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WHAT COST AI: THE DATA CENTER DILEMMA

While travelling a few months ago through northern Indiana, I was taken aback by the massive sprawl of a data center, overwhelming and replacing the acres of sweet corn and soybeans that had previously been there. It took me awhile to figure out what it was, but I recognized it by its massive cooling towers. What really surprised me was the sprawling layout, that seemed to stretch on for more than a mile.

The problems raised by data centers are many, although I am going to focus more on electricity and water consumption in this article. My cousin, who was with me at the time, recognized it for what it was, given his engineering background. His comment was so basic and simple, that it had the undeniable ring of truth: Where are we going to grow our food?

A data center consists of multiple buildings that contain rows of computer servers, data storage systems, and networking equipment, as well as electric power systems and cooling towers that are necessary to operate the data center. There are hyperscale data centers, which are massive in size and range up to a million square feet, enterprise data centers which are for private data storage for a particular business, and colocation data centers which rent their facilities to various businesses.

Data centers are the direct result of massive expansion of AI (artificial intelligence). Who are the main corporations behind the data center boom? The usual suspects: Amazon Web Services, Microsoft, Google, Facebook/Meta, and Apple. The federal government supports the development of data centers because they are believed to spur economic growth and because the growth is perceived to be necessary to ensure national security in the global AI race, i.e. we don't want China to win the battle of artificial intelligence.



Besides the massive loss of farmland....or any land, for that matter, as apparently there are plans to build several data centers in the desert....the electricity consumption is on an unprecedented scale, followed by water consumption associated with the cooling towers. There is also a noise pollution problem, as the cooling towers and other electrical apparatus run 24/7, there are carbon emission problems, and the prospect that somehow these massive developments will generate jobs is purely a myth. There are concerns that the massive demands on the grid will destabilize it, delay renewable energy development, and compete for an already limited supply of electricity. At the front end, construction jobs will be generated, but this is short term. The data centers themselves, once up and running, do not generate any significant number of jobs, and long term, the generation of artificial

intelligence, which is fueled by these data centers, is a job killer.

Using Indiana as an example, I've always said the rust-belt will rise again, mostly due to the abundance of water it has. But this was not what I envisioned. Why is the Mid-west attractive? For the same reasons projects are developed everywhere: cheap water and labor, affordable land, and large tax incentives. Arguably, attracting more business to an area that has been economically distressed for a long time should be a good thing, but the payoff is long term, and the short term cost is enormous. Indiana is just one of the newer areas targeted for data center development. There are plans on the books to build massive data centers in the desert- Arizona and Nevada- which have a lot of wide open space, but no water. The biggest existing data centers in the U.S. are in Northern Virginia (think Washington D.C.), Dallas-Ft.Worth (major hyperscale data center), Silicon Valley—the heart of the data center revolution, where there is neither an abundance of power, nor affordable land, and Oregon and Washington, which apparently generates significant low cost hydropower.

What is the cost to the consumer? Higher electricity costs, for one. The infrastructure in many places is simply just not there when it comes to producing massive amounts of electricity. Rebuilding the infrastructure takes time and money, which is passed along to the consumer. In addition, the consumption of electricity is so disproportionate to consumer use, such that a data center may consume up to 25% of the power generated in a region. That strains demand on the system, also pushing up costs. Overall, it is estimated that the data centers nation-wide could consume up to 12% of all electricity generated in the United States. In 2014, data centers consumed around 1.4% of total electricity usage nationwide; by 2028, this figure is expected to be 4-5 times greater: between 7% and 12% of all electricity consumed across the country.

Approximately 40-50% of all electricity consumed by data centers is due to IT equipment: servers, storage, networking equipment, and data security systems. The cooling systems consume another 30-40% of the electricity, and the power system itself, including backup systems, use another 10-15%. The electricity is generated by natural gas (40%), wind and solar (24%), nuclear power (20%), and coal (15%). For what it is worth, it is reported that data center users are investing in renewable energy. Google states it has been carbon neutral since 2007 and aims to be carbon free by 2030; Microsoft states it will be carbon negative by 2030; Amazon has a stated goal of using 100% renewables by 2025, and Meta says it will have net zero emissions by 2030. Most commentators expect that nuclear power will gradually play a large role and the construction of small nuclear plants is on the rise.

It is no wonder that consumers are pushing back as the benefit is negligible and the cost disproportionately high. Sam Altman's prediction that AI will allow everyone to have a successful start-up as well as a guaranteed income is a long way off.



About Susan Barilich, P.C.

I'm Susan Barilich, the owner and founder of Susan Barilich, P.C.

Our practice focuses on litigation and trial work. We have over 30 years of experience handling civil disputes involving commercial, corporate, real estate, construction, and other business disputes.

Being involved in a lawsuit can be expensive and risky. You want a lawyer with a long track record that has the ability to develop the strategy necessary to effectively handle your case and obtain a result that is cost-effective and successful. Experience in this area is key. You need a lawyer who can think quickly on their feet, so to speak. The court room is not an arena for beginners.

Before we take your case, we discuss with you the issues of importance, and make a realistic assessment of the result you wish to accomplish and whether we can achieve that for you. Where budgeting is of concern, we address that, as well.

We are able to compete with much larger firms due to the extensive litigation experience we have. We are able to control our expenses much more readily than a larger organization and will commit only the resources actually needed. Our approach is a practical one; you get experienced counsel at reasonable rates.



"We develop the strategy necessary to effectively handle your case and obtain a result that is cost-effective and successful"

THE BRAVE NEW WORLD OF PAYING COLLEGE ATHLETES

(Is amateurism dead?)

The debate over whether college athletes should be paid, beyond scholarships and stipends, may have its roots in a workers' compensation suit, *University of Denver v. Nemeth*, filed in 1953 by a student athlete. The arguments against are that paying college athletes significant sums of money during their college years blurred the lines between amateur athletics and the professional teams. The competing arguments are that college level players were effectively being used by the university system to make millions of dollars which did not benefit the players, but instead, the NCAA and its executives and bureaucracy, as well as paying multi-million dollar salaries to many college coaches.



California lead the country in adopting California's Fair Pay to Play Act in 2019 which allowed student-athletes in California to profit from "Name, Image, Likeness" (NIL) deals, which lead to similar legislation throughout the United States. Then the U.S. Supreme Court decided *National Collegiate Athletic Association v. Alston* (2021) by unanimously ruling against the NCAA limits on education-related benefits. The Court rejected the NCAA's arguments regarding amateurism, and noted the "highly profitable" and professional nature of college sports. The NCAA then adopted an NIL policy permitting athletes to take advantage of endorsement deals, sponsorships and other forms of compensation.

Next was the case of *House v. NCAA*, a class action lawsuit filed in 2020 seeking \$2.8 billion, in which the lead plaintiffs, Grant House and Sedona Prince, sought an injunction to force the NCAA to lift its restrictions on revenue sharing from broadcast rights. The allegations were that the NCAA was a monopoly and its rules controlling how various universities treated their players violated anti-trust laws. The settlement was approved on June 6, 2025, allowing schools to directly pay athletes by sharing up to \$20.5 million a year, while forcing third-party NIL agreements to be evaluated to determine if they meet the "fair market value" standard.



Most States that permit student athletes to be paid have adopted "revenue sharing," which is income paid directly by the university to the athlete out of the athletic department budget. Revenue sharing, as the name implies, allows the school to pay athletes out of their existing budgets, with the big revenue generators, football and basketball, resulting in the biggest payouts to the student athletes.

UCLA, UC Berkeley, Stanford and the University of Southern California were participants in the *House* settlement. The potential payouts to student athletes at UC Berkley, estimated to be a total of \$12 million annually, could average up to \$200,000/yr. per player, if distributed evenly to men's basketball players, \$100,000/yr. per player for men's football, and \$60,000/yr. per player for women's basketball.



Most Division 1 schools have formed collectives, which are in theory independent of the school, but fund NIL opportunities for the student-athlete. There are three collectives for Texas schools: University of Texas, Texas A & M, and Texas Tech, and another called the "Lonestar NIL" which applies to all Texas schools. San Diego State has a collective. There are at least another 29 collectives at State schools around the country. The collectives can be tax-exempt (or not) and can package business opportunities or pool booster and supporter funds and deliver them to athletes. In addition, the NCAA is required to divide up around \$2.8 million which is ear-marked for former student athletes who were not paid prior to the settlement being reached.

Paying college athletes is not without its problems however. Funding allocation is based both on type of sport, for example basketball and football players are the primary beneficiaries, with other sports getting significantly less or nothing. The allocation, practically speaking, is gender biased, with women's college teams being allocated substantially less money, which may violate Title IX. In probably the strangest turn of events, at least some of the professional teams are now claiming that the players they are getting are "too old," i.e. although one of the intended results of paying college players was to get them to stay in school longer and not "go pro" before they graduated, when they finally do get into the pros, certain coaches claim that they are missing out on the early training that the pros find invaluable.



An enforcement arm known as the College Sports Commission (CSC) to deal with problems with the payouts to student athletes by ensuring that schools are in compliance with the overall cap on payments has been established, as well as to perform an oversight function for third party NIL deals.

My only comment is that when did we lose sight of the fact that the primary role that was supposed to be played by our universities was to provide top quality education and not simply serve as a conduit for talented athletes to transition to the pros? According to a number of commentators, my view is "naïve." The question still needs to be asked. An athlete's career as a pro...if he or she even makes it that far...is still short-lived. And is paying a 20-year old a lot of money really going to compensate them long-term for the purported loss of educational advantages they may experience due to the time commitment demanded by college athletic teams? Too early to say.....

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Bourbon Sour

I feel like a bourbon sour is one of those drinks everyone thinks they’ve had, but adding rosemary takes it somewhere slightly more interesting without doing too much. The rosemary simple syrup is actually very easy to make and worth it ... it gives just enough of an herbal note to balance out the lemon and sweetness, and makes it feel a little more unique than your standard version. For the bourbon, anything solid works. I would go with something like Maker’s Mark, Woodford Reserve, or Bulleit ... no need to overthink it if you’re mixing. Fresh lemon juice definitely makes a difference here, so if you have the option, use it. Shake it well, pour over ice, and garnish with rosemary and lemon for a little decoration. Enjoy!



Ingredients:

- 1 ½ part(s) Bourbon
- 1 part(s) Lemon juice
- 4 part(s) Simple Syrup (to make rosemary simple syrup)
- ¾ part(s) Rosemary simple syrup (for cocktail)
- 3 sprigs of Rosemary
- 1 Lemon

Instructions:

- Combine 3 sprigs of rosemary and simple syrup in a pot.
- Heat over medium heat for 4 minutes.
- Let cool.
- Fill cocktail shaker with ice.
- Combine Bourbon, lemon juice and ¾ oz rosemary simple syrup in cocktail shaker.
- Shake vigorously for 15-20 seconds.
- Strain into a glass over ice.
- Garnish with rosemary and lemon.

Bourbon Derby

With the Kentucky Derby coming up, it seemed like a good time to lean into a bourbon cocktail. The “Bourbon Derby” has a little more going on than your typical bourbon drink, but in a good way. The mix of lime syrup, sweet vermouth, and orange liqueur gives it a bright, slightly citrus-forward edge, while still keeping that depth you want from a bourbon cocktail. The rosemary adds a subtle aromatic note ... not overpowering, just enough to make you pause for a second sip. As with most bourbon cocktails, you don’t need to go overboard on the bottle. Something balanced and reliable works best. Shake it well with ice, strain into a chilled glass, and finish with a lime wedge. It’s simple, but it tastes like you know exactly what you’re doing.



Ingredients:

- 1 part(s) Bourbon
- ¾ part(s) Lime syrup
- ½ part(s) Sweet Vermouth
- ½ part(s) Orange Liqueur
- 3 sprigs of Rosemary
- Lime wedge, to garnish

Instructions:

- Add all ingredients to cocktail shaker with ice. Shake well.
- Strain into chilled cocktail glass. Garnish with lime wedge.