PETERSBURG BOROUGH
ORDINANCE NO. 2026-24

AN ORDINANCE ESTABLISHING A TEMPORARY MORATORIUM ON ISSUANCE OF BOROUGH PERMITS FOR CERTAIN DATA CENTER DEVELOPMENT

WHEREAS, the Petersburg Borough, during the term of this moratorium, intends to review and study the effects and impacts of data centers and consider revisions to the municipal code designed to protect the health, safety, and welfare of the Borough's residents and businesses and the existing Borough power and water supply; and

WHEREAS, data centers may place substantial demands on the interconnected electrical grid, water resources, public infrastructure, and emergency services, and the Borough's existing ordinances do not specifically address all of these impacts; and

WHEREAS, available electrical service is subject to existing generation, transmission, distribution, and interconnection capacity, existing commitments, reliability requirements, and applicable limitations imposed by utilities, outside agencies and power suppliers, and governmental authorities; and

WHEREAS, using generators to supply a data center's normal operating demand beyond available grid capacity can negatively impact air emissions and noise levels, and require fuel storage and transportation, fire protection, and spill-response plans, all of which necessitate and warrant further review; and

WHEREAS, cooling systems that are not fully self-contained and closed-loop may affect water consumption, wastewater, water quality, and the environment; and

WHEREAS, Borough staff, the Planning Commission and the Assembly need time to research environmental and quality of life impacts, economic benefits and costs to the community and the Borough, demands on emergency services, and other effects and impacts of these operating models; and

WHEREAS, it is in the best interests of the health, safety, and welfare of the residents and businesses of the Borough that no building, electrical, plumbing or other land use permits or development approvals be issued during the term of this moratorium if such permits relate to the establishment of certain new data centers, or the expansion of certain legally existing data centers, as further set out herein; and

WHEREAS, such a temporary, targeted moratorium will allow this contemplated review and study while otherwise allowing the permitting of data centers whose normal electrical loads can be served by current grid capacity, whose cooling systems are fully self-contained and closed-loop, and whose generators are limited as provided in this ordinance; and

WHEREAS, under this moratorium, the Assembly does not intend to prohibit backup generation for business continuity during grid outages and curtailment directed by Petersburg Municipal Power & Light, or disturb the operation of any data center that is lawfully operating on the date of adoption.

THEREFORE, THE PETERSBURG BOROUGH ORDAINS as follows:

Section 1. Classification: This ordinance is of a temporary nature and shall not be codified in the Petersburg Municipal Code.

Section 2. Purpose: The purpose of this ordinance is to establish a moratorium through September 30, 2027, unless further extended by Assembly Resolution or earlier repealed, on the issuance of borough building, electrical, plumbing or other land use permits or development approvals issuance for certain data center development as described below, while the Borough studies and evaluates impacts and recommends appropriate standards.

Section 3. Substantive Provisions:

A. Applicability. The moratorium adopted under this ordinance applies to issuance of any borough building, electrical, plumbing, or land use permit or other development approval for a certain new data center or expansion of an existing data center, as further set out in section C below, and applies regardless of whether an application is pending upon the date of adoption of this ordinance. This ordinance applies wherever the Borough has authority to issue the permit or approval and does not create or expand building-code enforcement authority outside an authorized service area.

B. Definitions. For purposes of this ordinance:

1. Data center. A building, group of buildings, or other facility whose principal use is housing and operating computer servers and associated equipment for data processing, storage, hosting, artificial intelligence computing, or digital asset computing. The term includes modular and containerized facilities and associated power and cooling equipment. The term 'data center', as used herein, does not include ordinary server rooms, telecommunications rooms, network closets, or automated data-processing equipment provided they are accessory and incidental to another lawful principal use on the same property and are used primarily to support the internal operations of the owner or occupant of the principal structure.

2. Normal operating electrical load. The maximum electrical demand of the data center for which permitting or approval is requested under its proposed ordinary operating conditions, including for computing, cooling, power conversion, and operation of other support equipment.

3. Current grid capacity. The maximum electrical capacity that PMPL determines in writing is presently available and deliverable to the data center site for the proposed normal operating electrical load, after accounting for existing commitments, required operating reserves, reliability, and applicable generation, transmission, distribution, and interconnection limits. Capacity dependent on future facilities, upgrades, approvals, or allocations is not included in current grid capacity.

4. PMPL. Petersburg Municipal Power & Light.

5. Fully self-contained, closed-loop cooling system. A cooling system in which One Hundred Percent (100%) of the liquid coolant and refrigerant circuits remain contained and recirculate during all operations within the facility's design envelope, including secondary and heat-rejection circuits. The system cannot use once-through cooling, evaporative cooling towers, evaporative or adiabatic water consumption, routine blowdown, or routine discharge of coolant or cooling water to the environment or a sewer. Dry air heat rejection is permitted. Controlled filling, servicing, and replacement of contained fluids do not constitute an open loop, provided the fluids are recovered, contained, and lawfully managed.

C. Moratorium on permit or approval issuance. No permit or approval described in section A shall be issued by the borough for a data center if any of the following apply:

1. The data center's proposed normal operating electrical load would not be fully supplied by PMPL's current grid capacity or would exceed or violate an applicable restriction, allocation, license or agreement condition, order, or other binding limitation of an outside agency, power supplier, grid operator, or governmental authority, including without limitation the Southeast Alaska Power Agency (SEAPA).

2. The data center proposal relies on diesel, natural gas, fuel or other generators to provide its normal operating electrical load, or to bridge a difference between current grid capacity and the data center's normal operating electrical load, whether as primary, continuous,

temporary, supplemental, or peak-shaving power, except for the uses expressly permitted in section D.

3. Any part of the data center's cooling system fails to meet the fully self-contained, closed-loop requirements of subsection B.5.

D. Permitted backup generation.

1. Subsection C.2 does not prohibit use of back-up generators to maintain business continuity, protect equipment, or provide life safety during an actual interruption of grid power serving the data center or during a curtailment directed by PMPL.

2. The exception lasts only for the duration of the outage or PMPL-directed curtailment and the time reasonably necessary to safely transfer back to restored PMPL service. A voluntary reduction in grid purchases, a price-based operating choice, or a request for service beyond PMPL's current grid capacity is not an outage or PMPL-directed curtailment.

3. Backup generators may be tested and maintained only to the extent required by applicable law, permit conditions, or manufacturer requirements. Testing and maintenance shall not be scheduled or extended to supply ordinary operating power or compensate for inadequate grid capacity.

4. Generator capacity shall not be included in calculating current grid capacity. An interruptible service arrangement does not qualify a data center whose normal operating electrical load cannot be met by PMPL's current grid capacity.

E. Required application information and findings. In addition to other borough permitting and approval requirements, an applicant seeking a building, electrical, plumbing, or land use permit or other development approval for a new data center, or expansion of a legally existing data center, shall comply with the following terms and procedures:

1. The applicant shall submit a complete electrical load schedule for the proposed development; the proposed utility service and interconnection arrangements; generator ratings, fuel types, and proposed operating and testing procedures; and cooling-system plans showing every coolant circuit, heat-rejection method, water source, and proposed discharge.

2. Before a permit or approval may be issued, PMPL shall provide a written determination of the normal operating electrical load that can be supplied by current grid capacity and identify applicable service limitations. The applicant shall provide any and all information, agency approvals, and other documentation necessary to demonstrate that the data center does not fall within the restrictions of subsections C.1 and C.2.

3. The applicant shall submit cooling plans and a certification of compliance, prepared by an Alaska-licensed professional engineer qualified to evaluate the proposed system, demonstrating that the system meets the fully self-contained, closed-loop requirements of subsection B.5 and C.3. The Borough may require clarification or supporting information reasonably necessary to verify the certification.

4. The Borough officials responsible for issuance of the permits or approvals shall make written findings addressing each prohibition of section C. If the information is insufficient to make such any such finding, the applicable permit or approval shall not be issued. A qualifying project remains subject to all other applicable requirements of borough ordinances and regulations, as well as state and federal law; compliance with this ordinance does not guarantee a permit, reserve electric capacity, or obligate a utility to provide service.

5. Permits and approvals issued for a data center shall identify the approved operating electrical load, current grid capacity, utility limitations, cooling design, and permitted generator

uses as applicable permit or approval conditions, with a proviso that PMPL's current grid capacity may decrease from time to time depending on the factors set out in section B.3. A change to those features requires renewed review before implementation.

6. The Borough's standard permit requirements, enforcement and appeal procedures apply to a permit or approval issued for a data center hereunder. This ordinance does not revoke a valid permit issued before its adoption.

Section 4. Review and Recommendations:

The Borough Manager shall coordinate the review and study by Borough staff, the Planning Commission, and outside consultants as needed of the effects and impacts of data centers and return to the Assembly with findings and recommendations on or before June 21, 2027. The review may address, at the Manager's discretion, some or all of the following:

A. Environmental effects, including air emissions, water use and quality, coolant handling, waste, fuel storage and transportation, spills, and cumulative effects.

B. Community quality of life, including noise, vibration, lighting, traffic, visual effects, adjacent land uses, and community character.

C. Economic effects on residents, existing businesses, and the Borough, including employment, tax and utility revenues, energy costs, infrastructure costs, public-service costs, and potential costs of closure or abandonment.

D. Effects on fire protection, emergency medical services, law enforcement, hazardous-material response, emergency access, communications, staffing, training, equipment, and mutual aid.

E. Electrical capacity, reliability, competing and future community demand, outage and curtailment operations, and applicable external agency, governmental, and power-supply restrictions.

F. Appropriate siting, development, operating, monitoring, and enforcement standards.

G. Applicant responsibility for professional consultations and studies.

H. Authority and procedures needed to apply future data center regulations throughout the Borough, excluding the City of Kupreanof.

The review shall provide opportunities for public input, and include consultation with affected utilities, agencies, and qualified professionals. Proposed ordinance changes and other recommendations shall be submitted to both the Borough Assembly and Planning Commission.

Section 5. Severability: If any provision of this ordinance or its application to any person or circumstance is held invalid, the remainder of this ordinance and its application to other persons or circumstances shall not be affected.

Section 6. Effective Date and Expiration of Moratorium: This ordinance, and the moratorium adopted hereunder, are effective upon adoption. The moratorium shall expire automatically, with no further action of the Assembly required, at 11:59 p.m., Alaska time, on the 30th day of September, 2027, unless extended by resolution of the Assembly, or earlier repealed.

PASSED AND APPROVED by the Petersburg Borough Assembly, Petersburg, Alaska, this _____ day of _____, 2026.

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Robert Lynn, Mayor

ATTEST:

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Rebecca Regula , Borough Clerk