

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF KENTUCKY)	
UTILITIES COMPANY AND LOUISVILLE GAS)	
AND ELECTRIC COMPANY FOR CERTIFICATES)	CASE NO.
OF PUBLIC CONVENIENCE AND NECESSITY)	2025-00045
AND SITE COMPATIBILITY CERTIFICATES)	

REBUTTAL TESTIMONY OF
JOHN BEVINGTON
SENIOR DIRECTOR, BUSINESS AND ECONOMIC DEVELOPMENT
ON BEHALF OF
KENTUCKY UTILITIES COMPANY AND
LOUISVILLE GAS AND ELECTRIC COMPANY

Filed: July 18, 2025

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1 **INTRODUCTION**

2 **Q. Please state your name, position, and business address.**

3 A. My name is John Bevington. I am the Senior Director of Business and Economic
4 Development for PPL Services Company, which provides services to Kentucky
5 Utilities Company (“KU”) and Louisville Gas and Electric Company (“LG&E”)
6 (collectively, the “Companies”). My business address is 2701 Eastpoint Parkway,
7 Louisville, Kentucky 40223.

8 **Q. What is the purpose of your rebuttal testimony?**

9 A. I respond to intervenor concerns regarding data centers. I particularly (1) address why
10 data center load is not speculative, (2) explain that the Companies are supporting the
11 Commonwealth’s stated goals to attract these data centers, and (3) describe data
12 centers’ economic benefits, which are significantly greater than chain restaurants.

13 **DATA CENTER LOAD IS NOT SPECULATIVE**

14 **Q. Certain intervenors have asserted that the current wave of data center**
15 **development is largely speculative.¹ How do you respond to those claims?**

16 A. My experience with data centers—including the conversations I have every day—
17 strongly contradicts this assertion. The Companies are actively engaged in substantive
18 discussions and negotiations with developers and major hyperscale end-users. We are
19 working both with hyperscalers who seek to build data centers in Kentucky and
20 developers, including assisting the developers with locating tenants for their projects.
21 In short, the interest we are seeing from data centers is real, not speculative.

22

¹ See, e.g., Wellborn at 6-11; Hotaling at 5-20; Fisher at 2-15; Stanton at 13-40; O’Leary at 11-18.

1 **Q. Does the Companies’ current economic development pipeline remain strong?**

2 A. Yes. The Companies’ most recent supplement response to PSC 2-17(g) shows about
3 8,500 MW of economic development load potential. Even with Western Hospitality
4 Partners’ (“WHP”) recent withdrawal of its plans to construct a data center in Oldham
5 County, there is still strong data center potential in the Companies’ economic
6 development pipeline; as Tim A. Jones explains in his rebuttal testimony, there is an
7 expected data center load value of 1,870 MW, well above the Companies’ 1,750 MW
8 load forecast, out of a total 5,700 MW of data center potential. The Companies
9 continue to field new inquiries from data center projects including interest from data
10 center operators and developers of data center sites. Also, projects that have initiated
11 transmission service requests (“TSR”) and that are in more advanced stages of
12 development like the Camp Ground project mentioned above, continue to make
13 progress in their negotiations with tenants and operators. There is also strong load
14 potential in the Companies’ economic development pipeline from projects other than
15 data centers—more than 580 MW of expected value in manufacturing, logistics,
16 commercial and community benefit projects, as Mr. Jones explains, out of a total of
17 2,800 MW for those categories. Therefore, the Companies’ economic development
18 pipeline remains strong.

19 **Q. Do recent developments affect the Companies’ overall outlook for data centers in**
20 **their service territory?**

21 A. No. WHP’s decision to consider other locations is due to permitting challenges and
22 community opposition. While WHP said it currently has no plans to develop a data
23 center in Oldham County, they did reinforce Kentucky is a “state full of opportunity

1 and strong interest for future projects.”² While individual projects may be delayed or
2 canceled due to site-specific factors, like permitting and zoning, the underlying demand
3 for data centers remains strong.

4 **Q. Ms. Hotaling and Mr. Stanton raise concerns raised about the limited number of**
5 **TSRs.³ How do the Companies respond to those concerns?**

6 A. The current volume of TSRs does not reflect the actual level of market interest. The
7 Companies have deliberately advised prospective customers not to submit TSRs
8 prematurely, as doing so would unnecessarily clog the transmission interconnection
9 queue. This approach helps maintain the integrity of the queue while serious
10 negotiations continue in parallel. Mr. Bellar also discusses the transmission system
11 challenges of submitting a large volume of TSRs. Accordingly, the Commission
12 should not interpret the TSR queue as a comprehensive representation of the growing
13 demand for data center interconnection.

14 **Q. What are data center customers and developers communicating as their highest**
15 **priority?**

16 A. Without exception, both hyperscalers and developers have made clear that speed to
17 market—the prompt and reliable availability of energy—is their primary concern. In
18 my experience, this is the most decisive factor in site selection and project viability.

19 **Q. Does industry research echo this concern?**

20 A. Yes. An April 2025 Deloitte survey of 120 U.S.-based data center and power company
21 executives demonstrated that both industries ranked power and grid capacity

² Controversial Oldham County data center project dropped after backlash, WDRB, July 3, 2025, *available at* https://www.wdrb.com/news/business/controversial-oldham-county-data-center-project-dropped-after-backlash/article_f3bc4301-b632-48cf-a005-2d24acebc01c.html.

³ Hotaling Testimony at 22-25; Stanton Testimony at 18-19.

1 constraints in meeting load growth as the *primary* challenge for data center
2 infrastructure build-out, with 72 percent of all respondents considering it to be “very”
3 or “extremely” challenging.⁴ This is consistent with a recent statement made by the
4 president of the Data Center Coalition, “Access to reliable electricity has become the
5 pacing challenge to building out America’s digital infrastructure.”⁵ Interestingly, it is
6 also consistent with a report cited in the testimony of Sierra Club witness Chelsea
7 Hotaling, which states in its first paragraph, “These potential data center customers are
8 relatively price insensitive, prioritizing fast and reliable *access to electricity as quickly*
9 *as possible.*”⁶

10 **Q. Is this challenge further exacerbated by the difference in timelines to construct**
11 **generation and data centers?**

12 A. Yes. As discussed further in Mr. Bellar’s testimony, most power capacity development
13 takes longer than data center build-outs, which can be completed in a year or two.
14 Tellingly, in the Deloitte survey I discussed above, data center executives ranked data
15 center and grid build-out timeline mismatches as the second greatest challenge facing
16 data center infrastructure build-out, just behind power and grid capacity constraints.

⁴ Deloitte, “Can US infrastructure keep up with the AI economy?” (June 24, 2025), available at <https://www.deloitte.com/us/en/insights/industry/power-and-utilities/data-center-infrastructure-artificial-intelligence.html> (accessed June 29, 2025).

⁵ Derek Robertson, “5 questions for the Data Center Coalition’s Josh Levi,” Politico (May 16, 2025), available at <https://www.politico.com/newsletters/digital-future-daily/2025/05/16/5-questions-for-the-data-center-coalitions-josh-levi-00354319> (accessed June 30, 2025).

⁶ Ryan Quint, Kyle Thomas, Jiecheng Zhao, Andrew Isaacs, and Casey Baker, “Practical Guidance and Considerations for Large Load Interconnections” at 3 (May 2025) (emphasis in original), available at <https://gridlab.org/portfolio-item/practical-guidance-and-considerations-for-large-load-interconnections/>. See Hotaling at 35 fn. 85.

1 Again, the data center industry could not be clearer: getting energy on their
2 timeline, i.e., as quickly as possible to serve their desired ramp schedules and ultimate
3 loads, is the primary challenge they face. *They are looking for speed to market.*

4 **Q. Given these concerns, is Mr. Kollen’s recommendation to delay approval of Mill**
5 **Creek 6 until 85 percent of the plant capacity is pre-sold a viable solution?**⁷

6 A. No. Any delay in establishing a path to interconnection, such as the sequential approval
7 mechanism proposed by Mr. Kollen for Mill Creek 6, is a material deterrent. Mr.
8 Kollen’s recommendation would further complicate the process for prospective
9 customers as it conditions the denial or approval of a customer’s request on another
10 unrelated customer requesting service from the Companies. Simply put, if energy
11 delivery is not certain and timely, these customers will pursue opportunities in
12 jurisdictions where it is.

13 **Q. Have prospective data center customers expressed interest in interruptible**
14 **service, energy efficiency programs, demand response, or virtual power plants?**

15 A. No. Not a single prospective data center customer has inquired about any of these
16 things. Contrary to the assertions of Mr. Stanton and Mr. Eiden,⁸ none has any
17 expressed interest in demand response or virtual power plants, even where their projects
18 may incorporate backup generation or energy storage capabilities. The Companies are
19 fully prepared and willing to address these issues if and when interest arises, but
20 developers and hyperscalers have not raised these topics in discussions with the
21 Companies.

⁷ Kollen Testimony at 12.

⁸ Eiden Testimony at 56-66; Stanton Testimony at 4-5, 45.

1 **Q. Have prospective data center customers inquired about renewable energy**
2 **resources?**

3 A. Yes. Some prospective data center customers have inquired about renewable energy.
4 In response, the Companies are actively working with those parties to evaluate ways to
5 implement options that align with their goals.

6 **THE COMPANIES ARE SUPPORTING KENTUCKY’S**
7 **STATED AIMS TO ATTRACT DATA CENTERS**

8 **Q. What is the position of the Kentucky General Assembly regarding the**
9 **development of data centers in the Commonwealth?**

10 A. The General Assembly has made its stance unequivocally clear: attracting and securing
11 data center investment is a matter of *paramount importance* to the Commonwealth.⁹
12 This is not merely an economic development initiative—it is a legislative priority
13 grounded in the recognized long-term value these facilities can bring to Kentucky. The
14 Companies are attempting to serve the customers that arrive in response to the
15 Commonwealth’s stated aims.

16 **Q. Are the Commonwealth’s efforts to attract data centers working?**

17 A. Yes. Prior to the enactment of KRS 154.20-222, the Companies were not receiving
18 inquiries from data centers and developers. The passage of sales tax exemptions has
19 yielded tangible interest from data center operators and hyperscale customers.
20 Kentucky is now in the conversation for major projects in a way that it was not prior to
21 the passage of KRS 154.20-222, contrary to Mr. Stanton’s assertion that incentives do
22 not matter because they are common.¹⁰

⁹ KRS 154.20-222.

¹⁰ Stanton Testimony at 15.

1 **Q. What are the potential risks if adequate energy resources are not made available**
2 **to serve these customers?**

3 A. If the energy necessary to support these highly valuable prospects is not available, they
4 simply will not locate in Kentucky. That is not a hypothetical risk; it is a certainty.

5 **Q. How has the General Assembly addressed the relationship between energy supply**
6 **and economic development?**

7 A. The General Assembly has recognized that “reliable, resilient, dependable, and
8 abundant supplies of electrical power” is a foundational requirement for Kentucky’s
9 current economy and future economic development.¹¹ Without a credible and timely
10 path to energy service, the Commonwealth cannot deliver on the promise of its pro-
11 economic development policies.

12 **DATA CENTERS WILL BRING SUBSTANTIALLY GREATER ECONOMIC**
13 **BENEFITS THAN CHAIN RESTAURANTS, WHICH IS WHY THE GENERAL**
14 **ASSEMBLY HAS SOUGHT TO ATTRACT DATA CENTERS AS A MATTER OF**
15 **PARAMOUNT IMPORTANCE**

16 **Q. Mr. O’Leary compares data centers to traditional commercial developments, like**
17 **Olive Garden restaurants, in terms of economic contribution.¹² How do the**
18 **Companies respond to such comparisons?**

19 A. That comparison fails to capture the magnitude and nature of the benefits associated
20 with data centers. Unlike traditional retail or restaurants, data centers create substantial
21 and sustained economic benefits far beyond direct employment figures. While
22 investments like those made by an Olive Garden are valuable, they are simply not

¹¹ KRS 164.2807(1)(d).

¹² O’Leary at 23 ln. 2-8.

1 comparable in scale or type to the transformative economic impact of a hyperscale data
2 center facility.

3 **Q. Can you elaborate on those benefits, particularly with respect to jobs and tax**
4 **revenues?**

5 A. Certainly. Data centers provide both direct and indirect economic benefits. On the job
6 front, the average wages for data center jobs are quite high, often exceeding six figures
7 annually,¹³ which is notably higher than the average Olive Garden job.¹⁴ These are
8 high-skill roles in engineering, systems operations, and technical infrastructure support.
9 In addition to these permanent jobs, data center projects generate hundreds of
10 construction jobs depending on the scale of the data center.¹⁵

11 Moreover, it is beyond dispute that the property taxes associated with a single
12 hyperscale data center would far exceed those of an Olive Garden or grocery store Mr.
13 O’Leary suggests would have a comparable economic impact.¹⁶ Using round numbers,
14 it would be reasonable to expect that a 400 MW data center would have an initial capital
15 investment of approximately \$4 billion,¹⁷ far exceeding the combined capital

¹³ Te-Ping Chen, *The Tech Job Paying Six Figures—No College Degree Required*, Wall St. J. (Aug. 14, 2024), available at https://www.wsj.com/lifestyle/careers/the-tech-job-paying-six-figures-no-college-degree-required-ec85e5f1?gaa_at=eafs&gaa_n=ASWzDAjkxy2wEaPuKkhyodlOQhcNE66PUJPz-1XycyqU3qK2pkxzAW5YMVAQKJ2WxNo%3D&gaa_ts=68617944&gaa_sig=i9PUgHclK64fxkY1om3k6i6PrWHyo_IJPYU8bpw0qOc10fm7WB27SDQOgYizh_B2xoNqMe3vTTehn2_yJOyYkg%3D%3D; Ron Starnier, *The World Needs More Data Center Workers*, Site Selection Mag. (Nov. 2024), available at <https://siteselection.com/the-world-needs-more-data-center-workers/>.

¹⁴ See, e.g., <https://www.indeed.com/cmp/Olive-Garden/salaries?location=US%2FKY> (accessed July 13, 2025).

¹⁵ See, e.g., Indiana Economic Development Corp., “Gov. Holcomb announces Meta to build an \$800M Data Center Campus in Indiana” (Jan. 25, 2024), available at <https://iedc.in.gov/events/news/details/2024/01/25/gov.-holcomb-announces-meta-to-build-an-800m-data-center-campus-in-indiana> (accessed July 13, 2025).

¹⁶ O’Leary at 23 ln. 2-8.

¹⁷ See, e.g., Gerstner, Grant, “\$6 billion OC Data Center planned on Highway 53,” *The Oldham Era* (Mar. 28, 2025) (discussing \$6 billion investment for 600 MW data center development comprising eight 75-MW data centers), available at <https://www.pmg-ky1.com/oldham%20era/news/6-billion-oc-data-center-planned-on-highway-53/article%20af7b318a-fb9e-58fb-9b6f-c86c63b14f4d.html> (accessed Apr. 1, 2025); Mary Zhang, “How Much Does it Cost to Build a Data Center?”, *Dgtl Infra* (Nov. 5, 2023), available at

1 investment of all eight Olive Garden restaurants in Kentucky.¹⁸ If such a data center
2 located in Jefferson County, its effective state and local property tax rates would exceed
3 1% for real property and 1.4% for tangible personal property.¹⁹ Thus, in the first year
4 of operation, state and local property taxes alone on such a data center would likely
5 exceed \$50 million.²⁰ Even without accounting for state and local sales taxes on non-
6 exempt expenditures, income taxes for data center and construction workers, and
7 occupational license taxes stemming from on-site employment, construction, and
8 contract labor, the tax revenue for just the first ten years of such a data center would
9 run into hundreds of millions of dollars.²¹ These revenue streams would flow to the
10 state, counties, school districts, and other local taxing jurisdictions.

<https://dgtlinfra.com/how-much-does-it-cost-to-build-a-data-center/#:~:text=Electrical%20systems%20comprise%20the%20largest,occupied%20by%20infrastructure%20and%20equipment> (accessed July 13, 2025).

¹⁸ See <https://www.olivegarden.com/locations/location-search> (showing eight Olive Garden locations in Kentucky) (accessed July 13, 2025); <https://topfranchise.com/products/olive-garden/> (“The total price to open a new Olive Garden restaurant typically ranges from \$300,000 to \$5.5 million, influenced by factors such as size, build-out, and regional construction costs.”) (accessed July 13, 2025).

¹⁹ Real property taxes consist of .109% state property tax, .121% Metro Louisville property tax, .735% Jefferson County Public School tax, and local fire protection or other local taxes of at least .08%. Tangible personal property taxes consist of .45% state property tax, .166% Metro Louisville property tax, .735% Jefferson County Public School tax, and local fire protection or other local taxes of at least .08%. See, e.g., Jefferson County Sheriff’s Office, “Property Tax”, available at <https://www.jcsoky.org/property-tax/rates> (accessed July 13, 2025).

²⁰ This assumes 25% of the data center capital investment is taxed as real property and 75% as tangible personal property (\$1 billion x 1.0% = \$10 million; \$3 billion x 1.4% = \$42 million; total of \$52 million). Regarding the percentage of real property versus tangible personal property, see, e.g., U.S. Chamber of Commerce, “Data Centers: Jobs & Opportunities in Communities Nationwide” at 3 (June 15, 2017), available at https://www.uschamber.com/assets/documents/ctec_datacenterrpt_lowres.pdf, with related article available at <https://www.uschamber.com/technology/data-centers-jobs-opportunities-communities-nationwide> (accessed July 13, 2025). See also McKinsey & Company, “The cost of compute: A \$7 trillion race to scale data centers,” McKinsey Quarterly (Apr. 28, 2025), available at <https://www.mckinsey.com/industries/technology-media-and-telecommunications/our-insights/the-cost-of-compute-a-7-trillion-dollar-race-to-scale-data-centers> (accessed July 13, 2025).

²¹ Consider that data center operators typically replace their servers in the five- to ten-year range, which would replenish the depreciated tax base associated with data center computing equipment. See, e.g., Natasha Maguire, “How Long Do Data Center Servers Last?”, Procurri (Apr. 24, 2025), available at <https://www.procurri.com/2025/04/24/how-long-do-data-center-servers-last/#:~:text=On%20average%2C%20while%20OEMs%20tend,6%20and%20integrated%20systems%2010> (accessed July 13, 2025); Data Center Knowledge, “Data Center Hardware Refresh Cutback by Microsoft — What’s Next?” (Aug. 25, 2022), available at <https://www.datacenterknowledge.com/hyperscalers/data-center-hardware-refresh-cutback-by-microsoft-what-s-next-> (accessed July 13, 2025).

These revenues could be particularly transformative to smaller school districts across the Commonwealth. For instance, in Bell County, where the Companies have submitted a TSR for a potential 350 MW data center, the annual budget for the school system is approximately \$40 million; an annual increase of millions of dollars in tax revenue for that school system would be particularly significant.

Q. How should the Commission interpret the value of data centers in light of these considerations?

A. The General Assembly has made its intent clear: attracting data center investment is a statewide priority and a matter of paramount importance. It has created the requisite tax environment to bring data centers here; the Companies are simply trying to facilitate this investment and the Commonwealth's stated aims by seeking to ensure they will have adequate resources to meet the need the General Assembly has stated it intends to create.

The Commission is uniquely positioned to advance Kentucky’s long-term competitiveness by approving critical infrastructure to enable these investments. The Commission now holds the key. It can either open the door to a future-ready Kentucky, aligning with the state’s legislative vision and capitalizing on billions in private-sector investment, or it can risk letting this opportunity pass us by—while neighboring states continue to benefit from data center investment.

CONCLUSION

Q. What is your recommendation for the Commission?

A. The Companies are committed to delivering reliable service and supporting Kentucky's economic vision. The evidence demonstrates that data center load is real and material, that the Companies are acting in alignment with Kentucky's expressly stated policy

1 goals, and that the economic benefits of these projects significantly outweigh those of
2 more conventional commercial development. The Commission's decision in this case
3 presents a meaningful opportunity to support a future-focused investment in
4 Kentucky's growth and competitiveness.

5 **Q. Does this conclude your testimony?**

6 A. Yes, it does.

VERIFICATION


COMMONWEALTH OF KENTUCKY)
)
COUNTY OF JEFFERSON)

The undersigned, **John Bevington**, being duly sworn, deposes and says he is the Senior Director – Business and Economic Development for PPL Services Corporation and he provides services to LG&E and KU Services Company, that he has personal knowledge of the matters set forth in the foregoing testimony, and the answers contained therein are true and correct to the best of his information, knowledge, and belief.



John Bevington

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 7th day of July 2025.



Notary Public

Notary Public ID No. KYNP63286

My Commission Expires:

January 22, 2027

