



Board of Light, Gas and Water Commissioners

220 S. Main Street
Memphis, TN 38103
www.mlgw.com

Board Meeting

~ Minutes ~

Wednesday, September 20, 2023

8:30 AM

Board Room

CALL TO ORDER AND OPENING REMARKS:

Chairman Dickson

The meeting was called to order at 8:30 a.m.

PLEDGE OF ALLEGIANCE:

Chairman Dickson

The Pledge of Allegiance was recited.

ROLL CALL:

Dana Jeanes

Attendee Name	Title	Status	Arrived
Michael Pohlman	Vice Chairman	Present	
Cheryl Pesce	Board Member	Present	
Carl Person	Board Member	Absent	
Mitch Graves	Board Member	Present	
Leon Dickson	Chairman	Present	

APPROVALS:

Motion To: Approve Minutes from the Meeting of September 6, 2023. (See Minute File No. 1486)

RESULT: ADOPTED [UNANIMOUS]
MOVER: Michael Pohlman, Vice Chairman
SECONDER: Mitch Graves, Board Member
AYES: Michael Pohlman, Cheryl Pesce, Mitch Graves, Leon Dickson
ABSENT: Carl Person

CITY COUNCIL ACKNOWLEDGEMENTS & UPDATE:

Dana Jeanes

(None)

PRESENTATIONS:

President McGowen asked to take a moment of silence to remember Mr. Calvin Gott, a 33-year Employee of Memphis Light, Gas & Water that passed away on September 11, 2023.

GENERAL STATEMENT(S) FROM THE PUBLIC:

Rhonda Gray - 152 Sullivan Drive - Ms. Gray addressed the Board regarding the billing process. Ms. Gray stated that she received bills since April that showed she had a zero

balance. Ms. Gray continued to pay MLGW even though the bills she received said she didn't owe anything, and she still ended up with a large bill. Ms. Gray was upset that she had to take off work two times to address the multiple and confusing bills that she received. Ms. Gray stated that when she called regarding the matter she was on hold for 45 minutes and when she went to the community office, she had to wait two and a half hours to speak with someone. Ms. Gray was upset that there were elderly people in wheelchairs waiting at the community offices for two and a half to five hours to speak with someone about their account.

Francis Robinson - 4626 Newton Drive - Ms. Robinson stated that several members of her family have received multiple bills back-to-back even though they have been paying their bill all along. Ms. Robinson asked why if you knew about this problem in April has it taken so long to fix it? Ms. Robinson also wanted to know why the customer should have to pay for the issue? Ms. Robinson suggested that maybe the customers need to look at a class action suit.

Barbara Pierotti - 6007 Island Forty Road - Ms. Pierotti informed the Board that she received several bills that were too high for her home as there are only two people living at her address. Ms. Pierotti stated that her meter had not been read since April, that it had been estimated. Ms. Pierotti stated that she had the news out to her home yesterday because of her issues. Ms. Pierotti stated that she had been down here three times for this issue and every time, the people are rude and act like they don't want you here which is unacceptable. Ms. Pierotti stated that she does not have a smart meter and she does not want one.

Chairman Leon Dickson read into record emails received by Corporate Communications.

The first email read was from Robin Partin, 437 N. Avalon Street, stating that she had been on budget billing for over a decade, and she still received a large bill which MLGW is requiring her to pay in two weeks. Ms. Partin's email states that requiring this will mess up her budget. Furthermore, she stated that she was supposed to have a supervisor call her last Friday regarding this issue and she has not received a call.

The second email was from Stephanie Rodriguez, no address was provided. Ms. Rodriguez's email stated that she had made several phone calls and sent two letters addressed to the VP of Customer Experience with no response. Ms. Rodriguez wants to know if the smart meters transmit or record accurate usage? If they don't, where do they get the information to generate bills? Ms. Rodriguez says her mom's meter appears to be working. She has timed stamped pictures of the meter, but a service representative told her they could not accept pictures. Ms. Rodriguez stated that her mother had not received a bill for months and then received several confusing letters that did not explain what happened.

President McGowen provided to the Board an explanation as to the issues that have taken place and why these individuals and many others have gotten multiple high bills. President McGowen started by stating that this is an incredibly unfortunate circumstance that was brought on by some failed manufacturing that was installed in the register part of our meters. President McGowen stated that we are working very diligently with the manufacturer to remedy the situation. We have contractors in the field that are working to correct the problem that caused all of this. The second piece of this manifest in the billing. President McGowen continued by explaining how our billing system works and how if there is a zero use with any of the utilities at a property, the bill is held until the matter can be researched. We began getting so many of these because of the issue with the meter that it became more than our staff could handle. President McGowen stated that MLGW monitors utility usage from 1,014,000 meters and produces annually 5,200,000 plus bills. The impact of these failed registers resulted in about 96,000 delayed bills and affected roughly 42,000 accounts, so not every customer. We did communicate this issue robustly by way of audio dialer, text messages, letters in delayed bills, FAQs posted on MLGW.com, interviews with a variety of press, including information on the Customer Connection billing insert, and social media. President McGowen stated that in six weeks time we have brought our delayed bills down from 96,262 to 28,699 and the delayed accounts down from 42,714 to 16,105.

President McGowen stated that customers that have received multiple bills in a short time should pay the most recent bill as that should include all the charges. President McGowen also said that we are willing to work with customers on paying their bills, the only thing they must do is contact us within 30 days.

President McGowen addressed the question of why it has taken so long to fix the problem. President McGowen stated that first we had to do a root cause analysis to figure out the problem, then we had to wait for the manufacturer to figure out the problem and then wait for production of the new part. Now that we have those new parts, we have also hired a company to assist us in replacing these parts. We hope to have the gas meters repaired by the end of this year; however, it will be next summer before the water meter issue is resolved. President McGowen stated that the multiple bill problem should not continue. Customers should get regular bills, but they might have estimated services.

President McGowen also announced that as of today, TVA has partnered with us to provide a Utility Assistance Fund in the amount of \$490,000.00 to provide assistance to qualified customers that will be administered through our partners who are local non-profit agencies who typically administer utility assistance. Our Customer Care Centers will refer people who need that kind of assistance to the appropriate party. President McGowen stated that he is thankful for our partners at TVA who have matched our contribution to yield this kind of funding to begin helping our customers. It will not solve

this problem, but it will in some way provide customers relief from the impact of this issue.

Commissioner Graves asked if the part that we are replacing with is reliable?

President McGowen stated that the water register is a new design that has been designed to not fail. We are waiting for that to be manufactured thus the reason it will take us longer to fix those meters. For the gas wriggler, we are replacing that with what we have along with the register. We believe the problem was a combination of the wriggler and the register. A new stronger wriggler is being designed and manufactured. Eventually we will replace all of the meters with newly designed wrigglers.

Vice Chairman Pohlman asked what kind of failure rate are we experiencing?

Timothy Davis stated that at its worst we were experiencing anywhere from 2,000 - 5,000 a month when the weather was colder and more gas was being used. Now that the weather is nicer, we have been able to catch up.

Commissioner Pesce commented on customers having to wait two and a half hours at our community offices and recommended that we place additional staff in those offices as more of these delayed bills are sent out. Commissioner Pesce also commented on the report of employees being rude and acting like they don't want customers to be there. Commissioner Pesce stated that this was unacceptable and recommended that a manager or someone go out to these centers to speak with the employees and any that cannot be sensitive to the situation may need to do something else.

Timothy Davis responded stating that he personally goes out to investigate when we receive complaints such as this. Mr. Davis states that he will also be asking for the proper people, process and technology to make sure we improve our quality assurance for these things and across all lines of customer service. Mr. Davis assured Commissioner Pesce and the Board that it concerns him deeply.

Timothy Davis also added that we have created an omni-channel about this, and that is that we have communicated just about every way possible. Mr. Davis stated that we are working on a large postcard to mail out to customers regarding this matter. Mr. Davis stated that he is proud of MLGW for bringing solutions, being transparent, and working hard putting in extra hours to fix this issue.

Commissioner Graves asked if the other city and county services that we collect for on our bill go uncollected?

President McGowen stated that those fees went uncollected, so a lot of the balance are the fees as 30% of what we collect are fees on behalf of other municipalities and the county. It is important to get those fees collected.

Commissioner Graves asked so our solution is to estimate everyone's bill that has a broken meter, is that correct?

President McGowen stated that is correct.

John Butler, Advisory Board Member, commented stating that this was a "perfect storm" in that if there was an issue with any of the one of the utilities it stops the billing for all utilities along with collecting ancillary fees to municipalities.

President McGowen stated that is correct and this is a standard practice in the utility industry in that if there is an exception which is when a utility reads unusually higher or lower than normal, the bill would be held and investigated. We usually have four to five thousand exceptions per month and we are staffed to handle that amount. However, with the compounding amount of exceptions, it was just too much for our staff to handle.

Mr. Butler stated that this does explain how these fees are going to add to the amount past due.

President McGowen also mentioned that if we are estimating water we are estimating the sewer fee as well.

Commissioner Pesce stated that she liked the idea of the postcard but suggested that we contact the customers instead of waiting for them to contact us.

President McGowen stated that we are apologetic to all of our customers. We are working with the manufacturer to do all that we can to make us and our customers whole. We know that it is tough, but we are going to work with you.

Review of Consent Agenda – President Doug McGowen

The original of the resolutions and documents relating to each item is filed in the vault of the fifth floor of the MLGW Administration Building, 220 South Main. The original documents shall control in the event of any conflict between the description and these minutes and the original documents.

(President's Briefing Continued on Page 98)

CONSENT AGENDA
(Items 1 through 4)

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Michael Pohlman, Vice Chairman
SECONDER:	Mitch Graves, Board Member
AYES:	Michael Pohlman, Cheryl Pesce, Mitch Graves, Leon Dickson
ABSENT:	Carl Person

VP of CUSTOMER EXPERIENCE and ENERGY SERVICES

(None)

CHIEF INFORMATION OFFICER

1. Resolution approving Change No. 3 to Contract No. 12267 (Formerly Purchase Order# 7017597), MicroFocus License Renewal with Thomas Consultants, Incorporated (This change is to ratify and renew annual software maintenance, support services, and licenses for a 12-month term for the period covering July 1, 2023 through June 30, 2024.), in the funded amount of \$448,095.90. (Randy Orsby) (REQUIRES CITY COUNCIL APPROVAL)

COMMUNITY & EXTERNAL AFFAIRS

(None)

DESIGN CONSTRUCTION & DELIVERY

(None)

ENGINEERING & OPERATIONS

2. Resolution approving Change No. 5 to Contract No. 12034, Environmental Abatement Services with Northwest Contracting Services, Incorporated; (This change is to increase the current contract value to complete various projects requested by MLGW through the end of the calendar year of 2023) in the funded amount of \$1,250,000.00. (Randy Orsby) (REQUIRES CITY COUNCIL APPROVAL)

PRESIDENT

(None)

SVP, CFO & CAO, FINANCE

(None)

SVP, CHIEF OPERATING OFFICER

(None)

SHARED SERVICES

(None)

VP & GENERAL COUNSEL

(None)

CHIEF PEOPLE OFFICER

3. Resolution approving Change No. 3 to Contract No. 12348 (solicited under Contract No. 12294), Temporary Employment Services for Skilled Craftsman/Technical with Resource Management Group to ratify and increase the current contract value (The term of the contract will remain through January 18, 2024) in the funded amount of \$1,100,000.00. (Randy Orsby) (REQUIRES CITY COUNCIL APPROVAL)
4. Resolution approving Change No. 3 to Contract No. 12103, Worker's Compensation Stop Loss Brokering with Willis of Tennessee, Inc., (This change is to renew the current contract for the third of four annual renewal terms for the period covering October 1, 2023 through October 31, 2024) in the funded amount of \$360,481.00. (Randy Orsby) (REQUIRES CITY COUNCIL APPROVAL)
5. Resolution approving change to HR Policy 21-05 Exit Interview. (Jacqueline Jones)
6. Resolution approving change to HR Policy 21-04 Termination of Employment. (Jacqueline Jones)
7. Resolution approving change to HR Policy 22-13 Sick Leave. (Jacqueline Jones)
8. Resolution approving change to HR Policy 23-27 Workplace Violence. (Jacqueline Jones)
9. Resolution approving change to HR Policy 22-01 Tuition Assistance. (Jacqueline Jones)
10. Resolution approving change to HR Policy 21-11 Personnel Review Board. (Jacqueline Jones)
11. Resolution approving change to HR Policy 21-19 Residency Policy. (Jacqueline Jones)

COMMITTEE REPORTS:**2023 Supplier Diversity 2nd Quarter Updates - Tamara Pate**

Tamara Pate - Supplier Diversity Coordinator - gave a Supplier Diversity Quarterly update covering January 1, 2023 through June 30, 2023. Ms. Pate reported to the Board that during the second quarter we have contracted \$23,581,333.45 with our minority, women and locally owned businesses. The second quarter spend is as follows: Minority Business Enterprise \$10,271,256.88 (8% total procurement spend), Women Business Enterprise \$4,261,581.96 (4% total procurement spend), and Locally-Owned Small Businesses \$29,981,618.14 (25% total procurement spend), making the Total Diversity Spend \$44,514,456.98 (37% total procurement spend). Ms. Pate states that we have remained steady in our efforts to grow the Supplier Diversity Spend. Ms.

Pate stated that our Minority Business Enterprises have grown this year from 26 firms to 32 firms. Ms. Pate updated the Board in several other areas and also talked about some upcoming events.

PRESIDENT'S BRIEFING

12. Other - Doug McGowen

President McGowen stated that he was going to provide information as to how the organization is positioned to function going forward by providing information regarding each of our utilities, the status of our workforce, information as to our efforts of leveraging other resources, provided updates on compelling projects, and gave an overview of projects that you will be seeing in FY24.

President McGowen first discussed how we are positioned with our utilities. President McGowen informed the Board that a study completed by TDEC in June of 2023 revealed that we have the cleanest drinking water in the Country. When compared to 70 large American Cities, we got a score of 98% in the best category you can be in which is acceptable. President McGowen stated that we are in a good position as far as our water in that we have all ten (10) pumping stations online, we have twelve (12) new production wells and 4 new VFD controllers online.

President McGowen also informed everyone that the results of the Phase I Aquifer Study will be presented to the public by Dr. Waldron and his team tomorrow, September 21, 2023, at the Benjamin L. Hooks Library at 5:00 p.m.

President McGowen stated that our natural gas system is in good working order. President McGowen stated that not only do we have the option to purchase gas daily from three (3) gas lines, we also store gas on the Texas Gas System and at our Liquid Natural Gas Plant. We have an active group that purchases gas as well as futures and hedging. President McGowen reported that last year we were able to realize for our customers approximately \$44,000,000.00 of actual value. \$32,000,000.00 was used in the Winter of 2022/2023 to reduce gas costs passed on to our customers. We have reserved approximately \$12,000,000.00 to be used in the Winter of 2023/2024 to reduce gas costs passed on to our customers. Overall gas prices are trending higher than last year, but we are working hard to keep our customers' prices low.

President McGowen stated we are committed to making our electric system better by trimming trees, replacing outdated infrastructure, and modernizing the distribution grid. President McGowen presented a tree trimming dashboard to be made available to the public so they can track the progression as well as know what area we are working in and where we are going next. President McGowen reviewed all the FY24 Proposed Significant Electric System Investments and gave an update on the LED Streetlight Conversion.

President McGowen gave an update on our workforce stating that to-date 340 job offers have been accepted. Last year we had a total of 299 accepted job offers, so we are definitely doing better and still have some time. The average time to fill a position is 84 days and we are working to get that down to 60 days. 165 of these positions were filled by external candidates and 175 positions were filled by internal candidates. President McGowen informed the Board that we have a critical need for line workers and mechanics. We have a hard time recruiting and retaining line workers because they are

in high demand all over the country, similarly with mechanics. President McGowen stated that as of September 17, 2023, we have decided to take aggressive action by putting into place a referral bonus of \$2,000.00 for any employee who refers a line worker or mechanic that is hired. We are also offering a sign-on bonus for line workers and mechanics in the amount of \$10,000.00 and a retention bonus for line workers in the amount of \$4,000.00. Each of these Bonuses have stipulations that must be met.

Commissioner Graves asked what our turnover rate was for our line workers?

President McGowen responded stating that it is 12% which is double our turnover rate of other MLGW Employees. President McGowen stated that our mechanics are not leaving us that is why there is not a retention bonus being offered for those positions.

Commissioner Graves asked how many open positions do we have in both of those?

Mrs. Jackie Jones responded stating that we had 25 open line worker positions and 8 open mechanic positions, both of these positions have apprentice programs so that number includes those positions.

President McGowen stated that he thought our workforce was in a good position and he is pleased with the work our team is doing.

President McGowen continued his presentation with information regarding 2023 Federal and State Funding. He provided the Board with information regarding grants that have been applied for and received. President McGowen stated that MLGW has applied for approximately \$278,000,000.00 in State and Federal funding to support \$481,000,000.00 in projects.

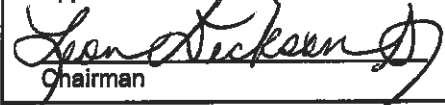
Commissioner Pesce commented on the LED streetlights.

President McGowen thanked the team for their hard work to get these streetlights replaced as they use 55% less electricity and last longer.

ADJOURNMENT:

There being no further business, the meeting was adjourned at 10:01 a.m. (See Minute File No. 1486)

Approved Without Interlineation


Chairman

These Minutes Compiled by Undersigned
and are Correct


Secretary-Treasurer