



# Board of Light, Gas and Water Commissioners

220 S. Main Street  
Memphis, TN 38103  
[www.mlgw.com](http://www.mlgw.com)

## Board Meeting

~ Minutes ~

Wednesday, October 4, 2023

8:30 AM

Board Room

### **CALL TO ORDER AND OPENING REMARKS:**

**Chairman Dickson**

The meeting was called to order at 8:48 a.m. due to problems with the microphones.

### **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	Present	
Mitch Graves	Board Member	Present	
Leon Dickson	Chairman	Present	
James Lewellen	Advisory Board Member	Present	
John Butler	Advisory Board Member	Present	

### **APPROVALS:**

**Motion To:** Approve Minutes from the Meeting of September 20, 2023.

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

### **CITY COUNCIL ACKNOWLEDGEMENTS & UPDATE:**

**Dana Jeanes**

Receipt of Certified Copies of City Council Resolutions dated September 26, 2023, Items 9, 10 and 11. (See Minute File No. 1474)

### **PRESENTATIONS:**

**2023 MLGW United Way Campaign Presentation - Gale Carson & Jasmine Boone**

**Ms. Gale Jones Carson, VP of Community and External Affairs** presented to the Board along with this years Chair, Jasmine Boone, the 2023 United Way Campaign, "Building on the Past, Driving the Future". Ms. Carson stated that MLGW supporting the United Way gives us an opportunity to provide compassionate service by helping to meet the needs and challenges of our community. Ms. Carson informed the Board that all contributions to United Way are from our employees as MLGW does not match contributions. Ms. Carson stated that MLGW has been a supporter of the United Way

for 30 years. Ms. Carson explained the United Way Campaign Structure and introduced this years Chair, Jasmine Boone. Ms. Boone stated that this year United Way is celebrating 100 years of service in the Mid-south. Ms. Boone talked more about this years campaign and gave the dates for this years' United Way Day of Caring.

**GENERAL STATEMENT(S) FROM THE PUBLIC:**

Eric Bell - 6202 Ridge Manor Drive - Mr. Bell came before the Board because he wants to be re-hired. Mr. Bell stated that he started with MLGW in 2013 and left in 2019 because of a death in the family and mental health issues. Mr. Bell came to plead his case in hopes of being re-hired to continue his education and career with this company.

**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 104)

**CONSENT AGENDA**

(Items 1 through 10)

<b>RESULT:</b>	<b>APPROVED [UNANIMOUS]</b>
<b>MOVER:</b>	Mitch Graves, Board Member
<b>SECONDER:</b>	Cheryl Pesce, Board Member
<b>AYES:</b>	Pohlman, Pesce, Person, Graves, Dickson

**VP of CUSTOMER EXPERIENCE and ENERGY SERVICES**

(None)

**CHIEF INFORMATION OFFICER**

1. Resolution approving Change No. 7 to Contract No. 11462, Electronic Board Agenda Solution with Granicus (formerly Accela, Incorporated) (This change is to ratify and renew the current contract for annual software maintenance, fees, and support services for the period covering November 1, 2023 through October 31, 2024) in the funded amount of \$41,460.84. (Randy Orsby) (REQUIRES CITY COUNCIL APPROVAL)
2. Resolution approving Change No. 5 to Contract No. 11680, Satori Software Agreement with BCC Software, LLC (formerly Quadient Data USA, Incorporated) (This change is to renew the current contract for annual software licensing, main frame, and support services for the Customer Information System (CIS) Billing and Mailing Environment for a three year term covering the period of November 1, 2023 through October 31, 2026) in the funded amount of \$84,576.00. (Randy Orsby) (REQUIRES CITY COUNCIL APPROVAL)

3. Resolution approving Change No. 2 to Contract No. 12015, Annual Software Subscription with Firstlogic Solutions, LLC., (This change is to ratify and renew the current contract for the software subscription for a five year term covering the period October 1, 2023 through September 30, 2028) in the funded amount of \$130,457.70. (Randy Orsby) (REQUIRES CITY COUNCIL APPROVAL)
4. Resolution awarding Contract No. 12419, Enterprise Server Synergy Frames and Compute Modules to Logicalis, Incorporated in the funded amount of \$1,128,346.19. (Randy Orsby) (REQUIRES CITY COUNCIL APPROVAL)
5. Resolution approving Change No. 2 to Contract No. 12464 (formerly C2561), Samsara Fleet Safety and Track Solution with Samsara, Incorporated to change the current contract in the funded amount of \$14,340.00. (Randy Orsby) (REQUIRES CITY COUNCIL APPROVAL)

**COMMUNITY & EXTERNAL AFFAIRS**

6. Resolution awarding a twenty-four month blanket purchase order to Mac Papers, LLC for customer utility bill envelopes in the amount of \$346,335.44. (Randy Orsby) (REQUIRES CITY COUNCIL APPROVAL)

**DESIGN CONSTRUCTION & DELIVERY**

(None)

**ENGINEERING & OPERATIONS**

7. Resolution approving an one-year option to renew blanket purchase order number 7032425 to Siemens Industry, Inc., purchase order number 7032426 to ABB Inc., and purchase order number 7032427 to Mitsubishi Electric Power Products, Inc. for medium voltage power circuit breakers. (Randy Orsby)
8. Resolution approving a one-year option to renew blanket purchase order number 7033750 to Prolec-GE Waukesha, Inc. (formerly SPX Transformer Solutions, Inc.), and purchase order number 7033752 to Delta Star, Inc., for power transformers for an additional amount not to exceed \$25,000,000.00. (Randy Orsby) (REQUIRES CITY COUNCIL APPROVAL)

**PRESIDENT**

(None)

**SVP, CFO & CAO, FINANCE**

(None)

**SVP, CHIEF OPERATING OFFICER**

(None)

**SHARED SERVICES**

9. Resolution awarding Contract No. 12426, North Service Center, Building No. 8 Re-Roof to B-Four Plied, Incorporated in the funded amount of \$4,267,973.00. (Randy Orsby) (REQUIRES CITY COUNCIL APPROVAL)
10. Resolution approving Change No. 1 to 12350, Portable Fire Extinguisher Inspection/Testing with Grose Fire Protection, Incorporated. (This change is to ratify and renew the current contract for the first of two annual renewal terms for the period covering June 8, 2023, through June 7, 2024) in the funded amount of \$160,740.91. (Randy Orsby) (REQUIRES CITY COUNCIL APPROVAL)

**VP & GENERAL COUNSEL**

(None)

**CHIEF PEOPLE OFFICER**

(None)

**PRESIDENT'S BRIEFING****2024 Preliminary Budget Review - Doug McGowen**

President McGowen presented to the Board a preview of the FY24 Budget. President McGowen gave a recap of all the obstacles MLGW has faced since he has taken over as CEO. President McGowen stated that our team has consistently risen to the challenge of each obstacle. President McGowen noted several accomplishments and improvements that have taken place over the last nine months. President McGowen stated that the challenges and improvements noted along with other external factors like inflation, on shoring, and the rapid pace of electrification, together with the feedback and input from Mayors and elected representatives of our customers across the service area, have informed the proposed budget. President McGowen stated that there is a clear consensus that the focus of effort in the 2024 budget and budgets over the next 5 years must be on reducing the frequency and duration of electric outages, meeting the growing community demand for the electricity we rely upon now and in the future, and maintaining the quality and reliability of water and gas utilities.

President McGowen informed the Board that the FY24 budget will advance several bold initiatives and proposes a significant increase in spending to drive electric system reliability and resilience by funding aggressive tree trimming, replacing outdated infrastructure, adding more in-house and contracted staff to do the work, modernizing the grid to a best-in-class standard, adding electric battery storage to the system, starting feasibility work on building utility scale solar power, and for the first time since the 1950's, funding electric generation assets for reliability and to catalyze continued economic growth.

President McGowen stated that Memphis and Shelby County are seeing economic growth and increased interest from companies that want to locate their operations here. At the same time, continued growth across the southeast and the Tennessee Valley, the

pace of electrification, and the on shoring of manufacturing means that TVA will need to construct more ways to generate electricity, and this will take some time to build. In order for MLGW to ensure we will have sufficient, reliable power for all our customers, and enable new, large-use customers to be served without interruption in the near future is critical to continue our economic growth. In 2024, MLGW will begin the engineering necessary for the installation of up to 100 MW of battery storage in the distribution system which will provide an additional hedge of energy for the system. Additionally, MLGW is allocating \$120 million of funding in 2024 to secure aero derivative turbine electric generators, generating more than 30 MW per unit as a back up to the existing power system. President McGowen states that our previously 10.5% increase over three years starting in 2025 is now proposed as a 12% increase over the next three years starting in 2024. The customer impact will be about \$5.00 per month for electric service, with no increase in rates for gas and water. Despite this change, our rates will remain among the most affordable and competitive in the nation.

President McGowen continued by giving an overview of the proposed investments and improvements for each utility.

Mr. Dana Jeanes, SVP, CFO, CAO, Secretary-Treasurer gave the Board an overview of the FY24 Budget stating that with the focus on reliability and resilience the key initiatives include tree trimming, continued replacement of infrastructure and moving to modernization of electric grid. The FY24 Budget reflects a 5% wage increase for non-bargaining unit employees and a 3.5% wage increase for bargaining unit employees pursuant to negotiations in the past. The wage increase represents \$11.5 million across all divisions. The FY24 Budget accounts for 116 new positions (114.5 FTE) to accomplish goals and initiatives set forth in the plan, which accounts for \$10.8 million. Lastly, the FY24 Budget proposes a modest multi-year electric rate increase. There will be no rate increase for gas or water in FY24.

Mr. Jeanes gave an overview of Electric, Gas and Water O & M Details which includes labor, material, equipment and other. The information provided gave a comparison of the amount budgeted in 2023 versus the proposed amount for 2024. Mr. Jeanes stated that there was an increase in pension across all utilities.

Mr. Jeanes continued his presentation with a high-level summary of the spending, revenue, power cost, O & M and various other categories. We are showing our capital expenditures. When we look at everything together, we are looking at a \$2.3 billion operating and capital budget. Mr. Jeanes presented to the Board more detailed summaries for the Electric, Water and Gas Divisions.

Mr. Jeanes provided information on the total capital expenditures by Division and noted that the figures provided are net of any expected grant funds. Mr. Jeanes stated that the figures provided represent MLGW's out-of-pocket expenses not that we are reducing our capital expenditures, but we are actually increasing when you add in grant funds. Mr. Jeanes stated that 81% of our budget is electric because that is where we have our biggest need in terms of reliability enhancements also the production generation assets are included in the electric budget. Mr. Jeanes provided Capital

Highlights for Electric, Gas and Water followed by a 5 Year Capex Plan Summary that shows MLGW plans to invest significant capital into each Division and the total projected five-year investment for 2024 through 2028 is \$1.5 billion. Mr. Jeanes provided our Financial Metric Targets and Cash Flow Projections for Electric, Gas and Water.

President McGowen addressed the Board again regarding the negative net position, provided them with a budget schedule, discussed \$5 million dollars in the budget for facility improvements and the budget schedule. President McGowen gave a final summary stating that the budget includes an affordable, necessary electric rate increase plan proposed to support the Reliability and Resilience Road Map focusing on tree trimming, replacing infrastructure and modernizing the grid. The budget includes adding personnel in strategic areas to support the plan, and does not include rate increases for the Gas or Water Division for FY2024.

President McGowen provided results from a rate study that was completed last year to show that even with the rate increase, we will still maintain the lowest total combined utility.

#### Other - Doug McGowen

President McGowen requested Mr. Timothy Davis come before the Board to give an update on the billing issues.

Mr. Timothy Davis began by stating he was celebrating his one-year anniversary with MLGW. Mr. Davis stated that in his year of service there were many challenges, but he was proud of how they had overcome each of them. Mr. Davis recognized some employees that were dedicated and moved into new roles. One of which is Mrs. Angela DeBose, who is currently working in the newly created position of Customer Advocacy Officer. Mr. Davis asked Mrs. DeBose to share with the Board some ways that we have expanded options to assist customers with delayed bills.

Mrs. Angela DeBose - Customer Advocacy Officer - reported to the Board that we opened our Downtown Community Office on Saturday, September 30, 2023, and we were able to assist 125 customers with billing inquiries, payment arrangements and payments. We also had our Energy Assistance Team providing energy efficiency kits to our customers along with information about our energy efficiency programs. In addition, we had individuals providing information about utility assistance programs. Lastly, Mrs. DeBose shared a customer's comments about the utilities that MLGW provides.

Commissioner Pesce informed the Board that she attended the Downtown Office opening on Saturday and stated that it was customer service at its finest. She was very pleased with what she saw.

President McGowen presented two matters that he plans to bring before the Board at the next Board Meeting on October 18, 2023.

President McGowen first discussed a New Modern System Operations and Utility Support Center. President McGowen informed the Board that MLGW has an opportunity to relocate and consolidate a significant number of functions into a building that is suitable for operational efficiency and meets all of our future ready system operation needs. President McGowen stated that the building is much larger than the Administration Building so it would allow us to combine many departments into this central location. President McGowen stated that we would purchase the building out of the FY2023 Gas Budget. President McGowen stated that by purchasing this building we would be able to eliminate \$50 million from the FY24 Budget for repairs and updates to the 220 South Main Street Building. President McGowen recommended that we purchase the new building for \$31.4 million instead. President McGowen explained that the funds to purchase the new facility came from the sale of natural gas. President McGowen added that the disposition of the Administration Building and the parking garage across the street would allow some offset to the purchase cost, so it makes good financial sense to do this.

President McGowen also informed the Board of an opportunity to advance the communication system that we will need to operate all those switches and sensors in the modernized grid by purchasing a suitable RF spectrum for a one-time price of \$27 million. President McGowen stated that the total project is about \$58 million to build out, which includes towers, software, transmitters, radios and the RF Spectrum that the communication uses. President McGowen stated that we need to purchase by the end of the year to get this price. If we are not able to do so, the company will have to move on and the opportunity will not be here any longer. Our option after that would be to lease the product.

#### **COMMITTEE REPORTS:**

(None)

#### **ADJOURNMENT**

Chairman Dickson and on behalf of the entire MLGW family extended condolences to Ms. Gale Jones Carson in the loss of her mother. Chairman Dickson asked that everyone take a moment of silence.

There being no further business, the meeting was adjourned at 10:33 a.m. (See Minute File No. 1487)

Approved Without Interlineation

  
Chairman

These Minutes Compiled by Undersigned  
and are Correct

  
Secretary-Treasurer