#)**.”<sup>14</sup>

## Communities --- Data centers bring air pollution, noise pollution, strain water supplies, and more.

- At many data centers, reliance on gas generators is **hurting air quality**. In Memphis next to xAI’s giant data center, “[residents are wary](#) of the **methane gas** turbines helping to power the electricity-hungry behemoth. The **turbines give off nitrogen oxides**, a key contributor to **smog**, and **formaldehyde**, among other **pollutants**, according to their manufacturer.”<sup>15</sup>
- Data centers use significant amounts of water for cooling, **often millions of gallons daily**. Just one data center can consume [as much as five million gallons of water in a day](#) between on-site use for cooling and off-site use for energy generation.<sup>16</sup> That’s the equivalent of **seven olympic swimming pools each day**. Even facilities in [cooler climates are stressing local aquifers](#).<sup>16</sup>
- The Great Oak subdivision lies approximately **600 feet** from an AWS data center cluster in western Prince William County. [Since 2022](#), residents have **complained of constant, low-frequency industrial noise disrupting their sleep and shaking their homes**.<sup>17</sup>
- The majority of water consumed onsite at data centers is **drinking water grade** — and one big tech company’s **scope-1 water consumption in 2023 was roughly [equivalent to](#) a major beverage company**.<sup>18</sup>

- **Soaring energy demand** from data centers is **prolonging the transition from fossil fuels** to renewable energy. It is **keeping coal-fired power plants open** that were scheduled for closure.<sup>20</sup> Coal is the most carbon intensive fuel we can burn, and extraction and consumption of coal are responsible for **devastating public health and environmental health impacts, not to mention higher energy costs.**<sup>21</sup>

## **Energy Demands --- Data centers are stressing energy grids and threatening lives.**

- In February 2021, Texas was hit by Winter Storm Uri. It brought several days of freezing temperatures that broke Texas' energy grid. **Millions of residential customers lost power while industrial loads, like data centers, chugged along.** Some states are realizing they need to create protections to avoid a future scenario like Winter Storm Uri.<sup>6</sup>
- In 2025, energy grids around the US [blew past peak output projections](#) for the year months before the hottest days even arrived, and **home air conditioners were competing with data centers** for that power.<sup>19</sup> Policy makers need to consider how AI will continue to compete with AC for critical energy during prolonged heatwaves.

## **Next Steps - What Can We Do?**

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**REGULATING:** Data centers should be regulated through a **separate rate class** and **large load tariffs**. Regulatory measures ensure that data centers are not subsidized by existing customers and that they bring public benefit rather than harm.

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| <ul style="list-style-type: none"><li>● <b>Long-term contracts:</b> should include extended notice periods, exit fees, credit/collateral requirements, and provisions for adjusting load growth through new contracts or mutual agreements.</li><li>● <b>Necessary evasion controls:</b> large loads should be defined by both monthly aggregated demand and service location.</li><li>● <b>Public benefit:</b> projects requiring new generation should be required to procure clean, renewable energy and storage.</li></ul> | <ul style="list-style-type: none"><li>● <b>Cost responsibility transparency:</b> projects should pay their own way for new generation and transmission needs.</li><li>● <b>Demand response:</b> tariffs should establish minimum billing demand based on peak usage and demand response provisions prioritizing residential customers.</li></ul> |
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**Reach out to your Public Service Commissioner and urge them to regulate data centers.**

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**RESISTING:** Communities should have a say in whether they want a data center for a neighbor. Communities have demonstrated that data centers can be resisted through sustained engagement in local government processes. Below are **further resources for communities and community leaders**.

- Virginia Data Center Reform Coalition / Piedmont Environmental Council: *List of Resources for Communities, Community Leaders & Elected Officials* <https://www.pecva.org/work/energy-work/data-center-resources-for-communities-community-leaders-elected-officials/>
  - New Kairos and Media Justice: *The Costs of Data Centers to Our Communities — and How to Fight Back* <https://www.kairosfellows.org/fightdatacenters>
  - ELI: *Local Environmental Impacts of Data Center Proliferation* <https://www.eli.org/events/local-environmental-impacts-data-center-proliferation>
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