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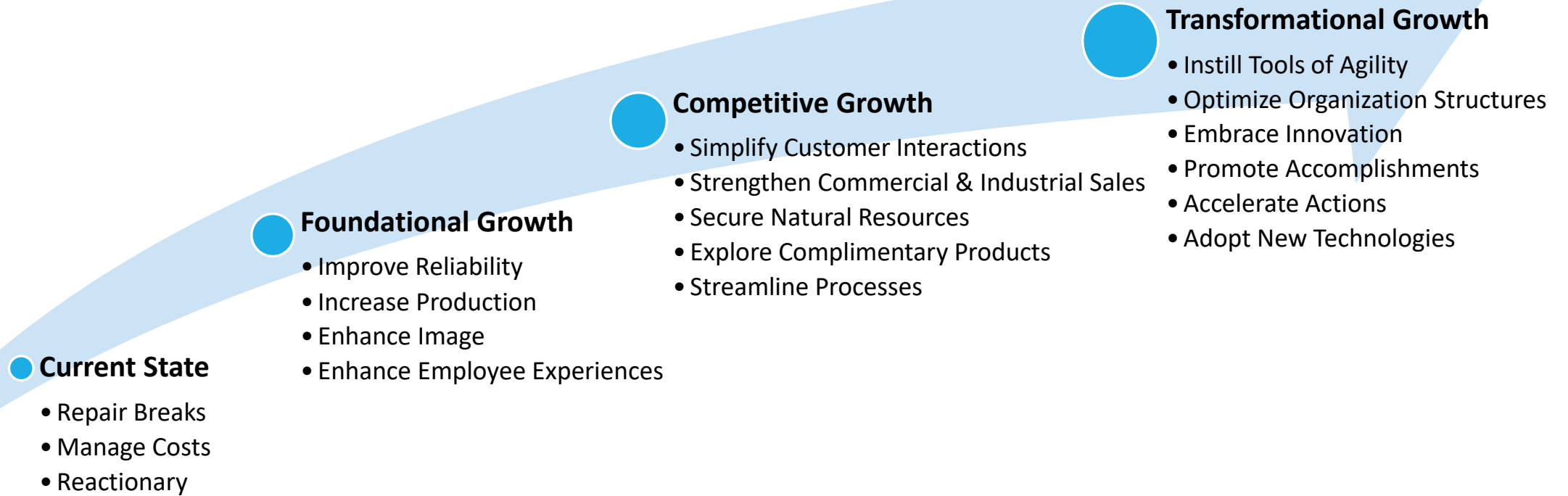
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Progress Report

MLGW STRATEGIC PLAN DEVELOPMENT

- Process & Timeline
- Strategic Overview
- Proposed Focus Areas
- Group Discussion
- Next Steps



20-Year Strategic Plan

Balancing reliability, resiliency, agility and affordability.

Preparing for the Future

NATURAL RESOURCE SCARCITY



INCREASED DEMAND FOR ENERGY & WATER



Preparing for the Future

TECHNOLOGY RELIANCE

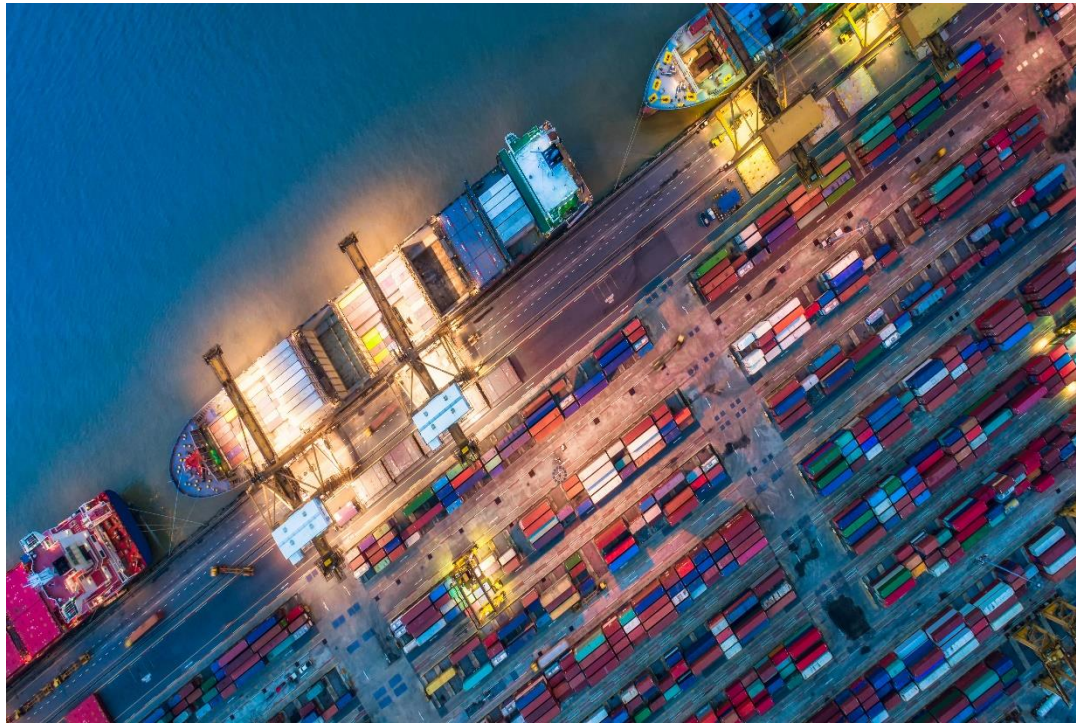


LABOR & SKILL SHORTAGES



Preparing for the Future

COST ESCALATION & SUPPLY DELAYS



AGING UTILITY SYSTEM



Preparing for the Future

UTILITY BILL PRESSURE



OPERATIONS & MAINTENANCE COST ESCALATION



Preparing for the Future

INCREASED REGULATION



NEED TO STREAMLINE & STANDARDIZE





Planning Team Leadership

DOUG MCGOWEN

DANA JEANES

ALONZO WEAVER

RODNEY CLEEK

CHANDRIKA ROSSER

VALERIE MCKINNEY

FRANK FLETCHER

BETTYE HARTWELL
Human Resources

QUINTON CLARK
Water Supply & Delivery

DOUG BLACK
Legal & Political Environment

SHELLEE WILLIAMS
Customer Care

KIM PASLEY
Facilities

VIRGIL DEANES
Gas Supply & Delivery

CYNTHIA JONES
Information Technology

BECKY WILLIAMSON
Distributed Energy Resources

BRIAN WALTERS
Finance & Economics

BRYANT WILLIAMSON
Electric Supply & Delivery

DERRICK SUGGS
Supply Chain

Progress Toward Completion

STEP 1: PREPARATION Form Scanner Teams & map planning effort.	May 2023 - July 2023
STEP 2: DISCOVERY Assess MLGW, utility industry, service territory landscape & market drivers.	August 2023 - October 2023
STEP 3: CONSTRUCTION Develop focus areas, objectives, strategies & initiatives.	November 2023 - July 2024
STEP 4: PACKAGING Summarize findings, conduct technical follow-up & create plan document.	August 2024 - October 2024
STEP 5: IMPLEMENTATION Seek approval of MLGW Board to begin implementation.	November 2024



Strategic Overview

Preliminary research to guide a collective vision and communication of goals and actions.

System Size

783 Square Miles of Territory

435,000 Customers

Seven Municipalities

Electric

7,900 Miles of Line & 60 Substations

Gas

4,700 Miles of Main & 10 Gate Stations

Water

3,950 Miles of Main & 135 Wells

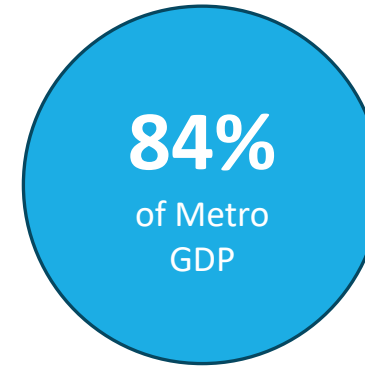
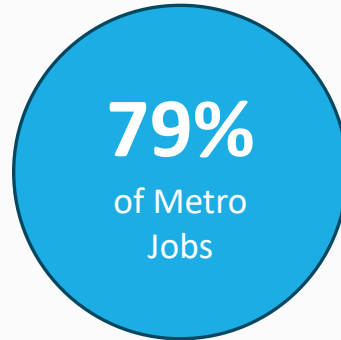
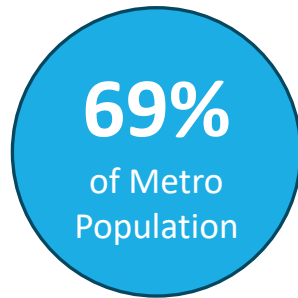
Buildings

30 Properties with 2.2 Million Square Feet

Technology

60 Software Applications with 300 Subcomponents

Shelby County Anchors the Metro Economy But Growth Stagnates

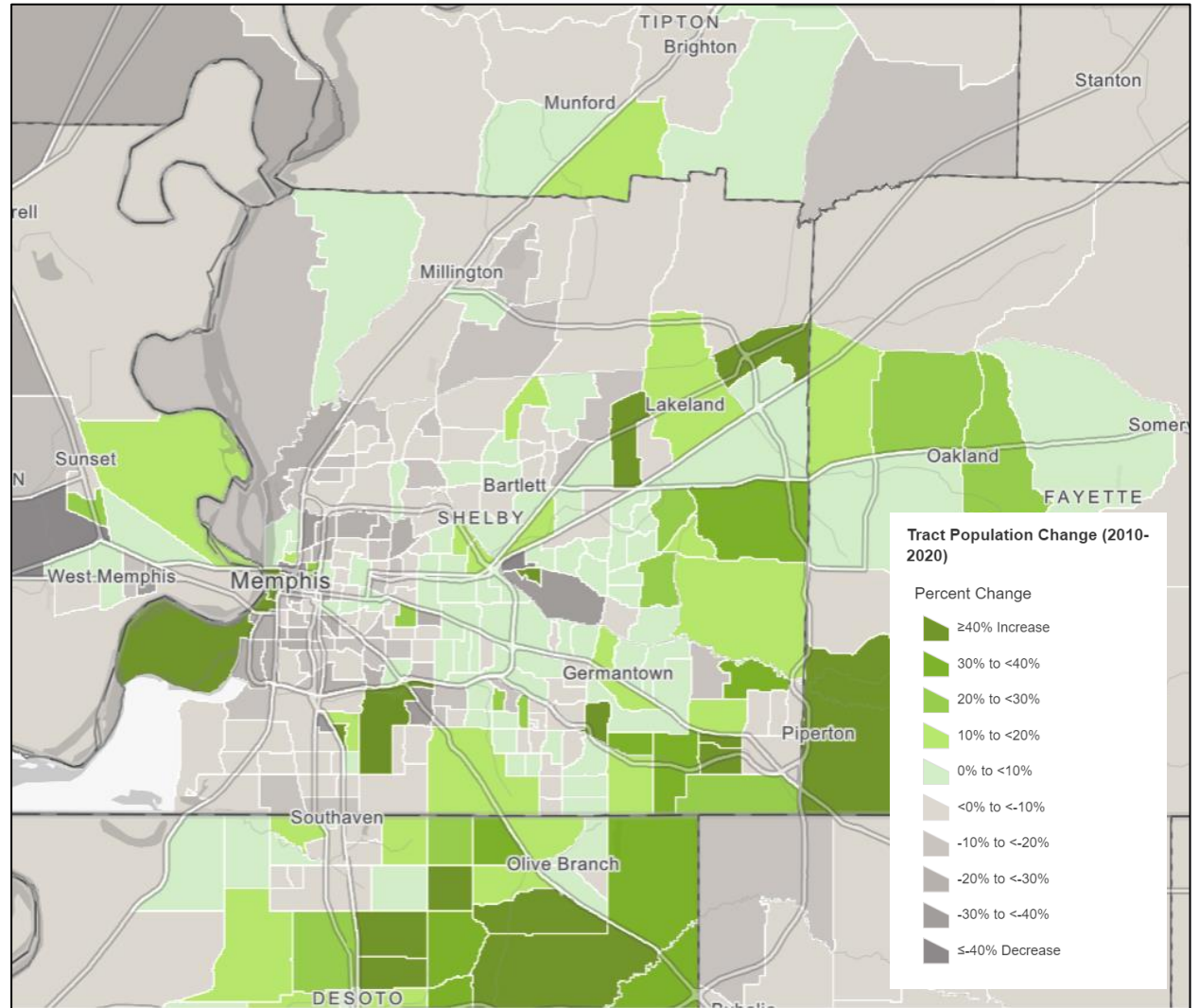


Annual Growth Rate: 2001 to 2021

Population	Employment	Wages	GDP
0.96% Tennessee	0.70% Tennessee	3.23% Arkansas	4.23% Tennessee
0.75% United States	0.52% United States	3.20% Tennessee	4.03% United States
0.59% Arkansas	0.33% Arkansas	3.17% United States	3.79% Arkansas
0.17% Mississippi	0.03% Mississippi	3.14% Shelby County	3.25% Mississippi
0.13% Shelby County	-0.14% Shelby County	2.79% Mississippi	2.82% Shelby County

Geographic Considerations

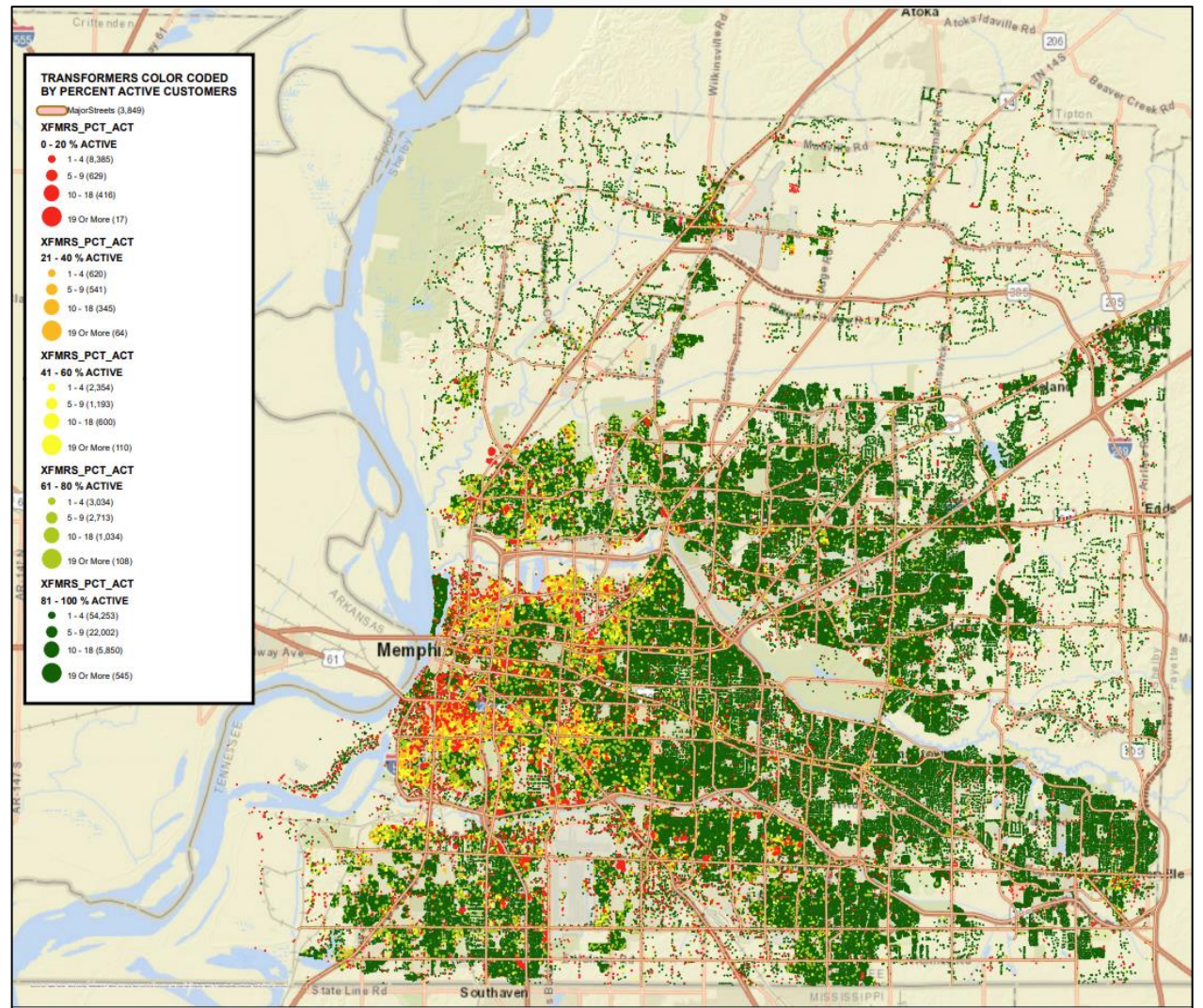
Population Continues Migrating East and South



Geographic Considerations

Population Continues Migrating East and South

Active Customers Using System Follows Population Migration

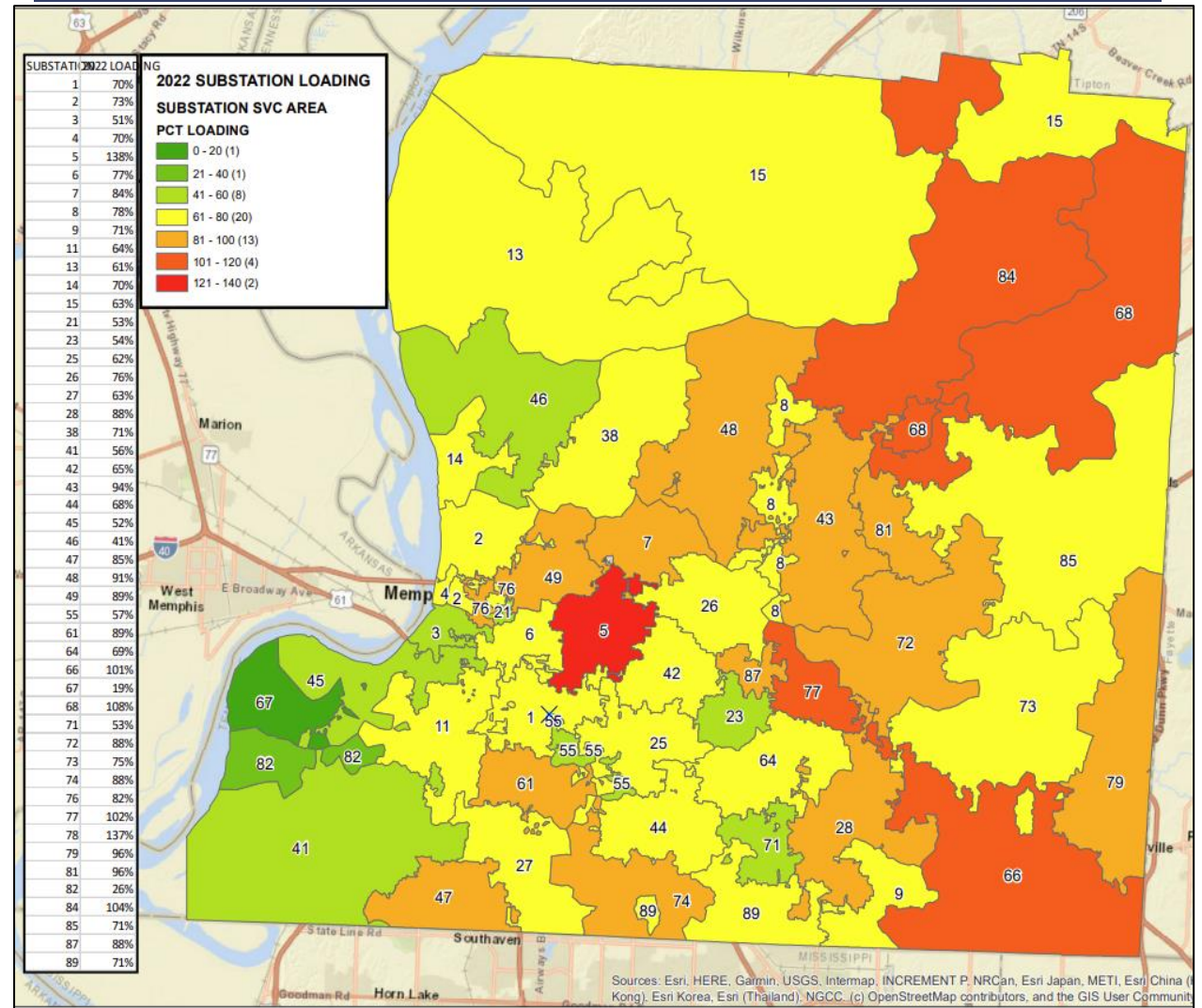


Geographic Considerations

Population Continues Migrating East and South

Active Customers Using System Follows Population Migration

Infrastructure is Underutilized in Many Areas and Strained in Emerging Communities



Reliability Trails Peer Markets

Water Main Breaks Per Mile
0.11 vs. 0.08 AWWA Averages

Gas Leaks Per Mile
0.14 vs. 0.09 APGA Average

Electric Outage Minutes Per Year
411.6 vs. 145.9 EIA Industry Average

All 2022 Events Without Major Event Days	Outage Minutes Per Year	Outage Occurrences Per Year	Minutes Per Interruption
Huntsville Utilities	63.303	0.694	91.215
Louisville Gas and Electric	78.000	0.964	80.913
Baltimore Gas and Electric	83.430	0.823	101.373
Knoxville Utilities Board	103.200	1.310	78.779
Nashville Electric Service	109.970	1.510	72.828
Jackson Energy Authority	110.427	1.401	78.820
Indianapolis Power and Light	112.485	1.365	82.407
DTE Energy	146.154	0.980	149.137
Entergy New Orleans	173.200	1.446	119.779
EPB of Chattanooga	178.420	1.573	113.427
Oklahoma Gas and Electric	202.630	1.281	158.181
Alabama Power	227.200	1.335	170.187
Entergy Mississippi	331.200	1.784	185.650
Entergy Arkansas	393.600	2.026	194.274
MLGW	411.600	2.270	181.322
Average Peer Rate	181.655	1.384	123.886
Median Peer Rate	146.154	1.365	113.427

Customer Costs 30% Below Peer Average

MONTHLY UTILITY BILLS	TOTAL UTILITY COST		ELECTRIC		GAS		WATER	
	Residential	General	Residential	General	Residential	General	Residential	General
Birmingham	\$341.78	\$4,131.17	\$169.43	\$1,039.33	\$106.60	\$880.11	\$65.75	\$2,211.73
Baltimore	\$307.00	\$3,529.66	\$152.92	\$734.65	\$100.97	\$868.93	\$53.11	\$1,926.08
Detroit	\$289.40	\$3,514.21	\$185.73	\$737.06	\$63.09	\$531.61	\$40.58	\$2,245.54
New Orleans	\$274.19	\$4,499.60	\$123.08	\$870.74	\$80.80	\$683.13	\$70.31	\$2,945.73
Jackson (MS)	\$274.84	\$3,519.58	\$133.98	\$838.33	\$90.81	\$744.70	\$50.05	\$1,936.55
Nashville	\$257.80	\$3,036.48	\$135.05	\$796.09	\$83.13	\$709.61	\$39.62	\$1,530.78
Chattanooga	\$258.13	\$3,000.50	\$123.21	\$649.15	\$82.60	\$668.08	\$52.32	\$1,683.27
Louisville	\$263.11	\$3,066.11	\$125.03	\$687.23	\$96.86	\$762.38	\$41.22	\$1,616.50
Indianapolis	\$253.68	\$2,282.26	\$152.25	\$759.81	\$55.45	\$387.14	\$45.98	\$1,135.31
Knoxville	\$255.81	\$3,595.23	\$124.87	\$652.25	\$85.44	\$698.58	\$45.50	\$2,244.40
Oklahoma City	\$249.07	\$3,079.60	\$122.24	\$512.19	\$80.09	\$536.19	\$46.74	\$2,031.22
Springfield	\$237.42	\$2,889.90	\$111.74	\$883.60	\$78.88	\$662.30	\$46.80	\$1,344.00
Little Rock	\$235.92	\$2,157.11	\$119.61	\$662.42	\$91.36	\$680.28	\$24.95	\$814.41
Jackson (TN)	\$233.50	\$2,193.39	\$123.67	\$612.58	\$72.20	\$564.93	\$37.63	\$1,015.88
Huntsville	\$207.72	\$1,898.18	\$118.29	\$604.30	\$65.15	\$548.50	\$24.28	\$745.38
St. Louis	\$195.33	\$1,644.59	\$95.96	\$330.01	\$73.72	\$515.34	\$25.65	\$799.24
MLGW	\$178.53	\$1,859.29	\$115.98	\$587.75	\$38.62	\$307.76	\$23.93	\$963.78
Average Peer Rate	\$253.72	\$2,935.11	\$131.36	\$703.38	\$79.16	\$632.33	\$43.20	\$1,599.40
Median Peer Rate	\$255.81	\$3,036.48	\$123.67	\$687.23	\$80.80	\$668.08	\$45.50	\$1,616.50

Low Customer Costs as Percent of Household Income

COUNTY	Households	Median Household Income	Poverty Rate	Combined "Utility" Burden	Total Monthly Cost	Electric	Gas	Water
Hinds (Jackson, MS)	89,585	\$48,596	22.60%	6.79%	\$274.84	\$133.98	\$90.81	\$50.05
Jefferson (Birmingham)	265,794	\$63,595	16.40%	6.45%	\$341.78	\$169.43	\$106.60	\$65.75
Orleans (New Orleans)	155,669	\$51,116	22.60%	6.44%	\$274.19	\$123.08	\$80.80	\$70.31
Wayne (Detroit)	688,461	\$57,223	21.20%	6.07%	\$289.40	\$185.73	\$63.09	\$40.58
Greene (Springfield, MO)	131,109	\$53,391	13.20%	5.34%	\$237.42	\$111.74	\$78.88	\$46.80
Oklahoma (Oklahoma City)	318,212	\$57,890	16.30%	5.16%	\$249.07	\$122.24	\$80.09	\$46.74
Madison (Jackson, TN)	39,180	\$55,280	14.90%	5.07%	\$233.50	\$123.67	\$72.20	\$37.63
Marion (Indianapolis)	404,259	\$62,565	15.40%	4.87%	\$253.68	\$152.25	\$55.45	\$45.98
Pulaski (Little Rock)	167,768	\$58,326	17.30%	4.85%	\$235.92	\$119.61	\$91.36	\$24.95
Jefferson (Louisville)	327,211	\$66,296	15.20%	4.76%	\$263.11	\$125.03	\$96.86	\$41.22
Hamilton (Chattanooga)	148,888	\$69,069	11.80%	4.48%	\$258.13	\$123.21	\$82.60	\$52.32
Knox (Knoxville)	194,842	\$68,580	11.60%	4.48%	\$255.81	\$124.87	\$85.44	\$45.50
Davidson (Nashville)	327,791	\$72,473	14.00%	4.27%	\$257.80	\$135.05	\$83.13	\$39.62
Baltimore (Baltimore)	328,611	\$88,157	11.00%	4.18%	\$307.00	\$152.92	\$100.97	\$53.11
Shelby County (Memphis)	357,839	\$59,621	16.60%	3.59%	\$178.53	\$115.98	\$38.62	\$23.93
Madison (Huntsville)	159,569	\$78,386	10.20%	3.18%	\$207.72	\$118.29	\$65.15	\$24.28
St. Louis (St. Louis)	413,247	\$78,067	10.50%	3.00%	\$195.33	\$95.96	\$73.72	\$25.65

Low Customer Costs as Percent of Household Income

CORE CITY	Households	Median Household Income	Poverty Rate	Combined "Utility" Burden	Total Monthly Cost	Electric	Gas	Water
Birmingham	84,999	\$42,464	26.10%	9.66%	\$341.78	\$169.43	\$106.60	\$65.75
Detroit	249,518	\$37,761	31.50%	9.20%	\$289.40	\$185.73	\$63.09	\$40.58
Jackson (MS)	62,053	\$42,193	25.90%	7.82%	\$274.84	\$133.98	\$90.81	\$50.05
New Orleans	155,669	\$51,116	22.60%	6.44%	\$274.19	\$123.08	\$80.80	\$70.31
Knoxville	84,195	\$48,309	20.70%	6.35%	\$255.81	\$124.87	\$85.44	\$45.50
Baltimore	247,232	\$58,349	19.60%	6.31%	\$307.00	\$152.92	\$100.97	\$53.11
Springfield (MO)	77,278	\$45,400	20.20%	6.28%	\$237.42	\$111.74	\$78.88	\$46.80
Jackson (TN)	26,387	\$48,058	22.90%	5.83%	\$233.50	\$123.67	\$72.20	\$37.63
Chattanooga	77,016	\$57,703	16.90%	5.37%	\$258.13	\$123.21	\$82.60	\$52.32
Little Rock	86,365	\$53,697	16.50%	5.27%	\$235.92	\$119.61	\$91.36	\$24.95
Louisville	261,105	\$63,114	15.60%	5.00%	\$263.11	\$125.03	\$96.86	\$41.22
Indianapolis	367,073	\$61,501	15.90%	4.95%	\$253.68	\$152.25	\$55.45	\$45.98
Oklahoma City	277,216	\$63,713	15.50%	4.69%	\$249.07	\$122.24	\$80.09	\$46.74
Memphis	251,586	\$48,090	23.60%	4.45%	\$178.53	\$115.98	\$38.62	\$23.93
St. Louis	143,059	\$52,941	20.20%	4.43%	\$195.33	\$95.96	\$73.72	\$25.65
Nashville	317,817	\$71,767	14.10%	4.31%	\$257.80	\$135.05	\$83.13	\$39.62
Huntsville	95,683	\$68,930	13.90%	3.62%	\$207.72	\$118.29	\$65.15	\$24.28

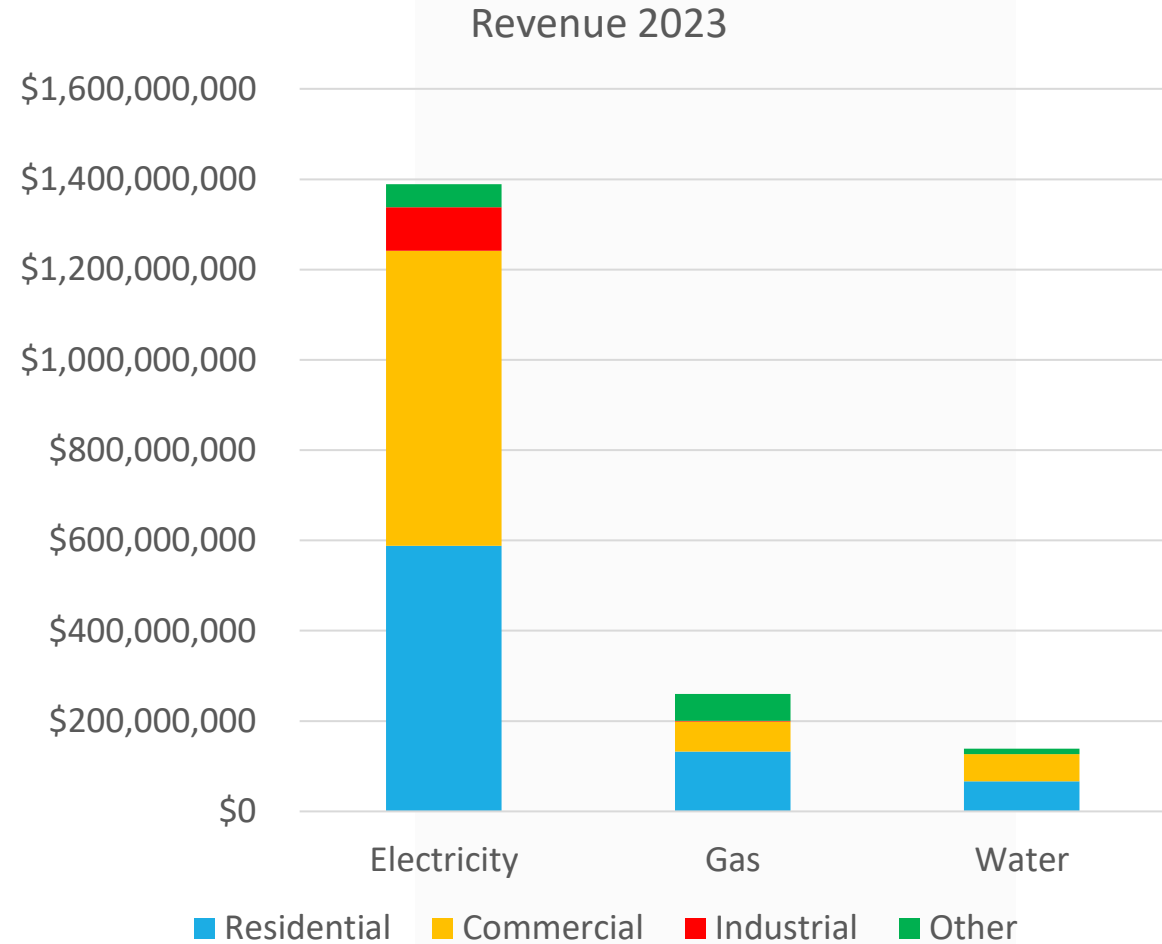
Residential Customer Satisfaction Trails Peers

2023 JD Power Scores Residential Survey		Overall Customer Satisfaction Index	Power Quality and Reliability	Price	Corporate Citizenship	Billing and Payment	Communications	Customer Care
EPB of Chattanooga		789	816	729	754	847	758	843
Entergy Mississippi		753	776	679	714	814	756	813
Alabama Power		739	779	656	690	804	720	796
Ameren Missouri		735	774	659	678	802	710	792
Baltimore Gas and Electric		726	759	652	679	789	711	775
Entergy Arkansas		722	761	638	667	786	717	780
Jackson Energy Authority		721	769	618	666	789	711	783
DTE Energy		720	722	638	687	800	728	791
Knoxville Utilities Board		713	728	632	671	800	672	798
Louisville Gas and Electric		712	741	625	673	780	704	782
Oklahoma Gas and Electric		709	742	612	670	772	705	786
Indianapolis Power and Light		705	735	618	665	776	686	767
Huntsville Utilities		694	729	619	625	785	638	787
Nashville Electric Service		687	697	622	634	780	648	757
City Utilities of Springfield		659	715	569	589	723	629	724
MLGW		652	640	588	599	747	637	726
Entergy New Orleans		635	648	553	584	700	649	718

Commercial Customer Satisfaction Trails Peers

2023 JD Power Scores Commercial Survey		Overall Customer Satisfaction Index	Power Quality and Reliability	Price	Corporate Citizenship	Billing and Payment	Communications	Customer Care
	SWEPCO Texas	818	849	735	776	870	811	888
	Alabama Power	792	815	734	754	842	770	835
	Jackson Energy Authority	778	809	718	731	823	770	792
	Entergy Mississippi	776	789	717	736	838	768	810
	Baltimore Gas and Electric	776	806	698	728	837	772	810
	Entergy Texas	773	793	734	728	816	759	832
	Oklahoma Gas and Electric	772	797	694	746	824	764	831
	Xcel Energy Texas	772	803	688	715	839	757	840
	Xcel Energy New Mexico	764	813	707	683	811	753	848
	Tampa Electric	761	793	679	724	810	758	812
	Louisville Gas and Electric	761	795	695	719	801	744	793
	Indianapolis Power and Light	737	748	694	717	781	720	780
	DTE Energy	735	723	686	706	807	727	788
	City of Austin	732	719	683	710	803	730	773
	SWEPCO Louisiana	725	734	674	664	757	729	792
	SWEPCO Arkansas	721	730	680	690	790	692	725
	MLGW	659	657	617	629	730	645	705

Residential Makes Up
86% of Customers vs.
44% of Revenue



Supply & Availability

- **Single Wholesale Electricity Supplier in TVA**
- **Multiple Gas Suppliers and 3 Delivery Pipelines**
- **Pump & Treat Water from Artesian Aquifers**

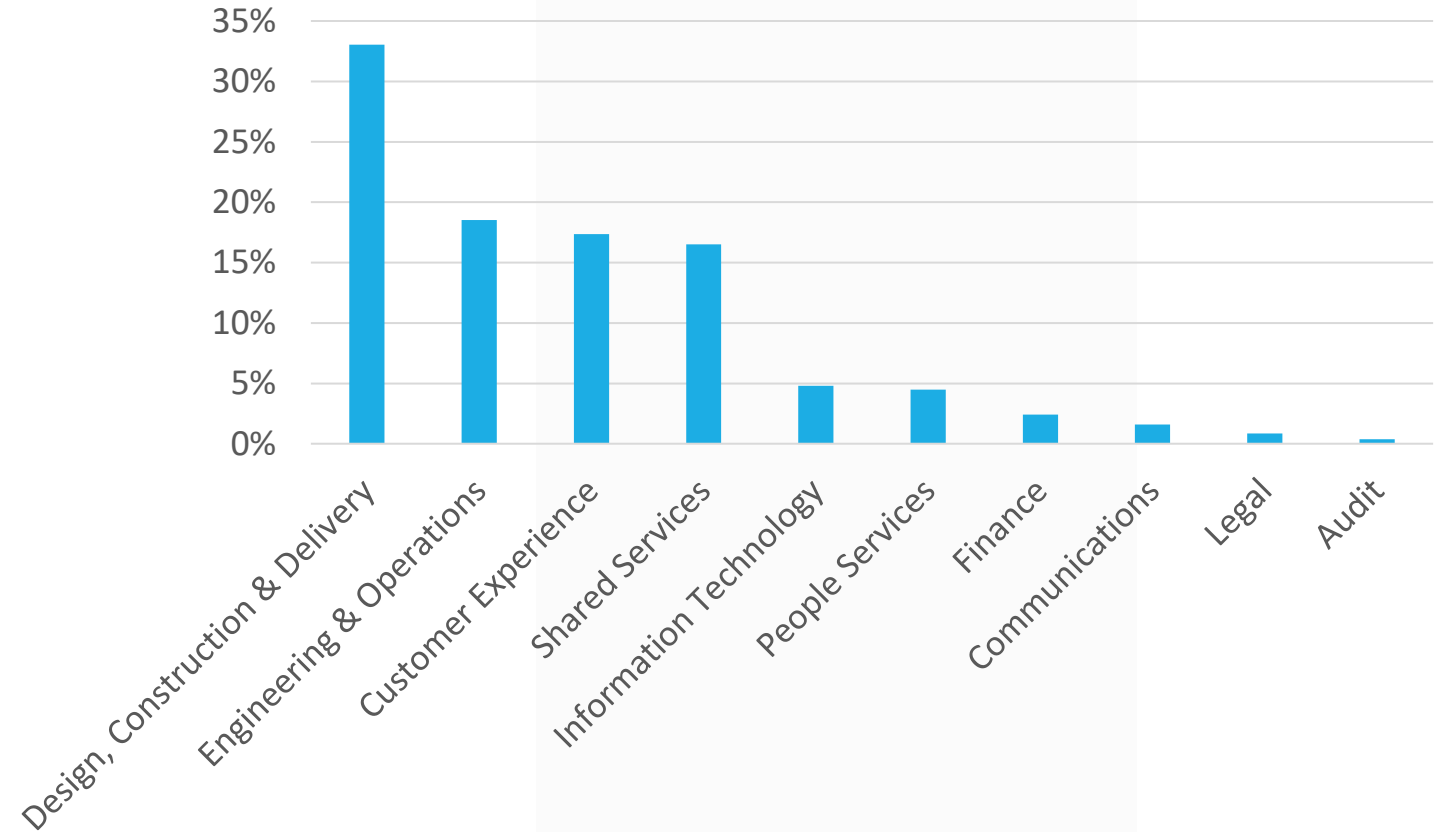
Staffing & Overhead Costs Below Industry Norms

Electric O&M Costs
20% Below APPA Median

Gas O&M Costs
Half AGA Average

Water O&M Costs
32% Below AWWA Median

Large Construction & Engineering Employer

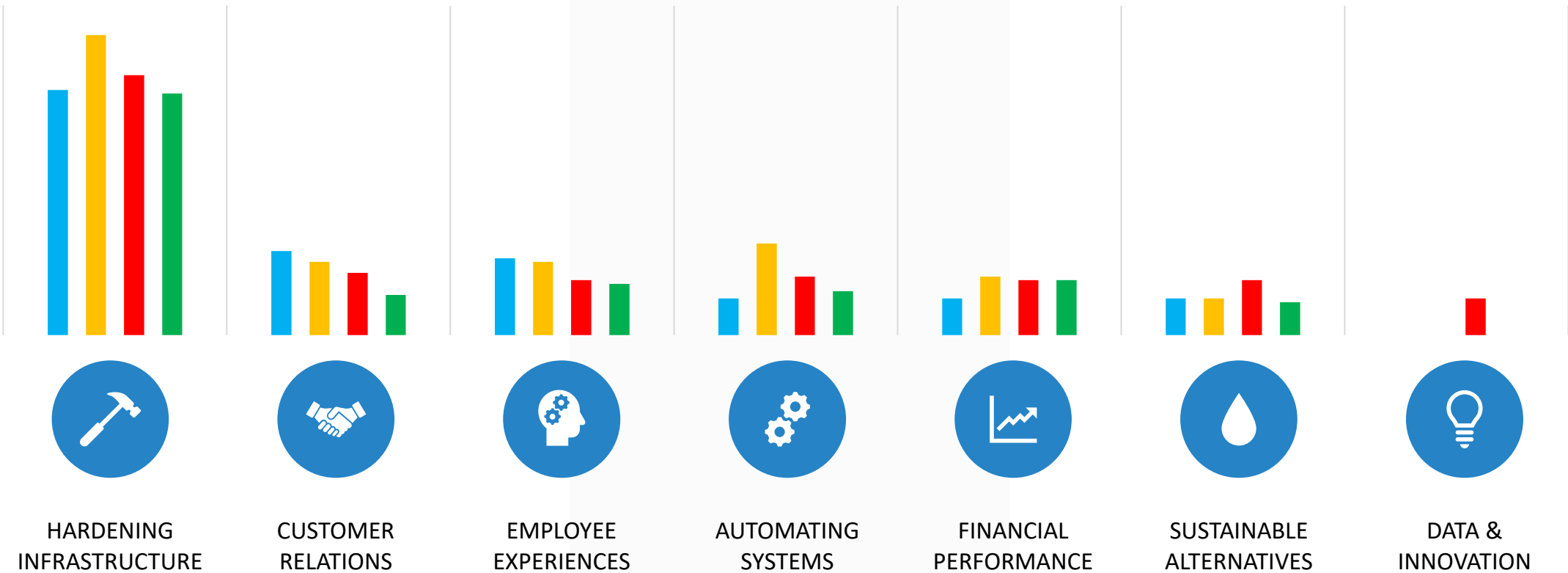


Market Lever Alignment

Utility Industry Outlook Reports	Valley Vision 2035	Memphis 3.0	Memphis Area Climate Action Plan	Economic & Community Development Plans
<i>Future Complexity Related to:</i>	<i>Uncertainty & Conflicting Trends:</i>	<i>Geographic Growth Priorities:</i>	<i>Greenhouse Gas Reduction:</i>	<i>Regional Economic Growth Drivers:</i>
Electrification	Increased Loads	Redevelopment Areas	Energy Efficiency	Economic Diversity
System Reliability	Decentralization	Transit Access	Decarbonization	Site Availability
Climate	Regulations	Business Connectivity	Urban Tree Canopy	Workforce Development
Capital Planning	National Security	Blight Reduction	Complete Streets	Small Business Assistance
Artificial Intelligence	Technology	Environmental Protection	Waste Reduction	Neighborhood Revitalization

SWOT Themes

■ Strengths ■ Weaknesses ■ Opportunities ■ Threats





Focus Areas

High-level categories of effort or outcomes to focus development of strategies, initiatives, programs and policies to achieve success.

Proposed Goals

3

TRANSFORMATIONAL GOAL

IMPROVE CAPACITY TO RESPOND & ADAPT

2

COMPETITIVE GOAL

IMPROVE DEMAND FOR & SUPPLY OF PRODUCTS & SERVICES

1

FOUNDATIONAL GOAL

IMPROVE VALUE OF PRODUCTS & SERVICES



Foundational Focus Areas to Improve Value

INFRASTRUCTURE



**REPLACING INFRASTRUCTURE, HARDENING SYSTEMS
& AUTOMATING NETWORKS**

- to enhance reliability & resiliency.

HUMAN RESOURCES



**ALIGNING TALENT ACQUISITION, DEVELOPMENT,
COMPENSATION, KNOWLEDGE TRANSFER &
SUCCESSION PLANNING**

- to create exemplary employee experiences, career advancement opportunities & superior workforce performance.

OPERATIONS



**SIMPLIFYING PROCESSES, STANDARDIZING
MATERIALS, OPTIMIZING FACILITIES & ADOPTING
TECHNOLOGIES**

- to contain both business & operations costs & improve overall responsiveness.

Competitive Focus Areas to Improve Demand & Supply

CUSTOMER SERVICE



DEVELOPING INTERNAL PROCESSES, DIGITAL SOLUTIONS & CONTRACT PARTNERSHIPS

- to simplify the customer experience & quickly resolve unexpected issues.

ECONOMIC DEVELOPMENT



STRENGTHENING COMMERCIAL SALES, ATTRACTING INDUSTRIAL CUSTOMERS & PROMOTING REDEVELOPMENT

- to maximize system capacity, offset costs for current residents & create economic opportunity.

CONSERVATION



EXPANDING SUSTAINABILITY & DISTRIBUTED ENERGY RESOURCE PROGRAMS

- to reduce customer costs & increase system efficiency while ensuring access to energy & clean water for future generations.

Transformational Focus Areas to Improve Capacity

GOVERNANCE



RENEWING GOVERNANCE, MANAGEMENT & COMPLIANCE STRUCTURES

- to streamline decisions, remove bureaucracy & invite inclusive critical input.

AGILITY



INSTILLING CULTURE, TOOLS, DATA TECHNOLOGIES & PROCESSES OF AGILITY

- to be hyper-responsive to customers, efficient as a business, & predictive innovative leaders in the utility industry.

COMMUNICATIONS



PROMOTING ADVANCES IN RELIABILITY, PRICE, CORPORATE CITIZENSHIP & CUSTOMER CARE

- to ensure stakeholders, employees & partners understand MLGW's unique value to the community.

Proposed Focus Areas

TRANSFORMATIONAL GOAL
IMPROVE CAPACITY TO RESPOND
& ADAPT

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COMPETITIVE GOAL
IMPROVE DEMAND FOR & SUPPLY
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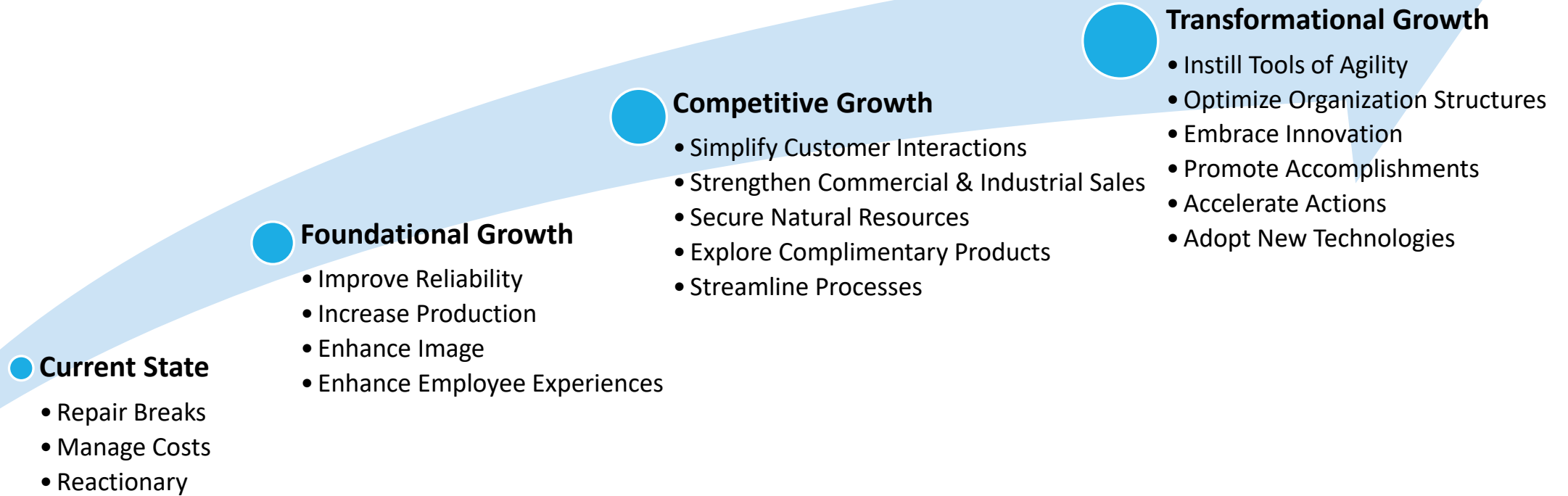
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FOUNDATIONAL GOAL
IMPROVE VALUE OF PRODUCTS &
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**REPLACING INFRASTRUCTURE,
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- to contain both business & operations
costs & improve overall responsiveness.



20-Year Strategic Plan

Balancing reliability, resiliency, agility and affordability.

Discussion

RESIDENTS

- What would make it easier to change or move MLGW service?
- Have you thought about alternative pricing designs such as time-of-use rates or flat service charges?
- How do you define value from MLGW?

Affordability	Customer Service	Conservation
Reliability	Communications	Other
- Have you considered installing solar, batteries or another form of on-site power?
- Would you be more or less likely to consider efficiency improvements if installed or incentivized by MLGW?

BUSINESSES

- What is most important to your industry or business from a utility provider?
- Are changes in staffing, technology, facilities or transportation on the horizon that would affect utility needs?
- How do you define value from MLGW?

Affordability	Customer Service	Conservation
Reliability	Communications	Other
- Has your company experienced utility best-practices in other regions?
- Are you planning for ESG (environmental, social, and corporate governance) demands?



Learn More & Leave Comments

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