



**MLGW is providing this update to the public regarding utility support for xAI.**

**May 5, 2025**

MLGW takes seriously its obligation to ensure the reliability and availability of the utilities we provide for our existing customers before we allow any new customers to connect to the system, and we have a thorough process to make this determination. When a customer is seeking a “large electric load” which we define as 5MW or higher, MLGW and TVA both require a system impact study, which is paid for by the requesting party. This is a rigorous engineering process dictated and enforced by the Federal Energy Regulatory Commission, ensuring that the new connection will not adversely impact on the nation’s Bulk Electric System. In other words, we do not, and cannot, let the connection of a new customer impact on the reliability or availability of utilities that our current customers enjoy

We know that there is continued interest in this project, particularly with xAI’s pending application with the Shelby County Health Department for the use of turbines.

MLGW has no role in xAI’s use of turbines. MLGW does not have any authority over xAI’s business operations or use of gas turbines, or any other alternative power “behind the meter” on their private property, such as solar panels. There are local, state and federal regulations that are involved in xAI’s use of turbines.

**Background of Utility Support for xAI:**

- xAI is located on Paul Lowery Rd in the former Electrolux manufacturing facility at Frank C. Pidgeon Industrial Park. The facility was constructed using a 2010, \$97 million State of TN grant, a \$3.1 million state training grant, and a 15-year local property tax abatement of 75%.
- The Industrial Park has existing, significant utility infrastructure to support industry. Other tenants include TVA Allen Combined Cycle facility, US Army Corps of Engineers, City of Memphis Maxson Wastewater Treatment Plant, Nucor Steel, Praxair, CN Railroad Intermodal, Vulcan material company.
- xAI is receiving 150MW of power at the Paul Lowry site. xAI requested an additional 150MW at this location, for a total of 300MW. A substation is being built to

accommodate this request. If approved by TVA, MLGW anticipates that xAI will receive an additional 150MW in Fall of 2025.

- xAI has secured a second large facility located on Tulane Rd very near the TN/MS state line. This facility has significant electric infrastructure located close by including the TVA Southaven Combined Cycle Generating plant just across the border and a very large TVA/MLGW substation just west of the facility.
- xAI has not submitted a final request for power at Tulane Road. MLGW is awaiting a final request before it initiates a system impact study.

### **MLGW Utility Support to xAI at its facility on Paul Lowery Rd**

#### Water:

- The facility is connected to and draws water from a pre-existing 20" water main in Paul Lowery Rd.
- xAI pays the prevailing commercial rate for consumption.

#### Natural Gas:

- The facility is connected to and uses natural gas from a pre-existing 16" gas main in Paul Lowery Rd.
- xAI paid for an 8" tap to increase service to the facility.
- xAI pays the prevailing commercial rate for consumption.

#### Electricity:

- xAI has requested 2 separate, successive 150MW increments of electricity service for a total of 300MW of electric service for this facility from the MLGW/TVA grid.
- MLGW and TVA have completed system impact studies for the 1st 150MW request, transmission system upgrades have been completed (at xAI expense), a substation to provide this power was constructed (at xAI expense), and the TVA board of Directors approved the provision of 150MW as requested.
- The facility is receiving 150MW of power, connected to 2 electric substations (1 existing, 1 newly constructed) providing a total of 150MW of power to the facility from the TVA/MLGW Grid.

- xAI is receiving 8MW of electricity from an adjacent, pre-existing MLGW substation
- xAI is receiving 142MW of electricity from a newly constructed electric substation
- MLGW/TVA have completed system impact studies for the 2nd 150MW request, transmission system upgrades have been identified to be completed (at xAI expense), a second substation is under construction to provide this power (at xAI expense), and a decision by the TVA board of Directors for the provision of the additional 150MW is pending.
- Predicated on TVA approval of the second request for 150MW, completion of transmission system upgrades and the second new substation, MLGW projects providing an additional 150MW of electricity to the facility (for 300MW total) from the MLGW/TVA grid by no later than December 2025.
- xAI is paying the prevailing industrial rate for electricity at this facility.
- TVA/xAI/MLGW have a signed agreement requiring xAI to curtail their consumption of electricity from the grid when demand is high.

Recycled Wastewater Plant:

- MLGW has been an advocate for and has been providing leadership to the process for the development of a recycled wastewater plant.
- This facility was originally discussed between MLGW, CoM, and TVA to reduce consumption of aquifer water for power generation at the Allen Generation Plant located in Pidgeon Industrial Park
- xAI was added to the process upon their arrival.
- To speed construction, xAI offered to build a facility (at xAI expense) that uses discharged, treated wastewater from the Maxson Wastewater plant, to produce 13M gallons per day of recycled water to be used by xAI, TVA, Nucor Steel and others, significantly reducing consumption of water from the aquifer by those facilities.
- The City of Memphis sold xAI a parcel of land to build the facility, located between the Paul Lowry site and the City of Memphis' wastewater treatment facility

## **MLGW Utility Support to xAI at its Tulane Rd Site**

### Water:

- The facility is connected to and draws water from a pre-existing 4/6" water main.
- xAI has not requested any additional water service from MLGW and is not consuming significant water at this location.

### Natural Gas:

- The facility is served by a small domestic natural gas line and is not consuming significant natural gas currently.
- xAI has requested, and MLGW is studying whether MLGW can provide additional gas capacity to this facility. This analysis is currently underway.

### Electricity:

- xAI has not submitted a final request, so MLGW is not currently conducting a system impact study for this site. xAI is not consuming significant electricity at this facility currently. MLGW received an initial request for 260MW of grid power for the Tulane location that was not studied. Since then, a range of grid power options from 260MW to 1.1GW has been discussed, and we have been informed that the finalized request for grid power at that site is forthcoming. Once submitted, MLGW will study the request in the due course of process.

### **Summary:**

xAI is currently energized to receive 150MW of power at the Paul Lowry Rd site.

Construction of a second substation to provide an additional 150MW at Paul Lowry is underway and is expected to be completed by the end of the year, pending TVA approval of that power request. Currently, MLGW is not providing, and not studying a request for, power at any other xAI locations.