



Memphis Light Gas and Water 2026 Budget

2026 Budget Overview

- Overall budget decrease (O&M and capital) relative to 2025
- No rate increases proposed for FY 2026 for Gas and Water Divisions.
- Continued focus on improving reliability and resiliency through investments in system.
- ~3% increase to operating budget driven by an increase in the mandatory contribution to employee pension fund (~\$10M), increased medical costs, increased cost of materials, and a modest wage increase to maintain a competitive workforce.
- Funds 2700 employees, adds 36.5 FTE
- Total Regular Labor increase of \$10.4 million or 3.9%

2026 Budget Overview (cont.)

- Total O&M Growth of 2.63% or \$15.4 million higher than last year's budget
- Total capital expenditures 21.71% or \$83.0 million lower than last year's budget driven by delayed construction of the Allen Pumping Station, completion of a large gas transmission pipeline project, and alternate direction with the planned DER solution.
- Continuation of the investment successes of the Renewal & Replacement Infrastructure (r2I) plan that are helping to improve reliability and resiliency and increasing electric capacity to serve through strategic substation expansion projects.
- The budget funds regularly and reoccurring preventive maintenance items for all three divisions, the next four-years and replacements, new initiatives, and continued reliability and resiliency.

2026 Budget Overview - Electric

- Continues the great progress we have made in improving our electric system reliability for the near term, while making us ready for the challenges of tomorrow.
- In addition to being ahead of pace with tree trimming, this budget continues vegetation management, robust preventive maintenances, funds the second of our 5 year infrastructure replacement plans, and continues progress to drive grid modernization that will yield benefits in reliability and grid resilience for decades to come.
- The Renewal and Replacement of Infrastructure (r2i) programs have exceeded their substation circuit breaker and transformer replacement goals and continue to support expansion of electric capacity to serve through strategic substation expansion projects to relieve some overloaded areas and provide additional service capability in others.
- This effort is complemented by our first ever energy storage solution scheduled to start construction in 2026, and getting underway with buildout of a new state-of-the-art operations center that will control our electric, gas, and water systems, and represents a generational improvement over the present outdated facility at Covington Pike.
- 5-G buildout to strategically enable grid modernization that improves reliability and resilience.



2026 Budget Overview – Gas & Water

- This budget also funds the continued modernization of our water production, treatment and distribution system with significant investments in improving filtration at 5 of our 10 treatment plants, drilling new wells to increase production for times when we really need additional water, and starting the process to construct an all-new Allen Pumping Station that will serve our customers for the next 50+years.
- As importantly, this budget allows us to continue the increased pace of lead service line replacements that was already underway, while continuing into the second year to include funding of an aggressive ten-year program to facilitate replacement of lead service lines on both the public and private side of the meter.
- We will have completed a 5-mile upgrade of extra high-pressure transmission line that assures uninterrupted supply for our customers. The 2026 Budget will continue to assure uninterrupted supply by upgrading 12” extra high pressure transmission pipeline at Democrat, while continue to make significant progress in assuring the safety and integrity of our systems, from improvements at our gate stations and LNG plant all the way through to our end user customer with our gas steel tap replacement program.
- This budget also includes the ability to build out the new Systems Operations facility.

2026 Budget Overview – Staffing & Facilities

- To support this work, with this funding we will continue the expansion of the North Service Center which will ultimately house more efficient fleet, heavy equipment, and transformer maintenance function and allow us to dispose of property that has a higher and better use in the heart of downtown's medical district.
- This budget also funds a complement of approximately 2,700 full and part time employees and the contracted partners to help us do the work. Though the Division and IBEW are currently in negotiations, this budget plans for a moderate COLA (final amount subject to negotiations) for both represented and non-represented employees keeping us competitive.

2026 Budget Details



MLGW

All Division Summary

Category (\$ in Thousands)	Electric	Gas	Water	Total
Operating Revenue	\$1,822,613	\$321,523	\$128,193	\$2,272,329
Purchased Power and Gas	\$1,282,660	\$178,744	\$0	\$1,461,404
Operations & Maintenance (O&M) Expense	\$344,719	\$134,448	\$122,077	\$601,243
Depreciation & Amortization	\$73,174	\$23,687	\$13,013	\$109,875
PILOT & Taxes	\$64,085	\$21,603	\$5,516	\$91,204
Total Operating Expense	\$1,764,638	\$358,482	\$140,606	\$2,263,727
Total Capital Expenditures	\$192,655	\$48,122	\$58,491	\$299,267
Total Operating & Capital Budgets	\$1,957,293	\$406,604	\$199,097	\$2,562,994
Change in Net Position	\$84,676	(\$37,481)	(\$13,843)	\$33,353

Electric Division Summary

- Operating margin is \$78.0 million higher than last year's budget primarily due to 4% rate increase (\$61.9m), increased sales and new large loads (\$12.6m) and an increase in the Streetlight Fee (\$2.4m)
- Power costs are projected to be higher due to increased sales and new large loads
- Change in net position variance (net income) is \$48.9 million higher driven by higher operating margin offset by higher operating expenses.
- Capital expenditures are \$37.4 million lower than last year

Category	2024 Actual	2025 Projected	2025 Budget	2026 Budget
Operating Revenue	\$1,491,978	\$1,641,140	\$1,636,877	\$1,822,613
Power Cost	\$1,084,669	\$1,174,874	\$1,174,874	\$1,282,660
Operating Margin	\$407,309	\$466,266	\$462,003	\$539,953
Operating Margin Variance			\$77,950	Increase
O&M	\$286,665	\$318,826	\$335,702	\$344,719
Depreciation & Amortization	\$73,902	\$72,000	\$68,820	\$73,174
PILOT & Taxes	\$51,137	\$59,891	\$54,090	\$64,085
Total Operating Expense	\$411,704	\$450,717	\$458,612	\$481,978
Expense Variance			\$23,366	Increase
Other Income	\$56,043	\$70,700	\$52,648	\$53,228
Debt Expense	\$11,053	\$14,649	\$20,203	\$26,527
Change in Net Position	\$40,595	\$71,600	\$35,836	\$84,676
Change in Net Position Variance			\$48,840	Increase
Capital Expenditures	\$162,710	\$160,000	\$230,029	\$192,655
Total Operating & Capital	\$1,659,083	\$1,785,591	\$1,863,515	\$1,957,293

Gas Division Summary

- Operating margin is \$0.322 million higher than last year's budget primarily due to increases in transportation customer and LNG sales
- Change in net position variance (net income) is \$7.5 million lower driven by higher operating expenses coupled with lower other income
- Capital expenditures are \$26.6 million lower than last year

Category	2024 Actual	2025 Projected	2025 Budget	2026 Budget
Operating Revenue	\$236,641	\$278,908	\$278,908	\$321,523
Gas Cost	\$99,692	\$136,451	\$136,451	\$178,744
Operating Margin	\$136,950	\$142,457	\$142,457	\$142,779
Operating Margin Variance			\$322	Increase
O&M	\$107,739	\$127,466	\$134,175	\$134,448
Depreciation & Amortization	\$26,542	\$23,627	\$23,627	\$23,687
PILOT & Taxes	\$17,245	\$19,943	\$17,174	\$21,603
Total Operating Expense	\$151,526	\$171,037	\$174,976	\$179,738
Expense Variance			\$4,762	Increase
Other Income	\$10,425	\$5,975	\$5,975	\$2,802
Debt Expense	\$3,691	\$3,395	\$3,441	\$3,323
Change in Net Position	(\$7,842)	(\$25,999)	(\$29,985)	(\$37,480)
Change in Net Position Variance			(\$7,495)	Decrease
Capital Expenditures	\$27,793	\$68,243	\$74,677	\$48,122
Total Operating & Capital	\$279,011	\$375,731	\$386,104	\$406,604

Water Division Summary

- Operating revenue is \$1.7 million lower than last year's budget primarily due to reduced customer sales (\$0.8m) and an expected increase in uncollectibles (\$0.8m)
- Change in net position variance (net income) is \$8.9 million lower driven by higher operating expenses and lower other income.
- Capital expenditures are \$19.1million lower than last year's budget due to delay of the Allen Pumping Station construction.

Category	2024 Actual	2025 Projected	2025 Budget	2026 Budget
Operating Revenue	\$134,617	\$129,941	\$129,941	\$128,193
Operating Revenue Variance			(\$1,748)	Decrease
O&M	\$104,782	\$110,274	\$116,078	\$122,077
Depreciation & Amortization	\$14,474	\$12,320	\$12,320	\$13,013
PILOT & Taxes	\$5,339	\$5,452	\$5,400	\$5,516
Total Operating Expense	\$124,595	\$128,045	\$133,798	\$140,606
Expense Variance			\$6,808	Increase
Other Income	\$7,748	\$2,237	\$2,237	\$1,595
Debt Expense	\$3,345	\$3,318	\$3,318	\$3,025
Change in Net Position	\$14,425	\$815	(\$4,938)	(\$13,843)
Change in Net Position Variance			(\$8,905)	Decrease
Capital Expenditures	\$34,772	\$50,000	\$77,568	\$58,491
Total Operating & Capital	\$159,367	\$178,045	\$211,366	\$199,097

Electric O&M Details

Category	2026 Budget	2025 Budget	Budget Variance	Percentage Variance
Labor	\$122,501,752	\$118,705,955	\$3,798,797	3.20%
Material	\$3,144,474	\$2,794,437	\$350,037	12.53%
Equipment	\$9,013,589	\$9,156,656	\$(143,067)	-1.56%
Other	\$210,058,931	\$204,952,767	\$5,106,164	2.49%
Total	\$344,718,746	\$335,606,815	\$9,111,931	2.72%

Electric Division Other O&M

O&M Other Expenditure Type	2026 Budget	2025 Budget	Dollar Variance
Pension Cost-Cash	\$24,908,315	\$19,512,710	\$5,395,605
Tree Trimming Distribution	\$39,000,000	\$35,500,000	\$3,500,000
Outside Fees	\$9,327,114	\$6,817,700	\$2,509,414
Medical Self Fund-Active	\$15,746,281	\$13,705,407	\$2,040,874
Audiovisual-Gas	\$125,784	\$337,705	\$(211,921)
Fuel For Use	\$3,039,660	\$3,277,629	\$(237,969)
Outside Purchases	\$6,413,613	\$6,682,549	\$(268,936)
Employee Recognition	\$1,560	\$288,764	\$(287,204)
Employee Benefits	\$(15,899,040)	\$(15,047,589)	\$(851,451)
Injuries-Damages Accrual-Elec	\$2,000,000	\$2,900,001	\$(900,001)
Purchase PC Software	\$2,578,584	\$3,490,974	\$(912,390)
eAM Outside Purchases	\$186,426	\$1,176,333	\$(989,907)
eAM Contracted Svcs	\$27,318,774	\$31,113,155	\$(3,794,381)
Other Increases/Decreases			\$114,431

Total Variance

\$5,106,164

Gas O&M Details

Category	2026 Budget	2025 Budget	Budget Variance	Percentage Variance
Labor	\$3,891,309	\$48,213,974	\$1,344,883	2.79%
Material	\$1,179,981	\$2,099,794	\$(919,813)	-43.80%
Equipment	\$3,891,309	\$3,775,351	\$115,958	3.07%
Other	\$79,817,782	\$80,086,924	\$(269,141)	-0.34%
Total	\$134,447,930	\$134,176,043	\$271,887	0.20%

Gas Division Other O&M

O&M Other Expenditure Type	2026 Budget	2025 Budget	Dollar Variance
Pension Cost-Cash	\$10,416,181	\$8,159,852	\$2,256,329
Medical Self Fund-Active	\$7,873,122	\$6,852,689	\$1,020,433
Audiovisual-Gas	\$48,214	\$129,447	\$(81,233)
Fuel For Use	\$1,168,420	\$1,258,341	\$(89,921)
Purchase PC Software	\$1,329,288	\$1,676,976	\$(347,688)
Injuries-Damages Accrual-Gas	\$600,000	\$1,650,000	\$(1,050,000)
Contracted Svc-Other	\$18,201,336	\$19,511,263	\$(1,309,927)
Other Increases/Decreases			\$(667,134)

Total Variance

(\$269,141)

Water O&M Details

Category	2026 Budget	2025 Budget	Budget Variance	Percentage Variance
Labor	\$38,131,961	\$36,229,147	\$1,902,813	5.25%
Material	\$1,483,358	\$2,113,674	\$(630,316)	-29.82
Equipment	\$4,022,829	\$4,244,246	\$(221,417)	-5.22%
Other	\$78,438,477	\$73,490,332	\$4,948,145	5.17%
Total	\$122,076,625	\$116,077,400	\$5,999,225	2.72%

Water Division Other O&M

O&M Other Expenditure Type	2026 Budget	2025 Budget	Dollar Variance
Purchase Fuel-Pwr For Wtr Pump	\$11,500,002	\$8,948,021	\$2,551,981
Pension Cost-Cash	\$7,698,913	\$6,031,194	\$1,667,719
eAM Contracted Svcs	\$10,058,735	\$8,850,280	\$1,208,455
Outside Fees	\$4,275,253	\$3,542,626	\$732,627
Medical Self Fund-Active	\$5,147,808	\$4,480,602	\$667,206
Purchase PC Software	\$847,510	\$1,179,947	\$(332,437)
eAM Outside Purchases	\$1,021,481	\$1,908,335	\$(886,854)
Outside Svc-Other Professional	\$5,830,470	\$6,793,099	\$(962,629)
Other Increases/Decreases			\$302,077

Total Variance

\$4,948,145

Total Capital Expenditures

Electric Division

2026 Budget	\$192,655
2025 Budget	\$230,029
Dollar Change	(\$37,374)
Percentage Change	-16.2%

Gas Division

2026 Budget	\$48,122
2025 Budget	\$74,677
Dollar Change	(\$26,555)
Percentage Change	-35.6%

Water Division

2026 Budget	\$58,491
2025 Budget	\$77,568
Dollar Change	(\$19,077)
Percentage Change	-24.6%

All Divisions

2026 Budget	\$299,267
2025 Budget	\$382,274
Dollar Change	(\$83,007)
Percentage Change	-21.7%

CapEx Budget Comparison



The 2026 CapEx Budget includes Grant Contributions of...

- Electric, \$2 million
- Water, \$28 million



2026 Electric Capital Budget

Targeted Infrastructure Replacements

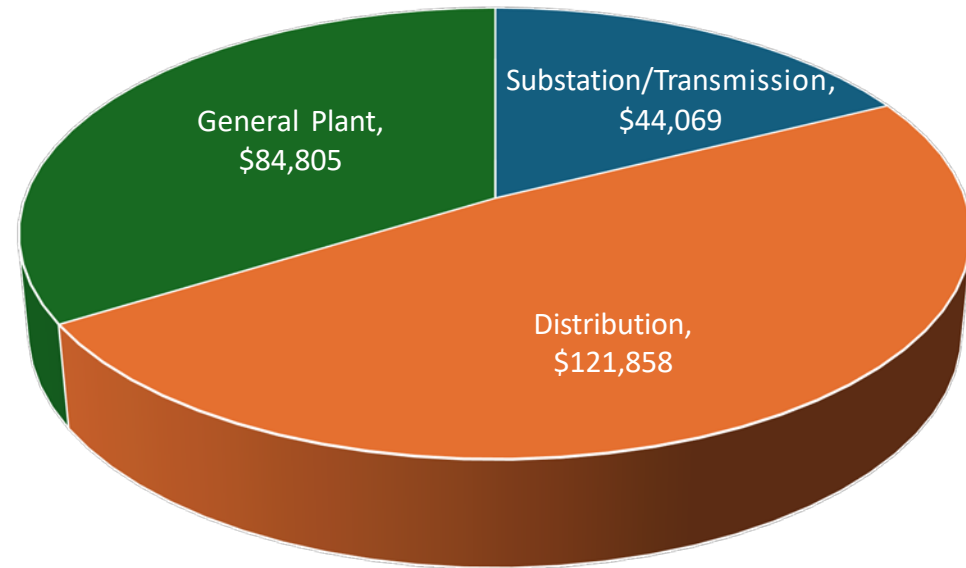
- Substation Transformer Replacement – 2 substation transformers
 - 161/115kV transformer – Sub32
 - 161/23kV transformer – Sub 74
- Substation Breaker Replacement – 12 at various locations
- Substation RTU & Electromechanical Relay Change Outs
 - Substations 45, 47, 61, & 64
- Underground Cable Replacement – 90,000 ft
- Distribution Pole Replacement/Trussing – 2,500 poles

Electric Capital Highlights

Electric Capital Highlights

Installation & Various Upgrades of Substations	\$26,805
Data Processing Equipment Upgrades	\$21,727
Communication Towers & Telecommunication Network	\$20,800
Extensions to Serve New Customers - UG Apts. & Commercial	\$19,192
Replacement of Underground Cable	\$16,800
Building & Structure Upgrades	\$16,187
Purchase of Trans. & Power Operated Equipment	\$15,862
Replacement of Distribution Transformers	\$15,000
Distribution Automation	\$15,000
Substation Transformer & Circuit Breaker Replacements	\$12,700
New Electric Circuits	\$11,700
Utility Monitoring Upgrades	\$6,659
Line Reconstruction	\$8,875
Transmission Line Upgrades	\$4,564
Security Automation Video & Alarm System	\$2,088
Electric Meters	\$1,501

Electric Capital



Excludes Delayed Cost Allocation



2026 Gas Capital Budget

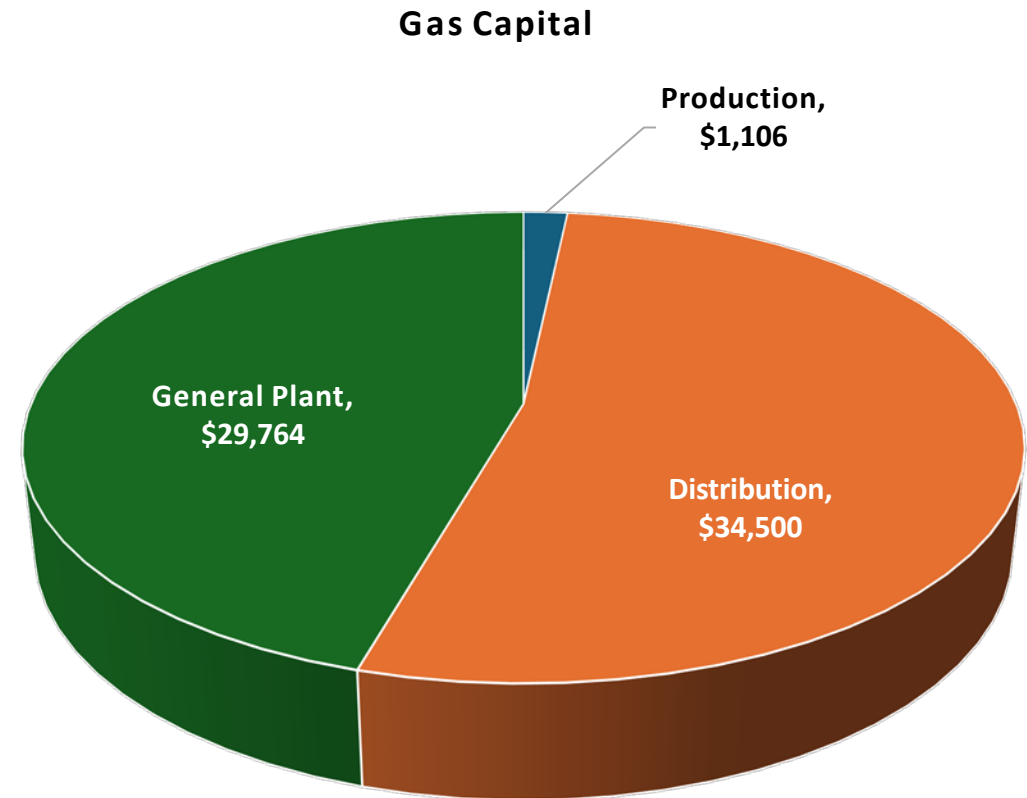
Targeted Infrastructure Replacements

- Transmission Integrity Management Program (TIMP)
 - 1,000 feet of 12” CWSXHP pipeline replacement
- Distribution Integrity Management Program (DIMP)
 - Steel tap couplings replacement – 1,000 services /year
- Regulator Station Replacement – 2 stations/year
- LNG Plant – replacement of Variable Frequency Drive (VFD) and Fire Hazard Panel
- Build out of new Engineering/Operations/SCADA facility

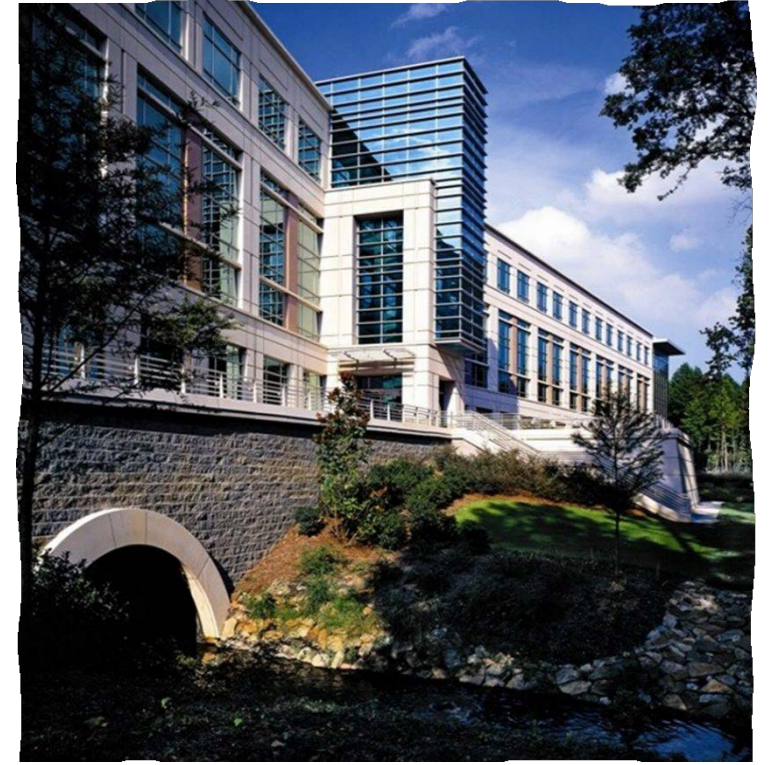
Gas Capital Highlights

Gas Capital Highlights

Building Upgrades	\$19,930
Extensions to Serve New Customers	\$8,241
Purch. of Trans. Equip. & Power Operated	\$8,350
New Gas Main & Gas Main Service Replacement	\$9,379
Purchase of Meters	\$8,455
Relocations of Mains - Street Improvements	\$4,615
LNG Processing Facility Upgrades	\$1,106
Pipeline Integrity Management	\$750
Regulator Station Upgrades	\$670
Security Automation Upgrades	\$450



Excludes Delayed Cost Allocation



State of the art Operations Center

Operations Center Buildout Estimate

CONTROL ROOM TECHNOLOGY CONSOLES & VIDEO DISPLAY SYSTEM	\$3,000,000
INTERIOR FITOUT OFFICES, CONFERENCE ROOMS, AMENITIES, FURNITURE	\$9,000,000
MECHANICAL / ELECTRICAL / PLUMBING NEW SYSTEMS OR UPGRADES / MODIFICATIONS TO EXISTING INFRASTRUCTURE	\$12,000,000
SITE IMPROVEMENTS BUILDING PAD PREP, FENCING, PARKING LOT MODIFICATIONS, STORM WATER MANAGEMENT	\$7,000,0000

Total \$31,000,000

- Property is owned by the Gas Division
- Facility will undergo MPE, interior, and site improvements of ~\$28 million over two years
- Electrical control room will undergo ~\$3 million of upgrades



2026 Water Capital Budget

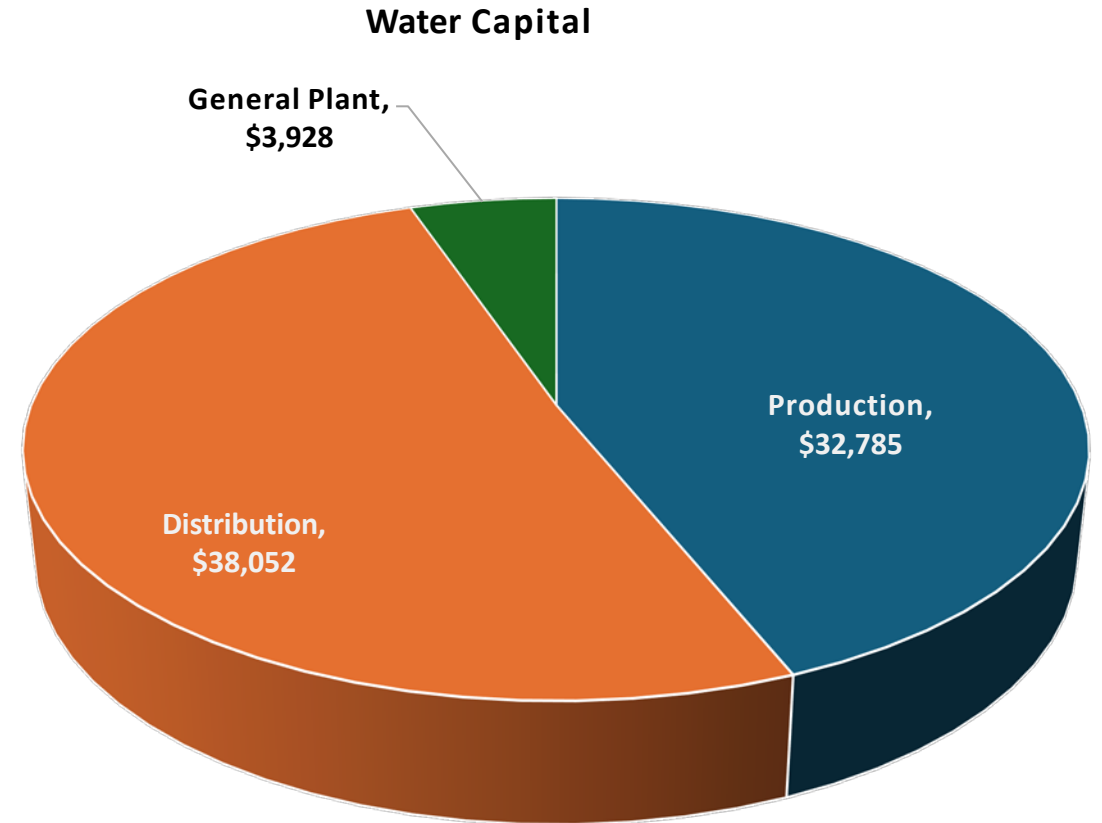
Targeted Infrastructure Replacement

- Pumping Station Upgrades
 - Filter Media upgrade at 5 pumping stations
 - Generator upgrades at 2 pumping stations
 - Pump, Motor, VFD, Transformers, Valves & Switchgear upgrades
- Production Wells, drilling 6 new wells
- Lead Service Replacement
 - MLGW Distribution side lead service lines, inspect/replace 1,500 services /year
 - Customer side lead service lines, inspect/replace 450-500 with ARPA funding and ten-year replacement plan using state revolving funding (SRF)

Water Capital Highlights

Water Capital Highlights

Various Pumping Station Upgrades	\$33,870
Various Production Well Upgrades	\$10,650
Lead Service Replacement	\$10,530
Purchase of Meters	\$10,039
Building & Structure Upgrades	\$4,990
Relocations of Mains - Street Improvements	\$4,350
Extensions to Serve New Customers	\$3,555
Underground Storage Reservoir	\$2,500
Purch. of Trans. Equip. & Power Operated	\$2,642
New Water Main	\$2,499



Excludes Delayed Cost Allocation

Cash Flows



MLGW



Financial Metrics

- Days of cash
 - Target minimum of 45 days
 - Government Finance Officers Association (GFOA) best practice recommendation target minimum is 90 days
- Change in net position
 - Target is to have positive change in net position
 - State law prohibits two consecutive years of negative net position for both the gas and water divisions
- Debt Service Coverage
 - Minimum per debt covenants for senior lien is 1.2x
 - Both S&P and Moody's have developed a more stringent coverage calculation when evaluating utilities

Electric Division Cash Flow Projection

Electric Division - 2026 Budget	2024	2025	2026	2027	2028	2029	2030
Ending Cash & Investments	\$191,713	\$315,308	\$461,131	\$365,837	\$283,636	\$244,682	\$258,296
Days Cash of OpExp	49	74	100	79	60	52	54
Debt Service Coverage	6.84	6.23	5.27	5.17	5.03	4.98	4.95
Change in Net Assets (Net Income)	\$40,687	\$71,183	\$103,868	\$93,108	\$79,532	\$70,625	\$63,105
Capital Expenditures	\$162,710	\$160,000	\$192,655	\$239,652	\$216,058	\$167,126	\$110,000
O&M Expenditures	\$288,922	\$321,126	\$329,136	\$343,595	\$357,697	\$367,944	\$378,074
Rate Increase %	4.0%	4.0%	4.0%	0.0%	0.0%	0.0%	0.0%
Rate Increase Revenue	\$56,638	\$62,059	\$69,153	\$0	\$0	\$0	\$0
Debt Issuance	\$195,684	\$250,000	\$0	\$0	\$0		
Average Residential Bill Impact	\$4.83	\$5.03	\$5.23	\$0.00	\$0.00	\$0.00	\$0.00

Gas Division Cash Flow Projection

	2024	2025	2026	2027	2028	2029	2030
Gas Division - 2026 Budget							
Ending Cash & Investments	\$180,723	\$126,195	\$92,711	\$75,028	\$104,120	\$134,054	\$161,307
Days Cash of OpExp	314	175	112	89	121	153	181
Debt Service Coverage	5.47	4.37	4.70	7.07	9.81	9.66	9.50
Change in Net Assets (Net Income)	(\$7,810)	(\$25,999)	(\$31,903)	(\$10,929)	\$13,421	\$9,579	\$5,747
Capital Expenditures	\$27,793	\$68,243	\$48,122	\$54,378	\$33,085	\$29,600	\$29,600
O&M Expenditures	\$108,604	\$128,349	\$128,648	\$134,727	\$140,596	\$144,519	\$148,349
Rate Increase %		0.0%	0.0%	10.0%	10.0%	0.0%	0.0%
Rate Increase Revenue		\$0	\$0	\$27,006	\$29,855	\$0	\$0
Debt Issuance							
Average Residential Bill Impact			\$0.00	\$4.50	\$4.95	\$0.00	\$0.00

Water Division Cash Flow Projection

	2024	2025	2026	2027	2028	2029	2030
Water Division - 2026 Budget							
Ending Cash & Investments	115,208	72,942	22,755	24,481	33,880	50,645	44,524
Days Cash of OpExp	382	229	67	70	93	137	117
Debt Service Coverage	4.24	2.44	1.58	1.59	1.70	2.36	2.25
Change in Net Assets (Net Income)	\$14,451	\$815	(\$7,424)	(\$5,226)	\$4,525	\$18,057	\$15,202
Capital Expenditures	\$34,772	\$50,000	\$50,000	\$66,951	\$75,296	\$64,336	\$27,000
O&M Expenditures	\$105,421	\$110,925	\$116,209	\$120,988	\$125,648	\$129,036	\$132,383
Rate Increase %		0.0%	0.0%	15.0%	15.0%	10.0%	0.0%
Rate Increase Revenue		\$0	\$0	\$17,530	\$20,291	\$15,657	\$15,760
Debt Issuance			\$0	\$200,000	\$0		
Average Residential Bill Impact (W1)		\$0.00	\$0.00	\$2.88	\$3.31	\$2.54	\$0.00

Budget Schedule

- Preliminary presentation to MLGW Board, 10/01
- MLGW Board vote, 10/15
- MLGW City Council Committee, 11/4
- MLGW City Council Committee Budget Hearing, TBD
- Full City Council Meetings remaining for 2025 thereafter, 11/18, 12/2, 12/16



Budget Summary

- Continuation of the investment successes of the Renewal & Replacement Infrastructure plan that are helping to improve reliability and resiliency and increasing electric capacity to serve through strategic substation expansion projects.
- Total O&M growth of ~2.63% or \$15.4M higher than last year's budget.
- Total capital expenditures of \$299.3M or \$83.0M lower than last year's budget driven by delayed construction of the Allen Pumping Station, completion of a large gas transmission pipeline project, and alternate direction with the planned DER solution.

Questions



Appendix



Position Additions

- Addition of 46 new positions (36.5 FTE)
 - 7 Information Technology & Services Division
 - 4 Information Technology Staff positions, 2 Clerical, & 1 Association Info Systems Spclst 3
 - 5 Shared Services Division
 - 3 Special Officers & 2 Material Handlers
 - 21 People Services Division
 - 18 Co-op positions & 3 Safety Specialist 1
 - 5 Electric Engineering & Operations Division
 - 4 Staff Engineers & 1 Machine Operator Electric Drilling
 - 6 Gas & Water Engineering & Operations Division
 - 4 Staff Engineers & 2 Inspectors
 - 2 Corporate Communications Division
 - 1 Clerical & 1 Motor Coach Driver

Position Categories	2026 Labor Budget	2025 Labor Budget	Labor Budget Change	2026 Positions Count	2025 Position Count	Position Count Change
Total Authorized Positions	\$ 277,310,063	\$ 266,895,132	\$ 10,414,931	3177	3103	74
Total Filled Positions	\$ 240,800,955	\$ 227,593,799	\$ 13,207,156	2713	2623	90

5-Year CapEx Plan Summary

MLGW plans to invest significant capital into each division.

The total projected five-year investment for 2026 through 2030 is \$1.5 billion.

2026 5-Year Capital Budget								
	2025 Estimate	2025 Budget	2026 Budget	2027 Budget	2028 Budget	2029 Budget	2030 Budget	2026 - 2030 Total
Electric '000								
DER	\$ -	\$ 51,875	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Substation & Transmission	\$ 37,457	\$ 39,043	\$ 44,069	\$ 55,699	\$ 53,762	\$ 40,967	\$ 36,680	\$ 231,178
Distribution	\$ 106,087	\$ 127,174	\$ 121,858	\$ 131,962	\$ 132,082	\$ 119,139	\$ 111,260	\$ 616,301
General Plant	\$ 24,635	\$ 69,538	\$ 84,805	\$ 122,215	\$ 94,950	\$ 59,952	\$ 36,674	\$ 398,596
Delayed Cost Allocation	\$ -	\$ (57,507)	\$ (58,077)	\$ (70,223)	\$ (64,737)	\$ (52,933)	\$ (46,201)	\$ (292,171)
Total	\$ 168,180	\$ 230,123	\$ 192,655	\$ 239,652	\$ 216,058	\$ 167,126	\$ 138,413	\$ 953,904
Gas '000								
Production	\$ 60	\$ 972	\$ 1,106	\$ 8,500	\$ 6,500	\$ 1,000	\$ 1,000	\$ 18,106
Distribution	\$ 61,584	\$ 52,606	\$ 34,500	\$ 34,218	\$ 27,052	\$ 29,364	\$ 30,124	\$ 155,258
General Plant	\$ 6,599	\$ 39,768	\$ 29,764	\$ 30,682	\$ 13,450	\$ 12,507	\$ 11,719	\$ 98,121
Delayed Cost Allocation	\$ -	\$ (18,669)	\$ (17,249)	\$ (19,022)	\$ (13,916)	\$ (13,271)	\$ (13,453)	\$ (76,911)
Total	\$ 68,243	\$ 74,677	\$ 48,122	\$ 54,378	\$ 33,085	\$ 29,600	\$ 29,390	\$ 194,575
Water '000								
Production	\$ 24,923	\$ 59,834	\$ 32,785	\$ 53,512	\$ 66,150	\$ 50,384	\$ 42,476	\$ 245,307
Distribution	\$ 26,268	\$ 33,831	\$ 38,052	\$ 36,333	\$ 36,867	\$ 37,582	\$ 38,328	\$ 187,161
General Plant	\$ 1,783	\$ 3,295	\$ 3,928	\$ 4,861	\$ 3,347	\$ 3,248	\$ 3,375	\$ 18,759
Delayed Cost Allocation	\$ -	\$ (19,392)	\$ (16,274)	\$ (20,315)	\$ (22,702)	\$ (19,729)	\$ (18,381)	\$ (97,401)
Total	\$ 52,975	\$ 77,568	\$ 58,491	\$ 74,390	\$ 83,662	\$ 71,485	\$ 65,797	\$ 353,825



Electric - continued



Electric Improvements

Updated: August 2025



Replace Outdated Infrastructure | 5-Year Targets (2025-2029)

Expected to be 13% complete of the 5 year target

Current YTD

5-Year Plan

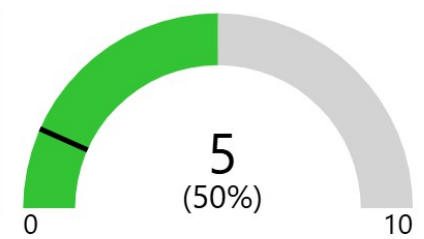
Replace Substation Transformers

Preventing long duration outages due to transformer failures

Substation Transformer Replacements

5 transformers

5-Year Target: 10



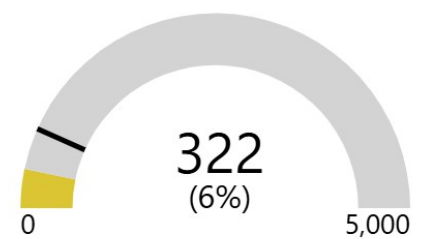
Distribution Pole Replacement / Trussing Renewal

Less outages due to pole failures

Distribution Pole Replacement/Trussing Ren

322 poles/renewals

5-Year Target: 5,000



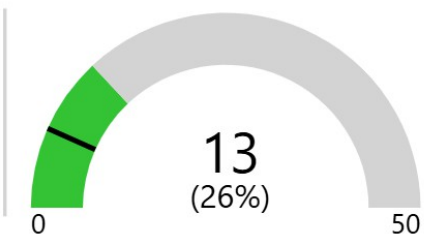
Replace Substation Circuit Breakers

Preventing long duration outages due to circuit breaker failures

Substation Breaker Replacements

13 breakers

5-Year Target: 50



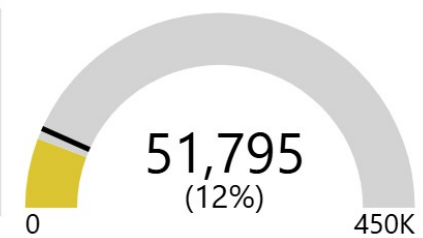
Replace Underground Cable

Preventing long duration outages due to cable failures

Underground Cable Replacements

51,795 feet

5-Year Target: 450,000





Electric - continued



Electric Improvements

Updated: August 2025



Replace Outdated Infrastructure | 5-Year Targets (2025-2029)

Expected to be 13% complete of the 5 year target

Current YTD 5-Year Plan

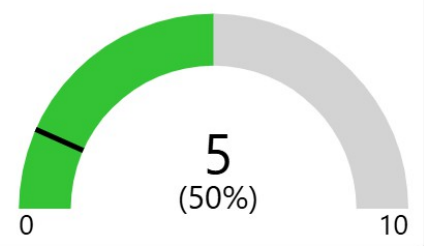
Replace Substation Transformers

Preventing long duration outages due to transformer failures

Substation Transformer Replacements

5 transformers

5-Year Target: 10



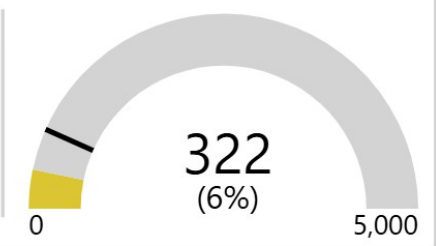
Distribution Pole Replacement / Trussing Renewal

Less outages due to pole failures

Distribution Pole Replacement/Trussing Ren

322 poles/renewals

5-Year Target: 5,000



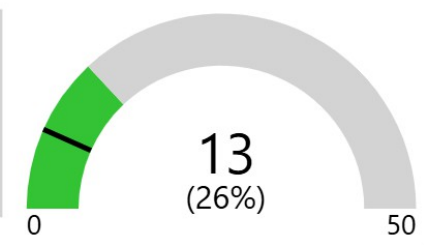
Replace Substation Circuit Breakers

Preventing long duration outages due to circuit breaker failures

Substation Breaker Replacements

13 breakers

5-Year Target: 50



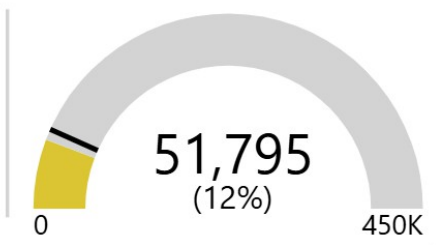
Replace Underground Cable

Preventing long duration outages due to cable failures

Underground Cable Replacements

51,795 feet

5-Year Target: 450,000





Replace Outdated Infrastructure | 5-Year Targets (2025-2029)

Expected to be 13% complete of the 5 year target



Current YTD

5-Year Plan

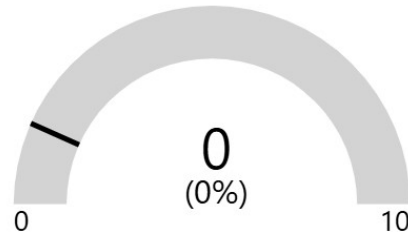
Regulator Stations Replacements

Replace obsolete equipment & increase station capacity for greater reliability

Regulator Station
Replacements

0 stations installed

5-Year Target: 10



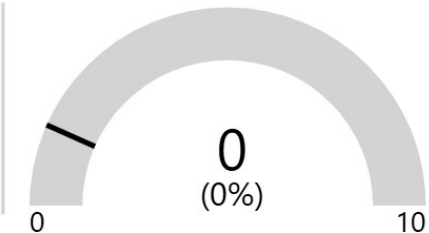
Ground Bed Replacements

Replace older ground beds to maintain reliable protection from corrosion

Ground Bed Replacements

0 replacements

5-Year Target: 10



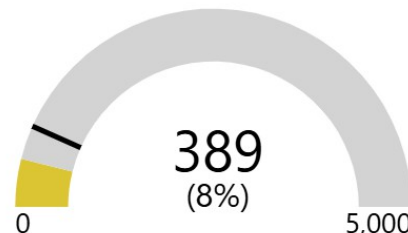
Steel Tap: Coupling Elimination

Eliminating of the greatest risk to the distribution system: mechanical couplings

Steel Tap Coupling
Elimination

389 units

5-Year Target: 5,000



Transmission Pipeline Replacements - Construction

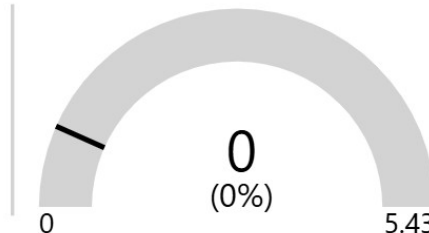


Eliminate the greatest risk to the Transmission system & enhance reliability to the system

Transmission Pipeline
Replacements

0 miles

5-Year Target: 5.43



Water - continued



Water Improvements

Updated: August 2025



Replace Outdated Infrastructure | 5-Year Targets (2025-2029)

Expected to be 13% complete of the 5 year target

Current YTD

5-Year Plan

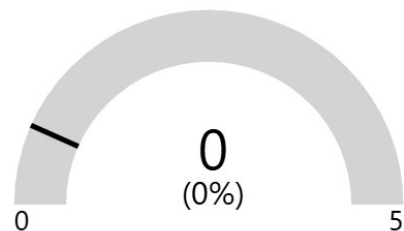
Filter Media Replacements

Fully update water filtration infrastructure at five stations

Filter Media Replacements

0 filters

5-Year Target: 5



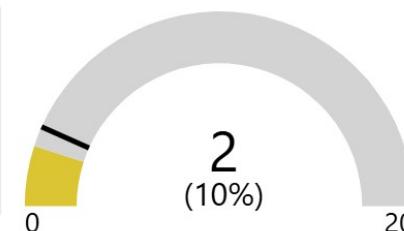
Production Wells

Increase system water capacity to support demand & increase reliability

Production Wells

2 new wells

5-Year Target: 20



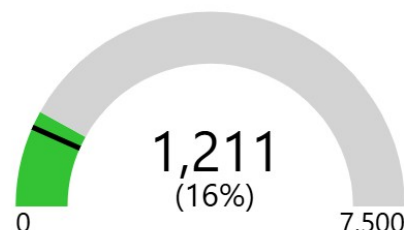
Lead Service Line Replacements - MLGW

Proactive removal of lead lines in the water system

Lead Service Line Replacements - MLGW

1,211 services

5-Year Target: 7,500



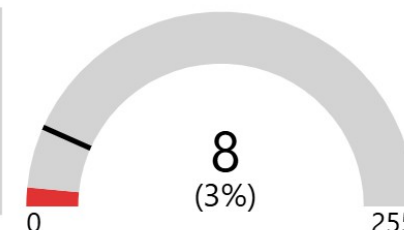
Lead Service Line Replacements - Customer

Proactive removal of lead lines in the water system

Lead Service Line Replacements - Customer

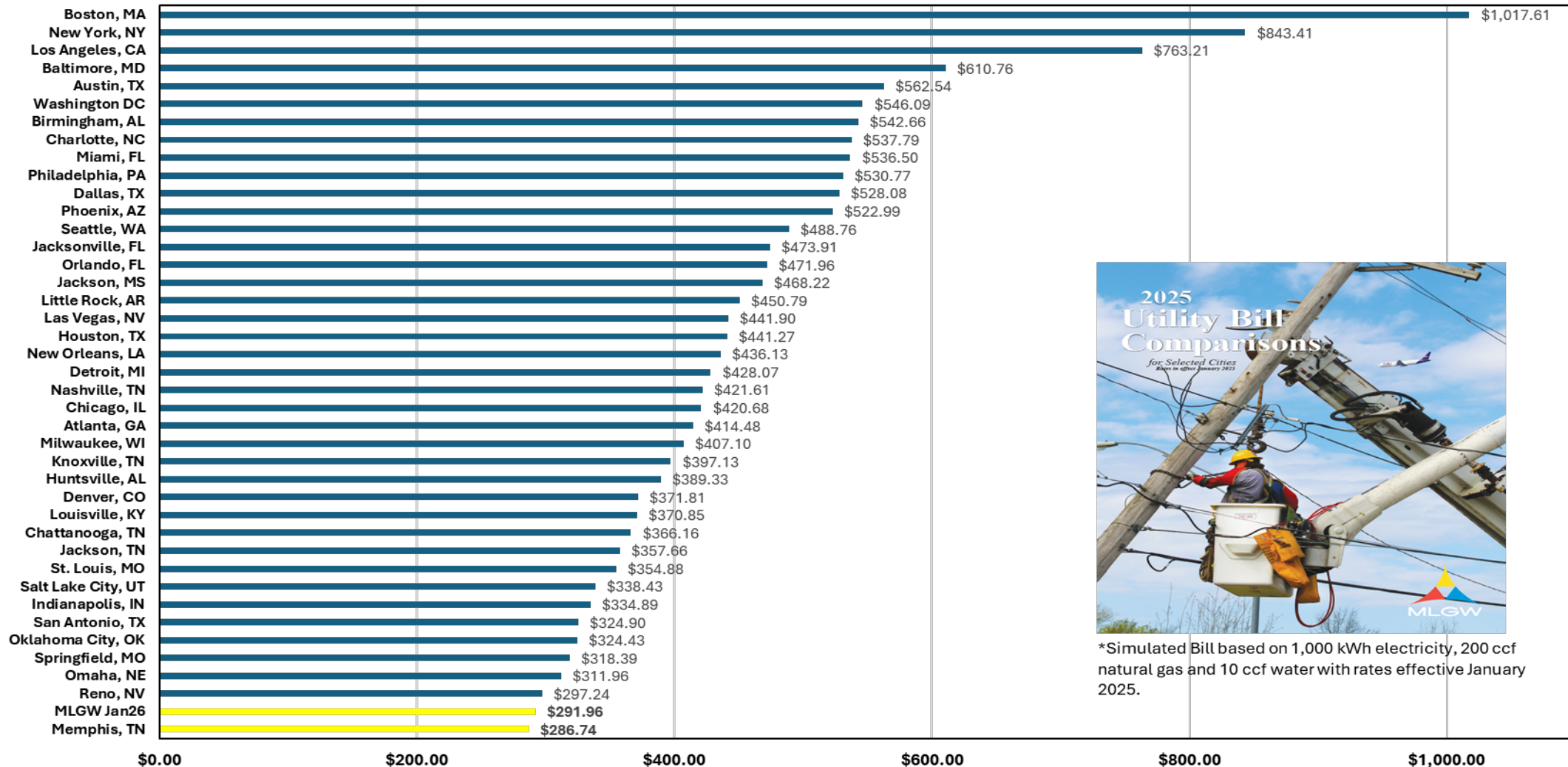
8 services

5-Year Target: 255



National Residential Combined Bill Comparison*

National Residential Combined Bill Comparison*



*Simulated Bill based on 1,000 kWh electricity, 200 ccf natural gas and 10 ccf water with rates effective January 2025.