



xAi Project Quick Facts

- xAi is occupying the former Electrolux manufacturing facility in the Pidgeon Industrial Park and is operating.
- MLGW is providing utilities to the facility at prevailing commercial rates as set by the board and Memphis City Council, and at no capital cost to MLGW:
 - **Water** - Up to 1 MGD from an existing 20” water main serving the area. The water main had available capacity before the xAi project. **There will be no impact on the availability of water to other customers.**
 - **Natural Gas** - The facility is being served with natural gas from an existing 16” gas main. Like other industrial customers, xAi will secure contracts for gas from third parties for their operation that will flow from our gas main to their facility. They cannot exceed contracted quantity, therefore **there will be no impact on the availability of gas to other customers.**
 - **Electricity** - The facility is being served initially with the adjacent substation used by Electrolux, which will be increased to 50MW of capacity when several circuit breakers are added to upgrade the substation by MLGW. The customer is paying for all upgrades. **There will be no impact to the reliability of availability of power to other customers from this electric load.**
- xAi is requesting an additional 100MW of power, for a total of 150MW of power, which will require several actions to be completed. With these conditions met, there will be no impact to other electric customers:
 - Approval by the TVA Board of Directors to serve the total 150MW demand
 - Enrollment in a Demand Response (DR) program in which the company agrees to reduce its electric consumption when conditions warrant it to preserve power for existing customers
 - \$1.7M of improvements to a 161kV transmission line (per the MLGW electric system impact study)
 - Construction of a new substation adjacent to the facility
- Value for the MLGW Customers.
 - Increased MLGW electric sales will result in ~\$500K of additional PILOT payments annually to the City of Memphis. (MLGW pays approximately \$60M per year to the City’s General Fund.)
 - The project is forecast to create ~300+ new, high paying jobs.
 - Reducing demand on the aquifer. xAi is joining the City of Memphis, MLGW, and TVA in the design and proposed construction of a graywater/recycled wastewater facility that will take in treated wastewater and produce water suitable for cooling processes. When completed, this project will reduce the daily draw on the aquifer by up to 10 MGD and will put recycled wastewater to productive use.
 - Utility Scale Battery Storage. MLGW and XAI are negotiating the discounted procurement and early installation of more than 50MW of utility scale battery storage in the MLGW system starting in 2024. The batteries once installed will be used by MLGW to “peak shave” during periods of high energy consumption, and to provide dispatchable energy into MLGW’s system when demands on the grid are high. This will provide an additional hedge of resilience for our customers. This will be the very first of what is forecast to be a series of investments in battery storage by MLGW.



MLGW Quick Facts

- MLGW cannot speak for xAi, the Greater Memphis Chamber of Commerce, the City of Memphis, the Division of Planning and Development, the Economic Development Growth Engine of Memphis and Shelby County, or the Shelby County Health Department.
- MLGW was established for the purpose, and tasked with the responsibility, of providing utilities in Shelby County and is the sole utility provider of natural gas and electricity in the county, and the sole provider of water service for Memphis and Unincorporated Shelby County. Our community chose in 1939 to invest in a public utility to serve our needs, rather than private utilities. Because we are a public utility, we are bound by regulation and law to follow a certain set of protocols relative to the provision of services.
- By law, MLGW cannot withhold or refuse service which can reasonably be demanded and furnished.
- While MLGW is tasked with the duty to provide and maintain services that are safe, proper and adequate, we can (and do) have requirements for new connections so as not to reduce the reliability of the Bulk Electric System (BES) and to ensure that public safety is maintained. However, our service conditions cannot be unjust, unreasonable, unduly preferential or discriminatory.
- Under the TVA Act and our contract with TVA, our contract with TVA can be declared void if they determine we engaged in discriminatory practices regarding electrical services (and rates). In other words, TVA can cancel the contract and stop providing MLGW with power if we engage in discriminatory practices.
- An increase in demand for electric services does not directly relate to a change in the day-to-day reliability of the electric distribution system. It will add to the overall amount of energy that must be generated by our supplier to meet demand.
 - Consistent with standard operating practice, MLGW conducted an electric system impact study to determine if adding this demand to our local distribution system would cause any adverse impacts to reliability for existing customers. MLGW identified the need to upgrade a single transmission line servicing the facility. That upgrade must be completed before the customer can be served with 150MW of peak power, and when that upgrade is completed, there will be no impact to existing customers served by MLGW's electric distribution system.
 - Consistent with standard operating practice, TVA is conducting a system impact study for generation and transmission to determine if there will be any impacts to TVA's ability to provide sufficient power to serve this new customer, without impacting availability for existing customers. MLGW has conveyed the expectation to the company that participation in the TVA Demand Response program is the way that any impacts to existing customers can be avoided from a power supply perspective. Coordination between the company and TVA is ongoing.
- MLGW assessed the availability and capacity of natural gas and water to serve this facility's stated needs, and MLGW can serve those needs without impacting existing customers' natural gas and water service.
- MLGW and xAI have executed four (4) standard electric service agreements, one water service and one gas service agreement, as well as a Firm Transmission agreement for use of MLGW's gas pipeline.