



# State of MLGW

J. T. Young

President & CEO

February 2, 2022



As a result of the efforts of over 2,400 dedicated employees, the support of nearly 440,000 customers and numerous partners across our community, the Governance of this Board and the City Council...

**The State of  
MLGW Remains  
Very Strong!**





# 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 Values – “The MLGW Way” (Core principles that will guide us)



# 2021 Recap & Metrics



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# 2021 Highlights



**Feb. 11, 2021**

Ice storm hit Memphis causing approximately 42,000 customers to lose power. In addition, 127 water mains ruptured across Memphis.

Received highest award from The American Public Power Association (APPA)-Reliable Power Provider (RP3)

**Sept. 15, 2021**

**March 2021**

Share the Pennies program celebrated its completion of weatherization repairs for 500 homes.

Celebrated the end of the 30-year, \$100 million dollar and 330-mile cast iron replacement project.

**Nov. 9, 2021**

**June 2021**

Awarded a \$750,000 grant from the Tennessee Department of Environment and Conservation (TDEC) to provide weatherization and energy efficiency repairs.

Water Rights Case Decision...Launched new outage text alert system designed to keep customers informed via text messaging when an outage occurs at a residence or business.

**Nov./Dec. 2021**



# State of MLGW – Customers



	Electric	Gas	Water
<b>Customers 2021</b>	<b>439,827</b> (+0.7%)	<b>315,874</b> (+0.2%)	<b>258,524</b> (+0.2%)
<b>Customers 2020</b>	436,644 (+1.0%)	315,332 (+0.5%)	257,942 (+0.9%)
<b>Customers 2019</b>	432,482 (+0.7%)	313,679 (+0.4%)	255,558 (+0.5%)
<b>Customers 2018</b>	429,499	312,552	254,222

	Calls Answered	Customer Appointments Met	Webmail Requests Completed <small>*CCC research and webmail tickets, 2020 preliminary results</small>
<b>2021</b>	<b>956,200</b> (-13.1%)	<b>14,380</b> 96% met	<b>77,278*</b> (-2.1%)
<b>2020</b>	<b>1,100,488</b> (-16.6%)	<b>10,726</b> 98% met	<b>78,900*</b> (+154.8%)
<b>2019</b>	1,319,333 (-9.0%)	18,446 or 98% met	30,964 (+56.0%)
<b>2018</b>	1,450,227	19,453 or 98% met	19,834





# State of MLGW – Sales

## Total Annual Sales & Revenues

	Electric	Gas	Water
<b>Sales</b> 2021	<b>13,071,127 MWH</b> (+2.3%)	<b>87,456,991 MCF</b> (+11.6%)	<b>4,820,212 MCF</b> (+0.1%)
<b>Sales</b> 2020	12,774,178 MWH (-5.3%)	78,347,810 MCF (-17.5%)	4,812,998 MCF (-3.3%)
<b>Sales</b> 2019	13,486,943 MWH (-3.6%)	94,919,727 MCF (+14.5%)	4,978,873 MCF (+0.7%)
<b>Revenue</b> 2021	<b>\$1,258,953,278</b> (+8.4%)	<b>\$273,238,158</b> (+40.0%)	<b>\$121,124,597</b> (+14.1%)
<b>Revenue</b> 2020	\$1,186,419,969 (-6.2%)	\$194,879,931 (-20.5%)	\$106,166,750 (+4.8%)
<b>Revenue</b> 2019	\$1,264,573,469 (-0.1%)	\$245,120,186 (-5.5%)	\$101,284,941 (+2.3%)





# State of MLGW –Reliability

## Outage Minutes

	Avg. # of Customers Out/Month	Avg. Outage Minutes/Cust.	Total Minutes Out (in millions)
<b>2021</b>	<b>72,362</b> (+1.1%)	<b>155</b> (-17.9%)	<b>135.1</b> (-16.1%)
<b>2020</b>	71,593 (+4.6%)	189 (-7.4%)	161.1 (-3.7%)
<b>2019</b>	68,442 (+4.0%)	204 (+22.2%)	167.3 (+27.3%)



# State of MLGW – People

## Fulltime employees

<b>2021</b>	<b>2,452</b> <b>(-1.5%)</b>
<b>2020</b>	<b>2,489</b> <b>(-3.9%)</b>
<b>2019</b>	<b>2,590</b> <b>(-1.2%)</b>
<b>2018</b>	<b>2,621</b>



## Number of Light Duty and Lost Time Injury Days

<b>2021</b>	<b>3,289</b>
<b>2020</b>	<b>4,563</b> <b>(-17.9%)</b>
<b>2019</b>	<b>5,561</b>
<b>2018</b>	<b>4548</b>



# State of MLGW – PILOT Payments

## Payment in Lieu of Taxes

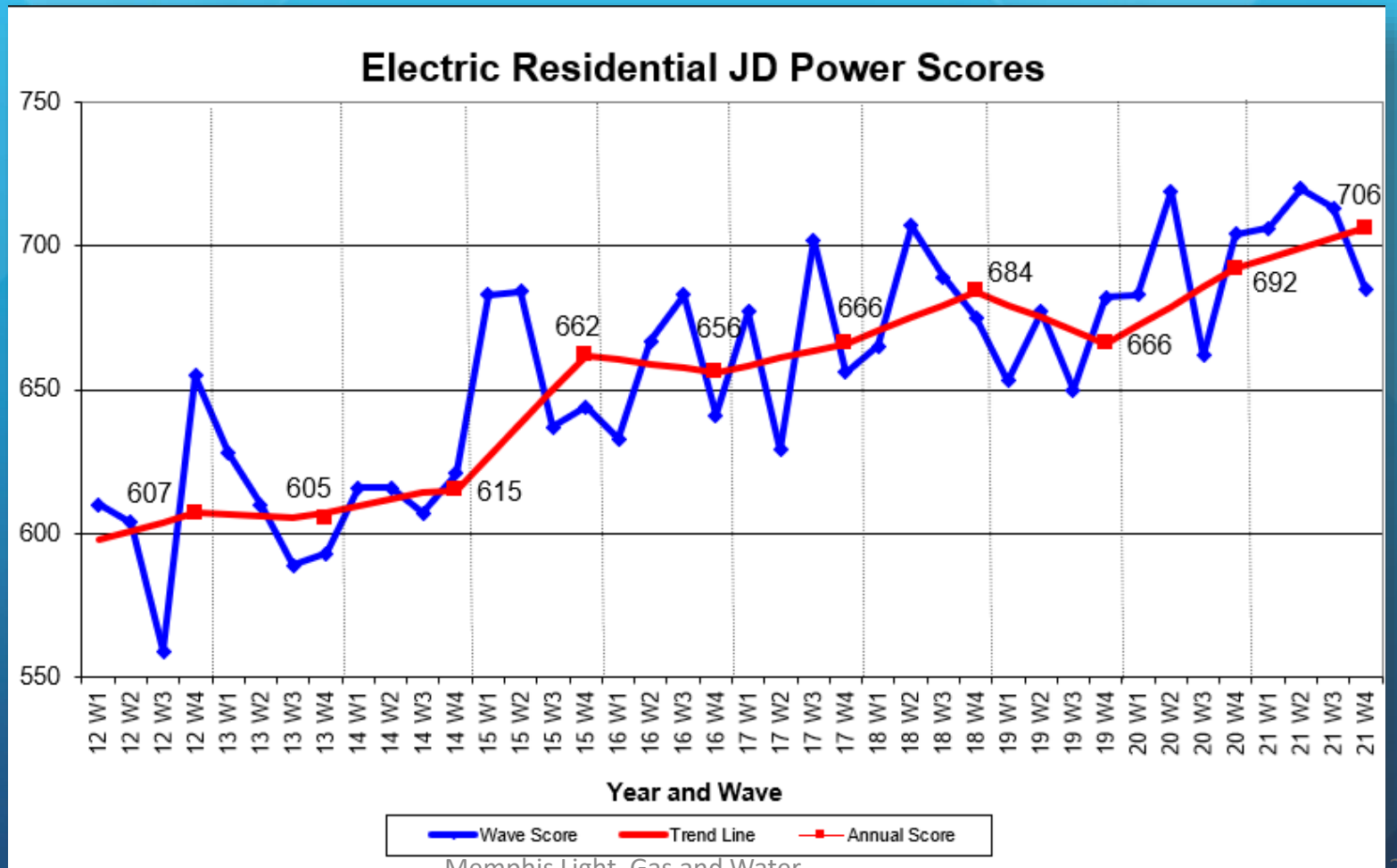
Municipality	2018	2019*	2020	2021	% Change
Memphis	\$62,044,894	\$58,910,955	\$59,477,197	\$61,596,740	3.6%
Shelby County	\$7,531,721	\$6,018,985	\$6,229,547	\$5,806,921	-6.8%
Arlington	\$61,675	\$65,084	\$66,241	\$68,300	3.1%
Bartlett	\$385,049	\$349,121	\$353,824	\$391,284	10.6%
Collierville	\$525,480	\$463,412	\$480,250	\$524,827	9.3%
Germantown	\$354,997	\$308,900	\$306,223	\$294,969	-3.7%
Lakeland	\$153,597	\$198,470	\$122,479	\$111,831	-8.7%
Millington	\$148,320	\$130,836	\$128,090	\$133,332	4.1%
Total	\$71,205,733	\$66,445,763	\$67,163,851	\$68,928,205	2.6%

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

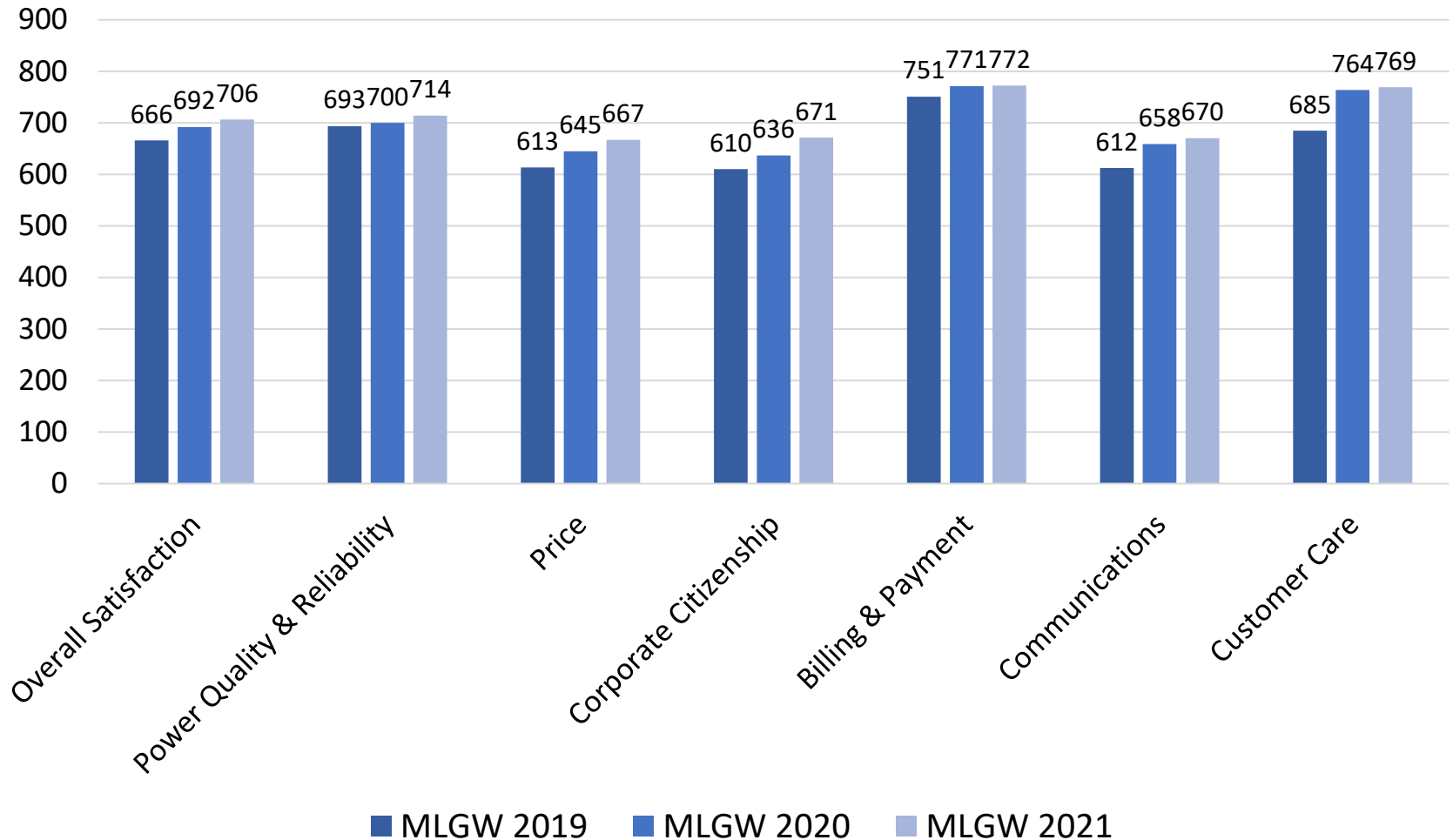




# JD Power Scores are still Trending Upward



# JD Power Index Score Comparison: MLGW 2019-2021

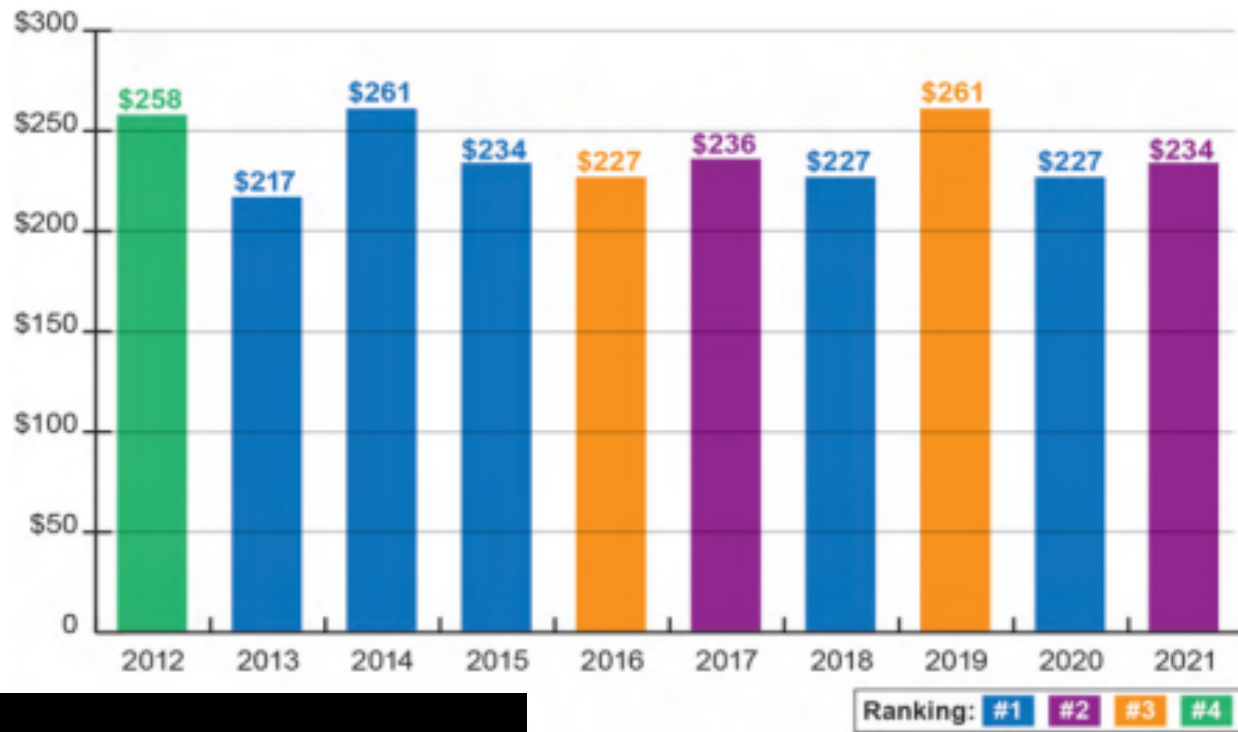


# 2021 Annual Rates Survey Results

Lowest total bill five out of the last ten years.

## Memphis: 10 Years Among Lowest Winter Utility Bills

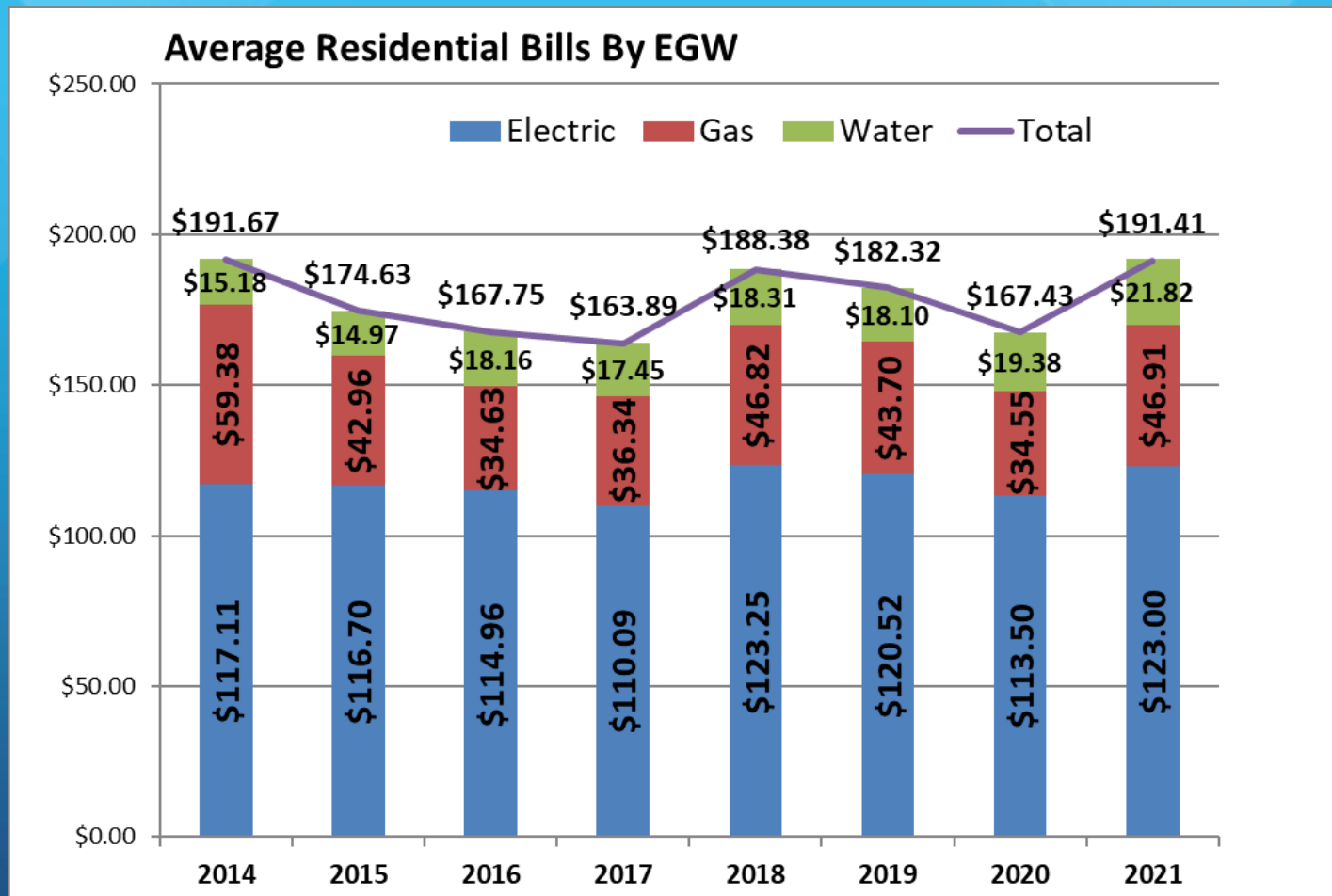
For 29 years, Memphis customers have spent less for their winter utility bills than their counterparts in many metro areas, capturing the top ranking 17 times since 1992. The 2021 ranking includes what a homeowner would pay for 1,000 kilowatt-hours of electricity, 200 hundred cubic feet (CCF) of gas and 10 CCF of water. Wastewater is no longer included. Dollar amounts have been rounded.





# Average Residential Bills

The average total E,G,W Residential Bill has remained mostly flat over the past few years.

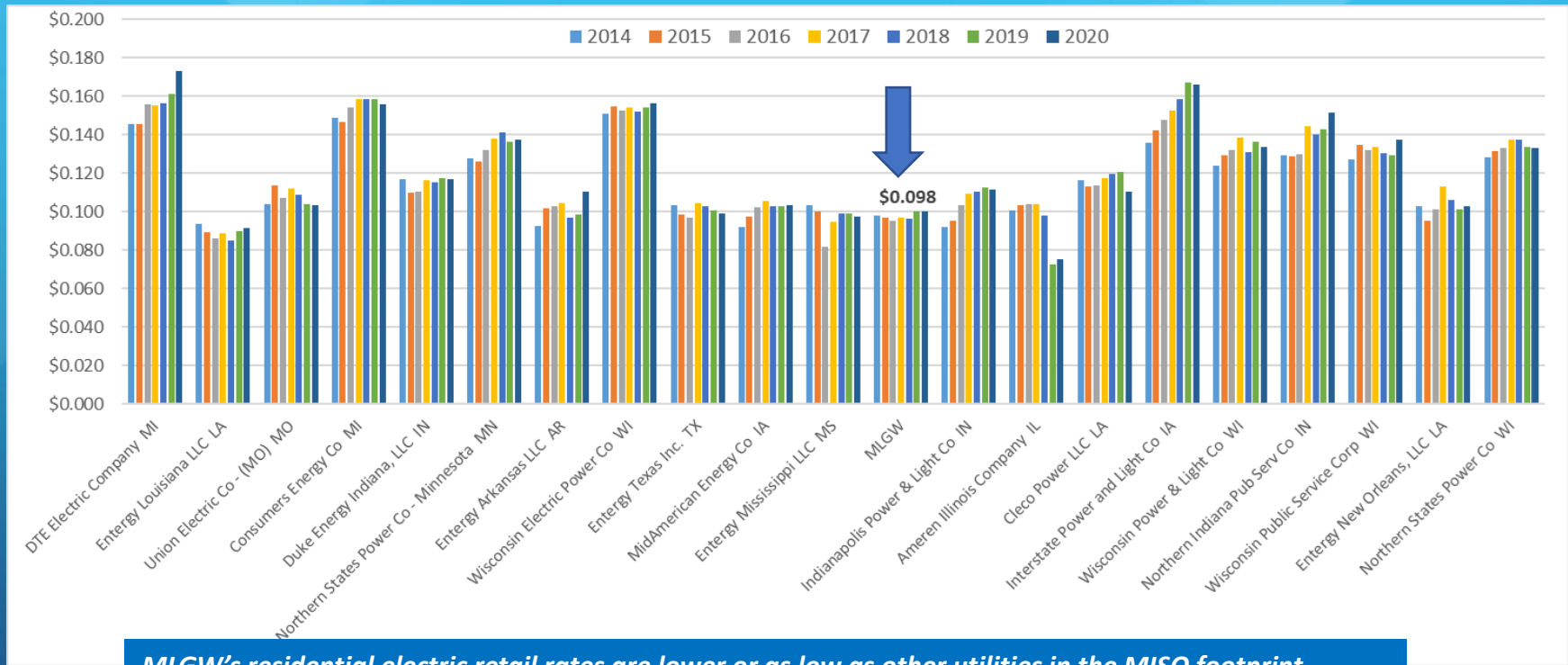


# Residential Electricity Costs

Region/Area	# of Customers	Average Monthly Consumption (kWh)	Average Price (cents/kWh)	Average Monthly Bill	Average Annual Electricity Costs
East South Central (AL, KY, MS, TN)	8,533,282	1136	\$ 0.1134	\$ 128.80	\$ 1,545.60
Tennessee	2,930,482	1168	\$ 0.1076	\$ 125.70	\$ 1,508.40
MLGW	439,827	1177	\$ 0.1060	\$ 124.78	\$ 1,497.36
U.S. Average	136,682,001	893	\$ 0.1315	\$ 117.43	\$ 1,411.80

**\*EIA data (other than MLGW) based on 2020**

# 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.**



# Key Focus Area Updates



1. Effectively executing plans and projects
2. Preparing and equipping our workforce
3. Reshaping the customer experience
4. Building on technology integration
5. Elevating our image and public perception
6. Promoting good governance and compliance

# Effectively Executing Plans & Projects



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# Infrastructure Improvements



Secured contracts with overhead and underground construction contractors to supplement our crews.



Began work on an electric substation construction contract to support MLGW Way forward projects.



Secured consulting contracts with engineering firms to expedite water and electric projects.



Secured consulting contracts with engineering firms to expedite water and electric projects.



Working with second tree trimming contractor to increase crews to help with reduction of crews by the cycle trimming contractor.



Increased staffing in the Electrical Engineering department to support increased demand in 5G work and other pole attachment work.





On November 9, 2021, Memphis Light, Gas and Water celebrated the end of the 30-year, \$100 million dollar and 330-mile cast iron replacement project. The project started in 1991.



## 2021 RFP Activities

### **Thermal Generation RFP**

Received vendor proposals on December 9<sup>th</sup>

### **Renewable / Other RFP**

Received vendor proposals on December 6<sup>th</sup>

### **Transmission RFP**

Submission Deadline is February 4<sup>th</sup>

# Preparing & Equipping our Workforce



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## Improving Safety Culture

- Decreased Recordable Injuries by 18%
- Decreased Lost Time Injuries by 35%
- Formed Preventable Vehicle Collision Review Team

## Improving Mgmt. Union Relationship

- Negotiated new 4-year MOU w/IBEW
- Worked to reduce grievances
- Joint Management/IBEW safety visits with crews
- Sought consistent, transparent communications

## Employee Engagement Survey

- 83% Participation rate; 83% see safety as priority
- 78% Job satisfaction; 83% connect mission & job
- 93% Committed to make MLGW best for customers
- Needed improvements noted...Action Plans in place

## Compensation Study

- Reduced job evaluation timeline and salary grades
- Salaries better aligned w/market
- Ongoing engagement with Korn Ferry to leverage additional tools and assistance



# Reshaping the Customer Experience



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# Customer Service Improvements



Increased software licenses to allow more customers into the IVR (Interactive Voice Response) system for self-service and to speak with a representative.



Streamlined training program for contact center agents to have new agents assisting customers sooner.



Improved operational efficiency and customer satisfaction by managing the workforce to determine availability of the correct resources based on skills to optimize scheduling in the department.



Residential and Business Contact Center IVR redesign



Continuing MyAccount enhancements by building out Self Service functionality, adding customer message center and Start/Stop/Transfer services.



Improved agent productivity and customer satisfaction by measuring agent performance and productivity, identified areas of training needed and increased first call resolution.



# Building on Technology Integration



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# New Customer Initiatives



## Builder Developer Portal

Portal provides a means for the Builder or Developer to Lookup the status of a Work Order.

The outage text alert system is designed to provide real-time outage information via text messaging when an outage occurs at a residence or business.

## Outage Text Alert



# 2021 Major Projects

- IT Modernization project effort to address desired cloud strategy and implementation
- Upgrade to the Oracle Enterprise Business Solution
- Implementation of the Clevest Mobile Dispatch Solution
- Upgrade of the Environmental Systems Research Institute (ESRI) application
- Migration to the Microsoft Office 365 platform
- Division Remote Work Environment for Business Continuity (Smartsheet, DocuSign, Zoom, Microsoft Teams, etc.)
- Supplier Diversity Data Management
- OnTrack Application Automation
- Vendor Payments via ACH
- Replace Doc1 with Engage1
- Implement Contracts Process as part of Oracle EBS
- BillGen Replacement
- Outage Management
- MyAccount enhancements
- RFP Vendor Portal
- Project Portfolio Management Software
- Crew Assignment Redesign
- Gift of Comfort Automation

# Elevating our Image and Public Perception

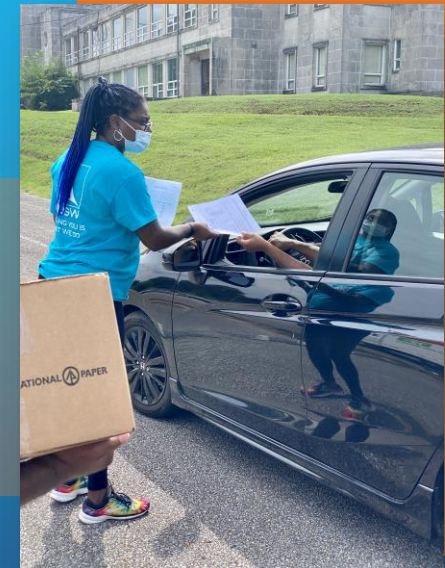


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MLGW's Corporate Social Responsibility department organized its eighth Mobile Food Pantry on December 3, 2021. The food pantry is held in partnership with the Mid-South Food Bank to help families affected by the COVID-19 pandemic.

In August 2021, MLGW hosted a Utility Assistance One Stop event. The drive-thru event allowed customers to apply to get up to \$650 in utility assistance. Volunteers also distributed weatherization kits as well as food boxes.







MLGW applauds Bobby Brown for his heroism. On June 2<sup>nd</sup>, he jumped into action to help an injured man he came across while working in an Uptown neighborhood. Bobby Brown works in the gas department at the Division.

MLGW employees are consistently in the top six for per capita donations to United Way of the Mid-South. In 2021, MLGW raised \$25,000 during its annual golf tournament fundraising event.



Various MLGW departments worked around the clock to keep customers informed during the 2021 Ice Storm. The Corporate Communications department interacted with customers through media interviews, press conferences, social media, videos and news releases.

# Promoting Good Governance & Compliance



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# Good Governance & Compliance



Board approval to increase contract and external hiring salary approval limits; awaiting City Council action.



Successful completion of 2021 Audit Plan; Completed the IA Quality Assessment - 5 Year Peer Review. Achieved "Generally Conforms," the highest rating issued by the Institute of Internal Auditors (IIA).



Continual leveraging of electronic approvals and automate processes; efficiencies in internal approval processes (optimizing levels required to approve)



Tennessee Public Utility Commission Gas Safety Inspection Evaluations conducted with no violations identified.



Continued the conversion of paper records to electronic in an effort to increase efficiencies in recordkeeping and access.



Preparation for NERC CIP and TSA Gas Pipeline Audits; Effective monitoring of critical access points across the Division

# Supplier Diversity Spending

2019	2020	2021 - 3 <sup>rd</sup> Quarter
\$47,992,788.26	\$37,303,036.63	\$36,720,526.21*
34%	28%	35%

\*Through 3Q

# 2022 Horizon

## Effectively Executing Plans and Projects

- Continuing the implementation of Service Improvement Plan (Infrastructure Improvements)
  - Update targets and timeline – SLC Planning Session
  - Pursue additional infrastructure funding (Federal/State)
  - Consider expanding to increase underground options
  - Lead service lines
  - Considering additional underground
  - LED projects
- Final recommendation on Power Supply

## Reshaping the Customer Experience

- Decision on Community Offices
- Broadband review
- EV Fast Charging
- Energy efficiency

## Preparing and Equipping our Workforce

- People development
  - Succession planning
  - Revamped employee portal
  - Reducing time to fill vacancies (metrics)
- Talent recruiting and retention options

## Elevating our Image and Public Perception

- Business Advisory Council –1Q kickoff
- Build on ‘One Stop Services’ for utility assistance
- Educational webinars with customers
- Continued Chamber engagement across service areas

## Promoting Good Governance and Compliance

- Contract approval limit increase – 1Q request at Council
- Streamlining of Policies – SLC Planning Session kickoff (March 23<sup>rd</sup>)
- NERC & TSA Gas Pipeline Audits

## Building on Technology Integration

- Oracle Contract Management Solution
- Outage alert will allow customers to text in an outage; planned outage notifications also
- RSA Agreement...Will allow Start/Stop/Transfer self derive capability this year



# 2022 and beyond...

## MLGW will...

- Be known for our safety and wellness emphasis...
- Be known for our low cost, reliable services with additional options...
- Be known for providing superior services at the '*speed of market*' to our customers...
- Be known as a leader among utilities in the area of energy efficiency and environmental stewardship...
- Be known as a premier employer offering competitive, flexible, challenging opportunities with attractive growth potential...
- Be known as an active partner for the growth that continues in the Memphis and greater Shelby County areas...



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Looking  
forward to a  
great year in  
2022!!

Thank you to  
the MLGW  
team and our  
customers!





# Appendix

# Operational Metrics

## Labor Reductions

### FTE's

Metric

**75**

2021 Target

**53**

2021 YTD Actual

**70.7%**

**375**

2024 Cumulative Target

**155.5**

Cumulative Five Year Actual

**41.5%**

% of Cumulative Target

## Labor Savings

### Dollars in Thousands

Metric

**\$7,100**

2021 Target

**\$1,308**

2021 YTD Actual

**18.4%**

% of Annual Target

**\$67,200**

2024 Cumulative Target

**\$10,396**

Cumulative Five Year Actual

**15.5%**

% of Cumulative Target

## Fleet Management

### Fleet Reduction

Metric

**150**

2021 Target

**180**

2021 YTD Actual

**120.0%**

% of Annual Target

**300**

2024 Cumulative Target

**229**

Cumulative Five Year Actual

**76.3%**

% of Cumulative Target

## Total Operational Savings

### Dollars in Thousands

Metric

**\$18,621**

2021 Target

**\$12,829**

2021 YTD Actual

**68.9%**

**\$91,700**

2024 Cumulative Target

**\$20,957**

Cumulative Five Year Actual

**22.9%**

## Position Refill Rate

### Filled/Requests

Metric

**62.50%**

2021 Target

**93.30%**

2021 YTD Actual

**149.3%**

% of Annual Target

## Procurement Timeline

### Days to Complete

Metric

**215**

2021 Target

**300**

2021 YTD Actual

**71.7%**

% of Annual Target

## Inventory Efficiency

### Turnover Rate

Metric

**75.00%**

2021 Target

**66.34%**

2021 YTD Actual

**88.5%**

% of Annual Target

## Procurement Bids

### Bids per RFP

Metric

**3**

2021 Target

**2.65**

2021 YTD Actual

**88.3%**

% of Annual 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.

# Pricing & Bills Updates



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