



Investing in a Stronger Tomorrow
Why MLGW is Proposing Modest Rate Adjustments

Dear Customer,

At Memphis Light, Gas and Water (MLGW), we understand that every dollar matters. We work hard to keep your utility services reliable, safe and affordable. To maintain the high quality you expect, we are proposing modest increases to natural gas and water rates beginning in 2027.

Why are rate increases needed?

Like every household, MLGW is facing higher costs for equipment, labor and vital materials. To deliver clean water and reliable gas safely to your home, we must continue investing heavily in our infrastructure. The revenue from these rate adjustments will fund critical preventative maintenance, including:

- Replacing aging gas pipelines.
- Upgrading regional water pumping stations.
- Continuing the proactive replacement of lead service lines.

Preventative maintenance avoids catastrophic system failures that can cost four times more to repair during an emergency. Over the last three years, we avoided rate adjustments by exhausting available reserve funds. We must act now to secure the long-term financial health of our gas and water systems.

Note: Zero revenue from these increases will be spent on data center projects. Every dollar is strictly designated for day-to-day operations and core infrastructure.

What do the changes mean for you?

We have not had a rate increase in gas or water for five years. Under the current three-year proposal, an average residential customer will see the following estimated monthly impacts:

- **Natural Gas:** An increase of about \$6 per month in 2027, scaling to a total average increase of \$18 per month by 2029.
- **Water:** An increase of about \$2.50 per month in 2027, scaling to a total average increase of \$10 per month by 2029.

We recognize that any bill increase poses a challenge. To protect vulnerable households, our water proposal includes a low-use minimum bill discount. For 58,000 residential customers—primarily seniors and small households—the total water increase will be limited to just \$3 over three full years. To minimize impact to our residential customers, the residential rate percentage increase will be smaller than the commercial and industrial class percentage increase, and importantly MLGW is creating a new rate structure for data centers that will increase their water rates by 30%.

Our Unbroken Commitment to Affordability

Even with these changes, MLGW is projected to remain one of the lowest-cost three-service utility providers in the country. According to the MLGW Annual Comparative Rates Survey, which evaluates rates against major peer cities nationwide, our structural advantages pass major savings directly to you. This year, we were second lowest on the survey.

These changes are part of a responsible, long-term plan to protect your utility grid today while preparing our systems for the challenges of tomorrow. We appreciate your partnership and the continued opportunity to serve Memphis and Shelby County.

Thank you for being an MLGW customer.

Sincerely,

A handwritten signature in black ink, appearing to read 'DMG', with a long horizontal flourish extending to the right.

Doug McGowen
President and CEO
Memphis Light, Gas and Water

Note: This letter reflects the proposed rates in MLGW's October 7, 2026, preliminary budget presentation. The increases remain subject to the approval process. The monthly amounts are averages; individual bills will vary based on usage and applicable rates.