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## CITY OF HUTCHINSON (Frequently Asked Questions)

**What is a Data Center?** – Data centers are facilities used primarily for the storage, management, processing, and transmission of digital data, which houses computer or network equipment, systems, services, appliances, and other associated components related to digital data storage and operations. Data centers have been around in Minnesota since the early 1980's. They have become more prevalent in recent years due to the expansion of the digital economy, digital storage and artificial intelligence.

**State of Minnesota's Definition of a Data Center** – Minnesota State Statute 216B.02 defines Data Centers as a facility that is designed to have a load of 100 megawatts or more and whose primary purpose is the storage, management, and processing of digital data via the interconnection and operation of information technology and network telecommunications equipment, including all related facilities and infrastructure for backup electricity generation, power distribution, environmental control, cooling, and security.

**Where are Data Centers allowed to be located in Hutchinson?** – Data Centers can only be located in the I-1 (light industrial) and I-2 (heavy industrial) zoning districts only through a conditional use permit (a conditional use is basically a use that is permitted with conditions to mitigate negative effects).

**Is a Data Center coming to Hutchinson?** – Yes, the City Council approved final permits for the Owner/Developer at their August 26, 2025 City Council meeting. The Owner/Developer then entered into a Power Purchase Agreement with the Hutchinson Utilities Commission at their September 24, 2025 meeting.

**Where will it be located?** – 1025 5<sup>th</sup> Avenue SE (I-2 Zoning District)

**Who is the Owner/Developer?** – Anthony Levesque/B-MN Data Centers Inc. also d/b/a AAIM DataCenters

**How large will the facility be?** – 7,500 square feet (the site is large enough to allow for a future expansion to 15,000 square feet)

**What is the Job Creation for this Facility?** – Minimal, less than 5

**What is the Property Tax Impact?** – The property currently pays just over \$1,000 a year in property taxes. Property taxes are determined by the County Assessor and they use the value of the property/building to determine how much taxes a property will pay. At this time, based off of similar-sized facilities in town, it is estimated that the property will bring in \$7,500 - \$15,000 a year in property taxes (for all taxing entities).

**Are there any City incentives involved with this Project?** – No, the City has not provided any financial incentives/assistance to this project.

**Are there any other financial benefits to the City from this Project?** – Most likely. The city receives a PILOT (payment in the lieu of taxes) payment from the Hutchinson Utilities Commission (HUC). That payment is

4.50% of HUC's operating revenue. Any additional revenue that HUC receives from the data center will have a benefit to the taxpayers of Hutchinson.

**Was the public notified of this Project?** – Yes. The Planning Commission held two public hearings. One was held on April 15, 2025 to consider an ordinance amendment to the zoning code to include data centers as a conditional use in the I-1 Light Industrial Zoning District. The second hearing was held on August 19, 2025, to consider the conditional use permit for the Data Center. Both hearings were noticed in accordance with state law.

**What type of environmental studies or reviews have been done for this project?** – There have not been any. The requirements for environmental reviews are outlined in Minnesota Statute [116D](#) and Minnesota Rules [4410](#). The City follows these rules for environmental studies and has not gone over and above them for any business in the community. The size and scope of the data center coming to Hutchinson doesn't meet the requirements for an environmental review. On top of that, the State of Minnesota defines data centers as those facilities that are designed to have a load of 100 megawatts or more ([216B.02](#)). The facility coming to Hutchinson is expected to have a load of 20 megawatts.

**What type of studies have been done regarding air quality and emissions?** – In Minnesota, air quality and emission standards are handled and regulated by the MPCA, not the City.

**What about noise?** – The Conditional Use Permit (CUP) granted by the City requires that noise mitigation will be required to mitigate any noise the facility produces. The building permit submittal requires that a preliminary noise analysis to be done and methods to ensure the noise is within Minnesota state standards. Once the data center is up and running, a full noise study is to be completed within 180 days to confirm the facility is within Minnesota state standards for noise. If it does not comply with State noise standards, it will need to be brought into compliance within 60 days. If not, the CUP will be revoked, shutting down the facility.

**How will the City regulate the noise and pollution from the diesel engines that will be on site to provide backup power?** – At this time, there are no plans for a generator to be included on the site. The City's CUP requires that if any generator is installed in the future it will need to meet all State standards for noise along with all other city code requirements. On top of this, the installation of generators requires a building permit, so the installation would have to meet building code requirements along with air emission requirements of the State. Please note that the site plan submitted by the owner with the CUP did not have any generators noted in it.

**What impact will the facility have on groundwater/City's water supply?** – Very little, if any. In Minnesota, groundwater management is handled primarily by the Minnesota DNR with assistance from the Minnesota Department of Health and the MPCA. Currently, we are unaware of any requests from the project owner for a ground water source coming from this area. City code requires property owners to connect directly to the City's water system when located in town and accessible to our system. This facility is accessible to our system. They will be required to hook up to the City's water system for water use. The City also has measures in place to require backflow preventers if needed. Our understanding is that the only water the facility will use will be for bathrooms and maintenance/cleaning. There are no upgrades needed to the City's water system for this project. The State of Minnesota recently passed legislation outlining a specific process for large water users ([Chapter 12 - MN Laws](#)). This legislation is in addition to existing rules that require agency review and permits for water consumption. The City is already responsible for complying with these rules and others regarding aquifer restrictions and pumping limits, ensuring the City's water supply is safeguarded from overuse.

**How will the facility handle stormwater management?** – The facility must comply with the City’s stormwater management system just like any other commercial/industrial user within the city. If the facility disturbs more than one acre during construction, a stormwater pond is required. We have noted as a condition that we need full civil engineering plans to be submitted with the building permit.

**What other pollution standards have the City put in place?** – This plan will have to meet all City and State standards when it comes to pollution. Most pollution standards are regulated by state and federal agencies, not the City of Hutchinson outside of the requirements of section 154.124 of our city code, which regulates items like emissions, fire and explosion hazards, radioactivity or electrical disturbances, noise, vibration, smoke, odors, heat, and other pollutants (most of these point back to the state and federal requirements).

**What restrictions are in place to prevent future expansion that could substantially increase the project's footprint or energy consumption?** – The City’s CUP specifically notes that any expansion or intensification of the conditional use or change to another conditional use requires approval of a new conditional use permit, which will trigger a new public hearing. Right now, the proposal is for 7,500 square feet. The developer has talked about another 7,500 square feet on that site which would bring that total to around 15,000 square feet. Any expansion of its footprint would require another public hearing and CUP request. From an energy consumption perspective, regional transmission studies are done to ensure any new sizable load coming on the bulk power system locally and regionally would not have an adverse impact on the bulk power system. Currently, there are transmission upgrades planned or currently happening in the region to accommodate the increased load this part of the region has already seen and to provide additional capacity for the future. However, based on current market conditions and various joint agency transmission constraints & studies, this area would have limited capacity for the data center to “substantially” grow in energy consumption in the near future. This was communicated upfront to the owner for transparency.

**What contingency plans exist if future infrastructure upgrades are required to support the facility?** – At this time, there are no future upgrades needed or anticipated by HUC to support the data center’s 20 MW load. In addition, if any future infrastructure is needed that would be paid for by the data center per the Power Purchase Agreement. From the City’s standpoint, future infrastructure upgrades are at the sole discretion of the City. Just because someone asks for it doesn’t mean they get it. Right now, there is enough infrastructure in place to meet the needs of this facility. Upsizing any city infrastructure usually falls on the owner as an expense they must cover.

**What agreements and Non-Disclosure Agreements (NDAs) exist between the Owner and the City/Hutchinson Utilities?** – The only thing the City has is a CUP and Hutchinson Utilities has a Power Purchase Agreement. There is no NDA with the City or Hutchinson Utilities. Because Hutchinson Utilities and the City are public entities, all data on this project is public information.

**Will the City consider shutting this project down?** – The City will only consider doing this if the owner fails to meet the conditional use permit requirements of the City, building code requirements, or other Minnesota Statutes or rules that are within the City’s authority to enforce, and/or if the owner doesn’t voluntarily come into compliance when requested to do so.

## HUTCHINSON UTILITIES COMMISSION (Frequently Asked Questions)

**How much energy is the Data Center going to use?** - The Data Center will consume 20 MWs of power at its peak per hour (100% load factor). However, the Data Center will ramp up and down energy usage based on market pricing conditions.

**Is the Data Center Treated like other Retail Customers?** No, the Data Center has been established in a new “Large Power Customer Tariff” class that has strict requirements that are differentiated from HUC’s normal retail customer classes. The requirements are: **1)** 90% Load Factor, **2)** Electrical load must be “interruptible”, **3)** A Power Purchase Agreement must be approved designating the terms of the arrangement, **4)** Minimum electrical load must be 5 MW’s, **5)** Customer must provide collateral to cover 2 months of anticipated costs, **6)** Customer must be agreeable to cover certain portions of the upfront infrastructures costs based on the infrastructure requirements.

**What type of Cooling System is the Data Center going to use?** The Data Center will use a pure air-cooled system to cool the facility. A pure air-cooled system dissipates server heat by using ambient air and fans instead of liquid coolant inside the server room. This setup relies on cold/hot aisle containment and free cooling to remove heat, offering easy maintenance and zero risk of liquid leaks. The data center will use minimal water and sewer services.

**Will the Data Center have any adverse effects on the Bulk Power System or other retail customers?** No, HUC in conjunction with Missouri River Energy Services (MRES), Great River Energy (GRE), the load balancing authority in this region and the MISO market, reviewed the regional transmission needs & requirements to ensure the 20 MWs of power the Data Center will consume would not affect HUC’s current customers or the regional bulk power system. HUC determines the amount of energy it can provide for larger load customers. Customers cannot demand more energy than HUC is willing or able to provide them.

**Who is paying for the infrastructure needs of the Data Center?** The Data Center will be paying for all its infrastructure needs upfront before it will be provided with power per the Power Purchase Agreement.

**Can HUC provide the Data Center with that amount of energy without affecting the retail rate payers?** Yes, the Data Center will be purchasing power directly at the wholesale level from the MISO market on a separate commercial pricing node. So HUC does not have to generate or purchase power on behalf of the Data Center.

**Are there any costs the retail rate payers will be paying for the Data Center?** No, according to the Power Purchase Agreement, the Data Center is responsible for all the costs associated with its energy, transmission, capacity, and infrastructure needs.

**Are there any safeguards in place to ensure the Data Center pays its bills?** Yes, The Data Center entered into a Power Purchase Agreement with HUC that provides the framework and conditions that must be met to receive service from HUC. This agreement also includes a separate Credit and Security Agreement that requires the Data Center to pledge 2 months’ worth of collateral/security via a financial vehicle acceptable to HUC.

**Will the Data Center require new transmission assets to be built?** No, the Data Center will NOT require build-out of new substation or transmission line infrastructure because of the size of the data center load. The only infrastructure requirements are underground distribution conductor and customer switchgear equipment. This Infrastructure is similar in nature to many of HUC's large commercial/industrial customers.

**Will the Data Center provide any financial benefit to HUC & rate payers?** Yes, according to the Power Purchase agreement the Data Center will pay HUC an adder of 5 mill (\$.005/kwh or \$5/Mwh) at a minimum of 90% load factor to cover administrative and distribution costs. On an annual basis that will generate ~\$788K-\$876K a year that will help slow down and stabilize rates for the other retail customers in town.

**Are the new Hutch substation and Willmar Line transmission upgrades a result of the Data Center coming to town?** No, the Hutch substation improvements and Willmar Line upgrades are a result of discussions, planning, and coordination by multiple agencies that started back in 2022. These upgrades are a result of future capacity needs, aging infrastructure, and constraints on the bulk power system in the region.