2,02,4 Annual Report Memphis Light, Gas and Water Division

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DIVISION OWNED BY THE PEOPLE OF MEMPHIS

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1939 - 2024

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The Scimitar Building, Memphis Light, Gas and Water Headquarters, circa 1949.

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Utility trucks carrying workers to job sites in the early days of Memphis Power and Light.





he early days of Memphis Power and Light.

About MLGW



The responsibility to provide excellent service to Memphis and Shelby County's citizens inspires us daily, informing us of our purpose, principles and direction. Founded in 1939, Memphis Light, Gas and Water Division is the nation's largest three-service municipal utility company; our electric, gas and

water services are the foundation of the quality of life that more than 440,000 customers enjoy. We strive to exceed expectations daily and earn our customers' business and trust.



Our Suppliers

The Tennessee Valley Authority provides MLGW with wholesale electricity. MLGW is TVA's largest customer, representing about 9 percent of TVA's sales to local power companies. MLGW buys its natural gas from a variety of suppliers.

It is transported by three pipeline companies–Texas Gas Transmission Corp., Trunkline Gas Co., and ANR Pipeline Co. Memphis and Shelby County receive water from the Memphis Sand and Fort Pillow aquifers, one of the world's largest artesian water systems.

2024 Leaders

Memphis Light, Gas and Water is governed by a five-member Board of Commissioners who are appointed by the Mayor of the City of Memphis and confirmed by the Memphis City Council. The MLGW Board also includes two non-voting Advisory Board members.



MLGW Board of Commissioners

Leon Dickson Sr., Chairman Michael E. Pohlman, Vice Chairman Mitch Graves Carl Person Cheryl Pesce

Advisory Board Members

John Butler

James Lewellen

Senior Leadership Council

Doug McGowen, President and CEO
Alonzo Weaver, Senior Vice President and Chief Operating Officer
Rodney Cleek, Vice President, Chief Financial Officer and Secretary-Treasurer
Quinton Clark, Vice President of Electric Engineering and Operations
Timothy Davis, Vice President of Customer Experience and Energy Services
Dr. Von Goodloe, Vice President of Shared Services
Bettye Hartwell, Vice President and Chief People Officer
Ursula Madden, Vice President of Corporate Communications
Jennifer Sink, Vice President and General Counsel
Lashell Vaughn, Vice President and Chief Information Officer
Chandrika Winston-Rosser, Vice President of Gas and Water Engineering and Operations
Lesa Walton, Chief Internal Auditing Officer

MLGW began its electric operations in 1939 and 1940 with six electric distribution substations.

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A word from MLGW President and CEO Doug McGowen

Last year was transformative for Memphis Light, Gas and Water. While we take pride in the fact that we have provided 85-years of utility and customer service to Memphis and surrounding areas, we are looking ahead. What we did in 2024, and what we continue to do, is invest in our people and our infrastructure – making MLGW the reliable service provider the Mid-South deserves.

We are taking a four-part approach to improve reliability for our customers. First, MLGW is fully funding preventative maintenance. MLGW hired three contractor companies to oversee tree trimming in our service area. Crews started in September 2023, and by the end of August 2024 they had trimmed more miles of trees than had been trimmed in 27 years. Reliability metrics quickly improved because of this renewed commitment and investment in vegetation management.



Second, is MLGW's dedicated effort at renewal and replacement of infrastructure before it breaks. Historically, MLGW has had to postpone renewing or replacing infrastructure until it failed completely. But that piecemeal methodology is costly. When you couple increasingly extreme weather patterns with outdated equipment, you get disastrous results. Thankfully, funds budgeted for maintenance and infrastructure replacement under The Way Forward Plan helped us get started – and in 2024 MLGW introduced the Renewal and Replacement of Infrastructure (r2I) plan to continue our work. I am happy to say we met or exceeded most of our five-year goals to replace outdated infrastructure.

By the end of 2024 MLGW had met or exceeded nearly all our goals to improve our system.

- 20 substation transformers, the goal was 20
- 96 substation circuit breakers, the goal was 60
- 3,265 wooden poles, the goal was 2,600
- 407,000 feet of underground cable, the goal was 392,400

The improvements to MLGW's water infrastructure included 15 new production wells. We dug more wells to help prevent the kind of water pressure loss that triggers a boil water advisory. MLGW also replaced 5,950 lead service lines, exceeding our five-year, 5,000 service line goal.

The Division not only exceeded the goal for replacing water lines made of lead, or containing galvanized steel, we completed our lead service line inventory in August 2024, well ahead of the deadline from the Environmental Protection Agency. The Water Department was proactive in finding funds to replace lead service lines on the customer-side of the water meter. It is not a requirement under the EPA's Lead and Copper Rule Revisions, but we felt it was the right thing to do.

We are also making progress renewing and replacing aging gas infrastructure. By the end of 2024

Continued on next page

Continued from page 4

MLGW completed:

- 5.56 miles of cast iron retrofitting, meeting our goal
- 4,152 steel tap replacements, the goal was 3,722
- 12 regulator stations installed, meeting our goal

We did not meet our target to replace 6.85 miles of gas transmission pipelines, but we have the materials now and construction started in earnest in 2025.

We are improving, but we are not where we want to be yet. The third part of our four-part approach

to increase reliability is grid modernization. Engineers from MLGW's Reliability and Power Quality team are using reliability data to identify taps and transformers with chronic problems. They have field inspected backbone circuits and collected data. Circuits may be reconfigured or redesigned depending on what's discovered. Modernizing our electric grid will take us until 2028 or 2029, but we are on it.

The final part of our approach is system expansion. When MLGW was created in 1939, the population in Memphis

The Division's reliability has significantly increased from the investments we've made. In 2024 MLGW recorded its highest reliability rate in six years!

(just Memphis, not the Memphis metro area) was fewer than 300,000. Today there are more than 600,000 people living in the city. We must expand our utility systems accordingly so that we are serving our customers and promoting growth.

Overall, I think 2024 was a good year and MLGW made a lot of promising advancements. I am certain we will face challenges in the years to come, but we are ready for what is ahead.

Doug McGowen President and CEO



ALL HANDS-ON DECK:

Winter Storm Heather

Mid-January Winter Storm Heather dropped snow across the Tennessee Valley. Temperatures fell below freezing and stayed there. By January 17, 2024 the demand for electricity reached an all-time high for provider Tennessee Valley Authority.

Water pipes froze and burst, water mains began to break and on January 18, 2024 water pressure started to drop across MLGW's system. The Division issued a precautionary boil water advisory for approximately 15% of customers. Pipes continued to break and leak. On Friday, January 19, 2024 MLGW amended the precautionary advisory to include all waterservice customers.

Despite dangerously frigid temperatures, Division employees worked around the clock to find

leaks and fix them. "I want to first of all call out the frontline folks at MLGW," President and CEO Doug McGowen told the Memphis City Council Tuesday, January 23, 2024. President McGowen explained the challenges as "incredibly cold temperatures, digging in the ground, working with water in sub-freezing temperatures is not fun, but they do it and they all showed up."

Showed up in force! Employees from the Water Meter, Electric Meter and Gas Meter Shops responded to Winter Storm Heather. So did workers from Water Distribution, Water Operations, the Water Laboratory and System Operations. Saturday, January 20, 2024 employees from multiple departments joined the "find and fix" effort. "If you work in Transportation at MLGW, if you work in the Gas Division and things are going great, if you're Safety, if you're Water Distribution, if you're an Engineer at MLGW, if you are in the Meter Reading Department, if you are an Admin, it doesn't matter where you work," McGowen told the Council. "It's all hands-on deck."

MLGW repaired 89 water main breaks, responded to nearly 4,000 customer water leaks (residential and commercial) and around 100 broken fire suppression systems. With clearance from the Tennessee Department of Environment and Conservation (TDEC), MLGW lifted the precautionary boil water advisory on Tuesday, January 23, 2024.

Smudge pots, a container in which oil or other fuel is burned to produce heat, circa 1955.



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Lightning Damage

Lightning from an April 7, 2024 storm sparked a fire and burned up the Substation 27 relay. MLGW teams including Environmental Engineering, Communications Control/Relay, Substation Construction and Maintenance responded to the situation.

They split themselves into two shifts, 14 hours a day, so they could work 24/7. Teams worked around the clock to repair and rebuild equipment damaged by the storm. Substation 27 resumed normal operations on May 6, 2024, approximately two weeks ahead of schedule. Chief McGowen called the effort "Herculean."

High Winds and Record Rainfall

The Mid-South was battered by winds up to 57 mph and record rainfall (4.25") related

to Tropical Depression Francine in September 2024. The storm caused downed limbs and trees, and widespread storm-related outages. At the height of the storm, damage caused power interruptions to 34,300 customers. Crews worked around the clock to assess damage, make repairs and restore power.



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In the Community

MLGW employees touch every part of this community – with the electricity, water and natural gas service they provide – and also with their giving spirit.

In February, 2024, MLGW presented the United Way of the Mid-South with a check for \$682,141.60. All of the funds came directly from employee donations. When you break the numbers

down, that's about \$175 per employee! MLGW presented the United Way of the Mid-South with another big check in November 2024. The Division raised \$44,000 for the group through the 18th annual United Way Charity Golf tournament in October 2024.

Division employees donate money AND time to the United Way of the Mid-South. Each year, MLGW works with the United Way of Greater Memphis to kick off a massive volunteer effort in Shelby County. For the 2024 Day of Caring, volunteers put together information packets for Girls, Inc., did yardwork for Knowledge Quest, and spruced up the main campus of Room in the Inn.



Contributions from MLGW employees exceeded the 2024 goal for the Operation Feed campaign to benefit the Mid-South Food Bank. The target was \$35,000. MLGW employees went above and beyond



and raised more than \$51,000! For every dollar donated the food bank can provide four meals. Division employees gave enough to provide 205,642 meals for our community.

Division volunteers worked with the Mid-South Food Bank again in November 2024 for a mobile food pantry. They spent a rainy day filling car after car with frozen, fresh and boxed food. Some volunteers even made it a family affair and brought their kids out to volunteer.

Keeping it Clean and Moving

In March 2024, employees hit the streets for the first ever Power Clean. MLGW personnel in safety vests and gloves used "grabbers" to pick up litter in the downtown area. Power Clean volunteers tidied



up at the North and South Service Centers in the following months.

MLGW volunteers kept the celebration MOVING for Christmas at the Bartlett Market and Festivities in November. The Division sponsored the market's Polar Express train! Bartlett's Mayor, CAO and one of its Alderman showed up to express their thanks.

Education Encouraged

From elementary school to college – and beyond – Memphis Light, Gas and Water supports students. MLGW's efforts help develop the local workforce by providing opportunities for education and on-the-job learning. The Division also encourages employees to continue their education, so they are best equipped for the utility industry.

MLGW is a signature partner of the Memphis Shelby County Schools' College, Career and Technical Education (CCTE) program. Working with the District, MLGW's Information Systems department held an Information Technology Day at the Netters Building in February 2024. Students from East High School's T-STEM (Science, Technology, Engineering and Mathematics) Academy attended and talked to MLGW staff about new software, cybersecurity, drone technology and more.

We invested in local students, and perhaps, the future of MLGW in April when we donated a veritable fleet of high-mileage equipment to Memphis Shelby County Schools (MSCS). The Division gave the district pickup trucks and sedans as well as heavy equipment like backhoes. All donated vehicles had reached their end-of-life; none were used for transportation. Students at schools with

auto/mechanical/vocational programs got to tear down the vehicles and learn maintenance.

Winners of the 2023 MLGW Art Contest were recognized at the MLGW Board of Commissioners meeting April 30, 2024. Students were broken up into four categories according to their grade level (K – 2, Grades 3 – 5, Grades 6 – 8 and Grades 9 – 12). The winning artist from each category created a new, MLGW Power League Superhero named "ElectRock."

Division employees bowled over the competition at the April 26 Bowl-a-Thon benefitting Junior Achievement of Memphis and the Mid-South. Thirty-nine teams represented MLGW in 2024 and raised more than \$25,000! MLGW won first place for Top Performing Company.





In May 2024, MLGW helped sponsor Junior Achievement's Inspire career expo. Employee volunteers from Engineering, Revenue Protection, Economic Development and Corporate Communications met and talked with students about all the different types of careers the utility industry offers. Hundreds of eighth-grade students attended the three-day event.

Some of Memphis's best and brightest students earned a spot in MLGW's highly competitive summer internship program. More than 890 students applied; a select 22 students were chosen. Students worked across several teams including Engineering, Legal and Information Technology. MLGW's Human Performance and People Development (HPPD) team oversees six initiatives designed to give students hands-on, real-world experience, and to get

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them interested in possibly working at the utility when they graduate.

Boot camp training is one of those initiatives. In 2024, for the first time ever, MLGW offered an Automotive Technology Boot Camp. Students received an immersive, hands-on education. They learned about engines, braking systems, manual and automatic transmissions as well as how to service electric vehicles. The three-week boot camp is a partnership between MLGW, Southwest Tennessee Community College and MSCS. Participants earned a certificate and (even better) a stipend for their work. 2024 was the first year for the Automotive Technology Boot Camp, but the second for the Utility Construction Boot Camp.

MLGW hosted the inaugural STEM conference at the utility's training center in October 2024. The "EmPOWERing Futures: MLGW STEM Conference" was designed to inspire and engage students from area schools in the fields of Science, Technology, Engineering, and Mathematics (STEM). Students from eight area schools attended. They learned how to create animations, how to code, and how clouds are formed (among other things).

A quote from Conrad Hall the award-winning cinematographer sums up MLGW's attitude towards education. "You are always a student, never a master. You have to keep moving forward." It's an idea we have embraced for 85 years, one we will continue to uphold for another 85.

Mallory Pumping Station, originally named Parkway Pumping Station, as a groundwater treatment plant constructed in the 1920s.

WORKING WITH FIRST RESPONDERS:

Safety at Fire Scenes

On March 19, 2024, Layne Mendius, Gaspo Dixon, Josh Lepard, Henry Smith and John Holland from Corporate Safety, and Randy Steele from MLGW's Electric Meter Shop held the first of six, hands-on training classes for Bartlett firefighters.

Firefighters learned how to identify different types of overhead equipment, how to dismantle an electric meter in an emergency, how to shut off gas at the meter and much, much more.

Corporate Safety Specialists also trained firefighters in Collierville and Germantown in 2024.

AFV Fires

Tennessee Department of Environment and Conservation (TDEC) hosted a fire safety



training class in February 2024 and asked MLGW to help. Division staff drove three alternative fuel vehicles to the Memphis Fire Department's training facility on Academy Drive.

MLGW provided cadets with a Nissan Leaf, a dual-fuel CNG (compressed natural gas) pickup truck and a hybrid bucket truck to inspect as part of their training.

The rise in use of alternative fuel vehicles (AFVs) puts fire and rescue personnel at increasing risk due to a lack of understanding of how to respond to incidents involving these vehicles. Customized National Fire Protection Association (NFPA) instruction helps provide the knowledge and skills to keep first responders and the public safer.

Damaged utility infrastructure like downed electrical lines and broken/leaking gas lines can make fighting fires more hazardous for first responders. A team of MLGW's Corporate Safety Specialists works to educate firefighters on the dangers of working around utility equipment, and how to mitigate the risks.



Nationally Ranked

Did you know that MLGW has a nationally ranked Water Tapping team? Did you also know that they have only been competing together for two years? Meet 2 and ½ Men. They are a young team on an upward trajectory.

Calvin Hodges, William Huffman (Coach), Dylan Stapleton and Christopher Miller from Water Distribution won the Regional Water Tapping Competition in 2023, their first year as a team. They went on to place ninth at the National Competition in Anaheim.

In August 2024, they competed against three MLGW teams – The Regulators; The Guys; and

The Bad Men. 2 and ½ Men won the MLGW Water Tapping Contest and advanced to the regional competition in Kentucky where they won!

Their regional victory at the 2024 Kentucky/ Tennessee section of the American Water Works Association (AWWA) Pipe Tapping – Men's Competition puts 2 and ½ Men into the National Competition in 2025. "We're looking to do better than ninth," said Coach William Huffman. Congratulations 2 and ½ Men, We are rooting for you!

Employee Benefits

Memphis Light, Gas and Water introduced multiple new and exciting employee programs in 2024. From



recognition to wellness, these programs are meant to help MLGW staff grow and stay healthy.

Jet Dental kicked things off in January when they transformed the lobbies of the Administration Building and Netters into dental offices. Dental hygienists and assistants X-rayed and cleaned the teeth of dozens of MLGW employees. All employees are allowed regular, twice-a-year checkups at no cost through MLGW's dental insurance plan.

Keeping with the holistic approach to wellness, MLGW created a partnership with Explore Bike Share (EBS) in March. The program allowed employees to use an e-bike, day or night, for free. All active MLGW employees received unlimited access to EBS e-bike stations from downtown to Shelby Farms Park. In April, MLGW's Health Clinic opened its doors. Located at 1215 Poplar Avenue, the Clinic offers treatment for minor illnesses and injuries as well as biometric screenings and no co-pay is required!



Division employees can show each other their appreciation with the "Celebrate Your Spark" program. The point-based, reward and recognition program launched in June. Employees can exchange their "Celebrate Your Spark" points for merchandise or gift cards.

In September, MLGW introduced three Employee Resource Groups (ERG). There is an ERG for women, a multi-cultural ERG and an ERG for young professionals. The Labor Relations team oversees the groups, but ERGs are employee-led and managed. The focus of an ERG is to create support networks for its members.

Letter of Transmittal MEMPHIS LIGHT, GAS AND WATER DIVISION

To the Board of Commissioners and Valued Stakeholders:

We are pleased to submit the Annual Report of Memphis Light, Gas and Water Division (MLGW) for the fiscal year ending on December 31, 2024, as required by the Charter Provisions of the City of Memphis (City) creating Memphis Light, Gas and Water Division. This report has been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) for proprietary funds of governmental entities.

Responsibility for the accuracy and presentation of the information provided is the full responsibility of the management of MLGW. Disclosures necessary to assist the reader in understanding of the financial statements have been included.

MLGW's financial statements have been audited by Clifton Larson Allen LLP, licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of MLGW, for the fiscal year ending on December 31, 2024, are free from material misstatement. The audit involved performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements; evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management; and evaluating the overall financial statement presentation.

The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that MLGW's financial statements for the fiscal year ending on December 31, 2024, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of the report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. MLGW's MD&A can be found immediately following the auditors' report.

Profile of the Government—MLGW was created by an amendment to the City Charter by Chapter 381 of the Private Acts of the General Assembly of Tennessee, adopted March 9, 1939, as amended (the "Private Act"). MLGW operates three separate utilities, as divisions, providing electricity and gas in the City and Shelby County. Water service is provided by MLGW in the City, and together with other municipal systems, in Shelby County.

Each division operates as a separate entity for accounting and financial purposes in accordance with the Private Act. For economic reasons, activities common to all three divisions are administered jointly and costs are prorated monthly among the divisions. A 1981 amendment to the City Charter permits forming additional divisions to provide other energy services.

MLGW controls the administration of its activities and business affairs. It operates independently, manages its own finances and is responsible for obligations incurred in such operations, including indebtedness payable from operations of the Division.

MLGW must have the City Council's approval for its annual budget and before incurring certain obligations, including purchasing real estate and exercising the right of eminent domain.

MLGW is managed by a Board of Commissioners, which consists of five voting members nominated by the Mayor and approved by the City Council and two advisory, non-voting members. The Board is responsible for supplying the Division's service areas with electricity, gas, and water. Board members serve staggered terms of three years each.

Every two years, the Board elects a Chairman and a Vice Chair, whose terms begin January 1. Board members continue to serve until a new Board member is appointed by the Mayor and confirmed by the City Council.

The daily operations of MLGW are managed by the President and Chief Executive Officer, who is nominated for a five-year term by the Mayor and approved by the City Council. Under the Private Act, the President generally supervises MLGW's operations and its officers and employees.

Local Economy—Memphis and Shelby County are located on the banks of the Mississippi River in the southwestern corner of Tennessee. The Bluff City ranks as the second largest city in the state and the 29th largest in the nation with a population of 618,639 according to the most recent Census data projections (July 2023). Shelby County has a population of 910,042. Efforts put forth by the Greater Memphis Chamber led to the creation of 1,927 new jobs and an unemployment rate of only 4%. There were 292 company visits and \$1.1 billion of capital investment.

Three Fortune 500 World Headquarters—FedEx, International Paper and AutoZone – call Memphis home. In addition, Nike, Hilton, Coca-Cola, Medtronic, and Amazon have major offices or distribution facilities in Memphis.

For over 30 years, Memphis customers have spent less for their winter utility bills than their counterparts in many metro areas, capturing the top ranking 20 times since 1991. MLGW has had the lowest total combined residential bill in eight of the past 12 years and has never ranked worse than fourth during those years.

National Economy—According to the Bureau of Economic Analysis (BEA), a division of the U.S. Department of Commerce, real gross domestic product (GDP), a key indicator of economic growth, increased 2.8% for all of 2024.

Per the BEA: "The increase in real GDP in 2024 reflected increases in consumer spending, investment, government spending, exports, and imports."

Financial Policies and Major Initiatives—MLGW maintains a comprehensive cash flow model which assesses the growth of the separate divisions and determines future rate increase and debt issuance requirements. MLGW also incorporates a five-year capital plan in its budgeting process. MLGW's Electric, Gas and Water Engineering Departments develop detailed technical master plans for their respective systems which are then correlated with the financial plan.

MLGW has significant investments planned in utility infrastructure. MLGW completed the Way Forward initiative which included a significant service improvement plan across the three divisions. MLGW achieved or exceeded its targeted metrics in almost all initiatives related to the Way Forward initiative. MLGW plans on renewing and replacing infrastructure through our new Renewal and Replacement of Infrastructure plan (r2I).

Within the Electric Division, areas of focus included the replacement of defective underground cable, wood pole management, tree trimming, aging substation equipment, automation of the distribution system and the hardening of the overhead electric system.

Within the Gas Division, designs were completed for a large scale, multi-transmission pipeline replacement project, steel tap service couplings were replaced, and regulator stations were replaced.

Within the Water Division, work continued to drill new wells to replace older wells, utility side lead service lines were replaced, and designs were completed for the replacement of the Allen Pumping Station.

Acknowledgments—The preparation of this report was made possible by the overall dedication of MLGW's Finance Division. We would like to express our appreciation to all Finance Division members who helped prepare this report. Special thanks must also be given to Clifton Larson Allen LLP for their efficient and timely completion of this year's audit.

Respectfully submitted,

Doug McGowen President and CEO

Kodney Cleek

Rodney Cleek VP, CFO and Secretary-Treasurer

FINANCIAL HIGHLIGHTS FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022 (dollars and consumption in thousands)

Operating Statistics by Towns:

	ELECTRIC AMOUNT						E	LECTRIC KWH	
		2024		2023		2022	2024	2023	2022
City of Memphis	\$	1,109,719	\$	1,027,506	\$	1,114,271	9,672,827	9,396,501	9,768,296
Arlington		21,151		18,972		19,881	183,721	171,849	174,840
Bartlett		68,081		63,871		68,280	557,891	549,464	565,771
Collierville		72,718		68,286		72,407	615,436	609,978	626,163
Germantown		59,894		55,982		60,369	500,719	491,072	510,710
Lakeland		14,347		13,013		13,615	117,842	113,256	113,746
Millington		16,347		15,017		15,264	132,420	127,179	125,187
Other Rural Areas		129,721		118,883		127,493	1,193,145	1,152,334	1,180,088
Total	\$	1,491,978	\$	1,381,531	\$	1,491,580	12,974,001	12,611,634	13,064,801



FINANCIAL HIGHLIGHTS FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022 (dollars and consumption in thousands)

Operating Statistics by Towns:

			GAS		Г				GAS MCF	
		2024		2023		2022		2024	2023	2022
City of Memphis	\$	180,629	\$	197,246	\$	257,983	_	21,771	21,406	23,370
Arlington		3 <i>,</i> 076		2,821		4,516		465	388	479
Bartlett		10,715		11,919		16,904		1,548	1,638	1,729
Collierville		10,850		11,537		17,467		1,714	1,678	1,866
Germantown		9 <i>,</i> 093		9,548		14,516		1,484	1,436	1,545
Lakeland		2,440		2,578		3,694		369	370	382
Millington		2,299		2,430		3,768		358	354	390
Other Rural Areas		17,539		18,980		27,416		2,598	2,661	2,771
Total	\$	236,641	\$	257,059	\$	346,264	_	30,307	29,932	32,532
	_						-			



FINANCIAL HIGHLIGHTS FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022 (dollars and consumption in thousands)

Operating Statistics by Towns:

	WATER AMOUNT					١	VATER CCF	
	2024		2023		2022	2024	2023	2022
City of Memphis	\$ 110,016	\$	103,976	\$	109,483	44,456	41,601	42,553
Resale to Other Municipalities:								
Arlington	2,851		3,422		3,013	568	924	707
Bartlett	47		51		53	3	3	4
Collierville	5		5		5	-	-	-
Germantown	77		143		148	15	24	29
Lakeland	2,642		2,608		2,583	607	610	608
Millington	277		281		272	58	59	58
Other Rural Areas	18,702		20,151		19,297	4,535	4,862	4,656
Total	\$ 134,617	\$	130,636	\$	134,854	50,242	48,083	48,615





Financial Section



INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners and Management Memphis Light, Gas and Water Division Memphis, Tennessee

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of each enterprise fund and the aggregate remaining fund information of Memphis Light, Gas and Water Division ("MLGW"), a division of the City of Memphis, as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise MLGW's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the enterprise funds and the aggregate remaining fund information of MLGW, as of December 31, 2024 and 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Memphis Light, Gas and Water Division Retirement and Pension System and the Memphis Light, Gas and Water Division Other Post Employment Benefits Trust, which represent 100% of the assets and revenues of the aggregate remaining fund information as of December 31, 2024 and 2023, and the respective changes in financial position for the years then ended. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for Memphis Light, Gas and Water Division Retirement and Pension System and the Memphis Light, Gas and Water Division Other Post Employment Benefits Trust, are based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of MLGW and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matters

As discussed in Note 1, the financial statements of MLGW are intended to present the financial position, the changes in financial position, and, where applicable, cash flows of each major fund and the aggregate remaining fund information of only that portion of each major fund and the aggregate remaining fund information of the City of Memphis that is attributable to the transactions of MLGW. They do not purport to, and do not, present fairly the financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

As disclosed in Note 1, MLGW implemented the provisions of Governmental Accounting Standards Board Statement No. 101 – Compensated Absences. The Standard aligns the recognition and measurement of compensated absences under a unified model. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Memphis Light, Gas and Water's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of MLGW's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about MLGW's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis; schedules of changes in net pension liability (asset); schedule of employer contributions - pension; schedules of changes in net OPEB liability; and the schedule of employer contributions - OPEB, as listed in the table contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the MLGW's basic financial statements. The supplementary information shown as the schedule of bonds, principal and interest requirements, and schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, schedule of changes in long-term debt by individual issue, and schedule of additions and retirements to utility plant (collectively the "Supplementary Information") are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of bonds, principal and interest requirements, schedule of changes in long-term debt by individual issue, schedule of lease liabilities, principal and interest requirement, and schedule of additions and retirements to utility plant are required by the State of Tennessee Comptroller of the Treasury's Audit Manual. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section (comprised of pages 2 - 12, L-1, and H-1), and schedule of current utility rates, but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. The schedule of current utility rates is required by the State of Tennessee Comptroller of the Treasury's Audit Manual.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2025, on our consideration of MLGW's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of MLGW's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MLGW's internal control over financial reporting and compliance.

Clifton Larson Allen LLP

CliftonLarsonAllen LLP

Nashville, Tennessee June 26, 2025



The following management discussion and analysis ("MD&A") for the Electric, Gas, and Water Divisions of Memphis Light, Gas and Water Division ("MLGW") is intended as an introduction and should be read in conjunction with the financial statements and the notes that follow this section.

Highlights

- In late 2023, Memphis City Council approved a 12% rate increase to spread evenly over three years. The first 4% increase began in January 2024, and funded the MLGW grid modernization initiative, specifically Distribution Automation ("DA"). DA enables remote control and automatic circuit reconfiguration, boosting power system resilience.
- In 2024, MLGW and contracted partner Ameresco completed the City of Memphis LED streetlight conversion project which began in 2023. More than 77,000 high pressure sodium streetlights were converted to more efficient, longer-lasting LED lights.
- ✤ As streetlights were being converted to LED, MLGW was installing a light management system ("LMS"). The LMS allows MLGW to monitor streetlights remotely for outages or other issues. The LMS has cut in half the number of trucks sent out for streetlight maintenance.
- MLGW and all other water systems in the US were required to submit an inventory of lead water service lines to the Environmental Protection Agency ("EPA") by October 2024. On October 8, 2024, the EPA released its Lead and Copper Rule Improvements ("LCRI") requiring water systems to remove all lead service lines within 10 years. The LCRI also requires more rigorous testing of drinking water and a lower threshold requiring communities to take action to protect people from lead exposure in water.
- MLGW donated high mileage equipment to Memphis Shelby County Schools. The Division donated vehicles like pickup trucks, sedans, and heavy equipment like backhoes, which will be used for training in auto/mechanical/vocational programs.
- 'MLGW 2045' launched in 2024. The strategic initiative led by President and CEO Doug McGowen is aimed at enhancing utility services while addressing customer concerns over reliability and affordability. Eleven internal workgroups made up of more than ninety experts at MLGW are researching all aspects of the operation including regional growth patterns, utility industry benchmarks, and global trends that could affect MLGW in the future.



Overview of the Financial Statements

MLGW's financial statements are comprised of Management's Discussion and Analysis (MD&A); the Statements of Net Position; the Statements of Revenues, Expenses and Changes in Net Position; the Statements of Cash Flows; the accompanying Notes; and required supplementary information. This report also contains supplemental information required by the State in addition to the basic financial statements.

MLGW's basic financial statements were expanded in fiscal year 2020 to meet the requirements of GASB Statement No. 84. Therefore, in addition to the financial statements of the Electric, Gas and Water Divisions discussed above, the financial statements of MLGW's fiduciary activities are also presented in conformity with accounting principles generally accepted in the United States of America. The fiduciary activities of MLGW include the Memphis Light, Gas and Water Retirement and Pension System (the "MLGW Pension Plan") and the Memphis Light, Gas and Water OPEB Trust ("OPEB Trust").

In 2023, MLGW adopted GASB Statement No. 96, *Subscription-Based Information Technology Agreements (SBITAs)* using a full retrospective approach. GASB 96 requires an intangible right of use asset and a subscription liability, thereby enhancing the relevance and consistency of information regarding SBITA activities. Accordingly, the accompanying financial statements, as of and for the year ended December 31, 2022, have been restated for the change, which did not have a material impact on the net position.

In 2024, MLGW adopted GASB Statement No. 101, *Compensated Absences* using a full retrospective approach. GASB 101 requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. Accordingly, the accompanying financial statements, as of and for the year ended December 31, 2023, have been restated for the change.

The Statements of Net Position report the assets and deferred outflows of resources less liabilities and deferred inflows of resources, with the difference being the net position. Net position will be displayed in three components: net investment in capital assets, restricted, and unrestricted. Over time, increases or decreases in net position may serve as an indicator of whether the financial position of the organization is improving or declining. The Statements of Revenues, Expenses and Changes in Net Position show how net position changed during each year based on revenues and expenses. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. The Statements of Cash Flows report changes in cash and cash equivalents summarized by net changes from operating, noncapital financing, capital and related financing and investing activities. The Statements of Changes in Fiduciary Net Position show how net position additional detailed information to support the financial statements. The statements present the current year and preceding year for comparison. The report also includes Statistical Highlights: these highlights convey significant data that afford the reader a better historical perspective and assist in assessing the current financial status and trends of MLGW. The highlights present a three-year comparison encompassing the current year and the preceding two years for the Electric, Gas and Water Divisions.

MLGW comprises the utility operations of the City of Memphis. Pursuant to the Memphis City Charter, MLGW is required to maintain separate books and accounts of the electric, gas, and water operations, so that said books and accounts reflect the financial condition of each division separately, to the end that each division shall be self-sustaining.

Costs are allocated to the three divisions in a manner that ensures results of operations and changes in financial position are presented fairly and consistently from year to year.

MLGW's financial statements are provided to the City of Memphis and reformatted to conform to the City's format for enterprise funds. The City of Memphis incorporates MLGW's statements ending December 31 into its statements ending June 30.



STATISTICAL HIGHLIGHTS-ELECTRIC DIVISION Years Ended December 31

CATEGORIES	2024	2023	2022
OPERATING REVENUE			
Residential	\$ 633,075,104	\$ 587,340,039	\$ 633,309,7
Commercial - General Service	685,215,002	641,954,186	673,815,2
Industrial	111,735,907	96,770,069	112,883,4
Outdoor Lighting and Traffic Signals	13,753,270	13,065,130	13,061,9
Street Lighting Billing	13,871,723	13,869,970	13,654,7
Interdepartmental	9,739,139	10,598,877	11,057,8
Green Power	(316,255)	(296,458)	(455,4
Miscellaneous	24,791,420	29,461,652	32,843,2
Accrued Unbilled Revenue	7,985,587	(4,543,406)	7,317,1
Revenue Adjustment for Uncollectibles	 (7,872,950)	(6,689,269)	(5,907,5
TOTAL OPERATING REVENUE	\$ 1,491,977,947	\$ 1,381,530,790	\$ 1,491,580,4
CUSTOMERS			
Residential	380,286	372,070	376,0
Commercial - General Service	42,834	42,234	43,8
Industrial	86	89	
Outdoor Lighting and Traffic Signals	16,368	16,151	16,8
Interdepartmental	33	35	
Total Customers	 439,607	430,579	436,8
KWH SALES (THOUSANDS)			
Residential	5,206,854	5,079,135	5,291,7
Commercial - General Service	5,784,430	5,689,548	5,799,4
Industrial	1,740,384	1,579,045	1,706,5
Outdoor Lighting and Traffic Signals	75,141	85,924	87,6
Street Lighting Billing	79,198	78,207	77,9
Interdepartmental	87,994	99,775	101,4
Total KWH Sales (Thousands)	12,974,001	12,611,634	13,064,8
OPERATING REVENUE/CUSTOMER			
Residential	\$ 1,664.73	\$ 1,578.57	\$ 1,684.
Commercial - General Service	15,996.99	15,199.94	15,375.
Industrial	1,299,254.73	1,087,304.14	1,175,868.
Outdoor Lighting and Traffic Signals	840.26	808.94	774.
Interdepartmental	295,125.43	302,825.07	315,939.
OPERATING REVENUE/KWH*			
Residential	\$ 0.122	\$ 0.116	\$ 0.1
Commercial - General Service	0.118	0.113	0.1
Industrial	0.064	0.061	0.0
Outdoor Lighting and Traffic Signals	0.183	0.152	0.1
Street Lighting Billing	0.175	0.177	0.1
Interdepartmental	0.111	0.106	0.1
KWH/CUSTOMER			
Residential	13,691.94	13,651.02	14,071.
Commercial - General Service	135,042.96	134,714.87	132,332.
Industrial	20,237,023.26	17,742,078.65	17,776,437.
Outdoor Lighting and Traffic Signals	4,590.73	5,320.04	5,191.
Interdepartmental	2,666,484.85	2,850,714.29	2,899,028.
*See graph on M-6.	, ,	, ,	,,-

*See graph on M-6.



STATISTICAL HIGHLIGHTS-GAS DIVISION

Years Ended December 31

124,635,366 59,579,886 1,695,094 147,853 12,411,651 6,149,058 1,176,038 346,626 14,381,352 623,410 12,743,237 4,166,101 411,490 (1,825,694) 236,641,468 292,004 20,378 21 12 40 18 312,473 1 535 1 313,010 17,846,752 10,215,315	65,168,700 1,111,349 157,28 15,144,290 7,254,303 4,826,666 511,120 15,269,799 590,877 22,793,693 (4,806,899 (1,238,139 (1,170,865 \$ 257,059,463 \$ 257,059,463 285,59 20,04 2 1 3 3 1 305,72	5 9 1 5 3 7 7 3 5 5 5 5 5 3 5 5 5 5 5 5 5 5 5 5 5 5 5	194,154,810 95,910,627 2,634,394 261,09 11,277,147 15,335,574 5,314,986 654,302 1,042,099 54,277 2,531,858 (1,397,743 346,264,227 290,95 21,28 2 346,264,227 346,264,227 54,277 346,264,227 54,277 2,531,858 (1,397,743 346,264,227 57 312,91
59,579,886 1,695,094 147,853 12,411,651 6,149,058 1,176,038 346,626 14,381,352 623,410 12,743,237 4,166,101 411,490 (1,825,694) 236,641,468 292,004 20,378 21 12 40 18 312,473 1 535 1 313,010 17,846,752	65,168,700 1,111,343 157,28 15,144,290 7,254,303 4,826,66 511,120 15,269,790 (4,806,894 (1,238,133 (1,170,862 \$ 257,059,463 285,59 20,04 2 1 305,72 70 306,43	5 9 1 5 3 7 7 3 5 5 5 5 5 3 5 5 5 5 5 5 5 5 5 5 5 5 5	95,910,627 2,634,394 261,09 11,277,147 15,335,574 5,314,986 654,302 1,042,099 54,277 2,531,858 (1,397,743 346,264,227 290,95 21,28 2 312,33 57
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147,853 12,411,651 6,149,058 1,176,038 346,626 14,381,352 623,410 12,743,237 4,166,101 411,490 (1,825,694) 236,641,468 292,004 20,378 21 12 40 18 312,473 1 5355 1 313,010 17,846,752	157,28 15,144,296 7,254,303 4,826,665 511,120 15,269,799 590,875 22,793,697 (4,806,899 (1,238,139 (1,170,862 \$ 257,059,463 \$ 257,059,463 285,59 20,04 2 1 305,72 70 306,43	I 5 5 7 7 7 5 5 5 3 5 5 3 5 5 3 3 8 9 8 3 7 1 9 9	261,09 11,277,147 15,335,577 5,314,986 536,74 17,954,066 654,302 1,042,099 54,277 2,531,858 (1,397,743 346,264,227 290,95 21,28 2 1 3 3 2 312,33 57
12,411,651 6,149,058 1,176,038 346,626 14,381,352 623,410 12,743,237 4,166,101 411,490 (1,825,694) 236,641,468 292,004 20,378 21 12 40 18 312,473 1 535 1 313,010 17,846,752	15,144,296 7,254,303 4,826,667 511,120 15,269,794 (1,238,133 (1,170,862 \$ 257,059,463 20,04 22 20,04 23 305,72 70 306,43	5 3 7 7 3) 5) 2) 2) 0 5 3 3 8 9 8 3 7 1 9	11,277,147 15,335,574 5,314,986 536,74 17,954,068 654,302 1,042,099 54,277 2,531,858 (1,397,743 346,264,227 290,95 21,28 2 1 3 3 2 312,33 57
6,149,058 1,176,038 346,626 14,381,352 623,410 12,743,237 4,166,101 411,490 (1,825,694) 236,641,468 292,004 20,378 21 12 40 18 312,473 1 535 1 313,010 17,846,752	7,254,303 4,826,663 511,120 15,269,790 590,877 (4,806,899 (1,238,133 (1,170,865 \$ 257,059,463 285,59 20,04 2 305,72 70 306,43	3 7 7 3 3 5 5 5 3 3 3 8 9 9 8 3 7 1 9	15,335,574 5,314,986 536,74 17,954,068 654,302 1,042,095 24,531,858 (1,397,743 346,264,227 290,95 21,28 2 1 3 3 2 312,33 57
1,176,038 346,626 14,381,352 623,410 12,743,237 4,166,101 411,490 (1,825,694) 236,641,468 292,004 20,378 21 12 40 18 312,473 1 535 1 313,010 17,846,752	4,826,66 511,120 15,269,799 590,877 22,793,697 (4,806,899 (1,238,133 (1,170,862 \$ 257,059,463 \$ 257,059,463 285,59 20,04 2 1 305,72 70 306,43	7 3 7 3 5 2) 3 5 3 5 3 5 3 3 8 9 8 3 7 1 9	5,314,986 536,74 17,954,068 654,302 1,042,098 54,277 2,531,858 (1,397,743 346,264,227 290,95 21,28 2 1 3 3 2 312,33 57
346,626 14,381,352 623,410 12,743,237 4,166,101 411,490 (1,825,694) 236,641,468 292,004 20,378 21 12 40 18 312,473 1 535 1 313,010 17,846,752	511,120 15,269,790 590,87 22,793,699 (4,806,890 (1,238,130 (1,170,862 \$ 257,059,463 285,59 20,04 2 1 305,72 70 306,43) 37 7 3) 5) 2) 5 3 3 5 3 3 8 9 9 3 7 1 9	536,74 17,954,068 654,302 1,042,098 54,277 2,531,858 (1,397,743 346,264,227 290,95 21,28 2 1 3 2 312,33 57
14,381,352 623,410 12,743,237 4,166,101 411,490 (1,825,694) 236,641,468 292,004 20,378 21 12 40 18 312,473 1 535 1 313,010 17,846,752	15,269,794 590,87 22,793,69 (4,806,894 (1,238,134 (1,170,86 \$ 257,059,46 285,59 20,04 2 1 305,72 70 306,43	3 7 7 33) 55) 22) 0 5 5 3 3 8 9 9 3 3 7 1 9 9	17,954,068 654,302 1,042,099 54,277 2,531,858 (1,397,743 346,264,227 290,95 21,28 2 1 3 3 2 312,33 57
623,410 12,743,237 4,166,101 411,490 (1,825,694) 236,641,468 292,004 20,378 21 12 40 18 312,473 1 535 1 313,010 17,846,752	590,87 22,793,69 (4,806,89 (1,238,133 (1,170,862 \$ 257,059,463 285,59 20,04 2 1 3 305,72 70 306,43	7 7 3) 5) 2) 3 3 5 3 3 8 9 9 8 3 7 1 9 9	654,302 1,042,095 54,277 2,531,858 (1,397,743 346,264,227 290,95 21,28 2 1 3 3 2 312,33 57
12,743,237 4,166,101 411,490 (1,825,694) 236,641,468 20,378 21 12 40 18 312,473 1 535 1 313,010 17,846,752	22,793,693 (4,806,894 (1,238,134 (1,170,865 257,059,465 285,59 20,04 2 1 3 3 1 305,72 70 306,43	7 3) 5) 2) 3 3 5 5 3 3 8 9 9 8 3 7 1 9 9	1,042,095 54,277 2,531,855 (1,397,743 346,264,227 290,95 21,28 2 1 3 3 2 312,33 57
4,166,101 411,490 (1,825,694) 236,641,468 292,004 20,378 21 12 40 18 312,473 1 535 1 313,010 17,846,752	(4,806,894 (1,238,134 (1,170,862 \$ 257,059,463 285,59 20,04 2 1 3 3 1 305,72 70 306,43	3) 5) 2) 3 \$ 0 5 5 3 3 8 9 9 8 3 7 1 9	54,277 2,531,858 (1,397,743 346,264,227 290,95 21,28 2 1 3 3 2 312,33 57
411,490 (1,825,694) 236,641,468 292,004 20,378 21 12 40 18 312,473 1 535 1 313,010 17,846,752	(1,238,138 (1,170,862 \$ 257,059,463 285,59 20,04 2 1 3 3 1 305,72 70 306,43	5) 22) 0 5 5 3 3 3 8 9 9 8 3 7 1 9	2,531,858 (1,397,743 346,264,227 290,95 21,28 2 1 3 2 312,33 57
(1,825,694) 236,641,468 \$ 292,004 20,378 21 12 40 18 312,473 1 535 1 313,010 17,846,752	(1,170,865 \$ 257,059,463 285,59 20,04 2 1 3 305,72 70 306,43	2) 3 \$ 0 5 3 3 8 9 8 3 7 1 9	(1,397,743 346,264,227 290,95 21,28 2 1 3 2 312,33 57
236,641,468 \$ 292,004 20,378 21 12 40 18 312,473 1 535 1 313,010 17,846,752	\$ 257,059,463 285,59 20,04 2 1 3 3 1 305,72 70 306,43	3 \$ 0 5 3 3 3 8 9 8 3 7 7 1 9	346,264,227 290,95 21,28 2 1 3 2 312,33 57
236,641,468 \$ 292,004 20,378 21 12 40 18 312,473 1 535 1 313,010 17,846,752	\$ 257,059,463 285,59 20,04 2 1 3 3 1 305,72 70 306,43	3 \$ 0 5 3 3 3 8 9 8 3 7 7 1 9	346,264,227 290,95 21,28 2 1 3 2 312,33 57
292,004 20,378 21 12 40 18 312,473 1 535 1 313,010 17,846,752	285,59 20,04 2 1 3 305,72 70 306,43	0 5 3 8 9 8 3 7 1 9	290,95 21,28 2 1 3 2 312,33 57
20,378 21 12 40 18 312,473 1 535 1 313,010 17,846,752	20,04 2 1 3 1 305,72 70 306,43	5 3 8 9 8 3 7 1 9	21,28 2 1 3 2 312,33 57
20,378 21 12 40 18 312,473 1 535 1 313,010 17,846,752	20,04 2 1 3 1 305,72 70 306,43	5 3 8 9 8 3 7 1 9	21,28 2 1 3 2 312,33 57
21 12 40 18 312,473 1 535 1 313,010 17,846,752	2 1 3 1 305,72 70 306,43	3 3 8 9 8 3 7 1 9	2 1 3 2 312,33 57
12 40 18 312,473 1 535 1 313,010 17,846,752	1 3 1 305,72 70 306,43	3 8 9 8 3 7 1 9	1 3 2 312,33 57
40 18 312,473 1 535 1 313,010 17,846,752	3 1 305,72 70 306,43	8 9 8 3 7 1 9	3 2 312,33 57
18 312,473 1 535 1 313,010 17,846,752	1 305,72 70 306,43	9 8 3 7 1 9	2 312,33 57
312,473 1 535 1 313,010 17,846,752	305,72 70 306,43	8 3 7 1 9	312,33
1 535 1 313,010 17,846,752	70 306,43	3 7 1 9	57
535 1 313,010 17,846,752	70 306,43	7 1 9	57
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313,010 17,846,752		9	312,91
17,846,752			312,91
	17,587,41	c	
	17,587,41	6	
	17,367,41		19,402,39
10,213,313	10,354,57		10,703,25
383,520	216,60		331,09
28,657	29,43		33,29
1,832,909	1,743,65		2,061,48
30,307,153	29,931,68		32,531,52
	,		483,62
			37,23
			3,626,28
37,529,748	37,006,98	1	36,678,66
126.93	¢ 460.2	7 ¢	667.31
		-	4,506.87
,			,
			90,841.17
			18,649.36
			296,767.04
341,614.34	381,805.43	3	730,265.42
6 984 \$	\$ 7 474	4 \$	10.007
			8.961
			7.957
			7.842
3.355	4.160	J	7.439
61 12	61 5	3	66.69
			502.95
			11,416.93
,			
			2,378.29
101,828.28	91,771.0	0	98,166.10
	179,219 35,036 7,008,340 37,529,748 426.83 2,923.74 80,718.75 12,321.10 310,291.27 341,614.34	179,219 653,03 35,036 51,71 7,008,340 6,370,55 37,529,748 37,006,98 426.83 \$ 426.83 \$ 426.83 \$ 426.83 \$ 426.83 \$ 426.83 \$ 426.83 \$ 426.83 \$ 426.83 \$ 426.83 \$ 420,718.75 48,319.57 12,321.10 12,098.53 310,291.27 398,534.17 341,614.34 381,805.43 6.984 \$ 6.984 \$ 7.474 5.832 6.294 4.420 5.159 5.343 3.355 4.160 61.12 61.55 18,262.86 9,417.74 2,388.08 2,264.37	$\begin{array}{rrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrr$

M-4



STATISTICAL HIGHLIGHTS-WATER DIVISION

Years Ended December 31

CATEGORIES	2024	2023	2022
OPERATING REVENUE			
Residential	\$ 65,693,846	\$ 64,136,738	\$ 64,517,490
Commercial - General Service	58,005,885	56,546,536	56,511,699
Resale	194,635	164,715	271,907
Fire Protection	7,124,907	7,234,952	7,006,902
Interdepartmental	110,997	88,777	85,478
Miscellaneous	5,436,465	5,976,973	5,681,587
Accrued Unbilled Revenue	68,962	(2,114,863)	1,776,806
Revenue Adjustment for Uncollectibles	(2,018,795)	(1,397,760)	(998,238)
TOTAL OPERATING REVENUE	\$ 134,616,902	\$ 130,636,068	\$ 134,853,631
CUSTOMERS			
Residential	231,088	224,948	229,845
Commercial - General Service	19,357	18,991	20,290
Resale	7	9	9
Fire Protection	5,317	5,200	5,421
Interdepartmental	54	56	56
Total Customers	 255,823	249,204	255,621
METERED WATER (CCF)			
Residential	22,761,956	21,680,083	21,848,436
Commercial - General Service	27,395,724	26,361,651	26,644,388
Resale	41,117	12,498	94,996
Interdepartmental	42,886	28,784	26,763
Total CCF Sales	50,241,683	48,083,016	48,614,583
OPERATING REVENUE/CUSTOMER			
Residential	\$ 284.28	\$ 285.12	\$ 280.70
Commercial - General Service	2,996.64	2,977.54	2,785.20
Resale	27,804.97	18,301.66	30,211.88
Fire Protection	1,340.02	1,391.34	1,292.55
Interdepartmental	2,055.49	1,585.31	1,526.39
OPERATING REVENUE/CCF*			
Residential	\$ 2.886	\$ 2.958	\$ 2.953
Commercial - General Service	2.117	2.145	2.121
Resale	4.734	13.179	2.862
Interdepartmental	2.588	3.084	3.194
CCF/CUSTOMER			
Residential	98.50	96.38	95.06
Commercial - General Service	1,415.29	1,388.11	1,313.18
Resale	5,873.86	1,388.67	10,555.11
Interdepartmental	794.19	514.00	477.91

*See graph on M-7.



GRAPHS

Electric Division



Gas Division





Water Division





Bond Ratings

MLGW 's Electric, Gas, and Water Divisions continue to maintain strong bond ratings. In September 2024, MLGW issued a new bond series and one refunding series in the Electric Division. The bond offering was well received by the markets.

The Electric Division has total debt outstanding of \$457,955 as of December 31, 2024. MLGW's debt service coverage is 6.84. This coverage is well above the 1.2 required by the Electric Division bond covenant for the senior lien debt. On August 21, 2024, Fitch Ratings affirmed its AA long-term rating for the electric system revenue bonds with a stable outlook.

The Gas Division has total debt outstanding of \$116,750 as of December 31, 2024. The Gas Division's debt service coverage is 5.46. This coverage is well above the 1.2 required by the Gas Division bond covenant.

The Water Division has total debt outstanding of \$110,345 as of December 31, 2024. The Water Divion's debt service coverage is 4.24. This coverage is well above the 1.2 required by the Water Division bond covenant.

Figure 1: Bond Ratings and Debt Administration for the Electric, Gas and Water Divisions

MLGW Bond Ratings									
	S&P	Fitch	Moody's						
Electric Series									
2016	A+	AA	Aa2						
2017	A+	AA	Aa2						
2020A	A+	AA	Aa2						
2020B	A+	AA	Aa2						
2024		AA	Aa2						
Gas Series									
2016	AA-		Aal						
2017	AA-		Aal						
2020	AA-		Aal						
Water Series									
2014	AAA		Aal						
2016	AAA		Aal						
2017	AAA		Aal						
2020	AAA		Aal						

Debt A	Administration (In Thousand	ls)
	Outstanding Balance	Coverage
Electric	\$457,955	6.84
Gas	\$116,750	5.46
Water	\$110,345	4.24



Analysis of the Electric Division's Statements of Net Position

Condensed financial information comparing the Electric Division's net position for the past three fiscal years is presented below:

	Table 1				
Electric Division Cor		nts of Net Positio	n		
	December 31 (In Thousands)				
			FY24 - FY23 Percentage		FY23 - FY22 Percentage
	<u>2024</u>	2023 As Restated	<u>Change</u>	<u>2022</u> As Restated	<u>Change</u>
Current assets (excluding restricted funds)	\$ 520,574	\$ 452,298	15.1%	\$ 568,616	-20.5%
Restricted assets	164,196	82,478	99.1%	85,654	-3.7%
Other assets	31,742	31,188	1.8%	141,206	-77.9%
Utility plant	1,412,697	1,320,150	7.0%	1,180,919	11.8%
Intangible assets - right of use assets (leases & subscriptions)	7,878	4,851	62.4%	7,009	-30.8%
Total assets	2,137,087	1,890,965	13.0%	1,983,404	-4.7%
Deferred outflows of resources					
Employer pension contribution	17,213	12,284	40.1%	12,565	-2.2%
Employer OPEB contribution	24,484	24,082	1.7%	23,029	4.6%
Pension liability experience	47,795	31,613	51.2%	7,965	296.9%
OPEB liability experience	9,539	8,030	18.8%	11,173	-28.1%
Pension changes of assumptions	12,066	16,088	-25.0%	20,110	-20.0%
OPEB changes of assumptions	9,261	12,348	-25.0%	15,435	-20.0%
Pension investment earnings experience	73,261	72,551	1.0%		
OPEB investment earnings experience	14,887	19,355	-23.1%	-	
Unamortized balance of refunded debt	-	643	-100.0%	861	-25.3%
Total assets and deferred outflows	2,345,593	2,087,959	12.3%	2,074,542	0.6%
Current liabilities payable from current assets	231,548	202,999	14.1%	207,982	-2.4%
Current liabilities payable from restricted assets	24,405	30,264	-19.4%	30,537	-0.9%
Long-term debt	490,267	312,326	57.0%	327,517	-4.6%
Non-current liabilities	247,978	265,210	-6.5%	105,333	151.8%
Total liabilities	994,198	810,799	22.6%	671,369	20.89
Deferred inflows of resources					
Leases	6,298	6,972	-9.7%	4,233	64.7%
Pension liability experience	504	1,008	-50.0%	1,512	-33.3%
OPEB liability experience	3,055	4,337	-29.6%	2,263	91.6%
Pension changes of assumptions	17	35	-51.4%	52	-32.79
OPEB changes of assumptions	44,591	9,317	378.6%	34,012	-72.6%
Pension investment earnings experience	- 1,001		5701070	108,482	-100.09
OPEB investment earnings experience	-	_		52,849	-100.09
Unamortized balance of refunded debt - Series 2024	127	-	100.0%	52,045	100.07
Total liabilities and deferred inflows	1 048 700	922.469	26.0%	074 771	-4.8%
	1,048,790	832,468	20.0%	874,771	-4.87
Net position:					
Net investment in capital assets Restricted for:	986,400	991,792	-0.5%	844,408	17.5%
Casualty Insurance	24,776	23,728	4.4%	22,890	3.7%
Medical Benefits & other	9,308	6,949	33.9%	11,187	-37.9%
Unrestricted	276,319	233,022	18.6%	321,286	-27.5%
Total Net position	\$ 1,296,803	\$ 1,255,491	3.3%	\$ 1,199,771	4.6%



Assets

2024 Compared to 2023:

As of December 31, 2024, total assets and deferred outflows were \$2.3 billion, an increase of \$257.6 million, or 12.3% compared to December 31, 2023. This increase is primarily due to an increase in net utility plant of \$92.5 million, current assets (excluding restricted funds) of \$68.3 million, and \$81.7 million in restricted assets.

2023 Compared to 2022:

As of December 31, 2023, total assets and deferred outflows were \$2.1 billion, an increase of \$13.4 million, or 0.6% compared to December 31, 2022. This increase is primarily due to increases in net utility plant of \$139.2 million, pension investment earnings experience of \$72.6 million, and pension liability experience of \$23.6 million, offset by decreases in current assets (excluding restricted funds) of \$116.3 million and other assets of \$110 million.

Capital Assets and Construction Activities

2024 Compared to 2023:

The Electric Division's utility plant assets, net of accumulated depreciation were \$1.41 billion as of December 31, 2024, an increase of 7.0% over fiscal year 2023. During 2024, the Electric Division expended \$162.7 million on construction activities and capital purchases, an increase of \$47.9 million or 22.8% compared to fiscal year 2023. Major Electric Division construction expenditures include substation and transmission projects (\$46.9 million) telecommunication communication and communication tower projects (\$29.1 million), streetlights maintenance and installation (\$19.8 million), extensions to serve new customers (\$17.4 million), routine maintenance of the electric distribution system (\$15.6 million), the purchase of transformers (\$10.4 million), street improvements (\$8.4million), replacement of feeder and defective cable (\$7.1million), distribution pole replacement (\$5.2 million), the purchase of transportation equipment (\$5.1million), information technology upgrades (\$4.9 million), distribution automation (\$4.7 million), additional circuits (\$3.6 million), purchase of meters (\$2.4 million), line reconstruction (\$2.3 million), additional general plant purchases and upgrades (\$1.4 million), capital security automation upgrades (\$0.9 million), storm restoration (\$0.5 million), in addition to construction (\$2.1 million).

2023 Compared to 2022:

The Electric Division's utility plant assets, net of accumulated depreciation were \$1.32 billion as of December 31, 2023, an increase of 11.8% over fiscal year 2022. During 2023, the Electric Division expended \$210.6 million on construction activities and capital purchases, an increase of \$117.8 million or 127.0% compared to fiscal year 2022. Major Electric Division construction expenditures include streetlights maintenance and installation (\$47.9 million), storm restoration (\$36.7 million), substation and transmission projects (\$36.7 million), routine maintenance of the electric distribution system (\$25.4 million), extensions to serve new customers (\$15.0 million), distribution automation (\$13.1 million), street improvements (\$7.9 million) replacement of feeder and defective cable (\$5.8 million), information technology upgrades (\$5.1 million), additional circuits (\$4.7 million), the purchase of transformers (\$4.1 million), the purchase of transportation equipment (\$4.4 million), distribution pole replacement (\$4.0 million), telecommunication communication and communication tower projects (\$3.2 million), purchase of meters (\$2.5 million), line reconstruction (\$1.9 million), capital security automation upgrades (\$1.5 million), building upgrades (\$1.1 million), and additional general plant purchases (\$0.5 million) in addition to contributions in aid of construction (\$14.2 million).



Liabilities

2024 Compared to 2023:

As of December 31, 2024, total liabilities and deferred inflows were \$1.05 billion, an increase of \$216.3 million, or 26.0% compared to December 31, 2023. The increase is due to increases in long-term debt of \$177.9 million, OPEB changes of assumptions of \$35.3 million, and current liabilities payable from current assets of \$28.5 million, offset by a decrease in non-current liabilities of \$17.2 million. The decrease in non-current liabilities is primarily due to a decrease in net OPEB liability for \$58.6 million, offset by an increase in net pension liability of \$36.5 million.

2023 Compared to 2022:

As of December 31, 2023, total liabilities and deferred inflows were \$832.5 million, a decrease of \$42.3 million, or 4.8% compared to December 31, 2022. The decrease is due decreases in pension investment earnings experience of \$108.5 million, OPEB investment earnings experience of \$52.8 million, and OPEB changes of assumptions of \$24.7 million, offset by an increase in net pension liability of \$100.1 million and an increase in net OPEB liability of \$63.3 million.

Net Position

2024 Compared to 2023:

As of December 31, 2024, the Electric Division's total net position (total assets and deferred outflows of resources less total liabilities and deferred inflow of resources) was \$1.3 billion, an increase of \$41.3 million, or 3.3% compared to December 31, 2023. The increase was primarily due to an increase in unrestricted net position of \$43.3 million, offset by a decrease in net investment in capital assets of \$5.4 million. Seventy-six percent of the net position was related to net investment in capital assets.

2023 Compared to 2022:

As of December 31, 2023, the Electric Division's total net position (total assets and deferred outflows of resources less total liabilities and deferred inflow of resources) was \$1.3 billion, an increase of \$55.7 million, or 4.6% compared to December 31, 2022. The increase was primarily due to an increase in net investment in capital assets of \$147.4 million, offset by a decrease of \$88.3 million in unrestricted net position. Seventy-nine percent of the net position was related to net investment in capital assets.








Analysis of the Electric Division's Statements of Revenues, Expenses and Changes in Net Position

Condensed financial information comparing the Electric Division's revenues, expenses, and changes in net position for the past three fiscal years is presented below:

Condensed Statement Years En	Table 2 Electric Divisio s of Revenues, Expens ded December 31, 202 (In Thousands)	ses and Change 24, 2023, and 2		on	
			FY24 - FY23		FY23 - FY22
	<u>2024</u>	<u>2023</u> As Restated	Percentage <u>Change</u>	<u>2022</u> As Restated	Percentage <u>Change</u>
Revenues:					
Operating revenues	\$ 1,491,978	\$ 1,381,531	8.0%	\$ 1,491,580	-7.4%
Non-operating revenues	56,045	56,356	-0.6%	42,548	32.5%
Total revenues	1,548,023	1,437,887	7.7%	1,534,128	-6.3%
Expenses:					
Depreciation & amortization expense	73,902	64,222	15.1%	63,277	1.5%
Purchased power	1,084,669	1,050,251	3.3%	1,151,829	-8.8%
Other operating expense	295,164	222,824	32.5%	147,503	51.1%
Non-operating expense	11,052	9,317	18.6%	9,664	-3.6%
Total expenses	1,464,787	1,346,614	8.8%	1,372,273	-1.9%
Income before contributions in aid					
of construction and transfers	83,236	91,273	-8.8%	161,855	-43.6%
Contributions in aid of construction	26,074	14,234	83.2%	31,940	-55.4%
Reduction of plant costs recovered through					
contributions in aid of construction	(26,074)	(14,234)	-83.2%	(31,940)	55.4%
Transfers to City of Memphis	(41,924)	(35,553)	-17.9%	(40,763)	12.8%
Change in net position	\$ 41,312	\$ 55,720	-25.9%	\$ 121,092	-54.0%
Net position, beginning of year	\$ 1,255,491	\$ 1,199,771	4.6%	\$ 1,078,679	11.2%
Change in net position	41,312	55,720	-25.9%	121,092	-54.0%
Net position, end of year	\$ 1,296,803	\$ 1,255,491	3.3%	\$ 1,199,771	4.6%



Change in Net Position

2024 Compared to 2023:

The change in net position is \$41.3 million, down \$14.4 million from \$55.7 million at December 31, 2023. This decrease is primarily due to a decrease in operating income of \$8.0 million and an increase in transfers to the City of Memphis of \$6.4 million.

2023 Compared to 2022:

The change in net position is \$55.7 million, down \$65.4 million from \$121.1 million at December 31, 2022. This decrease is primarily due to an increase in pension expense of \$55.4 million and an increase in other post employment benefits of \$16.6 million.

Revenues

2024 Compared to 2023:

Total revenues were \$1.5 billion for fiscal year 2024, an increase of \$110.1 million, or 7.7%, from fiscal year 2023. Operating revenues were \$1.49 billion in 2024, an increase of \$110.4 million from 2023. The increase in operating revenue is due primarily to a 4.50% TVA increase and expiration of the Pandemic credit in October 2023, a 5.25% TVA rate increase in October 2024, partially offset by lower TVA Fuel Cost Adjustment (FCA) rates.

2023 Compared to 2022:

Total revenues were \$1.4 billion for fiscal year 2023, a decrease of \$96.2 million, or 6.3%, from fiscal year 2022. Operating revenues were \$1.38 billion in 2023, a decrease of \$110.0 million from 2022. The decrease in operating revenue is due primarily to a 3.5% decrease in sales volume and 16.9% lower TVA Fuel Cost Adjustment (FCA) rates.

Expenses

2024 Compared to 2023:

For fiscal year 2024, total expenses were \$1.46 billion, an 8.8%, or \$118.2 million increase from fiscal year 2023 total expenses. This increase is primarily due to increases in other operating expenses of \$72.3 million, purchased power of \$34.4 million, and depreciation and amortization expense of \$9.7 million. Purchased power is up due to an increase in purchase volume, a 4.5% TVA increase and expiration of the Pandemic credit, partially offset by lower TVA Fuel Cost Adjustment (FCA) rates.

2023 Compared to 2022:

For fiscal year 2023, total expenses were \$1.35 billion, a 1.9%, or \$25.7 million decrease from fiscal year 2022 total expenses. This decrease is primarily due to a decrease in purchased power of \$101.6 million, partially offset by an increase



in other operating expenses of \$75.3 million. Purchase power is down due to a decrease in purchase volume and lower TVA Fuel Cost Adjustment (FCA) rates.

Contributions in aid of construction

2024 Compared to 2023:

Contributions in aid of construction ("CIAC") were \$26.1 million for fiscal year 2024, an increase of \$11.8 million, or 83.2% from fiscal year 2023. This increase is mainly the result of an increase in construction contributions of \$12.1 million, offset by a decrease in donated easements of \$0.3 million.

2023 Compared to 2022:

Contributions in aid of construction ("CIAC") were \$14.2 million for fiscal year 2023, a decrease of \$17.7 million, or 55.4% from fiscal year 2022. This decrease is mainly the result of a decrease in construction contributions of \$19.8 million, offset by an increase in donated easements of \$2.1 million.

Transfers to the City of Memphis

2024 Compared to 2023:

MLGW's transfer to the City of Memphis is based on the formula provided by the May 29, 1987, TVA Power Contract Amendment (Supp. No. 8). The formula includes a maximum property tax equivalency calculation plus 4% of operating revenue less power costs (three-year average). Transfers to the City represent the Electric Division's in lieu of tax payment. The 2024 transfer increased by \$6.4 million as a result of an increase in net plant investment coupled with an increase in the tax rate.

2023 Compared to 2022:

MLGW's transfer to the City of Memphis is based on the formula provided by the May 29, 1987, TVA Power Contract Amendment (Supp. No. 8). The formula includes a maximum property tax equivalency calculation plus 4% of operating revenue less power costs (three-year average). Transfers to the City represent the Electric Division's in lieu of tax payment. The 2023 transfer decreased by \$5.2 million as a result of a reduction in the equalization ratio.



Analysis of the Gas Division's Statements of Net Position

Condensed financial information comparing the Gas Division's net position for the past three fiscal years is presented below:

		able 3						
Gas Division Conder		Statemen mber 31	ts of	Net Posi	tion			
		ousands)						
		<u>2024</u>	As	<u>2023</u> Restated	FY24 - FY23 Percentage <u>Change</u>	As	<u>2022</u> 5 Restated	FY23 - FY22 Percentage <u>Change</u>
Current assets (excluding restricted funds)	Ś	271.423	Ś	280,101	-3.1%	Ś	282.742	-0.9%
Restricted assets	Ş	271,425 28,668	Ş	43,778	-34.5%	Ş	62,080	-29.5%
Other assets		34,942		36,682	-4.7%		80,826	-54.6%
Utility plant		397,551		391,863	1.5%		393,636	-0.5%
Intangible assets - right of use assets (leases & subscriptions)		3,108		2,033	52.9%		2,970	-31.5%
Total assets		735,692		754,457	-2.5%		822,254	-8.2%
		733,032		754,457	2.570		022,234	0.270
Deferred outflows of resources								
Employer pension contribution		6,598		4,709	40.1%		4,816	-2.2%
Employer OPEB contribution		9,385		9,231	1.7%		8,828	4.6%
Pension liability experience		18,322		12,118	51.2%		3,053	296.9%
OPEB liability experience		3,656		3,078	18.8%		4,283	-28.1%
Pension changes of assumptions		4,625		6,167	-25.0%		7,709	-20.0%
OPEB changes of assumptions		3,549		4,733	-25.0%		5,917	-20.0%
Pension investment earnings experience		28,083		27,811	1.0%			20.070
OPEB investment earnings experience		5,707		7,419	-23.1%		-	
				<u> </u>				
Total assets and deferred outflows		815,617		829,723	-1.7%		856,860	-3.2%
Current liabilities payable from current assets		53,328		53,898	-1.1%		91,417	-41.0%
Current liabilities payable from restricted assets		8,931		12,777	-30.1%		13,067	-2.2%
Long-term debt		127,455		133,822	-4.8%		140,035	-4.4%
Non-current liabilities		90,856		98,850	-8.1%		38,726	155.3%
Total liabilities		280,570		299,347	-6.3%		283,245	5.7%
Deferred inflows of resources								
Leases		17,847		18,571	-3.9%		15,431	20.3%
Pension liability experience		193		386	-50.0%		580	-33.4%
OPEB liability experience		1,171		1,663	-29.6%		867	91.8%
Pension changes of assumptions		7		13	-46.2%		20	-35.0%
OPEB changes of assumptions		17,093		3,571	378.7%		13,038	-72.6%
Pension investment earnings experience		-		-			41,585	-100.0%
OPEB investment earnings experience		-		-			20,259	-100.0%
Accumulated decrease in fair value of								
hedging derivative instruments		160		29	451.7%		2,297	-98.7%
Total liabilities and deferred inflows		317,041		323,580	-2.0%		377,322	-14.2%
Net position:								
Net investment in capital assets Restricted for:		265,225		266,311	-0.4%		277,444	-4.0%
Casualty Insurance		11,119		10,645	4.5%		10,137	5.0%
Medical Benefits & other		4,221		3,144	34.3%		5,078	-38.1%
Unrestricted		218,011		226,043	-3.6%		186,879	21.0%
Total Net position	\$	498,576	\$	506,143	-1.5%	\$	479,538	5.5%
•	<u> </u>		<u> </u>			<u> </u>	· · · ·	



Assets

2024 Compared to 2023:

As of December 31, 2024, total assets and deferred outflows were \$815.6 million, a decrease of \$14.1 million or 1.7%, compared to December 31, 2023. This decrease is due, in part, by decreases in restricted assets of \$15.1 million and current assets (excluding restricted funds) of \$8.7 million, offset, in part, by increases in net utility plant of \$5.7 million and pension liability experience of \$6.2 million. Current assets (excluding restricted funds) decreased due to cash and cash equivalents of \$7.9 million and investments of \$6.2 million. Other assets decreased due to meter replacement – long term of \$1.3 million. Restricted assets decreased \$15.1 million due, in part, to the Bond Series 2020 construction fund of \$11.6 million depleted in June 2024.

2023 Compared to 2022:

As of December 31, 2023, total assets and deferred outflows were \$829.7 million, a decrease of \$27.1 million or 3.2%, compared to December 31, 2022. This decrease is due, in part, by decreases in other assets of \$44.1 million and restricted assets of \$18.3 million. Other assets decreased due to net pension asset – long term of \$46.2 million. Restricted assets decreased \$18.3 million due, in part, to the depletion of the Bond Series 2020 construction fund of \$15.7 million.

Capital Assets and Construction Activities

2024 Compared to 2023:

The Gas Division's utility plant assets, net of accumulated depreciation were \$397.6 million as of December 31, 2024, an increase of 1.5% over fiscal year 2023. During 2024, the Gas Division expended \$30.1 million on construction activities and equipment purchases, an increase of \$7.5 million or 32.9% compared to fiscal year 2023. Major Gas Division expenditures include extensions to serve new customers (\$6.3 million), building upgrades (\$5.4 million), transportation equipment (\$5.0 million), routine maintenance of the distribution system (\$4.9 million), purchase of meters and metering equipment (\$4.5 million), gas main service replacement (\$4.5 million), street improvements (\$2.0 million), LNG facility upgrades (\$0.05 million), in addition to contributions in aid of construction (\$4.2 million).

2023 Compared to 2022:

The Gas Division's utility plant assets, net of accumulated depreciation were \$391.9 million as of December 31, 2023, a decrease of 0.5% under fiscal year 2022. During 2023, the Gas Division expended \$22.7 million on construction activities and equipment purchases, a decrease of \$4.7 million or 25.9% compared to fiscal year 2022. Major Gas Division expenditures include extensions to serve new customers (4.4 million), the purchase of transportation equipment (\$5.0 million), gas main service replacement (\$4.8 million), the purchase of gas meters (\$3.6 million), routine maintenance of the gas distribution system (\$5.0 million), street improvements (\$1.0 million), LNG facility upgrades (\$0.2 million), building upgrades (\$0.8 million) and additional in general plant purchases (\$0.08 million) in addition to contributions in aid of construction (\$4.2 million).



Liabilities

2024 Compared to 2023:

At December 31, 2024, total liabilities and deferred inflows were \$317.0 million, representing a decrease of \$6.5 million, or 2.0%, compared to \$323.6 million at December 31, 2023. This decrease is due, in part, by decreases in non-current liabilities of \$8.0 million, long-term debt of \$6.4 million, and current liabilities payable from restricted assets of \$3.8 million, offset by the increase in OPEB changes of assumptions of \$13.5 million.

2023 Compared to 2022:

At December 31, 2023, total liabilities and deferred inflows were \$323.6 million, representing a decrease of \$53.7 million, or 14.2%, compared to \$377.3 million at December 31, 2022. This decrease is due, in part, by decreases in pension investment earnings experience of \$41.6 million, current liabilities payable from current assets of \$37.5 million, OPEB investment earnings experience of \$20.3 million, and OPEB changes of assumptions of \$9.5 million, offset by increases in non-current liabilities of \$60.1 million.

Net Position

2024 Compared to 2023:

As of December 31, 2024, the Gas Division's total net position (total assets and deferred outflows of resources less total liabilities and deferred inflows of resources) was \$498.6 million, a decrease of \$7.6 million, or 1.5%, from December 31, 2023. The decrease is due primarily to a decrease in unrestricted net position of \$8.0 million, offset by an increase in restricted net position of \$1.6 million. Fifty-three percent of the net position was related to net investment in capital assets.

2023 Compared to 2022:

As of December 31, 2023, the Gas Division's total net position (total assets and deferred outflows of resources less total liabilities and deferred inflows of resources) was \$506.1 million, an increase of \$26.6 million, or 5.5%, from December 31, 2022. The increase is due primarily to an increase in unrestricted of \$39.2 million, offset by a decrease in net investments in capital assets of \$11.1 million. Fifty-three percent of the net position was related to net investment in capital assets.









Analysis of the Gas Division's Statements of Revenues, Expenses and Changes in Net Position

Condensed financial information comparing the Gas Division's revenues, expenses, and changes in net position for the past three fiscal years is presented below:

Condensed Statements o Years Endec	Table 4 Gas Division f Revenues, Expens d December 31, 202 (In Thousands)	ses and Change 24, 2023, and 2		on	
			FY24 - FY23		FY23 - FY22
			Percentage		Percentage
	<u>2024</u>	<u>2023</u>	<u>Change</u>	<u>2022</u>	<u>Change</u>
Povonuosu		As Restated		As Restated	
Revenues:	\$ 223,836	\$ 240,885	-7.1%	\$ 333,373	-27.7%
Sales, service and other operating revenues Transported gas revenue	\$ 223,836 12,805	\$ 240,885 16,175	-7.1%	\$ 333,373 12,891	-27.7%
Non-operating revenues	12,803	10,173	-20.8%	(1,292)	933.0%
Total revenues	247,068	267,822	-3.1%	344,972	-22.4%
Expenses:	247,008	207,822	-7.770	544,972	-22.470
Depreciation & amortization expense	26,542	25,203	5.3%	24,775	1.7%
Purchased gas	99.692	104,449	-4.6%	197,956	-47.2%
Other operating expense	109,078	92,767	17.6%	65,956	40.6%
Non-operating expense	3,691	3,873	-4.7%	3,954	-2.0%
Total expenses	239,003	226,292	5.6%	292,641	-22.7%
Income before contributions in aid					
of construction and transfers	8,065	41,530	-80.6%	52,331	-20.6%
Contributions in aid of construction	4,223	4,220	0.1%	5,465	-22.8%
Reduction of plant costs recovered through					
contributions in aid of construction	(4,223)	(4,220)	-0.1%	(5,465)	22.8%
Transfers to City of Memphis	(15,632)	(14,925)	-4.7%	(17,680)	15.6%
Change in net position	\$ (7,567)	\$ 26,605	-128.4%	\$ 34,651	-23.2%
Net position, beginning of year	\$ 506,143	\$ 479,538	5.5%	\$ 444,887	7.8%
Change in net position	(7,567)	26,605	-128.4%	34,651	-23.2%
Net position, end of year	\$ 498,576	\$ 506,143	-1.5%	\$ 479,538	5.5%



Change in Net Position

2024 Compared to 2023:

The change in net position is (\$7.6) million, down \$34.2 million from December 31, 2023. This decrease is primarily due to a decrease in total revenues of \$20.8 million and increases in total expenses of \$12.7 million and transfers to the City of Memphis of \$0.7 million.

2023 Compared to 2022:

The change in net position is \$26.6 million, down \$8.0 million from December 31, 2022. This decrease is primarily due to a decrease in total revenues of \$77.2 million, offset by decreases in total expenses of \$66.3 million and transfers to City of Memphis of \$2.8 million.

Revenues

2024 Compared to 2023:

Total revenues were \$247.1 million for fiscal year 2024, a decrease of \$20.8 million or 7.7% from fiscal year 2023. Sales, service, and other operating revenues were \$223.8 million, a decrease of \$17.0 million, or 7.1%, from 2023 due to lower natural gas prices and lower sales volume. Purchased gas cost decreased \$4.8 million, or 4.6% due to a decrease in natural gas purchases and lower gas cost per unit. Transported gas revenues decreased \$3.4 million, or 20.8%, and non-operating revenues decreased \$0.3 million, compared to fiscal year 2023.

2023 Compared to 2022:

Total revenues were \$267.8 million for fiscal year 2023, a decrease of \$77.2 million or 22.4% from fiscal year 2022. Sales, service, and other operating revenues were \$240.9 million, a decrease of \$92.5 million, or 27.7%, from 2022 due to lower natural gas prices and lower sales volume. Purchased gas cost decreased \$93.5 million, or 47.2% due to a decrease in natural gas purchases and lower gas cost per unit. Transported gas revenues increased \$3.3 million, or 25.5%, and non-operating revenues increased \$12.1 million, compared to fiscal year 2022.

Expenses

2024 Compared to 2023:

For fiscal year 2024, total expenses were \$239.0 million as of December 31, 2024, an increase of \$12.7 million, 5.6%, from fiscal year 2023 expenses of \$226.3 million. Other operating expenses was \$109.1 million as of December 31, 2024, an increase of \$16.3 million. Purchased gas cost was \$99.7 million, down 4.6%, or \$4.8 million from December 31, 2023, as a result of lower natural gas purchases and lower gas cost per unit.



2023 Compared to 2022:

For fiscal year 2023, total expenses were \$226.3 million as of December 31, 2023, a decrease of \$66.3 million, or 22.7%, from fiscal year 2022 expenses of \$292.6 million. Purchased gas cost was \$104.4 million, down 47.2%, or \$93.5 million from December 31, 2022, as a result of lower natural gas purchases and lower gas cost per unit. Other operating expenses was \$92.8 million as of December 31, 2023, an increase of \$26.8 million.

Contributions in aid of construction

2024 Compared to 2023:

Contributions in aid of construction ("CIAC") were 4.2 million for fiscal year 2024, an increase of 0.003 million, or 0.1% from fiscal year 2023. This increase was mainly the result of an increase in construction contributions of 0.40 million, offset by a decrease in donated easements of 0.39 million.

2023 Compared to 2022:

Contributions in aid of construction ("CIAC") were \$4.2 million for fiscal year 2023, a decrease of \$1.2 million, or 22.8% from fiscal year 2022. This decrease was mainly the result of a decrease in construction contributions of \$2.7 million, offset by an increase in donated easements of \$1.5 million.

Transfers to the City of Memphis

2024 Compared to 2023:

MLGW's transfer to the City of Memphis is based on the formula provided by the State of Tennessee Municipal Gas System Tax Equivalent Law of 1988. The formula includes a maximum property tax equivalency calculation plus 4% of operating revenue less gas costs (three-year average). Transfers to the City represent the Gas Division's in lieu of tax payment. The 2024 transfer increased by \$0.7 million as a result of an increase in net plant investment coupled with an increase in the tax rate.

2023 Compared to 2022:

MLGW's transfer to the City of Memphis is based on the formula provided by the State of Tennessee Municipal Gas System Tax Equivalent Law of 1988. The formula includes a maximum property tax equivalency calculation plus 4% of operating revenue less gas costs (three-year average). Transfers to the City represent the Gas Division's in lieu of tax payment. The 2023 transfer decreased by \$2.8 million as a result of a decrease in net plant investment coupled with a reduction in the equalization ratio.



Analysis of the Water Division's Statements of Net Position

Condensed financial information comparing the Water Division's net position for the past three fiscal years is presented below:

Water Division Con	Table 5 densed Stateme	nts of Net Positio	n		
(December 31 In Thousands)				
			FY24 - FY23 Percentage		FY23 - FY2 Percentag
	<u>2024</u>	<u>2023</u> As Restated	<u>Change</u>	<u>2022</u> As Restated	<u>Change</u>
Current assets (excluding restricted assets)	\$ 149,917	\$ 171,464	-12.6%	\$ 143,736	19.3%
Restricted assets	20,814	20,354	2.3%	39,391	-48.3%
Other assets	7,066	7,667	-7.8%	41,701	-81.6%
Utility plant	421,098	396,142	6.3%	377,761	4.9%
Intangible assets - right of use assets (leases & subscriptions)	2,352	1,535	53.2%	2,218	-30.89
Total assets	601,247	597,162	0.7%	604,807	-1.39
Deferred outflows of resources					
Employer pension contribution	4,877	3,481	40.1%	3,560	-2.2
Employer OPEB contribution	6,937	6,823	1.7%	6,525	4.6
Pension liability experience	13,542	8,957	51.2%	2,257	296.9
OPEB liability experience	2,703	2,275	18.8%	3,166	-28.19
Pension changes of assumptions	3,419	4,558	-25.0%	5,698	-20.0
OPEB changes of assumptions	2,624	3,498	-25.0%	4,373	-20.0
	20,757	20,556	1.0%	4,575	-20.0
Pension investment earnings experience				-	
OPEB investment earnings experience	4,218	5,484	-23.1%		
Total assets and deferred outflows	660,324	652,794	1.2%	630,386	3.69
Current liabilities payable from current assets	27,263	30,459	-10.5%	24,494	24.49
Current liabilities payable from restricted assets	4,215	5,927	-28.9%	6,785	-12.69
Long-term debt	117,796	123,453	-4.6%	128,982	-4.39
Non-current liabilities	65,635	71,407	-8.1%	25,825	176.5
Total liabilities	214,909	231,246	-7.1%	186,086	24.3
Deferred inflows of resources					
Leases	1,560	1,804	-13.5%	1,032	74.8
Pension liability experience	143	286	-50.0%	428	-33.29
OPEB liability experience	866	1,229	-29.5%	641	91.7
Pension changes of assumptions	5	10	-50.0%	15	-33.3
OPEB changes of assumptions	12,634	2,640	378.6%	9,637	-72.6
Pension investment earnings experience	12,054	2,040	570.070	30,737	-100.0
OPEB investment earnings experience	-	-		50,737 14,974	-100.0
OPED investment earnings experience				14,974	-100.0
Total liabilities and deferred inflows	230,117	237,215	-3.0%	243,550	-2.6
Net position:					
Net investment in capital assets	295,941	267,881	10.5%	263,392	1.79
Restricted for:					
Casualty Insurance	8,913	8,382	6.3%	7,882	6.3
Medical Benefits & other	5,585	4,148	34.6%	4,769	-13.0
Unrestricted	119,768	135,168	-11.4%	110,793	22.09
Total Net position	\$ 430,207	\$ 415,579	3.5%	\$ 386,836	7.49



Assets

2024 Compared to 2023:

As of December 31, 2024, total assets and deferred outflows were \$660.3 million, an increase of \$7.5 million compared to December 31, 2023. The increase is due to increases in net utility plant of \$25.0 million and pension liability experience of \$4.6 million, offset by a decrease in current assets (excluding restricted assets) of \$21.5 million and OPEB investment earnings experience of \$1.3 million.

2023 Compared to 2022:

As of December 31, 2023, total assets and deferred outflows were \$652.8 million, an increase of \$22.4 million compared to December 31, 2022. The increase is due to increases in current assets (excluding restricted assets) of \$27.7 million, pension investment earnings experience of \$20.6 million, net utility plant of \$18.4 million, pension liability experience of \$6.7 million, offset by a decrease in other assets of \$34.0 million and restricted assets of \$19.0 million due to the depletion of the 2020 Bond Series construction fund.

Capital Assets and Construction Activities

2024 Compared to 2023:

The Water Division's utility plant assets, net of accumulated depreciation were \$421.1 million as of December 31, 2024, an increase of 6.3% over fiscal year 2023. During 2024, the Water Division expended \$37.3 million on construction activities and equipment purchases, an increase of \$6.8 million or 22.5% compared to fiscal year 2023. Major Water Division construction expenditures include production wells rehabilitation (\$11.0 million), rehabilitation of pumping station (\$9.2 million), street improvements (\$6.8 million), routine maintenance of the water production and distribution system (\$4.5 million), extensions to serve new customers (\$3.8 million), new water main and lead replacement (\$3.1 million), purchase of transportation equipment (\$1.7 million), additional general plant purchases (\$1.2 million), in addition to contributions in aid of construction (\$5.2 million).

2023 Compared to 2022:

The Water Division's utility plant assets, net of accumulated depreciation were \$396.1 million as of December 31, 2023, an increase of 4.9% over fiscal year 2022. During 2023, the Water Division expended \$30.5 million on construction activities and equipment purchases, an increase of \$3.2 million or 11.8% compared to fiscal year 2022. Major Water Division construction expenditures include routine maintenance of the water distribution system (\$9.0 million), extensions to serve new customers (\$5.0 million), rehabilitation of pumping station (\$7.7 million), new water main and lead replacement (\$3.2 million), production wells rehabilitation (\$2.9 million), street improvements (\$2.6 million), the purchase of water meters (\$1.4 million), maintenance of the production system (\$0.8 million), purchase of transportation equipment (\$0.6 million), underground reservoir upgrades (\$0.4 million), additional general plant upgrades (\$0.05), in addition to contributions in aid of construction (\$4.6 million).



Liabilities

2024 Compared to 2023:

As of December 31, 2024, total liabilities and deferred inflows were \$230.1 million, representing a decrease of \$7.1 million, or 3.0%, compared to December 31, 2023. This decrease is primarily due to decreases in non-current liabilities of \$5.8 million, long-term debt of \$5.7 million, and current liabilities payable from current assets of \$3.2 million, offset by increases in OPEB changes of assumptions of \$10.0 million.

2023 Compared to 2022:

As of December 31, 2023, total liabilities and deferred inflows were \$237.2 million, representing a decrease of \$6.3 million, or 2.6%, compared to December 31, 2022. This decrease is primarily due to decreases in pension investment earnings \$30.7 million, OPEB investment earnings experience of \$15.0 million, OPEB changes of assumptions of \$7.0 million, and long-term debt of \$5.5 million, offset by increases in non-current liabilities of \$45.6 million and current liabilities from current assets of \$6.0 million.

Net Position

2024 Compared to 2023:

As of December 31, 2024, the Water Division's total net position (total assets and deferred outflows of resources less total liabilities and deferred inflows of resources) was \$430.2 million, an increase of \$14.6 million, or 3.5%, from December 31, 2023. The increase is due primarily to an increase in net investment in capital assets of \$28.1 million, offset by a decrease in unrestricted net position of \$15.4 million. Sixty-nine percent of the net position was related to net investment in capital assets.

2023 Compared to 2022:

As of December 31, 2023, the Water Division's total net position (total assets and deferred outflows of resources less total liabilities and deferred inflows of resources) was \$415.6 million, an increase of \$28.7 million, or 7.4%, from December 31, 2022. The increase is due primarily to an increase in unrestricted net position of \$24.4 million and an increase in net investment in capital assets of \$4.5 million, partially offset by a decrease in restricted net position of \$0.1 million. Sixtyfour percent of the net position was related to net investment in capital assets.









Analysis of the Water Division's Statements of Revenues, Expenses and Changes in Net Position

Condensed financial information comparing the Water Division's revenues, expenses, and changes in net position for the past three fiscal years is presented below:

Condensed Statements of Years Ended	Table 6 Water Division Revenues, Expenses December 31, 2024, (In Thousands)			on	
			<u>FY24 - FY23</u>		<u>FY23 - FY22</u>
	2024	2023	Percentage Change	2022	Percentage Change
		As Restated		As Restated	
Revenues:					
Operating revenues	\$ 134,617	\$ 130,636	3.0%	\$ 134,854	-3.1%
Non-operating revenues	7,748	7,903	-2.0%	1,803	338.3%
Total revenues	142,365	138,539	2.8%	136,657	1.4%
Expenses:					
Depreciation & amortization expense	14,474	12,911	12.1%	12,497	3.3%
Other operating expense	105,218	88,780	18.5%	63,871	39.0%
Non-operating expense	3,345	3,505	-4.6%	3,580	-2.1%
Total expenses	123,037	105,196	17.0%	79,948	31.6%
Income before contributions in aid					
of construction and transfers	19,328	33,343	-42.0%	56,709	-41.2%
Contributions in aid of construction	5,185	4,638	11.8%	4,364	6.3%
Reduction of plant costs recovered through	-,	.,		.,	
contributions in aid of construction	(5,185)	(4,638)	-11.8%	(4,364)	-6.3%
Transfers to City of Memphis	(4,700)	(4,600)	-2.2%	(4,500)	-2.2%
Change in net position	\$ 14,628	\$ 28,743	-49.1%	\$ 52,209	-44.9%
Net position, beginning of year	\$ 415,579	\$ 386,836	7.4%	\$ 334,627	15.6%
Change in net position	14,628	28,743	-49.1%	52,209	-44.9%
Net position, end of year	\$ 430,207	\$ 415,579	3.5%	\$ 386,836	7.4%



Change in Net Position

2024 Compared to 2023:

As of December 31, 2024, the change in net position is \$14.6 million, down \$14.1 million from \$28.7 million at December 31, 2023. This decrease is due to an increase in other operating expenses of \$16.4 million, offset by an increase in operating revenues of \$4.0 million.

2023 Compared to 2022:

As of December 31, 2023, the change in net position is \$28.7 million, down \$23.5 million from \$52.2 million at December 31, 2022. This decrease is due to an increase in other operating expenses of \$24.9 million and a decrease in operating revenues of \$4.2 million.

Revenues

2024 Compared to 2023

Total revenues were \$142.4 million for fiscal year 2024, an increase of \$3.8 million compared to fiscal year 2023. This increase is due to an increase in operating revenues of \$4.0 million.

2023 Compared to 2022:

Total revenues were \$138.5 million for fiscal year 2023, an increase of \$1.9 million compared to fiscal year 2022. This increase is due to an increase in non-operating income of \$6.1 million due primarily to an increase in investment and other income of \$6.1 million, offset by a decrease in operating revenues of \$4.2 million.

Expenses

2024 Compared to 2023:

As of December 31, 2024, total expenses for the Water Division were \$123.0 million, an increase of \$17.8 million, or 17.0%, compared to fiscal year 2023. The increase is due to an increase in other operating expenses of \$16.4 million.

2023 Compared to 2022:

As of December 31, 2023, total expenses for the Water Division were \$105.2 million, an increase of \$25.2 million, or 31.6%, compared to fiscal year 2022. The increase is due to an increase in other operating expenses of \$24.9 million.



Contributions in aid of construction

2024 Compared to 2023:

Contributions in aid of construction ("CIAC") were \$5.2 million for fiscal year 2024, an increase of \$0.6 million, or 11.8% from fiscal year 2023. This increase was mainly the result of an increase in construction contributions of \$0.8 million, offset by a decrease in donated easements of \$0.2 million.

2023 Compared to 2022:

Contributions in aid of construction ("CIAC") were \$4.6 million for fiscal year 2023, an increase of \$0.3 million, or 6.3% from fiscal year 2022. This increase was mainly the result of an increase in donated easements of \$1.2 million, offset by a decrease in construction contributions of \$0.9 million.

Transfers to the City of Memphis

2024 Compared to 2023:

The Water Division through an agreement with the City, transfers a payment in the amount of \$2.5 million per year. The agreement is effective through the year 2028. The City directed MLGW's Water Division to pay an additional \$2,100, \$2,200, and \$2,300 to the City's general fund for each of MLGW's fiscal years 2023, 2024, and 2025, respectively, on or about April 30th of said years. MLGW will continue to make incremental water payments for fiscal years after 2025 at the same \$2,300 level unless the City directs otherwise.

2023 Compared to 2022:

The Water Division through an agreement with the City, transfers a payment in the amount of \$2.5 million per year. The agreement is effective through the year 2028. The City directed MLGW's Water Division to pay an additional \$2,000, \$2,100, \$2,200, and \$2,300 to the City's general fund for each of MLGW's fiscal years 2022, 2023, 2024, and 2025, respectively, on or about April 30th of said years. MLGW will continue to make incremental water payments for fiscal years after 2025 at the same \$2,300 level unless the City directs otherwise.

Economic Factors

MLGW serves the City of Memphis and the Shelby County area that, according to the most recent Census data (July 2024), has a population of 910,530. The unemployment rate within the City of Memphis was 4.1% at December 31, 2024.

Inflationary trends in the region are comparable to national indices.



Additional Financial Information

This discussion is designed to provide MLGW's customers, investors, and other interested parties with a general overview of the financial position and results of operations. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Manager of General Accounting, Memphis Light, Gas and Water Division, P.O. Box 430, Memphis, TN 38101, or call 901-528-4221.

Financial Statements Required and Supplemental Information



Memphis Light, Gas and Water Division Years ended December 31, 2024 and 2023 MLGW with Independent Auditors' Report

STATEMENTS OF NET POSITION DECEMBER 31, 2024 AND 2023 (Dollars in Thousands)



	 Electric I	Division			Gas I	Division		 Water	Divisio	1
	 2024	2023			2024	2023		 2024	-	2023
		As Resta	ted			As Rest	ated		As I	Restated
Assets										
Current assets:										
Cash and cash equivalents	\$ 113,539		,585	\$	107,212		· ·	\$ 63,570	\$	72,61
Investments	78,174	64	,665		73,243	7	9,480	43,908		51,51
Derivative instruments	-		-		160		29	-		
Restricted funds - current	118,017	37	,211		13,179	2	7,530	9,799		10,07
Accrued interest receivable	-		-		252		216	-		
Accounts receivable - MLGW services (less allowance	110 (38	101	0.00				0.040	12 102		
for doubtful accounts)	119,637	121	,039		26,279		8,842	13,193		14,42
Accounts receivable - billing on behalf of other entities	-		-		16,171		4,112	12,891		18,83
Accounts receivable - Other Industrial Gas	-		-		1,118		2,461	175		1.
Lease receivable - current	504	50	478		503	1	483	175		10
Unbilled revenues	63,993	30	,008		17,651 1,705		3,485	4,374		4,30
Unbilled revenues - Other Industrial Gas	- 4,454	6	.916		1,705		1,294	-		
Unrecovered purchased power/gas cost Gas stored - LNG	4,434	U	,910		2,068		- 2,424	-		
Inventories	- 131,607	103	- ,681		2,008 19,365		2,424 7,019	- 8,795		7,79
Prepayment - insurance	131,007	105	,001		1,319		1,267	0,795		7,7
Prepayment - City of Memphis pavement replacement permits	-				61		25			
Unamortized debt expense - current	236		153		72		76	77		
Meter replacement - current	1,265	1	,249		1,495		1,477	486		4
LED Retrofit - current	623	1	,249 544		1,475		1,477	400		-
Other current assets	6,542	5	,980		2,505		2,329	2,448		1,2
oral current assets	 638,591	-	,509		2,505		7,631	 159,716		181,5
Ion-current assets: Restricted funds: Insurance reserves - injuries and damages	4,908	6	.143		4,714		5,228	1,269		1,47
Insurance reserves - casualties and general	24,776		,728		11,119		0,645	8,913		8,38
Medical benefits	12,173		,280		5,552		6,970	3,630		4,5
Customer deposits	35,087		,310		6,449		8,519	3,443		3,1
Interest fund - revenue bonds - series 2014			86		-		-	29		.,-
Interest fund - revenue bonds - series 2016	107		114		107		114	55		
Interest fund - revenue bonds - series 2017	234		251		116		123	62		
Interest fund - revenue bonds - series 2020A	462		476		197		202	205		2
Interest fund - revenue refunding bonds - series 2020B	41		41		-		-	-		
Interest fund - revenue bonds - series 2024	734		-		-		-			
Interest fund - revenue refunding bonds - series 2024	74		-		-		-			
Sinking fund - revenue bonds - series 2014	10		289		-		-	64		
Sinking fund - revenue bonds - series 2016	156		149		156		149	121		1
Sinking fund - revenue bonds - series 2017	338		324		148		142	94		
Sinking fund - revenue bonds - series 2020A	258		247		110		105	120		1
Sinking fund - revenue refunding bonds - series 2020B	39		40		-		-	-		
Sinking fund - revenue bonds - series 2024	270		-		-		-	-		
Sinking fund - revenue refunding bonds - series 2024	228		-		-		-	-		
Construction fund - revenue bonds - series 2020A	-		-		-	1	1,581	-		
Construction fund - revenue bonds - series 2024	84,301		-		-		-	-		
Groundwater reserve fund	 -		-		-	·	-	 2,809		2,0
Total restricted funds	164,196	87	,478		28,668	4	3,778	20,814		20,3
Less restricted funds - current	(118,017)		,211)		(13,179)		7,530)	(9,799)		(10,0)
Restricted funds - non-current	 46,179		,267	·	15,489		6,248	 11,015		10,2

STATEMENTS OF NET POSITION DECEMBER 31, 2024 AND 2023 (Dollars in Thousands) (Continued)



	Electric	Division	Gas I	Division	Water I	Division
	2024	2023	2024	2023	2024	2023
		As Restated	-	As Restated		As Restated
Other assets:						
Prepayment - in lieu of taxes	1,583	1,598	36	36	-	-
Unamortized debt expense	2,379	1,320	628	700	648	724
Notes receivable	-	-	-	-	1,313	1,243
Lease receivable - long term	5,978	6,383	18,498	18,914	1,478	1,633
Meter replacement - long term	11,884	12,951	15,780	17,032	3,627	4,067
Other prepayments	28	-	-	-	-	-
LED Retrofit - long term	9,890	8,936	-	-	-	-
Total other assets	31,742	31,188	34,942	36,682	7,066	7,667
Utility plant						
Plant in service	2,441,357	2,318,963	850,408	824,818	680,179	645,908
Plant held for future use	-	-	212	212	-	-
Non-utility plant	15,345	15,345	200	200	-	-
Total utility plant	2,456,702	2,334,308	850,821	825,230	680,179	645,908
Less accumulated depreciation & amortization	(1,044,005)	(1,014,158)	(453,269)	(433,367)	(259,081)	(249,766)
Utility plant, net	1,412,697	1,320,150	397,551	391,863	421,098	396,142
Intangible assets						
Right of use assets	21,383	13,221	8,860	5,496	6,574	4,056
Less accumulated amortization	(13,505)	(8,370)	(5,752)	(3,463)	(4,222)	(2,521)
Intangible assets, net	7,878	4,851	3,108	2,033	2,352	1,535
Total non-current assets	1,498,496	1,401,456	451,090	446,826	441,531	415,625
Total assets	2,137,087	1,890,965	735,692	754,457	601,247	597,162
Deferred outflows of resources						
Unamortized balance of refunded debt	-	643	-	-	-	-
Employer pension contribution	17,213	12,284	6,598	4,709	4,877	3,481
Employer OPEB contribution	24,484	24,082	9,385	9,231	6,937	6,823
Pension liability experience	47,795	31,613	18,322	12,118	13,542	8,957
OPEB liability experience	9,539	8,030	3,656	3,078	2,703	2,275
Pension changes of assumptions	12,066	16,088	4,625	6,167	3,419	4,558
OPEB changes of assumptions	9,261	12,348	3,549	4,733	2,624	3,498
Pension investment earnings experience	73,261	72,551	28,083	27,811	20,757	20,556
OPEB investment earnings experience	14,887	19,355	5,707	7,419	4,218	5,484
Total deferred outflows of resources	208,506	196,994	79,925	75,266	59,077	55,632
Total assets and deferred outflows of resources	\$ 2,345,593	\$ 2,087,959	\$ 815,617	\$ 829,723	\$ 660,324	\$ 652,794

STATEMENTS OF NET POSITION DECEMBER 31, 2024 AND 2023 (Dollars in Thousands) (Continued)



Labilities Concern payable - onler payables and labilities 5 159,317 5 135,212 \$ 22,422 5 17,818 5 . 5 Accounts payable - onler payables and labilities 44,700 44,331 8,903 9,956 8,982 Accounts payable - increment .<		Water D	 	IVISI	Gas D		DIVIS	Electric I	
Listing is a second power and gas second gawasecond gawas second power and gawas second gas second g	2023 As Restat	2024	 	-	2024			2024	
$\begin{tabular}{ c c c c c c c c c c c c c c c c c c c$	As Kesta		s Restated	А		s Kestated	А		
Accounts puphle - purchased prover and gas \$ 19,317 \$ 3,212 \$ 2,223 \$ 17,838 \$. \$ Accounts puphle - inder yorks and labilities -									
Accounts puphle - other puphles and labilities 44,670 44,351 8,003 9,599 8,982 Accounts puphle - lolling on behalf of other entities - - 12,230 10,405 10,399 Accred compensated absences 11,657 11,1053 44,389 14,178 3,146 Bonds pupable 13,306 10,996 4,366 4,178 4,119 Lases lability - corrent 332 75 109 23 80 Tole corrent labilities pupable from restricted assets: Immune reserves - injuris and damages 4,008 6,143 4,714 5,228 1,269 Madical basedifs 2,864 8,313 1,207 3,801 8,44 13,771 3,801 8,44 13,771 3,801 8,44 13,771 3,201 1,433 Bonds pupable - corrent labilities 226,593 233,263 66,675 31,478 10,407 14,303 306 3938 Total corrent labilities 226 - - - 2,55 31,478 Total corenet labilities 224,405 <t< td=""><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></t<>									
Accounts pupils - neovempt gas cost due to customers -		-	\$,	\$		\$,	\$,	\$
$ \begin{array}{rrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrr$	10	8,982	,		8,903	44,351		44,670	
Accred compensated absences 11.657 11.053 4.389 4.178 3.146 Donds poyoh 13.806 10.996 4.366 4.158 4.197 Lass highty - current 322 75 109 29 80 Scherchton hightis - provable from current assets 231,548 202.999 53,328 53,898 27,263 Current hightis - provable from current assets 231,548 202.999 53,328 53,898 27,263 Current hightis - provable from current assets 2,844 6,313 1,377 2,913 1,343 Costoner deposits 1,269 1,040 413 396 395 Total current hightics 2,24485 202,648 4233 1,267 4,215 Total current hightics 2,2408 2,32,03 62,239 66,675 3,1478 Costoner deposits 2,14,03 21,539 4,271 5,605 2,100 LNG deposits 2,14,03 2,153 4,371 5,005 2,100 LNG deposits 2,14,037		-	,		-	-		-	
Bonds payabic 13,306 10,996 4,366 4,158 4,197 Subscription lability - current 302 75 109 29 80 Subscription lability - current 302 75 109 29 80 Fordal current lability southe from current assets 231,548 202,999 53,328 233,898 27,263 Tormat lability southe from restriced assets 2,864 8,333 1.307 3,801 854 Construct deposits 1,669 968 419 439 351 Bonds payabs- encred tassets 24,405 302,244 8,911 12,777 4215 Total current labilities payable from restricted assets 24,405 302,244 8,911 12,777 4215 Total current labilities payable from restricted assets 21,403 21,539 4,371 5,605 2,100 LAG deposits 21,403 21,403 2,615 32,235 2,605 31,478 Net-current lability contrast 21,403 2,645 22,235 13,790 13,30	12,	· · ·				-		-	
Lease limity - current 392 75 109 29 80 Subscription biolity - current subscription biolity - current liabilities payable from current assets 231,548 202,999 53,328 53,898 27,263 Turrent liabilities payable from current assets 231,548 202,999 53,328 53,898 27,263 Summer Subscription biolities payable from current assets 2,864 8,333 1,307 3,801 884 Bonds payable - accused interest 1,269 1,049 413 396 998 Construct dipolities payable from restricted assets 224,045 302,0264 8031 1,2777 4,215 Construct dipolities 21,403 21,539 4,2777 4,215 - Von- current liabilities: 225,953 232,263 66,675 31,478 Customer dipolitis 21,403 21,539 4,371 5,605 2,100 LNG dipolitis 23,246 233,263 82,353 18,470 Revene bonds - series 2014 - - 80,455 Revene bonds - series 2017<	3,	3,146	4,178		4,389	11,053		11,657	Accrued compensated absences
	4.	4,197	4,158		4,366	10,996		13,806	Bonds payable
Data Carrent liabilities payable from current assets $231,548$ $202,999$ $53,328$ $53,898$ $27,263$ Current liabilities payable from restricted assets: Instance reserves - injuries and durages $4,908$ $6,143$ $4,714$ $5,228$ $1,269$ Medical herefits $2,864$ $8,333$ $1,307$ $3,001$ 854 Customer deposits $1,269$ $0,040$ 413 396 398 Total current liabilities: $224,495$ $30,264$ $8,931$ $12,777$ $4,215$ Total current liabilities: $225,953$ $23,263$ $6,675$ $31,478$ Von- current liabilities: $224,495$ $20,264$ $8,931$ $12,777$ $4,215$ Constomer deposits $21,403$ $21,539$ $4,371$ $5,065$ $2,100$ LNG deposits $22,405$		80	29		109	75		392	Lease liability - current
Current labilities paylok from restricted assets: 1.209 6.143 4.714 5.228 1.269 Merkin berefit 2.864 8.333 1.047 3.801 854 Costomer deposis 1.3684 13.771 2.078 2.913 1.343 Bonds paylob - accrued interest 1.659 9.68 419 439 351 Bonds paylob - accrued interest 1.629 9.024 4.031 1.2777 4.218 Cond current labilities 2.2593 2.32.025 6.675 3.1478 Wois-current labilities: 2.2593 2.32.025 6.675 3.1478 Consource deposits 2.1,403 2.1,539 4.371 5.605 2.100 LNG deposits 2.1,403 2.1,539 4.371 5.605 2.100 Newne bonds - series 2016 2.6,435 2.8,235 2.6,435 2.8,235 1.8,446 Revenue bonds - series 2016 2.6,745 2.7,200 - - - - - - - - - - <td< td=""><td></td><td>459</td><td> 580</td><td></td><td>619</td><td>1,312</td><td></td><td>1,706</td><td> Subscription liability - current</td></td<>		459	 580		619	1,312		1,706	 Subscription liability - current
Instance reserves - signes and damages 4.908 6.143 4.774 5.228 1.269 Medical herefits 2,864 8,333 1.307 3801 854 Cotsmar deposits 1,650 968 419 433 351 Bonds payabk - accracel interest 1,650 9068 419 433 351 Cotsmart fabilities 229 1,644 932 232,663 82391 12,77 4,215 Oral carrent fabilities 224,405 302,664 82331 12,777 4,215 Oral carrent fabilities 21,603 21,539 4,371 5,605 21,400 LNG deposits - 25 5 - 8,045 Revenue bonds - series 2016 26,435 28,235 13,730 2,011 1.979 132,09 Revenue bonds - series 2016 26,435 28,235 13,735 30,405 17,280 Revenue bonds - series 2020A 134,375 137,355 33,33 30,405 17,280 Revenue bonds - series 2020A	30.	27,263	53,898		53,328	202,999		231,548	otal current liabilities payable from current assets
Instance reserves - signes and damages 4.908 6.143 4.774 5.228 1.269 Medical herefits 2,864 8,333 1.307 3801 854 Cotsmar deposits 1,650 968 419 433 351 Bonds payabk - accracel interest 1,650 9068 419 433 351 Cotsmart fabilities 229 1,644 932 232,663 82391 12,77 4,215 Oral carrent fabilities 224,405 302,664 82331 12,777 4,215 Oral carrent fabilities 21,603 21,539 4,371 5,605 21,400 LNG deposits - 25 5 - 8,045 Revenue bonds - series 2016 26,435 28,235 13,730 2,011 1.979 132,09 Revenue bonds - series 2016 26,435 28,235 13,735 30,405 17,280 Revenue bonds - series 2020A 134,375 137,355 33,33 30,405 17,280 Revenue bonds - series 2020A									Current liabilities payable from restricted assets:
Medical benefis 2,864 8,333 1,307 3,801 854 Customer deposis 13,654 13,771 2,078 2,913 1,343 Bonds payable - accrued interest 1,650 968 419 433 306 398 Total current hibities 229 1,049 413 306 398 Total current hibities 2255,953 223,263 62,259 66,675 31,478 Von-Current hibities: 225 25 23 26,353 22,139 4,371 2,107 Customer deposits 21,403 21,539 4,371 1,979 1,320 Revenae bonds - series 2016 26,435 28,233 26,435 28,233 18,740 Revenae bonds - series 2020A 134,375 137,355 57,200 58,470 61,685 Revenae bonds - series 2024 146,645 - - - - Unamortied debty persim 39,99 1,270 - - - - Revenae refinding bonds - series 2024 <td>1.</td> <td>1.269</td> <td>5.228</td> <td></td> <td>4,714</td> <td>6.143</td> <td></td> <td>4,908</td> <td></td>	1.	1.269	5.228		4,714	6.143		4,908	
Cosmer deposis 13,684 13,771 2,078 2,913 1,443 Bonds payabb - principal 1,299 1,049 413 306 398 Coal current liabilities 24,405 302,261 8931 12,77 4,215 Coal current liabilities 224,005 223,263 62,229 66,675 31,478 Vor-current liabilities 21,403 21,539 4,371 5,605 2,100 LNG deposits - 25 25 - - 26,835 28,335 30,045 17,280 Reverane bonds - series 2016 26,435 28,235 26,435 28,235 18,740 Reverane bonds - series 2017 63,380 67,283 28,333 30,045 17,280 Reverane bonds - series 2010 134,375 137,355 57,200 - - - Reverane bonds - series 2020A 134,375 137,355 1,072 - - - Reverane bonds - series 2020A 134,975 137,355 1,020 - - <td>2</td> <td></td> <td>,</td> <td></td> <td>,</td> <td>,</td> <td></td> <td>,</td> <td></td>	2		,		,	,		,	
Bonds payable - accrued interest 1,650 968 419 439 351 Bonds payable - principal 1,299 1,049 413 396 398 Foal current kibilities 255,953 233,263 62,259 66,675 31,478 Von-current kibilities: 255,953 233,263 62,259 66,675 31,478 Von-current kibilities: 21,403 21,539 4,371 5,605 2,100 LXG deposits - - 25 25 - Accrueat compensated absences 4,917 4,730 2,011 1,979 1,320 Revenue bonds - series 2014 - 19,130 - - 8,045 Revenue bonds - series 2017 63,380 67,285 28,335 18,740 61,685 Revenue bonds - series 2020B 26,745 27,200 5.8470 61,685 17,280 Revenue bonds - series 2024 14,645 - - - - - Unamorized debt permium 47,417 33,121 15,485 17,072 12,046 Lease kioBily - long term 3,939	1.								
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Data Current labilities payable from restricted assets $24,405$ $30,264$ $8,931$ $12,777$ $4,215$ foral current labilities $255,953$ $233,263$ $62,259$ $66,675$ $31,478$ Variable current labilities: $225,953$ $233,263$ $62,259$ $66,675$ $31,478$ Customer deposits $21,403$ $21,539$ $4,371$ $5,605$ $2,100$ LNG deposits $ 25$ 25 $ 80,455$ Revenue bonds - series 2016 $26,435$ $28,235$ $20,405$ $17,280$ Revenue bonds - series 2020A $134,375$ $137,355$ $57,200$ $58,470$ $61,685$ Revenue bonds - series 2020B $26,745$ $27,200$ $ -$ Revenue bonds - series 2024 $17,270$ $ -$									
Data Current labilities 255,953 233,263 62,259 66,675 31,478 Kon-current labilities: Customer deposits 21,403 21,539 4,371 5,605 2,100 LNG deposits - -25 25 - - 8,045 Revenue bonds - series 2014 - 19,130 - - 8,045 Revenue bonds - series 2017 63,380 67,285 28,335 30,045 17,280 Revenue bonds - series 2020A 134,375 137,355 57,200 58,470 61,685 Revenue refunding bonds - series 2020B 26,745 27,200 - - - Revenue refunding bonds - series 2024 177,270 -	5.					 ,	•		
Von-current labilities: 21,403 21,539 4,371 5,605 2,100 LNG deposis - - 25 25 - Accrued compensated absences 4,917 4,730 2,011 1,979 1,320 Revenue bonds - series 2016 26,435 28,235 26,435 28,235 30,045 17,280 Revenue bonds - series 2020 26,745 27,200 - - - - Revenue bonds - series 2020 26,745 27,200 - - - - - Revenue refinding bonds - series 2024 146,45 -<	36,		 ,			 ,	·		
Customer deposits 21,403 21,539 4,371 5,605 2,100 LNG deposits - - 25 25 -	50,	31,478	00,075		02,239	233,203		200,900	otar current natimiles
LNG deposits - - 25 25 - Accreated compensated absences 4,917 4,730 2,011 1,979 1,320 Revenue bonds - series 2016 26,435 28,235 26,435 28,235 30,045 17,280 Revenue bonds - series 2020A 134,375 137,355 57,200 58,470 61,685 Revenue bonds - series 2020B 26,745 27,200 - - - Revenue bonds - series 2020B 26,745 27,200 - - - Revenue refunding bonds - series 2024 17,7270 -									
Accrued compensated absences 4,917 4,730 2,011 1,979 1,320 Revenue bonds - series 2014 19,130 - 8,045 Revenue bonds - series 2016 26,245 28,235 26,6435 28,235 30,045 17,280 Revenue bonds - series 2017 63,380 67,285 28,335 30,045 17,280 Revenue bonds - series 2020B 26,745 27,200 - - - Revenue refinding bonds - series 2024 117,7270 - - - - Revenue refinding bonds - series 2024 14,645 -	1,	2,100	,			21,539		21,403	*
Revenue bonds - series 2014 - 19,130 - - 8,045 Revenue bonds - series 2017 63,380 67,285 28,335 30,045 17,280 Revenue bonds - series 2020A 134,375 137,355 57,200 58,470 61,685 Revenue refunding bonds - series 2020B 26,745 27,200 - - - Revenue refunding bonds - series 2024 177,270 - - - - Revenue refunding bonds - series 2024 14,645 - - - - - Unamorized debt premium 47,417 33,121 15,485 17,072 12,046 Lease lability - long term 3,939 1,222 1,066 470 1,270 Net persion lability 106,679 101,132 52,394 38,384 38,726 Net oPEIS lability 13,66,79 100,132 52,394 38,343 38,726 Other 1,531 1,573 503 220,137 21,939 21,939 City of Memphis Broadband Project 1,399 - - - - -		-				-		-	-
Revenue bonds - series 2016 $26,435$ $28,235$ $26,435$ $28,235$ $28,235$ $28,235$ $30,045$ $17,280$ Revenue bonds - series 2020A $134,375$ $137,355$ $57,200$ $58,470$ $61,685$ Revenue bonds - series 2024 $177,270$ $ -$ Revenue bonds - series 2024 $174,270$ $ -$ Revenue refinding bonds - series 2024 $14,645$ $ -$ Unamorized debt premium $47,417$ $33,121$ $15,485$ $17,072$ $12,046$ Lease lability - long term $3,939$ $1,225$ $1,696$ 470 $1,270$ Net OPEB lability Net pension lability $136,679$ $100,132$ $52,394$ $38,384$ $38,726$ Other $1,531$ $1,573$ 503 250 151 $ -$ </td <td>1,</td> <td></td> <td>1,979</td> <td></td> <td>2,011</td> <td>,</td> <td></td> <td>4,917</td> <td></td>	1,		1,979		2,011	,		4,917	
Revenue bonds - series 2017 63,380 67,285 28,335 30,045 17,280 Revenue fondig bonds - series 2020A 134,375 137,355 57,200 58,470 61,685 Revenue refinding bonds - series 2020B 26,745 27,200 - - - Revenue refinding bonds - series 2024 177,270 - - - - Revenue refinding bonds - series 2024 14,645 - - - - - - Revenue refinding bonds - series 2024 14,645 - - - - - - - - 129 Subscription liability - long term 679 - 174 - 129 Subscription liability - long term 3,939 1,225 1,696 470 1,270 Net position liability 136,679 100,132 52,394 38,384 38,726 Other 1,531 1,573 503 250 151 - - - - - - - - <td>8,</td> <td>,</td> <td>-</td> <td></td> <td>-</td> <td></td> <td></td> <td>-</td> <td></td>	8,	,	-		-			-	
Revenue bonds - series 2020A 134,375 137,355 57,200 58,470 61,685 Revenue refunding bonds - series 2020B 26,745 27,200 - - - Revenue honds - series 2024 177,270 - - - - - Revenue honds - series 2024 14,645 -	20,	18,740	28,235		26,435	28,235		26,435	Revenue bonds - series 2016
Revenue refunding bonds - series 2020B 26,745 27,200 -	18.	17,280	30,045		28,335	67,285		63,380	Revenue bonds - series 2017
Revenue bonds - series 2024 177,270 - - - Revenue refunding bonds - series 2024 14,645 - - - Unamorized debt premium 47,417 33,121 15,485 17,072 12,046 Lease liability - long term 679 - 174 - 129 Subscription liability - long term 3,939 10,225 1,696 470 1,270 Net opersion liability 136,679 100,132 52,394 38,384 38,726 Net OPEB liability 77,431 136,011 29,682 52,137 219,399 City of Memphis Broadband Project 1,531 1,573 503 250 151 Total non-current liabilities 738,245 577,536 218,341 233,672 183,443 Total induces 994,198 810,799 280,570 299,347 214,909 Deferred inflows of resources: Unamotized balance of refunded debt- Series 2024 127 - - - - Unamotized balance of refunded debt- Series 2024 127 - - - - - -	63.	61,685	58,470		57,200	137,355		134,375	Revenue bonds - series 2020A
Revenue refunding bonds - series 2024 14,645 - - - -		-	-		-	27,200		26,745	Revenue refunding bonds - series 2020B
Unamortized debt premium $47,417$ $33,121$ $15,485$ $17,072$ $12,046$ Lease lability - long term 679 - 174 - 129 Subscription liability - long term $3,939$ $1,225$ $1,696$ 470 $1,270$ Net pension liability $136,679$ $100,132$ $52,394$ $38,384$ $38,726$ Net OPEB liability $136,679$ $100,132$ $52,394$ $38,384$ $38,726$ Net OPEB liability $77,431$ $136,011$ $29,682$ $52,137$ $21,939$ City of Memphis Broadband Project $1,399$ Other $1,531$ 1.573 503 250 151 Total non-current liabilities $738,245$ $577,536$ $218,311$ $232,672$ $183,431$ Total liabilities $994,198$ $810,799$ $280,570$ $299,347$ $214,909$ Veferred inflows of resources:Unamortized balance of refunded debt- Series 2024 127 Leases $6,228$ $6,972$ $17,847$ $18,571$ $1,560$ Persion liability experience 504 $1,008$ 193 386 143 OPEB liability experience $3,055$ $4,337$ $1,171$ $1,663$ 866 Pension changes of assumptions $41,591$ $9,317$ $17,093$ $3,571$ $12,634$ Accumulate Increase in fair value of 160 29 -hedging derivative instruments 160		-	-		-	-		177,270	Revenue bonds - series 2024
Lease liability - long term 679 . 174 . 129 Subscription liability - long term $3,939$ $1,225$ $1,666$ 470 $1,270$ Net pension liability $136,679$ $100,132$ $52,394$ $38,384$ $38,726$ Net OPEB liability $77,431$ $136,011$ $29,682$ $52,137$ $21,939$ City of Memphis Broadband Project $1,399$ Other $1,531$ $1,573$ 503 250 151 Fotal non-current liabilities $738,245$ $577,536$ $218,311$ $232,672$ $183,431$ Potal liabilities $994,198$ $810,799$ $280,570$ $299,347$ $214,909$ Deferred inflows of resources: 127 Unamortized balance of refunded debt- Series 2024 127 Leases $6,298$ $6,972$ $17,847$ $18,571$ $1,560$ Pension liability experience 504 $1,008$ 193 386 143 OPEB liability experience $3,055$ $4,337$ $1,171$ $1,663$ 866 Pension changes of assumptions 17 35 7 13 5 OPEB changes of assumptions $44,591$ $9,317$ $17,093$ $3,571$ $12,634$ Accumulated increase in fair value ofhedging derivative instrumentsCotal deferred inflows of resources $54,592$ <		-	-		-	-		14,645	Revenue refunding bonds - series 2024
Subscription liability - long term 3,939 1,225 1,696 470 1,270 Net oPEB liability 136,679 100,132 52,394 38,384 38,726 Net OPEB liability 77,431 136,011 29,682 52,137 21,939 City of Memphis Broadband Project 1,399 - - - - Other 1,531 1,573 503 250 151 Total non-current liabilities 738,245 577,536 218,311 232,672 183,431 Total liabilities 994,198 810,799 280,570 299,347 214,909 Defered inflows of resources: 127 - - - - Unamortized balance of refunded debt- Series 2024 127 - - - - Leases 6,298 6,972 17,847 18,571 1,560 Pension liability experience 3,055 4,337 1,171 1,663 866 Pension changes of assumptions 17 35 7 13 <td>13.</td> <td>12,046</td> <td>17,072</td> <td></td> <td>15,485</td> <td>33,121</td> <td></td> <td>47,417</td> <td>Unamortized debt premium</td>	13.	12,046	17,072		15,485	33,121		47,417	Unamortized debt premium
Net pension liability136,679100,13252,39438,38438,726Net OPEB liability77,431136,01129,68252,13721,939City of Memphis Broadband Project1,399Other1,5311,573503250151Total non-current liabilities738,245 $577,536$ 218,311232,672183,431Total non-current liabilities994,198810,799280,570299,347214,909Deferred inflows of resources:Unamortized balance of refunded debt- Series 2024127Leases6,2986,97217,84718,5711,560Pension liability experience30,0554,3371,1711,663866Pension changes of assumptions17357135OPEB changes of assumptions44,5919,31717,0933,57112,634Accumulated increase in fair value ofhedging derivative instruments16029-'otal deferred inflows of resources54,59221,66936,47124,23315,208Vet position16029-Vet position16029-Vet position16029-Vet position16029-Ret incella Basets9		129	-		174	-		679	Lease liability - long term
Net OPEB lability 77,431 136,011 29,682 52,137 21,939 City of Memphis Broadband Project 1,399 - 143,431 -		1,270	470		1,696	1,225		3,939	Subscription liability - long term
Net OPEB liability 77,431 136,011 29,682 52,137 21,939 City of Memphis Broadband Project 1,399 -	28	38,726	38,384		52,394	100,132		136,679	Net pension liability
City of Memphis Broadband Project $1,399$ Other $1,531$ $1,573$ 503 250 151 Fotal non-current liabilities $738,245$ $577,536$ $218,311$ $232,672$ $183,431$ Fotal liabilities $994,198$ $810,799$ $280,570$ $299,347$ $214,909$ Deferred inflows of resources:Unamortized balance of refunded debt- Series 2024 127 Leases $6,298$ $6,972$ $17,847$ $18,571$ $1,563$ Pension liability experience 504 $1,008$ 193 386 143 OPEB liability experience $3,055$ $4,337$ $1,171$ $1,663$ 866 Pension changes of assumptions 17 35 7 13 5 OPEB changes of assumptions $44,591$ $9,317$ $17,093$ $3,571$ $12,634$ Accumulated increase in fair value of 160 29 -hedging derivative instruments 160 29 -Cotal deferred inflows of resources $54,592$ $21,669$ $36,471$ $24,233$ $15,208$ Vet position 160 29 -Net investment in capital assets $986,400$ $991,792$ $265,225$ $266,311$ $295,941$ Restricted for: $10,645$ $8,913$ Medical Benefits & other $9,308$ $6,949$ $4,221$ $3,144$ $5,585$	38.								· ·
Other 1,531 1,573 503 250 151 Total non-current liabilities 738,245 577,536 218,311 232,672 183,431 Total non-current liabilities 994,198 810,799 280,570 299,347 214,909 Deferred inflows of resources: Unamortized balance of refunded debt- Series 2024 127 - - - Leases 6,298 6,972 17,847 18,571 1,560 Pension liability experience 504 1,008 193 386 143 OPEB liability experience 3,055 4,337 1,171 1,663 866 Pension changes of assumptions 17 35 7 13 5 OPEB changes of assumptions 44,591 9,317 17,093 3,571 12,634 Accumulated increase in fair value of - - 160 29 - hedging derivative instruments - - 160 29 - Ket position - - 160 <t< td=""><td></td><td>-</td><td>-</td><td></td><td>-</td><td>-</td><td></td><td></td><td></td></t<>		-	-		-	-			
Total non-current liabilities 738,245 577,536 218,311 232,672 183,431 Total liabilities 994,198 810,799 280,570 299,347 214,909 Deferred inflows of resources: Unamorized balance of refunded debt- Series 2024 127 - - - Leases 6,298 6,972 17,847 18,571 1,560 Pension liability experience 504 1,008 193 386 143 OPEB liability experience 3,055 4,337 1,171 1,663 866 Pension changes of assumptions 17 35 7 13 5 OPEB changes of assumptions 44,591 9,317 17,093 3,571 12,634 Accumulated increase in fair value of - - 160 29 - hedging derivative instruments - - 160 29 - Ket position - - 160 29 - - Net investment in capital assets 986,400 991,792 <td></td> <td>151</td> <td>250</td> <td></td> <td>503</td> <td>1 573</td> <td></td> <td></td> <td></td>		151	250		503	1 573			
Gotal liabilities 994,198 810,799 280,570 299,347 214,909 Deferred inflows of resources: Unamortized balance of refunded debt- Series 2024 127 - <t< td=""><td>194.</td><td></td><td></td><td></td><td></td><td> </td><td>· —</td><td></td><td></td></t<>	194.					 	· —		
Unamorized balance of refunded debt- Series 2024 127 - - - - Leases 6,298 6,972 17,847 18,571 1,560 Pension liability experience 504 1,008 193 386 143 OPEB liability experience 3,055 4,337 1,171 1,663 866 Pension changes of assumptions 17 35 7 13 5 OPEB changes of assumptions 44,591 9,317 17,093 3,571 12,634 Accumulated increase in fair value of - - 160 29 - hedging derivative instruments - - 160 29 - Cotal deferred inflows of resources 54,592 21,669 36,471 24,233 15,208 Vet position - - 160 29 - - Net investment in capital assets 986,400 991,792 265,225 266,311 295,941 estricted for: - - - - - - - Casualty Insurance 24,776	231		 		,		· —		
Unamorized balance of refunded debt- Series 2024 127 - - - - Leases 6,298 6,972 17,847 18,571 1,560 Pension liability experience 504 1,008 193 386 143 OPEB liability experience 3,055 4,337 1,171 1,663 866 Pension changes of assumptions 17 35 7 13 5 OPEB changes of assumptions 44,591 9,317 17,093 3,571 12,634 Accumulated increase in fair value of - - 160 29 - hedging derivative instruments - - 160 29 - Cotal deferred inflows of resources 54,592 21,669 36,471 24,233 15,208 Vet position - - 160 29 - - Net investment in capital assets 986,400 991,792 265,225 266,311 295,941 estricted for: - - - - - - - Casualty Insurance 24,776). C
Pension liability experience 504 1,008 193 386 143 OPEB liability experience 3,055 4,337 1,171 1,663 866 Pension changes of assumptions 17 35 7 13 5 OPEB changes of assumptions 44,591 9,317 17,093 3,571 12,634 Accumulated increase in fair value of hedging derivative instruments - - 160 29 - Notal deferred inflows of resources 54,592 21,669 36,471 24,233 15,208 Net position - - 160 29 - - Net investment in capital assets 986,400 991,792 265,225 266,311 295,941 Restricted for: -		-	-		-	-		127	
Pension liability experience 504 1,008 193 386 143 OPEB liability experience 3,055 4,337 1,171 1,663 866 Pension changes of assumptions 17 35 7 13 5 OPEB changes of assumptions 44,591 9,317 17,093 3,571 12,634 Accumulated increase in fair value of hedging derivative instruments - - 160 29 - Yotal deferred inflows of resources 54,592 21,669 36,471 24,233 15,208 Net position - - 160 29 - - Net investment in capital assets 986,400 991,792 265,225 266,311 295,941 Restricted for: -	1.	1,560	18,571		17,847	6,972		6,298	Leases
OPEB liability experience 3,055 4,337 1,171 1,663 866 Pension changes of assumptions 17 35 7 13 5 OPEB changes of assumptions 44,591 9,317 17,093 3,571 12,634 Accumulated increase in fair value of hedging derivative instruments - - 160 29 - Fortal deferred inflows of resources 54,592 21,669 36,471 24,233 15,208 Net position Restricted for: - - 160 29 - - Casualty Insurance 24,776 23,728 11,119 10,645 8,913 Medical Benefits & other 9,308 6,949 4,221 3,144 5,585		,	,			,			
Pension changes of assumptions 17 35 7 13 5 OPEB changes of assumptions 44,591 9,317 17,093 3,571 12,634 Accumulated increase in fair value of hedging derivative instruments - - 160 29 - Total deferred inflows of resources 54,592 21,669 36,471 24,233 15,208 Net position Net investment in capital assets 986,400 991,792 265,225 266,311 295,941 Restricted for: Casualty Insurance 24,776 23,728 11,119 10,645 8,913 Medical Benefits & other 9,308 6,949 4,221 3,144 5,585	1,					,			5 1
OPEB changes of assumptions 44,591 9,317 17,093 3,571 12,634 Accumulated increase in fair value of hedging derivative instruments - - 160 29 - Total deferred inflows of resources 54,592 21,669 36,471 24,233 15,208 Net position Net investment in capital assets 986,400 991,792 265,225 266,311 295,941 casualty Insurance 24,776 23,728 11,119 10,645 8,913 Medical Benefits & other 9,308 6,949 4,221 3,144 5,585									
Accumulated increase in fair value of hedging derivative instruments - 160 29 - Total deferred inflows of resources 54,592 21,669 36,471 24,233 15,208 Net position - - 265,225 266,311 295,941 Restricted for: - - - - - Casualty Insurance 24,776 23,728 11,119 10,645 8,913 Medical Benefits & other 9,308 6,949 4,221 3,144 5,585	2.								
hedging derivative instruments - - 160 29 - Fotal deferred inflows of resources 54,592 21,669 36,471 24,233 15,208 Net position	2,	12,004	5,571		17,055	2,517		44,001	
Sotal deferred inflows of resources 54,592 21,669 36,471 24,233 15,208 Vet position		_	20		160	_			
Vet position 986,400 991,792 265,225 266,311 295,941 Restricted for: 24,776 23,728 11,119 10,645 8,913 Medical Benefits & other 9,308 6,949 4,221 3,144 5,585	5.	15 208				 21 660	•	54 592	
Net investment in capital assets 986,400 991,792 265,225 266,311 295,941 testricted for: 24,776 23,728 11,119 10,645 8,913 Medical Benefits & other 9,308 6,949 4,221 3,144 5,585	5.	13,400	27,233		50,471	21,009		54,574	our deleted nurows of resources
Zestricted for: 24,776 23,728 11,119 10,645 8,913 Medical Benefits & other 9,308 6,949 4,221 3,144 5,585	2/7	205 041	266 211		265 225	001 702		007 400	
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Medical Benefits & other 9,308 6,949 4,221 3,144 5,585			40.000						
	8.								•
	4,								
	135.	119,768	 226,043		218,011	 233,022		276,319	 Inrestricted
1,296,803 1,255,491 498,576 506,143 430,207	415	430,207	506,143		498,576	1,255,491		1,296,803	otal net position
Total net position 1,233,491 496,570 300,143 430,207		430,207	500,145		498,370	1,233,491		1,290,003	oral net position

net position

See accompanying notes.

\$ 2,345,593 \$ 2,087,959 **\$ 815,617 \$** 829,723 **\$ 660,324 \$** 652,794

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (Dollars in Thousands)



	Electric	c Di	vision	Gas l	Divis	sion	Water	Div	ision
	2024		2023	2024		2023	2024		2023
		A	s Restated		As	Restated		As	Restated
Operating revenues:									
Sales and service revenues	\$1,464,722	\$	1,355,706	\$196,007	\$	209,026	\$129,081	\$	124,659
Transported gas revenues	-		-	12,805		16,175	-		-
Other revenues	27,256		25,825	27,829		31,859	5,536		5,977
Total operating revenues	1,491,978		1,381,531	236,641		257,060	134,617		130,636
Operating expenses:									
Purchased power and gas for resale	1,084,669		1,050,251	99,692		104,449	-		-
Production	-		-	-		-	22,559		21,266
Operation	188,411		149,059	96,759		81,408	63,602		51,044
Maintenance	99,796		67,889	11,571		10,595	19,057		16,470
Depreciation & amortization	73,902		64,222	26,542		25,203	14,474		12,911
Payment in lieu of taxes	6,957		5,876	748		764	-		-
Total operating expenses	1,453,735		1,337,297	235,312		222,419	119,692		101,691
Operating income	38,243		44,234	1,329		34,641	14,925		28,945
Non-operating revenues (expenses):									
Contributions in aid of construction	26,074		14,234	4,223		4,220	5,185		4,638
Reduction of plant costs recovered through									
contributions in aid of construction	(26,074)		(14,234)	(4,223)		(4,220)	(5,185)		(4,638)
Transmission credits	40,037		38,889	-		-	-		-
Investment and other income	16,008		17,467	10,427		10,762	7,748		7,903
Interest expense	(11,052)		(9,317)	(3,691)		(3,873)	(3,345)		(3,505)
Total non-operating revenues (expenses)	44,993		47,039	6,736		6,889	4,403		4,398
Income before transfers	83,236		91,273	8,065		41,530	19,328		33,343
Transfers out - City of Memphis	(41,924)		(35,553)	(15,632)		(14,925)	(4,700)		(4,600)
Change in net position	\$ 41,312	\$	55,720	\$ (7,567)	\$	26,605	\$ 14,628	\$	28,743
Net position, beginning of year	\$1,255,491	\$	1,199,771	\$506,143	\$	479,538	\$415,579	\$	386,836
Change in net position	41,312	Ψ	55,720	(7,567)	Ψ	26,605	^(413,57) 14,628	Ψ	28,743
Net position, end of year	\$1,296,803	\$	1,255,491	\$498,576	\$	506,143	\$430,207	\$	415,579
ree position, end of year	φ1,470,003	φ	1,233,471	φτρο,στυ	φ	500,145	φ που,207	φ	+15,577

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (Dollars in Thousands)



	Electric	: Divi	sion	Gas	Divi	sion	Water	Divi	sion
	2024		2023	2024		2023	2024		2023
		As	Restated		As	Restated		As	Restated
Cash flows from operating activities:									
Receipts from customers and users	\$ 1,492,933	\$	1,355,492	\$230,901	\$	263,983	\$ 142,001	\$	123,510
Payments to suppliers	(1,171,857)		(1,135,028)	(139,000)		(173,024)	(54,565)		(40,880)
Payments to/on behalf of employees	(162,475)		(122,381)	(71,649)		(63,534)	(51,862)		(44,077)
Payments from (to) other Division funds	(4,648)		(5,183)	(354)		(611)	(2,243)		(2,641)
Payments for taxes	(7,117)		(5,528)	(748)		(766)	-		-
Net cash provided by operating activities	146,836		87,373	19,150		26,048	33,331		35,912
Cash flows from noncapital financing activities:									
Transfers to City of Memphis	(41,924)		(35,553)	(15,632)		(14,925)	(4,700)		(4,600)
Net cash used in noncapital financing activities	(41,924)		(35,553)	(15,632)		(14,925)	(4,700)		(4,600)
Cash flows from capital and related financing activities:									
Purchase and construction of utility plant	(189,797)		(234,120)	(35,834)		(26,861)	(45,849)		(34,936)
Purchase of leases and subscriptions	(8,534)		(1,160)	(3,640)		(521)	(2,723)		(385)
Contributions in aid of construction	26,074		14,234	4,223		4,220	5,184		4,638
Proceeds from issuance of long-term debt	214,819		-	-		-	-		-
Principal payments on long-term debt	(31,175)		(11,490)	(4,555)		(4,335)	(4,425)		(4,250)
Interest payments on debt	(13,254)		(11,896)	(5,159)		(5,376)	(4,294)		(4,470)
Principal paid on lease liabilities	672		(204)	265		(65)	196		(48)
Principal paid on subscription liabilities	3,449		(2,912)	1,396		(1,213)	1,014		(900)
Interest paid on lease liabilities	(17)		(8)	(6)		(4)	(4)		(3)
Interest paid on subscription liabilities	(113)		(226)	(56)		(89)	(43)		(66)
Net cash provided by (used in) capital									
and related financing activities	2,124		(247,782)	(43,367)		(34,244)	(50,944)		(40,420)
Cash flows from investing activities:									
Sales and maturities of investments	32,877		63,662	47,066		7,349	32,382		1,131
Purchases of investments	(46,123)		(28,781)	(40,713)		(32,144)	(25,137)		(21,087)
Payments received on notes receivable	-		-	-		-	(69)		93
Investment income earned on investments	10,147		14,673	10,631		11,719	6,194		7,152
Net cash provided by (used in) investing activities	(3,099)		49,554	16,984		(13,076)	13,370		(12,711)
Increase in cash and cash equivalents	103,936		(146,409)	(22,865)		(36,197)	(8,943)		(21,819)
Cash and cash equivalents, beginning of year	161,667		308,076	152,274		188,471	88,017		109,836
Cash and cash equivalents, end of year	\$ 265,603	\$	161,667	\$129,409	\$	152,274	\$ 79,074	\$	88,017

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (Dollars in Thousands) (Continued)



		Electric	Divis			las D	IVIS			Water	DIVIS	
		2024	As	2023 Restated	2024		As	2023 Restated		2024	As	2023 Restated
			110					10000000				10000000
Reconciliation of operating income to net cash provided by operating activities:												
Operating income	\$	38,243	\$	44,234	\$ 1,32	29	\$	34,641	\$	14,925	\$	28,945
Adjustments to reconcile net operating income	Ψ	50,245	Ψ	77,237	φ 1,52		φ	54,041	φ	14,725	φ	20,745
to net cash provided by operating activities:												
Depreciation and amortization expense		69,760		62,634	25,80	11		25,352		12,926		12,239
Amortization of leases and subscriptions		5,488		3,497	3,00			1,462		1,805		1,071
Transmission credits					3,00	19		1,402		1,005		1,071
Other income (loss)		40,037 5,859		38,889 2,794	(60	-		(962)		1,554		75
(Increase) decrease in assets and deferred outflows:		3,039		2,794	(01) 4)		(863)		1,554		155
Accounts receivable - MLGW services		1,403		(30,279)	(1.5	55)		(1.200)		1,227		(2 52)
		1,405		(30,279)	(1,55			(1,380)		· ·		(3,539
Accounts receivable - billing on behalf of other entities		-		-	2,05			2,170		5,949		(8,289
Accounts receivable - Other Industrial Gas		-		-	1,34			1,831		-		
Lease receivable		378		(2,477)	39			(3,465)		149		(73)
Deferred outflows - Pension		(17,089)		(19,345)	(6,55	51)		(7,416)		(4,842)		(5,48
Deferred outflows - Pension investment earnings experience		39,213		(138,799)	15,03	32		(53,206)		11,110		(39,32
Net pension asset		-		120,464		-		46,178		-		34,13
Deferred outflows - OPEB		1,176		5,176	45	51		1,984		333		1,46
Deferred outflows - OPEB investment earnings experience		14,765		(53,478)	5,60	50		(20,500)		4,183		(15,15
Unbilled revenues		(7,986)		4,543	(4,10	56)		4,807		(69)		2,11
Unbilled revenues - Other Industrial Gas		-		-		11)		1,238		-		,
Prepayments - in lieu of taxes		15		14	(-,		-		
Unrecovered purchased power and gas costs		2,462		(3,637)	(24	1 4)		_		_		
Inventories		(27,926)		(29,733)	(2,34			(4,559)		(1,001)		(1,96
Other assets						• <i>3)</i> 99				(1,001)		(1,90
		315		(195)	43	,,		5,218		-		
Increase (decrease) in liabilities and deferred inflows:		24 105		(10.007)				(24.025)				
Accounts payable - purchased power and gas		24,105		(18,327)	4,58			(24,025)		-		
Accounts payable - other payables and liabilities		2,238		21,612	(14			2,755		982		4,56
Accounts payable - recovered gas cost due to customers		-		-	(7,14	10)		(15,767)		-		
Accounts payable - billing on behalf of other entities		-		-	2,11			526		(2,501)		2,95
Accrued interest payable - subscriptions		15		-		13		-		10		
Customer deposits		(223)		819	(2,0)	70)		(644)		332		(13
Insurance reserves		(1,235)		1,210	(51	14)		335		(206)		(27
Medical benefit accrual		(5,468)		(1,828)	(2,49	94)		(834)		(1,631)		(54
Compensated absences		791		(2,522)	24	13		(1,091)		83		(59
Deferred inflows - Leases		(674)		2,739	(72	24)		3,140		(245)		77
Deferred inflows - Pension		(521)		(521))0)		(200)		(148)		(14
Deferred inflows - Pension investment earnings experience		(39,923)		(42,234)	(15,30			(16,190)		(11,312)		(11,96
Net pension liability		36,547		100,132	14,01			38,384		10,355		28,37
Deferred inflows - OPEB		33,992		(22,621)	13,03					9,631		(6,40
								(8,671)		-		
Deferred inflows - OPEB investment earnings experience		(10,297)		(18,726)	(3,94			(7,178)		(2,917)		(5,30
Net OPEB liability		(58,580)		63,349	(22,45			24,284		(16,598)		17,94
Other liabilities		(44)		(11)		34		(2,268)		(753)		44
Total adjustments		108,593		43,139	17,82			(8,593)		18,406		6,96
Net cash provided by operating activities	\$	146,836	\$	87,373	\$ 19,15	50	\$	26,048	\$	33,331	\$	35,91
Reconciliation of cash and cash equivalents per statements of cash flows to the statements of net												
position:												
1	٩	1/1 10/	¢	00.470	¢ 20 (~	¢,	10 770	æ	00.014	¢	20.25
Restricted funds	\$	164,196	\$	82,478	\$ 28,60		\$	43,778	\$	20,814	\$	20,35
Less investments included in restricted funds		(12,132)		(12,396)	(6,47			(6,586)		(5,310)		(4,95
Cash and cash equivalents included in restricted funds		152,064		70,082	22,19	97		37,192		15,504		15,40
Current assets - cash and cash equivalents		113,539		91,585	107,21	12		115,082		63,570		72,61
	\$	265,603	\$	161,667	\$129,40)9 :	\$	152,274	\$	79,074	\$	88,01
Total cash and cash equivalents												
-												
- Noncash capital activities:	\$	(535)	\$	(7,389)	\$ (81	17)	\$	(245)	\$	(2,013)	\$	(1.25
Total cash and cash equivalents Noncash capital activities: Capital assets additions included in accounts payable Capital assets acquired through leases	\$ \$	(535) 996	\$ \$	(7,389) (202)			\$ \$		\$ \$	(2,013) 188	\$ \$	(1,250

STATEMENT OF FIDUCIARY NET POSITION – PENSION TRUST PLAN AND OPEB TRUST DECEMBER 31, 2024 AND 2023 (Dollars in Thousands)



	2024	2023
ASSETS		
Cash and cash equivalents	\$ 48,113	\$ 55,389
Receivables:	-	
Employer and employee contributions	1,105	1,849
Interest, dividends and real estate	2,189	2,989
Receivable for securities sold	2,812	912
Miscellaneous	2,012	3
Collateral held in trust for securities on loan	36,633	39,967
Total receivables	42,740	45,720
Investments at fair value:		
Equity Funds:		
Common stock - domestic	298,892	259,131
Common stock & mutual funds - international	192,099	183,534
Common stock index mutual funds - domestic	600,609	515,652
Equity collective fund - domestic	54,279	47,642
Equity collective fund - international	29,186	28,936
Fixed Income Funds:		-
Corporate bonds - domestic	36,819	34,919
Corporate bonds - international	818	4,183
Corporate bonds CIT - international	65,426	59,527
Corporate bond mutual funds - domestic	42,948	54,878
Convertible bond mutual funds - domestic	12,121	10,621
Government bonds - domestic	18,604	28,311
Government agencies - domestic	2,747	2,878
Global bond fund - international	50,771	66,012
Asset backed securities - domestic	4,112	1,866
Asset backed securities - international	403	404
Mortgage backed securities - domestic	20,246	15,305
Core fixed income CIT - domestic	49,776	53,400
Special Strategies Funds:		
Private equity funds - domestic	193,829	186,337
Private equity funds - international	32,146	30,563
Distressed debt funds - domestic	59,590	55,266
Distressed debt funds - international	31,193	40,806
Private debt fund - domestic	35,946	32,240
Multi-asset fund -domestic	20,824	13,984
Life settlement funds - domestic	80,707	90,685
Equity hedge fund - domestic	35,501	30,768
Real Estate Funds	325,969	356,690
Short-Term Investment	1,342	
Total investments	2,296,903	2,204,538
Total assets	2,387,756	2,305,647
LIABILITIES		
Benefits payable	-	954
Liability for securities purchased	102	65
Accrued liabilities	2,361	2,247
Collateral subject to return to borrowers	36,633	39,967
Total liabilities	39,096	43,233
Restricted for:		
Pension benefits	1,591,678	1,564,345
Post-employment benefits other than pensions	756,982	698,069
FIDUCIARY NET POSITION RESTRICTED		
FOR PENSION AND OPEB	\$ 2,348,660	\$ 2,262,414
F-7		

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – PENSION TRUST PLAN AND OPEB TRUST FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (Dollars in Thousands)



	2024	2023
ADDITIONS		
Contributions		
Employer	\$ 69,494	\$ 60,610
Member	16,471	15,216
Total contributions	85,965	75,826
Investment Income		
Net appreciation in fair value of investments	157,962	137,255
Interest income	11,982	15,244
Dividend income	16,839	18,945
Real estate income	4,556	5,726
Other income	31	91
Less: investment expenses, other than from securities lending	(5,776)	(5,310)
Net investment income, other than from securities lending	185,594	171,951
Securities lending income	2,093	1,999
Securities lending expenses:		
Borrower rebates	(1,936)	(1,835)
Management fees	(32)	(33)
Total securities lending expenses	(1,968)	(1,868)
Net securities lending income	125	131
Net investment income	185,719	172,082
Total additions	271,684	247,908
DEDUCTIONS		
Benefit payments	181,245	162,886
Contributions refund	2,616	8,037
Administrative expenses	1,577	1,553
Total deductions	185,438	172,476
Change in net position	86,246	75,432
FIDUCIARY NET POSITION RESTRICTED		
FOR PENSION AND OPEB		
Beginning of year	2,262,414	2,186,982
End of year	2,348,660	2,262,414



1. Summary of Significant Accounting Policies

Organization

Memphis Light, Gas and Water Division ("MLGW"), a division of the City of Memphis, Tennessee (the "City"), was created by an amendment to the City Charter by Chapter 381 of the Private Acts of the General Assembly of Tennessee (the "Charter"), adopted March 9, 1939, as amended. MLGW is managed by its President, a five-member Board of Commissioners, and two non-voting countywide Advisory Board members that are nominated by the City Mayor and approved by the Memphis City Council (the "Council"). MLGW, through its three divisions, provides electricity, gas and water to customers in Shelby County, Tennessee, which includes the City. MLGW's annual budget and electric, gas and water rates require the approval of the Council. MLGW must also obtain the approval of the Council before incurring certain obligations.

Basis of Presentation

The financial statements present the Electric, Gas and Water Divisions of MLGW in conformity with accounting principles generally accepted in the United States of America that are applicable to a proprietary fund of a government unit. The accompanying financial statements present the separate financial positions, results of operations, and cash flows of each of the three divisions--Electric, Gas and Water--(the "Divisions") of MLGW, but do not present the financial position, results of operations, or cash flows of MLGW, a division of the City of Memphis. Accordingly, the accompanying disclosures relate separately to the Divisions, as applicable, and not collectively to MLGW. Unless expressly stated, each disclosure, including references to "MLGW" herein, applies solely to each of the separate divisions on an individual basis. The Divisions collectively pool resources for investing purposes and collectively participate in a pension plan and OPEB trust. Accordingly, certain disclosures for investments, the employee retirement system and other post-employment benefits are presented on a combined basis. These statements are not intended to present the financial position of the City, the results of the City's operations, or cash flows of the City's funds, nor do they represent the financial position, results of operations, or cash flows of MLGW's Retirement and Pension System discussed in Note 10 or the Other Postemployment Benefits ("OPEB") Trust discussed in Note 11.

MLGW's basic financial statements were expanded in fiscal year 2020 to meet the requirements of GASB Statement No. 84. Therefore, in addition to the financial statements of the Electric, Gas and Water Divisions discussed above, the financial statements of MLGW's fiduciary activities are also presented in conformity with accounting principles generally accepted in the United States of America. The fiduciary activities of MLGW include the Memphis Light, Gas and Water Retirement and Pension System (the "MLGW Pension Plan") and the Memphis Light, Gas and Water OPEB Trust ("OPEB Trust"). The financial statements, note disclosures, and required supplementary information for these fiduciary activities are presented herein and can also be found in separately issued reports.



Measurement Focus and Basis of Accounting

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included in the Statements of Net Position. Net Position (i.e., total assets and deferred outflows of resources net of total liabilities and deferred inflows of resources) is segregated into net investment in capital assets, restricted and unrestricted components.

The Statements of Revenue, Expenses and Change in Net Position presents increases (revenue) and decreases (expenses) in the total net position. Under the accrual basis of accounting, revenue is recognized in the period in which it is earned while expenses are recognized in the period in which the liability is incurred.

MLGW is required by state statute and the Charter to maintain separate accounting for each division and to allocate among the Divisions, on an equitable basis, joint expenses, including those related to common facilities. MLGW utilizes direct cost methods where applicable. For expenses not directly charged to a specific division, internally developed cost allocation methods are used based on the function performed. Each division is separately financed, and its indebtedness is repayable from its net revenues.

Where applicable, the Federal Energy Regulatory Commission's ("FERC") (Electric and Gas Divisions) and the National Association of Regulatory Utility Commissioners' ("NARUC") (Water Division) Uniform Systems of Accounts are used.

MLGW prepares its financial statements in accordance with the provisions of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, paragraphs 476-500, for regulated operations. These paragraphs recognize that accounting for rate regulated enterprises should reflect the relationship of costs and revenues introduced by rate regulation.

Regulatory Accounting

Regulatory accounting allows a regulated utility to defer a cost (a regulatory asset) or recognize an obligation (a regulatory liability) if it is probable that through the rate making process, there will be a corresponding increase or decrease in future revenues. Accordingly, MLGW has recognized certain regulatory assets and regulatory liabilities in the accompanying Statements of Net Position.

In the event MLGW no longer meets the criteria for regulated operations under GASB 62, MLGW would be required to recognize the effects of any regulatory change in assets or liabilities in its Statements of Revenues, Expenses and Changes in Net Position.



Regulatory Accounting (continued)

The following are the regulatory assets and liabilities included in the Statements of Net Position:

	Electric Division		Gas D	vivision	Water Division			
	2024	2023	2024	2023	2024	2023		
Regulatory Assets:								
Current:								
Unrecovered purchased power/gas cost	\$ 4,454	\$ 6,916	\$ 244	\$ -	\$-	\$ -		
Meter replacement	1,265	1,249	1,495	1,477	486	481		
LED Retrofit	623	544	-	-	-	-		
Unamortized debt expense	236	153	72	76	77	80		
Total current	6,578	8,862	1,811	1,553	563	561		
Non-Current:								
Meter replacement	11,884	12,951	15,780	17,032	3,627	4,067		
LED Retrofit	9,890	8,936	-	-	-	-		
Unamortized debt expense	2,379	1,320	628	700	648	724		
Total non-current	24,153	23,207	16,408	17,732	4,275	4,791		
Total Regulatory Assets	\$ 30,731	\$ 32,069	\$ 18,219	\$ 19,285	\$ 4,838	\$ 5,352		
Regulatory Liabilities: Current:								
Purchased gas adjustment	\$-	\$ -	\$ 1,084	\$ 3,241	\$-	\$ -		
Total Regulatory Liabilities	\$-	<u>\$ -</u>	\$ 1,084	\$ 3,241	\$-	\$ -		

Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying amounts of cash and cash equivalents, investments, restricted fund investments, accounts receivable and accounts payable are a reasonable estimate of their fair values. The estimated fair values of MLGW's other financial instruments have been determined by MLGW using available market information. All investments are carried at fair value and changes in the fair values of investments are included in investment income in the accompanying Statements of Revenues, Expenses and Changes in Net Position.



Fair Value of Financial Instruments (continued)

MLGW categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

MLGW had the following recurring fair value measurements as of December 31, 2024:

- U.S. Treasury Securities of \$214,493 (Level 1 inputs)
- Commercial Paper of \$40,189; Government Mortgage-backed Securities of \$13,369; and U.S. Government Agencies of \$225,456 (Level 2 inputs)

MLGW had the following recurring fair value measurements as of December 31, 2023:

- U.S. Treasury Securities of \$342,430 (Level 1 inputs)
- Commercial Paper of \$61,495; Government Mortgage-backed Securities of \$16,027; and U.S. Government Agencies of \$46,836 (Level 2 inputs)

Cash and cash equivalents

MLGW considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

Accounts Receivable

Accounts receivables result from charges for both utilities and other ancillary services provided by MLGW, and include wholesale, commercial, industrial and government customers in the Shelby County, Tennessee, geographic area. Accounts receivable are potentially exposed to concentrations of credit risk. As a general policy, customer deposits are required for receivables unless or until the customer has established a good credit history. Accounts receivable are stated at the amount management expects to collect from outstanding balances.



Accounts Receivable (continued)

As of December 31, 2024 and 2023, accounts receivable and allowances for doubtful accounts were as follows:

	 Electric Division			Gas Division				Water Division			
	2024		2023 2		2024	2023		2024			2023
Accounts Receivable	\$ 147,223	\$	139,740	\$	45,852	\$	46,899	\$	29,409	\$	36,428
Allowance for doubtful accounts	 (27,586)		(18,700)		(2,284)		(1,484)		(3,325)		(3,169)
Total A/R, net of allowance	\$ 119,637	\$	121,039	\$	43,568	\$	45,415	\$	26,084	\$	33,259

MLGW performs a monthly analysis of outstanding trade receivables to assess the likelihood of collection. For aged receivable balances, MLGW records an allowance to adjust the trade receivable to MLGW's best estimate of the amount it will ultimately collect. Such allowances are netted against operating revenues.

MLGW's policy is to write off trade receivables after 150 days of non-payment. The bad debt amounts netted against operating revenues are as follows:

	 2024			
Electric	\$ 7,873	\$	6,689	
Gas	1,826		1,171	
Water	2,019		1,398	

Unbilled Revenues

MLGW customers are spread across twenty-one different billing cycles. Each cycle can range from twentyfive to thirty-five days. The summation of these twenty-one cycles represents a revenue month. Billing cycles do not correspond to a calendar month and, thus, have days that fall into two or more calendar months. Revenue is reported on a calendar month basis. Unbilled revenue represents management's estimate of the revenue earned for days of service that have not been billed as of year-end.

Inventories and Stored Natural Gas

Inventories, consisting primarily of materials and supplies inventory, and stored natural gas are valued at cost or net realizable value using the average cost method.



Restricted Funds and Related Reserves

Certain MLGW assets are restricted for specific purposes. Legal and contractual agreements restrict amounts for debt service, refund of customer deposits, futures margin requirements, and capital improvements.

The Gas Division maintains a cash margin account with its futures clearing member. The clearing member requires that a minimum cash margin be maintained based on the value of the Division's outstanding derivative positions. The minimum cash margin requirements are considered restricted and are reflected in restricted assets in the accompanying Statements of Net Position. The amounts of cash in excess of the minimum cash margin requirement are included in cash and cash equivalents.

Construction funds are generally maintained for the purpose of paying for certain repairs and capital additions and improvements. The respective bond resolutions of the Electric, Gas and Water Divisions allow for funding for future construction.

The insurance reserves for injuries and damages are maintained for estimated liabilities incurred and risks assumed on claims for injuries and damages. The insurance reserves for casualties are maintained at discretionary amounts to partially cover losses of a catastrophic nature which are not ordinarily insurable or which are not insurable on an economical basis.

Medical benefit reserves are maintained for MLGW's medical insurance program, which serves employees and retirees. The medical benefit reserves represent the estimated costs incurred but not yet paid plus fifty percent of the claims fluctuation reserve ("CFR") in providing medical benefits to employees and retirees which are not insured by third party providers. The inclusion of the CFR in the medical benefit reserve added assurance that the liability estimate is sufficient under moderately adverse conditions. Beginning January 1, 2025, retiree medical costs are paid through the OPEB Trust. With this transition, the medical benefit cost for the Division will decrease. As a result of the expected decrease in claim activity, the medical benefit liability reserves excludes the CFR as of December 31, 2024.

Since MLGW is self-insured for injuries and damages and medical benefit costs, MLGW's Charter requires each division to restrict funds to cover the future cost of injuries and damage and medical benefit claims.

Customer deposit funds are maintained for the future repayment of deposits collected from customers without adequate credit history, in accordance with MLGW's policy and the respective customer service agreement.

Bond reserve and debt service funds are restricted under the terms of the respective bond indentures to pay current bond principal and interest as they become due.

The Water Division maintains a ground water reserve fund in accordance with a five year Agreement entered on July 1, 2018 by and between MLGW and the University of Memphis (University) on behalf of the Herff College of Engineering's Center for Applied Earth Science and Engineering Research (CAESER).



Restricted Funds and Related Reserves (continued)

The Agreement was amended on July 1, 2023 and shall continue through June 30, 2028. MLGW will fund \$5,000 to CAESER over the period of the contract for Aquifer Management and Protection Research.

A resolution was approved by the City Council on January 9, 2018 to increase Water annual sales revenue by 1.05% to be effective with meters read on Cycle 1 of the January 2018 revenue month to fund the aquifer research. The funds will be used to cover the deliverables in accordance with the Agreement for the groundwater study.

Customer Deposits

Customers that do not have adequate credit history are required to make utility deposits before services are provided. Deposits are refunded or applied toward a customer's bill after a 24-month good pay status. Deposits are allocated to the Electric, Gas and Water Divisions based upon each division's percentage of total sales revenue of the previous year-end.

Utility Plant

The costs of additions and replacements of units of property are capitalized. Costs include contracted work, direct labor and materials, allocable overhead and where applicable, allowances for borrowed funds used during construction. Donated assets are valued at acquisition value at the acquisition date. Costs are reduced by contributions in aid of construction. Upon retirement of property units, the original cost, plus removal cost, minus salvage is charged to either accumulated depreciation or accumulated amortization. The units of property adopted are related to those suggested by FERC for the Electric and Gas Divisions and NARUC for the Water Division, which allow for the reduction of plant cost recovered through contributions in aid of construction as opposed to recovery of costs through future regulatory rates.

Interest on debt is recovered through current revenues. The amount of interest cost incurred and charged to electric expense in 2024 and 2023 totaled \$10,798 and \$9,083, respectively. The amount of interest cost incurred and charged to gas expense in 2024 and 2023 totaled \$3,629 and \$3,780, respectively. The amount of interest cost incurred and charged to water expense in 2024 and 2023 totaled \$3,297 and \$3,436, respectively.

Depreciation and amortization are computed using the composite method based on estimated service lives of various classes of depreciable property at rates equivalent to annual rates of approximately 2.8% for the electric division, 2.7% for the gas division and 1.8% for the water division. Computations of the estimated service lives are the result of various depreciation studies and comparisons with industry standards.

For assets owned by one division, but jointly used by more than one division, the other divisions share the costs by paying rent to the owning division to cover depreciation, interest, in lieu of taxes, and transfers.



Compensated Absences

It is MLGW's policy to provide all eligible, full-time employees' vacation benefits. Vacation benefits are based on years of continuous service with the Division and the time spent on actual employment during the preceding vacation year. An employee may elect to carry over up to ten vacation days into the next benefit year. Any vacation days remaining at the end of the year over that which can be reimbursed or carried over, are forfeited. Upon termination of employment, employees are paid for vacation benefits that are accrued in the current year, in addition to unused vacation benefits. An employee retiring will receive credit for vacation benefits accrued through last day worked.

It is MLGW's policy to grant bonus days to full-time employees at designated intervals according to prescribed standards of eligibility. An employee's bonus day accrual begins upon the completion of three months of service, regardless of the number of days an employee is absent. Upon completion of this period, an employee will earn a bonus day if there are no absences, which breaks or freezes a bonus day accrual. Bonus days expire after twelve months from the day earned. An employee may elect to take bonus days before the date of expiration or the employee will automatically be compensated at regular rate of pay for bonus days allowed to expire. Upon termination of employment, employees are paid for bonus days accrued. An employee retiring will accrue bonus days through last day worked.

It is MLGW's policy to grant full-time employees a birthday holiday. Employee's birthday holiday is accrued each year on the birthday anniversary and will be taken or paid within twelve months from the day earned. A birthday holiday not taken or paid within twelve months of accrual will be forfeited.

It is MLGW's policy to grant paid sick leave to full-time employees according to prescribed standards of eligibility. Accrual for sick leave begins on the first day of employment. Sick leave is accrued at the rate of one day per month for any month in which an employee receives 100% pay for eleven or more workdays. An employee can accumulate unlimited sick leave. Exempt and non-exempt (hired on or after January 1, 1998) employees are paid for accrued unused sick leave over one hundred days at a rate of forty-two percent. Non-exempt employees hired on or before January 1, 1998, have the option of pay out on 42% of total sick leave or 100% on the first sixty-five days. Sick leave for employees eligible to retire represents 42% of total sick leave with the remaining 58% to be creditable pension service, which is a component of the pension expense. An employee terminated will not receive payment for unused sick leave.

All vacation, bonus days, birthday holiday and sick leave benefits are considered to be more likely than not to be paid out. As a result, MLGW has accrued, and the estimated current portion is reflected as a current liability and the estimated long-term portion is reflected as a long-term liability on the Statements of Net Position. Bonus days and birthday holidays are included in accrued vacation liability.



Compensated Absences (continued)

Changes in compensated absences are summarized as of December 31, 2024:

	Beginning Balance		Increases Decreases			ecreases	Ending Balance		
Year ended December 31, 2024	As	Restated							
Electric Division									
Current:									
Accrued vacation	\$	11,053	\$	8,970	\$	(8,366)	\$	11,657	
Non-Current:									
Reserve for unused sick leave		4,730		1,332		(1,145)		4,917	
Total compensated absences	\$	15,783	\$	10,302	\$	(9,511)	\$	16,574	

	Beginning Balance		In	Increases Decreases			Ending Balance		
Year ended December 31, 2024	As	Restated							
Gas Division									
Current:									
Accrued vacation	\$	4,178	\$	3,374	\$	(3,163)	\$	4,389	
Non-Current:									
Reserve for unused sick leave		1,979		763		(731)		2,011	
Total compensated absences	\$	6,157	\$	4,137	\$	(3,894)	\$	6,400	

	Beginning Balance		Increases Decreases			Ending Balance		
Year ended December 31, 2024	As	Restated						
Water Division								
Current:								
Accrued vacation	\$	3,036	\$	2,624	\$	(2,514)	\$	3,146
Non-Current:								
Reserve for unused sick leave		1,347		405		(432)		1,320
Total compensated absences	\$	4,383	\$	3,029	\$	(2,946)	\$	4,466


Compensated Absences (continued)

Changes in compensated absences are summarized as of December 31, 2023:

	Be	eginning					Ending		
	B	alance	In	Increases Decreases			Balance		
Year ended December 31, 2023							As]	Restated	
Electric Division									
Current:									
Accrued vacation	\$	10,650	\$	9,388	\$	(8,985)	\$	11,053	
Non-Current:									
Reserve for unused sick leave		7,655		1,539		(4,464)		4,730	
Total compensated absences	\$	18,305	\$	10,927	\$	(13,449)	\$	15,783	

		ginning alance	Inc	reases	De	creases	Ending Balance		
Year ended December 31, 2023						As Restated			
Gas Division									
Current:									
Accrued vacation	\$	4,093	\$	3,404	\$	(3,319)	\$	4,178	
Non-Current:									
Reserve for unused sick leave		3,154		713		(1,888)		1,979	
Total compensated absences	\$	7,247	\$	4,117	\$	(5,207)	\$	6,157	

	Be	ginning	Ending					
	Ba	alance	Inc	reases	eases Decreases			alance
Year ended December 31, 2023							As F	Restated
Water Division								
Current:								
Accrued vacation	\$	2,955	\$	2,455	\$	(2,374)	\$	3,036
Non-Current:								
Reserve for unused sick leave		2,024		490		(1,167)		1,347
Total compensated absences	\$	4,979	\$	2,945	\$	(3,541)	\$	4,383



Leases

Lease contracts convey control of the right to use another entity's nonfinancial asset for a period of time in an exchange or exchange-like transaction without transfer of ownership of the asset. The lease term is the period of time when there is a noncancelable right to use the underlying asset. MLGW is both a lessor and lessee with regards to leases.

For lessor contracts, lease revenue is recognized in Other Revenues on a straight-line basis over the lease term, and lease receivables and deferred inflows of resources are reported at present value using MLGW's incremental borrowing rate. Lease receivables are reported as Short-Term Lease Receivables in Current Assets for the current portion and Long-Term Lease Receivables in Other Assets for the long-term portion on the Statements of Net Position.

For lessee contracts, lease expense is recognized as amortization on a straight-line basis over the shorter of the lease term or useful life of the underlying asset, and lease assets and liabilities are reported at present value using MLGW's incremental borrowing rate. Lease assets are recognized as intangible right of use assets, and lease liabilities are reported in Current Liabilities for the current portion and Non-current Liabilities for the long-term portion on the Statements of Net Position.

Subscription Based Information Technology Agreements

The Subscription Based Information Technology Agreements (SBITAs) are contracts that define the right to use another party's information technology (IT) software, as specified in the contract, for a period of time in an exchange or exchange-like transactions. The subscription term includes the period during which MLGW has a noncancelable right to use the underlying IT assets, and includes periods covered by the option to extend (if it is reasonably certain that MLGW or the SBITA vendor will exercise that option) or terminate the contract.

For the SBITA contracts, MLGW recognizes an intangible subscription asset and a subscription liability, measured at present value of subscription payments over the subscription term on commencement date using MLGW's incremental borrowing rate. The subscription assets are amortized over the subscription term. The liabilities are reported in Current Liabilities for the current portion and Non-current Liabilities for the long-term portion on the Statements of Net Position.

Futures, Options and Swap Contracts

The Gas Division enters into futures contracts, swaps and options on futures contracts as cash flow hedges to manage the risk of volatility in the market price of natural gas on anticipated purchase transactions. The Electric Division periodically enters into futures contracts, swaps and options on futures contracts as cash flow hedges to manage the risk of volatility in the market price of unleaded gasoline and diesel fuel on anticipated purchase transactions. The market values of the open derivative positions are reported on the Statement of Net Position as derivative instruments. The changes in fair market value are recognized as



Futures, Options and Swap Contracts (continued)

deferred inflows (gains) or deferred outflows (losses) until the related gas purchases are recognized in the Statement of Revenues, Expenses and Changes in Net Position.

Bond Premiums, Discounts, and Issuance Costs

Bond premiums and discounts, as well as issuance costs, are deferred and amortized using the interest method over the lives of the applicable bond issues. Long-term debt is reported net of the applicable bond premium or discount. Unamortized bond issuance costs are accounted for as a regulatory asset. As such, bond issue costs are capitalized and amortized over the term of the related debt.

Net Position

Net position is classified into three components – net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

- Net investment in capital assets This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- Restricted net position This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restricted net position consists of funds restricted for casualty insurance, medical benefits, and other restricted funds.
- Unrestricted net position This component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

When both restricted and restricted resources are available for use, it is the Division's policy to use restricted resources first, then unrestricted resources as they are needed.

Revenues and Expenses

Revenues are recognized when earned which generally occurs when electricity, gas, or water is delivered to the customer. Customer meters are read and bills are rendered monthly. MLGW records an estimate for unbilled revenues earned from the dates its customers were last billed to the end of each month.

MLGW distinguishes between operating and non-operating revenues and expenses. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal operations. The principal operating revenues of MLGW consist of electric, gas and water sales and related activities. Non-operating revenues consist of transmission credits,



Revenues and Expenses (continued)

investment income and other ancillary activities. Transmission credits are fees paid by the Tennessee Valley Authority for its use of the Electric Division's transmission facilities in supplying power to MLGW.

Operating expenses include the cost of purchased power and gas, water production costs, operation and maintenance expenses, depreciation on capital assets and payments in lieu of taxes. Expenses not meeting this definition are reported as non-operating expenses.

Deferred Outflows and Inflows of Resources

MLGW adheres to generally accepted accounting principles as it relates to the recognition of deferred outflows of resources and deferred inflows of resources. A deferred outflow of resources is defined as a consumption of net assets that is applicable to a future reporting period and a deferred inflow of resources is defined as an acquisition of net assets that is applicable to a future reporting period.

In accordance with GASB Statement No. 87, *Leases* (GASB 87), MLGW recognizes deferred inflows of resources associated with reporting the commencement of the lease term and recognition of revenue over the course of the lease.

In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, MLGW recognizes deferred outflows and inflows of resources associated with the biennial measurement and recognition of MLGW's net OPEB liability (asset) and OPEB expense.

In accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pension – an Amendment of GASB Statement No. 27, MLGW recognizes deferred outflows and inflows of resources associated with the annual measurement and recognition of MLGW's net pension liability (asset) and pension expense.

Also, in accordance with GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, MLGW recognizes deferred outflows and inflows of resources associated with reporting the fair value change in derivative instruments purchased as a hedge against commodity price risk.

Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Memphis Light, Gas and Water Retirement and Pension System (the "MLGW Pension Plan") and additions to and deductions from the MLGW Pension Plan's fiduciary net position have been determined on the same basis as they are reported by the Pension Plan. For that purpose, benefits payments (including refunds of employee contribution) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.



Other Postemployment Benefits

For purposes of measuring the Net OPEB liability (NOL), deferred outflows of resources and deferred inflows of resources related to OPEB benefits, OPEB expense, information about the fiduciary net position of the Memphis Light, Gas and Water OPEB Trust ("OPEB Trust") and additions to and deductions from the MLGW OPEB Trust fiduciary net position have been determined on the same basis as they are reported by the MLGW OPEB Trust. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Related Parties

MLGW conducts business with related parties as "arm's length" transactions: generally, MLGW provides utility and related services to and receives payments from these parties in the same manner as other non-related customers. Major related party entities include the City of Memphis government. For the years ending December 31, 2024 and 2023, receivables from related parties for utility construction, pole rentals and utility related services excluding utility bills were \$3,058 and \$3,033, respectively.

As of December 31, 2024, the only free service provided to the City is water for firefighting. Free water service provided to the City for public purposes is estimated to be \$122 for 2024 and \$114 for 2023.

The Electric, Gas and Water Divisions make transfers to the City. See Note 17 (Transfers to City).

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Prior Period Restatements

In 2024, MLGW implemented GASB Statement No. 101, *Compensated Absences*. GASB 101 requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. This Statement also requires that leave that is more likely than not to be settled through conversion to defined benefits plan be excluded from the liability for compensated absences because such leave already is taken into account in a pension liability. Accordingly, the accompanying financial statements, as of and for year ended December 31, 2023, have been restated for the change, which did have a material impact on the net position. As a result of the implementation of this provision, MLGW increased Electric, Gas, and Water Divisions net position for 2023 by \$2,552, \$1,004, \$679, respectively.



Prior Period Restatements (continued)

As a result of adopting GASB 101, as of December 31, 2023, MLGW's Electric Division increased current liability for accrued vacation by \$93 and decreased non-current liability reserve for unused sick leave by \$2,645. The Electric Division also reduced operation expenses by \$2,552.

As a result of adopting GASB 101, as of December 31, 2023, MLGW's Gas Division increased current liability for accrued vacation by \$35 and decreased non-current liability reserve for unused sick leave by \$1,039. The Gas Division also reduced operation expenses by \$1,004.

As a result of adopting GASB 101, as of December 31, 2023, MLGW's Water Division increased current liability for accrued vacation by \$23 and decreased non-current liability reserve for unused sick leave by \$702. The Water Division also reduced operation expenses by \$679.

Additional disclosures also resulted from the adoption of GASB 101.

Events occurring after reporting date

Management has evaluated events and transactions that have occurred between December 31, 2024 and June 4, 2025, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

Reclassifications

Certain amounts in the 2023 financial statements have been reclassified to conform to the 2024 presentation.

Recent Accounting Standards

Effective for fiscal year 2024, MLGW adopted the provisions of GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement of guidance for compensated absences by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Statement No. 101 is effective for fiscal years beginning after December 15, 2023. Adoption of this Statement is reflected in the Division's financial statements.

Effective for fiscal year 2024, MLGW adopted the provisions of GASB Statement No. 100, *Accounting Changes and Error Corrections—An Amendment of GASB Statement No. 62.* The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. Statement No. 100 is effective for fiscal years beginning after June 15, 2023. Adoption of this Statement did not have an impact on the Division's financial statements.



Recent Accounting Standards (continued)

Effective for fiscal year 2024, MLGW adopted the provisions of GASB Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements and accounting and financial reporting for financial guarantees. Certain provisions of this standard are effective for fiscal years beginning after June 15, 2023. Adoption of this Statement did not have an impact on the Division's financial statements.

In September 2024, the GASB issued GASB Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset (b) it is probable that the sale will be finalized with one year of the financial statement date. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset. Statement No. 104 is effective for the fiscal years after June 15, 2025. MLGW has not completed the process of evaluating the impact of this statement on its financial statements and has not elected early implementation.

In April 2024, the GASB issued GASB Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. This Statement requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the financial statements, (2) Financial summary, (3) Detailed analyses, (4) Significant capital asset and long-term Financing activity, and (5) Currently known facts, decisions, or conditions. Statement No. 103 is effective for fiscal years after June 15, 2025. MLGW has not completed the process of evaluating the impact of this statement on its financial statements and has not elected early implementation.

In December 2023, the GASB issued GASB Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to better meet the information needs of financial statement users by providing information related to risks not required to be disclosed. This Statement requires an assessment of a concentration or constraint vulnerable to a substantial impact. This disclosure will be required to include (1) the concentration or constraint; (2) event associated with the concentration or constraint that could cause a substantial impact; and (3) actions taken to mitigate the risk. Statement No. 102 is effective for fiscal years after June 15, 2024. MLGW has not completed the process of evaluating the impact of this statement on its financial statements and has not elected early implementation.



2. Deposits and Investments

The MLGW Statement of Investment Policy has been adopted and approved by the MLGW Board of Commissioners. This policy sets forth the investment and operational policies for the management of the public funds of MLGW. The Board of Commissioners has the power to invest MLGW funds in accordance with the prudent investor rule. The Board members exercise authority and control over MLGW's investment portfolio by setting policies which MLGW's investment staff execute either internally, or through the use of external prudent experts.

Custodial Credit Risk

Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, MLGW will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name.

MLGW deposits consist of bank deposits. The bank deposits are insured up to \$250 by the Federal Deposit Insurance Corporation ("FDIC") and the remainder is covered by the State of Tennessee Collateral Pool; certificates of deposit must be placed directly with depository institutions.

The depository bank shall provide collateral for MLGW deposits in accordance with requirements for public funds deposits in Tennessee. The market value of the pledged securities in the collateral pool must equal at least 105% of the value of the deposit secured, less the amount protected by federal deposit insurance. As of December 31, 2024 and December 31, 2023, MLGW deposits with financial institutions were \$149,143 and \$50,755, respectively. For 2024 and 2023, all bank deposits were maintained in collateralized accounts or covered by federal depository insurance and were not exposed to custodial credit risk.

Investments

The investment policy governs the overall administration and investment management of the funds held in the MLGW investment portfolio. MLGW is authorized by the Board of Commissioners to invest in the following investments as authorized by state law and as it deems proper: U.S. Treasuries; U.S. government obligations; repurchase agreements; commercial paper with specified ratings; bankers' acceptances with specified ratings; bank deposits; certificates of deposit; state pool; and proceeds of bonds, notes and other obligations issued by MLGW.

MLGW is prohibited from investing in the following securities: purchases on margin or short sales; investments in reverse repurchase agreements; collateralized mortgage obligations; and "exotic" derivatives such as range notes, dual index notes, inverse floating rate notes and deleveraged notes, or notes linked to lagging indices or to long-term indices.



Investments (continued)

The following table presents the investments and maturities of MLGW's investment portfolio as of December 31, 2024:

	Remaining Maturities (in Years)												
Investment Type		Fair Value		Maturities < 1 year		Maturities 1 to 4 years			Maturities > 4 years				
Tennessee Local Government Investment Pool	\$	46,100		\$	46,100	\$	-	-	\$				
U.S. Treasuries		214,493			59,141		155,352			-			
Federal Agency (Fixed Rate)		224,290			213,005		11,285			-			
Federal Agency (Callable)		14,535	1		6,178	2	8,357	3		-			
Commercial Paper (Rated AA or higher)		40,189			40,189		-	_					
Total Investments	\$	539,607		\$	364,613	\$	174,994	-	\$				

¹ Bonds are guaranteed by the United States Government

² Bonds mature in 2025; Callable daily until maturity

³ \$3,664 of these bonds mature in 2026; Callable daily until maturity
\$4,693 of these bonds mature in 2028; Callable daily until maturity

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Investments (continued)

The following table presents the investments and maturities of MLGW's investment portfolio as of December 31, 2023:

			Rer	naining Ma					
Investment Type	Fair Value			aturities 1 year	-	Maturities to 4 years	_	Matur >4 ye	
Tennessee Local Government Investment Pool	\$ 94,600		\$	94,600	\$	-	_	\$	-
U.S. Treasuries	342,430			225,390		117,040			-
Federal Agency (Fixed Rate)	27,609			17,491		10,118			-
Federal Agency (Callable)	35,252	1		25,605	2	9,647	3		-
Commercial Paper (Rated AA or higher)	 61,495	_		61,495		-	_		
Total Investments	\$ 561,386		\$	424,581	\$	136,805	-	\$	_

¹ Bonds are guaranteed by the United States Government

² \$12,131 of these bonds mature in 2024*

\$11,556 of these bonds mature in 2024; Callable quarterly until maturity\$1,918 of these bonds mature in 2024; Callable daily until maturity

³ \$7,325 of these bonds mature in 2025; Callable quarterly until maturity
 \$1,349 of these bonds mature in 2026; Callable quarterly until maturity
 \$973 of these bonds mature in 2026*

* Callable agency only allows for principal cashflows to be received in a ~6 month window just before the final maturity date.

Custodial credit risk for investments is the risk that, in the event of failure of the counterparty to a transaction, MLGW will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty, or the counterparty's trust department or agent but not in the name of MLGW. Investments in external investment pools and in money market funds are not exposed to custodial credit risks because their existence is not evidenced by securities that exist in physical or book entry form. To limit its exposure, MLGW's investment policy requires that all securities purchased by MLGW shall be held in safekeeping by a third-party custodial bank or financial institution. None of MLGW's investments at December 31, 2024 and 2023 were exposed to custodial credit risk.



Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment in debt securities. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. MLGW's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, the investment policy states no investment will have a maturity of greater than four years from date of purchase. MLGW had purchased no investments in debt securities that were outside of the policy as of December 31, 2024 and 2023. MLGW uses the segmented time distribution method of disclosure, as shown above, to identify this risk. Some investments can be highly sensitive to changes in interest rates due to their terms or characteristics. In MLGW's investment portfolio, asset-backed and government mortgage-backed securities are most sensitive to changes in interest rates as their repayments can vary significantly with interest rate changes. As of December 31, 2024, these securities represent 2.5% of the total investment portfolio with a fair market value of \$12,571. As of December 31, 2023, these securities represent 3.1% of the total investment portfolio with a fair market value of \$16,027.

Credit Risk

Credit risk is the risk that an issuer of a debt security will not fulfill its obligation. This credit risk is measured by the credit quality of investments in debt securities as described by nationally recognized statistical rating organizations. Investments in obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government are not considered to have credit risk. As of December 31, 2024, MLGW debt securities that were subject to credit risk were \$40,189, or 7.45% of total investments. These debt securities have a remaining maturity of less than one year. The Tennessee Local Government Investment Pool is a non-rated, SEC 2a-7-like fund and the amount stated is based on the pool price per share. The pool is reported at its amortized book value. The LGIP is a TN Treasury Department program that manages state and local governments' short-term investments. The LGIP is commingled with the SPIF. The SPIF Investment Pool ("LGIP") have been commingled with state funds held in the SPIF".

All cash, cash equivalents, and investments are reported at fair value except for the position in the LGIP. The LGIP operates in conformity with GASB statement No. 79, Certain External Investment Pools and Pool Participants, as amended. Accordingly, the LGIP is reported at the net asset value per share which is calculated using the amortized cost method.



Credit Risk (continued)

MLGW's ratings and policy limits as of December 31, 2024 are as follows:

Investment Type	Fair Value		S&P Rating	Moody's Rating
Tennessee Local Government Investment Pool	\$	46,100	N/A	N/A
Commercial Paper		37,217	AAA	Aaa
Commercial Paper		2,972	AA-	Aa2
Total credit risk				
debt securities		40,189		
U.S. Treasuries		214,493	AA+u	Aaa
Federal Agency (Fixed Rate)		224,290	AA+	Aaa
Federal Agency (Callable)		14,535	AA+	Aaa
U.S. Government and Agencies		453,318		
Total debt securities investments	\$	539,607		



Credit Risk (continued)

As of December 31, 2023, MLGW debt securities that were subject to credit risk were \$61,495, or 11.9% of total investments. These debt securities have a remaining maturity of less than one year.

MLGW's ratings and policy limits as of December 31, 2023 are as follows:

Investment Type	Fair Value		S&P Rating	Moody's Rating
Tennessee Local Government Investment Pool	\$	94,600	N/A	N/A
Commercial Paper		18,362	AA	Aa3
Commercial Paper		23,817	AA-	Aa3
Commercial Paper		6,434	AA+	Aaa
Commercial Paper		12,882	AAA	Aaa
Total credit risk				
debt securities		61,495		
U.S. Treasuries		342,430	AA+u	Aaa
Federal Agency (Fixed Rate)		27,609	Aaa	AA+
Federal Agency (Callable)		35,252	Aaa	AA+
U.S. Government and Agencies		405,291		
Total debt securities investments	\$	561,386		

Non-	Rati	ng I	Des	criț	otion

NA Not Available



Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Investments in any one issuer that represent five percent or more of total investments must be disclosed by amount and issuer. Investments issued or explicitly guaranteed by the U.S. government and investments in bank deposits, external investment pools, and other pooled investments are excluded from this requirement. In accordance with the investment policy, no more than 10% of MLGW's portfolio will be invested in the securities of any single issuer with the following exceptions: U.S. Government Obligations up to 100% of the portfolio book value for any single issuer at the date of acquisition.

In addition, MLGW's investment policy seeks to diversify its portfolio by limiting the percentage of the portfolio that may be invested in any one type of instrument as follows:

U.S. Treasuries	100%	maximum
US Government Obligations	100%	maximum
Federal Agency (Fixed Rate)	100%	maximum
Federal Agency (Callable)	50%	maximum
Repurchase Agreements	50%	maximum
Commercial Paper (Rated AA or higher)	90%	maximum
Banker's Acceptance (Rated AA or higher)	60%	maximum
Certificates of Deposit	20%	maximum
Municipal Obligations	20%	maximum
Tennessee LGIP	40%	maximum

In accordance with GASB Statement No. 40, governments should provide information about investments in any one issuer that represent 5 percent or more of total investments. As of December 31, 2024, the investments in any one issuer of commercial paper that represents 5% or more of MLGW's investments are as follows:

	R	Percentage		
Issuer	A	of Portfolio		
Canada Government	\$	37,218	6.90%	
Total	\$	37,218		



Concentration of Credit Risk (continued)

As of December 31, 2023, there were no investments in any one issuer of commercial paper that represents 5% or more of MLGW's investments.

Restricted and Unrestricted Funds

Restricted funds, cash and cash equivalents, and investments consisted of the following as of December 31, 2024 and 2023:

	 Electric D	ivisi	ion		Gas Div	visio	n		Water D	ivisi	on
	2024		2023		2024		2023		2024		2023
Restricted fund:											
Cash and cash equivalents	\$ 152,064	\$	70,082	\$	22,198	\$	37,192	\$	15,504	\$	15,401
Investments	12,132		12,396		6,471		6,586		5,309		4,953
Total restricted funds	\$ 164,196	\$	82,478	\$	28,669	\$	43,778	\$	20,813	\$	20,354
	 Electric D	ivisi	ion	Gas Division			n	Water Division			on
	2024		2023		2024		2023		2024		2023
Unrestricted fund:											
Cash and cash equivalents	\$ 113,539	\$	91,585	\$	107,212	\$	115,082	\$	63,570	\$	72,616
Investments	 78,174		64,665		73,243		79,480		43,908		51,510
Total unrestricted funds	\$ 191,713	\$	156,250	\$	180,455	\$	194,562	\$	107,478	\$	124,126

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3. Notes Receivable

In 1997, MLGW and the Town of Arlington ("Arlington") entered into an agreement, whereby Arlington conveyed ownership, operation, maintenance, construction, and improvement and expansion of the Arlington water facilities and system to MLGW. The agreement provided Arlington to bill and collect water development fees to remit payment to MLGW for water facilities and system improvement costs incurred plus 6% annual accrued interest. The agreement provided for Arlington to remit to MLGW on the 15th day of each succeeding month the fees collected during the month less its service fee until MLGW is paid in full.

The Arlington note receivable is included in notes receivable in the accompanying 2024 Water Division's Statements of Net Position.

4. Lease Receivables

MLGW leases land, pole space, and other assets to third parties. As of December 31, 2024, remaining lease terms range from two to 27 years, and several leases have an option to extend the lease term after the completion of the contracted term.

The Electric Division had a lease receivable balance as of December 31, 2024 was \$6,482, of which \$504 is current and \$5,978 is long-term on the Statements of Net Position. The lease receivable balance as of December 31, 2023 was \$6,861, of which \$478 was current and \$6,383 is long-term on the Statements of Net Position. The Electric Division recognized revenue of \$701 for the year ended December 31, 2024 and \$731 for the year ended December 31, 2023. The Electric Division interest income was \$277 for the year ended December 31, 2024 and \$296 for the year ended December 31, 2023. Revenue is reported in investment and other income on the Statements of Revenues, Expenses, and Changes in Net Position. There were no material variable lease payments paid or received nor impairment losses in fiscal year 2024 or 2023.

The Gas Division had a lease receivable balance as of December 31, 2024 was \$19,001, of which \$503 is current and \$18,498 is long-term on the Statements of Net Position. The lease receivable balance as of December 31, 2023 was \$19,397, of which \$483 was current and \$18,914 is long-term on the Statements of Net Position. The Gas Division recognized revenue of \$778 for the year ended December 31, 2024 and \$597 for the year ended December 31, 2023. The Gas Division interest income was \$726 for the year ended December 31, 2024 and \$706 for the year ended December 31, 2023. Revenue is reported as other operating revenue and investment and other income on the Statements of Revenues, Expenses, and Changes in Net Position. There were no material variable lease payments paid or received nor impairment losses in fiscal year 2024 or 2023.

The Water Division had a lease receivable balance as of December 31, 2024 was \$1,653 of which \$175 is current and \$1,478 is long-term on the Statements of Net Position. The lease receivable balance as of December 31, 2023 was \$1,802, of which \$169 was current and \$1,633 is long-term on the Statements of Net Position. The Water Division recognized revenue of \$247 for the year ended December 31, 2024 and \$197 for the year ended December 31, 2023. The Water Division interest income was \$69 for the year ended



4. Lease Receivables (continued)

December 31, 2024 and \$83 for the year ended December 31, 2023. Revenue is reported in investment and other income on the Statements of Revenues, Expenses, and Changes in Net Position. There were no material variable lease payments paid or received nor impairment losses in fiscal year 2024 or 2023.

MLGW leases pole space to third party telecommunication companies through agreements which classify as regulated leases. The lease rates for these agreements are prescribed by TVA based on TVA's cost recovery model. These regulated lease assets are not subject to exclusive use by any counterparty. MLGW recognized revenue of \$2.1 million for the year ended December 31, 2024 and \$2.9 million for the year ended December 31, 2023.

The following table summarizes the expected future minimum payments for regulated leases as of December 31, 2024:

	Expected Future Minimum							
Year	Payment							
2025	\$	6,282						
2026		6,282						
2027		6,282						
2028		6,282						
2029		6,282						
2030-2033		25,129						
	\$	56,539						



5. Lease Liabilities

MLGW leases certain equipment, and other assets under noncancelable lease arrangements. Terms of the leases range from one to 5 years and contain fixed payment terms. Certain office space leases contain the option for renewal, which has been considered in the lease liability when MLGW is reasonably certain to exercise the renewal option.

Changes in lease liabilities are summarized as of December 31, 2024:

	Beginning Balance			creases	Dec	creases	nding alance
Year ended December 31, 2024							
Electric Division							
Total lease liabilities	\$	75	\$	1,250	\$	(254)	\$ 1,071
Less current portion		(75)					(392)
Long-term portion	\$	-					\$ 679

	e	ginning lance	reases	Dec	creases	Ending Balance		
Year ended December 31, 2024								
Gas Division								
Total lease liabilities	\$	29	\$	418	\$	(164)	\$	283
Less current portion		(29)						(109)
Long-term portion	\$	-					\$	174

	Beginning Balance Increa				Dec	reases	Ending Balance	
Year ended December 31, 2024 Water Division								
Total lease liabilities	\$	21	\$	314	\$	(126)	\$	209
Less current portion		(21)						(80)
Long-term portion	\$	-					\$	129



5. Lease Liabilities (continued)

Changes in lease liabilities are summarized as of December 31, 2023:

	Beg	inning					Enc	ling
	Balance		Increases		Decreases		Bala	ance
Year ended December 31, 2023								
Electric Division								
Total lease liabilities	\$	279	\$	-	\$	(204)	\$	75
Less current portion		(229)						(75)
Long-term portion	\$	50					\$	_

	Beg	inning					En	ding
	Balance		Increases		Decreases		Balance	
Year ended December 31, 2023								
Gas Division								
Total lease liabilities	\$	94	\$	-	\$	(65)	\$	29
Less current portion		(74)						(29)
Long-term portion	\$	20					\$	

	Begi	inning					En	ding
	Balance		Increases		Decreases		Balance	
Year ended December 31, 2023								
Water Division								
Total lease liabilities	\$	69	\$	_	\$	(48)	\$	21
Less current portion		(55)						(21)
Long-term portion	\$	14					\$	-



5. Lease Liabilities (continued)

Maturities and future interest requirements related to the balances of lease liabilities outstanding as of December 31, 2024, are summarized as follows:

		Electric	ectric Division							
	$\underline{\mathbf{L}}$	ease	Int	erest						
	<u>Mat</u>	<u>urities</u>	<u>Requi</u>	irme nts						
2025	\$	391	\$	38						
2026		363		21						
2027		230		8						
2028		85		1						
Total	\$	1,069	\$	68						

		Gas Division									
	<u>Le</u>	ease	Interest								
	Mat	<u>urities</u>	<u>Requi</u>	irments							
2025	\$	108	\$	10							
2026		94		5							
2027		48		2							
2028		32		0							
Total	\$	282	\$	17							

	Water Division									
	Leas	e	Inte re	<u>st</u>						
	Maturi	ties_	<u>Requirm</u>	<u>ents</u>						
2025	\$	81	\$	7						
2026		70		4						
2027		36		2						
2028		24		0						
Total	\$	211	\$	13						



6. Subscription Based Information Technology Agreements

MLGW has Subscription Based Information Technology Agreements (SBITAs), which are contracts that convey control of the right to use another party's information technology software, as specified in the contract for a period of time in an exchange or exchange-like transaction. The subscription term includes the period during which MLGW has a noncancelable right to use the underlying IT assets, and includes periods covered by the option to extend (if it is reasonably certain that MLGW or the SBITA vendor will exercise that option). As of December 31, 2024, the remaining subscription terms range from two to three years.

Changes in SBITA liabilities are summarized as of December 31, 2024:

	ginning alance	Increases		Decreases		nding alance
Year ended December 31, 2024						
Electric Division						
Total SBITA liabilities	\$ 2,538	\$	3,859	\$	(752)	\$ 5,645
Less current portion	 (1,313)					 (1,706)
Long-term portion	\$ 1,225					\$ 3,939

	Beginning							nding
	B	Balance		Increases		reases	Ba	alance
Year ended December 31, 2024								
Gas Division								
Total SBITA liabilities	\$	1,050	\$	1,664	\$	(399)	\$	2,315
Less current portion		(580)						(619)
Long-term portion	\$	470					\$	1,696

	0	nning ance	Increases		Decreases		nding lance
Year ended December 31, 2024							
Water Division							
Total SBITA liabilities	\$	809	\$	1,243	\$	(323)	\$ 1,729
Less current portion		(462)					 (459)
Long-term portion	\$	347					\$ 1,270



6. Subscription Based Information Technology Agreements (continued)

Changes in SBITA liabilities are summarized as of December 31, 2023:

	ginning alance	Inc	ereases	De	creases	nding alance
Year ended December 31, 2023						
Electric Division						
Total SBITA liabilities	\$ 5,264	\$	1,347	\$	(4,073)	\$ 2,538
Less current portion	(2,924)					(1,313)
Long-term portion	\$ 2,340					\$ 1,225

	ginning alance	Inci	reases	De	creases	nding lance
Year ended December 31, 2023						
Gas Division						
Total SBITA liabilities	\$ 2,268	\$	516	\$	(1,734)	\$ 1,050
Less current portion	(1,295)					(580)
Long-term portion	\$ 973					\$ 470

	ginning alance	Inci	reases	De	creases	ding lance
Year ended December 31, 2023						
Water Division						
Total SBITA liabilities	\$ 1,709	\$	381	\$	(1,281)	\$ 809
Less current portion	(960)					(462)
Long-term portion	\$ 749					\$ 347



6. Subscription Based Information Technology Agreements (continued)

Maturities and future interest requirements related to the balances of SBITA liabilities outstanding as of December 31, 2024, are summarized as follows:

		Ele	ision		
	<u>S</u>	BITA		I	nterest
	Ma	<u>turities</u>		<u>Req</u>	uire me nts
2025	\$	1,706		\$	57
2026		3,716			23
2027		223			14
Total	\$	5,645		\$	94

	Gas Division								
	 <u>BITA</u> aturities		erest_ rements						
2025	\$ 619	\$	24						
2026	1,611		9						
2027	 85		6						
Total	\$ 2,315	\$	39						

		Water Division								
	<u>S</u>	BITA	Inte	terest						
	Ma	<u>turities</u>	<u>Requir</u>	<u>ements</u>						
2025	\$	459	\$	18						
2026		1,207		7						
2027		63		4						
Total	\$	1,729	\$	29						

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023 (Dollars in Thousands) (Continued)



7. Utility Plant and Intangible Right of Use Assets

Utility plant and intangible right of use assets activity for the years ended December 31, 2024 and 2023 is as follows:

Year ended December 31, 2024 Electric Division	Beginning Balance		<u> </u>	ncreases	D	ecreases	Ending Balance		
Capital assets not being depreciated:									
Land	\$	38,587	\$	-	\$	-	\$	38,587	
Land - Non-utility		15,345		-		-		15,345	
Intangibles: Plant		-		27,270		-		27,270	
Construction in progress		173,634		150,726		(145,714)		178,646	
Total capital assets not being depreciated		227,566		177,996		(145,714)		259,848	
Capital assets being depreciated or amortized:									
Structures and improvements		78,324		(3,198)		(15)		75,111	
Transmission and distribution plant equipment	1	,810,112		86,508		(7,532)	1	,889,088	
General plant equipment		203,368		35,067		(20,820)		217,615	
Intangibles: Software		14,938		102		-		15,040	
Total capital assets being depreciated or amortized	2	,106,742		118,479		(28,367)	2	,196,854	
Less accumulated depreciation and amortization	(1	,014,158)		(70,510)		40,663	(1	,044,005)	
Total capital assets being depreciated or amortized, net	1	,092,584		47,969		12,296	1	,152,849	
Total capital assets, net	\$1	,320,150	\$ 225,965		\$ (133,418)		\$1,412,697		
Intangible Right of Use Assets									
SBITA	\$	12,577	\$	7,638	\$	-	\$	20,215	
Office Equipment		643		1,113		(588)		1,168	
Other		-		-		-		-	
Total Intangible Right of Use Assets		13,220		8,751		(588)		21,383	
Less accumulated amortization-SBITA		(7,792)		342		(5,947)		(13,397)	
Less accumulated amortization-Office Equipment		(578)		606		(136)		(108)	
Less accumulated amortization-Other		-		-		-		-	
Total Intangible Right of Use Assets, net	\$	4,850	\$	9,699	\$	(6,671)	\$	7,878	



Year ended December 31, 2024 Gas Division	Beginning Balance		Increases		D	ecreases	Ending Balance		
Capital assets not being depreciated:									
Land	\$	7,456	\$	-	\$	-	\$	7,456	
Construction in progress		27,646		27,614		(13,595)		41,665	
Plant held for future use		212	_	-		-		212	
Total capital assets not being depreciated		35,314		27,614		(13,595)		49,333	
Capital assets being depreciated or amortized:									
Structures and improvements		72,608		757		-		73,365	
Processing and distribution plant equipment		584,013		6,473		(506)		589,980	
General plant equipment		75,910		6,365		(1,518)		80,757	
Intangibles: Software		57,185		-		-		57,185	
Non-utility plant equipment		200		-		-		200	
Total capital assets being depreciated or amortized		789,916		13,595		(2,024)		801,487	
Less accumulated depreciation and amortization		(433,367)		(24,573)		4,671		(453,269)	
Total capital assets being depreciated or amortized, net		356,549		(10,978)		2,647		348,218	
Total capital assets, net	\$	391,863	\$	16,636	\$	(10,948)	\$	397,551	
Intangible Right of Use Assets SBITA	\$	5,249	\$	3,297	\$	_	\$	8,546	
Office Equipment	Ψ	247	Ψ	417	Ψ	(350)	Ψ	314	
Total Intangible Right of Use Assets		5,496		3,714		(350)		8,860	
Less accumulated amortization-SBITA		(3,242)		130		(330)		(5,718)	
Less accumulated amortization-Office Equipment		(3,242)		130 236		(48)		(3,718)	
Total Intangible Right of Use Assets, net	\$	2,032	\$	4,080	\$	(48)	\$	3,108	
i otai mangiole Right of Use Assets, het	ዋ	2,032	Φ	4,000	φ	(3,004)	Φ	3,100	



Year ended December 31, 2024	Beginning Balance		Increases		De	ecreases	Ending Balance
Water Division							
Capital assets not being depreciated:							
Land	\$	2,654	\$	(3)	\$	-	\$ 2,651
Construction in progress		77,575		35,056		(35,012)	 77,619
Total capital assets not being depreciated		80,229		35,053		(35,012)	80,270
Capital assets being depreciated or amortized:							
Structures and improvements		55,695		6,366		(7)	62,054
Pumping, transmission and distribution plant equipment		470,228		27,099		(561)	496,766
General plant equipment		37,578		1,550		(216)	38,912
Intangibles: Software		2,177		-		-	2,177
Total capital assets being depreciated or amortized		565,678		35,015		(784)	599,909
Less accumulated depreciation and amortization		(249,766)		(12,495)		3,180	(259,081)
Less acquisition adjustment		-		-		-	-
Total capital assets being depreciated or amortized, net		315,912		22,520		2,396	 340,828
Total capital assets, net	\$	396,141	\$ 57,573		\$ (32,616)		\$ 421,098
Intangible Right of Use Assets							
SBITA	\$	3,874	\$	2,469	\$	-	\$ 6,343
Office Equipment		182		308		(259)	 231
Total Intangible Right of Use Assets		4,056		2,777		(259)	6,574
Less accumulated amortization-SBITA		(2,357)		93		(1,933)	(4,197)
Less accumulated amortization-Office Equipment		(164)		171		(32)	 (25)
Total Intangible Right of Use Assets, net	\$	1,535	\$	3,041	\$	(2,224)	\$ 2,352



	Beginning Balance			creases	De	ecreases	 Ending Balance
Year ended December 31, 2023	As	Restated					
Electric Division							
Capital assets not being depreciated:							
Land	\$	38,586	\$	1	\$	-	\$ 38,587
Land - Non-utility		15,345		-		-	15,345
Construction in progress		102,598		198,760		(127,724)	173,634
Total capital assets not being depreciated		156,529		198,761		(127,724)	227,566
Capital assets being depreciated or amortized:							
Structures and improvements		77,799		525		-	78,324
Transmission and distribution plant equipment		1,715,662		115,906		(21,456)	1,810,112
General plant equipment		193,850		9,940		(422)	203,368
Intangibles: Software		13,375		1,564		(1)	14,938
Total capital assets being depreciated or amortized		2,000,686		127,935		(21,879)	2,106,742
Less accumulated depreciation and amortization		(976,296)		(91,297)		53,435	 (1,014,158)
Total capital assets being depreciated or amortized, net		1,024,390		36,638		31,556	 1,092,584
Total capital assets, net	\$	1,180,919	\$	235,399	\$	(96,168)	\$ 1,320,150
Intangible Right of Use Assets							
SBITA	\$	11,230	\$	1,347	\$	-	\$ 12,577
Office Equipment		630		13		-	643
Other		200		(200)		-	 -
Total Intangible Right of Use Assets		12,060		1,160		-	13,220
Less accumulated amortization-SBITA		(4,489)		(3,303)		-	(7,792)
Less accumulated amortization-Office Equipment		(562)		(16)		-	(578)
Total Intangible Right of Use Assets, net	\$	7,009	\$	(2,159)	\$	-	\$ 4,850



	Beginning Balance			creases	Decreas	es	Endi Balaı	0	
Year ended December 31, 2023	As	Restated							
Gas Division									
Capital assets not being depreciated:									
Land	\$	7,456	\$	-	\$	-	\$ 7	,456	
Construction in progress		22,838		22,050	(17,24	42)	27	,646	
Plant held for future use		212		-		-		212	
Total capital assets not being depreciated		30,506		22,050	(17,24	42)	35	,314	
Structures and improvements		71,901		711		(4)	72	,608	
Processing and distribution plant equipment		574,717		9,718	(42	22)	584	,013	
General plant equipment		70,730	6,813		(1,63	33)	75	,910	
Intangibles: Software		57,185		-		-	57	,185	
Non-utility plant equipment		200		-		-		200	
Total capital assets being depreciated or amortized		774,733		17,242	(2,05	59)	789	,916	
Less accumulated depreciation and amortization		(411,603)		(24,351)	2,58	37	(433	,367)	
Total capital assets being depreciated or amortized, net		363,130	(7,109)		(7,109) 528			,549	
Total capital assets, net	\$	393,636	\$	14,941	\$ (16,7)	14)	\$ 391	,863	
Intangible Right of Use Assets									
SBITA	\$	4,733	\$	516	\$	-	\$ 5	,249	
Office Equipment		242		5		-		247	
Total Intangible Right of Use Assets		4,975		521		-	5	,496	
Less accumulated amortization-SBITA		(1,854)		(1,388)		-	(3	,242)	
Less accumulated amortization-Office Equipment		(152)			(70) -		-	((222)
Total Intangible Right of Use Assets, net	\$	2,969	\$	(937)	\$	-	\$ 2	,032	



		eginning Balance	Increases		De	ecreases		Ending alance	
Year ended December 31, 2023	As	Restated							
Water Division									
Capital assets not being depreciated:									
Land	\$	2,656	\$	5	\$	(7)	\$	2,654	
Construction in progress		69,660		27,767		(19,852)		77,575	
Total capital assets not being depreciated		72,316		27,772		(19,859)		80,229	
Capital assets being depreciated or amortized:									
Structures and improvements		55,541		156		(2)		55,695	
Pumping, transmission and distribution plant equipment		452,256		18,588		(616)		470,228	
General plant equipment		36,639		1,105		(166)		37,578	
Intangibles: Software		2,177		-		-		2,177	
Total capital assets being depreciated or amortized		546,613		19,849		(784)		565,678	
Less accumulated depreciation and amortization		(241,168)		(11,835)		3,237	((249,766)	
Less acquisition adjustment		-		-		-		-	
Total capital assets being depreciated or amortized, net		305,445		8,014		2,453		315,912	
Total capital assets, net	\$	377,761	\$	35,786	\$	(17,406)	\$	396,141	
Intangible Right of Use Assets									
SBITA	\$	3,492	\$	382	\$	-	\$	3,874	
Office Equipment		179		3		-		182	
Total Intangible Right of Use Assets		3,671		385		-		4,056	
Less accumulated amortization-SBITA		(1,341)		(1,016)		-		(2,357)	
Less accumulated amortization-Office Equipment	_	(112)	-		- (52)		(52)		(164)
Total Intangible Right of Use Assets, net	\$	2,218	\$	\$ (631) \$ (52		(52)	\$	1,535	



Total net capital asset changes include additions to construction in progress, transfers to or from other accounts, depreciation and amortization and the effects of sales, retirements, and contribution in aid of construction.

MLGW's planned construction program expenditures for 2025 are estimated as follows (unaudited):

Electric Division	230,123
Gas Division	74,677
Water Division	77,568

8. Futures, Options and Swap Contracts

MLGW uses a range of derivative instruments to hedge commodity risk including futures contracts, options on futures contracts and swap contracts. The purchase and sale of futures contracts, options on futures contracts and swap contracts involve highly leveraged and rapidly fluctuating markets that can lead to significant losses for market participants. As such, market participants are required to maintain margin deposits with a Futures Commission Merchant (FCM) in order to trade in the commodity futures market. These margin deposits are required by the FCM as a condition of its contract to provide execution, clearing and bookkeeping services relative to the purchase and sale of commodity futures.

The FCM is not subject to state laws which govern financial institutions serving as depositories for municipal funds, but instead is governed by rules and regulations promulgated by the Federal Commodity Futures Trading Commission. The Commodity Exchange Act requires the FCM to segregate all customer transactions and assets from the FCM's proprietary activities.

Futures contracts, options on futures contracts and swap contracts are marked-to-market daily and valued at closing market prices on the valuation date. The fluctuations in the value of the futures contracts and the options on futures contracts are recorded for financial statement purposes as deferred gains or losses.

MLGW's derivative instruments could be potentially exposed to concentrations of counterparty credit. MLGW's derivatives transactions are conducted directly or indirectly with the New York Mercantile Exchange ("NYMEX"). By clearing all trades through NYMEX, MLGW's exposure to counterparty credit risk for such transactions are largely minimized. The fair market value of the futures and options are Level 3 inputs.



8. Futures, Options and Swap Contracts (continued)

Gas Division:

The Gas Division enters into futures contracts, options on futures contracts and swap contracts as cash flow hedges to manage the risk of volatility in the market price of natural gas on anticipated purchase transactions. The market values of the open derivative positions are reported on the Statements of Net Position as derivative financial instruments. MLGW maintained a margin deposit balance of \$1,248 and \$3,036 with its FCM at December 31, 2024 and 2023, respectively.

The schedule below shows the market values and notional amounts of the open futures contracts and options on futures contracts as of December 31, 2024 and 2023.

December 31, 2024		Dece	December 31, 2023		
	M	arket	Notional	Market	Notional
Type	V	alue	Amount	Value	Amount
Futures	\$	-	\$ -	\$ -	\$ -
Options		160	66,180	29	82,380
Total	\$	160	\$ 66,180	\$ 29	\$ 82,380

The schedule below reflects the deferred gains (losses) at year end associated with recording open derivative positions.

	December 31, 2024	December 31, 2023
Type	<u>Deferred Gains (Losses)</u>	Deferred Gains (Losses)
Futures	\$ -	\$ -
Options	444	(579)
Total	\$ 444	\$ (579)



8. Futures, Options and Swap Contracts (continued)

Deferred costs at year end associated with gains (losses) on closed derivative positions are shown below.

	December 31, 2024	December 31, 2023
Type	Deferred Gains (Losses)	Deferred Gains (Losses)
Futures	\$ -	\$ (630)
Options	(614)	7,748
Total	\$ (614)	7,118

The deferred gains (losses) at year end for the open derivative positions are reported on the Statement of Net Position as deferred inflows of resources and deferred outflows of resources, respectively. The deferred gains and losses derived from closed derivative positions are reported as other current assets and liabilities, respectively.

Electric Division:

The Electric Division periodically enters into futures contracts, options on futures contracts and swap contracts to manage the risk of volatility in the market price of unleaded and diesel fuel on anticipated purchase transactions. The balance in MLGW's FCM fuel margin at December 31, 2024 and 2023 was (\$0) and (\$0), respectively.

9. Deferred Compensation Plan

MLGW offers its employees a voluntary compensation plan under Internal Revenue Code Section 457. The plan, available to all full-time MLGW employees, permits them to defer a portion of their salaries until future years. The deferred compensation paid through payroll deduction is not available to employees until termination, retirement, death, or unforeseeable emergency.

The plan provides that assets or income of the plan shall be used for the exclusive purpose of providing benefits for participants and their beneficiaries or defraying reasonable expenses of administration of the plan. Since the assets of the amended plan are held in custodial and annuity accounts for the exclusive benefit of plan participants, the related assets of the plan are not reflected in MLGW's Statements of Net Position.



10. Employee Retirement System

Plan Description

Memphis Light, Gas and Water Retirement and Pension System (the "MLGW Pension Plan") is a single employer defined benefit pension plan administered by the MLGW Pension Board. The plan covers permanent, full-time employees and appointed commissioners who opt to participate. MLGW issues a separate audited financial report for the MLGW Pension Plan that includes financial statements and required supplementary information. That report may be obtained at www.mlgw.com.

Benefits Provided

The MLGW Pension Plan provides death and disability benefits as well as retirement benefits. MLGW Pension Plan members hired prior to January 1, 2014 who attain the age of fifty-five and retire on or after ten years of creditable service, or attain the age of seventy and retire on or after five years of creditable service, or attain twenty-five years of creditable service regardless of age are entitled to an annual retirement allowance computed by multiplying the applicable percentage for the age of retirement times the number of years of creditable service, which equals the benefit percentage, times the final average compensation.

MLGW Pension Plan members hired on or after January 1, 2014 who attain the age of sixty and retire on or after ten years of creditable service, or attain the age of seventy and retire on or after five years of creditable service, or attain the age of fifty-five with twenty-five years of creditable service are entitled to an annual retirement allowance computed by multiplying the applicable percentage for the age of retirement times the number of years of creditable service, which equals the benefit percentage, times the final average compensation.

Effective January 1, 2001, the following table is the applicable benefit percentage for each year of creditable service at the applicable retirement age under the MLGW Pension Plan:

	Benefit Percentage For Each Year of
Retirement Age	Creditable Service
59 1/2 and less	2.25%
60	2.30%
61	2.40%
62 and older	2.50%



10. Employee Retirement System (continued)

Benefits Provided (continued)

Final average compensation is the member's basic earnings (which includes member contributions pursuant to Section 414(h) and Section 457 of the Internal Revenue Code (the "Code") for the three consecutive years of creditable service if less than 30 years, two consecutive years if more than 30 years and one year if 35 or more years of creditable service during which the compensation was the highest) plus work out of classification pay, shift differential pay, and automobile allowance for such employees designated by Resolution of the Board of Commissioners.

The annual retirement allowance shall not exceed 85% of the member's final average compensation. Effective January 1, 2022, the minimum monthly retirement benefit for all members is the greater of \$60 per year of service or \$600 per month.

Cost of Living Adjustments

As of July 1, of each plan year, each retired participant who (1) has attained age 56 on such date and (2) has been terminated from the employment of the Division for at least one year, shall be entitled to an increase in the amount of his monthly benefit under the MLGW Pension Plan equal to the cost-of-living adjustment.

A surviving spouse or handicapped child receiving death benefits shall be entitled to a cost-of-living adjustment if the surviving spouse or handicapped child has attained age 56 and the deceased participant has separated from service at least one year prior to July 1.

The cost-of-living adjustment shall be equal to the product of the monthly benefit payable to the participant, the surviving spouse, or handicapped child under the MLGW Pension Plan for the immediately preceding plan year multiplied by the applicable percentage increase in the Consumer Price Index (CPI) for the immediately preceding calendar year.

The applicable percentage increase shall be determined based on the age of the participant, surviving spouse, or handicapped child as of the first day of July of the plan year in which the adjustment is made as follows:

	Percentage of
Age	CPI Increase
56-58	30%
59-61	60%
62 and older, and all Disabled Participants	75%



10. Employee Retirement System (continued)

Cost of Living Adjustments (continued)

The cost-of-living adjustment for any retired participant, surviving spouse, or handicapped child in any plan year shall not exceed 5% of the retired participant's, surviving spouses or handicapped child's benefit under the MLGW Pension Plan for the immediately preceding plan year. Under no circumstances shall the cost-of-living adjustment result in a decrease in the benefit of a retired participant, surviving spouse, or handicapped child.

Net Pension Liability (Asset)

The net pension liability (asset) is the difference between the actuarial present value of projected pension benefit payments attributable to employees' past service and the Plan's fiduciary net position. For 2024, MLGW's net pension liability was measured as of December 31, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2024.

For 2023, MLGW's net pension liability (asset) was measured as of December 31, 2022 and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of January 1, 2023.

Employees Covered

Plan membership consisted of the following participants as of December 31, 2023 and 2022:

	2023	2022
Retirees and beneficiaries receiving benefits	2,751	2,717
Participants inactive during year ended		
December 31 with vested rights	33	31
Active members fully vested	971	1,021
Active members not vested	1,453	1,395
Total	5,208	5,164



10. Employee Retirement System (continued)

Contributions

The contribution requirements of pension plan members and MLGW are established and may be amended and approved by the MLGW Pension Board, the MLGW Board of Commissioners and the Memphis City Council. Pension plan members are required to contribute 8% of their annual covered salary. Under Article III, Section 3.2 of the pension plan, MLGW shall contribute to the pension fund such amounts as from time to time are estimated by the actuary. MLGW also funds the 8% pension plan member's contributions on behalf of the president and vice presidents. For 2023, MLGW contributed 10.71% of the annual covered payroll. Employer contributions recognized by the MLGW Pension Plan during 2023 totaled \$20,474. For 2022, MLGW contributed 11.34% of the annual covered payroll. Employer contributions recognized by 20,941.

Actuarial Assumptions

The actuarially determined contribution (ADC) is calculated using a January 1 valuation date as of the beginning of the fiscal year prior to the year in which contributions are reported. Therefore, the ADC for the year ended December 31, 2023 is based on the January 1, 2022 actuarial valuation.

The actuarial assumptions used in the valuation as of January 1, 2024 are based on the results of an experience study for the period January 1, 2014 to December 31, 2018.

Inflation	2.50%
Salary increases	Inflation plus merit increases that vary by age and service, ranging from 0.00% to 8.50%
Investment rate of return	7.00% including inflation, net of pension plan investment expenses
Cost-of-living	0.75% for ages 56-58
adjustments	1.50% for ages 59-61
	1.875% for ages 62 and older, and all disabled participants


Actuarial Assumptions (continued)

The ADC for the year ended December 31, 2022 is based on the January 1, 2021 actuarial valuation. The actuarial assumptions used in the valuation as of January 1, 2023 are based on the results of an experience study for the period January 1, 2014 to December 31, 2018.

Inflation	2.50%
Salary increases	Inflation plus merit increases that vary by age and service, ranging from 0.00% to 8.50%
Investment rate of return	7.00% including inflation, net of investment expenses
Cost-of-living	0.75% for ages 56-58
adjustments	1.50% for ages 59-61
	1.875% for ages 62 and older, and all disabled participants

Pre-retirement mortality rates are based on the PRI-2012 Employee Mortality Table. Healthy annuitant mortality rates are based on 120% of PRI-2012 Healthy Annuitant Mortality Table. Disabled annuitant mortality rates are based on 120% of PRI-2012 Disabled Retiree Mortality Table. Beneficiaries are based on 120% of PRI-2012 Contingent Survivor Mortality Table. All mortality tables above are projected generationally with Scale SSA-2019.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.



Actuarial Assumptions (continued)

The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table as of December 31, 2023:

	Target	Long-Term Expected
Asset Class	Allocation	Real Rate of Return
Domestic Equity	35%	6.49%
International Equity	9%	7.02%
Fixed Income	24%	1.99%
Alternatives	15%	7.49%
Real Estate	15%	3.29%
Short Term Investments	2%	0.89%
Total	100%	

The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table as of December 31, 2022:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	35%	6.91%
International Equity	9%	7.21%
Fixed Income	24%	1.61%
Alternatives	15%	7.71%
Real Estate	15%	3.61%
Short Term Investments	2%	0.71%
Total	100%	



Discount Rate

The discount rate used to measure the total pension liability is 7.00% as of December 31, 2023 and 2022. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current 8.00% of pay contribution rate and that MLGW contributions will equal the actuarially determined contribution. For this purpose, only employee and employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, the MLGW Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of December 31, 2023 and 2022.

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following table presents the net pension liability (asset) of MLGW as of December 31, 2023, calculated using the discount rate of 7.00%, as well as what MLGW's net pension liability (asset) would be if it were calculated using a discount rate that is one percentage-point lower (6.00%) or one percentage-point higher (8.00%) than the current rate:

	Current					
	1% Decrease Discount Rate 1%			1% Increase		
		(6.00%)	((7.00%)		8.00%)
Net pension liability (asset) as of December 31, 2023	\$	421,785	\$	227,799	\$	64,708

The following table presents the net pension liability (asset) of MLGW as of December 31, 2022, calculated using the discount rate of 7.00%, as well as what MLGW's net pension liability (asset) would be if it were calculated using a discount rate that is one percentage-point lower (6.00%) or one percentage-point higher (8.00%) than the current rate:

			(Current		
	1% Decrease Discount Rate 1% Inc			Increase		
		(6.00%)	(7.00%)	(8	6.00%)
Net pension liability (asset) as of December 31, 2022	\$	353,780	\$	166,887	\$	9,877



Pension Plan's Fiduciary Net Position

Detailed information about the MLGW Pension Plan's fiduciary net position is available in the separately issued plan financial statements. For purposes of measuring the net pension liability, all information about the pension plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position have been determined on the same basis as they are reported by the MLGW Pension Plan.

The MLGW Pension Plan's financial statements are prepared using the accrual basis of accounting in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board. Investments are stated at fair value. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the terms of the plan.

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Net Pension Liability (Asset)

The following table presents the Changes in Net Pension Liability (Asset) for the year-ended December 31, 2023.

	Increase (Decrease)				
	Total Pension		Fiduciary		t Pension
	Liability	Ne	t Position		ility (Asset)
Balance at December 31, 2022	(a) \$ 1,718,979	\$	(b) 1,552,092	\$	(a)-(b) 166,887
Balance at December 51, 2022	\$ 1,/10,9/9	Ф	1,332,092	Ф	100,007
Changes for the Year:					
Service Costs	36,221				36,221
Interest	118,226				118,226
Changes of Benefit Terms	-				-
Differences Between Expected and Actual Experience	51,235				51,235
Changes of Assumptions	-				-
Contributions – Employer			20,474		(20,474)
Contributions – Employee			15,216		(15,216)
Net Investment Income			110,038		(110,038)
Benefit Payments / Refunds	(132,517)		(132,517)		
Administrative Expenses			(958)		958
Net Change	\$ 73,165	\$	12,253	\$	60,912
Balance at December 31, 2023	\$ 1,792,144	\$	1,564,345	\$	227,799



Net Pension Liability (Asset)

The following table presents the Changes in Net Pension Liability (Asset) for the year-ended December 31, 2022.

	Total Pension Liability	Increase (Decrease Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at December 31, 2021	(a) \$ 1,643,128	(b) \$ 1,843,901	(a)-(b) \$ (200,773)
Changes for the Year:	¢ 1,010,120	¢ 1,010,701	¢ (200,775)
Service Costs	34,220		34,220
Interest	113,017		113,017
Differences Between Expected and Actual Experience	54,247		54,247
Changes of Assumptions	-		-
Contributions – Employer		20,941	(20,941)
Contributions – Employee		14,657	(14,657)
Net Investment Income		(200,888)	200,888
Benefit Payments / Refunds	(125,633)	(125,633)	
Administrative Expenses		(886)	886
Net Change	\$ 75,851	\$ (291,809)	\$ 367,660
Balance at December 31, 2022	\$ 1,718,979	\$ 1,552,092	\$ 166,887



Pension Expense

The following table presents the pension expense for the year-ended December 31, 2024 and 2023.

	 2024	2023
Service cost	\$ 36,221	\$ 34,220
Interest on Total Pension Liability	118,226	113,017
Employee contributions	(15,216)	(14,657)
Adminstrative Expenses	958	886
Expected return on assets	(105,224)	(125,891)
Expensed portion of current year period differences between expected and actual experience in Total Pension Liability	10,247	10,849
Expensed portion of current year period assumptions changes	-	-
Changes of Benefit Terms	-	-
Expensed portion of current year period differences between projected and actual investment earnings	(963)	65,356
Current year recognition of deferred inflows and outflows established in prior years	14,817	(30,479)
Total expense	\$ 59,066	\$ 53,301



Projected Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

The following table presents the projected deferred outflows of resources and deferred inflows of resources related to pension for the year-ended December 31, 2024.

	Deferred Outflows of Resources	Deferred Inflows of Resources		
Contributions subsequent to measurement date	\$ 28,688	\$ -		
Net difference between projected and actual earnings on pension plan investments	122,102	-		
Net difference between projected and actual experience in Total Pension Liability	79,659	(840)		
Assumption changes	20,110	(29)		
Total	\$ 250,559	\$ (869)		

Note: The \$28,688 contribution made subsequent to the measurement date will be recognized as a reduction of the net pension liability in 2025.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	
2025	\$ 50,591
2026	67,904
2027	93,222
2028	9,284
Thereafter	-



Projected Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (continued)

The following table presents the projected deferred outflows of resources and deferred inflows of resources related to pension for the year-ended December 31, 2023.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to measurement date	\$ 20,474	\$ -
Net difference between projected and actual earnings on pension plan investments	120,919	-
Net difference between projected and actual experience in Total Pension Liability	52,688	(1,680)
Assumption changes	26,813	(58)
Total	\$ 220,894	\$ (1,738)

Note: The \$20,474 contribution made subsequent to the measurement date will be recognized as a reduction of the net pension liability in 2024.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	
2024	\$ 14,816
2025	41,307
2026	58,620
2027	83,938
Thereafter	-



11. Other Postemployment Benefits

The Memphis Light, Gas and Water Division OPEB Trust ("OPEB Trust") was established for the exclusive benefit of MLGW's retired employees and their dependents (who meet the eligibility requirements) to fund the postemployment benefits provided through the health and welfare benefit plan. Amounts contributed to the OPEB Trust by MLGW are held in trust and are irrevocable and are for the sole and exclusive purpose of funding health and welfare benefits of the eligible participants, and the cost of operating and administering the OPEB Trust. The OPEB Trust is administered by the MLGW OPEB Trust Investment Committee.

MLGW issues a separate audited financial report for the OPEB Trust that includes financial statements and required supplementary information. That report may be obtained at www.mlgw.com.

Plan Description

Memphis Light, Gas and Water Division, by resolution of its Board of Commissioners, has established, adopted, and maintains a medical benefits (health and welfare) plan (the "Plan") for its retired employees and their eligible dependents. The Plan is a single employer defined benefit healthcare plan administered by MLGW.

The Board of Commissioners of Memphis Light, Gas and Water Division serves as the "Trustee" and establishes the policies of the MLGW OPEB Trust. The Trustee shall fulfill the duties of the fiduciary responsible for MLGW OPEB Trust's administration and shall have overall control of the administration of the OPEB Trust, with all powers and discretion necessary to enable it to properly carry out its duties. The Trustee delegated the responsibility and authority to administer the assets of the OPEB Trust to the OPEB Trust Investment Committee.

The OPEB Trust Investment Committee is comprised of one member of the Board of Commissioners of the Division (who serves as Chairman), the President and CEO of the Division, the Vice President, CFO and Secretary-Treasurer of the Division, two Employee Members, one Retiree Member, and one Citizen Member.

The Plan provides postemployment coverage for health care, life insurance, accident/death and dismemberment (AD&D), medical, and prescription drugs to eligible retirees and their dependents. Benefits are payable to retirees and their spouses for their lifetime. Qualified dependents continue to receive benefits as long as they are qualified under the Plan. Dental, dependent life insurance, cancer, accident, and long-term care benefits are available, but are 100% paid by the retiree.

Employees retired under the MLGW Retirement and Pension Plan or disabled with five years of service at any age or disabled in the line of duty at any age with no years of service restriction, are eligible for OPEB benefits. Health care benefits are also offered to qualifying survivors of active employees who are eligible to retire at the time of death.



Plan Description (continued)

Members of the Plan consisted of the following at December 31, 2023 (valuation date):

	Medical	Life
Retired members currently receiving benefits	2,039	2,039
Beneficiaries currently receiving benefits	1,679	-
Vested terminated members entitled to, but not yet receiving benefits	-	-
Active members	2,424	2,424
Total	6,142	4,463

Funding Policy and Contributions

The contribution requirements of plan members and MLGW are established and may be amended by the MLGW Board of Commissioners. Contribution rates for retired plan members and beneficiaries currently receiving benefits are periodically reset and are currently at 25% of costs for medical and drug benefits. For life insurance and AD&D, retirees contribute 40% of the cost.

The Board of Commissioners has set the employer contribution rate based on the Actuarially Determined Contribution ("ADC"). The ADC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities of the plan over a period not to exceed thirty years. The ADC is based on the prior year's valuation, then adjusted forward at an assumed payroll growth rate.

MLGW contributed \$40,806 and \$40,136 for the years ended December 31, 2024 and 2023, respectively to the OPEB Trust.

Actuarial Assumptions

The actuarial assumptions used in the December 31, 2023 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018. The plan's measurement date is December 31, 2023.



	Actuarial	Assum	ptions	(continued)
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Inflation	2.50%
Salary increases	Inflation plus merit increases based on age and service
Discount Rate	7.00%
Healthcare costs trend rates	
Medical	7.00% grading to 4.50% over 10 years
Prescription drug	8.00% grading to 4.50% over 14 years
Administrative costs	3.00%
Mortality rates	PRI-2012 Healthy Annuitant Mortality Table, Headcount-Weighted, for males and females, as appropriate, with adjustments for mortality improvement using Scale SSA-2019.

Pre-retirement mortality rates are based on PRI-2012 Employee Mortality Table with sex-distinct rates. Healthy annuitant mortality rates are based on the PRI-2012 Healthy Annuitant Mortality Table with sexdistinct rates, plus a 20% load. Disabled annuitant mortality rates are based on PRI-2012 Disabled Retiree Mortality Table with sex-distinct rates, plus a 20% load. Beneficiaries' mortality rates are based on PRI-2012 Contingent Survivor Mortality Table with sex-distinct rates, plus 20% load. All mortality tables above are Headcount-Weighted and projected generationally with Scale SSA-2019.

Investment Rates of Return

The long-term expected rate of return on OPEB plan investments was determined using a building block method in which best estimate ranges of expected future rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and subtracting expected investment expenses.

The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table as of December 31, 2023:



Investment Rates of Return (continued)

	Target	Long-Term Expected
Asset Class	Allocation	Real Rate of Return
Domestic Equity	35.00%	6.60%
International Equity	12.00%	6.70%
Fixed Income	21.50%	1.80%
Alternatives	15.50%	7.60%
Real Estate	15.00%	3.40%
Short Term Investments	1.00%	1.00%
Total	100.00%	-

The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table as of December 31, 2022:

	Target	Long-Term Expected
Asset Class	Allocation	Real Rate of Return
Domestic Equity	35.00%	6.91%
International Equity	12.00%	7.21%
Fixed Income	21.50%	1.61%
Alternatives	15.50%	7.71%
Real Estate	15.00%	3.61%
Short Term Investments	1.00%	0.71%
Total	100.00%	_

Discount Rate

The discount rate used to measure the Total OPEB Liability (TOL) was 7.00% as of December 31, 2023 and December 31, 2022. The projection of cash flows used to determine the discount rate assumed that MLGW contributions would be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on these assumptions, the OPEB Plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL as of both December 31, 2023 and December 31, 2022 using the discount rate.



Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Cost Trend

The following presents the Net OPEB Liability (NOL) of MLGW as of December 31, 2023, calculated using the discount rate of 7.00%, as well as what the Division's NOL would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage point higher (8.00%) than the current rate. Also, shown is the NOL as if it were calculated using healthcare cost trend rates that were 1-percentage point lower or 1-percentage point higher than the current healthcare trend rates:

			(Current		
	1%	Decrease	Disc	count Rate	1%	6 Increase
	(6.00%)	(7.00%)		(8.00%)
Net OPEB Liability (Asset)	\$	242,029	\$	129,051	\$	36,414
	1% I	Decrease in	Cur	rent Health	1%	Increase in
	Healt	h Care Cost	С	are Cost	Heal	th Care Cost
	Tre	end Rates	Tre	end Rates	Tr	end Rates
Net OPEB Liability (Asset)	\$	39,656	\$	129,051	\$	238,968

The following presents the Net OPEB Liability (NOL) of MLGW as of December 31, 2022, calculated using the discount rate of 7.00%, as well as what the Division's NOL would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage point higher (8.00%) than the current rate. Also, shown is the NOL as if it were calculated using healthcare cost trend rates that were 1-percentage point lower or 1-percentage point higher than the current healthcare trend rates:

	1%	6 Decrease	Curi	rent Discount	19	% Increase
		(6.00%)	Ra	nte (7.00%)		(8.00%)
Net OPEB Liability (Asset)	\$	341,939	\$	226,685	\$	131,784
	1%	Decrease in	Cu	rrent Health	1%	o Increase in
	Heal	lth Care Cost	Care	e Cost Trend	Hea	lth Care Cost
	Trend Rates		Rates	T	rend Rates	
Net OPEB Liability (Asset)	\$	127,381	\$	226,685	\$	348,993



OPEB Plan's Fiduciary Net Position

Detailed information about the MLGW OPEB Trust's fiduciary net position is available in the separately issued plan financial statements. For purposes of measuring the NOL, all information about the OPEB plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position have been determined on the same basis as they are reported by the MLGW OPEB Trust.

The MLGW OPEB Trust's financial statements are prepared using the accrual basis of accounting in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board. Investments are stated at fair value. Benefit payments are recognized when due and payable in accordance with the terms of the plan.

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Net OPEB Liability

The following table presents the Changes in Net OPEB Liability for the year-ended December 31, 2023.

	Total OPEB Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balance at December 31, 2022	(a) \$ 861,575	\$ 634,890	\$ 226,685
Changes for the Year:			
Service Costs	18,547	-	18,547
Interest	60,267	-	60,267
Differences Between Expected and Actual Experience	8,924	-	8,924
Contributions – Employer	-	40,136	(40,136)
Net Investment Income	-	62,043	(62,043)
Changes of Assumptions	(83,193)	-	(83,193)
Benefit Payments / Refunds	(38,406)	(38,406)	-
Administrative Expenses	(594)	(594)	
Net Change	\$ (34,455)	\$ 63,179	\$ (97,634)
Balance at December 31, 2023	\$ 827,120	\$ 698,069	\$ 129,051



Net OPEB Liability (continued)

Plan Changes Since Prior Valuation

Benefit Changes:

• There were no material changes in benefit provisions.

Assumption changes:

Effective with the December 31, 2023 measurement, the following assumptions were changed:

- Healthcare claims cost and trend rates were updated to reflect the most recent experience and future expectations.
- The actuarial factors used to estimate individual retiree and spouse costs by age and by gender were updated. The new factors are based on a review of historical claims experience by age, gender, and status (active vs retired) from Segal's claims data warehouse.

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Net OPEB Liability (continued)

The following table presents the Changes in Net OPEB Liability for the year-ended December 31, 2022.

	Total OPEB Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balance at December 31, 2021	\$ 825,452	\$ 704,348	\$ 121,104
Changes for the Year:			
Service Costs	18,094	-	18,094
Interest	57,870	-	57,870
Differences Between Expected and Actual Experience	(5,593)	-	(5,593)
Contributions – Employer	-	38,381	(38,381)
Net Investment Income Changes of Assumptions	-	(73,591)	73,591
Benefit Payments / Refunds	(33,805)	(33,805)	-
Administrative Expenses	(443)	(443)	
Net Change	\$ 36,123	\$ (69,458)	\$ 105,581
Balance at December 31, 2022	\$ 861,575	\$ 634,890	\$ 226,685



Net OPEB Liability (continued)

Plan Changes Since Prior Valuation

Benefit Changes:

• There were no material changes in benefit provisions.

Assumption changes:

• There were no material changes in assumptions.

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OPEB Expense

The following table presents the OPEB expense for the year-ended December 31, 2024 and 2023.

	2024	2023
Service cost	\$ 18,547	\$ 18,094
Interest on the Total OPEB Liability	60,267	57,870
Expensed portion of current-period difference between expected and actual experience in the Total OPEB Liability	1,784	(932)
Expensed portion of current-period changes of assumptions or other inputs	(16,638)	-
Projected earnings on plan investments	(44,482)	(49,449)
Expensed portion of current-period differences between actual and projected earnings on plan investments	(3,512)	24,608
Recognition of beginning of year deferred outflows of resources as OPEB expense	34,377	19,685
Recognition of beginning of year deferred inflows of resources as OPEB expense	(41,110)	(73,573)
Total OPEB expense	\$ 9,233	\$ (3,697)

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Projected Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The following table presents the projected deferred outflows of resources and deferred inflows of resources related to OPEB for the year-ended December 31, 2024.

	Deferred Outflows of	Deferred Inflows of
Contributions subsequent to measurement date	Resources \$ 40,806	Resources \$ -
Changes of assumptions or other inputs	15,434	(74,318)
Net difference between projected and actual earnings on OPEB plan investments	24,812	-
Difference between expected and actual experience in the Total OPEB Liability Total	<u> </u>	(5,092) \$ (79,410)

NOTE: \$40,806 contribution made subsequent to the measurement date will be recognized as a reduction of net OPEB liability in 2025.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31:

2025	\$ (15,665)
2026	(825)
2027	12,521
2028	(19,298)
2029	-
Thereafter	-



Projected Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

The following table presents the projected deferred outflows of resources and deferred inflows of resources related to OPEB for the year-ended December 31, 2023.

	Deferred Outflows of Resources			eferred flows of esources
Contributions subsequent to measurement date	\$	40,136	\$	-
Changes of assumptions or other inputs		20,579		(15,528)
Net difference between projected and actual earnings on OPEB plan investments		32,258		-
Difference between expected and actual experience in the Total OPEB Liability Total	\$	13,384 106,357	\$	(7,229) (22,757)

NOTE: \$40,136 contribution made subsequent to the measurement date will be recognized as a reduction of net OPEB liability in 2024.

Year Ended December 31:

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

 2024
 \$ (6,732)

 2025
 2,701

 2026
 17,541

 2027
 30,887

 2028
 (932)

 Thereafter



12. Pollution Remediation Obligation

MLGW has contracts with state licensed environmental remediation companies. The liabilities to remove asbestos, mold and lead from various substations and equipment because of imminent danger were derived from the environmental remediation contractor's estimate. These estimates assume no expected change orders.

MLGW annually evaluates current conditions, remediation plan updates and changes in legal or regulatory requirements to revise MLGW's estimated liability. Regulatory accounts are used to capture the net effect of the changes in estimates for each Division. See Note 1 (Regulatory Accounting).

The schedule below shows the balances as of December 31, 2024 and 2023 for the lead pollution liability from various substations and equipment by Division:

	2024	2023
Electric		
Lead	\$ 573	\$ 653
Total Electric	573	653
Gas		
Soil	295	945
Lead	220	251
Total Gas	515	1,196
Water		
Lead	162	909
Total Water	162	909
Total Liability	\$ 1,250	\$ 2,758



13. Risk Management

MLGW is exposed to various risks of loss related to active and retiree medical claims; injuries to workers; torts; theft of, damage to, and destruction of assets; errors and omissions; environmental damages; and natural disasters. There were no settlements in excess of the insurance coverage in any of the last three prior fiscal years.

MLGW is self-insured for health and medical benefits and for injuries and damages including workers compensation and general liability claims. The Tennessee Governmental Tort Liability Act, TCA 29-20-101, et al, (the "Act") applies to all tort actions against MLGW arising in the state of Tennessee. The Act establishes statutory limits of liability and MLGW is immune from any award or judgment for death, bodily injury or property damage in excess of the limits as set forth in the Act.

Pursuant to the Act, the current limits of liability for personal injuries are \$300 per person and \$700 for two or more persons per occurrence. The liability for property damage is limited to \$100 per occurrence.

MLGW purchases insurance to address the risks of loss associated with the following: property damage; employee travel; out-of-state automobile travel; employee dishonesty; forgery; computer fraud; counterfeiting; damage to leased or rented equipment; and worker injuries exceeding MLGW's retained risk of loss.

MLGW has established insurance reserves for the estimated liabilities, including an accrual for incurred but not reported claims, resulting from medical benefits and injuries and damages claims as established by a third-party administrator and MLGW's Legal Department. The medical benefits reserve and the costs and charges to the reserve are allocated to each division based on a standard administrative and general cost allocation.

MLGW is party to various lawsuits filed against it in the normal course of business (see Note 18).

The changes in the self-insurance reserves for medical benefits and injuries and damages for the years ended December 31, 2024 and 2023 are as follows:

		Medical Benefits				In	juries	and Damag	es		
	Electric Gas Water Division Division Division					 lectric ivision		Gas ivision		Water ivision	
Balance December 31, 2022 Payments Incurred claims expense	\$	10,161 (44,984) 43,156	\$	4,635 (20,519) 19,685	\$	3,030 (13,416) 12,871	\$ 4,933 (1,827) 3,037	\$	4,893 (754) 1,089	\$	1,745 (488) 218
Balance December 31, 2023 Payments Incurred claims expense		8,333 (44,951) 39,482		3,801 (20,504) 18,010		2,485 (13,406) 11,775	\$ 6,143 (1,872) 637	\$	5,228 (449) (65)	\$	1,475 (711) 505
Balance December 31, 2024	\$	2,864	\$	1,307	\$	854	\$ 4,908	\$	4,714	\$	1,269



14. Bonds

Bonds as of December 31, 2024 and 2023 consist of the following:

	Interest Rates	2024			2023
Electric Division:					
Electric System Revenue Bonds:					
Series 2014, due serially 2023-2024	4.00 - 5.00%	\$	-	\$	22,445
Series 2016, due serially 2023-2036	4.00 - 5.00%		28,235		29,950
Series 2017, due serially 2023-2037	3.50 - 5.00%		67,285		71,005
Series 2020A, due serially 2023-2050	3.00 - 5.00%		137,355		140,195
Series 2020B, due serially 2023-2034	0.88 - 1.97%		27,200		27,655
Series 2024, due serially 2023-2053	4.25 - 5.00%		180,000		-
Series 2024, due serially 2023-2029	5.00 - 5.00%		17,880		-
Premium on revenue bonds			47,417		33,121
Total			505,372		324,371
Less: current portion of bonds payable			(15,105)		(12,045)
		\$	490,267	\$	312,326
Gas Division: Gas System Revenue Bonds: Series 2016, due serially 2023-2036 Series 2017, due serially 2023-2037 Series 2020, due serially 2023-2050	4.00 - 5.00% 4.00 - 5.00% 3.00 - 5.00%	\$	28,235 30,045 58,470	\$	29,950 31,675 59,680
Premium on revenue bonds			15,485		17,072
Total			132,235		138,377
Less: current portion of bonds payable		\$	(4,780)	¢	(4,555)
Water Division:			127,455	\$	133,822
Water Division. Water System Revenue Bonds:					
Series 2014, due serially 2023-2034	3.00 - 4.00%	\$	8,785	\$	9,500
Series 2014, due serially 2023-2034 Series 2016, due serially 2023-2036	2.00 - 4.00%	Ψ	20,135	φ	21,490
Series 2017, due serially 2023-2030 Series 2017, due serially 2023-2037	3.00 - 5.00%		18,360		19,400
Series 2020, due serially 2023-2057 Series 2020, due serially 2023-2050	3.00 - 5.00%		63,065		64,380
Premium on revenue bonds	5.00 5.0070		12,046		13,108
Total			122,391		127,878
Less: current portion of bonds payable			(4,595)		(4,425)
		\$	117,796	\$	123,453

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Principal payments on bonds are due annually on December 1. Debt service requirements as of December 31, 2024 are as follows:

	Electric Division					
	<u>P</u>	<u>rincipal</u>	<u>I</u> ı	nterest		
2025	\$	15,105	\$	19,549		
2026	Ψ	15,845	Ψ	18,812		
2027		16,615		18,037		
2028		17,430		17,225		
2029		18,290		16,370		
2030-2034		104,725		69,513		
2035-2039		74,745		50,723		
2040-2044		61,300		38,102		
2045-2049		75,990		23,414		
2050-2054		57,910		7,812		
Total	\$	457,955	\$	279,557		
		Gas D	ivisio	<u>n</u>		
	<u>P</u>	<u>Gas D</u> rincipal		<u>n</u> nterest		
2025		rincipal	<u>I</u> 1	<u>nterest</u>		
2025	<u>P</u> \$	<u>rincipal</u> 4,780		<u>nterest</u> 4,932		
2026		<u>rincipal</u> 4,780 5,020	<u>I</u> 1	<u>nte rest</u> 4,932 4,693		
2026 2027		rincipal 4,780 5,020 5,270	<u>I</u> 1	nterest 4,932 4,693 4,442		
2026 2027 2028		rincipal 4,780 5,020 5,270 5,535	<u>I</u> 1	nte rest 4,932 4,693 4,442 4,179		
2026 2027 2028 2029		rincipal 4,780 5,020 5,270 5,535 5,805	<u>I</u> 1	<u>4,932</u> 4,693 4,442 4,179 3,902		
2026 2027 2028 2029 2030-2034		rincipal 4,780 5,020 5,270 5,535 5,805 33,535	<u>I</u> 1	<u>nterest</u> 4,932 4,693 4,442 4,179 3,902 15,027		
2026 2027 2028 2029 2030-2034 2035-2039		rincipal 4,780 5,020 5,270 5,535 5,805 33,535 25,270	<u>I</u> 1	<u>4,932</u> 4,693 4,442 4,179 3,902 15,027 7,984		
2026 2027 2028 2029 2030-2034 2035-2039 2040-2044		tincipal 4,780 5,020 5,270 5,535 5,805 33,535 25,270 12,750	<u>I</u> 1	<u>nterest</u> 4,932 4,693 4,442 4,179 3,902 15,027 7,984 5,169		
2026 2027 2028 2029 2030-2034 2035-2039 2040-2044 2045-2049		4,780 5,020 5,270 5,535 5,805 33,535 25,270 12,750 15,340	<u>I</u> 1	4,932 4,693 4,442 4,179 3,902 15,027 7,984 5,169 2,577		
2026 2027 2028 2029 2030-2034 2035-2039 2040-2044		tincipal 4,780 5,020 5,270 5,535 5,805 33,535 25,270 12,750	<u>I</u> 1	<u>nterest</u> 4,932 4,693 4,442 4,179 3,902 15,027 7,984 5,169		



		Water Division				
	Pri	Principal		te rest		
2025	\$	4,595	\$	4,125		
2026		4,785		3,930		
2027		4,970		3,749		
2028		5,195		3,524		
2029		5,420		3,300		
2030-2034		30,680		12,914		
2035-2039		20,955		7,503		
2040-2044		13,845		5,099		
2045-2049		16,255		2,698		
2050		3,645		145		
Total	\$	\$ 110,345 \$ 4				

MLGW, at its option, may redeem bonds prior to maturity at premiums and prices specified in the indentures.

Bonds are secured by the pledge of the respective division's revenues, by funds established by the bond resolutions and, in certain circumstances, proceeds from the sale of certain division assets.

Upon the occurrence of an Event of Default and upon the request of the holders of not less than twenty-five percent (25%) of then Outstanding Senior Lien Revenue Obligations, the Paying Agent shall, in addition to all other remedies and rights upon or under the Resolution, have the right, by appropriate proceedings in any court of competent jurisdiction, to obtain the appointment of a receiver for the System, which receiver may enter upon and take possession of the System, operate and maintain the System, fix rates and collect all revenue arising therefrom in as full a manner and to the same extent as MLGW itself might do.

MLGW pledges revenues to ensure the repayment of all outstanding revenue bonds. These bonds' proceeds are used for capital improvement and replacement programs and repayment come from and is collateralized by MLGW's sales and service revenues. These revenues are pledged through 2050 at an approximate amount of \$204,639. The proportion of the future pledged revenues to future revenues is not estimable as annual total revenues fluctuate.



Principal and interest, pledged revenues after operating and maintenance expenses, and the coverage ratio for each division for the period ending December 31, 2024 are as follows:

	Electric Division		Gas	Water Division			
			ivision				
Debt Service	\$	25,498	\$ 9,713	\$	8,719		
Net Pledge Revenue	\$	174,473	\$ 52,995	\$	36,959		
Coverage Ratio		6.84	5.46		4.24		

The estimated fair value of long-term debt for the Electric, Gas, and Water Divisions based on quoted market prices (including accrued interest) are as follows as of December 31, 2024 and 2023:

	2024	2023			
Electric Division	\$ 465,083	\$ 317,025			
	2024	2023			
Gas Division	\$ 117,369	\$ 126,891			
	2024	2023			
Water Division	\$ 105,969	\$ 114,952			

During 2024, the Electric Division issued \$180,000,000 in Revenue Bonds to finance the costs of acquiring, expanding and/or improving the Electric System and to pay certain costs of issuance with respect to the Series 2024 Electric Division Bonds. The Electric Division also issued \$17,800,000 in Revenue Refunding Bonds to advance refund the remaining outstanding Electric System Revenue Bonds, Series 2014 (the "Refundable Bonds") and to pay certain costs of issuance with respect to the Series 2024 Electric System Refunding Bonds. In September 2024, the Electric Division defeased the Electric Revenue Bonds, Series 2014 in the amount of \$139,612.76. The first principal payment will be made December 1, 2025, and thereafter will be made annually with a final maturity date of December 1, 2054. The Series 2024 revenue bonds bear interest at annual fixed rates ranging from 4.25% to 5.00%.

During 2020, the Electric Division issued \$148,000 of Series 2020A revenue bonds to finance the costs of acquiring, expanding and/or improving the Electric Division and to pay certain costs of issuance with respect to the Series 2020A Electric Division Bonds. The first principal payment was made December 1, 2021, and thereafter will be made annually with a final maturity date of December 1, 2050. The Series 2020A revenue bonds bear interest at annual fixed rates ranging from 3.00% to 5.00%.



During 2020, the Electric Division issued \$29,000 of Series 2020B revenue refunding bonds to advance refund on a federally taxable basis, a portion of the outstanding Electric System Revenue Bonds, Series 2014 (the "Refundable Bonds") and to pay certain costs of issuance with respect to the Series 2020B Electric System Refunding Bonds. The refunding was undertaken to reduce total future debt service payments. The principal amount of the Refundable Bonds outstanding at December 31, 2020 was \$23,865. The 2020 Series Bonds have a net present value benefit of \$3,362, with a cash savings of \$3,799 over the life of the bonds. The first principal payment was made December 1, 2021, and thereafter will be made annually with a final maturity date of December 1, 2034. The Series 2020B revenue bonds bear interest at annual fixed rates ranging from 0.88% to 1.97%.

During 2020, the Gas Division issued \$63,000 of Series 2020 revenue bonds to finance the costs of acquiring, expanding and/or improving the Gas Division and to pay certain costs of issuance with respect to the Series 2020 Gas Division Bonds. The first principal payment was made December 1, 2021, and thereafter will be made annually with a final maturity date of December 1, 2050. The Series 2020 revenue bonds bear interest at annual fixed rates ranging from 3.00% to 5.00%.

During 2020, the Water Division issued \$68,000 of Series 2020 revenue bonds to finance the costs of acquiring, expanding and/or improving the Water Division and to pay certain costs of issuance with respect to the Series 2020 Water Division Bonds. The first principal payment was made December 1, 2021, and thereafter will be made annually with a final maturity date of December 1, 2050. The Series 2020 revenue bonds bear interest at annual fixed rates ranging from 3.00% to 5.00%.

During 2017, the Electric Division issued \$90,000 of Series 2017 revenue bonds to finance the costs of acquiring, expanding and/or improving the Electric Division and to pay certain costs of issuance with respect to the Series 2017 Electric Division Bonds. The first principal payment was made December 1, 2018, and thereafter will be made annually with a final maturity date of December 1, 2037. The Series 2017 revenue bonds bear interest at annual fixed rates ranging from 3.50% to 5.00%.

During 2017, the Gas Division issued \$40,000 of Series 2017 revenue bonds to finance the costs of acquiring, expanding and/or improving the Gas Division and to pay certain costs of issuance with respect to the Series 2017 Gas Division Bonds. The first principal payment was made December 1, 2018, and thereafter will be made annually with a final maturity date of December 1, 2037. The Series 2017 revenue bonds bear interest at annual fixed rates ranging from 4.00% to 5.00%.

During 2017, the Water Division issued \$25,000 of Series 2017 revenue bonds to finance the costs of acquiring, expanding and/or improving the Water Division and to pay certain costs of issuance with respect to the Series 2017 Water Division Bonds. The first principal payment was made December 1, 2018, and thereafter will be made annually with a final maturity date of December 1, 2037. The Series 2017 revenue bonds bear interest at annual fixed rates ranging from 3.00% to 5.00%.

During 2016, the Electric Division issued \$40,000 of Series 2016 revenue bonds to finance the costs of acquiring, expanding and/or improving the Electric Division and to pay certain costs of issuance with respect to the Series 2016 Electric Division Bonds. The first principal payment was made December 1,



2017, and thereafter will be made annually with a final maturity date of December 1, 2036. The Series 2016 revenue bonds bear interest at annual fixed rates ranging from 4.00% to 5.00%.

During 2016, the Gas Division issued \$40,000 of Series 2016 revenue bonds to finance the costs of acquiring, expanding and/or improving the Gas Division and to pay certain costs of issuance with respect to the Series 2016 Gas Division Bonds. The first principal payment was made December 1, 2017, and thereafter will be made annually with a final maturity date of December 1, 2036. The Series 2016 revenue bonds bear interest at annual fixed rates ranging from 4.00% to 5.00%.

During 2016, the Water Division issued \$30,000 of Series 2016 revenue bonds to finance the costs of acquiring, expanding and/or improving the Water Division and to pay certain costs of issuance with respect to the Series 2016 Water Division Bonds. The first principal payment was made December 1, 2017, and thereafter will be made annually with a final maturity date of December 1, 2036. The Series 2016 revenue bonds bear interest at annual fixed rates ranging from 2.00% to 4.00%.

During 2014, the Water Division issued \$15,000 of Series 2014 revenue bonds to finance the costs of acquiring, expanding and/or improving the Water Division and to pay certain costs of issuance with respect to the Series 2014 Water Division Bonds. The first principal payment was made December 1, 2015, and thereafter will be made annually with a final maturity date of December 1, 2034. The Series 2014 revenue bonds bear interest at annual fixed rates ranging from 3.00% to 4.00%.

MLGW's Electric Division bond covenants require that for Series 2016, 2017, 2020 and 2024 Bonds the ratio of net revenues to principal and interest for any fiscal year will equal at least 120%. The composite electric bonds debt service coverage as of December 31, 2024 was 6.84.

MLGW's Gas Division bond covenants require that for Series 2016, 2017, 2020 and 2024 Bonds the ratio of net revenues to principal and interest for any fiscal year will equal at least 120%. The composite gas bonds debt service coverage as of December 31, 2024 was 5.46.

MLGW's Water Division bond covenants require that for Series 2014, 2016, 2017, 2020 and 2024 Bonds the ratio of net revenues to principal and interest for any fiscal year will equal at least 120%. The composite water bonds debt service coverage as of December 31, 2024 was 4.24.

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Long-term debt activity for the years ended December 31, 2024 and 2023 was as follows:

	Beginning Balance Increases		D	Decreases		Ending Balance		
Year ended December 31, 2024:								
Electric Division								
Bonds payable:								
Revenue bonds	\$	291,250	\$	197,880	\$	(31,175)	\$	457,955
Premium on revenue bonds		33,121		18,281		(3,985)		47,417
Total bonds payable	\$	324,371	\$	216,161	\$	(35,160)	\$	505,372
Gas Division								
Bonds payable:								
Revenue bonds	\$	121,305	\$	-	\$	(4,555)	\$	116,750
Premium on revenue bonds		17,072		-		(1,587)		15,485
Total bonds payable	\$	138,377	\$	-	\$	(6,142)	\$	132,235
Water Division								
Bonds payable:								
Revenue bonds	\$	114,770	\$	-	\$	(4,425)	\$	110,345
Premium on revenue bonds	4	13,108	Ŧ	-	Ŧ	(1,062)	Ŷ	12,046
Total bonds payable	\$	127,878	\$	-	\$	(5,487)	\$	122,391
Year ended December 31, 2023: Electric Division Bonds payable:								
Revenue bonds	\$	302,740	\$	-	\$	(11,490)	\$	291,250
Premium on revenue bonds		36,267		-		(3,146)		33,121
Total bonds payable	\$	339,007	\$	_	\$	(14,636)	\$	324,371
Gas Division								
Bonds payable:								
Revenue bonds	\$	125,640	\$	-	\$	(4,335)	\$	121,305
Premium on revenue bonds		18,730		-		(1,658)		17,072
Total bonds payable	\$	144,370	\$		\$	(5,993)	\$	138,377
Water Division								
Bonds payable:								
Revenue bonds	\$	119,020	\$	-	\$	(4,250)	\$	114,770
Premium on revenue bonds		14,212		-		(1,104)		13,108
Total bonds payable	\$	133,232	\$		\$	(5,354)	\$	127,878



15. Rates and Energy Supplies

Rates

Electric, gas and water rates are established by MLGW and rate changes are subject to approval by the City Council. The City Council has approved mechanisms for pass-through of wholesale electric rate changes from TVA and natural gas price changes from suppliers without requiring additional specific approval.

In the 2024 Budget, MLGW proposed a multi-year service improvement plan, with a focus on reliability improvements, infrastructure replacement and grid modernization. MLGW's Electric Division was granted approval for multi-year rate actions. MLGW implemented new electric rate schedules for meters read on or after January 4, 2024. The impact was a 4.0% increase for all customer classes.

TVA implemented a wholesale rate increase effective with the October 2024 revenue month, increasing the cost of wholesale power (excluding fuel and purchased power) purchased by MLGW by approximately 5.25%. MLGW implemented changes to retail rate schedules effective with meters read on or after October 2, 2024 to pass along increased costs of wholesale power to its retail customers. The retail effect across all customer classes was an increase of approximately 3.0%.

TVA eliminated the TVA Pandemic Relief Credit in October 2023, effectively increasing the cost of wholesale power (excluding fuel and purchased power) purchased by MLGW by approximately 2.5%. MLGW implemented changes to retail rate schedules effective with meters read on or after October 31, 2023 to pass along increased costs of wholesale power to its retail customers. The retail effect across all customer classes was an increase of approximately 1.6%.

TVA implemented a wholesale rate increase effective with the October 2023 revenue month, increasing the cost of wholesale power (excluding fuel and purchased power) purchased by MLGW by approximately 4.5%. MLGW implemented changes to retail rate schedules effective with meters read on or after October 2, 2023 to pass along increased costs of wholesale power to its retail customers. The retail effect across all customer classes was an increase of approximately 2.6%.

As part of the MLGW Five-Year Service Improvement Plan proposed with the 2020 Budget, MLGW's Electric Division was granted approval for multi-year rate actions. The increases will be used primarily to fund the infrastructure improvements as part of the plan. MLGW implemented new electric rate schedules for meters read on or after January 4, 2022. The impact was a 1.5% increase for all customer classes.

As part of the MLGW Five-Year Service Improvement Plan proposed with the 2020 Budget, MLGW's Electric Division was granted approval for multi-year rate actions. The increases will be used primarily to fund the infrastructure improvements as part of the plan. MLGW implemented new electric rate schedules for meters read on or after January 4, 2021. The impact was a 2.7% increase for all customer classes.

TVA implemented a temporary wholesale rate adjustment effective with the November 2020 revenue month, decreasing the cost of wholesale power (excluding fuel and purchased power) purchased by MLGW by approximately 2.5% in response to the COVID-19 pandemic. The TVA Pandemic Relief Credit expired October 2023 revenue month. MLGW implemented changes to retail rate schedules effective with meters



15. Rates and Energy Supplies (continued)

Rates (continued)

read on or after October 29, 2020 to pass along reduced costs of wholesale power to its retail customers. The retail effect across all customer classes was a decrease of approximately 1.6%.

As part of the MLGW Five-Year Service Improvement Plan proposed with the 2020 Budget, MLGW's Electric Division was granted approval for multi-year rate actions. The increases will be used primarily to fund the infrastructure improvements as part of the plan. MLGW implemented new electric rate schedules for meters read on or after July 2, 2020. The impact was a 3.0% increase for all customer classes.

MLGW retail electric rates are adjusted for TVA's Fuel Cost Adjustor ("FCA"). The FCA is a variable wholesale energy rate that can fluctuate each month with TVA's cost of fuel for electricity generation and purchased power costs. The FCA affects energy (per kilowatt-hour) charges for all retail customers.

MLGW retail electric rates are also adjusted by a Power Cost Adjustment ("PCA"). The PCA is a component added to the monthly FCA that recovers the shortfall in power cost due to changes in load factor. The PCA is a quarterly fixed rate adjustment applied to energy charges for retail customers with demands less than 5,000 kilowatts. The PCA was approved on November 19, 2013, by the City Council as part of the 2014 MLGW Budget. MLGW implemented the PCA for meters read on or after January 2, 2014.

MLGW gas rate schedules are developed using a projected price of natural gas and related gas storage and transportation charges. Retail natural gas rates are adjusted monthly for the Purchased Gas Adjustment ("PGA") rider. A PGA is applied to customer bills to reflect the difference between the actual cost of gas, storage and transportation in a given month and the projected levels built into the base rate schedule.

As part of the MLGW Five-Year Service Improvement Plan proposed with the 2020 Budget, MLGW's Gas Division was granted approval for multi-year rate actions. The increases will be used primarily to fund the infrastructure improvements as part of the plan. MLGW implemented new gas rate schedules for meters read on or after January 4, 2022. The impact was a 2.0% increase for all customer classes.

In response to price increases in the natural gas market, MLGW restructured gas rate schedules by increasing the projected base price used for rate development. New retail rate schedules were effective with meters read on or after August 31, 2022. The action was revenue neutral, neither decreasing nor increasing customer bills.

As part of the MLGW Five-Year Service Improvement Plan proposed with the 2020 Budget, MLGW's Water Division was granted approval for multi-year rate actions. The increases will be used primarily to fund the infrastructure improvements as part of the plan. MLGW implemented new water rate schedules for meters read on or after January 4, 2022. The impact was a 5.0% increase for all customer classes. In fiscal year 2021, MLGW implemented new water rate schedules for meters read on or after January 4, 2021. The impact was a 7.0% increase for all customer classes. In fiscal year 2020, MLGW implemented new water rate schedules for meters read on or after January 4, 2021. The impact was a 7.0% increase for all customer classes. In fiscal year 2020, MLGW implemented new water rate schedules for meters read on or after July 2, 2020. The impact was a 15.0% increase for all customer classes.



15. Rates and Energy Supplies (continued)

Energy Supplies

TVA currently supplies all of MLGW's electric power requirements pursuant to a power contract. Under the terms of the TVA power contract, MLGW may terminate its supply arrangement with TVA upon five years' prior written notice. TVA may terminate on not less than ten years' prior written notice.

MLGW purchases natural gas from multiple suppliers on multiple pipelines in order to minimize operational and performance risk. MLGW has short-term natural gas purchase commitments which are normally for one year or less.

MLGW has long-term natural gas purchase commitments as listed below:

MLGW entered into a natural gas purchase contract with the Tennessee Energy Acquisition Corporation (TEAC) on December 1, 2006 in order to participate in a prepay natural gas opportunity. Natural gas began flowing to MLGW effective January 1, 2007. Effective January 1, 2007 through June 30, 2016, purchase volume for MLGW was 15,000 MMBtu/day for the November through March periods and 16,500 MMBtu/day for the April through October periods. Gas volumes were offered to MLGW for this period at Panhandle Eastern Pipeline Field Zone Index pricing minus \$0.530. Effective July 1, 2016 through December 31, 2026, purchase volume for MLGW increased to 35,000 MMBtu/day for the November through March periods and 26,500 MMBtu/day for the April through October periods. Gas volumes were offered to MLGW at Panhandle Eastern Pipeline Field Zone and Texas Gas Zone 1 Index pricing minus \$0.530. This contract will expire December 31, 2026.

MLGW entered into a natural gas purchase contract with the Municipal Gas Authority of Georgia (MGAG) on July 24, 2018 in order to participate in a prepay natural gas opportunity. During the period of October 1, 2018 through December 31, 2023, gas volumes were offered to MLGW at Texas Gas Zone 1 Index minus \$0.4235. Natural gas began flowing to MLGW effective October 1, 2018 at a volume of 3,000 MMBtu/day. The gas volume increased to 6,000 MMBtu/day effective January 1, 2024. An amendment to this contract dated November 7, 2023 changed the discount amount and the contract expiration date. As a result, starting January 1, 2024, gas volumes are offered to MLGW at Texas Gas Zone 1 Index minus \$0.54 and the contract will expire December 31, 2053.

MLGW entered into a natural gas purchase contract with the Public Energy Authority of Kentucky (PEAK) on December 4, 2018 in order to participate in a prepay natural gas opportunity. Gas volumes are offered to MLGW at Texas Gas Zone 1 Index minus \$0.3350. Natural gas began flowing to MLGW effective July 1, 2019. Purchase volume for MLGW is 7,800 MMBtu/day for the November through March periods and 3,900 MMBtu/day for the April through October periods of the contract. This contract will expire October 31, 2049.

MLGW entered into a natural gas purchase contract with the Tennergy Energy Acquisition Corporation (Tennergy) on February 1, 2019 in order to participate in a prepay natural gas opportunity. Gas volumes are offered to MLGW at Texas Gas Zone 1 Index minus \$0.27. Natural gas began flowing to MLGW effective January 1, 2020. Purchase volume for MLGW is 10,000 MMBtu/day for the November through



15. Rates and Energy Supplies (continued)

Energy Supplies (continued)

March periods and 5,000 MMBtu/day for the April through October periods of the contract. This contract will expire December 31, 2049.

MLGW entered into a natural gas purchase contract with the Public Energy Authority of Kentucky (PEAK) on February 14, 2019 in order to participate in a prepay natural gas opportunity. Gas volumes are offered to MLGW at Texas Gas Zone 1 Index minus \$0.32. Natural gas began flowing to MLGW effective July 1, 2019. Purchase volume for MLGW is 2,200 MMBtu/day for the November through March periods and 1,100 MMBtu/day for the April through October periods of the contract. This contract will expire October 31, 2049.

MLGW entered into a natural gas purchase contract with the Public Energy Authority of Kentucky (PEAK) on December 1, 2019 in order to participate in a prepay natural gas opportunity. Gas volumes are offered to MLGW at Texas Gas Zone 1 and Trunkline Z1A Index pricing minus \$0.2750. Natural gas began flowing to MLGW effective November 1, 2020. Effective November 1, 2020, purchase volume for MLGW is approximately 39,300 MMBtu/day for the November through March periods. Effective November 1, 2027, the November through March purchase volume will increase to approximately 47,000 MMBtu/day. Effective April 1, 2027, the purchase volume is 850 MMBtu/day for the April through October periods of the contract. This contract will expire December 31, 2049.

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16. Federal Grant Contributions

In April 2020, MLGW applied for a Port Security Grant for Security Automation. In September 2020, on behalf of the Department of Homeland Security, FEMA awarded grant contract #EMW-2020-PU-00507 for the Electric Division Security Automation System project under the Port Security Grant Program. The award amount is \$1,000 of which MLGW must contribute a cost match of \$333 of non-Federal funds or 25 percent of the total approved project costs of \$1,333. In 2020, MLGW incurred eligible costs of \$201 and submitted those costs for reimbursement of which the payment of \$201 was received in February 2021. In 2021, MLGW incurred eligible costs of \$374 and submitted those costs for reimbursement of which, \$358 was received in 2021 and \$16 was received January 2022. No additional costs were incurred during 2022. In 2023, MLGW incurred eligible costs of \$418 and submitted those costs for reimbursement of which \$418 was received in 2023. The grant is now closed.

Electric	2	023	<u>20</u>	22	2	021	2	2020
Total Expenditures	\$	418	\$	-	\$	374	\$	201
Eligible Reimbursement	\$	418	\$	16	\$	374	\$	201
Reimbursement Received	\$	418	\$	16	\$	559	\$	-
Receivable Balance	\$	-	\$	-	\$	(16)	\$	(201)

In May 2020, MLGW applied for a COVID-19 Response Grant. In April 2022, on behalf of Department of Homeland Security FEMA awarded grant contract 4514DR-TN for the Division. The award amount is \$236 of which is 100% reimbursable. In 2022, MLGW submitted eligible costs of \$236 for reimbursement of \$236. There were no additional costs submitted. MLGW received and signed the contract April 2024 and received reimbursement August 2024. The grant is now closed.

All Divisions	<u>2024</u>		2	2023	<u>2022</u>	
Total Expenditures	\$	-	\$	-	\$	236
Eligible Reimbursement	\$	-	\$	-	\$	236
Reimbursement Received	\$	236	\$	-	\$	-
Receivable Balance	\$	-	\$	(236)	\$	(236)


In March 2021, MLGW applied for a Public Assistance Grant 4594DR-TN for the restoration work performed after the February 2021 storm. In September 2022, on behalf of the Department of Homeland Security, FEMA awarded grant contract #34101-00123. The award amount is \$2,636, of which \$1,234 was reimbursement for the Electric Division and \$1,402 to the Water Division. In 2021, total eligible expenditures submitted were \$2,929, of which \$1,371 was for the Electric Division and \$1,558 for the Water Division. In September 2022, MLGW received \$1,234 for the Electric Division and \$129 for the Water Division. In December 2022, however, MLGW decreased the Water Division receivable by \$128 representing hazard mitigation under runs that are currently being processed and pending de-obligation by FEMA. In October 2023, the grant contract was amended to include \$38 de minimis indirect costs for the Water Division. In November 2024, MLGW received the final payment of \$1,183 for the Water Division. In November 2024, MLGW received the final payment of \$1,183 for the Water Division.

	Electric		<u>20</u>	022					
	Total Expenditures		\$	-					
	Eligible Reimbursem	ent	\$ 1	\$ 1,234					
	Reimbursement Rece	eivec	1 \$ 1	,234					
	Receivable Balance		\$	-					
Water			<u>2024</u>	<u>20</u>	<u>)23</u>	2	2022		
Total Exp	enditures	\$	-	\$	-	\$	-		
Eligible R	eimbursement	\$	-	\$	38	\$	1,402		
Eligible R	eimbursement	\$	-	\$	-	\$	(128)		
Reimburs	ement Received	\$	1,183	\$	-	\$	129		
Receivab	le Balance	\$	-	\$(1	,183)	\$(1,145)		



In February 2022, MLGW applied for a Public Assistance Grant 4645DR-TN for the restoration work performed after the February 2022 storm. In 2022, total eligible expenditures submitted were \$16,582, of which \$16,546 was for the Electric Division and \$36 for the Water Division. In July 2024, on behalf of the Department of Homeland Security, FEMA awarded grant contract #34101-32424. The award amount is \$12,451, of which \$12,424 was reimbursement for the Electric Division and \$27 to the Water Division. MLGW is awaiting reimbursement. In May 2025, MLGW decreased the Electric Division receivable by \$16 representing ineligible costs that are currently being processed and pending de-obligation by FEMA.

Electric	<u>20</u>	<u>)24</u>
Total Expenditures	\$	-
Eligible Reimbursement	\$(12	2,424)
Reimbursement Received	\$	16
Receivable Balance	\$(12	2,408)
Water	<u>2</u>	024
Total Expenditures	\$	-
Eligible Reimbursement	\$	(27)
Reimbursement Received	\$	-
Receivable Balance	\$	(27)



In December 2022, MLGW applied for a Public Assistance Grant 4691DR-TN for the restoration work performed after the December 2022 storm. In 2022, total eligible expenditures submitted were \$716, of which \$283 was for the Electric Division and \$433 for the Water Division. In July 2024, on behalf of the Department of Homeland Security, FEMA awarded grant contract #34101-41824. The award amount is \$537, of which \$212 was reimbursement for the Electric Division and \$325 to the Water Division. In November 2024, MLGW received \$537 payment for the Electric and Water Divisions.

Electric	2	2024
Total Expenditures	\$	-
Eligible Reimbursement	\$	(212)
Reimbursement Received	\$	212
Receivable Balance	\$	-
Water	2	2024
Water Total Expenditures	<u>2</u> \$	<u>2024</u> -
	-	<u>2024</u> - (325)
Total Expenditures	\$	-

In August 2023, MLGW applied for the DWR-ARP Resource Protection Grants State Water Infrastructure Grants (SWIG) for the purchase and installation of a backup generator for the Arlington LNG Water Pumping Station. In May 2024, on behalf of the US Department of the Treasury, TDEC awarded grant contract 32701-05501 for the Water Division. The award amount is \$403 of which MLGW must contribute a cost match of \$21 or 5% of the project cost of \$424.

In August 2023, MLGW applied for the DWR-ARP Resource Protection Grants State Water Infrastructure Grants (SWIG) for the purchase and installation of a backup generator for select wells in the Davis and Shaw Pumping Station wellfields. In May 2024, on behalf of the US Department of the Treasury, TDEC awarded grant contract 32701-05502 for the Water Division. The award amount is \$4,023 of which MLGW must contribute a cost match of \$212 or 5% of the project cost of \$4,235.



In January 2024, MLGW applied for the DWR-BIL Lead Service Line Inventory Grant to complete a comprehensive lead service line inventory. In August 2024, on behalf of the US Environmental Protection Agency, TDEC awarded grant contract 32701-25-013 for the Water Division. The award amount is \$213 of which MLGW must contribute a cost match of \$38 or 15% of the total approved project cost of \$250.

17. Transfers to City

The Electric, Gas and Water Divisions make transfers to the City.

The Electric Division transfer is based on the formula provided by the May 29, 1987, TVA Power Contract Amendment (Supp. No. 8). The formula includes a property tax equivalency calculation plus 4% of operating revenue less power costs (three-year average). The Division pays the amount requested by the City not exceeding this formula.

The Gas Division transfer is based on the formula provided by the Municipal Gas System Tax Equivalent Law of 1987. The formula includes a property tax equivalency calculation plus 4% of operating revenue less gas costs (three-year average). The Division pays the amount requested by the City not exceeding this formula.

The Water Division through an agreement with the City, transfers a payment in the amount of \$2,500 per year. This agreement is effective through the year 2028. The City directed MLGW's Water Division to pay an additional \$\$2,100, \$2,200, and \$2,300 to the City's general fund for each of MLGW's fiscal years 2023, 2024, and 2025, respectively, on or about April 30th of said years. MLGW is to continue to make incremental water payments for fiscal years after 2025 at the same \$2,300 level unless the City directs otherwise.

18. Commitments and Contingencies

The Electric and Gas Divisions have derivative contracts and agreements that are exchange traded exclusively on public exchanges thereby eliminating counterparty credit risk. The counterparty to any derivative transaction on an exchange is either the Chicago Mercantile Exchange ("CME"), which is the parent of the NYMEX, or the Intercontinental Exchange ("ICE"). The exposure to credit loss in the event of nonperformance by the other party is represented by the fair values of the open derivative contracts. However, there is no counterparty financial risk for contracts transacted through the NYMEX or the ICE.

MLGW pays a Transfer to the City and in lieu of taxes to Shelby County Government and the incorporated towns of Shelby County for the Electric and Gas Divisions based on the Tennessee Municipal Electric and Gas System Tax Equivalent Laws of 1987. MLGW pays a Transfer to the City for the Water Division based upon an agreement with the City, which calls for a payment of \$2,500 for each of the fiscal years through 2028. The City directed MLGW's Water Division to pay an additional \$2,100, \$2,200, and \$2,300 to the City's general fund for each of MLGW's fiscal years 2023, 2024, and 2025, respectively, on or about April 30th of said years. MLGW is to continue to make incremental water payments for fiscal years after 2025 at the same \$2,300 level unless the City directs otherwise.



18. Commitments and Contingencies (continued)

MLGW is party to various legal proceedings incidental to its business. In the opinion of management, MLGW's liability, if any, in all pending litigation or other proceedings, taken as a whole after consideration of amounts accrued, insurance coverage, or other indemnification arrangements, will not have a material adverse effect on its financial position or results of operations.

See Note 15 for discussions of MLGW's power contract with TVA and gas purchase commitments.

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REQUIRED SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) DECEMBER 31, 2024 (Dollars in Thousands)



						· · · ·				
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability										
Service cost	\$ 36,221	\$ 34,220	\$ 32,463	\$ 32,142	\$ 31,636 \$	31,185	\$ 31,977	\$ 32,591	\$ 30,139	\$ 31,7
Interest	118,226	113,017	111,732	109,265	110,927	108,432	103,731	102,248	99,940	100,4
Change of benefit terms	-	-	4,760	-	-	-	-	-	-	
Differences between expected and actual experience	51,235	54,247	6,177	9,102	(5,040)	3,726	4,908	(11,298)	2,275	(16,3
Changes in assumptions	-	-	40,219	-	(174)	-	-	-	-	(22,1
Benefit payments, including refunds of employee contributions	(132,517)	(125,633)	(121,781)	(111,826)	(107,731)	(113,316)	(104,919)	(102,628)	(100,528)	(100,2
Net change in total pension liability	73,165	75,851	73,570	38,683	29,618	30,027	35,697	20,913	31,825	(6,47
Total pension liability – beginning	1,718,979	1,643,128	1,569,558	1,530,875	1,501,257	1,471,230	1,435,533	1,414,620	1,382,794	1,389,2
Total pension liability – ending (a)	\$1,792,144	\$ 1,718,979	\$ 1,643,128	\$ 1,569,558	\$ 1,530,875 \$	5 1,501,257	\$ 1,471,230	\$ 1,435,533	\$ 1,414,620	\$ 1,382,79
Plan fiduciary net position										
Contributions – employer	\$ 20,474	\$ 20,941	\$ 24,199	\$ 24,504	\$ 21,813 \$	5 22,174	\$ 22,390	\$ 21,390	\$ 21,390	\$ 26,8
Contributions – employee	15,216	14,657	14,216	13,828	13,462	13,217	12,959	12,513	12,310	11,7
Net investment income (loss)	110,038	(200,888)	252,598	192,438	237,314	(39,996)	216,498	108,008	15,231	98,9
Benefit payments including refunds of employee contributions	(132,517)	(125,633)	(121,781)	(111,826)	(107,731)	(113,316)	(104,919)	(102,628)	(100,528)	(100,2
Administrative expense	(958)	(886)	(868)	(779)	(931)	(871)	(860)	(730)	(759)	(7
Net change in plan fiduciary net position	\$ 12,253	\$ (291,809)	\$ 168,364	\$ 118,165	\$ 163,927 \$	6 (118,792)	\$ 146,068	\$ 38,553	\$ (52,356)	\$ 36,5
Other Adjustments	-	-	-	-	-	-	-	-	788	
Plan fiduciary net position – beginning	\$1,552,092	\$ 1,843,901	\$ 1,675,537	\$ 1,557,372	\$ 1,393,445 \$	5 1,512,237	\$ 1,366,169	\$ 1,327,616	\$ 1,379,184	\$ 1,342,6
Plan fiduciary net position – ending (b)	\$1,564,345	\$ 1,552,092	\$ 1,843,901	\$ 1,675,537	\$ 1,557,372 \$	5 1,393,445	\$ 1,512,237	\$ 1,366,169	\$ 1,327,616	\$ 1,379,1
System's net pension liability (asset) – ending (a) – (b)	\$ 227,799	\$ 166,887	\$ (200,773)	\$ (105,979)	\$ (26,497)	\$ 107,812	\$ (41,007)	\$ 69,364	\$ 87,004	\$ 3,6
Plan fiduciary net position as a percentage of the total pension liability	87.29%	90.29%	112.22%	106.75%	101.73%	92.82%	102.79%	95.17%	93.85%	99.7
Covered employee payroll	\$ 191,237	\$ 184,709	\$ 175,790	\$ 173,425	\$ 170,946 \$	5 169,605	\$ 167,221	\$ 161,926	\$ 160,641	\$ 152,3
System's net pension liability (asset) as a percentage of covered payroll	119.12%	90.35%	-114.21%	-61.11%	-15.50%	63.57%	-24.52%	42.84%	54.16%	2.3

Notes to schedule:

Benefit changes: There were no changes to the plan of benefits reflected in the last two years.

Change of assumptions: There were no changes to actuarial assumptions or methods reflected in the last two years.

REQUIRED SCHEDULE OF EMPLOYER CONTRIBUTIONS - PENSION DECEMBER 31, 2024 (Dollars in Thousands)



Year Ended	Actuarially Determined Contribution	Actual Contribution in Relation to	Contribution Deficiency	Covered-	Contributions as a Percentage of Covered-
December 31	(ADC)	ADC	(Excess)	Employee Payroll	Employee Payroll
2015	\$ 21,390	\$ 21,390	\$-	\$ 160,641	13.32%
2016	21,390	21,390	-	161,926	13.21%
2017	22,390	22,390	-	167,221	13.39%
2018	22,174	22,174	-	169,605	13.07%
2019	21,813	21,813	-	. 170,946	12.76%
2020	24,504	24,504	-	. 173,425	14.13%
2021	24,199	24,199	-	175,790	13.77%
2022	20,941	20,941	-	184,710	11.34%
2023	20,474	20,474	-	191,237	10.71%
2024	28,688	28,688	-	207,483	13.83%



Valuation date Actuarial cost method Amortization method Remaining amortization period	January 1, 2024 Entry Age Actuarial Cost Method Level percent of payroll, using 0.50% annual increases 19 years remaining as of January 1, 2022
Asset valuation method	Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value basis, and is recognized over a five- year period. The deferred return is further adjusted, if necessary, so that the actuarial value of assets will stay within 30% of the market value of assets.
Actuarial Assumptions:	
Inflation	2.50%
Salary increases	Inflation plus merit increases that vary by age and service, ranging from 0.00% to 8.50%
Investment rate of return	7.00%, including inflation, net of pension plan investment expense
Cost-of-living adjustments	0.75% for ages 56-58
	1.50% for ages 59-61
	1.875% for ages 62 and older, and all disabled participants
Other Information:	The actuarially determined contribution (ADC) is calculated using January 1 valuation date as of the beginning of the fiscal year prior to the year in which contributions are reported. Therefore, the ADC for the year ended December 31, 2023 is based on the January 1, 2022 actuarial valuation.

Please see the January 1, 2024 actuarial valuation report for a full listing of assumptions.

REQUIRED SCHEDULE OF CHANGES IN NET OPEB LIABILITY DECEMBER 31, 2024 (Dollars in Thousands)



		2023		2022		2021		2020	2019	2018	2017
Total OPEB Liability											
Service cost	\$	18,547	\$	18,094	\$	16,093	\$	15,401	\$ 15,804	\$ 15,381	\$ 19,520
Interest		60,267		57,870		54,019		51,713	53,030	50,559	64,666
Change of benefit terms		-		-		-		-	-	-	(61,896)
Differences between expected and actual experience		8,924		(5,593)		12,400		(4,090)	15,351	(3,134)	3,674
Changes of assumptions		(83,193)		-		30,869		-	(46,584)	-	(200,370)
Benefit payments, including refunds of member contributions		(39,000)		(34,248)		(33,268)		(30,588)	(31,916)	(28,676)	(29,457)
Net change in Total OPEB Liability	\$	(34,455)	\$	36,123	\$	80,113	\$	32,436	\$ 5,685	\$ 34,130	\$(203,863)
Total OPEB Liability - beginning		861,575		825,452		745,339		712,903	707,218	673,088	876,951
(a) Total OPEB Liability - ending	\$	827,120	\$	861,575	\$	825,452	\$	745,339	\$ 712,903	\$ 707,218	\$ 673,088
Plan Fiduciary Net Position											
Contributions - employer		40,136		38,381		37,561		34,895	33,949	48,972	45,184
Net investment income		62,043		(73,591)		106,511		84,891	76,564	(14,273)	57,671
Benefit payments, including refunds of member contributions		(38,406)		(33,805)		(32,445)		(29,775)	(31,146)	(27,876)	(28,765)
Administrative expense		(594)		(443)		(823)		(812)	(770)	(801)	(692)
Net change in Plan Fiduciary Net Position	\$	63,179	\$	(69,458)	\$	110,804	\$	89,199	\$ 78,597	\$ 6,022	\$ 73,398
Plan Fiduciary Net Position - beginning		634,890		704,348		593,544		504,345	425,748	419,726	346,328
(b) Plan Fiduciary Net Position - ending	\$	698,069	\$	634,890	\$	704,348	\$	593,544	\$ 504,345	\$ 425,748	\$ 419,726
(c) Net OPEB Liability - ending (a) - (b)	\$	129,051	\$	226,685	\$	121,104	\$	151,795	\$ 208,558	\$ 281,470	\$ 253,362
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability		84.40%		73.69%		85.33%		79.63%	70.75%	60.20%	62.36%
Covered employee payroll ¹	\$	191,237	\$	184,710	\$	175,790	\$	173,425	\$ 170,946	\$ 169,605	\$ 167,221
Plan Net OPEB Liability as percentage of covered payroll	Ŧ	67.48%	<i>.</i>	122.72%	+	68.89%	Ŧ	87.53%	122.00%	165.96%	151.51%

¹ Covered payroll represents earnable and pensionable compensation. Only earnable and pensionable compensation that would possibly go into the determination of the retirement benefits are included.

Notes to schedule:

Benefit Changes: There have been no material changes in plan provisions.

Changes of assumptions:

•Effective with the December 31, 2023 measurement, the following assumption were changed:

•Healthcare claims cost and trends were updated to reflect the most recent experience and futute expectations.

•The actuarial factors used to estimate individual retiree and spouse costs by age and by gender were

updated. The new factors are based on a review of historical claims experience by age, gender, and status

(active vs retired) from Segal's claims data warehouse.

Historical data: This schedule will be expanded to reflect ten years of data, as the information becomes available.

REQUIRED SCHEDULE OF EMPLOYER CONTRIBUTIONS - OPEB DECEMBER 31, 2024 (Dollars in Thousands)



Actuariallythe ActuariallyContributionYear EndedDeterminedDeterminedDeficiency /	Covered-	of Covered Employee
December 31 Contributions Contributions* (Excess)	Employee Payroll	Payroll
2015 \$ 38,187 \$ 38,438 \$ (251)	\$ 160,641	23.93%
2016 45,289 42,496 2,793	161,926	26.24%
2017 46,978 45,184 1,794	167,221	27.02%
2018 48,270 48,972 (702)	169,605	28.87%
2019 31,701 33,949 (2,248)	170,946	19.86%
2020 32,111 34,895 (2,784)	173,425	20.12%
2021 32,403 37,561 (5,158)	175,790	21.37%
2022 31,406 38,381 (6,975)	184,710	20.78%
2023 34,131 40,136 (6,005)	191,237	20.99%
2024 33,933 40,806 (6,873)	207,483	19.67%

*Starting with 2016, contributions are shown on an accrual basis.



Valuation date	December 31, 2023
Actuarial cost method	Entry Age Actuarial Cost Method
Amortization method	30-year closed, level salary
Remaining amortization period	21 years remaining as of December 31, 2023 (21 amortization period used for 2024)
Asset valuation method	The market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between actual and expected returns on a market value basis and is recognized over a five-year period. The deferred return is further adjusted, if necessary, so that the actuarial value of assets will stay within 20% of the market value of assets.
Actuarial Assumptions:	
Inflation	2.50%
Salary increases	Inflation plus merit increases based on age and service
Investment rate of return	7.00%
Healthcare cost trend rates	
Medical	7% grading to 4.50% over 10 years
Presciption drug	8% grading to 4.50% over 14 years
Dental, administrative costs	3.00%
Mortality rates	PRI-2012 Healthy Annuitant mortality Table, Headcount-Weighted, for males and females, as appropriate, with adjustments for mortality improvement using Scale SSA-2019.
Other Information:	The actuarially determined contribution (ADC) is calculated as of January 1, one year prior to the end of the fiscal year in which contributions are reported.

Please see the January 1, 2024 acturial valuation report for a full list of assumptions.



Supplemental Information



		Series	s 2016	5	Series 2017						
	Р	rincipal	Iı	nterest	P	rincipal	Ι	nterest			
Electric Division:											
2025	\$	1,800	\$	1,252	\$	3,905	\$	2,754			
2026		1,890		1,162		4,100		2,558			
2027		1,985		1,067		4,305		2,353			
2028		2,085		968		4,520		2,138			
2029		2,185		864		4,750		1,912			
2030		2,295		755		4,985		1,675			
2031		2,410		640		5,235		1,425			
2032		2,510		543		5,420		1,242			
2033		2,610		443		5,605		1,052			
2034		2,710		339		5,805		856			
2035		2,820		230		6,005		653			
2036		2,935		117		6,215		443			
2037		-		-		6,435		225			
Total	\$	28,235	\$	8,380	\$	67,285	\$	19,286			



		Series	2020	A		Series	2020	В		Series 202	4 Re	venue	5	Series 202	4 Refi	unding
-	Pr	incipal	I	Interest	Pr	incipal	I	nterest	P	rincipal	I	nterest	Р	rincipal	I	nterest
Electric																
Division:																
2025	\$	2,980	\$	5,437	\$	455	\$	480	\$	2,730	\$	8,732	\$	3,235	\$	894
2023 2026	ψ	3,130	φ	5,288	ψ	460	ψ	476	ψ	2,750	ψ	8,7 <i>52</i> 8,596	Ψ	3,233 3,400	ψ	732
2020		3,285		5,132		465		471		3,010		8,452		3,565		562
2027		3,450		4,968		470		465		3,160		8,302		3,745		384
2028		3,625		4,795		480		458		3,315		8,144		3,935		197
202)		3,805		4,614		4,805		451		3,485		7,978		5,755		177
2030		3,995		4,424		4,885		373		3,655		7,804		_		_
2031		4,195		4,224		4,965		289		3,840		7,621		-		-
2032 2033		4,195		4,224 4,014		4,903 5,060		289 199		4,030		7,429		-		-
2033 2034		4,625		4,014 3,794		5,000		199		4,235		7,227		-		-
2034 2035		4,855		3,794		5,155				4,445		7,016		-		-
						-		-						-		-
2036		5,000		3,417		-		-		4,665		6,793		-		-
2037		5,150		3,267		-		-		4,900		6,560		-		-
2038		5,305		3,113		-		-		5,145		6,315		-		-
2039		5,465		2,953		-		-		5,405		6,058		-		-
2040		5,630		2,789		-		-		5,675		5,788		-		-
2041		5,800		2,621		-		-		5,955		5,504		-		-
2042		5,970		2,447		-		-		6,255		5,206		-		-
2043		6,150		2,267		-		-		6,570		4,894		-		-
2044		6,400		2,021		-		-		6,895		4,565		-		-
2045		6,655		1,765		-		-		7,240		4,220		-		-
2046		6,920		1,499		-		-		7,605		3,858		-		-
2047		7,195		1,222		-		-		7,985		3,478		-		-
2048		7,485		935		-		-		8,380		3,079		-		-
2049		7,785		635		-		-		8,740		2,723		-		-
2050		8,095		324		-		-		9,110		2,351		-		-
2051		-		-		-		-		9,495		1,964		-		-
2052		-		-		-		-		9,900		1,561		-		-
2053		-		-		-		-		10,395		1,066		-		-
2054		-		-		-		-		10,915		546		-		-
-																
Total	\$ 1	37,355	\$	81,528	\$	27,200	\$	3,764	\$.	180,000	\$	163,830	\$	17,880	\$	2,769



-		Series	Series 2016						Series 2020				
-	Princ	cipal	Ir	nterest	P	rincipal	Interest		<u>P</u>	rincipal	Interest		
Gas													
Division:													
2025	\$ 1	,800	\$	1,252	\$	1,710	\$	1,365	\$	1,270	\$	2,31	
2026	1	,890		1,162		1,800		1,280		1,330		2,25	
2027	1	,985		1,067		1,885		1,190		1,400		2,18	
2028	2	2,085		968		1,980		1,096		1,470		2,11	
2029	2	2,185		864		2,080		997		1,540		2,04	
2030	2	2,295		755		2,185		892		1,620		1,96	
2031	2	2,410		640		2,295		783		1,700		1,88	
2032	2	2,510		543		2,410		668		1,785		1,79	
2033	2	2,610		443		2,530		548		1,875		1,70	
2034	2	2,710		339		2,630		447		1,970		1,61	
2035	2	2,820		230		2,735		342		2,065		1,51	
2036	2	2,935		117		2,845		232		2,130		1,45	
2037		-		-		2,960		118		2,195		1,39	
2038		-		-		-		-		2,260		1,32	
2039		-		-		-		-		2,325		1,25	
2040		-		-		-		-		2,395		1,18	
2041		-		-		-		-		2,470		1,11	
2042		-		-		-		-		2,540		1,04	
2043		-		-		-		-		2,620		96	
2044		-		-		-		-		2,725		86	
2045		-		-		-		-		2,830		75	
2046		-		-		-		-		2,945		63	
2047		-		-		-		-		3,065		52	
2048		-		-		-		-		3,185		39	
2049		-		-		-		-		3,315		27	
2050		-		-		-		-		3,445		13	
- Total	\$ 28	3,235	\$	8,380	\$	30,045	\$	9,958	\$	58,470	\$	34,70	



	Serie	es 2014	Serie	s 2016	Series	s 2017
-	Principal	Interest	Principal	Interest	Principal	Interest
Water Division:						
2025	\$ 740	\$ 338	\$ 1,395	\$ 652	\$ 1,080	\$ 727
2026	765	308	1,435	610	1,135	673
2027	790	285	1,465	581	1,190	616
2028	820	253	1,525	523	1,250	557
2029	855	221	1,585	462	1,300	506
2030	890	186	1,645	398	1,355	455
2031	925	151	1,715	333	1,405	400
2032	960	114	1,765	281	1,455	351
2033	1,000	75	1,820	228	1,515	294
2034	1,040	35	1,870	174	1,575	232
2035	-	-	1,930	117	1,640	169
2036	-	-	1,985	60	1,705	103
2037	-	-	-	-	1,755	53
Total _	\$ 8,785	\$ 1,966	\$ 20,135	\$ 4,419	\$ 18,360	\$ 5,136



Series	2020
Principal	Interest

Water

Division:

2025	\$ 1,380	\$ 2,408
2026	1,450	2,339
2027	1,525	2,267
2028	1,600	2,191
2029	1,680	2,111
2030	1,765	2,027
2031	1,850	1,938
2032	1,945	1,846
2033	2,040	1,749
2034	2,145	1,647
2035	2,250	1,539
2036	2,315	1,472
2037	2,385	1,402
2038	2,460	1,331
2039	2,530	1,257
2040	2,610	1,181
2041	2,685	1,103
2042	2,765	1,022
2043	2,850	939
2044	2,935	854
2045	3,025	766
2046	3,115	675
2047	3,240	550
2048	3,370	421
2049	3,505	286
2050	3,645	145
Total	\$ 63,065	\$ 35,466

SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE DECEMBER 31, 2024 (Dollars in Thousands)

Series 2024



Description	Driginal Amount of Issue	Interest Rate	Date of Issue	Final Maturity Date	(Dutstanding 2023	Issued 2024	Payments/ Matured 2024	1	Refunded 2024	0	utstanding 2024
Electric System Revenue Bonds - Series 2014	\$ 71,000	4.0 to 5.0%	6/3/2014	12/1/2029	\$	22,445	\$ -	\$ 3,315	\$	19,130	\$	-
Electric System Revenue Bonds - Series 2016	\$ 40,000	4.0 to 5.0%	9/1/2016	12/1/2036	\$	29,950	\$ -	\$ 1,715	\$	-	\$	28,235
Electric System Revenue Bonds - Series 2017	\$ 90,000	3.5 to 5.0%	9/28/2017	12/1/2037	\$	71,005	\$ -	\$ 3,720	\$	-	\$	67,285
Electric System Revenue Bonds - Series 2020A	\$ 148,000	3.0 to 5.0%	9/22/2020	12/1/2050	\$	140,195	\$ -	\$ 2,840	\$	-	\$	137,355
Electric System Revenue Refunding Bonds - Series 2020B	\$ 29,000	.88 to 1.97%	9/22/2020	12/1/2034	\$	27,655	\$	\$ 455	\$	-	\$	27,200
Electric System Revenue Bonds - Series 2024	\$ 180,000	4.25 to 5.0%	9/12/2024	12/1/2054	\$	-	\$ 180,000	\$ -	\$	-	\$	180,000
Electric System Revenue Refunding Bonds -	\$ 17,880	5.0 to 5.0%	9/12/2024	12/1/2029	\$	-	\$ 17,880	\$ -	\$	-	\$	17,880

Total Electric System Bonds					:	\$	291,250	\$ 197,880	\$	12,045	\$	19,130	\$	457,955
Description		Driginal Amount of Issue	Interest Rate	Date of Issue	Final Maturity Date	C	Outs tanding 2023	Issued 2024		Payments Matureo 2024		Refunded 2024	0	utstanding 2024
Conference Device Series 2017	¢	40.000	4.0 to 5.0%	9/1/2016	12/1/2026	¢	20.05			¢ 17	15	¢	¢	28 225
Gas System Revenue Bonds - Series 2016 Gas System Revenue Bonds - Series 2017	\$ \$	40,000	4.0 to 5.0%	9/1/2016	12/1/2036 12/1/2037	ծ Տ	29,95 31,67		-	. ,	15 30		ծ \$	28,235 30,045
Gas System Revenue Bonds - Series 2017 Gas System Revenue Bonds - Series 2020	ծ Տ	63.000	3.0 to 5.0%	9/28/2017	12/1/2057	э \$	59,68		_	. ,			э \$	58,470
Total Gas System Bonds	¢	03,000	5.0 10 5.0%	9122/2020	12/1/2030	ه \$	121.30	5	-	\$ 1,2 \$ 4.5		ş - \$ -	ф \$	116,750

Description	A	original Amount f Issue	Interest Rate	Date of Issue	Final Maturity Date	O	utstanding 2023	Issued 2024		Payments/ Matured 2024	funde d 2024	Oı	itstanding 2024
Water System Revenue Bonds - Series 2014	\$	15,000	3.0 to 5.0%	6/3/2014	12/1/2034	\$	9,500	\$	• \$	715	\$ -	\$	8,785
Water System Revenue Bonds - Series 2016	\$	30,000	2.0 to 4.0%	9/1/2016	12/1/2036	\$	21,490	\$	• \$	1,355	\$ -	\$	20,135
Water System Revenue Bonds - Series 2017	\$	25,000	3.0 to 5.0%	9/28/2017	12/1/2037	\$	19,400	\$	• \$	1,040	\$ -	\$	18,360
Water System Revenue Bonds - Series 2020	\$	68,000	3.0 to 5.0%	9/22/2020	12/1/2050	\$	64,380	\$	• \$	1,315	\$ -	\$	63,065
Total Water System Bonds						\$	114,770	\$	\$	4,425	\$ -	\$	110,345

SCHEDULE OF CHANGES IN LEASE LIABILITIES DECEMBER 31, 2024 (Dollars in Thousands)



Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Maturity Date	tanding 1-2023	ed During Period	Matu	l and/or red During reriod	Remea	asurements	standing 1/2024
LEASES PAYABLE											
Konica Minolta - 2021-A	\$ 6	3.78%	1/1/2021	9/30/2024	\$ 67	\$ -	\$	(67)	\$	-	\$ -
Konica Minolta - 2024-A	48	5 4.40%	7/1/2024	6/30/2028	-	486		(54)		-	432
Konica Minolta - 2024-B	31	4.40%	12/6/2024	12/5/2028	-	314		-		-	314
Konica Minolta - 2024-C	45	3 4.40%	10/1/2024	10/1/2026	-	453		(54)		-	399
Pitney Bowes - 2021	5	3 3.78%	1/1/2021	4/11/2024	16	-		(16)		-	-
Pitney Bowes - 2022	7	7 3.78%	1/1/2022	11/14/2024	43	-		(43)		-	-
Pitney Bowes - 2024-A	2	2 4.40%	5/15/2024	5/14/2025	-	22		(13)		-	9
Pitney Bowes - 2024-B	8	7 4.40%	11/3/2024	11/2/2026	-	87		(11)		-	76
Apexus	35	4.40%	11/1/2024	9/30/2027	-	351		(18)		-	333
Total Leases Payable					\$ 126	\$ 1,713	\$	(276)	\$	-	\$ 1,563

SCHEDULE OF LEASE LIABILITIES, PRINCIPAL AND INTEREST REQUIREMENT BY FISCAL YEAR DECEMBER 31, 2024 (Dollars in Thousands)



ding	Т	otal		Tot	al			Ape	xus		Ko	nica Minol	ta - 2024	4-A	Ko	nica Mino	lta - 202	4-B	Ko	nica Mino	lta - 202	4-C	Pitne	ey Bowe	s - 2024-A	<u> </u>	Pitn	ey Bowe	s - 2024-	-B
r 31,	Requi	irements	Pr	incipal	Inte	erest	Pr	incipal	Inte	rest	Pri	ncipal	Inte	rest	Pri	ncipal	Inte	erest	Pri	ncipal	Inte	erest	Princ	ipal	Interes	st	Princ	cipal	Inter	est
	\$	635	\$	580	\$	55	\$	108	\$	12	\$	117	\$	16	\$	80	\$	12	\$	224	\$	12	\$	9	\$	-	\$	42	\$	2
j		557		527		30		119		7		122		11		77		8		175		3		-		-		34		1
,		326		314		12		106		2		127		5		81		5		-		-		-		-		-		-
;		143		142		1		-		-		65		-		77		1		-		-		-		-		-		-
_																														
	\$	1,661	\$	1,563	\$	98	\$	333	\$	21	\$	431	\$	32	\$	315	\$	26	\$	399	\$	15	\$	9	\$	-	\$	76	\$	3
1	31,	<u>31, Requi</u> \$	31, Requirements \$ 635 557 326 143	31, Requirements Pr \$ 635 \$ 557 326 143	31, Requirements Principal \$ 635 \$ 580 557 527 326 314 143 142	Requirements Principal Intervention \$ 635 \$ 580 \$ 557 527 326 314 143 142 142 143	Requirements Principal Interest \$ 635 \$ 580 \$ 55 557 527 30 326 314 12 143 142 1	Requirements Principal Interest Pr \$ 635 \$ 580 \$ 55 \$ 557 527 30 326 314 12 143 142 1	31, Requirements Principal Interest Principal \$ 635 \$ 580 \$ 55 \$ 108 557 527 30 119 326 314 12 106 143 142 1 -	31. Requirements Principal Interest Principal Interest \$ 635 \$ 580 \$ 55 \$ 108 \$ 557 527 30 119 326 314 12 106 143 142 1 -	31, Requirements Principal Interest Principal Interest \$ 635 \$ 580 \$ 55 \$ 108 \$ 12 557 527 30 119 7 326 314 12 106 2 143 142 1 - -	31, Requirements Principal Interest Intere	$\begin{array}{c c c c c c c c c c c c c c c c c c c $	$\begin{array}{c c c c c c c c c c c c c c c c c c c $	$\begin{array}{c c c c c c c c c c c c c c c c c c c $	$\begin{array}{c c c c c c c c c c c c c c c c c c c $	$\begin{array}{c c c c c c c c c c c c c c c c c c c $	$\begin{array}{c c c c c c c c c c c c c c c c c c c $	$\begin{array}{c c c c c c c c c c c c c c c c c c c $	$\begin{array}{c c c c c c c c c c c c c c c c c c c $	31. Requirements Principal Interest Interest <th< td=""><td>31. Requirements Principal Interest Principal <t< td=""><td>$\begin{array}{c c c c c c c c c c c c c c c c c c c$</td><td>S1, Requirements Principal Interest Princi Interest Principal I</td><td>31, RequirementsPrincipalInterestPrincip</td><td>*31, Requirements Principal Interest Principal <</td><td>31RequirementsPrincipalInterest</td><td>S1, Requirements Principal Interest Principal <t< td=""><td>Y31, Requirements Principal Interest Interest <t< td=""><td>31RequirementsPrincipalInterest</td></t<></td></t<></td></t<></td></th<>	31. Requirements Principal Interest Principal <t< td=""><td>$\begin{array}{c c c c c c c c c c c c c c c c c c c$</td><td>S1, Requirements Principal Interest Princi Interest Principal I</td><td>31, RequirementsPrincipalInterestPrincip</td><td>*31, Requirements Principal Interest Principal <</td><td>31RequirementsPrincipalInterest</td><td>S1, Requirements Principal Interest Principal <t< td=""><td>Y31, Requirements Principal Interest Interest <t< td=""><td>31RequirementsPrincipalInterest</td></t<></td></t<></td></t<>	$\begin{array}{c c c c c c c c c c c c c c c c c c c $	S1, Requirements Principal Interest Princi Interest Principal I	31, RequirementsPrincipalInterestPrincip	*31, Requirements Principal Interest Principal <	31RequirementsPrincipalInterest	S1, Requirements Principal Interest Principal <t< td=""><td>Y31, Requirements Principal Interest Interest <t< td=""><td>31RequirementsPrincipalInterest</td></t<></td></t<>	Y31, Requirements Principal Interest Interest <t< td=""><td>31RequirementsPrincipalInterest</td></t<>	31RequirementsPrincipalInterest

SCHEDULE OF CURRENT UTILITY RATES DECEMBER 31, 2024



Electric Division Rate Class		Base Charg	ge	Customer
All Electric Rate Schedules Are Subject To Ad Yower Adjustment Rider.	djustment Under The	Provisions of the TVA	Fuel Cost and Purchased	
Residential – Schedule RS	Effective meters read	on or after October 2, 20	024	380,225
ervice Charge:	\$15.27 per month, le	ss Hydro Allocation Cred	lit: \$1.54	
Energy Charge:	Summer	Winter	Transition	
irst 500 kWh per month:	\$0.09227	\$0.08853	\$0.08628	
dditional kWh per month:	\$0.09120	\$0.08747	\$0.08521	
		subject to adjustment und use Power Adjustment Ri	er the provisions of the TVA der.	
ime-Of-Use Residential Rate chedule RSTOU	Effective October 1,	2024		61
ervice Charge:	\$15.27 per month, le	ss Hydro Allocation Cred	lit: \$1.54	
nergy Charge:	Summer	Winter	Transition	
n-Peak kWh per month:	\$0.16374	\$0.11092	\$0.07385	
ff-Peak kWh per month:	\$0.07385	\$0.07385	\$0.07385	
		subject to adjustment und use Power Adjustment Ri	er the provisions of the TVA der.	
eneral Service – Schedule GSA	Effective meters read	on or after October 2, 20	024	42,909
art 1)	any, or (ii) its highest	billing demand during the	effective contract demand, if e latest 12 month period is not	
		d (b) customer's monthly o not exceed 15,000 kWl	energy takings for any month	
ervice Charge:	\$30.00 per delivery p			
nergy Charge:	Summer	Winter	Transition	
	\$0.10162	\$0.09794	\$0.09565	
'art 2)	(ii) its highest billing d50 kW but not more	emand during the latest 1 than 1,000 kW, or (b) if nd its energy takings for	effective contract demand or 2 month period is greater than the customer's billing demand any month during such period	
ervice Charge:	\$90.00 per delivery p	point per month		
emand Charge:	Summer	Winter	Transition	
irst 50 kW of billing demand per month:	\$0.00	\$0.00	\$0.00	
xcess over 50 kW of billing demand per month:	\$17.67	\$16.43	\$16.43	
nergy Charge:				
rst 15,000 kWh per month:	\$0.11659	\$0.11297	\$0.11065	



Electric Division Rate Class (cont.)		Base Charg	ge	Customers
General Service – Schedule GSA				
(cont.)				
Part 3)	•	•	ective contract demand or its	
	1,000 kW:	nd during the latest 12	month period is greater than	
Service Charge:	\$375.00 per delivery	point per month		
Demand Charge:	Summer	Winter	Transition	
First 1,000 kW of billing demand per month:	\$16.53	\$15.27	\$15.27	
xcess over 1,000 kW of billing demand per month:	\$16.31	\$15.04	\$15.04	
xcess of billing demand over the higher of 2,500 kW	\$16.31	\$15.04	\$15.04	
r the customer's contract demand per month:	\$10.51	\$15.04	\$13.04	
nergy Charge:				
All kWh per month:	\$0.05928	\$0.05582	\$0.05453	
Aanufacturing Power Rate - Part A	Effective October 1,	2024		0
Schedule MSA	Encente October 1,	2021		0
ervice Charge:	\$375.00 per delivery	point per month		
	Summer	Winter	Transition	
er kW coincident billing demand charge per month:	\$9.35	\$8.28	\$8.28	
er kW maximum billing demand charge per month:	\$7.25	\$7.07	\$7.07	
	Summer	Winter	Transition	
excess per kW charge per month by which billing emand exceeds contract demand:	\$16.60	\$15.35	\$15.35	
Dn-peak per kWh energy charge:	\$0.07655	\$0.06466	\$0.05453	
)ff-peak per kWh energy charge:	\$0.05389	\$0.05436	\$0.05453	
Time-of-Use General Service Schedule TGS	Effective October 1,	2024		11
ervice Charge:	\$1,800.00 per delive	ry point per month		
VA Administrative Charge:	\$350.00 per delivery	point per month		
Excess Demand:	Demand amount that	exceeds the effective con	tract demand	
Off-Peak Block 1:		f on-peak metered demai off-peak energy to metere		
Off-Peak Block 2:		of on-peak metered dema off-peak energy to metere	1 2	
Off-Peak Block 3:		of on-peak metered dema off-peak energy to metere		

S-10



Electric Division Rate Class (cont.)			Base	Charge	Custome
Time-of-Use General Service					
Schedule TGS					
(cont.)					
Rates applicable for delivery at:			e: 115 kV ar		
_	TDGSAX	TGSBX	TGSCX	TGSDX	
Summer	¢12.52	¢10.40	¢10.40	¢12.42	
On-peak billing demand per kW:	\$13.52	\$13.43	\$13.43	\$13.43	
Maximum billing demand per kW:	\$6.88 \$13.52	\$6.87 \$13.43	\$6.26 \$13.43	\$5.96 \$13.43	
Excess demand per kW:		\$0.08341		\$0.08233	
On-peak energy per kWh: Off-peak block 1 per kWh:	\$0.06067			\$0.05155	
Off-peak block 2 per kWh:		\$0.00962		\$0.00714	
Off-peak block 3 per kWh:		\$0.00540		\$0.00433	
Winter					
winter On-peak billing demand per kW:	\$12.35	\$12.22	\$12.22	\$12.22	
Maximum billing demand per kW:	\$12.55	\$6.87	\$6.26	\$12.22 \$5.96	
Excess demand per kW:	\$12.35	\$12.22	\$12.22	\$12.22	
On-peak energy per kWh:		\$0.06938		\$0.06829	
Off-peak block 1 per kWh:		\$0.05538		\$0.05430	
Off-peak block 2 per kWh:		\$0.00962		\$0.00714	
Off-peak block 3 per kWh:		\$0.00540		\$0.00433	
Francition					
Fransition Dn-peak billing demand per kW:	\$12.35	\$12.22	\$12.22	\$12.22	
Maximum billing demand per kW:	\$6.88	\$6.87	\$6.26	\$5.96	
Excess demand per kW:	\$12.35	\$12.22	\$12.22	\$12.22	
On-peak energy per kWh:	\$0.06583	\$0.05225	\$0.05225	\$0.05116	
Off-peak block 1 per kWh:	\$0.06583	\$0.05225	\$0.05225	\$0.05116	
Off-peak block 2 per kWh:	\$0.00823	\$0.00962	\$0.00962	\$0.00714	
Off-peak block 3 per kWh:	\$0.00451	\$0.00540	\$0.00540	\$0.00433	
Rates applicable for delivery at:			lge: < 115 k		
Summer	TDGSA	TGSB	TGSC	TGSD	
On-peak billing demand per kW:	\$14.09	\$13.96	\$13.96	\$13.96	
Maximum billing demand per kW:	\$7.12	\$7.11	\$6.49	\$6.18	
Excess demand per kW:	\$14.09	\$13.96	\$13.96	\$13.96	
On-peak energy per kWh:		\$0.08679		\$0.08569	
Off-peak block 1 per kWh:		\$0.05475		\$0.05365	
Off-peak block 2 per kWh:	\$0.00850	\$0.00995		\$0.00738	
Off-peak block 3 per kWh:	\$0.00461	\$0.00556		\$0.00447	
Winter					
On-peak billing demand per kW:	\$12.85	\$12.72	\$12.72	\$12.72	
Maximum billing demand per kW:	\$7.12			\$6.18	
Excess demand per kW:	\$12.85			\$12.72	
On-peak energy per kWh:			\$0.07217	\$0.07107	
Off-peak block 1 per kWh:	\$0.06692	\$0.05761	\$0.05761	\$0.05650	
Off-peak block 2 per kWh:	\$0.00850	\$0.00995	\$0.00995	\$0.00738	
Off-peak block 3 per kWh:	\$0.00461	\$0.00556	\$0.00556	\$0.00447	
Fransition					
On-peak billing demand per kW:	\$12.85	\$12.72	\$12.72	\$12.72	
Maximum billing demand per kW:	\$7.12			\$6.18	
Excess demand per kW:	\$12.85	\$12.72	\$12.72	\$12.72	
On-peak energy per kWh:	\$0.06847	\$0.05433	\$0.05433	\$0.05323	
Off-peak block 1 per kWh:	\$0.06847	\$0.05433	\$0.05433	\$0.05323	
Off-peak block 2 per kWh:	\$0,00850	\$0.00995	\$0.00995	\$0.00738	
on peum eller 2 per norm	\$0.00050	\$0.00775	\$0.00770	φ0.00750	



Electric Division Rate Class (cont.)	Base Charge	Customers
Time-of-Use Manufacturing Service Schedule TMS	Effective October 1, 2024	27
Service Charge:	\$1,800.00 per delivery point per month	
TVA Administrative Charge:	\$350.00 per delivery point per month	
Excess Demand:	Demand amount that exceeds the effective contract demand	
Off-Peak Block 1:	First 200 hours use of on-peak metered demand multiplied by the ratio of metered off-peak energy to metered total energy	
Off-Peak Block 2:	Next 200 hours use of on-peak metered demand multiplied by the ratio of metered off-peak energy to metered total energy	
Off-Peak Block 3:	Over 400 hours use of on-peak metered demand multiplied by the ratio of metered off-peak energy to metered total energy	
Rates applicable for delivery at:	Transmission Voltage: 115 kV and up TDMSAX TMSBX TMSCX TMSDX	
Summer		
On-peak billing demand per kW:	\$12.64 \$12.64 \$12.64 \$12.64	
Maximum billing demand per kW:	\$4.71 \$3.08 \$2.46 \$2.16	
Excess demand per kW:	\$12.64 \$12.64 \$12.64 \$12.64	
On-peak energy per kWh:	\$0.07076 \$0.07357 \$0.07219 \$0.06866 \$0.02002 \$0.04271 \$0.04120 \$0.02781	
Off-peak block 1 per kWh: Off-peak block 2 per kWh:	\$0.03992 \$0.04271 \$0.04130 \$0.03781 \$0.00606 \$0.00606 \$0.00779 \$0.00498	
Off-peak block 3 per kWh:	\$0.00290 \$0.00290 \$0.00779 \$0.00427	
Winter		
On-peak billing demand per kW:	\$11.44 \$11.44 \$11.44 \$11.44	
Maximum billing demand per kW:	\$4.71 \$3.08 \$2.46 \$2.16	
Excess demand per kW:	\$11.44 \$11.44 \$11.44 \$11.44	
On-peak energy per kWh:	\$0.05668 \$0.05949 \$0.05809 \$0.05457	
Off-peak block 1 per kWh:	\$0.04267 \$0.04547 \$0.04404 \$0.04052 \$0.00000 \$0.00000 \$0.000000 \$0.00408	
Off-peak block 2 per kWh: Off-peak block 3 per kWh:	\$0.00606 \$0.00606 \$0.00779 \$0.00498 \$0.00290 \$0.00290 \$0.00779 \$0.00427	
on-peak obek 5 per k wh.	\$0.00270 \$0.00270 \$0.00777 \$0.00 4 27	
Transition		
On-peak billing demand per kW:	\$11.44 \$11.44 \$11.44 \$11.44	
Maximum billing demand per kW:	\$4.71 \$3.08 \$2.46 \$2.16	
Excess demand per kW: On-peak energy per kWh:	\$11.44 \$11.44 \$11.44 \$11.44 \$0.04375 \$0.04652 \$0.04513 \$0.04160	
Off-peak block 1 per kWh:	\$0.04375 \$0.04652 \$0.04513 \$0.04160	
Off-peak block 2 per kWh:	\$0.00606 \$0.00606 \$0.00779 \$0.00498	
Off-peak block 3 per kWh:	\$0.00290 \$0.00290 \$0.00779 \$0.00427	
Rates applicable for delivery at:	Distribution Voltage: < 115 kV TDMSA TMSB TMSC TMSD	
Summer		
On-peak billing demand per kW:	\$13.17 \$13.17 \$13.17 \$13.17	
Maximum billing demand per kW:	\$4.85 \$3.18 \$2.54 \$2.24	
Excess demand per kW:	\$13.17 \$13.17 \$13.17 \$13.17	
On-peak energy per kWh:	\$0.07364 \$0.07656 \$0.07511 \$0.07146 \$0.04150 \$0.04442 \$0.04206 \$0.02023	
Off-peak block 1 per kWh: Off-peak block 2 per kWh:	\$0.04150 \$0.04442 \$0.04296 \$0.03933 \$0.00626 \$0.00626 \$0.00805 \$0.00515	
Off-peak block 3 per kWh:	\$0.00296 \$0.00206 \$0.00805 \$0.00440	
Peur older o per rettin	ψ0.00=20 ψ0.00220 ψ0.00002 ψ0.00110	



Electric Division Rate Class (cont.)			Base (Charge		Customers
Time Of Use Manufacturing Service Schedule TMS (cont.)						
Rates applicable for delivery at:		oution Volta	ge: < 115 kV	V		
	TDMSA	TMSB	TMSC	TMSD		
Winter				***		
On-peak billing demand per kW:	\$11.92		\$11.92	\$11.92		
Maximum billing demand per kW:	\$4.85	\$3.18	\$2.54	\$2.24		
Excess demand per kW:	\$11.92		\$11.92	\$11.92		
On-peak energy per kWh:		\$0.06189		\$0.05678		
Off-peak block 1 per kWh:		\$0.04730		\$0.04215		
Off-peak block 2 per kWh:		\$0.00626		\$0.00515		
Off-peak block 3 per kWh:	\$0.00296	\$0.00296	\$0.00805	\$0.00440		
Transition						
On-peak billing demand per kW:	\$11.92		\$11.92	\$11.92		
Maximum billing demand per kW:	\$4.85		\$2.54	\$2.24		
Excess demand per kW:	\$11.92		\$11.92	\$11.92		
On-peak energy per kWh:		\$0.04841		\$0.04329		
Off-peak block 1 per kWh:		\$0.04841		\$0.04329		
Off-peak block 2 per kWh:		\$0.00626		\$0.00515		
Off-peak block 3 per kWh:	\$0.00296	\$0.00296	\$0.00805	\$0.00440		
Drainage Pumping Station Rate Schedule DPS	Effective meters	read on or a	fter October	r 2, 2024		5
Service Charge:	\$30.00 per deliv	ery point pe	r month			
Energy Charge:	Summer		Winter		Transition	
All kWh per month:	\$0.04803		\$0.04574		\$0.04309	
Outdoor Lighting Rate - Schedule LS	Effective meters	read on or a	fter October	r 2, 2024		16,369
	Part A – Charge and athletic field		1 0	hting systems	, traffic signal systems,	
Energy Charge:	Summer		Winter		Transition	
All kWh per month:	\$0.05962		\$0.05962		\$0.05962	
Outdoor Lighting Facilities Charge:						
	Division's electri service specified	ic system of in this Part	the facility A. Such in	devoted to s stalled cost sl	installed cost to the treet and park lighting nall be recomputed on ges in the facilities are	

service specified in this Part A. Such installed cost shall be recomputed on July 1 of each year, or more often if substantial changes in the facilities are made. Each month, one-twelfth of the then total annual facility charge shall be billed to the customer. If any part of the facilities has not been provided at the electric system's expense or if the installed cost of any portion thereof is reflected on the books of another municipality or agency or department, the annual facility charge shall be adjusted to reflect properly the remaining cost to be borne by the electric system.



Electric Division Rate Class (cont.)

Base Charge

Customers

Outdoor Lighting Rate - Schedule LS (cont.)

Traffic signal systems and athletic field lighting installations shall be provided, owned, and maintained by and at the expense of the customer, except as Division may agree otherwise in accordance with the provisions of the paragraph next following in this section. The facilities necessary to provide service to such systems and installations shall be provided by and at the expense of Division's electric system, and the annual facility charge provided for first above in this section shall apply to the installed cost of such facilities.

When so authorized by policy duly adopted by Division's governing board, traffic signal systems and athletic field lighting installations may be provided, owned and maintained by Division's electric system for the customer's benefit. In such cases Division may require reimbursement from the customer for a portion of the initial installed cost of any such system or installation and shall require payment by the customer of facility charges sufficient to cover all of Division's costs (except reimbursed costs), including appropriate overheads, of providing, owning, and maintaining such system or installation; provided that, for athletic field lighting installations, such facility charge shall in no case be less than 12% per year of such costs. Said facility charge shall be in addition to the annual facility charge on the facilities necessary to provide service to such system or installation as provided for in the preceding paragraphs.

Part B - Charges for outdoor lighting for individual customers

Customers may lease outdoor lighting fixtures from the Division, subject to Rules and Regulations of Division. Fixture types and associated monthly costs are available in the Schedule of Charges. The schedule will be reviewed and updated from time-to-time due to changes in costs, fixture availability, etc., at the discretion of the Division.



Gas Division Rate Class	Base Charge	Customers
All Gas Rate Schedules Are Subject To Adju	stment Under The Provisions of the Purchased Gas Adjustment Rider.	
Residential - Schedules G-1 & G-3	Effective for meters read on or after October 2, 2024	292,004
	Schedule G-1 is available for domestic use to residential customers in individual private residences or other individual dwelling units situated within the corporate limits of the City of Memphis, Tennessee. Schedule G-3 is available for domestic use to residential customers in individual private residences or other individual dwelling units situated outside the corporate limits of the City of Memphis, Tennessee.	
Service Charge:	\$10.42 per month, plus	
Commodity Charge:	First 100 ccf per month @ \$0.583 per ccf	
	Excess over 100 ccf per month @ \$0.490 per ccf, plus the above rates are subject to adjustment under the provisions of the Purchased Gas Adjustment Rider.	
Minimum Bill:	\$10.42 per meter per month	
Small General Service - Schedule G-7	Effective for meters read on or after October 2, 2024	20,050
	This rate schedule is available for gas service to all gas customers except residential.	
Service Charge:	For 0 to 425 cfh meter, \$31.24 Over 426 to 1,400 cfh meter, \$57.26 Over 1,400 cfh meter, \$104.12 per month plus,	
Commodity Charge:	All gas consumed: \$0.525 per ccf per month, plus	
	The above rates are subject to adjustment under the provisions of the Purchased Gas Adjustment Rider.	
Minimum Bill:	The minimum monthly bill shall be \$0.681 for each ccf of the higher of:	
	(1) The maximum daily demand during the preceding eleven months, or	
	(2) The daily contract demand, but in no case less than the Service charge listed above.	
Large General Service Firm On-peak Schedules G-8 and G-9	Effective for meters read on or after October 2, 2024	351
Services 6-6 and 6-7	This rate schedule is available for gas service to all customers contracting for not less than 100 ccf of maximum daily demand.	
Demand Charge:	\$0.261 ccf per month of contract demand or maximum daily demand during the twelve (12) months ending with the billing month, whichever is higher, plus	



Gas Division Rate Class (cont.)	Base Charge	Customers
Large General Service Firm On-peak Schedules G-8 and G-9		
(cont.) Commodity Charge:	First 200,000 ccf per month @ \$0.482 per ccf	
	Excess over 200,000 ccf per month @ \$0.384 per ccf, plus	
	The above rates are subject to adjustment under the provisions of the Purchased Gas Adjustment Rider.	
Minimum Bill:	The minimum bill shall be \$0.942 for each ccf of the higher of: (1) the maximum daily demand during the twelve (12) months ending with the billing month, or (2) the daily contract demand.	
Large General Service Interruptible Off-peak	Effective for meters read on or after October 2, 2024	10
Schedules G-10 and G-12	This rate schedule is available for gas service to all customers contracting for not less than 1,500 ccf of maximum daily demand and providing oil or other alternate fuel facilities approved by the Division as being adequate in design and capacity.	
Service Charge:	\$520.59 per month, plus	
Commodity Charge:	First 200,000 Ccf per month @ \$0.450 per ccf	
	Excess over 200,000 ccf per month @ \$0.378 per ccf, plus	
	The above rates are subject to adjustment under the provisions of the Purchased Gas Adjustment Rider.	
Minimum Bill:	The minimum monthly bill shall be \$0.365 for each ccf of the higher of (1) the maximum daily demand during the twelve months ending with the billing month, or (2) the daily contract demand, but in no event less than the service charge.	



Vater Division Rate Class		Base Charge	Custome
esidential – Inside City Rate chedule W-1	Effective meters read of	on or after January 4, 2022	183,893
	For water furnished to City of Memphis	p premises entirely within the corporate limits of the	
Ionthly Rate:	All water consumed: \$	2.393 per ccf per month	
finimum Bill:	The minimum monthly installed, as follows:	v bill shall be determined by the size of the meter	
	5/8" meter	\$10.12	
	3/4" meter	\$14.60	
	1" meter	\$25.90	
	1-1/2" meter	\$58.28	
	2" meter	\$103.61	
Residential – Outside City Rate chedule W-2	Effective meters read of	on or after January 4, 2022	27,819
	For water furnished to Memphis.	premises outside the corporate limits of the City of	
Aonthly Rate: Ainimum Bill:		3.726 per ccf per month y bill shall be determined by the size of the meter	
	5/8" meter	\$14.09	
	3/4" meter	\$20.26	
	1" meter 1-1/2" meter	\$36.06	
	I-I// meter	\$81.09	
	2" meter	\$144.13	
General Service – Inside City Rate	2" meter		17,765
Seneral Service – Inside City Rate Schedule W-7	2" meter Effective meters read of For water service to a	\$144.13 on or after January 4, 2022 Il customers within the corporate limits of the City of	17,765
Schedule W-7	2" meter Effective meters read of For water service to a Memphis, except resid	\$144.13 on or after January 4, 2022 Il customers within the corporate limits of the City of ential customers.	17,765
chedule W-7	2" meter Effective meters read of For water service to a Memphis, except resid Water consumed per r	\$144.13 on or after January 4, 2022 Il customers within the corporate limits of the City of tential customers.	17,765
chedule W-7	2" meter Effective meters read of For water service to a Memphis, except resid Water consumed per r First 30 ccf	\$144.13 on or after January 4, 2022 Il customers within the corporate limits of the City of lential customers. nonth: \$3.051 per ccf	17,765
chedule W-7	2" meter Effective meters read of For water service to a Memphis, except resid Water consumed per r First 30 ccf Next 70 ccf	\$144.13 on or after January 4, 2022 Il customers within the corporate limits of the City of tential customers. nonth: \$3.051 per ccf \$2.595 per ccf	17,765
chedule W-7	2" meter Effective meters read of For water service to a Memphis, except resid Water consumed per r First 30 ccf Next 70 ccf Next 100 ccf	\$144.13 on or after January 4, 2022 Il customers within the corporate limits of the City of ential customers. nonth: \$3.051 per ccf \$2.595 per ccf \$1.974 per ccf	17,765
chedule W-7	2" meter Effective meters read of For water service to a Memphis, except resid Water consumed per r First 30 ccf Next 70 ccf Next 100 ccf Next 400 ccf	\$144.13 on or after January 4, 2022 Il customers within the corporate limits of the City of ential customers. nonth: \$3.051 per ccf \$2.595 per ccf \$1.974 per ccf \$1.644 per ccf	17,765
-	2" meter Effective meters read of For water service to a Memphis, except resid Water consumed per r First 30 ccf Next 70 ccf Next 100 ccf	\$144.13 on or after January 4, 2022 Il customers within the corporate limits of the City of ential customers. nonth: \$3.051 per ccf \$2.595 per ccf \$1.974 per ccf \$1.644 per ccf \$1.644 per ccf \$1.279 per ccf	17,765



Water Division Rate Class (cont.)		Base Charge	Customers		
General Service – Inside City Rate					
Schedule W-7					
(cont.)					
Minimum Bill:	The minimum monthly bill shall	I be determined by the size of the	meter		
	installed, as follows:				
	5/8" meter	\$19.38			
	3/4" meter	\$22.61			
	1" meter	\$38.73			
	1-1/2" meter	\$77.51			
	2" meter	\$161.55			
	3" meter	\$322.99			
	4" meter	\$483.01			
	6" meter	\$611.01			
	8" meter	\$739.06			
	10" meter	\$1,530.94			
	12" meter	\$2,136.16			
	14" meter	\$2,937.25			
	Battery of 2-2" meters	\$322.99			
	Battery of 3-2" meters	\$483.01			
General Service – Outside City Rate Schedule W-8	Effective meters read on or after	January 4, 2022	900		
	For water service to all customers outside the corporate limits of the City of				
			ITY OF		
	Memphis, except residential cust	omers.			
Monthly Rate:	Water consumed per month:	* <i>t</i> * 0			
	First 30 ccf	\$4.585 per ccf			
	Next 70 ccf	\$3.855 per ccf			
	Next 100 ccf	\$2.942 per ccf			
	Next 400 ccf	\$2.467 per ccf			
	Next 5,400 ccf	\$1.936 per ccf			
	Excess over 6,000 ccf	\$2.009 per ccf			
Minimum Bill:	The minimum monthly bill shal installed, as follows:	be determined by the size of the	meter		
	5/8" meter	\$29.64			
	3/4" meter	\$34.58			
	1" meter	\$59.27			
	1-1/2" meter	\$118.50			
	2" meter	\$246.92			
	3" meter	\$493.87			
	4" meter	\$738.05			
	6" meter	\$933.70			
	8" meter	\$1,129.32			
	10" meter	\$2,339.41			
	12" meter	\$3,264.26			
	14" meter	\$4,485.28			
	Battery of 2-2" meters	\$493.87			
	Battery of 3-2" meters	\$738.05			



Weter D' tate Dete Chara (see t)		Dense Classes	C	
Water Division Rate Class (cont.)		Base Charge	Customers	
Residential – Shelby County Water Distribution System - Schedule W-51	Effective meters read on or a	after January 4, 2022	19,376	
	Distribution System at the	he area served by the Shelby County Water time of its acquisition on June 30, 1999, for l customers in individual private residences or		
Monthly Doto				
Monthly Rate:	All water consumed: \$3.726 per ccf per month			
Minimum Bill:	The minimum monthly bill installed, as follows:	shall be determined by the size of the meter		
	5/8" meter	\$14.09		
	3/4" meter	\$20.26		
	1" meter	\$36.06		
	1-1/2" meter	\$81.09		
	2" meter	\$144.13		
	Residential customers shall 2" in size.	be served through a single meter not larger than		
General Service – Shelby County Water Distribution System - Schedule W-57	Effective meters read on or a	after January 4, 2022	693	
	Distribution System at the t	he area served by the Shelby County Water ime of its acquisition on June 30, 1999, for all customers using service exclusive for domestic		
Monthly Rate:	Water consumed per month			
	First 30 ccf	\$4.585 per ccf		
	Next 70 ccf	\$3.855 per ccf		
	Next 100 ccf	\$2.942 per ccf		
	Next 400 ccf	\$2.467 per ccf		
	Next 5,400 ccf	\$1.936 per ccf		
	Excess over 6,000 ccf	\$2.009 per ccf		
Minimum Bill:	The minimum monthly bill installed, as follows:	shall be determined by the size of the meter		
	5/8" meter	\$29.64		
	3/4" meter	\$34.58		
	1" meter	\$59.27		
	1-1/2" meter	\$118.50		
	2" meter	\$246.92		
	3" meter	\$493.87		
	4" meter	\$738.05		
	6" meter	\$933.70		
	8" meter	\$1,129.32		
	10" meter	\$2,339.41		
	10"	\$3,264.26		
	12" meter 14" meter	\$3,204.20 \$4,485.28		

SCHEDULE OF ADDITIONS AND RETIREMENTS TO UTILITY PLANT DECEMBER 31, 2024 (Dollars in Thousands)



	Electric Division	Gas Division	Water Division
Utility plant in service, December 31, 2023	\$ 2,145,328	\$ 797,174	\$ 568,333
Additions - Construction	145,715	13,595	35,011
Retirements	(28,304)	(2,106)	(526)
Transfers	 (29)	81	(258)
Utility plant in service, December 31, 2024	\$ 2,262,710	\$ 808,744	\$ 602,560

Note: Utility plant in service balances exclude amounts for construction work in process, non-utility property and land held for future use.



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Commissioners and Management Memphis Light, Gas and Water Division Memphis, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Electric, Gas and Water Divisions (the "Divisions") of Memphis Light, Gas and Water Division ("MLGW"), enterprise funds of the City of Memphis, Tennessee, and the aggregate remaining fund information of MLGW, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise MLGW's basic financial statements, and have issued our report thereon dated June 26, 2025. Our report includes a reference to other auditors who audited the financial statements of Memphis Light, Gas and Water Division Other Post Employment Benefits Trust, as described in our report on Memphis Light, Gas and Water Division's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered MLGW's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MLGW's internal control. Accordingly, we do not express an opinion on the effectiveness of MLGW's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of MLGW's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any

deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether MLGW's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of MLGW's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MLGW 's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Clifton Larson Allen LLP

CliftonLarsonAllen LLP

Nashville, Tennessee June 26, 2025



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Commissioners and Management Memphis Light, Gas and Water Division Memphis, Tennessee

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Memphis Light, Gas and Water's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Memphis Light, Gas and Water's major federal programs for the year ended December 31, 2024. Memphis Light, Gas and Water's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Memphis Light, Gas and Water complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative* Requirements, *Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Memphis Light, Gas and Water and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Memphis Light, Gas and Water's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of

laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Memphis Light, Gas and Water's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Memphis Light, Gas and Water's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Memphis Light, Gas and Water's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Memphis Light, Gas and Water's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Memphis Light, Gas and Water's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Memphis Light, Gas and Water's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis.

Board of Commissioners and Management Memphis Light, Gas and Water Division

A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance that weaknesses or significant deficiencies in internal control over compliance that we consider to be material control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Clifton Larson Allen LLP

CliftonLarsonAllen LLP

Nashville, Tennessee June 26, 2025

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2024 (Dollars in Thousands)



Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying/Grant Number	Passed Throug to Subrecipient		Federal Expenditures
U.S. Department of Homeland Security					
Passed through the State of Tennessee Emergency Management Agency:					
Disaster Grants - Public Assistance (Presidentially Declared Disaster)	97.036	4645DR-TN	\$	- \$	12,435
Disaster Grants - Public Assistance (Presidentially Declared Disaster)	97.036	4691DR-TN			537
Total U.S. Department of Homeland Security					12,972
Total Expenditures of Federal Awards			\$	\$	12,972



1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the federal award activity of MLGW under programs of the federal government for the year ended December 31, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a portion of the operations of the MLGW, it is not intended to and does not present the financial position, changes in net assets, or cash flows of MLGW.

2. SUMMARY OF SIGNIFICANT ACCOUNT POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting as described in Note 1 of MLGW's financial statements. Such expenditures are recognized consistent with the cost principles contained in the Uniform Guidance for all awards, which follows criteria determined by the Department of Treasury for allowability of costs. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement.

3. INDIRECT COST RATE

Memphis Light Gas and Water has elected to use the 10% de minimis indirect cost rate as allowed in the Uniform Guidance, Section 414.

4. DISASTER GRANTS – PRESIDENTIAL DECLARED DISASTERS (97.036)

After a presidentially declared disaster, FEMA provides Disaster Grants – Public Assistance (Presidentially Declared Disaster) (Assistance Listing 97.036) to reimburse for eligible cost associated with disaster recovery. Reimbursements are provided in the form of cost-shared grants. Approximately, \$12,972 were incurred in fiscal year 2023 and 2022.

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified				
Internal control over financial reporting:					
Material weakness(es) identified?	yes Xno				
Significant deficiency(ies)	yes X none reported				
Noncompliance material to financial statements noted?	yes Xno				
Federal Awards					
Internal control over major programs:					
Material weakness(es) identified?	yes Xno				
Significant deficiency(ies)	yesXnone reported				
Type of auditors' report issued on compliance for: major programs:	Unmodified				
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	yes Xno				
Identification of major federal programs:					
Assistance Listing Number	Name of Federal Program or Cluster				
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disaster)				
Dollar threshold used to distinguish between type A and type B programs: \$750,000					
Auditee qualified as low-risk auditee?	yes X no				

Schedule of Findings and Questioned Costs For the Year Ended December 31, 2024

Section II - Financial Statement Findings

No findings to report

Section III - Findings and Questioned Costs - Major Federal Programs

No findings to report

Schedule of Prior Year Audit Findings For the Year Ended December 31, 2024

There were no prior year findings reported.

