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Microsoft

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The Honorable Greg Abbott
Governor of Texas
P.O. Box 12428
Austin, TX 78711

Dear Governor Abbott,

Thank you for your leadership in bringing focus to the responsible development of datacenters in Texas. The priorities you've outlined — protecting ratepayers, strengthening the grid, conserving water, operating transparently, and respecting the communities that host this infrastructure — are ones Microsoft shares and works to advance every day.

Microsoft has offices in Austin, Dallas, Houston and San Antonio— home to over 8,752 employees. We've operated datacenters in Texas since 2016. At our own facilities in the state, we host over 635 Microsoft employees with support from over 1,600 on-site contractors and other roles and our leased sites represent thousands of additional jobs

As Texas weighs new requirements for datacenter development, we wanted to take the opportunity to share more about how our existing operations, and future expansion projects that we've announced, ensure that this critical infrastructure is developed responsibly in a manner that strengthens, not strains, the communities that host them.

In January, Microsoft announced our Community-First Infrastructure initiative which outlines five commitments to the communities where we own and operate datacenters:

1. We'll pay our own way to ensure our datacenters don't increase your electricity prices.
2. We'll minimize our water use and replenish more of your water than we use.
3. We'll create jobs for your residents.
4. We'll add to the local tax base that funds local hospitals, schools, parks, and libraries.
5. We'll strengthen your community by investing in local AI training and non-profits.

Microsoft pays its own way for the power its datacenters use, and funds infrastructure upgrades and generation to serve its load. A good example of this is our recently announced project in West Texas with Chevron. This facility will operate with a co-located natural gas power plant, an arrangement known as "behind the meter." This serves the campus directly and independently of the public grid. Over time, working in close coordination with utilities and local authorities, we anticipate the power plant and the datacenter will be connected to the broader grid and become part of the regional energy system. We also remain committed to building on the 4.7 GW of renewable electricity we have already contracted for our electricity use in Texas, advancing carbon-free electricity through renewable sources and other technologies. This reflects our long-term mindset in the region: as we grow, we intend to contribute to a more resilient and reliable grid that delivers value not only to our operations, but to the wider West Texas community.

Microsoft continues to minimize its water use in Texas through advanced datacenter cooling technologies and increased use of recycled and non-potable water sources; and we invest in water replenishment projects that support local watershed health. The majority of our existing facilities in Texas are cooled using air-cooled chillers while only a fraction use water for cooling. Air-cooled chillers use no water for cooling, and those that do use water currently rely on or are transitioning to systems that leverage reused water instead of potable water for cooling. Our latest designs go even further, in some cases eliminating the need for ongoing access to water for cooling after an initial fill leveraging a closed-loop system. Microsoft also invests in water replenishment projects across Texas, including projects in the San Antonio region that support aquifer conservation and long-term water resilience. Last month, as part of our annual sustainability report, we shared datacenter water and electricity use by location, including for our existing operations in San Antonio. The report noted that 79% of the water we use in our facilities in Texas is non-potable water, helping reduce reliance on freshwater for our facilities. We will continue sharing this information on an annual basis as part of our sustainability reporting and share progress on our water stewardship commitments.

In 2025, Microsoft owned and operated datacenters generated $48.4M in incremental tax revenue in Bexar and Medina counties, making us the #1 taxpayer in both places. As part of our announcement in January, we announced that we would no longer seek local property tax incentives. This property tax revenue is one of the most tangible benefits to local municipalities that house datacenters. The other major benefit is that jobs are created. Around 17,400 local construction jobs supported the development of our datacenter campuses in Bexar and Medina County over the last decade, and that's only the beginning of the economic impact our facilities drive. For every 1 operations job, 3.6 additional jobs are expected to be created in local businesses through 2028 in the Greater San Antonio area. Our expansion in West Texas represents hundreds more.

Microsoft is also working to make sure that members of the local community are prepared to meet the needs of emerging technology roles, including in full-time operations roles at our datacenter facilities. In 2022, Microsoft collaborated with Northwest Vista College to open a Datacenter Academy, helping job seekers and students in the area gain in-demand technology skills. In 2024, that program was expanded to Palo Alto College and in 2024-2025 those programs supported 263 students.

Fundamentally, we're focused on being good neighbors. That means operating in a way that protects environmental resources, supports local jobs, safeguards public health, and contributes positively to the community over the long term. We've learned a lot over the last

20 years of building and operating these facilities, including the last decade in Texas. We welcome a continued, constructive dialogue on how best to achieve these shared goals.

Respectfully,

Rima Alaily
Corporate Vice President & General Counsel
Infrastructure Legal Affairs
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