



## Sponsor Statement

### Senate Bill 250 – Data Centers

Alaska welcomes new investment, and the rapid increase in data centers across the nation and world indicates that Alaska could soon see an increase in large data centers. A growing movement in response to community and ratepayer concerns over data centers has derailed billions of dollars' worth of potential investment in the Lower 48. SB 250 recognizes the impacts that data centers can have and balances the benefits of new investment with community and ratepayer protections.

If the cost of power to supply a data center is folded into general utility rates, families, small businesses, and existing customers can end up subsidizing a private project. SB 250 prevents cost shifting and protects reliability, while still encouraging utilities and data centers to make deals that work. This provides a belt and suspenders approach to the threat of cost shifting, as the Regulatory Commission of Alaska currently regulates utilities under the “cost causer-cost payer” principle.

Under SB 250 data center contracts must fully account for and assign infrastructure costs to the data center, assign new variable costs through a separate customer specific cost of power or gas cost adjustment, and ensure other customers' adjustments do not increase. Contracts also may not increase the risk of inadequate fuel supplies for any public utility in the state. They must include a backup power and reliability plan that prioritizes renewables, storage, and demand response, and limits natural gas backup to emergencies and testing.

SB 250 requires community benefit agreements that outline data center responsibility. Before approval and before construction begins, the data center must sign a community benefit agreement that includes a waste heat recovery assessment and, if practicable, implementation or an alternative payment for local thermal projects. The agreement must also address broadband interconnection costs and require a digital equity contribution for local digital infrastructure. The bill requires a decommissioning and recycling plan, so sites are responsibly dismantled, data is securely destroyed, and restoration is planned.

SB 250 is a proactive approach to ensure that data centers truly benefit Alaskans, and do not negatively impact communities and utility ratepayers.

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