



Doug McGowen
President and CEO

June 2, 2025

Ms. Gloria Sweet-Love
Mr. Abre Conner
Mr. Kermit Moore
NACCP
4805 Mt. Hope Drive
Baltimore, MD 21215-3297

Via United States Postal Services and Email

Dear Ms. Sweet-Love, Ms. Conner, and Mr. Moore:

On behalf of the Memphis Light, Gas and Water (MLGW) Administration, we write in response to your May 29, 2025 letter, which has yet to be received by any of the MLGW Board of Commissioners. We received your letter only after it was released to national media outlets.

The baseless claims against MLGW in your letter reflect a complete lack of understanding of MLGW processes and the laws implicated. Whoever you relied upon to inform you about MLGW's roles and responsibilities when it comes to providing utilities was woefully misinformed or has deliberately misled you. Although you are writing us from Baltimore, Maryland, there has been such substantial reporting on this issue that even a modicum of due diligence would reflect that MLGW has been extremely communicative in sharing information with the public about its role, our processes, and the status of the provision of utilities for xAI.

Disappointingly, you made no attempts to contact us directly to discuss your concerns prior to sending this letter. If there had been, we could have cleared up all the misinformation, including that MLGW has no role whatsoever in authorizing, governing, supervising, or monitoring xAI's use of gas turbines.

MLGW is a municipal, i.e. public, utility. We are governed by local, state and federal laws. By law, we must provide utilities to customers in our service territory in a non-discriminatory manner (and we think the NAACP would not want any utility to have discretionary authority to selectively withhold utilities). That being said, MLGW does not simply allow customers to "operate without constraint or restraint" or with a "lackadaisical" approach.

MLGW takes its obligation seriously 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 undertakes 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 the nation's Bulk Electric System. In other words, we do not, and cannot, let the connection of a new customer impact the reliability or availability of utilities that our current customers enjoy.

MLGW has followed all proper procedures in responding to xAI's utility requests. It should be noted that xAI selected a location that was the former manufacturing facility for Electrolux. This site was already zoned for industrial/commercial customers and had significant utility infrastructure already in place. xAI did not seek financial

incentives from the federal, state, or local governments that would require approval or a public hearing to begin its operations as your letter suggests.

You have accused this utility of insidious conduct and accused our Board of Commissioners of violating open meetings laws, all of which are patently false. At its core, MLGW is the provider of utilities and connecting customers is a basic function of the organization. This does not require a public hearing or meeting of a governing body.

MLGW has been transparent about our role in providing xAI with utilities, and has made great efforts to inform and educate the public, including co-hosting a community conversation with the Memphis City Council that took place in August, 2024, and developed a webpage www.MLGW.com/xai where we share updates about our role. We also meet with the public at our board meetings and city council meetings four times per month, where the public comments on our projects regularly.

Further, MLGW has also been a vocal advocate for and has been providing leadership to the process of the development of a recycled wastewater plant for xAI to use in lieu of water from the aquifer. Upon their arrival, MLGW spoke with xAI about participating in the construction of this facility, along with MLGW, the City of Memphis, and Tennessee Valley Association (TVA), to reduce consumption of aquifer water. xAI has been a willing partner, and 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.

Finally, MLGW does not control the use of natural gas turbines. That responsibility lies with other agencies such as the Shelby County Health Department, Tennessee Department of Environment and Conservation, and the Environmental Protection Agency. MLGW has not 'allowed xAI to operate at least 35 gas turbines...' as you state because we are not responsible for permitting their use. MLGW has no authority over air quality and no authority to undertake any of the demands made on page 4 of your letter. xAI's use of turbines, or other power sources such as solar or battery, on its own property and directly servicing its facility, is outside the jurisdiction of MLGW, and is wholly a business decision of xAI.

While we believe the NAACP has genuine concerns about xAI, we should have been given the courtesy of direct communication from you. Taking this tone and making baseless, inflammatory claims about MLGW were unnecessary and frankly beneath your organization. We respectfully request an apology for the innuendo and misinformation presented in your letter which was clearly designed to cause harm to our reputation.

Sincerely,


Doug McGowan

cc: MLGW Board of Commissioners
Shelby County Health Dept.
Mayor Lee Harris
Mayor Paul Young
Memphis City Council
Tennessee Valley Authority