United States Senate
COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS
WASHINGTON, DC 20510–6075

June 10, 2026

Joseph Bae and Scott Nuttall
Co-Chief Executive Officers
KKR & Co. Inc.
30 Hudson Yards
New York, NY 10001

Dear Mr. Bae and Mr. Nuttall:

I write to express concern about private equity firms' increased involvement in the development and operation of data centers, including firms' increased purchases of data centers, data center operators, data center campuses, and associated software and hardware.[1] As data centers contribute to rising utility costs and environmental degradation, and as AI companies continue to take on extensive debt to finance their operations, private equity's increased footprint in the data center industry threatens to make existing problems even worse. I therefore request additional information on KKR's acquisitions to better understand how your firm is affecting the American public's day-to-day costs.

The rapid growth of the AI industry has led to the increased construction of data centers, which house the critical infrastructure that powers AI products and services. Data centers are costly to build, expensive to operate, and require the ongoing maintenance of power generation, cooling, connectivity, and security systems. By 2028, AI and Big Tech companies are expected to spend nearly $3 trillion on data center construction and maintenance.[2] Though these companies have historically financed data center buildouts using their own cash flow, estimates suggest that the AI sector will spend just $1.4 trillion of their own money by 2028 to finance data center buildouts.[3] To fill the $1.6 trillion spending gap, these companies are increasingly turning to alternative financing mechanisms.[4]

Private equity firms have stepped in to fill the gap, both to finance construction and to support the broader data center industry. Capital from private equity firms accounts for approximately 90% of the total value of data center industry deals since 2022, and firms have invested in more

[1] Private Equity Stakeholder Project, "Critical questions about private equity's big bet on data centers," Alissa Jean Schafer, March 17, 2025, https://pestakeholder.org/news/critical-questions-about-private-equitys-big-bet-on-data-centers/.
[2] The Guardian, "Boom or bubble? Inside the $3tn AI datacentre spending spree," Dan Milmo, November 2, 2025, https://www.theguardian.com/technology/2025/nov/02/global-datacentre-boom-investment-debt.
[3] *Id.*
[4] The New York Times, "Debt Has Entered the A.I. Boom," Ian Frisch, November 8, 2025, https://www.nytimes.com/2025/11/08/business/dealbook/debt-has-entered-the-ai-boom.html.

than 450 data center companies.[5] Private equity investment into data centers rose to $45.70 billion in 2025, a five-year record high, and private equity funding is predicted to account for $350 billion of data center financing by 2028.[6] One of the largest investments include Kohlberg Kravis Robers' (KKR) and Global Infrastructure Partners' (GIP) $15 billion acquisition of CyrusOne. CyrusOne manages 50 data center facilities and 800 clients across North America, Europe, and Asia.[7] GIP is a private equity firm specializing in energy infrastructure acquisitions, and began operating as a subsidiary in 2024 after BlackRock's $12.5 billion acquisition of the company, making it "the private equity firm with the most gas-fired power plants in its portfolio" at the time of the deal.[8] DigitalBridge and IFM investors, meanwhile, conducted an $11 billion deal to buy out Switch, a data center facility and colocation company.[9] In 2021, Blackstone took ownership of QTS–one of the three largest data center providers in the country–for at least $10 billion.[10] And in 2024, Brookfield merged two data center colocation portfolio companies, Cyxtera and Evoque, and created a new company, Centersquare. This $775 million deal resulted in Centersquare "[controlling] 320MW of capacity across 50 data center locations."[11] The industry "has [also] established a foothold in all parts of the data center lifecycle, from assembling land where future data center campuses will be built …, to direct data center operation, to data destruction."[12]

As private equity firms purchase data centers and affiliated infrastructure, they appear to be relying extensively on debt. Of the 451 data center and private equity deals conducted from 2022 to 2024, the majority were leveraged buyouts (LBO), an acquisition strategy in which private equity firms make purchases using borrowed money and pass the debt off to the acquired company.[13] Research shows that LBOs are ten times more likely to bankrupt a company, as compared to similar companies that have not been acquired.[14] If the company is unable to service its debt, it could trigger losses that extend to other exposed financial institutions. Private equity

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[5] Americans for Financial Reform, "Private Equity and the New Silicon Rush," March 4, 2025, https://ourfinancialsecurity.org/wp-content/uploads/2025/03/PE_Data-Centers.pdf.

[6] Private Equity Stakeholder Project, "Private equity cash fuels data center buildout," Jim Baker, May 26, 2026, https://pestakeholder.org/news/private-equity-cash-fuels-data-center-buildout/; The Wall Street Journal, "Wall Street Blows Past Bubble Worries to Supercharge AI Spending Frenzy," Matt Wirz and Peter Rudegeair, November 16, 2025, https://www.wsj.com/finance/investing/wall-street-ai-spending-bubble-810d270e.

[7] Americans for Financial Reform, "Private Equity and the New Silicon Rush," March 4, 2025, https://ourfinancialsecurity.org/wp-content/uploads/2025/03/PE_Data-Centers.pdf.

[8] Private Equity Stakeholder Project, "From Power Plants to Processors," Amanda Mendoza, October 31, 2025, https://pestakeholder.org/reports/from-power-plants-to-processors/; Reuters, "BlackRock strikes $12.5 bln deal for Global Infrastructure Partners," January 12, 2024, https://www.reuters.com/business/finance/blackrock-quarterly-profit-rises-strong-assets-under-management-2024-01-12/.

[9] Americans for Financial Reform, "Private Equity and the New Silicon Rush," March 4, 2025, https://ourfinancialsecurity.org/wp-content/uploads/2025/03/PE_Data-Centers.pdf.

[10] Truthout, "Grassroots Organizers in Wisconsin Offer Blueprint for Beating Back Data Centers," Derek Seidman, February 14, 2026, https://truthout.org/articles/grassroots-organizers-in-wisconsin-offer-blueprint-for-beating-back-data-centers/.

[11] Americans for Financial Reform, "Private Equity and the New Silicon Rush," March 4, 2025, https://ourfinancialsecurity.org/wp-content/uploads/2025/03/PE_Data-Centers.pdf.

[12] *Id.*

[13] *Id.*

[14] *Id.*; Americans For Tax Fairness, "Private Equity, Public Damage," February 14, 2025, https://americansfortaxfairness.org/private-equity-public-damage/?doing_wp_cron=1775166052.3404479026794433593750.

firms have used LBOs to finance acquisitions in a variety of sectors, including healthcare, defense, and specialty retail, often with disastrous results and ending in bankruptcy filings.[15] The use of LBOs raises significant questions about the stability of this data center financing and its implications for our nation's data infrastructure. Bankruptcy of the companies that provide critical digital infrastructure, for example, could result in loss of crucial data and service outages for customers relying on data center services.[16]

Data centers have proven to have negative environmental impacts and significantly worsen quality of life for residents in the vicinity, all of which may be exacerbated by rapid expansion funded by private equity firms.[17] According to one industry insider, private equity purchases of data centers may "intensify the longstanding problems with data center operations."[18] In 2025, private equity firms accounted for over 70% of investments into the country's data centers,[19] facilitating rapid growth and exacerbating existing issues associated with data centers, "such as draining local water sources to cool servers, high and (often under-reported) carbon emissions, acoustic pollution, and increased costs and strain for local electricity ratepayers."[20] Private equity investments are funding data center buildouts that have, in one case, consumed almost 30 million gallons of water without payment, resulting in water pressure issues for nearby residents,[21] and in another case, enabled data center buildouts with plans to use over 400 highly polluting diesel-powered backup generators.[22]

Meanwhile, the proliferation of data centers around the country has contributed to the rapid rise in utility costs for the American public. A 2026 study found that U.S. electricity use attributed to data centers rose from 1.9% to 4.4% between 2018 and 2023.[23] The same study estimates that the national average of electricity costs could increase between 6% and 29% by 2030, with some states like Virginia potentially experiencing a cost spike of up to 57%, "primarily tied to data

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[15] *See, e.g.*, Private Equity Stakeholder Project, "Genesis Healthcare files for bankruptcy," Michael Fenne, August, 11, 2025, https://pestakeholder.org/news/genesis-healthcare-files-for-bankruptcy/; Reuters, "Medical helicopter company Air Methods files for bankruptcy," Dietrich Knauth, October 24, 2023, https://www.reuters.com/legal/medical-helicopter-company-air-methods-files-bankruptcy-2023-10-24/; Fortune, "How Joann Fabrics went from a cult-favorite retail darling to a bankruptcy disaster," Lila MacLellan, March 29, 2025, https://finance.yahoo.com/news/joann-fabrics-went-cult-favorite-080000161.html.

[16] Thompson Coburn LLP, "Data in the cloud: What if the cloud provider goes bankrupt?," Matthew I. Hafter, March 7, 2018, https://www.thompsoncoburn.com/insights/data-in-the-cloud-what-if-the-cloud-provider-goes-bankrupt/.

[17] Environmental Health Project, "The Dangers of Data Centers," Elan Justice Pavlinich, PhD, February 27, 2026, https://www.environmentalhealthproject.org/post/the-dangers-of-data-centers.

[18] Americans for Financial Reform, "Private Equity and the New Silicon Rush," March 4, 2025, https://ourfinancialsecurity.org/wp-content/uploads/2025/03/PE_Data-Centers.pdf.

[19] Private Equity Stakeholder Project, "Private equity cash fuels data center buildout," Jim Baker, May 26, 2026, https://pestakeholder.org/news/private-equity-cash-fuels-data-center-buildout/.

[20] Americans for Financial Reform, "Private Equity and the New Silicon Rush," March 4, 2025, https://ourfinancialsecurity.org/wp-content/uploads/2025/03/PE_Data-Centers.pdf.

[21] Politico, "A data center drained 30M gallons of water unnoticed — until residents complained about low water pressure," Arianna Skibell, May 9, 2026, https://www.politico.com/news/2026/05/08/georgia-data-centers-water-00909988.

[22] Illinois Times, "Limited environmental assessment of data center," Dilpreet Raju, March 19, 2026, https://www.illinoistimes.com/news/limited-environmental-assessment-of-data-center/.

[23] Fortune, "Americans' AI hate wave might just be gathering steam: Data centers could hike power costs in some states over 50% by 2030," Tristan Bove, May 19, 2026, https://fortune.com/2026/05/19/data-centers-electricity-costs-us-public-opinion/.

center expansion."[24] Electric utilities are building out new power plants and transmission lines to provide energy to accommodate data centers' electricity needs, and frequently socialize the costs of this infrastructure buildout among all ratepayers.[25] This expansion results in increased profits for utility companies and discounted rates for data centers driving higher electricity usage, with households footing the bill.[26] If the AI boom turns out to be a "bubble," as many speculate,[27] "unneeded infrastructure for data centers" could be "[subsidized]" by utility customers rather than the tech companies building out the infrastructure or the private capital funding it, since companies may abandon data centers that are no longer needed.[28] Private equity firms with investments in and control of data centers, as a result, are in charge of the entities driving up monthly bills for consumers across the country.

Yet in addition to purchasing data centers–and thus controlling entities with gargantuan demands for electricity and energy–private equity firms have invested into energy infrastructure. Blackstone, for example, recently acquired the Potomac Energy Center power plant in Virginia, even as they "control…as much as 1000 MW of data center load" in the state.[29] As of 2025, private equity firms own or invest in over 150 fossil fuel power plants.[30] By positioning themselves to control everything from the ground that data centers are built on to the electricity consumed by data centers, private equity firms are becoming an "especially outsized force driving the data center boom, pouring billions into construction deals while also … profit[ing] from supplying AI's insatiable energy demands."[31] While American customers see their utility bills skyrocket, private equity firms want to have their cake and eat it too.

In order to better understand the risks to American consumers of private equity's increasing ownership across the entire data center lifecycle and private equity firms' influence over energy supply and demand please respond to the following questions by June 27, 2026:

1. Please provide detailed information about all data center companies you have ownership or investments into including:
    a) The dates and terms of acquisition.
    b) The location(s) of the company.

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[24] *Id.*
[25] Harvard Law School, Environmental & Energy Law Program, "Extracting Profits from the Public: How Utility Ratepayers Are Paying for Big Tech's Power," Ari Peskoe and Eliza Martin, March 5, 2025, https://eelp.law.harvard.edu/extracting-profits-from-the-public-how-utility-ratepayers-are-paying-for-big-techs-power/.
[26] *Id.*
[27] The Guardian, "Boom or bubble? Inside the $3tn AI datacentre spending spree," Dan Milmo, November 2, 2025, https://www.theguardian.com/technology/2025/nov/02/global-datacentre-boom-investment-debt.
[28] Institute for Energy Economics and Financial Analysis, "Data centers drive buildout of gas power plants and pipelines in the Southeast," Cathy Kunkel, January 29, 2025, https://ieefa.org/articles/data-centers-drive-buildout-gas-power-plants-and-pipelines-southeast.
[29] Private Equity Stakeholder Project, "From Power Plants to Processors," Amanda Mendoza, October 31, 2025, https://pestakeholder.org/reports/from-power-plants-to-processors/.
[30] *Id.*
[31] Truthout, "Grassroots Organizers in Wisconsin Offer Blueprint for Beating Back Data Centers," Derek Seidman, February 14, 2026, https://truthout.org/articles/grassroots-organizers-in-wisconsin-offer-blueprint-for-beating-back-data-centers/.

c) Who currently controls the company and how decisions are made.
d) Changes you made to the financial structure of these companies after you acquired or invested into these companies.
e) Operational changes you made to these companies.
f) A list of any "roll-ups" of data-center companies that you have conducted along with details of the mergers.

2. What is your firm's procedure if a data center you own or have significant investments in files for bankruptcy?
    a) Please list any data centers you own or have significant investments in that have declared bankruptcy along with a description of major leadership decisions taken in the lead-up to the bankruptcy, the debtor's largest expenses in the two years leading up to the bankruptcy filing, a list of all transfers from the debtor to the private equity firm in the two years leading up to the bankruptcy filing, a list of the debtor's primary creditors, and the repercussions for consumers.

3. Please provide detailed information about your investments and ownership of companies in the data center supply chain including "data center campuses", "data center operation[s]", and "data destruction". Please include the following:
    a) The dates and terms of acquisition.
    b) The location(s) of the company.
    c) Who currently controls the company and how decisions are made.
    d) Changes you made to the financial structure of these companies after you acquired or invested into these companies.
    e) Operational changes you made to these companies.

4. Please provide any documentation to show your efforts to mitigate regulatory risks that accompany owning data centers.

5. Please provide an explanation of how you are ensuring that your significant footprint in both energy supply and demand will not allow you to increase energy costs and exploit American people.

Sincerely,

Elizabeth Warren
Ranking Member
Committee on Banking,
Housing, and Urban Affairs