



State of MLGW

MLGW Board of Commissioners Meeting

February 19, 2020

(Updated – February 25, 2020)

J. T. Young

President & CEO



MLGW Mission

(Why we exist)

***To safely deliver services
that create and sustain
superior customer
experiences.***

Vision

(Where we're headed)

***To be the trusted provider of
exceptional customer value in the
communities we are privileged to
serve.***



Our Mission:

To Safely Deliver
Services that
Create and
Sustain Superior
Customer
Experiences.

State of MLGW - Customers

	Electric	Gas	Water
Customers 2019	432,482 (+0.7%)	313,679 (+0.4%)	255,558 (+0.5%)
Customers 2018	429,499	312,552	254,222

Customer Care Key Stats

	Calls Answered	Customer Appointments Met	Tickets Completed <small>*CCC research and webmail tickets</small>
2019	1,319,333 (-9.0%)	18,446 or 98% met	30,964 (+56.0%)
2018	1,450,227	19,453 or 98% met	19,834



Our Mission:

To Safely Deliver
Services that
Create and
Sustain Superior
Customer
Experiences.

State of MLGW - Sales

Total Annual Sales & Revenues

	Electric	Gas	Water
Sales 2019	13,486,943 MWH (-3.6%)	94,919,727 MCF (+14.5%)	4,978,873 MCF (+0.7%)
Sales 2018	13,993,089 MWH	82,903,137 MCF	4,944,251 MCF
Revenue 2019	\$1,264,573,469 (-0.1%)	\$245,120,186 (-5.5%)	\$101,284,941 (+2.3%)
Revenue 2018	\$1,265,909,452	\$259,348,704	\$99,050,171

MWH – Megawatt hours

MCF – One thousand cubic feet



Our Mission:

To Safely Deliver
Services that
Create and
Sustain Superior
Customer
Experiences.

State of **MLGW** - Reliability

Outage Minutes

	Avg. # of Customers Out/Month	Avg. Outage Minutes/Cust.	Total Minutes Out (in millions)
2019	68,442 (+4.0%)	204 (+22.2%)	167.3 (+27.3%)
2018	65,783	167	131.4



Our Mission:

To Safely Deliver
Services that
Create and
Sustain Superior
Customer
Experiences.

State of **MLGW** - People

Fulltime employees	
2019	2,590 (-1.2%)
2018	2,621



Our Mission:

To Safely Deliver
Services that
Create and
Sustain Superior
Customer
Experiences.

State of **MLGW** – **PILOT** **Payments**

Payment in Lieu of Taxes

Municipality	2018	2019*	% Change	2020 (P)
Memphis	\$62,044,894	\$58,910,955	-5%	TBD
Shelby County	\$7,531,721	\$6,018,985	-20%	TBD
Arlington	\$61,675	\$65,084	6%	TBD
Bartlett	\$385,049	\$349,121	-9%	TBD
Collierville	\$525,480	\$463,412	-12%	TBD
Germantown	\$354,997	\$308,900	-13%	TBD
Lakeland	\$153,597	\$198,470	29%	TBD
Millington	\$148,320	\$130,836	-12%	TBD
Total	\$71,205,733	\$66,445,763	-7%	\$71,000,000**

*Decreases reflect the state's downward adjustment in the equalization factor.
Increases reflect tax rate increases by the municipalities. **Aggregate estimate only.



2019 Highlights



Our Values – “*The MLGW Way*”

(Core principles that will guide us)

- **Safety** – We make working safely paramount...it is the most important thing we do. We seek to create and maintain a safe work environment for our people.
- **Integrity** – We seek to do the right things for the right reasons. We build trust among our people and with all of our stakeholders through honesty and ethical behavior.
- **Ownership** – We care about the MLGW enterprise and we act like owners. We treat the MLGW enterprise as we would our own and we operate with MLGW’s long-term success in mind. We pursue excellence and innovation and we are accountable for our decisions and behaviors.
- **Inclusion** – We serve customers who represent a variety of backgrounds. We are committed to including and developing a similar diversity among our teams and among those from whom we purchase products and services.
- **Compassionate Service** – We are committed to providing superior customer and people experiences. We do so with empathy, courtesy and efficiency and we serve our community with a similar passion.



MLGW

Safety

2019 Accomplishments



Safety

- Overall safety improvements...Division-wide, accidents have been reduced. Reductions attributed to Safety Action Plan and Driver Accountability programs.
- **Lost Time Injuries** – Up 17% vs. 2018
- **Medical Recordable Injuries** – Down 16%
- **Light Duty Days** – Down 15%
- **Preventable Vehicle Accidents** – Down 37%
- **BOLO's** – “Be On the Look Out” reports...Leading indicators(61 submitted)
- Reinstatement of the Joint Union-Management Safety Committee
- A team of **MLGW** linemen participated in the TVPPA Lineman Rodeo held in Lenior City, TN.
 - Apprentice Lineman Miguel Calderon placed 3rd in the individual egg climb event and the MLGW team placed 2nd in the insulator change out competition.



MLGW's Lineman took top honors at the TVPPA Rodeo.



Integrity

2019 Accomplishments



Integrity

- MLGW climbed to number 7 in the Security 500 rankings. In 2018, MLGW held the 16th spot.
 - The award recognizes corporations, organizations and companies whose cybersecurity excels.
 - Our ascent on the list puts the Division in the top ten, just behind Exxon Mobil and Shell and ahead of Entergy.
- Our teammates met 98% of customer appointments as scheduled.
- MLGW crews came together to ensure a flawless ESPN's College Game Day show on Beale street.





Ownership

2019 Accomplishments



Ownership & Innovation

- Operated with a \$41 million budget reduction.
- MLGW partnered with Verizon to make **Memphis** the 22nd city in the country to get Verizon's 5G network.
- Gas Leak Detection process has been **automated** to create a more efficient and easier process for inspection and surveys. A few benefits are:
 - The ability to report leaks as soon as they are discovered with crews being called within a few minutes on site.
 - Reduction of cost per device by \$7,500
 - Run live reports and capture leaks as they arise from the field.
- MLGW launched a new responsive and mobile-friendly website.



2019 Accomplishments



Ownership

- MLGW obtained approval for its first-ever multi-year rate plan designed to facilitate its 5-Year Service Improvement Plan.

Division	July 2020	January 2021	January 2022
Electric	3.0%, \$37,839,000* (percentage varies between Transmission Level Voltage Customers and other classes)	2.7%, \$35,129,000	1.5%, \$20,073,000
Gas			2.0%, \$4,354,000
Water	15.0%, \$14,065,000*	7.0%, \$7,562,000	5.0%, \$5,790,000

** Denotes the full year revenue. For 2020, the Division will not realize the full amounts.*

Budget Based on Approved Rates & Efficiencies



Ownership

Category (\$ in Thousands)	2020	2021	2022	2023	2024
E,G,W Divisions Total					
Operating Revenue	\$1,655,522	\$1,724,576	\$1,757,518	\$1,760,108	\$1,762,710
O&M Expense	\$393,441	\$405,617	\$410,784	\$418,951	\$419,459
Purchased Power and Gas	\$1,138,379	\$1,138,536	\$1,138,696	\$1,138,860	\$1,139,026
Depreciation & Amortization	\$96,068	\$100,871	\$105,915	\$111,211	\$116,771
PILOT & Taxes	\$74,046	\$82,689	\$86,638	\$90,782	\$95,131
Total Operating Expense	\$1,701,935	\$1,726,589	\$1,740,852	\$1,758,563	\$1,769,085
Other Income	\$41,049	\$41,400	\$41,755	\$42,113	\$42,475
Debt Expense	\$19,141	\$18,733	\$24,112	\$23,151	\$22,107
Change in Net Position	(\$24,506)	\$20,654	\$34,308	\$20,505	\$13,989
Total Capital Expenditures	\$164,677	\$172,831	\$228,715	\$209,067	\$185,863
Total Operating & Capital Budgets	\$1,866,612	\$1,899,419	\$1,969,568	\$1,967,630	\$1,954,949



Inclusion

2019 Accomplishments



Inclusion

- **MLGW** embarked on a comprehensive power supply study known as an Integrated Resource Plan or “IRP”.
 - The **PSAT (Power Supply Advisory Team)** was created to provide input on MLGW’s IRP process. PSAT members are comprised of government, business and community leaders.
- **Supplier Diversity Spend**

2017	2018	2019
31%	35%	34%

- **MLGW** hosted or participated in nine Community Meetings in Memphis (Power Hour, Town Hall and City Council Community meetings) to educate, inform and interact with customers.



MLGW's PSAT members met at First Baptist Broad Church on January 23 to hear more information on power supply options.



President and CEO J.T. Young addressing customers at community Power Hour meeting.



Compassionate Service

2019 Accomplishments



Employees volunteering for United Way Day of Caring.

Compassionate Service

- Top five contributor to United Way - 2019 campaign raised **\$670,860** (100% employee funded.)
- Top donor to Mid-South Food Bank's "Operation Feed" – employees gave **\$43,149** - more than any other company in Memphis.
- Raised **\$18,000** for Junior Achievement
- Power of Warmth and Play it Cool **provide** heaters and air conditioners to qualified seniors.
- Johnnie Dawson Charitable Foundation made **\$10,000** grants to organizations such as the YWCA Abused Women's Shelter, AGAPE, CSA and the Glyniss Cancer Foundation in addition to other charitable endeavors.



MLGW bowling teams came together on April 17 to compete on the "alleys" for bragging rights while raising funds to benefit Junior Achievement.

2019 Accomplishments



Compassionate Service

- Employees Demetria Bowers-Adair and Camela Mitchell, a.k.a. "**Two Sistahs**," deliver meals to the homeless every Friday during their lunch break.
- Employees gave **648** units of blood – enough to assist 1,944 individuals.
- Three employees were honored in 2019 as MLGW **heroes** for their lifesaving and selfless actions.
- Safely restored service to tens of thousands of customers following major storms in May and October.



Demetria Bowers-Adair and Camela Mitchell heading out to deliver meals to the homeless.



David Leake, HHSC Garage, was honored as an MLGW Hero at the August 7 Board meeting.

2019 Accomplishments



Compassionate Service

- Established the Customer Value Council in order to assess and formulate plans to improve JD Power results and other customer outcomes.
- Share the Pennies program celebrated the 350th home weatherized through a **partnership** between MLGW, TVA, the City of Memphis and MIFA.



MLGW – along with the city of Memphis, MIFA, and the TVA , celebrating 350 homes being weatherized at no cost to homeowners.



2020 Horizon

2020 Horizon



- **New Substation 89 – First Quarter**
 - Located at Mendenhall and Shelby Drive - will serve roughly 8,000 customers.
 - Provide load relief for growth in the Hickory Hill area.
- **Power Supply Recommendation – May/June**
 - Completion of Integrated Resource Plan
 - Execution of RFP leading to final recommendation to Board
- **MLGW Way Forward - Ongoing**
 - New efficiencies and savings of over \$91 million have been incorporated into our 5-year service improvement plan.
 - Process improvements, labor savings, other efficiencies
 - Monthly reports on savings and progress.
- **Commencement of 5-year Service Improvement Plan**
 - Moving forward with \$1 billion for improvements to our system.
 - Tree trimming; Substation & Distribution equipment procurement and replacement.
 - Water and Gas system upgrades.
 - LED lighting deployments
 - Additional underground and upgrades



New electric substation 89

2020 Horizon



- 5G rollout...continued
- Expansion of additional customer options designed to enhance the customer experience...Payment; outage, service and account information
- Innovation...Service options; Pinch project; Developer options
- Selection of Chief People Officer
 - Centralization of certain services in Human Resources
 - Completion of compensation study
- Continued emphasis on supplier diversity...seeking to increase participation
- ***Exploring the opportunity for MLGW to facilitate an Economic Symposium for key stakeholders in our region...Focused on:***
 - ***Economic Development collaboration and networking***
 - ***Industry engagement***
 - ***Education & Training (sustainable poverty reduction)***
 - ***Government***
 - ***Healthcare (including mental health)***
 - ***Non-profits***





Recap

- Our people make MLGW a great place to work.
- We are focused on providing superior customer experiences.
- 2019 was a challenging year...Our people rose to the occasion.
- We have greater challenges ahead in 2020...We must be laser-focused on accomplishing our objectives...Safely delivering expected results will be crucial to our success.
- We will remain engaged as a leader in the communities that we are blessed and privileged to serve.



Thank You!