ARTIFICIAL INTELLIGENCE TASK FORCE 2025

Minutes of the 3rd Meeting of the 2025 Interim

August 14, 2025

Call to Order and Roll Call
The third meeting of the Artificial Intelligence Task Force 2025 was held on August 14, 2025, at 9:00 AM in Room 171 of the Capitol Annex. Representative Josh Bray, Chair, called the meeting to order, and the secretary called the roll.

Present were:
Members: Representative Josh Bray, Co-Chair; Senator Amanda Mays Bledsoe, Co-Chair; Senators Michael J. Nemes, Steve Rawlings, Reginald L. Thomas, and Gex Williams; and Representatives Suzanne Miles and J.T. Payne.

Guests: John Bevington, Senior Director of Business and Economic Development, PPL Services Company; Caroline Clark, Director of External Affairs, LGE and KU; Sean Liu, Partner, Founders Fund; and Scott Nolan, CEO and Founder, General Matter.

LRC Staff: Janine Coy, Christian Deeter, Christina Gordley, and Lisa Moore.

Approval of the Minutes of the July 15, 2025, Meeting
Representative Miles motioned to approve the minutes of the July 15, 2025, meeting and Senator Thomas seconded the motion. The motion carried and the minutes were approved by voice vote.

Helping Power Kentucky's Growth
John Bevington, Senior Director, Business and Economic Development, PPL Services Company, provided an overview of LG&E and KU, and explained the energy and economic development pipeline. LG&E and KU are vertically-integrated utilities with territory in 90 Kentucky counties and 5 Virginia counties, serving over 1.3 million customers. LG&E and KU are the top US utility for corporate facility investment and job creation. Companies in its service territories accounted for 45 percent of statewide investment announcements, with 39 percent of investments and 34 percent of the jobs landing in LG&E and KU's service territories. The current pipeline of projects for Kentucky incudes approximately 8.5 GW of new load potential from industrial expansion, new manufacturing projects, public benefits and healthcare investments, and data centers.

Data centers represent two-thirds of the capacity requests in the pipeline. Kentucky's sales tax exemption for qualified data centers was instrumental in the potential creation of 20 new data center projects totaling 5.6 GW of potential power. For every MW of computing power, approximately $10 million investment is needed to build a data center. The biggest challenge for data centers is power and grid capacity constraints in meeting load growth. Other issues include cyber and physical security concerns, supply chain disruptions affecting equipment and materials, difficulty in securing permits, workforce constraints, and gas deliverability. LG&E and KU are increasing the transmission infrastructure for increased demand.

In response to Senator Rawlings, Mr. Bevington said Kentucky's recent sales tax exemption was pivotal for the 20 data center projects to locate in Kentucky. While there is not specific data to compare to other states, Ohio has been a leader in this industry with the implementation of their sales tax exemption in 2010.

In response to Senator Thomas, Mr. Bevington explained that data centers locating in Kentucky may create $40 to 50 million a year in revenue that would benefit local communities, school systems, and the overall state economy. He argued Kentucky should take advantage of the economic development and tax revenue opportunity.

In response to Representative Payne, Mr. Bevington said LG&E and KU are looking at a variety of cost-effective energy forms to meet the demand, and solar is a small part of the equation. To meet the demands, a new battery storage unit will be utilized to store solar energy, and natural gas combined-cycle units are being constructed.

In response to Senator Thomas, Mr. Bevington said data centers can be built anywhere that transmission gridlines are located. Some companies may prefer to build near universities or certain workforces.

Senator Williams emphasized the importance of the capacity of data lines. Kentucky is an ideal location for a plant as the state has less natural disasters than other areas of the country. In response to questions, Mr. Bevington said Kentucky has a required reserve capacity to meet customer service needs. They have requested an increase from the Public Service Commission, which has not been approved. Kentucky requires a utility company to be a certified regulated utility to sell power. He discussed a high load factor tariff that would require a data center to sign a 15-year commitment to ensure they pay certain costs.

Responding to Senator Nemes regarding less traffic after construction of the data facilities, Mr. Bevington acknowledged there may be a smaller level of employment after construction but also less constraints on the road. Caroline Clark, Director of External Affairs, LG&E and KU, said the new tax revenues would not have to be designated to build new roads or schools, and could be used to maintain existing infrastructure.

Chair Bray said the legislature may need to review regulatory reform, so Kentucky can be competitive with other states moving forward.

Ms. Clark stated Kentucky's regulatory model has kept rates low and competitive for 50 years. There are benefits to the current regulatory model that has served the state well.

Powering and Deploying AI

Sean Liu, Partner, Founders Fund, provided an overview of powering Artificial Intelligence (AI) and the surging demand from AI forecasted to cause grid stress. The US has a lagging ability to bring on new power, and AI factory power demand will increase over three times in the next five years. This coupled with reindustrialization, will lead to large supply and demand mismatches. AI is the next industrial revolution and is creating emerging markets where energy is abundant. AI research firms are battling for research talent, who largely reside in San Francisco. However, the long-term battle is over electricity, HVAC, steel, and water. Many states are supporting policy for AI, clean energy, and advanced manufacturing. States are also deregulating in order to speed up approval for power, provide energy subsidiaries, and offer workforce training programs.

Responding to Senator Thomas, Mr. Liu stated many data centers are being built in primary, secondary, and emerging markets where there is existing power and infrastructure. Kentucky is not seen as an emerging market because sustainable power is not yet abundant, and AI planning is still in the early stages.

Responding to Senator Williams, Mr. Liu said renewable energy is important, but companies are striving for a diversified and sustainable energy mix for the future, including nuclear power. He said most companies prefer gas over coal as a bridge until future generations of nuclear, wind, and solar are available.

Fueling America's Intelligence

Scott Nolan, CEO and Founder, General Matter, said the company is restoring US leadership in nuclear fuel production. General Matter announced its first enrichment site in Paducah at the former Paducah Gaseous Diffusion Plant. The company is backed by Founders Fund, a leading VC known for partnering with the government to transform critical industries. AI relies on three inputs, including algorithms, power, and chips. To scale, data centers are relying on clean, safe nuclear power. Mr. Nolan prophesied that leadership in nuclear energy enables leadership in AI. The Paducah plant has most of the attributes AI data centers seek such as power, community support, water, and tax burden.

In response to Chair Bray, Mr. Nolan said Kentucky should focus on base load by having utilities available and supplying power to the site.

Responding to Co-Chair Mays Bledsoe, Mr. Nolan said the nuclear plant and the data center could share infrastructure, but will be completely separate facilities. He said there were no EPA roadblocks at this time.

Responding to Senator Thomas, Mr. Nolan said the facility in Paducah was selected because it had experience with nuclear energy with the enrichment site, and there is good community support. The site is ideal, located about 20 minutes outside of town, as it is easily commutable. Communities might feel more comfortable with the reactor sites being a little further outside of town, unless they are the new, smaller modular reactors.

Responding to Senator Rawlings, Mr. Nolan said the facility will be brand new construction as the existing facility could not be used due to issues such as asbestos.

Adjournment
There being no further business, the meeting adjourned at 10:15 AM.