



**Track Emerging Utility/Data Center Performance Drivers**

The unusual spat between Amazon and Oregon’s utility PacifiCorp reveals new aspects to watch as investors fine-tune their exposures to utilities, infrastructure, and data centers. In a recently-filed complaint to the Public Utility Commission of Oregon (PUC), Amazon argues that PacifiCorp is failing to provide power to four new data centers. Amazon developed the data center campuses over the past four years in PacifiCorp’s exclusive retail service territory in Oregon. In its complaint, Amazon cites a number of power agreements it negotiated with the utility. Amazon argues PacifiCorp is now breaching some of these agreements. The utility’s formal answer is due by mid-December, based on Oregon’s PUC docket.

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We see the situation underscoring the following broad angles, aside from the specific fate of Amazon’s data centers in Oregon, or any implications for PacifiCorp:

- **Airtight power agreements to ensure data center performance.** Power failures are a critical risk factor for any data center. Data center tenants typically have performance-driven early termination options, as we previously [discussed](#).<sup>1</sup> Power agreements can be complex, and nuanced. For example, Amazon and PacifiCorp have gone through a multi-phase contracting process, based on the PUC docket. The parties entered into (1) Electric Service Study Agreement (design work and construction cost estimates); (2) Engineering, Materials and Procurement Agreement (detailed engineering and long-lead materials); and (3) Master Electric Service and Facilities Improvements Agreement (improvement construction and electric service provision).
- **Data centers in exclusive service territories.** Amazon claims it cannot reasonably cover or mitigate the power failure harm by obtaining power from another utility. Interestingly, as an alternative to forcing PacifiCorp to perform per the power agreements, Amazon is asking the PUC to remove the data centers from the utility’s exclusive service territory.
- **Public Utility Commissions clout and authority.** PUCs handling of power markets and their participants is becoming crucial. PUCs stance and decisions on situations such as Amazon/PacifiCorp are impactful. PUCs also are involved in the intensifying effort to contractually settle who pays for electricity infrastructure construction and [upgrades](#).<sup>2</sup> All told, tracking and analyzing what goes on in PUCs stands to be an integral part of underwriting data center exposures.

<sup>1</sup> “Early Terminations: Tenant-friendly Provisions to Move up Data Center Rollovers,” Securitized Products Special Topics, Academy Securities, April 30, 2025

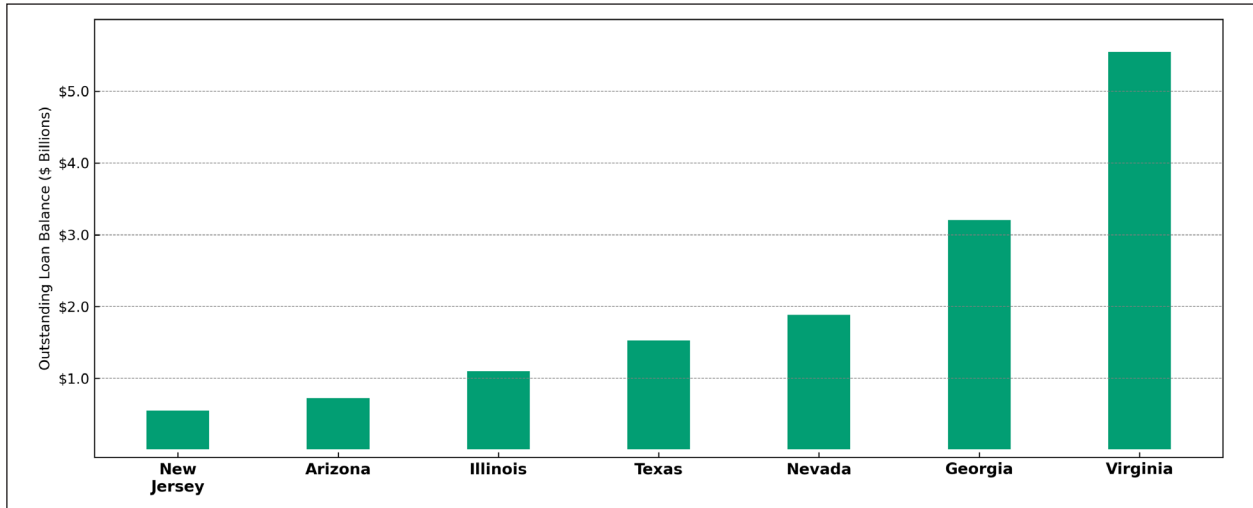
<sup>2</sup> “Power Costs: Data Centers and Recovery Bonds Poised for More Predictability,” Securitized Products Special Topics, Academy Securities, March 10, 2025

**Power Failures: Amazon/PacifiCorp Dispute Spotlights Power Agreements**

**Sector De-Clustering Pulls in a Broader Range of Market Participants**

Data centers ongoing de-clustering means a broader range of PUCs, utilities, and exclusive service areas matters for investor portfolios. Investors clearly can now gain exposure to properties beyond just the Northern Virginia market. Even as the area’s two major submarkets, Ashburn and Manassas, remain the most dominant data center hubs, securitized data center deals include a widening range of other primary and secondary hubs (Figure 1).

Figure 1. Data Center Exposure by State

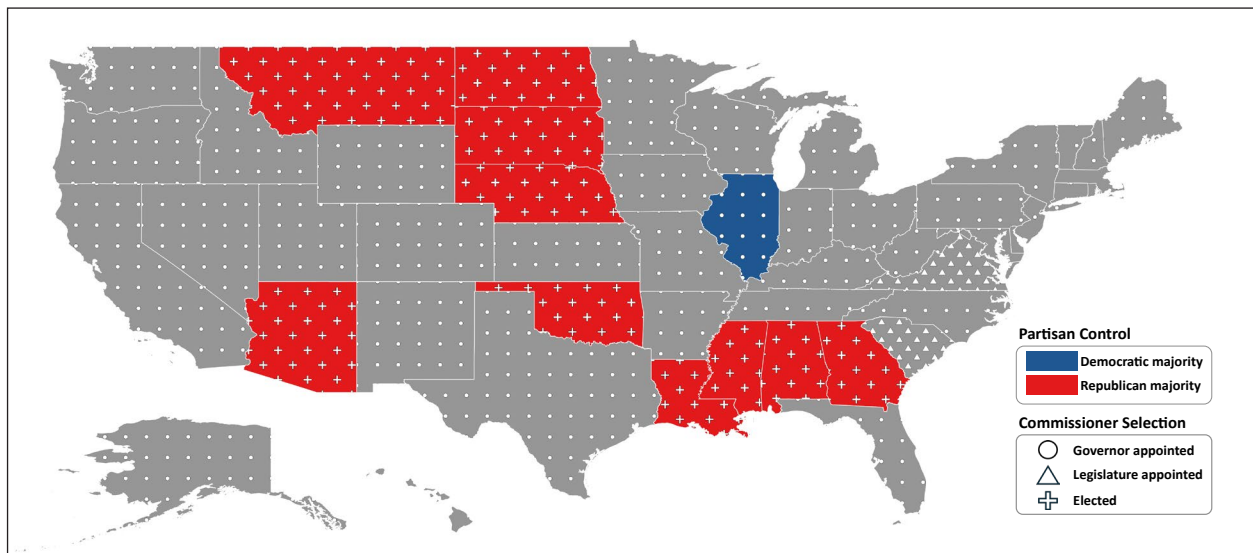


Source: Morningstar Credit and Academy Securities

**Peeking Into PUCs Dynamics**

Public utility commissions are not all created equal. Ten states hold a popular election process to select their public service commissioner (Figure 2). In most other states the state governor appoints the commissioner. In Virginia and South Carolina the state legislature selects the commissioners.

Figure 2. Public Service Commissioners Selection Process and Partisan Control



Source: BallotPedia and Academy Securities

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**In states with elected PUCs, the commissions vary in their partisan control.** An election-driven change in a PUC partisan composition may potentially have some effect on its policies. Notably, in Georgia voters elected in November to oust two Republican commission members. Democrats replaced them. Sharp increases in energy costs in Georgia may have driven the political upset, based on press reports. New infrastructure to support anticipated surge in electricity demand from data centers may have been a key reason for the rising utility bills. Securitized data center deals have the second-largest exposure to properties in Georgia, as Figure 1 showed. Examples include ATL1DC4 in Blackstone Data Center Portfolio 7 (\$1.5 billion, BX 2025-VLT7) and ATL1DC2 in Blackstone Data Center Portfolio (\$2.05 billion, BX 2025-VLT6).

**It is not clear if the PUC election results in Georgia, or in other similar situations, would directly impact any specific data center-related decisions the PUC makes going forward.** But utilities themselves are most likely taking a closer look at affordability concerns. Interestingly, ahead of its December scheduled response to the Amazon complaint, PacifiCorp noted to news outlets that it is acting in good faith “in a manner that would achieve Amazon’s operational goals while protecting PacifiCorp’s existing customers from increased costs and reliability issues[...] It is PacifiCorp’s policy position to avoid direct and indirect harms between customers. This is consistent with Oregon law which ensures new data center loads do not jeopardize customer affordability.”

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