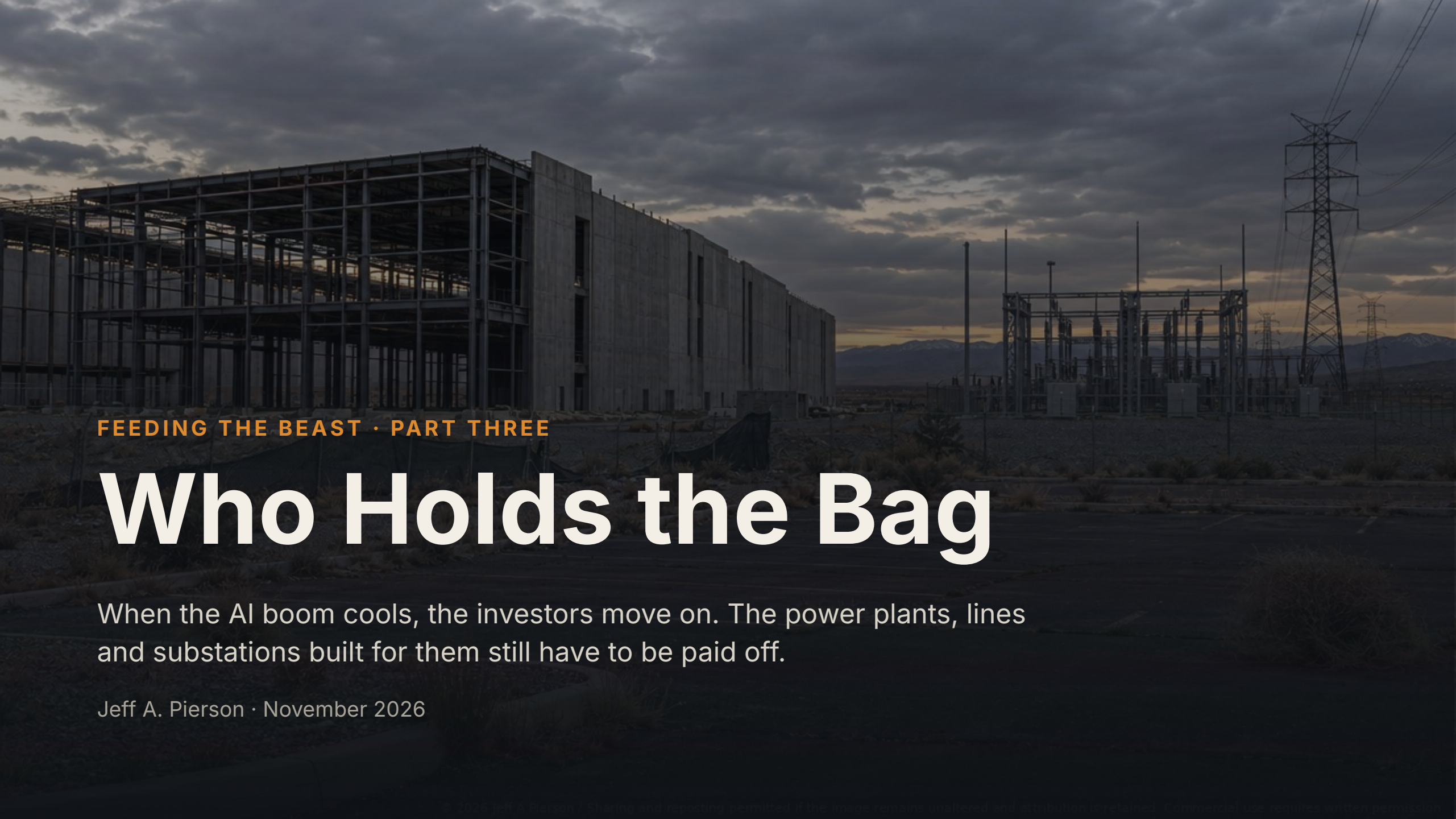


FEEDING THE BEAST · PART THREE

Who Holds the Bag

When the AI boom cools, the investors move on. The power plants, lines and substations built for them still have to be paid off.

Jeff A. Pierson · November 2026

How a stranded cost happens

1

A developer asks for power

Often at several utilities at once, for the same project

2

The utility builds

Gas plants, lines and substations, paid off over decades

3

The customer shrinks or leaves

A cancelled lease, a funding crunch, a bankruptcy

4

Everyone else pays it off

Approved investments stay in rates whether the load shows up or not

The data center can walk away from its lease. You can't walk away from your utility.

Most of the demand on paper isn't real

72%

of the 1,066 GW of U.S. data center power requests is likely phantom load, per Wood Mackenzie. That's 768 GW that may never draw a watt.

30+ → 13 GW

AEP Ohio's data center queue after Ohio made developers pay for at least 85% of the capacity they reserve, whether they use it or not.

Make developers put money down and the speculation disappears fast. Ohio proved it.

Sources: Wood Mackenzie via Capacity Media (Aug. 25, 2026); Data Center Dynamics on AEP Ohio's revised filing; PUCO order (July 9, 2025)

The biggest builders are already pulling back

OpenAI and Oracle cancelled plans to grow their flagship Abilene, Texas campus from about 1.2 to 2 gigawatts over financing and OpenAI's shifting demand forecast.

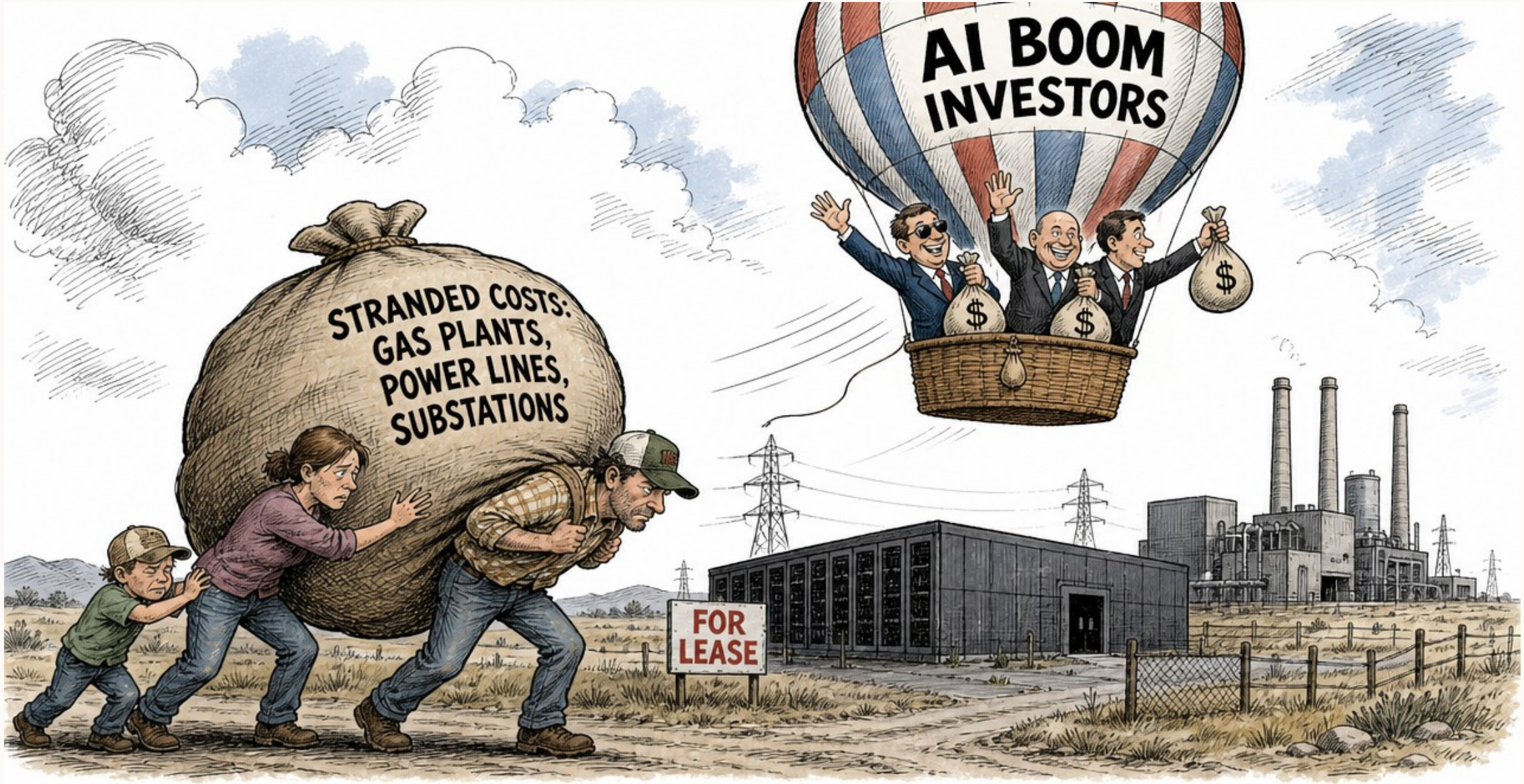
OpenAI then paused its U.K. project, walked away from a Norway site Microsoft picked up, and now says it would rather lease computing than own it.

THE WARNING

In a market correction, data centers could end up *"crashing out of their tariff arrangements,"* leaving utilities with assets those customers can no longer pay for.

Advait Arun, Center for Public Enterprise, to Utility Dive (Mar. 6, 2026)

Sources: Bisnow and Bloomberg (2026); Tom's Hardware (Apr. 29, 2026); Utility Dive (Mar. 6, 2026)



The investors take the upside. You get the bag.

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Idaho is building for it now

167 MW gas plant at Bennett Mountain, approved, due summer 2028

222 MW South Hills gas plant, filed, planned for 2029

430 MW Peregrine gas plant, filed, planned for 2030

Idaho Power says it has used take-or-pay terms and upfront payments in some cases. It has no plans for a standard public large-load tariff. Each deal is a "tariff of one."


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Sources: IDACORP Q4 2025 and Q1 2026 earnings calls via MarketBeat; Idaho Press guest commentary on PUC case IPC-E-26-04

Other states already require it

Where	What large data centers must sign
Ohio (AEP)	Pay for at least 85% of contracted capacity for up to 12 years. Leave early and pay three years of minimum charges.
Virginia (Dominion)	14-year contracts starting 2027, minimums of 85% for wires and 60% for generation, $1.5 million per MW in collateral, exit fees
Oklahoma	By 2026 law, large loads cover their own grid and interconnection costs
Idaho	Private one-off contracts. No standard public tariff.

Sources: PUCO order (July 9, 2025) via Power Magazine and Vorys; Virginia SCC Case PUR-2025-00058 via Inside Climate News and Environment+Energy Leader; Construction Owners on Oklahoma HB 2992

Six terms for every Idaho large-load contract

1. **Minimum bills** of at least 85% of contracted demand
2. **Contract terms** as long as the debt on what gets built for them
3. **Exit fees** that cover the unpaid balance
4. **Collateral** posted up front, sized to the full build
5. **A signed tenant** before a single megawatt goes into the plan
6. **One public tariff** in place of secret one-off deals

If the investors believe in the boom, they won't mind signing.

Sources

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They take the upside. They carry the risk.

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