



State of MLGW

MLGW Board of Commissioners Meeting

February 3, 2021

J. T. Young

President & CEO

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.*

2020...WHAT A YEAR!

DISRUPTIONS & OPPORTUNITIES

COVID-19 Changed...

- **Our perspective...greater appreciation for one another and our community**
- **The way we worked**
 - Reduced numbers of employees in offices
 - Isolations and/or quarantines impacted our staffing at times
 - Spawned innovation...
 - Resulted in office and crew vehicle modifications
 - Resulted in numerous virtual meetings and approvals
- **The way we engaged**
 - Masks and distance
 - Elimination of most face-to-face internal meetings, customer and community engagements
 - Halted or altered certain in-person services

COVID-19 & OUR PEOPLE

(AS OF 12/31/2020)

- **952** - Total Quarantined or Isolated (35-40%)
- **769** - Total Returned to Work
- **183** - Current Isolations
- **28** - Awaiting Test results
- **254** - Total Positive Cases (~10%)
- **2** - Deaths
- **57** - Positives in isolation
- **155** - RTW on MLGW Facilities
- Recovery Rate - **77%**

STATE OF MLGW – CUSTOMERS



Our Mission:

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

	Electric	Gas	Water
Customers 2020	436,644 (+1.0%)	315,332 (+0.5%)	257,942 (+0.9%)
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

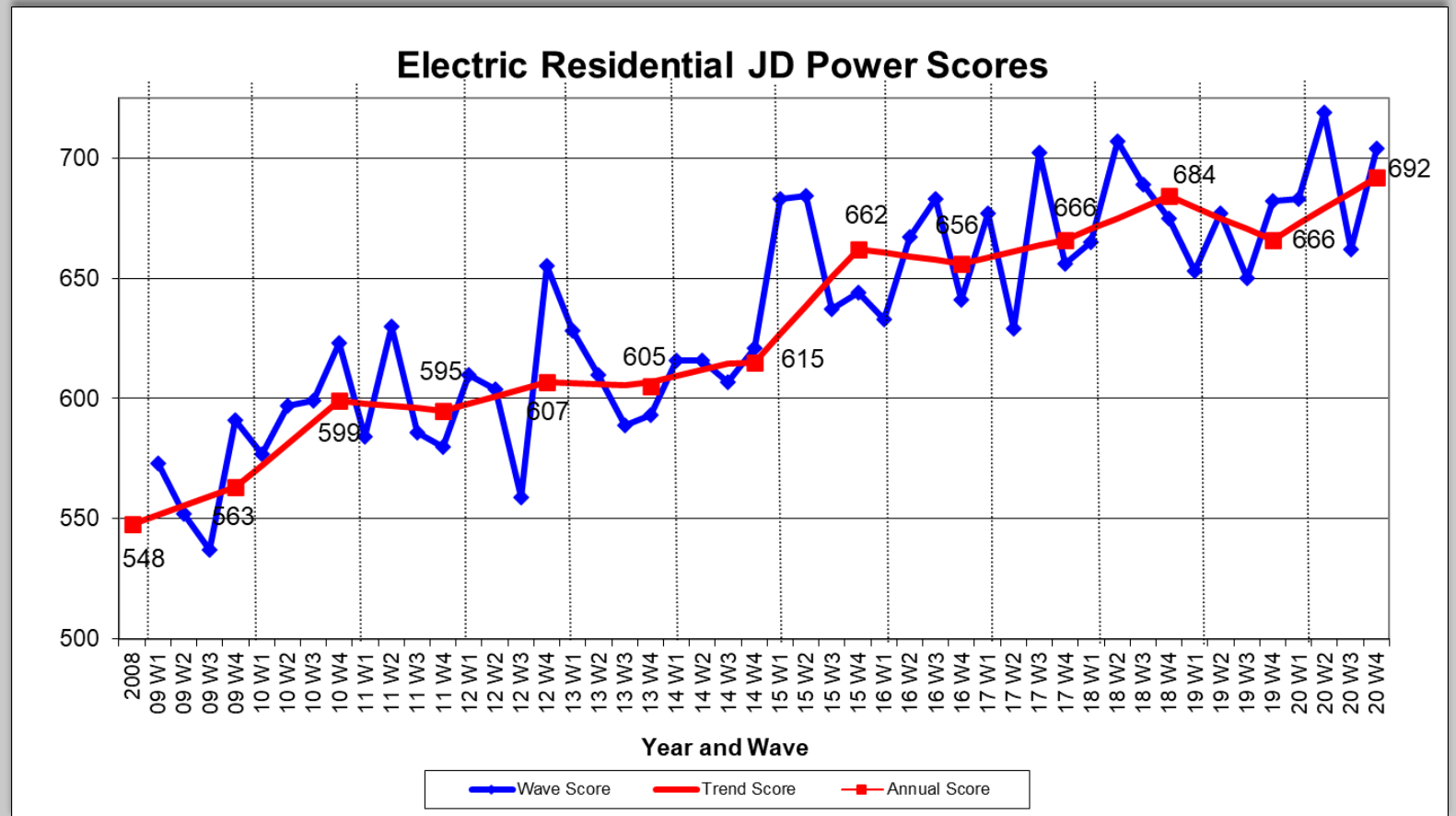
	Calls Answered	Customer Appointments Met	Webmail Requests Completed <small>*CCC research and webmail tickets, 2020 preliminary results</small>
2020	1,100,488 (-16.6%)	10,726 98% met	78,900* (+154.8%)
2019	1,319,333 (-9.0%)	18,446 or 98% met	30,964 (+56.0%)
2018	1,450,227	19,453 or 98% met	619,834

JD POWER SCORES ARE TRENDING UPWARD



Our Mission:

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



STATE OF MLGW – SALES



Our Mission:

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

Total Annual Sales & Revenues

	Electric	Gas	Water
Sales 2020	12,774,178 MWH (-5.3%)	78,347,810 MCF (-17.5%)	4,812,998 MCF (-3.3%)
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 2020	\$1,186,419,969 (-6.2%)	\$194,879,931 (-20.5%)	\$106,166,750 (+4.8%)
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

STATE OF MLGW – RELIABILITY



Outage Minutes

Our Mission:

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Customer Experiences.

	Avg. # of Customers Out/Month	Avg. Outage Minutes/Cust.	Total Minutes Out (in millions)
2020	71,593 (+4.6%)	189 (-7.4%)	161.1 (-3.7%)
2019	68,442 (+4.0%)	204 (+22.2%)	167.3 (+27.3%)
2018	65,783	167	131.4

STATE OF MLGW – PEOPLE



Our Mission:

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Create and Sustain Superior
Customer Experiences.

Fulltime employees

2020	2,489 (-3.9%)
2019	2,590 (-1.2%)
2018	2,621

Number of Light Duty and Lost Time Injury Days

2020	4,563 (-17.9%)
2019	5,561
2018	4,548

STATE OF MLGW – PILOT PAYMENTS



Payment in Lieu of Taxes

Our Mission:

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Customer Experiences.

Municipality	2018	2019*	2020	% Change
Memphis	\$62,044,894	\$58,910,955	\$59,477,197	1.0%
Shelby County	\$7,531,721	\$6,018,985	\$6,229,547	3.5%
Arlington	\$61,675	\$65,084	\$66,241	1.8%
Bartlett	\$385,049	\$349,121	\$353,824	1.3%
Collierville	\$525,480	\$463,412	\$480,250	3.6%
Germantown	\$354,997	\$308,900	\$306,223	-0.9%
Lakeland	\$153,597	\$198,470	\$122,479	-38.3%
Millington	\$148,320	\$130,836	\$128,090	-2.1%
Total	\$71,205,733	\$66,445,763	\$67,163,851	1.1%

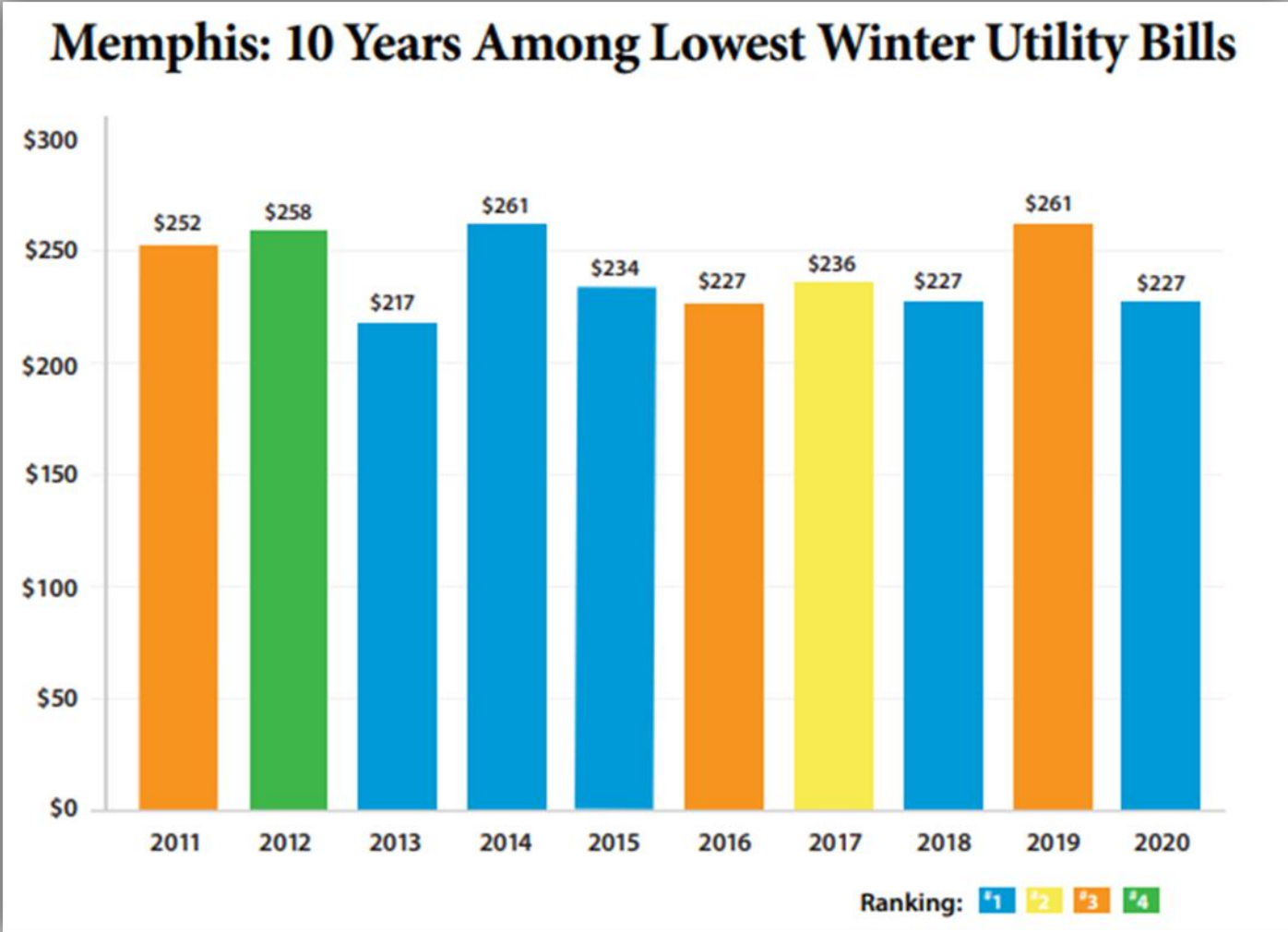
*Decreases reflect the state's downward adjustment in the equalization factor.
Increases reflect tax rate increases by the municipalities. **Aggregate estimate only.

PRICING & BILLS UPDATE

2020 ANNUAL RATES SURVEY RESULTS



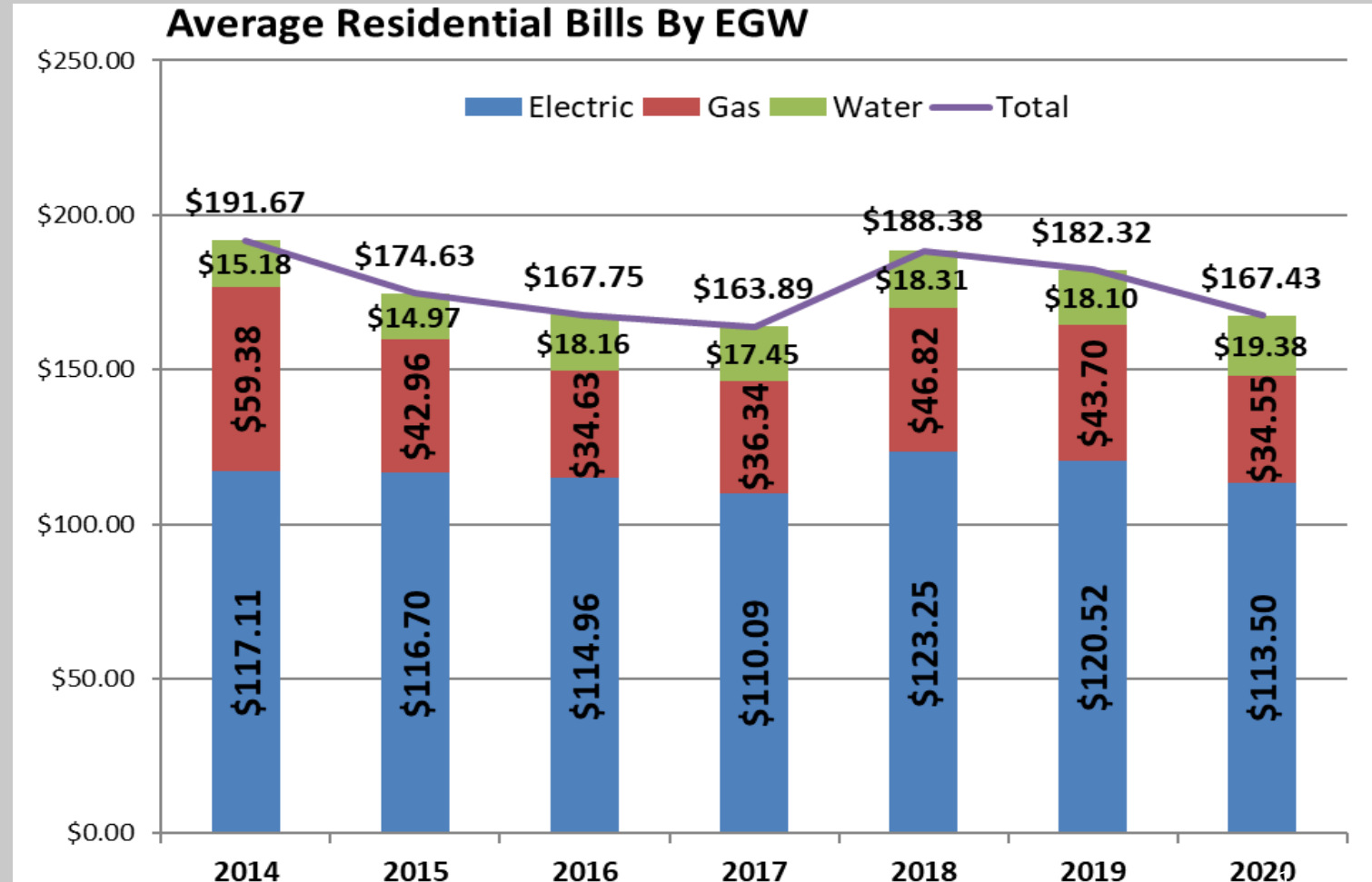
Lowest total bill
five out of the last
ten years.



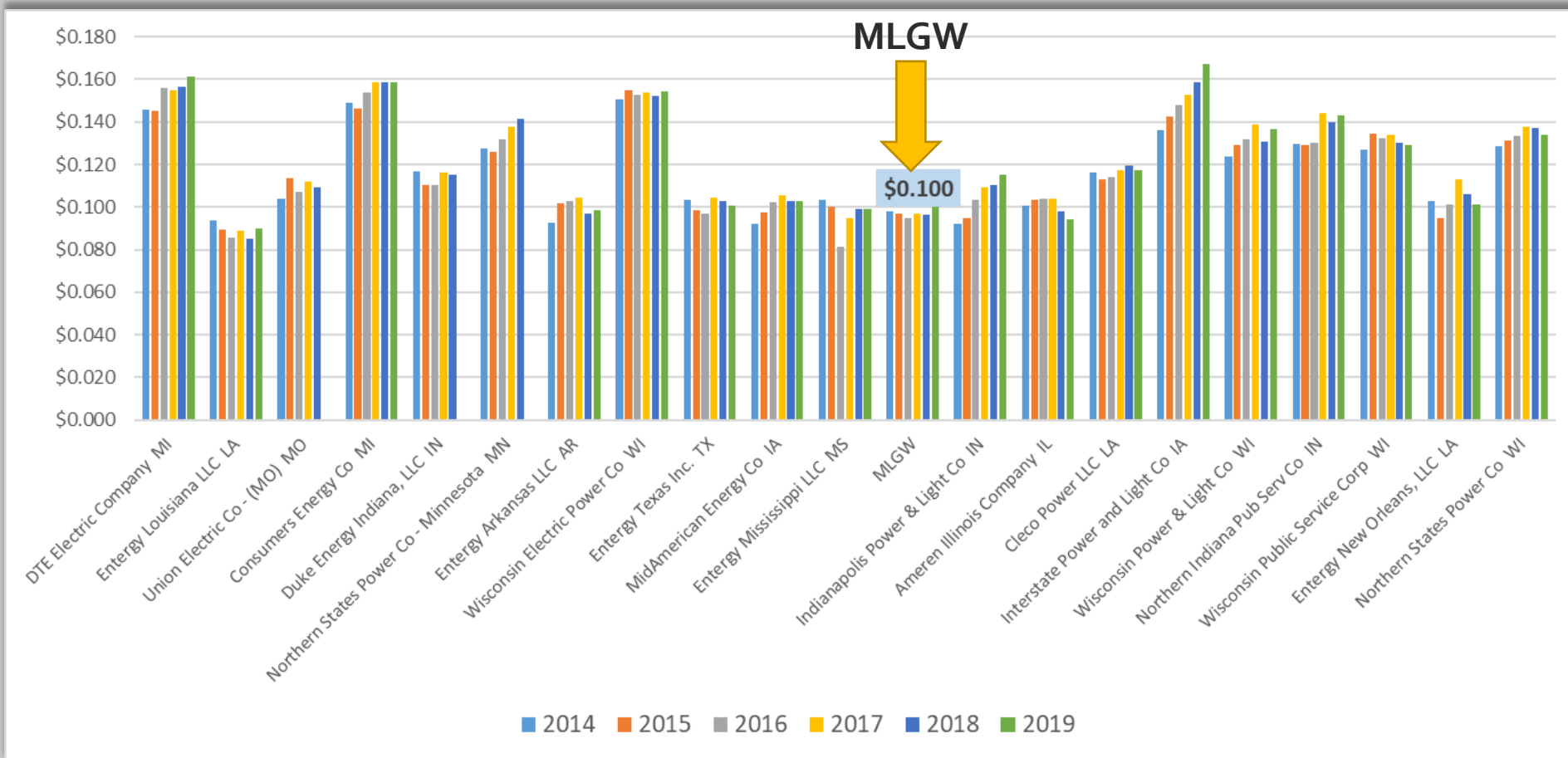
DECREASING TO FLAT AVERAGE BILLS



The average total
E,G,W Residential
Bill has been
decreasing over the
past few years.



RESIDENTIAL ELECTRIC RATES COMPARISON TO MISO PARTICIPANT UTILITIES



MLGW's residential electric retail rates are lower or as low as other utilities in the MISO footprint.

MLGW *WAY FORWARD* UPDATE

OPERATIONAL METRICS



Labor Reductions	Labor Savings	Position Refill Rate	Procurement Timeline	Inventory Efficiency	Procurement Bids	Fleet Management
FTE's Metric	Dollars in Thousands Metric	Filled/Requests Metric	Days to Complete Metric	Turnover Rate Metric	Bids per RFP Metric	Fleet Reduction Metric
20 2020 Target	\$1,600 2020 Target	62.50% 2020 Target	215 2020 Target	0.75 2020 Target	3 2020 Target	200 2020 Target
97.5 2020 YTD Actual	\$9,300 2020 YTD Actual	76.10% 2020 YTD Actual	300 2020 YTD Actual	0.534 2020 YTD Actual	2.33 2020 YTD Actual	49 2020 YTD Actual
487.5% % of Annual Target	581.3% % of Annual Target	121.8% % of Annual Target	71.7% % of Annual Target	71.2% % of Annual Target	77.7% % of Annual Target	24.5% % of Annual Target
375 2024 Cumulative Target	\$91,700 2024 Cumulative Target	62.50% 2024 Cumulative Target	215 2024 Cumulative Target	0.75 2024 Cumulative Target	3 2024 Cumulative Target	300 2024 Cumulative Target
97.5 Cumulative Five Year Actual	\$9,300 Cumulative Five Year Actual	76.10% Cumulative Five Year Actual	300 Cumulative Five Year Actual	0.534 Cumulative Five Year Actual	2.33 Cumulative Five Year Actual	49 Cumulative Five Year Actual
26.0% % of Cumulative Target	10.1% % of Cumulative Target	121.8% % of Cumulative Target	71.7% % of Cumulative Target	71.2% % of Cumulative Target	77.7% % of Cumulative Target	16.3% % of Cumulative Target

- Successfully identified positions and labor for reduction while exceeding the position refill rate.
- The pandemic hampered some activities such as Inventory Turnover and Fleet Management.
- Improvement is still needed in Procurement.

2020 HIGHLIGHTS

THE MLGW TEAM STEPS UP!

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 and we engage with each other to encourage safe behaviors.
- **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. We strive to grow and improve from our learnings.
- **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. We also complete our tasks with a focus on quality and appropriate agility. We are accountable for our decisions and behaviors.
- **Inclusion** – We serve customers who represent a variety of backgrounds. We are committed to including and intentionally delivering 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 speak and engage with empathy, kindness, professionalism, courtesy, care and concern. We take corporate responsibility while serving and working to improve our community with similar passions.

SAFETY

2020 ACCOMPLISHMENTS



SAFETY

- Lost Time Injuries – Down 16%

16%

- Medical Recordable Injuries – Down 18%

18%

- Light Duty Days – Down 13%

13%

- Preventable Vehicle Collisions – Up 14%

14%

BOLO's – “Be On the Look Out” reports increased from 61 in 2019 to 124 in 2020.

49%
increase

2020 ACCOMPLISHMENTS

SAFETY

Exceeded targeted goal of replacing 1000 lead lines in 2020. Replaced a total of **1057 lines**.



Completed **4 of 5 pilot LED projects** for the City of Memphis.

Cast iron replacement project will be completed in 2021. This is a 30 year project that began in 1992. **Exceeded targeted goal** of removing 2.5 miles of cast iron in 2020. Replaced a total of 3.47 miles.

- Restored power to roughly **38,000 customers** in 24 hours on January 11, 2020.
- Restored power to nearly **27, 900 customers** in less than 24 hours on August 28, 2020

INTEGRITY

2020 ACCOMPLISHMENTS



INTEGRITY

MLGW achieved a score of **99 out of 100** on the Tennessee Department of Environmental and Conservation sanitary survey.

- This survey inspects the water process from the production stations to the customers tap.
- The inspection is conducted every 2 years and ensures Memphis and Shelby County provides quality water at a high standard.



OWNERSHIP

2020 ACCOMPLISHMENTS

OWNERSHIP

- In 2020, the Gas Portfolio Management area lead by Jeff Sissom increased savings on natural gas purchases by 25% for an unprecedented annual savings of \$9.3 million utilizing prepay natural gas contracts. In addition, 57% of all MLGW gas needs were met by prepaid natural gas.

25%
savings

57%
gas need met

- Upgraded 3 **gas regular stations** in 2020 and designed 3 more to be replaced, satisfying the 2020 goal for the 5 year infrastructure replacement plan.
- Replaced 3 **substation transformers and 19 breakers**. These replacements exceeded the targeted goal for the 2020 year and are both apart of the five year infrastructure
- improvement plan.

- Completed a series of capital projects in 2020 which include the **Amazon Distribution Center, Elvis Presley Street Improvement Project LED street lights** and completion upgrading **94 streetlight to 5G standards**.



2020 ACCOMPLISHMENTS



OWNERSHIP

Work orders created in
Customer and Residential
Engineering services:

8,781

Work orders completed in Customer
and Residential Engineering:

5,871

Phone Calls Received by
Builder Services:

45,210

Total Checks (quantity of checks processed by
Builder Services for construction work orders):

2,276

Total dollar Amount (dollar amount of checks for
construction work orders processed by Builder Services):

\$17,730,291.31

INCLUSION

2020 ACCOMPLISHMENTS



INCLUSION

In late September 2020, MLGW launched **Power Pivot**, a regular webinar series aimed at **helping small businesses survive** during the COVID-19 pandemic.



DOLLAR GENERAL



Expanded authorized MLGW pay agents that now include Dollar General® and Family Dollar® stores. Customers are now able to pay their bill at over 100 new locations in Shelby County.

MLGW also added a new service, VanillaDirect Pay™. Customers can now pay their bill using a secure and unique barcode that appears at the bottom and back of the utility bill.

Implemented a Pandemic Plan to **better serve our customers** during a time of crisis, the plan included the suspension of disconnections and waiver of late fees for all customers until further notice.



2020 ACCOMPLISHMENTS



INCLUSION

Supplier Diversity Spend

2018

35⁰%

2019

34⁰%

2020

28⁰% *

*As of third quarter 2020.

COMPASSIONATE SERVICE

2020 ACCOMPLISHMENTS

COMPASSIONATE SERVICE



Reuben Hull, lead electric maintenance mechanic, and Gerald Jameson, Gas Measurement, are among an army of local volunteers who devoted time to make medical **face mask** shields for the Memphis Medical Society through the nonprofit group, Midsouth Makers.

1,600
households

Partnered with Mid-South Food Bank to help families affected by COVID-19 by hosting **four mobile food pantry's**. Served approximately 1,600 households.



Offered a temporary suspension of disconnections and late fees for all MLGW customers.

To assist households **impacted by COVID 19**, MLGW created a one-time extended payment plan that allows eligible customers to repay their past due balance over a 12-month period.

2020 ACCOMPLISHMENTS

COMPASSIONATE SERVICE

MLGW employees Angela and James DeBose were featured in the November issue of American Gas Magazine for their "**Hoodies for the Homeless**" initiative. The couple collects money and gently worn hoodies to distribute to homeless members of our community.



Early in May, our employee volunteers partnered with the Neighborhood Christian Center to assist in their **pandemic food distribution efforts**. MLGW volunteers assisted with boxing-up and delivering food to families and individuals in our community.

2021 HORIZON



Key focus areas

1.) Effectively executing plans and projects

- *Timing; budget; proactive engagement; power supply*

2.) Preparing and equipping our workforce

- *Safety; training and development; succession planning; employee feedback*

3.) Reshaping the customer experience

- *Reliability; billing; contact; energy burden; renewables/EV's; customer feedback*

4.) Building on technology integration

- *Leveraging and expanding technology solutions; operational efficiencies*

5.) Elevating our image and public perception

- *Community and economic impacts; soliciting public feedback; leveraging metrics*

6.) Promoting good governance and compliance

- *Internal approvals; seeking appropriate legislation; contract approval management*

Effectively executing plans and projects



- Continued Pursuit of Power Supply Review and Options
- Distribution Automation System
 - Overhead contract...approved by City Council on 2/2/21
 - Will be seeking consultant for integration (they have been selected).
 - Ramping up to install 1100 devices during the planning period.
- Wood pole replacement
 - Overhead contract mentioned above.
 - 600 a year
- 5G installations
 - Overhead contract mentioned above
 - 200 sites for 2021
- Substation Breaker replacement
 - 12
- Substation Transformer replacement
 - 4

2021 HORIZON

Effectively executing plans and projects



- Underground cable replacement
 - Target to replace over 40000 feet in 2021
 - Underground contract is in the approval process
- Water Lead line replacement
 - Target is to replace another 1000 services in 2021
- Water pumping station
 - Assessment of water pumping stations this year to determine best course of action on some of our older stations
 - Consultant has been selected
 - Will continue distributed process controller replacement
 - Will drill two additional wells we have a backlog of 8 wells pending completion
- Gas Cast Iron replacement
 - Will complete the cast iron replacement project(may need to have a public acknowledgement of that)
- Street lights
 - Working with the City and other municipalities to install LED lights

Preparing and equipping our workforce



- Improve Safety Culture
 - Decrease Recordables
 - Decrease Lost Time
 - Implement Safety Action Plan
- Improve Mgmt./Union Relationship
 - MOU Negotiations
 - Reduce grievances
 - Joint Management/IBEW safety visits with crews
 - Consistent, transparent communications
- Finalize Compensation Study
 - Reduce job evaluation timeline
- Succession Planning
 - Develop bench charts
 - IDP's for top talent
 - Reduce time to fill vacancies

Reshaping the customer experience



- Improve JD Power residential customer satisfaction score. This will be a team sport!
- Streamline/simplify Customer Care Policy per the Baker Tilly recommendations along with necessary IS changes to back-office systems.
- Improve call center performance. Lots of moving parts here given the “blending” of credit counselor into the call queue. Focus will be first call resolution.
- Continue to expand customer payment options.
- Launch Phase 3 of Share the Pennies (applications have already reached capacity). We expect to weatherize 200-300 low-income homes this year.

Reshaping the customer experience



MLGW SUPPLIER DIVERSITY WILL ENSURE CONTINUED GROWTH...



➤ PROMOTE “SHARE THE PENNIES” HOME WEATHERIZATION PROGRAM TO MWBE/LSBs

Share the Pennies provides home weatherization grants for income-qualified MLGW customers. The goal of the program is to improve the energy efficiency of customers' homes. Since its inception in 2018, this community-based initiative has:

- Utilized **32** active contractors
- Awarded over **\$3.9 million** to contractors
- Currently assigned **71 homes** to contractors, and
- Completed **477 homes** with contractors throughout Memphis & Shelby County



Building on technology integration



- **Communication Engagement** - New product will allow MLGW to communicate service order status to the customers through email, text and calls. It will notify a week in advance, day before and the day of events for the technician.
- **Work Order Developers Portal** - Deploy the internet application that will be used primarily by MLGW builders and developers to lookup their work order status. Self Service
- **MyAccount** -Will Continue to build out Self Service Functionality. Adding Customer Message Center, Start/Stop/Transfer Services, etc. as determined by the Customer Care Users
- **Gift of Comfort** - Deploy the Automated Gift of Comfort. This will eliminate paper, reduce mail and streamline back office processing by the MLGW team
- **OnTrack** -Deploy the automated On Track Program - OnTrack will be added to MyAccount allowing customers to easily submit to be part of the program

Elevating our image and public perception



- Host quarterly virtual Neighborhood Leader Training Sessions (in place of annual Neighborhood Leaders Conference)
- Monthly Power Pivot webinars focusing on business grants, a new normal in the pandemic, marketing, finance, legal issues, and a host of other business topics to help small businesses transition and move beyond the pandemic.
- Increase translation of publications/communications into Spanish by 15 percent. Keep 100 percent of on-hold messages in Spanish.
- Relentless communications via various channels
- Create virtual school learning labs. (i.e., Solar; Electric Vehicles; Sustainable Neighborhoods; Vegetation Management)

Promoting good governance and compliance



- Continue to implement internal efficiencies including procurement and inventory related
- Complete Disparity Study and improve Supplier Diversity spend...Target to hit our highest levels yet (Must be intentional in our efforts)
- Seek Board and Council contract approval limit adjustments to facilitate more efficient, timely procurement and execution of projects
- Streamline internal processes, policies and approvals to reduce bureaucracy



- We must adjust to the new normal as we execute on our mission.
- We will continue to improve service to our customers.
- We will be innovative and will continue to leverage technology to improve and streamline our services.
- We will meet our goals...financial; efficiency; service; supplier diversity; etc.
- We remain committed to our community and the environment.
- ***Thank you for your leadership and guidance...Thank you to the MLGW team for their perseverance and commitment!***



THANK YOU



Appendix

2021 TARGETS



Projects Identified	2021 Target Units	2021 Target Dollars
Electric Division		
Tree trimming	1,400	\$19,000
Wood poles replaced	600	\$3,000
Distribution Automation deployment	112	\$6,000
Substation Breaker replacements	12	\$3,442
Substation Transformer replacements	4	\$7,985
Underground cable replacements	89,870	\$10,000
Gas Division		
Cast iron retrofit	2.08	\$3,000
Steel tap replacements	575.00	\$1,900
Gas Transmission & Extra HP Pipelines	0.90	\$1,900
Regulator Stations	3.00	\$700
Water Division		
Production Wells	2	\$2,912
Station rehabilitation	TBD	\$1,100
Lead service line replacements	1,000	\$2,500
Digital Process Control Systems	2	\$1,210

ELECTRIC PROJECTS DASHBOARD



Study Items	YTD Actual	2020 Target	% of Annual Target	% of Annual Budget spent	Issue - Executive Summary
Tree trimming	611 <i>Miles trimmed</i>	1373 <i>Miles trimmed</i>	44.5%	33.0%	MLGW mgmt continue to meet with contractor mgmt to discuss issues and solutions going forward
Wood poles replaced	226 <i># of Poles</i>	500 <i># of Poles</i>	45.2%	34.2%	Replacement contract approved by MLGW board on 1/20 and scheduled for final city council approval 2/18
Distribution Automation deployment	18 <i># of units installed (designed/installed)</i>	67 <i># of units installed (designed/installed)</i>	26.9%	49.3%	Customer construction priorities have delayed installs, waiting on contract to assist with work
Substation Breaker replacements	12 <i># of units installed</i>	12 <i># of units installed</i>	100.0%	88.8%	
Substation Transformer replacements	4 <i># of units installed</i>	4 <i># of units installed</i>	100....	43.9%	
Underground cable replacements	32920 <i>Feet of cable (designed/installed)</i>	41800 <i>Feet of cable (designed/installed)</i>	78.8%	31.3%	Waiting on contract to assist with work

GAS PROJECTS DASHBOARD



Study Items	YTD Actual	2020 Target	% of Annual Target	% of Annual Budget spent	Issue - Executive Summary
Cast iron retrofit	3.47 <i>Miles completed</i>	2.5 <i>Miles completed</i>	138.8%	91.8%	
Steel tap replacements	196 <i># of units R/P</i>	147 <i># of units R/P</i>	133.3%	141.6%	
Gas Transmission & Extra HP Pipelines	0.55 <i>Miles completed</i>	0.55 <i>Miles completed</i>	100.0%	43.3%	
Regulator Stations	3 <i># of Stations</i>	3 <i># of Stations</i>	100.0%	19.2%	

WATER PROJECTS DASHBOARD

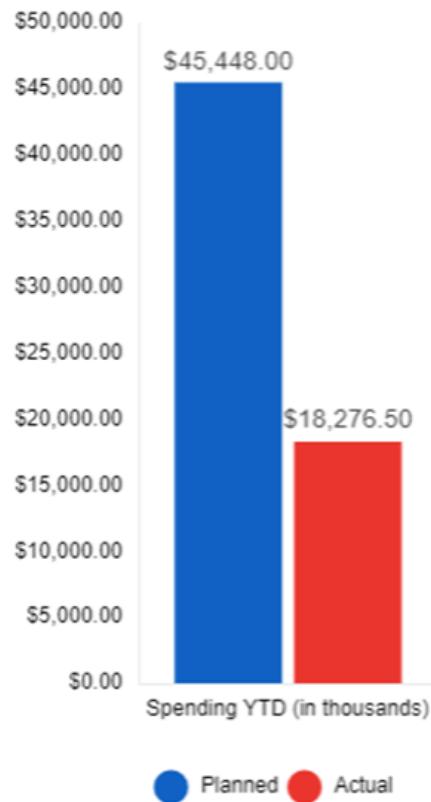


Study Items	YTD Actual	2020 Target	% of Annual Target	% of Annual Budget spent	Issue - Executive Summary
Production Wells	2 <i># of new wells</i>	3 <i># of new wells</i>	66.7%	49.3%	Two wells were drilled in 2020 and two older wells were brought online, third well is 85% complete
Station rehabilitation	0 <i>% progress</i>	0 <i>% progress</i>	0.0%	6.2%	Engineering Service Contract is in the final stages of being implemented. A notice to proceed should occur within two weeks.
Lead service line replacements and removals	1057 <i># of services installed</i>	1000 <i># of services installed</i>	105.7%	51.0%	
Digital Process Control Systems	0.72 <i># of units installed</i>	2 <i># of units installed</i>	36.0%	73.3%	Delays due to other priority Water Ops priorities (maintaining existing pumping equipment and 2020 Sanitary Survey)

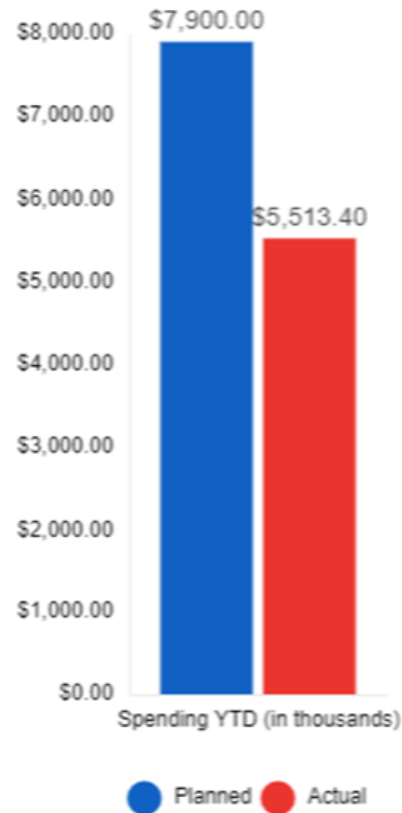
DOLLAR SPEND ON PROJECTS



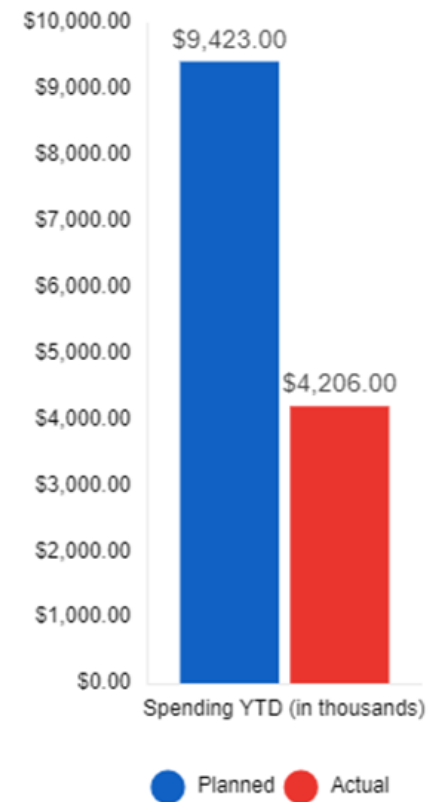
Electric Spending



Gas Spending



Water Spending



Date Updated

12/31/20

% of Year Elapsed

100.00%

Electric spending
Actual YTD vs
Planned YTD

40.21%

Gas spending
Actual YTD vs
Planned YTD

69.79%

Water spending
Actual YTD vs
Planned YTD

44.64%