

Kentuckians see some benefits, but mostly risks, as data center development surges

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CNHI STATE REPORTER

ASHLAND – Hunter Boyd said he’s watched his hometown of Ashland take an economic “hit in the knees” over the last two decades. Major employers have closed or left the city in droves, leaving residents in the northeastern Kentucky community of around 22,000 feeling left behind, he shared.

“I’ve seen so many people my age go off to college and never come back,” said the 28-year-old executive director of the Northeast Kentucky Economic Development Authority.

But the announcement of a massive new data center has sparked hope that the region’s economic fortunes are changing.

TeraWulf, a Maryland-based Bitcoin mining company, announced in May it had acquired 285 acres in an industrial park outside of Ashland to develop a hyperscale data center that will dwarf any facility currently operating in Kentucky.

The center by 2030 will need 1-gigawatt of electricity — enough to power roughly 800,000 homes. For comparison, Louisville has just under 315,000 homes, according to the most recent census data.

Boyd argued the biggest advantage of the data center is the tax revenue it will generate, pumping millions of dollars back into local government, schools, infrastructure improvements and emergency

services.

“Seeing a company invest multi-billion dollars into northeast Kentucky will create opportunities,” he said.

‘WHAT CAN WE DO?’

But while economic-development officials in northeast Kentucky celebrate, county leaders in other parts of the state are putting up roadblocks to deter the development of the energy-and-water-guzzling facilities.

Jim Henderson, executive director of the Kentucky Association of Counties, said the officials reaching out to his organization are mostly asking how they can regulate, restrict or limit data centers.

“I think the general question right now is, if we want to do something, what can we do?” he said.

That question is coming up more frequently as a wave of companies eye Kentucky to build hyperscale data center campuses. Tech giants like Google, Amazon and Meta are moving at lightening speed to build new facilities around the country to meet the nation’s rapidly growing appetite for AI-fueled technology.

Kentucky is currently home to around 30 operating facilities, most of which are located in and around Louisville. The largest is a relatively small 150-megawatt facility in Calvert City, according to Cleanview, a website that tracks data centers.

But unlike the facilities cur-

rently in Kentucky, hyperscale campuses can warehouse hundreds of thousands of computer servers generating huge amounts of heat that require massive cooling systems to operate. Those servers and cooling units require vast amounts of electricity.

Now, the expected surge in new hyperscale projects in the state has led Louisville Gas & Electric and Kentucky Utilities to seek permission from state regulators to spend nearly \$3 billion to build two new natural gas plants and extend the life of two coal plants.

The utilities said the extra power generation is needed largely due to their forecast for new energy demand created by future data centers. The two companies in March told the Kentucky Public Service Commission that they had 29 potential data center projects in the pipeline, but noted some of those are unlikely to be built.

The utilities reported to investors that the total electricity demand from those potential facilities could be as high as 12 gigawatts, the Kentucky Lantern reported.

For comparison, all the utilities in the entire state generated a maximum of 18.4 gigawatts of net electricity capacity for the 2024 summer season, according to the U.S. Energy Information Administration.

‘DO IT THE RIGHT WAY’

Nathan Oberg, an airline

pilot who lives in Oldham County, said the huge amounts of electricity data centers require is one of many reasons he objected to the construction of one near his home.

Oberg last year founded “We Are Oldham County,” a group which heavily lobbied local officials to oppose the project. Developers proposed building it on nearly 270 acres of agricultural land surrounded by 26 property owners, Oberg explained.

He shared his family in 2014 purchased 50 acres of land in the county. The prospect of a proposed data center — which he described as 15 times larger than the average Costco, and twice as high — beside his property was more than Oberg could stomach.

“I was going to look outside and see the Mall of America,” he said.

The public outcry from Oberg and his group led county officials in July to implement a temporary moratorium on data center projects, which is still in place today. The developer eventually abandoned the project.

That kind of local pushback is cropping up more as a surge of hyperscale data centers test the waters for development in counties around Kentucky.

Companies are being lured to the state by lucrative tax incentives approved in 2025 by lawmakers. Those include a 50-year sales tax exemption for virtually everything purchased to outfit and maintain qualified data-center projects.

At the same time, developers are taking advantage of the lack of state and local regulations that allow the facilities to be constructed and operated with little oversight.

That leaves landowners like Oberg concerned that the projects will increase energy bills, pollute the state’s air and water and create years of construction chaos near projects — all while bringing relatively few long-term jobs to counties and generating few benefits for residents.

Oberg noted he’s not opposed to data centers. He said he supports the project in Ash-

land, where the 1-gigawatt facility will be located in an industrial park and could help rejuvenate the local economy.

But in Oldham County, a massive hyperscale data center shouldn’t be built on farm ground in the middle of residential housing, he argued.

“If you want to do it, you got to do it the right way,” Oberg said. “Put some protections in place, and maybe this blow back here wouldn’t have been so fierce.”

Aaron Snyder, a reporter with The Daily Independent, contributed to this story.

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