THE VALUE OF MLGW: INVESTING IN MEMPHIS

As a community-owned and operated three-service public utility, MLGW is the foundation of Memphis' economic growth, public health, quality of life and future prosperity. Every dollar paid to MLGW is an investment in Memphis. Revenue supports the infrastructure, employees, services and community partnerships that help our city thrive.

WHY WATER AND NATURAL GAS RATE INCREASES ARE NEEDED

After five years without water or natural gas base rate increases, MLGW has used available reserves to help manage rising costs and invest in reliability. Those reserves cannot indefinitely replace the revenue needed to maintain essential infrastructure. MLGW serves more customers than ever while maintaining an expanding network of pipes, equipment and facilities. The proposed increases are designed to fund essential infrastructure needs and sustain reliable service for current and future customers.

The proposed increases will help fund:



- **Water infrastructure**: Upgrades to aging pumping stations and continued lead service line replacement.
- **Natural gas infrastructure**: Replacement of aging pipelines to improve safety and reliability.
- **Long-term financial stability**: Sustainable funding for operations, maintenance and capital improvements and ensuring sufficient cash is on hand to cover emergencies.

WHAT WILL IT MEAN FOR HOUSEHOLDS?

The average residential customer would see:



- **Water**: Approximately $2.50 more per month in 2027, increasing to about $10 more per month by 2029.
- **Natural gas**: Approximately $6 more per month in 2027, increasing to about $18 more per month by 2029.

Actual bills will vary with consumption. A proposed low-use water bill discount would limit the total three-year water increase to no more than $3 for approximately 58,000 residential customers, primarily seniors and small households.

The MLGW Board of Commissioners approved the 2027 budget on October 21, 2026. City Council approval is required before the new rates can take effect.

PROMISES MADE. PROMISES KEPT.

MLGW believes accountability means delivering on commitments, addressing challenges and demonstrating measurable progress for the people we serve

- **Improved electric reliability**: Following modest electric rate increases over three years, there is a 50% reduction in both the number of outages and their duration.
- **Resolved billing delays**: MLGW addressed delayed and held bills and has improved billing operations, bringing bill delivery within industry standards.



- **Better customer service**: Improvements to customer service processes are helping reduce customer call volume and improve customer experience.
- **Customer assistance**: MLGW offers numerous assistance programs, and designated 100 employees for Low-Income Home Energy Assistance Program (LIHEAP) support, to help bring in over $9 million dollars in federal money for eligible customers to manage utility costs.
- **Lead service line replacement**: MLGW is addressing lead service lines on both public and private property to protect public health.



- **Workforce development**: MLGW's Career Academy and workforce development initiatives help prepare students for utility careers and strengthen the local talent pipeline.
- **Electric vehicle infrastructure**: Fast-charging stations support transportation electrification and the region's evolving energy needs.
- **Emergency storm response**: MLGW continues strengthening its emergency response capabilities to restore service and support customers during severe weather.

- **Optimizing Memphis Neighborhoods Initiative (OMNI)**: Technology and innovation initiatives targeted in neighborhoods like Orange Mound and Castalia Heights make a huge impact on outage minutes and quality of life. Orange Mound has seen an 80% decrease in outage minutes since the project was completed there.
- **Residential battery pilot**: Exploring battery storage options for customers with life-sustaining medical needs can provide an additional resource during power interruptions.



These commitments demonstrate MLGW's focus on results, continuous improvement and accountability to the community.

DATA CENTERS PAY THEIR WAY

Economic growth must not come at the expense of existing customers. The proposed rate increases were developed to address infrastructure and financial needs identified before xAI's Memphis operations became a factor in local discussions. The water rate structure also assigns data centers a higher increase than residential customers, reflecting their distinct customer classification.

None of the revenue from these rate increases will be spent on data center projects. The funding is intended for essential utility system needs that benefit the broader customer base.

A CATALYST FOR ECONOMIC CHANGE

MLGW helps make Memphis a place where businesses can locate, grow and create jobs.

- **New business investment**: Dependable utility infrastructure supports business attraction and expansion.
- **Steady employment**: MLGW provides jobs for thousands of employees and supports local contractors, suppliers and other businesses.
- **Community partnerships**: MLGW works with chambers of commerce, nonprofits and community organizations to strengthen the region.
- **Local economic impact**: Utility investments support infrastructure and services essential to Memphis' competitiveness and long-term prosperity.



OUR COMMITMENT GOES BEYOND UTILITIES

MLGW and its employees invest in the community in ways that extend beyond delivering electricity, natural gas and water.

- **Community sponsorships**: Approximately $300,000 in support for community programs and nonprofits.
- **Employee giving**: Approximately $1 million annually in employee-driven contributions supporting utility assistance, Junior Achievement, the United Way and other causes.
- **Customer support**: Programs that help eligible customers manage utility costs and access assistance.
- **EPIC and education**: Customer outreach and engagement initiatives that help connect people with utility information, resources and opportunities to save energy.



THE BOTTOM LINE



Investing in MLGW is investing in Memphis.

The proposed rate increases will help MLGW maintain safe, reliable water and natural gas service, replace aging infrastructure and protect the long-term financial health of a utility essential to every household and business in our community.

Outages carry massive economic stakes, with a single 4–8-hour electric interruption costing up to $18.4M, a total water outage costing residents and businesses $97 per capita daily and short-term outages costing individual households $93 per event.

MLGW has demonstrated its commitment to delivering on promises, improving service, supporting customers and contributing to the community's success. Responsible investment today helps ensure Memphis has the dependable infrastructure needed for tomorrow.