United States Senate

WASHINGTON, DC 20510

September 30, 2026

Ann Rendahl
President
National Association of Regulatory Utility Commissioners
1101 Vermont Avenue NW, Suite 200
Washington, DC 20005

Jehmal Hudson
First Vice President
National Association of Regulatory Utility Commissioners
1101 Vermont Avenue NW, Suite 200
Washington, DC 20005

Dear President Rendahl & First Vice President Hudson:

We write to ask NARUC and its member commissions to act now to protect residential and small-business ratepayers from the cost of serving large data centers. Specifically, we ask that every state utility commission adopt a dedicated rate rider — a separate tariff mechanism — that applies to every large data center in its jurisdiction, so that data centers pay the full cost of the generation, transmission, and distribution built to serve them, as well as the cost of their use of existing generation, transmission and distribution. Furthermore, such a tariff should cover "ripple" costs borne by all ratepayers, such as increased costs associated with ensuring the planning reserve margin and other grid stability requirements.

Data centers are the largest, fastest-growing electric load in the country. A single campus can require as much power as a mid-sized city, and utilities are proposing billions of dollars in new plants and lines to serve them. Under traditional cost-of-service ratemaking, much of that cost is spread across all customer classes. Without clear rules laying out cost responsibility, families, small businesses and other industry customers in New Mexico, Arizona, Washington and every other state will pay for infrastructure they did not ask for and may never use — including stranded assets if a data center scales back or leaves.

We ask NARUC and its member commissioners to turn their attention to this issue with the utmost priority and ask that NARUC develop model tariff language, technical support and resolutions to help members adopt data center riders that, at a minimum, include:

- Full cost recovery from the data center for any generation, transmission, or distribution investment made to serve it as well as the cost share of existing generation, transmission and distribution serving them;
- Minimum-bill or take-or-pay provisions – provisions that ensure data centers pay for the cost of infrastructure as it is constructed – with contract terms long enough to cover the life of the assets built for the load;

- Collateral, exit fees, and creditworthiness requirements so that other customers are not left with stranded costs;
- Rules to include transparency, including public reporting of contracted load, energy use, and actual bills paid;
- Rules that prevent a data center from shifting costs to other customers through self-supply arrangements, including standby customers, or by contracting around the rider; and
- Language that requires data centers to, at minimum, comply with state clean energy and climate policies.

Several of your member commissions — including Ohio, Virginia, Georgia, and Indiana — have already approved large-load tariffs that are directionally consistent with these principles. Because this is an area that is evolving rapidly and is of great complexity, NARUC is uniquely positioned to ensure that all state commissions have the resources and tools they need to make informed decisions on large load tariff design.

The authority to set retail rates was delegated by Congress to the states. That is why we are writing to you. It is clear that unless states implement data center rate riders, consumers and small businesses will experience rate increases. There is also precedent for this kind of action from NARUC. Therefore, we ask that NARUC take this up at its Annual Meeting in November and report back to us on the steps you and your members have taken.

Thank you for your leadership and for your partnership with the states in protecting the Americans we all serve.

Sincerely,

Ben Ray Luján
United States Senator

Martin Heinrich
United States Senator

Mark Kelly
United States Senator

Maria Cantwell
United States Senator